



NATIONAL ASSOCIATION
OF REALTORS®

The Voice for Real Estate®

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Thomas M. Stevens, CRB, CRS, GRI
President

July 10, 2006

The Honorable Henry M. Paulson, Jr.
Secretary of the Treasury
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Mr. Secretary:

On behalf of more than 1.3 million members of the National Association of REALTORS® (NAR), I am writing to congratulate you on becoming Secretary of the Treasury.

The National Association of REALTORS®, “The Voice for Real Estate,” is America’s largest trade association, including NAR’s five commercial real estate affiliates. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,500 local associations or boards, and 54 state and territory associations of REALTORS®.

I would appreciate an opportunity for David Lereah, NAR’s Chief Economist, and myself to meet with you to discuss issues that we believe are of critical importance to the health of the banking and financial systems, including the following.

- NAR supports policies that keep property insurance available and affordable throughout the nation.
 - In response to Katrina and other recent national disasters, some insurers have reduced the availability of property insurance in some areas. This is a serious problem, especially since lenders typically insist that buyers obtain insurance as a condition for the loan.
 - Terrorism insurance is a key component in the financing of many commercial properties, NAR also supports the continued availability and affordability of terrorism coverage. The President's Working Group on Financial Markets is scheduled to provide a report to the President recommending long term recommendations on the future of the terrorism insurance program by September 30th. NAR stands ready to assist Treasury and the Working Group in thinking through the impact these recommendations may have on the management of commercial real estate and the commercial real estate market.

- Realtors and the real estate industry are major stakeholders in any broad tax reform endeavor. Of particular interest are the mortgage interest deduction and the capital gains exclusion on the sale of a principal residence. In addition, provisions related to the taxation of capital, including depreciation and capital gains, are critical to NAR's members who are real estate investors. NAR opposes changes to the tax code that would weaken homeownership or the real estate industry.
- NAR strongly opposes the joint Treasury-Federal Reserve Board proposed rule that would allow banking conglomerates to engage in real estate brokerage and management. Each year since publication of the proposed rule in 2001, Congress has blocked issuance of a final rule and is expected to do so again for fiscal year 2007.
- NAR is concerned that rulings issued by the Comptroller of the Currency (OCC) last December that expand the authority of national banks to engage in real estate development weaken the national policy against mixing banking and commerce.
- The Wal-Mart and Home Depot Industrial Loan Company (ILC) applications raise related concern about mixing banking and commerce. NAR believes Congress should consider whether to narrow or eliminate the existing ILC loophole that permits commercial firms to engage in banking. We have asked the Federal Deposit Insurance Corporation to prevent Wal-Mart, Home Depot, and other commercial firms from becoming owners of ILCs until Congress legislates to address this issue.

In addition to these issues, we look forward to discussing the state of the nation's housing markets and any other matters of mutual concern. Joe Ventrone, NAR's Managing Director for the Regulatory and Industry Relations Division, will work with your staff to schedule this meeting. He may be reached at 202-383-1095 or JVentrone@Realtors.org.

Let me congratulate you again and wish you every success as Secretary.

Sincerely yours,



Thomas M. Stevens, CRB, CRS, GRI
2006 President, National Association of REALTORS®