



MORTGAGE BANKERS ASSOCIATION

November 15, 2016

Ms. Sara Rietcheck
Washington Department of Financial Institutions (DFI)
P.O. Box 41200
Olympia, WA 98504-1200
sara.rietcheck@dfi.wa.gov

Subject: MBA Comments on Proposed Washington DFI Regulation; Amending the rules (chapter 208-620 WAC) under the Consumer Loan Act (chapter 31.04 RCW) concerning requirements for residential mortgage loan servicers such as bonding, liquidity and tangible net worth.

Dear Ms. Rietcheck:

Thank you for the opportunity to offer comments on the Washington Department of Financial Institution's (DFI) proposed rules for capital/liquidity requirements for residential nonbank mortgage servicers. The Mortgage Bankers Association (MBA)¹ represents mortgage lenders and servicers headquartered and/or licensed in the State of Washington. As MBA will be unable to attend the public hearing on this proposal – scheduled for November 22, 2016 – MBA is submitting this letter, and its attachments, for the record.

MBA appreciates DFI's outreach to the real estate finance industry on this rulemaking process, as well as DFI's participation in committees, conferences and meetings of the Conference of State Bank Supervisors (CSBS), the State Regulatory Registry (SRR), the Nationwide Mortgage Licensing System and Registry (NMLS) and the American Association of Residential Mortgage Regulators (AARMR). Over the years, the work of state regulators engaged in these organizations has helped create sensible uniformity by, for example, streamlining licensing requirements and reducing state-specific data reporting requirements. In our view, this work has improved state supervision of the real estate finance industry which ultimately benefits consumers nationwide.

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*

As detailed in previous correspondence (attached), while MBA understands the concerns leading some state regulators to consider standards for nonbank servicers on this issue, MBA believes that DFI's state-specific proposal is premature. MBA has been and continues to be fully engaged in a nationwide discussion with state regulators through CSBS (most recently with the Non-Depository Supervisory Committee) to create a workable framework for a CSBS-endorsed national standard that state legislators and/or regulators could then adopt in a more uniform manner.

The proposed DFI rules would be the first of their kind in the nation, and when taken individually they are workable. However, the benefits of DFI's approach will surely be lost if their enactment triggers implementation of multiple and possibly contradictory state standards/interpretations of acceptable levels of capital and liquidity. Implementing and maintaining so many separate compliance regimes will be extraordinarily expensive and confusing for nonbank servicers. These additional servicing costs cannot be absorbed by industry and will, inevitably, be priced into the cost of a mortgage and paid by consumers. We continue to encourage Washington State to actively participate in the ongoing CSBS process to ensure your views are incorporated into this discussion on appropriate financial standards for nonbank servicers.

Again, as we have stated in the attached correspondence, MBA strongly believes in the work which CSBS and the real estate finance industry have conducted over many months toward the development of common model standards. Therefore, we again urge DFI not to move forward with this proposed rulemaking, as the CSBS policy development process and related stakeholder discussions remain the appropriate forum to start pursuing standards for industry supervision as it will more likely lead to a more uniform result.

Thank you again for the opportunity to comment on these proposed rules.

Respectfully,

A handwritten signature in cursive script, appearing to read "Pete Mills".

Pete Mills
Senior Vice President
Residential Policy and Member Engagement

Attachments

CC: Charles Clarke, Director, Division of Consumer Services