Statement of

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Comptroller of the Currency

On the Final Credit Risk Retention Rule

Before the Federal Deposit Insurance Corporation
Board of Directors

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Thank you, Chairman Gruenberg.

This is an important milestone on the road to completing the rules implementing the Dodd-Frank Act, and I'd like to extend a special word of thanks to the staff from each of the agencies for all of the work that went into crafting this final rule.

The securitization markets play a vital role in financing the needs of American consumers, from autos to housing, but securitizations can also provide incentives for lax underwriting if originators believe they can simply offload weak credits to investors with no further responsibility for the loans. The rule we are approving today will require lenders to retain some of the risk for the loans that go into securitized pools except for home mortgages that meet the standards necessary under the qualified residential mortgage, or QRM, exception. Under this rule, QRM is equivalent to QM – that is, the Qualified Mortgage rule approved by the Consumer Financial Protection Bureau.

I'm very pleased that we have committed to reviewing the QRM standards in four years. By then, we should have enough experience with the standards to know whether they strike the right balance between long-term financial stability and the home-financing needs of American families, and we can adjust them if necessary.

I believe this final rule will provide more certainty in the securitization markets, which will have a positive effect on our economy. I signed it this morning for the Office of the Comptroller of the Currency, and I am pleased to vote for it here today as a member of the FDIC Board of Directors.