



August 17, 2011

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

RE: Credit Risk Retention, Docket No. R-1411

Dear Ms. Johnson:

On behalf of myself and our firm, I respectfully submit this letter in response to the request for comments by the Securities and Exchange Commission, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, the Federal Housing Finance Agency and the Department of Housing and Urban Development.

Duemelands Commercial Real Estate is concerned about the proposed Credit Risk Retention rules. We believe the risk retention requirement will slow the process of Commercial Real Estate loan transactions. This would hinder a full recovery mode of an already fragile economy in the United States.

We are specifically concerned with the proposed debt service coverage (DSC). Historically, a DSC of 1.2 to 1.3 has worked and will continue to do so. Furthermore, the combined 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, creating another barrier for many viable loan recipients.

Current lending rates should not change. If the proposed rule 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. Credit problems have stemmed mainly from careless underwriting practices.

We are concerned about the administrative burden of the proposed rule. These excessive guidelines create a longer list of specific guidelines that could further complicate an already complex process. As an organization, Duemelands Commercial Real Estate supports fiscally responsible lending practices for all financial institutions. The proposed rule is not a viable solution to curb overzealous and past lending practices.

We appreciate the opportunity to provide comment on the Credit Risk Retention proposed rule. If there are any questions about our comments please contact, Skip Duemeland, MBA, skip@duemelands.com 701-391-7000.

Respectfully submitted,

Skip Duemeland, CCIM, MBA
Duemelands Commercial Real Estate