



January 10, 2011

The Honorable Timothy F. Geithner  
Secretary of the Treasury  
United States Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

The Honorable Shaun Donovan  
Secretary of Housing and Urban Development  
United States Department of Housing and  
Urban Development  
451 Seventh Street, SW  
Washington, DC 20410

The Honorable Mary L. Schapiro  
Chairman  
United States Securities and Exchange  
Commission  
100 F Street, NE  
Washington, DC 20549

Edward J. DeMarco  
Acting Director  
Federal Housing Finance Agency  
1700 G Street, NW  
Washington, DC 20552

The Honorable Ben S. Bernanke  
Chairman  
Board of Governors of the Federal Reserve  
System  
20th Street and Constitution Ave  
Washington, DC 20551

John G. Walsh  
Comptroller of the Currency (Acting)  
250 E Street, SW  
Washington, DC 20219-0001

The Honorable Sheila C. Bair  
Chairman  
Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429-9990

John E. Bowman  
Acting Director  
Office of Thrift Supervision  
1700 G Street, NW  
Washington, DC 20552

Ladies and Gentlemen:

On behalf of the Mortgage Bankers Association (MBA), I am writing to express deep concern over recent letters calling for federal regulators to create national residential mortgage servicing standards as part of the fast-tracked risk retention rulemaking under Section 941 of the Dodd-Frank Act.

Combining risk retention requirements with national servicing standards, especially given that final risk retention rules are congressionally-mandated by April 17, 2011, runs the risk of giving short-shrift to two highly complex and critically important issues. These issues deserve the careful consideration and debate that can only be achieved if they are addressed separately, especially given the approaching deadline for Section 941 rules.

MBA supports efforts to improve residential mortgage servicing practices, especially in ways that protect consumers who are at risk of losing their homes. To this end, MBA recently formed a special council of industry leaders to develop policy recommendations in this area. We also announced a Summit on Residential Mortgage Servicing for the 21<sup>st</sup> Century, to be held in Washington, DC, on January 19, 2011. This summit will facilitate dialogue among a diverse array of stakeholders on ways to ensure the alignment of servicing practices with investor and borrower interests and generally improve residential mortgage servicing going forward, including the discussion of national servicing standards.

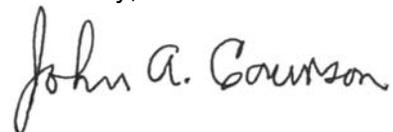
MBA's servicing summit will include, as attendees and participants, federal and state policymakers, consumer advocates, mortgage industry leaders, academics, and other interested parties. Many factors have created a unique opportunity to collaborate on "lessons learned," and provide a roadmap on how to better service defaulted loans going forward while promoting home retention to its fullest extent. These issues are inherently complex and can only benefit from a robust and open discussion that allows different perspectives to be shared. Our summit is intended to help jumpstart this process.

However, we believe that combining efforts to create national servicing standards with proposed risk retention regulations under Section 941 is dangerously short-sighted. The risk retention debate has been ongoing for over a year, and is nearing a new phase as proposed regulations are expected this month. It is essential that any final risk retention rules be timely, balanced, fair, and workable if private investment capital is to return to the housing sector in a meaningful way. This issue is challenging enough in its own right – we think it would be a mistake to add a second highly complex topic like national servicing standards into the same policymaking process. Efforts to create a national servicing standard will be better served once a full discussion has been had involving all stakeholders and allowing adequate time for research, collaboration and comment.

The idea of national servicing standards is still very much in the conceptual stage, as a host of policy implications are still unclear, including how such standards might interact with accounting and regulatory capital requirements, the legal and beneficial rights of different parties, and potential effects on consumers, lenders, and investors. We urge policymakers to work with MBA and other stakeholders to ensure that these different policy dimensions are understood before rushing forward with a rulemaking. We stand ready to provide our assistance in this regard.

Please let me know if you wish to discuss these issues further or if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "John A. Courson". The signature is written in a cursive, slightly slanted style.

John A. Courson,  
President and Chief Executive Officer