

M&T Realty Capital Corporation

A Subsidiary of M&T Bank

25 S. Charles Street, 17th Floor, Baltimore, MD 21201

(410) 545-2450

November 9, 2015

Secretary, Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

Re: SR-FINRA-2015-036

Dear Mr. Secretary:

I strongly believe that the single asset multifamily securities, including Fannie Mae DUS and GNMA should be exempt from the proposed margining rule. This rule, if implemented, will cause unintended consequences to Lenders and Borrowers that currently use these financing executions to help provide affordable housing solutions for renters. Currently both DUS and GNMA securities are presold to Investors at the time the loan is rate locked with the borrower. The Borrower puts up a good faith deposit that the Lender may retain if the Borrower fails to close the loan. The Lender also places a deposit with the Investor. If the loan fails to deliver, the investor retains the deposit as “liquidated damages”. If Lenders are required to margin for rate movement and can no longer mitigate rate movement risk through a “liquidated damages” deposit, this expense will need to be passed along to the Borrower, making the execution no longer feasible. Alternatively, Lenders will look for other solutions in order to avoid costly margining, including selling to Investors that are not regulated by FINRA or locating the ultimate end user and cutting out the Investment Banker.

The concept of protecting the Investment Banker from losses associated with failed deliveries by transferring the economic cost to the Lender and the Borrower is a flawed idea. Regulation should be used to limit catastrophic risk not to dry up credit for affordable multifamily housing.

Regards,



Tari Flannery
President