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**HCR ManorCare** 

October 30, 2013

**SUBMITTED ELECTRONICALLY**

Department of the Treasury  
Office of the Comptroller of the Currency  
Legislative and Regulatory Activities Division  
400 7th Street, SW, Suite 3E-218  
Mail Stop 9W-11  
Washington, DC 20219  
Docket Number OCC-2013-0010  
RIN 1557-AD40

Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090  
Attn.: Elizabeth M. Murphy, Secretary  
File Number S7-14-11  
RIN 3235-AK96

Board of Governors of the Federal Reserve  
System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551  
Attn: Robert deV. Frierson, Secretary  
Docket No. R-1411  
RIN 7100-AD70

Federal Housing Finance Agency  
Constitution Center, (OGC) Eighth Floor  
400 7th Street SW  
Washington, DC 20024  
Attn.: Alfred M. Pollard, General Counsel  
RIN 2590-AA43

Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429  
Attn.: Comments, Robert E. Feldman,  
Executive Secretary  
RIN 3064-AD74

Department of Housing and Urban  
Development  
Regulations Division  
Office of General Counsel  
451 7th Street, SW, Room 10276  
Washington, DC 20410-0500  
RIN 2501-AD53

**Re: Credit Risk Retention; Re-Proposed Rule**

Ladies and Gentlemen:

I write on behalf of HCR ManorCare. HCR ManorCare is a leading provider of short-term, post-hospital services and long-term care. We are headquartered in Toledo, Ohio, and we provide more than 57,000 jobs across 32 states.

We write to respectfully request that you continue to refine the proposed risk retention rules and exemptions relating to collateralized loan obligations ("CLOs") to preserve an important source of credit and liquidity to our companies and the country as a whole.

We refer to the jointly Re-Proposed Rules (together with the accompanying supplementary information, "Re-Proposal")<sup>1</sup> issued by the Department of the Treasury, the

<sup>1</sup> Credit Risk Retention, 78 Fed. Reg. 78928 (Sept. 20, 2013).

System, and the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, the Federal Housing Finance Agency and the Department of Housing and Urban Development (collectively, the "Agencies") to implement the requirements of section 941(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as codified at Section 15G of the Securities Exchange Act of 1934, as amended. The Re-Proposing Release revises and re-proposes certain rules that originally were proposed in April 2011.

While the rules set forth in the Re-Proposal will have implications for a large number of asset classes, we write this letter in regard to those provisions of the Re-Proposal relating to collateralized loan obligations ("CLOs"). The access to credit and liquidity facilitated by CLOs provide an important engine for our business, and we are concerned that the re-proposed rules will have adverse consequences on this valuable form of financing. We respectfully request that the Agencies do further work on the rules (and exemptions) concerning CLOs, so that the final rules do not stifle our company funding options, resulting in higher borrowing costs.

We understand that numerous trade groups and other organizations are submitting comments on the Re-Proposal, with many of those comments addressing the implications for CLOs. As a number of those other comment letters point out, adoption of the risk retention rules as set forth in the Re-Proposal would likely result in a significant reduction in the formation of CLOs and in overall activity in the CLO markets. In our experience, CLOs serve as a valuable source of credit and liquidity for lenders to companies of many sizes, in every industry, and in every region of the country. By providing an active secondary market for syndicated corporate loans, CLOs provide an important means for bank lenders to manage their credit risk, comply with capital regulations, and free up resources to engage in further lending. A robust CLO market therefore means that companies such as ours have better access to vital financing, at a lower cost.

If the rules as re-proposed are adopted, we fear that CLOs will become a much-diminished presence in the marketplace, making less credit available for the commercial loans that provide lifeblood to our companies. Because CLOs are an important source of competition in the provision of credit, their disappearance would mean that less capital is directed to support commercial lending, and our costs of credit would increase while our access to credit would decrease. Consequently, adoption without revision of the risk retention rules as set forth in the Re-Proposal will likely result in higher financing costs for our business and for many other companies.

The goals of section 941 of the Dodd-Frank Act are important ones. We are not advocating a return of excessively risky securitizations nor do we want standards so loose that the rules would subvert Congressional intent. Rather, we have seen the utility of CLOs and, in our experience, they were not a contributing factor to the financial crisis. CLOs simply are not the type of instruments that warrant risk retention requirements that would make them less available as a source of credit and liquidity.

We therefore urge the Agencies, when writing the final rules on risk retention and the important protections those rules are intended to provide to consumers and the stability of the financial markets, to consider the importance of CLOs to the financing needs of American businesses such as ours. We hope that the Agencies will carefully consider the comments it

receives on this matter and will seek to craft final rules (including appropriate exemptions) that will avoid detrimental effects on the vital CLO market and on the American businesses who rely on that market.

We thank the Agencies for their time and consideration of this and other comment letters being submitted on the Re-Proposal.

Sincerely,



Matthew S. Kang  
Vice President and Chief Financial Officer

*With a copy to:*

Mary Miller, Assistant Secretary for Financial Markets, Department of the Treasury  
Jeff Foster, Senior Policy Advisor, Department of the Treasury  
Beth Mlynarczyk, Policy Advisor, Department of the Treasury