

November 9, 2015

Mr. Robert W. Errett, Deputy Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: SR – FINRA – 2015 – 036

Dear Mr. Errett,

I am writing to express my sincere concern regarding the proposed margining regulations as they relate to multifamily housing finance. My company, ColumbiaNational Real Estate Finance, LLC (“CNREF”) is engaged in the business of providing HUD insured, multifamily loans for both the new construction of apartments, as well as the refinance of existing apartment projects throughout the U.S.

CNREF has provided construction/permanent loans, as well as permanent mortgages, for thousands of apartment units in its history primarily through HUD’s 221 (d)(4) and 223(f) programs (see attached “tombstone” announcements of some of our recent financings). Not one of the mortgage loans CNREF has originated has ever experienced a default, making our company a consistent and substantive contributor to the Federal coffers, by supporting the Mortgage Insurance Premiums (MIP) paid to HUD by each of our projects. The margining regulations proposed in SR-FINRA-2015-036 will negatively impact CNREF’s efforts to continue supporting multifamily housing in a substantive manner. This is particularly egregious given that there is no need to impose these margining requirements on an industry that has no history of any meaningful MBS failure rate and does not pose a systemic risk to the banking industry. With respect to the multifamily finance industry, FINRA’s proposed margining rule is truly a “solution looking for a problem” where no problem exists.

CNREF is typical of many modest sized mortgage banking companies engaged in financing affordable (LIHTC), subsidized (Section 8) as well as market rate rental housing. Our company employs approximately 30 people involved in originating, underwriting and servicing apartment loans. Hiring an expensive Wall Street-type to man a margining desk would saddle our company with outsized cost, not to mention the costs of new lines of credit, and the overt expense of posting large sums of cash to comply with this margining regulation. CNREF has never failed to deliver a GNMA MBS on one of our apartment financings, so all the attendant, additional expense and effort entailed would reduce our ability to provide our clients with reasonably priced mortgage funds, while doing nothing to reduce any tangible risks involved in the delivery of our MBS’s.

100 E. PRATT STREET
SUITE 2540
BALTIMORE MD 21202
410/837-1000 OFFICE
410/837-6922 FAX



The practical effects of imposing SR-FINRA-2015-036 would include:

- Limiting the number of competitive bids we could practically seek from GNMA traders, thus putting us at a competitive disadvantage to large financial institutions.
- Consolidating apartment finance in larger, bank owned mortgage banking entities that have existing trading desks. Does the SEC want continued consolidation of the financial industry in fewer, ever-larger institutions?
- Diminish the availability of construction loans available to the apartment development community since margining of construction loans with unpredictable monthly advances would be impractical, if not impossible.

SR-FINRA-2015-036 represents the worst kind of regulatory proposal possible for the multifamily industry – all burden with no meaningful benefit. Its enactment as proposed would have a material negative impact on an industry that has been doing an excellent job of providing much needed housing to a citizenry which is in increasingly dire need of decent rental housing. Its enactment will not provide for any improvement in the risk profile of our industry.

I urge you to not only delay implementing this ill-conceived regulation, but to exempt the multifamily industry entirely from it.

Sincerely,



Michael S. Cordes
Managing Director

Cc: Sen. Barbara Mikulski
Sen. Benjamin Cardin
Rep. Elijah Cummings
Eileen Grey, MBA



COLUMBIANATIONAL
Real Estate Finance, LLC

Berger Square | Odenton, Maryland

Amount Financed	\$ 4,186,300
Borrower	An Affiliate of Foundation Development & Homes for America
Lender	FHA 221(d)(4) Construction/Permanent Loan
Project Description	9% tax credit project consisting of an amenity rich, 4 story building containing 48 affordable units at between 30% - 60% of AMI, with underground parking. Four layers of debt were combined with tax credit proceeds to fund this innovative affordable housing project.

