



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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Dear Representative:

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 contact Secretary of the Treasury, the Honorable Henry M. Paulson, and the Director of the Federal Housing Finance Agency, the Honorable James Lockhart, to discuss the unintended consequences of the Troubled Asset Relief Program (TARP) on the mortgage market.

Earlier this month, I sent a letter to the Secretary of the Treasury indicating NAR's concern about the dramatic increase in spreads between mortgage-backed securities (MBS) and Treasury rates. Analysts at Morgan Stanley are attributing the increase in spreads to unintended consequences of the initial implementation of TARP. Specifically, investment is moving away from agency MBS to bank credit products. This action is reducing the demand for agency MBS and is leading to higher interest rates for MBS, thus higher mortgage interest rates for consumers. Higher mortgage interest rates will lead to a reduction in affordability and home sales. Neither of these actions will help foster a housing market recovery.

NAR urges you to ask Secretary Paulson and Director Lockhart to aggressively participate in the MBS market by increasing purchases of agency MBS. We believe that more active MBS purchases will reduce spreads between MBS and Treasury rates and lead to a reduction in mortgage interest rates that will help bring more homebuyers to the market, stabilize prices, reduce inventories, and most importantly, move our economy toward recovery.

The National Association of REALTORS® would like to thank you for your hard, and thoughtful, work during this extraordinary period in our nation's history. We respectfully request that you contact Secretary Paulson and Director Lockhart to discuss this extremely important matter.

Sincerely,

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