

Issue Area: Commercial Finance
Date of Action: 08/04/94
Document Title: Nar Letter To Full House In Support Of H.R. 3474, Community Dev. Bank Bill

August 4, 1994

Dear Representative:

On behalf of the 750,000 members of the NATIONAL ASSOCIATION OF REALTORS[®], I am writing to express our strong support for H.R. 3474, the Riegle-Neal Community Development and Financial Institutions Modernization Act of 1994. This legislation recently approved by a House/Senate conference committee, contains provisions which will greatly enhance the development of a broad-based secondary market for commercial mortgages, as well as, carefully crafted revisions to the National Flood Insurance Program.

The difficulties experienced by the banking industry in recent years have pointed out the vulnerabilities and deficiencies in the nation's capital delivery system, especially where commercial real estate is concerned. The NATIONAL ASSOCIATION OF REALTORS[®] strongly believes that the development of a broad-based secondary mortgage market for commercial mortgages is essential to a healthy, long-term economic recovery. An efficient commercial secondary market will stabilize and maintain real estate values, thus resulting in stronger financial institutions, less pressure on local budgets and a stronger overall economy.

To this end, we support the provisions contained in H.R. 3474 that reduce the cost of issuing commercial mortgage securities by including commercial mortgages in the benefits granted by the Secondary Mortgage Market Enhancement Act (SMMEA). This legislation also ensures that the amount of reserves that a lending institution must hold against a security will accurately reflect the true risk imposed by issuing the security.

We also support the provisions revising the National Flood Insurance Program. These provisions require the Federal Emergency Management Agency (FEMA) to conduct an economic study on the impact that erosion mapping may have on local communities and property values. Also, the economic effect of charging actuarially-based premiums for pre-existing structures will be studied.

We congratulate the members of the conference committee for their hard work in achieving agreement on this compromise legislation. We urge you to support H.R. 3474 when it is considered by the House.

Sincerely,

Robert H. Elrod
President