



June 21, 2011

The Honorable Spencer Bachus
Chairman
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

The Honorable Barney Frank
Ranking Member
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

Dear Chairman Bachus and Ranking Member Frank:

The American Land Title Association¹ supports efforts to increase credit liquidity in commercial and residential real estate finance markets, including creating a statutory framework for a covered bond market. As written, H.R. 940, the “United States Covered Bond Act of 2011,” achieves this goal.

A covered bond market represents a potential mechanism for financial markets to increase the amount of capital available for commercial and residential lending. This increased liquidity would most acutely benefit the struggling commercial real estate markets. In the wake of the economic downturn, the commercial mortgage backed securities market has remained largely inactive, even as over \$1 trillion in commercial mortgages will come due and require refinancing in the next 2-5 years.

While a covered bond market will not replace the liquidity provided by securitization, it does have the potential to reduce the burden on these still recuperating markets. Further, for residential markets, covered bonds have the potential to reduce the market’s reliance on government funding.

For the reasons stated above, ALTA supports H.R. 940. If you have any questions please contact Justin Ailes at 202.261.2937.

Sincerely,

Kurt Pfothauer
Chief Executive Officer

¹ Founded in 1907, ALTA is the national trade association and voice of the real estate settlement services, abstract and title insurance industry. With more than 8,000 office locations throughout the country, ALTA members operate in every county in the United States to search, review and insure land titles and conduct closings to protect the rights of home buyers and mortgage lenders who invest in real estate. ALTA members include title insurance companies, title agents, independent abstractors, title searchers and attorneys, ranging from small, one-county operations, to large national title insurers.