

114TH CONGRESS
1ST SESSION

H. R. 1408

IN THE SENATE OF THE UNITED STATES

JULY 15, 2015

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

To require certain Federal banking agencies to conduct a study of the appropriate capital requirements for mortgage servicing assets for banking institutions, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Mortgage Servicing
3 Asset Capital Requirements Act of 2015”.

4 **SEC. 2. STUDY OF MORTGAGE SERVICING ASSETS.**

5 (a) DEFINITIONS.—In this section:

6 (1) BANKING INSTITUTION.—The term “bank-
7 ing institution” means an insured depository institu-
8 tion, Federal credit union, State credit union, bank
9 holding company, or savings and loan holding com-
10 pany.

11 (2) BASEL III CAPITAL REQUIREMENTS.—The
12 term “Basel III capital requirements” means the
13 Global Regulatory Framework for More Resilient
14 Banks and Banking Systems issued by the Basel
15 Committee on Banking Supervision on December 16,
16 2010, as revised on June 1, 2011.

17 (3) FEDERAL BANKING AGENCIES.—The term
18 “Federal banking agencies” means the Board of
19 Governors of the Federal Reserve System, the Office
20 of the Comptroller of the Currency, the Federal De-
21 posit Insurance Corporation, and the National Cred-
22 it Union Administration.

23 (4) MORTGAGE SERVICING ASSETS.—The term
24 “mortgage servicing assets” means those assets that
25 result from contracts to service loans secured by real
26 estate, where such loans are owned by third parties.

1 (5) NCUA CAPITAL REQUIREMENTS.—The
2 term “NCUA capital requirements” means the pro-
3 posed rule of the National Credit Union Administra-
4 tion entitled “Risk-Based Capital” (80 Fed. Reg.
5 4340 (January 27, 2015)).

6 (6) OTHER DEFINITIONS.—

7 (A) BANKING DEFINITIONS.—The terms
8 “bank holding company”, “insured depository
9 institution”, and “savings and loan holding
10 company” have the meanings given those terms
11 in section 3 of the Federal Deposit Insurance
12 Act (12 U.S.C. 1813).

13 (B) CREDIT UNION DEFINITIONS.—The
14 terms “Federal credit union” and “State credit
15 union” have the meanings given those terms in
16 section 101 of the Federal Credit Union Act
17 (12 U.S.C. 1752).

18 (b) STUDY OF THE APPROPRIATE CAPITAL FOR
19 MORTGAGE SERVICING ASSETS.—

20 (1) IN GENERAL.—The Federal banking agen-
21 cies shall jointly conduct a study of the appropriate
22 capital requirements for mortgage servicing assets
23 for banking institutions.

1 (2) ISSUES TO BE STUDIED.—The study re-
2 quired under paragraph (1) shall include, with a
3 specific focus on banking institutions—

4 (A) the risk to banking institutions of
5 holding mortgage servicing assets;

6 (B) the history of the market for mortgage
7 servicing assets, including in particular the
8 market for those assets in the period of the fi-
9 nancial crisis;

10 (C) the ability of banking institutions to
11 establish a value for mortgage servicing assets
12 of the institution through periodic sales or other
13 means;

14 (D) regulatory approaches to mortgage
15 servicing assets and capital requirements that
16 may be used to address concerns about the
17 value of and ability to sell mortgage servicing
18 assets;

19 (E) the impact of imposing the Basel III
20 capital requirements and the NCUA capital re-
21 quirements on banking institutions on the abil-
22 ity of those institutions—

23 (i) to compete in the mortgage serv-
24 icing business, including the need for

1 economies of scale to compete in that busi-
2 ness; and

3 (ii) to provide service to consumers to
4 whom the institutions have made mortgage
5 loans;

6 (F) an analysis of what the mortgage serv-
7 icing marketplace would look like if the Basel
8 III capital requirements and the NCUA capital
9 requirements on mortgage servicing assets—

10 (i) were fully implemented; and

11 (ii) applied to both banking institu-
12 tions and nondepository residential mort-
13 gage loan servicers;

14 (G) the significance of problems with mort-
15 gage servicing assets, if any, in banking institu-
16 tion failures and problem banking institutions,
17 including specifically identifying failed banking
18 institutions where mortgage servicing assets
19 contributed to the failure; and

20 (H) an analysis of the relevance of the
21 Basel III capital requirements and the NCUA
22 capital requirements on mortgage servicing as-
23 sets to the banking systems of other signifi-
24 cantly developed countries.

1 (3) REPORT TO CONGRESS.—Not later than
2 180 days after the date of enactment of this Act, the
3 Federal banking agencies shall submit to the Com-
4 mittee on Banking, Housing, and Urban Affairs of
5 the Senate and the Committee on Financial Services
6 of the House of Representatives a report con-
7 taining—

8 (A) the results of the study required under
9 paragraph (1);

10 (B) any analysis on the specific issue of
11 mortgage servicing assets undertaken by the
12 Federal banking agencies before finalizing regu-
13 lations implementing the Basel III capital re-
14 quirements and the NCUA capital require-
15 ments; and

16 (C) any recommendations for legislative or
17 regulatory actions that would address concerns
18 about the value of and ability to sell and the
19 ability of banking institutions to hold mortgage
20 servicing assets.

Passed the House of Representatives July 14, 2015.

Attest:

KAREN L. HAAS,

Clerk.