



THE CHAIR

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

April 11, 2014

The Honorable Mark Takano  
U.S. House of Representatives  
1507 Longworth House Office Building  
Washington, DC 20515

Dear Representative Takano:

Thank you for your March 6, 2014 letter in which you expressed concern about single family rental-backed securities and their possible impact on consumers, housing markets, investors, and financial markets. You also asked that we gather information about rental-backed securities and ensure that investors have access to full details about them.

The Commission and its staff monitor the asset-backed securities market, which includes securities backed by single family homes that are rental properties. Our staff selectively reviews documents relating to the public offer and sale of asset-backed securities, as well as the ongoing periodic reports of the issuers of those securities, to evaluate and enhance compliance with our disclosure requirements. Issuers of asset-backed securities also may offer and sell securities in private offerings conducted in accordance with an exemption from registration under the Securities Act of 1933. While private offerings are not subject to the Commission's specific disclosure requirements or to our staff's selective review process, the Commission can bring enforcement actions where private offerings violate the anti-fraud provisions of the federal securities laws. To date, offerings of securities backed by single family homes that are rental properties have not been registered with the Commission and appear to have been conducted as private placements. Consistent with most private offerings exempt from registration, the transactional materials and the detailed information regarding the structure of the bonds, assumptions concerning performance, and risks are not publicly available.

I have instructed the staff to continue to monitor developments in, and gather information about, the asset-backed securities markets, including with respect to the securities you identified. I also note that the Commission and staff are actively engaged in rulemaking to enhance the regulation of asset-backed securities offerings, including implementing requirements for credit risk retention (available at <http://www.sec.gov/rules/proposed/2013/34-70277.pdf>) and enhancing the offering, disclosure, and reporting requirements for asset-backed securities (available at <http://www.sec.gov/rules/proposed/2014/33-9552.pdf>).

Thank you again for your input. Please do not hesitate to contact me at (202) 551-2100, or have a member of your staff contact Tim Henseler, Director of the Office of Legislative and Intergovernmental Affairs, at (202) \_\_\_\_\_, if we can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Jo White". The signature is fluid and cursive, with a prominent initial "M" and a long, sweeping horizontal stroke at the end.

Mary Jo White  
Chair