

MEMORANDUM

TO: Public File – Notice of Proposed Rulemaking: Credit Risk Retention (RIN 3064 AD74)

FROM: FDIC Staff

DATE: May 5, 2011

SUBJECT: Meeting with Home Equity Securities, LLC

On May 5, 2011, FDIC representatives (Suzy Gardner, Mark Handzlik, Phil Sloan & Jeannette Roach) participated in a meeting with John W. O'Brien, managing partner of Home Equity Securities, LLC (HES). At this meeting Mr. O'Brien described HES' proposal to recognize the amount of any home equity fractional interest in the underlying property for purposes of the down payment requirement for a qualified residential mortgage under the final rule.

Information prepared by HES for purposes of this meeting is attached to this memorandum.