

**Meeting Between Federal Reserve Board Staff and Representatives of
The Housing Policy Council of The Financial Services Roundtable (HPC)
October 14, 2010**

Participants: Matthew Eichner, Lawrence Rufrano, William Treacy, Maureen Yap and Flora Ahn (Federal Reserve Board)

Jason Schubert (HPC, Bank of America), Patrick Durkin (HPC, Barclays Capital), Jim Bennison (HPC, Genworth), Ravi Shankar (HPC, JPMorgan Chase), Ramon Gomez (HPC, JPMorgan Chase), Shawn Krause (HPC, Quicken Loans), Mark Heleen (HPC, Sallie Mae), Mike Sheehan (HPC, Sallie Mae), Anthony Reed (HPC, Wells Fargo), Larry Rubenstein (HPC, Wells Fargo), Katie Wechsler (HPC) and Bob Barnett (HPC)

Summary: Staff of the Federal Reserve Board met with representatives of HPC to discuss residential mortgage-backed securities and the Federal Reserve Board's responsibilities under Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Representatives of HPC provided Federal Reserve Board staff with a presentation of their overall views on risk retention requirements. A copy of the handout provided by HPC at the meeting is attached below. The handout formed the basis for discussions at the meeting and summarizes the issues discussed.



**Meeting with Federal Reserve Board staff
Re: Risk Retention**

Main Points

- **Need for Consistency:** Regulators should recognize that thoughtful and balanced rule-making will play a vital role in restoring the markets. Interagency coordination and policy consistency should be paramount goals and will have immediate positive effects. Consistent rules evenly applied in the industry will avoid confusion and hasten the rehabilitation of the secondary markets.
- **Timing:** Regulators must always be cognizant of the time required by industry to implement complicated regulations, and should avoid forcing industry to repeat expensive implementations on subsequently adopted regulations.
- **Qualified Residential Mortgages:** There is a need to understand the regulators approach to the definition of Qualified Residential Mortgages and Qualified Mortgage. Additionally, regulators must provide flexibility in the regulations to exempt other mortgages that fill public policy needs from the risk retention requirements.
- Regulations should allow for **different forms of risk retention** and ample consideration must be given for the implications these forms would have on accounting standards.
- **No “One Size Fits All”** for all classes of asset-backed securities.
- **Federally guaranteed student loans** should be exempt from risk retention requirements up to the extent of the 97% guarantee.
- **Industry, regulators and consumers aligned:** We do not lose sight of the fact that industry, consumers and regulators are all interested in a quick, thorough and workable resolution of this issue. We urge that we get it right, from the start, as soon as possible.