The rescission of this Transmittal Letter does not address the status of the conveyed document. To determine the status of the conveyed document, please check with the original issuer of the document.

Originated mortgage servicing rights refer to the situation in which a lending institution has sold a loan it originated but retained the obligation to service the loan.

Under the rule, thrifts and banks will include originated mortgage servicing rights related to loans owned by others in regulatory capital the same as they have previously included such rights purchased from another company.

The rule is consistent with a recommendation of the Federal Financial Institutions Examination Council (FFIEC) and was issued in response to the Financial Accounting Standards Board’s issuance of Statement 122, “Accounting for Mortgage Servicing Rights,” which eliminated the accounting distinction between originated and purchased mortgage servicing rights. Generally accepted accounting principles (GAAP) now require originated mortgage servicing rights to be capitalized as balance sheet assets, a treatment previously required for purchased mortgage servicing rights. Institutions must adopt SFAS No. 122 for regulatory reporting and capital purposes for fiscal years beginning after December 15, 1995, but may adopt it as early as June 30, 1995.

Originated mortgage servicing rights relating to loans owned by others will be subject to the limitations currently imposed on purchased mortgage servicing rights.

Under the agencies’ interim rules, capitalized mortgage servicing rights (both purchased and originated) will be included in Tier 1 capital at the lesser of

Jonathan L. Fiechter
Acting Director
Office of Thrift Supervision

The interim final rule was published in the August 1, 1995, edition of the Federal Register, Vol. 60, No. 147, pp. 39225–39223. Written comments must be received on or before October 2, 1995, and should be addressed to: Chief, Dissemination Branch, Records Management and Information Policy Division, Office of Thrift Supervision, 1700 G Street NW, Washington, DC 20552.