

**DEPARTMENT OF THE TREASURY**  
**Office of the Comptroller of the Currency**  
**12 CFR Part 43**  
**Docket No. OCC-2019-0012**

**FEDERAL RESERVE SYSTEM**  
**12 CFR Part 244**  
**Docket No. [●]**

**FEDERAL DEPOSIT INSURANCE CORPORATION**  
**12 CFR Part 373**  
**RIN 3064-ZA07**

**FEDERAL HOUSING FINANCE AGENCY**  
**12 CFR Part 1234**  
**Notice No. 2019-N-7**

**SECURITIES AND EXCHANGE COMMISSION**  
**17 CFR Part 246**  
**Release No. 34-87714**

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**24 CFR Part 267**  
**FR-6172-N-01**

**Credit Risk Retention-Notice of Commencement of Review**

**AGENCY:** Office of the Comptroller of the Currency, Treasury (OCC); Board of Governors of the Federal Reserve System (Board); Federal Deposit Insurance Corporation (FDIC); U.S. Securities and Exchange Commission (Commission); Federal Housing Finance Agency (FHFA); and Department of Housing and Urban Development (HUD).

**ACTION:** Notice of commencement of review of definition of qualified residential mortgage , review of community-focused residential mortgage exemption, and review of exemption for qualifying three-to-four unit residential mortgage loans.

**SUMMARY:** The OCC, Board, FDIC, Commission, FHFA, and HUD (the agencies) are providing notice of the commencement of the review of (i) the definition of qualified residential mortgage; (ii) the community-focused residential mortgage exemption; and (iii) the exemption for qualifying three-to-four unit residential mortgage loans, in each case as currently set forth in the Credit Risk Retention Regulations (as defined below) as adopted by the agencies.

**DATES:** Comments on the review must be received by [INSERT DATE 45 DAYS AFTER THE DATE OF PUBLICATION IN THE FEDERAL REGISTER.]

**ADDRESSES:** Interested parties are encouraged to submit written comments jointly to all of the agencies and use the title “QRM review” to facilitate the organization and distribution of comments among the agencies.

Office of the Comptroller of the Currency: Commenters are encouraged to submit comments through the Federal eRulemaking Portal or e-mail, if possible. Please use the title “Credit Risk Retention-Notice of Commencement of Review” to facilitate the organization and distribution of the comments. You may submit comments by any of the following methods:

- Federal eRulemaking Portal – Regulations.gov Classic or Regulations.gov Beta  
Regulations.gov Classic: go to <https://www.regulations.gov/>. Enter “Docket ID OCC-2019-0012” in the Search Box and click “Search.” Click on “Comment Now” to submit public comments. For help with submitting effective comments please click on “View Commenter’s Checklist.” Click on the “Help” tab on the Regulations.gov home page to get information on using Regulations.gov, including instructions for submitting public comments.

Regulations.gov Beta: go to <https://beta.regulations.gov/> or click “Visit New Regulations.gov Site” from the Regulations.gov classic homepage. Enter “Docket ID OCC-2019-0012” in the Search Box and click “Search.” Public comments can be submitted via the “Comment” box

below the displayed document information or click on the document title and click the “Comment” box on the top-left side of the screen. For help with submitting effective comments please click on “Commenter’s Checklist.” For assistance with the Regulations.gov Beta site please call (877)-378-5457 (toll free) or (703) 454-9859 Monday-Friday, 9am-5pm ET or e-mail to [regulations@erulemakinghelpdesk.com](mailto:regulations@erulemakinghelpdesk.com).

- E-mail: [regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov).
- Mail: Chief Counsel’s Office, Attention: Comment Processing, Office of the Comptroller of the Currency, 400 7<sup>th</sup> Street, SW., suite 3E-218, Washington, DC 20219.
- Hand Delivery/Courier: 400 7<sup>th</sup> Street, SW., suite 3E-218, Washington, DC 20219.
- Fax: (571) 465-4326.

