



June 17, 2015

MST Task Force
Conference of State Bank Supervisors
1129 20th St, NW, 9th Floor
Washington, DC 20036

Re: Regulatory Prudential Standards for Non-Bank Servicers

To Whom It May Concern,

Plaza Home Mortgage, Inc. ("Plaza") appreciates the opportunity to comment on the proposed regulatory prudential standards for non-bank mortgage servicers issued by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators.

Plaza supports the proposal to leverage existing standards and generally accepted business practices as the set of baseline standards for all non-bank mortgage servicers licensed by and operating in the States. Further, Plaza encourages the task force to classify all non-bank servicers that service only agency loans and/or have non-agency servicing portfolios less than \$20 billion, and/or non-Qualified Mortgage servicing portfolios less than \$20 billion, as subject to baseline standards. To provide context for Plaza's comments, we respectfully offer three overarching points that guide our thinking on this important topic:

- First, it ensures the safety and soundness of the entities providing important and essential functions to homeowners. This meets the task force's stated goal of providing better protection for borrowers, investors, and other stakeholders in the occurrence of a stress event.
- Second, it provides the industry with greater clarity. This meets the task force's goal of improving transparency, accountability, risk management, and corporate governance standards.
- Third, it creates a more consistent framework for servicing entity eligibility. This meets the task force's stated goal of enhancing effective regulatory oversight and market discipline over servicing entities.

Beyond the baseline standards proposed for all firms, the proposal calls for enhanced prudential standards based on a firm's other lines of business, size, and overall complexity. At one end of the proposed spectrum, complex entities will be required to deploy enhanced planning, modeling, metrics, and audit in four areas: capital, liquidity, stress testing, and living will and recovery and resolution plans. Plaza cautions against these enhanced prudential standards.

Already, non-bank servicers (like Plaza) must comply with the Federal Housing Finance Agency (FHFA) minimum financial eligibility requirements, including net worth, capital ratio, and liquidity. Further, non-bank servicers are audited regularly by the agencies for compliance with servicing standards. Plaza encourages the task force to adopt the agency standards as the baseline to avoid imposing multiple, possibly conflicting, standards and





additional burden on servicers. A single set of standards will make it easier for servicers to implement and report relevant metrics to their examiners.

In conclusion, Plaza appreciates the opportunity to comment and is grateful for the task force's commitment and outreach regarding this important proposal. If these rules are established properly, the mortgage servicing market will be more transparent, the regulatory framework will be clear to the servicers, and consumers will be protected in the event of financial crisis.

Sincerely,

Julie Manson

Julie Manson
SVP – Risk Management