



June 23, 2015

Mortgage Servicing Rights Task Force
Conference of State Bank Supervisors
1129 20th Street, NW, 9th Floor
Washington, DC 20036

RE: Proposed Regulatory Prudential Standards for Non-Bank Mortgage Servicers

The American Financial Services Association (“AFSA”)¹ appreciates the opportunity to comment on the Proposed Regulatory Prudential Standards for Non-Bank Mortgage Servicers (“proposed standards”) drafted by the Conference of State Bank Supervisors (“CSBS”) and the American Association of Residential Mortgage Regulators (“AARMR”). AFSA applauds the task force for recognizing the benefits non-bank mortgage servicers offer to the marketplace; however, we have serious concerns about the proposed standards.

AFSA has significant concerns about the burden the proposed standards will impose on non-bank mortgage servicers and lenders. Meeting the many requirements contained in the proposed standards, in particular the capital and liquidity standards, will increase the already high regulatory burden on non-bank mortgage servicers which will need to establish many additional measures and operational controls in order to ensure compliance. The costs of these additional requirements will result in an increase in the cost of servicing, negatively affecting consumers who will see a rise in the cost of credit.

The proposal states the standards apply to “non-bank mortgage servicers,” but we believe the proposal would benefit from greater clarity, including an explicit definition, regarding to whom the standards apply. Specifically, we seek clarity as to whether the standards apply to owners of servicing rights, third-party loan servicers, both, and/or additional entities.

Due to the large impact of the proposed standards on the mortgage servicing industry, we respectfully request that there be an open forum to discuss these standards at the AARMR Regulatory Conference on August 4-6. An open forum at the AAARMR conference will give industry and state mortgage regulators the opportunity to provide valuable feedback before the regulatory structure is developed. Furthermore, we would like additional states, ideally all states, that regulate mortgage servicing involved in this process. They may have additional experience working with non-banks and knowledge of our business models that would facilitate a better regulatory structure to the benefit of industry and consumers.

¹ Founded in 1916, the American Financial Services Association (AFSA) is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including mortgage loans, traditional installment loans, direct and indirect vehicle financing, payment cards, and retail sales finance.

Thank you again for the giving AFSA the opportunity to share our feedback on the proposed standards. If you have any questions or would like to discuss these concerns further, please do not hesitate to contact me by phone at 952-922-6500 or email at dfagre@afsamail.org.

Respectfully,



Danielle Fagre Arlowe
Senior Vice President
American Financial Services Association
919 Eighteenth Street, NW, Suite 300
Washington, DC 20006-5517