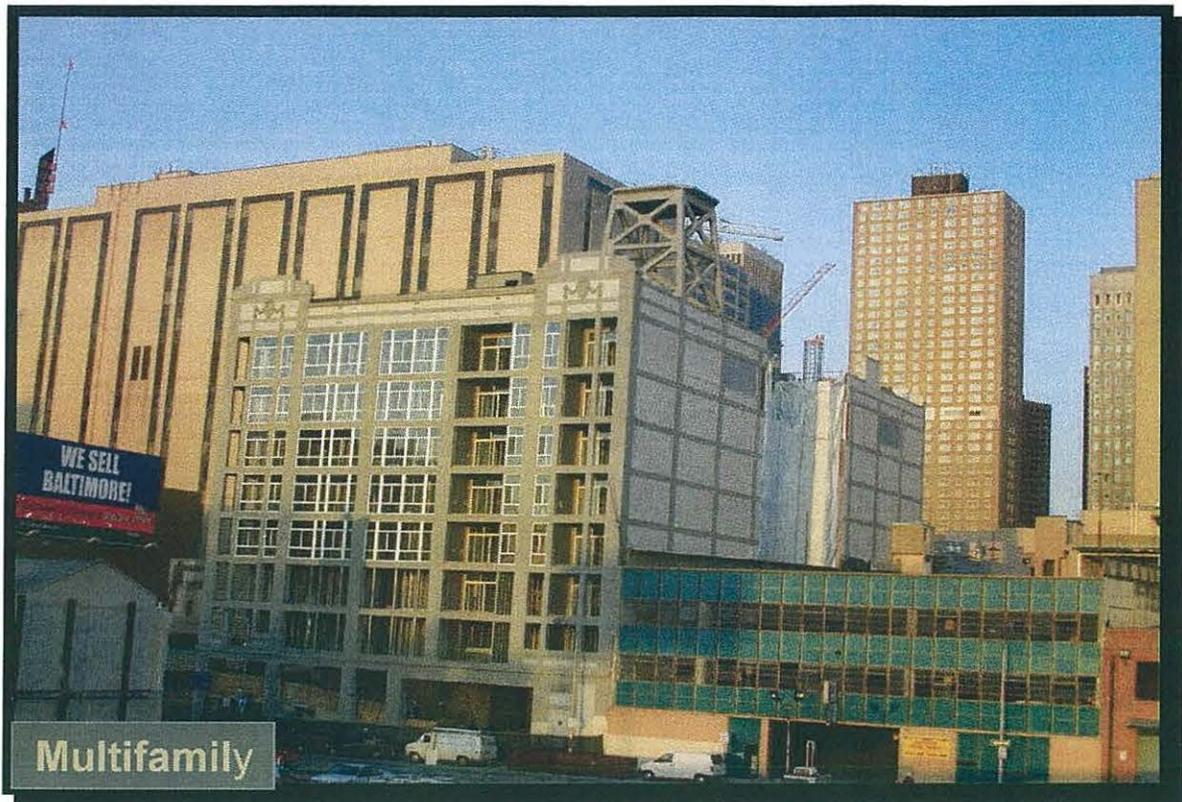


Multifamily

COLUMBIANATIONAL
Real Estate Finance, LLC

Woodside Village | Ft. Washington, Maryland

Amount Financed	\$17,443,400
Borrower	An Affiliate of Humphrey – Stavrou Associates
Lender	FHA 223(f) Cash Out Refinance to buyout Tax Credit LP and fund upgrades to the property.
Project Description	220 unit income restricted, age restricted senior's project located in Ft. Washington, MD. All units at either 50% or 60% of AMI.



Multifamily

COLUMBIANATIONAL
Real Estate Finance, LLC

Saratoga Court Baltimore, Maryland	
Amount Financed	\$8,995,500
Borrower	WDP Saratoga, LLC
Lender	FHA insured Section 220 construction/permanent
Project Description	Complete rehab of a circa 1914 poured-concrete building (one of the first in the country) into 77 luxury apartments with integral parking.



