IREM Institute of Real Estate Management
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July 19, 2011

SUBMITTED ELECTRONICALLY

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
File No. S7-14-11

Office of the Comptroller of the Currency
250 E Street, SW
Mail Stop 2-3
Washington, DC 20219
Credit Risk Retention - Docket Number OCC-2011-0002

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Docket No. R-1411

Robert E. Feldman, Executive Secretary, Comments
Federal Deposit Insurance Corporation
550 17th Street, N W
Washington, DC 20429
RIN 3064-AD74

Alfred M. Pollard, General Counsel
Federal Housing Finance Agency
1700 G Street, NW.
Fourth Floor
Washington, DC 20552
RIN 2590-AA43

Department of Housing and Urban Development
Office of General Counsel
451 7th Street, SW
Room 10276
Washington, DC 20410-0500
Docket No. FR-5504-P-01

Re: Credit Risk Retention; Proposed Rule

Dear Sirs and Mesdames,

The Institute of Real Estate Management (IREM®) is an international community of real estate managers across all property types dedicated to ethical business practices and maximizing the value of investment real estate. An affiliate of the National Association of REALTORS®, IREM has been a trusted source for knowledge, advocacy and networking for the real estate management community for more than 77 years.

IREM is the only professional real estate management association serving both the multi-family and commercial real estate sectors and has 80 U.S. chapters, 13 international chapters, and several other partnerships around the globe. Worldwide membership includes nearly 18,000 individual members and over 535 corporate members. IREM members manage 2.1 million assisted/insured/affordable multifamily units in the U.S. which is about 35% of the inventory.

IREM supports fiscally responsible lending practices for all financial institutions. However, the Notice of Proposed Rules on credit risk retention requirements is not a viable solution to curb overzealous and past lending practices. In fact, we believe the Notice of Proposed Rules (NPR) will significantly hinder commercial real estate (CRE) transactions.

More specifically, the proposed Debt Service Coverage (DSC) of 1.5 to 1.7 is too high. Historically, a DSC of 1.2 to 1.3 has worked and will continue to do so. Furthermore, the combined Loan-to-value (LTV) of not more than 65 percent is too tight for most transactions.

There is also a prohibition on pledging the retained risk as collateral. This forces a buyer to make a much larger down payment. In an already volatile and stifled market, an investor simply cannot be required to put even more precious capital down. The retained risk should be allowed to be pledged as collateral.

The credit problems stem from careless underwriting. The lending rates should not change. If the NPR on risk retention requirements is implemented as currently written, responsible and honest borrowers will be punished by increased paperwork and too tight of lending requirements.

The newly proposed rules also have administrative setbacks as they lack flexibility. Instead, they increase staffing and personnel expenses. These excessive guidelines create a burdensome amount of paperwork that could further complicate an already complex process.

Overall, the risk retention requirement will slow the process of CRE loan transactions and add to the uncertainty currently stalling the market. If these transactions lose momentum, the United States will not regain its healthy economic flow toward a full recovery mode.

We appreciate your time and consideration on this very important matter.

Sincerely,

Ronald L. Goss

Ronald L. Goss, CPM®
2011 President, Institute of Real Estate Management (IREM)