Instructions: You must include “OCC” as the agency name and “Docket ID OCC-2019-0012” in your comment. In general, the OCC will enter all comments received into the docket and publish the comments on the Regulations.gov website without change, including any business or personal information provided such as name and address information, e-mail addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this notice by any of the following methods:

- Viewing Comments Electronically – Regulations.gov Classic or Regulations.gov Beta  
Regulations.gov Classic: go to <https://www.regulations.gov/>. Enter “Docket ID OCC-2019-0012” in the Search box and click “Search.” Click on “Open Docket Folder” on the right side of

the screen. Comments and supporting materials can be viewed and filtered by clicking on “View all documents and comments in this docket” and then using the filtering tools on the left side of the screen. Click on the “Help” tab on the Regulations.gov home page to get information on using Regulations.gov. The docket may be viewed after the close of the comment period in the same manner as during the comment period.

Regulations.gov Beta: go to <https://beta.regulations.gov/> or click “Visit New Regulations.gov Site” from the Regulations.gov classic homepage. Enter “Docket ID OCC-2019-0012” in the Search Box and click “Search.” Click on the “Comments” tab. Comments can be viewed and filtered by clicking on the “Sort By” drop-down on the right side of the screen or the “Refine Results” options on the left side of the screen. Supporting Materials can be viewed by clicking on the “Documents” tab and filtered by clicking on the “Sort By” drop-down on the right side of the screen or the “Refine Results” options on the left side of the screen.” For assistance with the Regulations.gov Beta site please call (877)-378-5457 (toll free) or (703) 454-9859 Monday-Friday, 9am-5pm ET or e-mail to [regulations@erulemakinghelpdesk.com](mailto:regulations@erulemakinghelpdesk.com).

The docket may be viewed after the close of the comment period in the same manner as during the comment period.

- Viewing Comments Personally: You may personally inspect comments at the OCC, 400 7<sup>th</sup> Street, SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649-6700 or, for persons who are deaf or hearing impaired, TTY, (202) 649-5597. Upon arrival, visitors will be required to present valid government-issued photo identification and submit to security screening in order to inspect comments.

Board of Governors of the Federal Reserve System:

You may submit comments, identified by Docket No. [●], by any of the following methods:

- **Agency Web Site:** <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.
- **E-mail:** [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov). Include the docket number in the subject line of the message.
- **Fax:** (202) 452-3819 or (202) 452-3102.
- **Mail:** Address to Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20<sup>th</sup> Street and Constitution Avenue, NW, Washington, DC 20551.

All public comments will be made available on the Board's web site at

<http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm> as submitted, unless modified for technical reasons or to remove sensitive personal identifying information at the commenter's request. Accordingly, comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in Room 146, 1709 New York Avenue NW, Washington, DC 20006, between 9:00 a.m. and 5:00 p.m. on weekdays.

**Federal Deposit Insurance Corporation:** You may submit comments, identified by RIN 3064-ZA07, by any of the following methods:

- **Agency Web Site:** <http://www.FDIC.gov/regulations/laws/federal>. Follow instructions for submitting comments on the agency web site.
- **E-mail:** [Comments@FDIC.gov](mailto:Comments@FDIC.gov). Include RIN 3064-ZA07 in the subject line of the message.

- **Mail:** Robert E. Feldman, Executive Secretary, Attention: Comments, Federal Deposit Insurance Corporation, 550 17<sup>th</sup> Street, NW, Washington, DC 20429.
- **Hand Delivery/Courier:** Guard station at the rear of the 550 17th Street building (located on F Street) on business days between 7:00 a.m. and 5:00 p.m.
- **Federal eRulemaking Portal:** <http://www.regulations.gov>. Follow the instructions for submitting comments.

*Instructions:* All comments will be posted without change to

<http://www.fdic.gov/regulations/laws/federal/>, including any personal information provided.

Paper copies of public comments may be ordered from the Public Information Center by telephone at (877) 275-3342 or (703) 562-2200.

Securities and Exchange Commission: Comments may be submitted by any of the following methods:

#### **Electronic Comments**

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/proposed.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number S7-14-11 on the subject line.

