



TO: NCUA Board

DATE: December 6, 2021

FROM: Board Member Rodney E. Hood

Rodney E. Hood

SUBJ: Final Rule: Mortgage

Servicing Assets – (Part 703)

ACTION REQUESTED: NCUA Board approval to issue the attached final rule with an effective date of April 1, 2022.

DATE ACTION REQUESTED: December 16, 2021.

OTHER OFFICES CONSULTED: Office of Examination & Insurance, Office of General Counsel and Office of Consumer Financial Protection.

VIEWS OF OTHER OFFICES CONSULTED: N/A

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Board Member Rodney E. Hood and Vice Chairman Kyle Hauptman.

SUMMARY: The final rule amends the NCUA's Investment Regulation to permit federal credit unions (FCUs) to purchase mortgage servicing assets (MSAs), referred to as mortgage servicing rights in the proposed rule, from other federally insured credit unions (FICUs) pursuant to express authority under the Federal Credit Union Act, which permits FCUs to purchase assets from other credit unions. Under the final rule, FCUs with a CAMEL or CAMELS composite rating of 1 or 2, including a Management component rating of 1 or 2, may purchase the mortgage servicing rights of loans from FICUs, provided that: 1) the underlying mortgage loans of the assets are loans the FCU is otherwise empowered to grant; 2) the purchase will be made in accordance with the FCU's written policies that address the risk of these investments and servicing practices; and 3) the FCU's board of directors or investment committee approves the purchase in advance. Finally, the final rule relocates the current authority for an FCU to provide mortgage servicing to its members engaged in the mortgage lending business from the investment regulation to the incidental powers rule.

RECOMMENDED ACTION: The NCUA Board approve the attached final rule for publication in the *Federal Register*.

ATTACHMENT: Final rule.