PROPOSED REGULATORY PRUDENTIAL STANDARDS FOR NON-BANK MORTGAGE SERVICERS

QUESTIONS FOR PUBLIC COMMENT

State regulators request public comment on "Proposed Regulatory Prudential Standards for Non-Bank Mortgage Servicers" and seek feedback on specific questions that will help inform state regulators as we continue to develop a regulatory structure for non-bank servicers. All comments will be made available at www.csbs.org.

1. Should all non-bank mortgage servicers be required to have a full financial statement audit conducted by an independent certified public accountant?
2. Should there be a 6 percent net worth requirement in addition to the minimum capital requirement plus add-on?
3. Is the Fannie Mae and Freddie Mac proposal to require more liquidity when delinquencies rates rise reflective of increased risk? What operational challenges does the standard create?
4. How should state regulators approach formulating a prudential standard for liquidity, considering a firm's potential cash outlays for both private label and GSE backed paper?
5. What is a reasonable ownership percentage threshold to trigger a change in control event?
6. Which criteria should be used to determine the firms that are subject to enhanced prudential standards?
7. Do any of the Baseline Standards threaten the viability of a servicer?
8. What is a reasonable transition period to implement the Baseline Standards? Are there specific standards that would require additional time to implement?
9. What timeframes would be appropriate to implement each of the enhanced standards?
10. What effect will the enhanced standards have on the warehouse and advance facility borrowing contracts/capacity of large servicers?
11. Is a prescribed risk-weighted capital adequacy measure more appropriate than a company established capital adequacy methodology for complex firms subject to enhanced prudential standards?