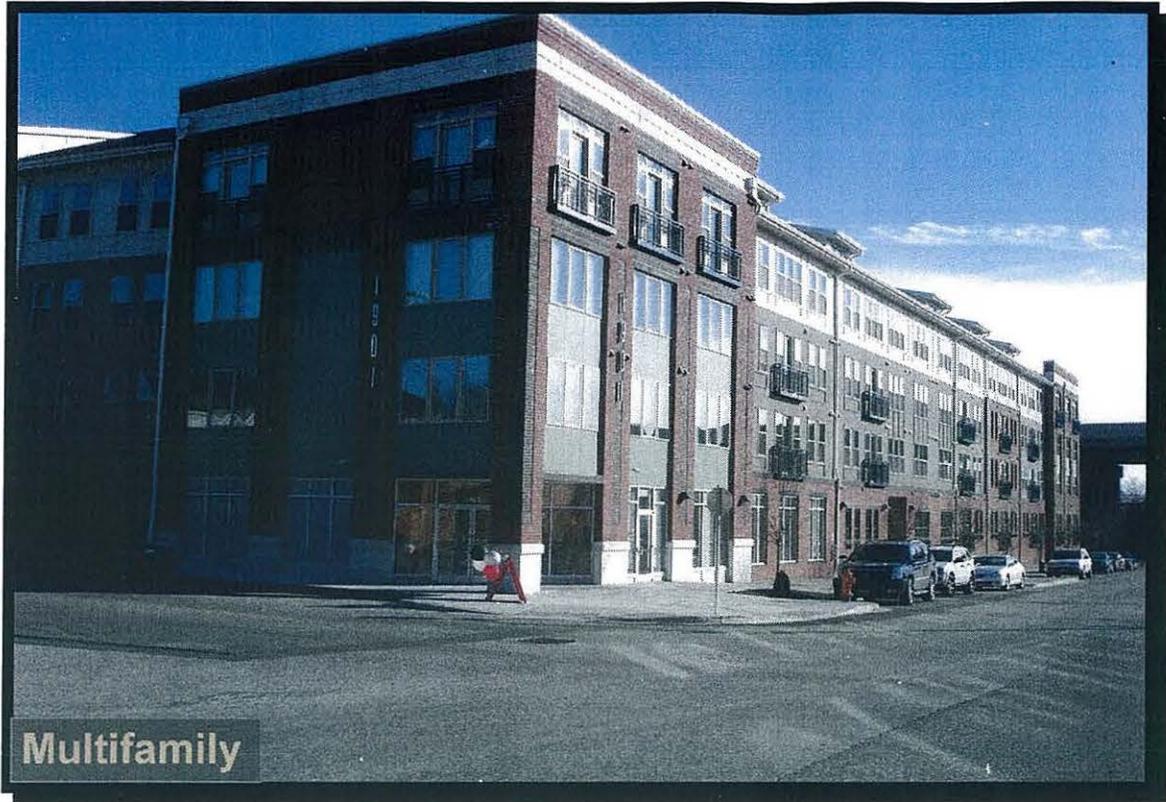
COLUMBIANATIONAL
Real Estate Finance, LLC

Randolph Village Apartments Silver Spring, Maryland	
Amount Financed	\$12,011,700
Borrower	An Affiliate of Humphrey-Stavrou Assoc.
Lender	FHA 223(f) Cash out Refinance to buy out Tax Credit LP and fund upgrades to the property.
Project Description	130 unit income restricted, age restricted senior's project located in Silver Spring, MD.



COLUMBIANATIONAL
Real Estate Finance, LLC

Lake Apartments of Wildewood California, Maryland	
Amount Financed	\$ 39,738,700
Borrower	Piney Point, LLC & Saxon Woods, LLC
Lender	FHA 221(d)(4)
Project Description	364 garden apartment units with integral garages located in California, Maryland. ColumbiaNational arranged a 40 year fixed rate, non-recourse financing through HUD's 221(d)(4) Construction/Perm Program in two phases.



Multifamily

COLUMBIANATIONAL
Real Estate Finance, LLC

1901 South Charles Street Apartments Baltimore City, Maryland	
Amount Financed	\$29,396,300
Borrower	CRP South Charles OP, LLC
Lender	FHA 221(d)(4) Construction/Permanent Loan
Project Description	Construction and Permanent Financing for 193 units in a mid-rise elevator apartment building with studio, one-bedroom, one-bedroom lofts, two-bedroom and two-bedroom loft with a five level parking garage. ColumbiaNational arranged 40 year refinancing at a note rate of 4.25%.



