



Senior Star Living[®]

October 7, 2013

Federal Housing Finance Agency
Multifamily Housing Policy
400 Seventh Street, S.W., Room 9-261
Washington, D.C. 20024

Dear Sir/Madam:

This letter is in response to the request for comments issued by the Federal Housing Finance Agency (FHFA) regarding options to reduce the multifamily businesses of Fannie Mae and Freddie Mac (the Enterprises) in 2014.

My brother, William, and I are the co-founders and managing principals of Senior Star Living. Senior Star is headquartered in Tulsa, Oklahoma, and operates twelve seniors housing communities comprising over 2,000 senior living units (independent living, assisted living, memory care and nursing care). Over two decades, we have established and maintained a quality operating record built on solid financial performance. Our residents, their families, and our dedicated employees all have benefited from our steady, sustained growth.

Our ability to grow and provide affordable rental seniors housing would not have been possible without access to the GSE multifamily programs. The Enterprises have provided critical access to capital for Senior Star as well as thousands of seniors housing properties across the country. On behalf of Senior Star, I urge you to proceed very cautiously at this time with further reductions in the Enterprises' involvement in the multifamily housing market.

Arbitrary goals aimed at reducing the Enterprises' involvement in the multifamily market would carry unacceptable risks and, likely, unintended consequences, especially for seniors housing.

- Private capital lending sources are generally unavailable to seniors housing, particularly outside of the largest metropolitan markets. Most private lenders do not have existing books of business in seniors housing because it is a more complex business, and they lack the expertise to properly underwrite senior housing loans;

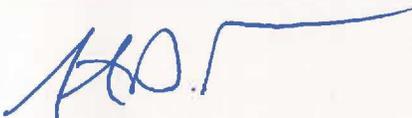
- Standardized loan products do not fit the loan requirements of seniors housing. Seniors housing faces an array of state regulatory requirements and ancillary costs associated with housing an older, frail population as well as providing 24-hour security, transportation, activities, dining, and a range of health services. Limiting the diverse range of specially tailored multifamily loan products and financing structures would be impractical and would jeopardize the ability of the seniors housing industry to meet the needs of the Nation's rapidly aging population; and
- Imposing maximum rents and loan limits would be particularly harmful to seniors housing. Monthly rent in seniors housing is not within the typical bounds of "affordable" since the rent payment incorporates the cost of providing 24-hour essential services that are integral to the residents' health and safety.

The multifamily sector did not cause the financial problems at the Enterprises. Instead, the Enterprises' role in providing capital has ensured that projects capable of covering their debt were not forced into foreclosure due to a temporary illiquid credit market. For the millions of frail seniors on fixed incomes who can least deal with disruption, it is crucial that the FHFA continue to ensure access to a full range of mortgage options for the development and preservation of affordable rental housing. Additionally, the Enterprises have been especially critical to seniors housing debt financing; seniors housing should be one of the last areas FHFA considers restricting.

The Enterprises have developed the underwriting expertise required for the unique financing issues presented by different types of seniors housing. The Enterprises' exceptionally low default rates (below one percent) in multifamily and seniors housing lending over the past 15+ years are a direct result of their disciplined underwriting policies, and the Enterprises' diligent staffs should be allowed to continue their work without interruption until final policy decisions on the future of the Enterprises are made.

On behalf of Senior Star Living, I appreciate the opportunity to share our views.

Sincerely,



Robert D. Thomas
Co-owner

cc: David Schless, ASHA
Rachelle Bernstecker, ASHA