



## Stein Law, PLC Recent Developments

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### *Change Coming to Commercial Real Estate*

What *Change* can the world of commercial real estate expect with the new Obama Administration? And how soon is *Change* coming?

While many professionals in the commercial real estate industry favored John McCain over Barack Obama by more than a two to one ratio, the focus is now on what developments can be expected during the first 100 days of the Obama Administration and what will President Obama do to restore the confidence in the credit system.

Earlier this week stakeholders in the commercial real estate market pushed lawmakers to devote at least \$20 billion of the \$700 billion Troubled Asset Relief Program, or TARP, financial rescue funds to a new Federal Reserve facility aimed at unfreezing lending to the battered Commercial Real Estate sector. The commercial real estate industry groups believe such a move would ease the lending crisis that has exacerbated the downturn in the US economy. In response, House Financial Services Committee Chairman Barney Frank (D-MA) has introduced a bill to clarify the original language of TARP to provide for the funding of commercial real estate debt securities and "establish or support facilities to support the availability of commercial real estate loans, including through purchase of assetbacked securities, directly or through the Board of Governors of the Federal Reserve System or any Federal reserve bank."

Those of us who pay close attention to the industry will very soon have one of our first chances to see how the new Obama Administration will respond to these recent developments and react to the current real estate market conditions. This week President-elect Obama has requested that the remaining \$350 billion of the original TARP funds be released from the Treasury. Once approved, he would have fairly broad discretion in spending and to make changes in how the next phase of the financial rescue is carried out. In a letter to congressional leaders, Lawrence Summers, the top economic adviser to President-elect Obama, indicated that Obama intends to use these funds to reform TARP oversight, use "smart, aggressive policies" to reduce foreclosures and implement measures to attract private capital to end the need for government sponsored bailout plans.

And of course, while there are lingering concerns among real estate investors about Obama's earlier campaign promise to increase the capital gains tax on investments, there has been no recent indication from the Obama team that such a move is imminent. Indeed, many believe, based on comments from his advisors and other media leaks, that it would be surprising if an increase in the capital gains tax was implemented at all during an Obama administration.

For additional information about this and other *Recent Developments* impacting your business please contact **Scott J. Stein** at (480) 889-8948 / [scott@steinlawplc.com](mailto:scott@steinlawplc.com).

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