

March 10, 2008

CC:PA:LPD:PR (REG - 127770-07)  
Courier's Desk  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20044

Re: **Outline of Presentation to Internal Revenue Service on April 4, 2008**

Ladies and Gentlemen:

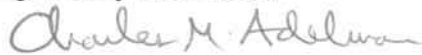
This letter is submitted pursuant to FR Doc. E8-4297, 93 Fed. Reg. 12041 (March 6, 2008). I have been designated as the speaker on behalf of the Mortgage Bankers Association, et al., in connection with its letter to the Internal Revenue Service dated February 7, 2008. The outline of my presentation is as follows:

- I. The proposed amendment to Treas. Reg. § 1.860G-2(a)(8)(i) should be clarified to cover the release of a lien on real property that is not a significant modification under paragraph (b)(2) or (b)(3) in addition to new paragraph (b)(3)(v). **(2 minutes)**
- II. The “principally secured” test in Proposed Treas. Reg. § 1.860G-2(b)(3)(v) should cover releases and substitutions of collateral addressed in that clause, but not additions of collateral or changes in guarantees or other forms of credit enhancement, and should also not apply to changes in recourse or nonrecourse nature in Proposed Treas. Reg. § 1.860G-2(b)(3)(vi). **(2 minutes)**
- III. Proposed Treas. Reg. § 1.860G-2(b)(3)(vi) should apply to changes from nonrecourse (or substantially all nonrecourse) to recourse (or substantially all recourse), in addition to changes from recourse (or substantially all recourse) to nonrecourse (or substantially all nonrecourse). **(2 minutes)**
- IV. An appraisal performed by an independent appraiser should not be the exclusive means of determining whether a mortgage loan that is the subject of a release or substitution under Proposed Treas. Reg. § 1.860G-2(b)(3)(v) continues to be “principally secured” by an interest in real property. Rather, it should be based on a factual determination by a servicer, including a non-exclusive safe harbor that does not preclude the use of other methods. **(2 minutes)**
- V. Changes to defeasance provisions, such as the permitted exercise date or the type of “government securities” that may be used, and that otherwise meet the two-year

requirement of Treas. Reg. § 1.860G-2(a)(8)(iv) and the “government securities” requirement of -2(a)(8)(i) should be deemed to meet the requirement that the “mortgage documents allow such substitution” of -2(a)(8)(ii). Other exceptions to “significant modifications” under Treas. Reg. § 1.1001-3 requested by the industry should be granted if not a policy concern. **(1 minute)**

- VI. The changes applicable to REMICs in Proposed Treas. Reg. § 1.860G-2(b)(3)(v) and (vi) and (b)(7) should be extended to loans held by grantor trusts that would be “qualified mortgages” if held by a REMIC, in order not to disrupt current market practices for securitization vehicles. **(1 minute)**

Respectfully submitted,



Charles M. Adelman,

on behalf of : Mortgage Bankers Association  
American Securitization Forum  
Building Owners and Managers  
Association International  
Commercial Mortgage Securities Association  
International Council of Shopping Centers  
National Association of Real Estate  
Investment Trusts  
National Association of Realtors  
The Real Estate Roundtable