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5TH DISTRICT, NEW JERSEY

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CONSTITUTION CAUCUS
CHAIRMAN

Congress of the United States
House of Representatives
Washington, DC 20515-3005

2244 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4465

266 HARRISTOWN ROAD
GLEN ROCK, NJ 07452
(201) 444-5454

83 SPRING STREET
NEWTON, NJ 07860
(973) 300-2000

www.house.gov/Garrett

March 2, 2012

The Honorable Mary Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F St., NE
Washington, DC 20549

Dear Chairman Schapiro,

We understand that the Commission is currently examining the exemption of mortgage real estate investment trusts (REITs) from regulation under the Investment Company Act of 1940 ('40 Act) and published a Concept Release to that effect in August 2011. We have significant concerns with respect to any regulatory action taken by the Commission that could decrease liquidity or inhibit capital formation in the housing market. Consequently, we ask the Commission to thoughtfully and diligently consider all of the comments it has received and the broader economic impacts of enacting such a policy prior to undertaking any rulemaking in this area.

For more than 40 years, mortgage REITs have raised and provided the capital necessary to fund and increase liquidity for the residential real estate markets. This private capital helps to keep mortgage rates lower, which, in turn, makes housing more affordable. Through their participation in the primary and secondary mortgage markets, mortgage REITs have provided a stable flow of capital that has allowed millions of American households to finance the purchase of their homes. Mortgage REITs are particularly important as vehicles of private capital for mortgage-backed securities at a time when other current primary holders of mortgages, like the Federal Reserve, Treasury Department, and the GSEs, are government entities backed by taxpayers.

We are concerned that regulating mortgage REITs as investment companies could curtail their ability to provide capital to the residential housing market. At a time when the housing market desperately needs private capital to facilitate its recovery, it is imperative that the Commission thoughtfully consider the broader implications of such regulation on U.S. housing and mortgage finance policy before finalizing any changes to the current rules. Thank you for your attention to these concerns and we look forward to working with you on this important issue.

Sincerely,





Judy Biggart

Paul Schest

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