



November 5, 2015

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

RE: File No. SR – FINRA – 2015 – 036
Margin Requirements

Dear Ms. Murphy:

As you might imagine, the proposed rule concerning margin requirements has garnered much discussion within our industry. After careful review of the proposed rule, I write to express my concerns. In summary, please note the following:

- Single asset multifamily and healthcare GNMA pools do not pose systemic risk to the financial markets.
- Single asset multifamily and healthcare pools have an extraordinarily low failure rate
- Multifamily and healthcare lenders utilizing FHA loan programs with the issuance of GNMA Mortgage Backed Securities will be placed at a significant disadvantage if required to establish margin accounts, monitor daily changes in value, set up lines of credit and the cost of margin.
- Single asset multifamily and healthcare GNMA pools more closely resemble whole loans. Unlike single family residential pools with homogenous assets which have readily available valuations, whole loan valuations will be problematic to determine.
- Construction lending (typically utilizing the 221(d)(4) HUD loan program for multifamily properties will be particularly negatively impacted if transactions are subject to margining until issuance of Permanent Loan Certificates. Highland Commercial Mortgage has closed over 1,000 units in 2015 utilizing this loan program and has over 3,500 units represented in our current pipeline.
- The current business and risk management practices among lenders, investors, and warehouse lenders already have controls in place to mitigate risk of failure to deliver.
- The proposed rule will further concentrate lending activity with large financial institutions.
- The proposed rule will limit the number of competitive bids lenders will receive which will increase borrowing costs.

I would be glad to discuss these issues with the appropriate people any time convenient with your staff. In the meantime, thank you for your attention to this most serious matter.

Sincerely:

A handwritten signature in blue ink, appearing to read "Pete Hodo, III", with a stylized flourish at the end.

Pete Hodo, III
Chief Operating Officer