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NATIONAL BANKS CAN NOW TREAT VALUES OF
ORIGINATED AND PURCHASED MORTGAGE SERVICE RIGHTS THE SAME

Washington, DC -- The Office of the Comptroller of the Currency today announced the publication in the Federal Register of a joint interim capital rule with the Federal Deposit Insurance Corporation, Federal Reserve Board and Office of Thrift Supervision that allows banks to account for the value of mortgage servicing rights that originated at their bank in the same way as mortgage servicing rights that they purchased.

The change stems from guidance issued in May by the Financial Accounting Standards Board. Prior to the change by the accounting group mortgage servicing rights that were purchased by a bank could be carried on the bank's books as an asset, but originated mortgage servicing rights could not. Banks must change their accounting procedures by January 1, 1996 to reflect the rule change. Earlier change is allowed.

Under the new capital rule, banks must evaluate originated and purchased mortgage service rights quarterly based on fair values. Their combined value may not exceed 50 percent of Tier 1 capital.

Public comments on the interim rule must be submitted by September 27, 1995.

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