

December 12, 2007

The Honorable Henry M. Paulson, Jr.
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretary Paulson:

The Securities Industry and Financial Markets Association (“Association”)¹ writes to you today in support of the recent announcement by Treasury to allow State and local governments to use the qualified Mortgage Revenue Bond (MRB) program to assist troubled homeowners. We commend your leadership on this issue.

Tax-exempt qualified MRBs, issued by State and local government Housing Finance Agencies, are an important tool to finance low-cost mortgage loans for low- and moderate-income families. Under current law, qualified MRBs support new mortgages for first-time homebuyers for owner-occupied single-family homes. The proposal announced by Treasury would grant flexibility to State and local government authorities to issue tax-exempt MRBs to refinance existing loans.

As the public and private sectors continue coordinating to find loss mitigation strategies for struggling homeowners efficient and flexible solutions are paramount. Refinancing of existing loans to a lower interest rate remains a preferable outcome for troubled borrowers. In this time of diminished liquidity and access to credit, this program would expand the number of borrowers who would be able to take advantage of this option, without threatening credit for new homebuyers.

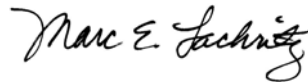
Finally, we also urge Congress to consider exempting refinancing MRBs from the AMT to ensure that there is market demand for these securities.

¹ The Association, or “SIFMA,” brings together the shared interests of more than 650 securities firms, banks and asset managers. SIFMA’s mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public’s trust and confidence in the markets and the industry. SIFMA works to represent its members’ interests locally and globally. It has offices in New York, Washington D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.

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Page 2 of 2

We stand ready to offer our assistance in support of this proposal. If you have any questions or would like to discuss these comments further, please do not hesitate to contact me at 202.962.7400.

Respectfully submitted,

A handwritten signature in black ink, reading "Marc E. Lackritz". The signature is written in a cursive style with a prominent "M" and "L".

Marc Lackritz
President and CEO