



November 16, 2018

Alfred M. Pollard, General Counsel
ATTN: Comments/RIN 2590-AA94
Federal Housing Finance Agency
Constitution Center (OGC Eighth Floor)
400 7th St. SW
Washington DC 20219

RegComments@fhfa.gov

Re: Proposed Uniform Mortgage-Backed Security Alignment Rules (RIN 2590-AA94)

JPMorgan Chase Bank, N.A. ("Chase") appreciates the opportunity to provide the Federal Housing Finance Agency ("FHFA") with feedback on its proposed rules for promoting alignment between Fannie Mae and Freddie Mac (the "Proposed Rule").

We applaud FHFA's efforts to use its rulemaking authority to promote alignment between Fannie Mae and Freddie Mac. However, we believe that the Proposed Rule should be revised to more clearly apply to mortgage servicing policies and practices. Servicing guidelines are an essential component of Single Security fungibility and an important contributor to security performance. Misalignment of servicing policies and practices, particularly in times of stress, could lead to CPR widening beyond the desired 2 CPR band.

Specifically, we suggest that FHFA modify the Proposed Rule as follows:

- Expand the definition of "Covered Programs, Policies, or Practices" to explicitly include all servicing guidelines, including loss mitigation, foreclosure requirements and timelines, advances, purchases out of pools, and remittances.
- Enhance the definition of "Management decisions or actions" to expressly include all policies, mortgage and loss mitigation products, and servicing requirements.

In addition, Chase believes that the Proposed Rule should be adjusted to balance the need for alignment against the need for competition between Fannie Mae and Freddie Mac. Competition promotes innovation in the development of consumer financial products and more efficient execution of FHFA's mission. Accordingly, to encourage innovation, the final rule should allow Fannie Mae and Freddie Mac to develop and test new policies and products outside of the cohorts that will be used to measure alignment.

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Chase appreciates the opportunity to comment on the FHFA's efforts to promote alignment. We look forward to seeing FHFA continue to pursue its mission while promoting market transparency and eliminating regulatory inefficiency.

Sincerely,

/S/ Stacey Slocum Smith

Stacey Slocum Smith
Managing Director
JPMorgan Chase Bank, N.A.