Commercial Real Estate Finance Council Encourages President, Congress to Adopt Long-Term Solution to Debt Ceiling Crisis

- *Government Default Would Cause Significant Disruption in the $3 Trillion Commercial Mortgage Sector*
- *Liquidity Crisis Similar to 2008 Would Be Debilitating for the Entire Economy.*
- *Temporary Solutions Won't Fix the Problem or Help the Economy*

WASHINGTON, D.C. (October 14, 2013) – The Commercial Real Estate Finance Council (CRE Finance Council) today called on President Obama and the U.S. Congress to adopt a long-term solution to the federal debt ceiling crisis.

Calling a potential temporary deal "welcome but insufficient," the CRE Finance Council warned that without a permanent solution, investors will lose confidence in the capital markets, with serious implications for capital and credit availability. "This is no way to grow an economy that in many ways is only treading water."

The CRE Finance Council (http://crefc.org/) brings together participants in all aspects of the $3.1 trillion commercial real estate finance industry. Members are lenders, investors and servicers, including commercial banks, insurance companies, pension funds, private equity funds, mortgage REITs and rating agencies.

The group promotes capital formation and liquidity worldwide by encouraging commercial real estate finance market efficiency, transparency and sound underwriting practices.

Here is the full text of the CRE Finance Council's statement made today by Stephen M. Renna, president and CEO:

> "The commercial real estate debt and equity sectors are among the largest generators of jobs, taxes and wealth in the U.S.
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> "Commercial real estate finance is interest-rate sensitive and longer-term oriented. Constant uncertainty emanating from Washington is not helping our industry or the nation's economy recover from the worst recession since the Great Depression. Quite the opposite, uncertainty adds risk which stifles investment. The resulting negative effects of a government default on capital and credit availability would ripple throughout the entire economy.
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> "The fact that President Obama and the Congress appear to be closing in on a temporary deal on the debt ceiling is welcome but insufficient. Band-aids are no way to encourage confidence or facilitate capital to grow an economy that in many ways is only treading water.
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> "Only a long-term solution to the debt ceiling crisis will bring stability to commercial mortgage markets and other sectors of the investment marketplace. And, only with stability can real estate continue to generate its tremendous share of the job creating capital investment that fuels the U.S. economy.
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> "Some in Washington continue to downplay the potential effects of a federal government default now or later in the year. That is unwise and irresponsible. The follow-on effect of a default event could be protracted even if the default is cured quickly, particularly for the CMBS industry, which is very much still recovering from the recession.

“Now is the time for policymakers to do their jobs and forge a long-term solution to the debt ceiling crisis. The ramifications of a federal government default would be historic with a magnitude no one can fully predict.”

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