



March 6, 2023

Chair Zach Stephenson  
Commerce Finance and Policy Committee  
State Office Building, Room 10  
100 Rev. Dr. Martin Luther King, Jr. Blvd.  
St. Paul, Minnesota 55155

Dear Chair Stephenson:

The Conference of State Bank Supervisors (“CSBS”)<sup>1</sup> appreciates the opportunity to comment on Minnesota House File 2175, which would incorporate the CSBS Model State Regulatory Prudential Standards for Nonbank Mortgage Servicers<sup>2</sup> (“Prudential Standards”) into Minnesota statutes.

The CSBS Board of Directors approved the Prudential Standards in July 2021 following a state regulator and public comment period. By adopting the standards, states can provide a consistent framework that ensures covered nonbank mortgage servicers maintain the financial capacity, governance and risk management to adequately serve consumers and investors and simultaneously enhance market stability.

The Prudential Standards cover two major categories: financial condition and corporate governance. To the extent practical, the Prudential Standards align with existing federal standards or leverage generally accepted business practices and represent model regulatory requirements for state-licensed nonbank mortgage servicing firms, who now currently administer at least 50% of the servicing market overall and 60% of the government agency mortgage market.

State regulators strongly support the adoption of the Prudential Standards to ensure companies that operate in a safe and sound manner are much better positioned to fulfill the significant requirements associated with servicing mortgage loans and assisting customers with these important financial obligations.

Sincerely,

James M. Cooper  
President and CEO

cc: Jon Kelly, MPA  
Director of Government Affairs  
Minnesota Department of Commerce

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<sup>1</sup> CSBS is the nationwide organization of state banking and financial regulators from all 50 states, American Samoa, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands. CSBS supports the state banking agencies by serving as a forum for policy and supervisory process development, by facilitating regulatory coordination on a state-to-state and state-to-federal basis, and by facilitating state implementation of policy through training, educational programs, and exam resource development.

<sup>2</sup> The Model State Regulatory Prudential Standards for Nonbank Mortgage Servicers can be viewed on the [CSBS website](https://www.csbs.org).