#### **Paper Comments:**

- Send paper comments to Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090

All submissions should refer to File Number S7-14-11. This file number should be included on the subject line if e-mail is used. To help us process and review your comments more efficiently,

please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/proposed.shtml>). Comments are also available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. All comments received will be posted without change. Persons submitting comments are cautioned that the Commission does not redact or edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

Federal Housing Finance Agency: You may submit your written comments on the notice, identified by notice number 2019-N-7, by any of the following methods:

- **Agency Website:** [www.fhfa.gov/open-for-comment-or-input](http://www.fhfa.gov/open-for-comment-or-input).
- **Federal eRulemaking Portal:** <http://www.regulations.gov>. Follow the instructions for submitting comments. If you submit your comments to the Federal eRulemaking Portal, please also send it by e-mail to FHFA at [RegComments@fhfa.gov](mailto:RegComments@fhfa.gov) to ensure timely receipt by the agency. Please include "QRM Review Input/Notice No. 2019-N-7" in the subject line of the message.
- **U.S. Mail, United Parcel Service, Federal Express, or Other Mail Service:** The mailing address for comments is: Alfred M. Pollard, General Counsel, Attention: QRM Review Input/Notice No. 2019-N-7, Federal Housing Finance Agency, Constitution Center, (OGC) Eighth Floor, 400 7<sup>th</sup> Street SW, Washington, DC 20219.
- **Hand Delivery/Courier:** The hand delivery address is: Alfred M. Pollard, General Counsel, Attention: QRM Review Input/Notice No. 2019-N-7, Federal Housing

Finance Agency, Constitution Center, (OGC) Eighth Floor, 400 7<sup>th</sup> Street SW,  
Washington, DC 20219. Deliver the package at the Seventh Street entrance Guard  
Desk, First Floor, on business days between 9:00 a.m. and 5:00 p.m.

All comments received by the deadline will be posted for public inspection without change, including any personal information you provide, such as your name, address, email address, and telephone number, on the FHFA website at <http://www.fhfa.gov>. In addition, copies of all comments received will be available for examination by the public through the electronic comments docket for this Notice also located on the FHFA website.

Department of Housing and Urban Development: Interested persons are invited to submit comments regarding this rule to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, SW, Room 10276, Washington, DC 20410-0500. Communications must refer to the docket number and title. There are two methods for submitting public comments.

- **Submission of Comments by Mail.** Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, SW, Room 10276, Washington, DC 20410-0500.
- **Electronic Submission of Comments.** Interested persons may submit comments electronically through the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov). HUD strongly encourages persons providing comments to submit comments electronically. Electronic submission of comments allows the submitter maximum time to prepare and submit comments, ensures timely receipt by HUD, and enables HUD to make them immediately available to the public. Comments submitted electronically through the [www.regulations.gov](http://www.regulations.gov) website can be viewed by other submitters and



interested members of the public. Submitters should follow the instructions provided on that site to submit comments electronically.

- **Note:** To receive consideration as public comments, comments must be submitted through one of the two methods specified above. Again, all submissions must refer to the docket number and title of the rule.
- **No Facsimile Comments.** Facsimile (FAX) comments are not acceptable.
- **Public Inspection of Public Comments.** All properly submitted comments and communications submitted to HUD will be available for public inspection and copying between 8 a.m. and 5 p.m. weekdays at the above address. Due to security measures at the HUD Headquarters building, an appointment to review the public comments must be scheduled in advance by calling the Regulations Division at 202-708-3055 (this is not a toll-free number). Individuals with speech or hearing impairments may access this number via TTY by calling the Federal Relay Service at 800-877-8339. Copies of all comments submitted are available for inspection and downloading at [www.regulations.gov](http://www.regulations.gov).

**FOR FURTHER INFORMATION CONTACT:**

OCC: Daniel Borman, Senior Attorney, (202) 649-6929 or, for persons who are deaf or hearing impaired, TTY, (202) 649-5597, Chief Counsel's Office; Ajay Palvia, (202) 649-5505, Senior Financial Economist, Office of the Comptroller of the Currency, 400 7th Street, SW, Washington, DC 20219.

Board: Flora H. Ahn, Special Counsel, (202) 452-2317, David W. Alexander, Counsel, (202) 452-287, or Matthew D. Suntag, Senior Counsel, (202) 452-3694, Legal Division; Donald N. Gabbai, Lead Financial Institutions Policy Analyst, Division of Supervision and Regulation,

(202) 452-3358; Karen Pence, Assistant Director, Division of Research & Statistics, (202) 452-2342; Nikita Pastor, Senior Counsel, Division of Consumer & Community Affairs (202) 452-3692; Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551.

