March 29, 2023

The Honorable Kevin McCarthy Speaker U.S. House of Representatives H-232, The Capitol Washington, D.C. 20515

The Honorable Chuck Schumer Majority Leader United States Senate Room S-221, The Capitol Washington, D.C. 20510 The Honorable Hakeem Jeffries Minority Leader U.S. House of Representatives H-204, The Capitol Washington, D.C. 20515

The Honorable Mitch McConnell Minority Leader United States Senate Room S-230, The Capitol Washington, D.C. 20510

Dear Speaker McCarthy, Leader Jeffries, Leader Schumer, and Leader McConnell:

As the leading trade organizations representing those that build, finance, sell, and manage U.S. commercial, multifamily, and residential properties, we urge you to work together to take action to raise the statutory debt limit as soon as possible to avoid roiling financial markets and other significant sectors of the American economy unnecessarily. We commend the discussions that have been held between Congress and the White House in this regard.

Given the more than \$10.3 trillion in mortgage debt backed by the federal government through Fannie Mae, Freddie Mac, Ginnie Mae, and other federal agencies, the housing and real estate markets are particularly susceptible to any instability stemming from concern about the U.S. meeting its financial obligations.

Earlier this year, Treasury Secretary Janet Yellen notified you and other congressional leaders that her department would "need to start taking extraordinary measures to prevent the U.S. from defaulting on its obligations," raising concerns about eventual government actions and investor reactions should the debt limit not be raised in a timely manner.

As the Wall Street Journal noted in a recent article on this topic, *"there is no clear escape hatch (e.g., executive action, payment prioritization, Federal Reserve market intervention, or minting a "trillion-dollar coin") to avoid default if Congress doesn't pass legislation raising the debt ceiling."* And as the Journal's editorial board opined in 2021, *"Such an event, which has never happened, could send financial markets into a tailspin."* The result could be permanently higher borrowing costs and a less stable flow of capital during future crises.

This is an exceptionally important issue affecting all Americans regardless of political party or philosophy. We have no collective preference for the manner or legislative vehicle you use to resolve this critical issue and protect the full faith and credit of the United States, but inaction – or even the possibility of inaction – can agitate U.S. financial market stability broadly. Concurrently, solutions to our growing debt and deficits should be addressed through bipartisan negotiations and given careful consideration via the budget and appropriations process.

Thank you in advance for your consideration of these views.

American Land Title Association American Resort Development Association Building Owners and Managers Association International Commercial Real Estate Finance Council Housing Policy Council ICSC Leading Builders of America Mortgage Bankers Association NAIOP, the Commercial Real Estate Development Association National Apartment Association National Apartment Association National Association of Home Builders National Association of REALTORS ® National Multifamily Housing Council The Real Estate Roundtable