COLUMBIANATIONAL
Real Estate Finance, LLC

Reserve at Riverside (Phase I & II) Apts. Belcamp, Maryland	
Amount Financed	\$58,098,100
Borrower	Riverside Apartments, LLC
Lender	FHA 221(d)(4) Construction/Permanent Loan
Project Description	Construction and Permanent Financing for Class A quality 400 unit garden apartments. ColumbiaNational arranged this 40 year, fixed rate financing through HUD's 221(d)(4) Construction/Perm Program in two phases.



COLUMBIANATIONAL
Real Estate Finance, LLC

Grosvenor House Apartments | Elkridge, Maryland

Amount Financed	\$42,504,800
Borrower	Blue Stream 1, LLC
Lender	FHA 221(d)(4) Construction/Permanent Loan
Project Description	Construction and Permanent Financing for the construction of 226 one- and two-bedroom apartment units and 28 three-bedroom townhouse units. ColumbiaNational arranged 40 year financing at a note rate of 2.93%.



COLUMBIANATIONAL
Real Estate Finance, LLC

Enclave at Emerson Laurel, Maryland	
Amount Financed	\$25,304,300
Borrower	Emerson Apartments, LLC
Lender	FHA 221(d) (4)
Project Description	<p>A total of 129 garden apartments located in three, four-story elevator buildings; 22 townhomes with a two-car garage and 13 townhomes with a one-car garage.</p> <p>ColumbiaNational arranged a 40 year fixed rate, construction to permanent loan through HUD's 221(d)(4) program.</p>



COLUMBIANATIONAL
Real Estate Finance, LLC

Emerald Pointe Townhouse Rentals Dauphin County, PA	
Amount Financed	\$19,046,800
Borrower	Emerald Pointe, LP; an affiliate of Multi-Properties, Inc.
Lender	FHA 221(d)(4)
Project Description	A community consisting of 148 townhouse style units in two-story and three-story townhouse style rental buildings. ColumbiaNational arranged 40 year, fixed rate construction/permanent financing through HUD's 221(d)(4) program.



COLUMBIANATIONAL
Real Estate Finance, LLC

Creekstone Village Pasadena, Maryland	
Amount Financed	\$ 36,202,800
Borrower	Cromwell Apartments 1, LLC
Lender	FHA 221(d)(4) Construction/Permanent Loan
Project Description	Construction and permanent financing for the construction of 193 (Phase I) market rate apartments.



COLUMBIANATIONAL
Real Estate Finance, LLC

Belmont Station Elkridge, Maryland	
Amount Financed	\$ 24,844,000
Borrower	Belmont Station No. 1, LLC
Lender	FHA 221(d)(4) Construction/Permanent Loan
Project Description	208 unit apartment community consisting of 3 story walkup and 4 story elevator buildings in Elkridge, Maryland. This project leased at an average absorption rate of over 25 units per month.



COLUMBIANATIONAL
Real Estate Finance, LLC

Pin Oak Village Bowie, Maryland	
Amount Financed	\$20,626,200
Borrower	An Affiliate of Humphrey – Stavrou Associates
Lender	FHA 223(f) Cash out Refinance to buy out Tax Credit LP and fund upgrades to the property.
Project Description	220 unit income restricted, age restricted senior's project located in Bowie, MD. All units at either 50% or 60% of AMI.



Multifamily

COLUMBIANATIONAL
Real Estate Finance, LLC

Orchard Club Apartments Elkridge, Maryland	
Amount Financed	\$20,700,000
Borrower	An Affiliate of Orchard Development with the Community Foundation of Howard County
Lender	FHA 223(f) Cash out Refinance to fund upgrades to the property at approx. \$17,500/unit.
Project Description	196 unit, mixed income project, with 97 market rate units and 99 income restricted units located in Elkridge, MD.



Multifamily

COLUMBIANATIONAL
Real Estate Finance, LLC

The Carlisle Apartments | Gettysburg, PA

Amount Financed	\$2,817,400
Borrower	Carlisle Street Partners, LLC
Lender	FHA 221(d)(4)
Project Description	<p>One three-story, walk-up apartment building containing 22 market rate units located in Gettysburg, Pennsylvania</p> <p>ColumbiaNational arranged 40 year, fixed rate construction/permanent financing through HUD's 221(d)(4) program.</p>