

November 28, 2012

The Honorable Shelly Moore Capito Chairman Subcommittee on Financial Institutions and Consumer Credit Financial Services Committee U.S. House of Representatives Washington, DC 20515	The Honorable Carolyn B. Maloney Ranking Member Subcommittee on Financial Institutions and Consumer Credit Financial Services Committee U.S. House of Representatives Washington, DC 20515
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The Honorable Judy Biggert Chairman Subcommittee on Insurance, Housing and Community Opportunity Financial Services Committee U.S. House of Representatives Washington, DC 20515	The Honorable Luis V. Gutierrez Ranking Member Subcommittee on Insurance, Housing and Community Opportunity Financial Services Committee U.S. House of Representatives Washington, DC 20515
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Dear Chairmen Capito and Biggert and Ranking Members Maloney and Gutierrez:

The undersigned organizations, institutions and nonprofits interested in fostering entrepreneurship represent hundreds of thousands businesses, small and large, and their professionals, from all sectors of the economy employing tens of millions of Americans. As the House Committee on Financial Services Subcommittees on Financial Institutions and Consumer Credit and Insurance, Housing and Community Opportunity (“Subcommittees”) hold a hearing examining the impact of the proposed rules to implement Basel III Capital Standards (“Basel III”), our organizations would like to draw your attention to the unintended consequences of Basel III upon non-financial businesses.

We understand and support the need to develop and implement appropriate policies to prevent failures that led to the 2008 financial crisis. The financial regulators currently have a number of major initiatives underway including but not limited to: Basel III; the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) including the Volcker Rule, derivatives end-user exemption, systemic risk regulation, and mortgage lending reforms (risk retention and ability to repay); potential money market fund reforms; and the accounting convergence projects. Individually and collectively these initiatives have direct impacts

upon the ability of non-financial businesses to mitigate risk and raise the capital needed to expand and create jobs. In considering the implementation of Basel III, we believe that the Federal Reserve Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency have failed to consider the impacts of Basel III upon Main Street businesses and how Basel III interacts or conflicts with these other initiatives.

For instance, taken from the view of a business or consumer of financial products, Basel III will negatively impact the ability to obtain loans, access commercial lines of credit and obtain trade financing to sell goods overseas; the Volcker Rule affects the capacity to raise capital from the debt and equity markets; vague derivatives regulations hamper the ability to mitigate risk; uncertainty about final mortgage lending rules is restricting mortgage credit; potential money market fund regulations impact the ability to manage cash flows, while proposed accounting rules, such as lease transactions, restrict the ability to obtain the real estate needed to function.

Accordingly, we would respectfully request that the Subcommittees consider the following issues and ask the witnesses questions regarding the following issues:

- Have the regulators considered the impacts of Basel III on Main Street businesses and the economy and what steps are being taken to minimize those impacts? Have they determined how the rules will impact financial companies' ability to offer loans and other lines of credit?
- It was a good move by U.S. regulators to clarify that U.S. financial institutions will not be required to comply with Basel III capital and liquidity requirements by Jan 1. Will there be additional steps taken to ensure a uniform application of Basel III in light of recent comments from European regulators to slow down implementation?
- Will Basel III depress the residential and commercial real estate markets that are still trying to recover from the 2008 financial crisis?
- Will Basel III trade finance policies hamper American competitiveness in a global economy?
- What are the costs and benefits of Basel III?

These are but some of the questions that need to be answered, in a specific and holistic manner, to identify and correct potential adverse consequences before the Basel III implementing regulations are finalized. A failure to address these issues now could create market disruptions that may impede the ability of the economy to recover and grow at its full potential.

Thank you for your consideration of these issues related to the implementation of Basel III and we look forward to working with the Subcommittees to resolve them.

Sincerely,

**Building Owners and Managers Association International  
Business Roundtable  
CCIM Institute  
Competitive Enterprise Institute  
CRE Finance Council  
Institute of Real Estate Management  
International Council of Shopping Centers  
NAIOP, Commercial Real Estate Development Association  
National Apartment Association  
National Association of Home Builders  
National Association of Real Estate Investment Trusts  
National Multi Housing Council  
Property Casualty Insurers Association of America  
Realtors Land Institute  
Society of Industrial and Office Realtors  
The Real Estate Roundtable  
U.S. Chamber of Commerce**