FDIC: Rae-Ann Miller, Associate Director, (202) 898-3898; Kathleen M. Russo, Counsel, (703) 562-2071, [krusso@fdic.gov](mailto:krusso@fdic.gov); or Phillip E. Sloan, Counsel, (703) 562-6137, [psloan@fdic.gov](mailto:psloan@fdic.gov), Federal Deposit Insurance Corporation, 550 17th Street, NW, Washington, DC 20429.

Commission: Arthur Sandel, Special Counsel; Kayla Roberts, Special Counsel; Katherine Hsu, Chief, (202) 551-3850, in the Office of Structured Finance, Division of Corporation Finance; or Chandler Lutz, Economist, (202) 551-6600, in the Office of Risk Analysis, Division of Economic and Risk Analysis, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

FHFA: Ron Sugarman, Principal Policy Analyst, Office of Policy Analysis and Research, (202) 649-3208, [Ron.Sugarman@fhfa.gov](mailto:Ron.Sugarman@fhfa.gov), or Peggy K. Balsawer, Associate General Counsel, Office of General Counsel, (202) 649-3060, [Peggy.Balsawer@fhfa.gov](mailto:Peggy.Balsawer@fhfa.gov), Federal Housing Finance Agency, Constitution Center, 400 7<sup>th</sup> Street SW, Washington, DC 20219. The telephone number for the Telecommunications Device for the Deaf is (800) 877-8339.

HUD: Keith Becker, Deputy Assistant Secretary for Risk Management & Regulatory Affairs, U.S. Department of Housing & Urban Development, 451 7th Street SW, Washington, DC 20410; telephone number 202-402-3722 (this is not a toll-free number). Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Relay at 800-877-8339.

**SUPPLEMENTARY INFORMATION:** The credit risk retention regulations, codified at 12 CFR Part 43; 12 CFR Part 244; 12 CFR Part 373; 17 CFR Part 246; 12 CFR Part 1234; and 24 CFR Part 267 (the Credit Risk Retention Regulations), require the OCC, Board, FDIC and Commission, in consultation with the FHFA and HUD, to commence a review of the following provisions of the Credit Risk Retention Regulations no later than December 24, 2019: (1) the definition of qualified residential mortgage (QRM) in section 1.13 of the Credit Risk Retention Regulations; (2) the community-focused residential mortgage exemption in section 1.19(f) of the Credit Risk Retention Regulations; and (3) the exemption for qualifying three-to-four unit residential mortgage loans in section 1.19(g) of the Credit Risk Retention Regulations. Notice of the commencement of this review is hereby given.

In the Supplementary Information to the Credit Risk Retention Regulations the agencies noted that they were committing in the final rule to review the QRM definition at regular intervals to consider, among other things, changes in the mortgage and securitization market conditions and practices, and that this review might include, for example, the structures of securitizations, the relationship between, and roles undertaken by, the various transaction parties, implications for investor protection and financial stability arising from the relationship between government-sponsored enterprise (GSE) markets and private label markets, and trends in mortgage products in various markets and structures, as well as how the QRM definition is affecting residential mortgage underwriting and securitization of residential mortgage loans under evolving market conditions.<sup>1</sup> The Supplementary Information also stated that the agencies would want the opportunity to consider the results of future reviews of, and any changes made

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<sup>1</sup> See 79 FR 77601, 77689 (December 24, 2014).

to, the qualified mortgage definition by the Consumer Financial Protection Bureau, any additional regulatory changes affecting securitization that are adopted by the agencies, as well as any changes to the structure and framework of the GSEs and those markets.<sup>2</sup> The simultaneous review of the community-focused lending exemption and the exemption for qualifying three-to-four unit residential mortgage loans will similarly allow the agencies to evaluate the advantages and disadvantages of these exemptions as their respective markets evolve over time.

The agencies welcome public comments relating to the review of these provisions of the Credit Risk Retention Regulations, including the matters listed above that might be considered as part of the review.

**By the SECURITIES AND EXCHANGE COMMISSION.**

Date: December 10, 2019

Vanessa A. Countryman  
Secretary

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<sup>2</sup> See 79 FR 77601, 77689 (December 24, 2014).