



April 14, 2017

The Honorable Thomas Curry
Office of the Comptroller of the Currency
400 7th Street SW
Washington, DC 20219

RE: Comptroller's Licensing Manual Draft Supplement

Dear Comptroller Curry:

The Mortgage Bankers Association¹ (MBA) appreciates this opportunity to respond to the Office of the Comptroller of the Currency's (OCC) draft Supplement to the Comptroller's Licensing Manual, "Evaluating Charter Applications From Financial Technology Companies."

Many mortgage lenders² continue to have an interest in learning more about the proposed special purpose national bank (SPNB) charter and the opportunities and risks it presents. While MBA commends the OCC's ongoing efforts to provide additional information about the SPNB, there remain questions and concerns specific to mortgage lending that have not yet been addressed.

In particular, we encourage the OCC to provide additional clarity and detail about what a mortgage company considering the SPNB should expect with respect to access to the Federal Reserve and Federal Home Loan Bank system, capital requirements, financial inclusion plans, and supervisory expectations. Specific questions regarding these topics include those detailed below.

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets; to expand homeownership and extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 2,200 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: www.mba.org.

² For purposes of this letter, "mortgage lenders" refers to non-depository mortgage lenders, which includes independent mortgage banks, REITs, consumer finance companies, and other nonbank entities.

Access to the Federal Reserve and Federal Home Loan Bank System

For many mortgage lenders, the ability to access the Federal Reserve's discount window and the Federal Home Loan Bank system will be an important factor in the decision whether to pursue a SPNB. MBA strongly urges the OCC, in consultation with the FHFA and the Fed, to address whether and under what conditions these new SPNBs will have access to these resources and provide this information as soon as possible.

Capital Requirements

The draft Supplement makes clear that SPNBs will be held to standard capital requirements similar to those of other national banks. It also clear that the OCC might even expect companies to hold capital in excess of the levels that would be required under regulatory capital rules for other banks. While mortgage lenders utilize a variety of business models, non-depository mortgage lenders generally do not hold loans for investment. Assets for these companies are most often composed of loans held for sale, mortgage servicing rights, and other fixed assets.

MBA encourages the OCC to consider the many different mortgage lending business models in order to develop more workable and transparent capital requirements for mortgage lenders before issuing any SPNB charters.

Supervisory Expectations

The draft Supplement states that newly chartered SPNBs will be subject to more frequent and intensive supervision in their early years of operation. For many institutions, understanding the OCC's supervisory expectations will be critical in making the decision to applying for an SPNB charter. Mortgage lenders would benefit from such additional clarity about the focus and scope of these expectations so they can consider what resources might be needed.

We would hope that guidance on these points also would address what risks the OCC is most concerned about and they expect those risks to be managed or mitigated. This would allow institutions to evaluate the SPNB be relative to their existing charter(s) or licenses.

Coordination with Other Regulators

The draft Supplement states that the OCC will coordinate as appropriate with other regulators with jurisdiction over the proposed SPNB in an effort to facilitate simultaneous consideration of any applications or approvals that may be required by those regulators. This statement highlights an important consideration for many mortgage lenders since the Consumer Financial Protection Bureau (CFPB) has generally has supervisory authority over nonbank financial services companies, including residential mortgage lenders and servicers.

MBA urges the OCC to provide specific information and guidance that addresses how the OCC and the CFPB plan to coordinate with respect to mortgage lenders that gain an SPNB charter.

Scope of the Financial Inclusion Plan

The draft supplement states that the OCC will condition approval of the special purpose charter on the applicant's Financial Inclusion Plan (FIP) for applicants whose business plan includes lending to consumers.

MBA shares the OCC's commitment to making financial inclusion a top priority for all financial institutions, including any SPNB. Considering the importance of this issue as well as the emphasis placed on the FIP in the chartering process, MBA urges the OCC to provide greater detail about its expectations for mortgage lenders' financial inclusion activities both for purposes of their SPNB application and going forward – for example, can an SPNB meet the FIP requirements through lending activities only, or does OCC expect investment and service tests to be met as well? We also encourage the OCC to define with more clarity the differences between these responsibilities and, where applicable, an institution's obligations under the Community Reinvestment Act.

MBA looks forward to receiving additional information on the SPNB charter and would welcome an opportunity to meet with the OCC's Office of Innovation to discuss these and other concerns. Should you have questions or wish to discuss any aspect of these comments, please contact Ken Markison, Vice President and Regulatory Counsel, at (202) 557-2930 or kmarkison@mba.org; or Elizabeth Kemp, Associate Regulatory Counsel, at (202) 557-2941 or ekemp@mba.org.

Thank you for your consideration of these views.

Sincerely,

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Pete Mills,
Senior Vice President
Residential Policy and Member Services