



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

500 New Jersey Avenue, N.W.
Washington, DC 20001-2020
202.383.1194 Fax 202.383.7580
www.realtors.org/governmentaffairs

Richard F. Gaylord
CIPS, CRB, CRS, GRI
President

Dale A. Stinton
CAE, CPA, CMA, RCE
EVP/CEO

GOVERNMENT AFFAIRS
Jerry Giovaniello, Senior Vice President
Walter J. Witek, Jr., Vice President
Gary Weaver, Vice President

October 29, 2008

The Honorable Barney Frank
Committee on Financial Services
2252 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Frank:

On behalf of the 1.2 million members of the National Association of REALTORS® (NAR), their affiliates, homebuyers, and homeowners, I respectfully request that you hold hearings to better understand the Department of the Treasury's use of the funds provided for the Troubled Asset Recovery Program (TARP) authorized under the Emergency Economic Stabilization Act (EESA) of 2008.

When Treasury Secretary Henry Paulson made his argument for the rescue plan, he indicated that the funds he was requesting would be used to remove troubled assets off of financial institution's balance sheets for the purpose of thawing the credit freeze, and jump starting lending. So far, this strategy has been for policies that focus on recapitalizing large national and regional banking institutions. While this step may be necessary for some banks, we are concerned with the lack of a clear strategy from the Department of the Treasury regarding the use of these funds and the lack of clear and specific guidelines regarding how financial institutions are to use them.

Almost daily, consumers are bombarded with news reports indicating that the financial institutions receiving funds under the EESA are using the monies for purposes other than meeting the immediate need of restoring lending. For example, some banks intend to purchase other, financially sound institutions to increase market share and, ultimately, profits. Moreover, there is even mention of a portion of the monies authorized in this bill going toward other embattled, non-financial business sectors like the auto industry. Though there may be a need for government intervention in those areas, NAR believes that the TARP funds intended to increase lending should be used directly for that purpose. We are also concerned about the use of TARP funding by large banking conglomerates to get even bigger and Secretary Paulson's plan to permit commercial firms to own FDIC-insured banks. These steps would result in the creation of even larger banking conglomerates that would put the nation's economy at even greater risk if they were to approach failure. With all these concerns in mind, we request that you convene hearings to get a clear understanding of the Department of the Treasury's plan, and to consider requiring the Department to establish appropriate guidelines for the use of taxpayer money by the receiving institutions.

The current economic crisis, at its core, is the result of problems in the nation's housing and mortgage markets. This circumstance, along with the fact that housing has always lifted our economy out of downturns, makes it imperative that efforts be taken immediately to foster a housing recovery, so that a recovery of the overall economy can occur. NAR supported the initial charge of the TARP because it

focused on providing relief to the credit markets, including lending for housing. Congress must persuade the Treasury Secretary to implement this program, as originally envisioned, and give it time to work before diverting funds for other purposes not specifically established in the EESA. Finally, should other tactics be necessary, Congress must establish guidelines for how taxpayer money will be used to ensure that recipients spend it to support the public interest first.

The National Association of REALTORS® thanks you for your vigilance during these dark hours in our nation's financial history. We respectfully request that you consider calling for hearings so that Congress and taxpayers can gain a better understanding of how the EESA is going to work.

Sincerely,

A handwritten signature in black ink that reads "Dick Gaylord". The signature is written in a cursive style with a long, sweeping underline.

Richard F. Gaylord, CIPS, CRB, CRS, GRI
2008 President, National Association of REALTORS®\