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November 9, 2026

Technical Director
File Reference No. 2026-ED600
Financial Accounting Standards Board
801 Main Ave
PO Box 5116
Norwalk, Connecticut, 06856-5116

Re: Proposed Accounting Standards Update, Transfers and Servicing-Servicing Assets and Liabilities (Subtopic 860-50) Mortgage Servicing Rights-Recapture

Dear Members and Staff of the Financial Accounting Standards Board:

The Independent Community Bankers of America (ICBA[1]) appreciates the opportunity to comment on the Financial Accounting Standards Board's (FASB) Proposed Accounting Standards Update, *Transfers and Servicing-Servicing Assets and Liabilities (Subtopic 860-50) Mortgage Servicing Rights-Recapture*. ICBA is the only national banking trade association that exclusively represents and advocates on behalf of community banks in the United States. Most community banks are relatively small mortgage servicers and service only mortgages they originate. While some community banks do operate correspondent mortgage operations, these institutions remain comparatively small relative to the largest national servicers and generally do not engage in aggressive recapture activities.

Community Bank Concerns

ICBA is deeply concerned that the additional accounting and reporting requirements of this proposal could cause many community banks to exit the mortgage servicing business, thereby further consolidating mortgage servicing among the largest national banks and independent mortgage banking firms. Further, most community bank servicers utilize the amortization method to determine the value of mortgage servicing rights (MSRs). As proposed, introducing a recapture value into the valuation process could create valuation distortions, necessitate additional disclosures and explanations in financial reporting, and potentially subject institutions to additional regulatory scrutiny. ICBA contends that this proposal would impose significant costs and operational burdens while yielding little measurable benefit to financial statement users and increasing pressure on community banks to exit the mortgage servicing

[1] The Independent Community Bankers of America® has one mission: to create and promote an environment where community banks flourish. We power the potential of the nation's community banks through effective advocacy, education, and innovation. As local and trusted sources of credit, America's community banks leverage their relationship-based business model and innovative offerings to channel deposits into the neighborhoods they serve, creating jobs, fostering economic prosperity, and fueling their customers' financial goals and dreams. For more information, visit ICBA's website at icba.org.

business. The proposal may therefore have the unintended consequence of reducing community bank participation in mortgage servicing, to the detriment of competition, consumer choice, and relationship-based servicing models.

Request for RFI

Before moving forward with this proposal, ICBA respectfully urges FASB to pause finalization of the Exposure Draft and instead issue a Request for Information (RFI). An RFI would enable the Board to conduct the comprehensive outreach necessary to obtain empirical feedback from the full spectrum of stakeholders, including community banks, regional institutions, independent mortgage banks, large depository institutions, other stakeholders.

Targeted Outreach

Given the significant differences in servicing business models, recapture practices, and accounting methodologies across the industry, additional stakeholder engagement is critical to understanding the proposal's practical implications, implementation costs, and potential unintended consequences. Such outreach would help ensure that any future standard is appropriately tailored, supported by robust market data, and responsive to the needs of all affected stakeholders. At a minimum, FASB should conduct targeted outreach to community banks and other smaller mortgage servicers before advancing any proposal that could materially affect the economics and operational viability of mortgage servicing activities.

Request for Exemption

ICBA also urges FASB to exempt community banks that utilize the amortization method of determining MSR values from the requirement to calculate and report a recapture value as part of their MSR valuations. As noted above, community banks generally do not have aggressive recapture operations associated with their mortgage servicing portfolios. Accordingly, requiring these institutions to estimate and report recapture values would impose significant costs while producing information of limited usefulness to investors and other financial statement users.

For those mortgage servicers that use the fair value method to measure MSRs, ICBA strongly recommends that FASB develop a standard methodology for calculating and reporting recapture value. Absent a standardized methodology, institutions could apply significantly different assumptions and modeling techniques, reducing comparability across financial statements and potentially undermining the usefulness of the reported information. A uniform approach would enhance transparency, consistency, and comparability across servicers and reduce the potential for divergent assumptions and reporting outcomes.

ICBA appreciates the opportunity to provide comments on this proposal and looks forward to working with FASB as this process moves forward. Please contact the undersigned at ron.haynie@icba.org with any questions regarding the content of this letter.

Sincerely,

Ron Haynie
Senior Vice President- Housing Finance Policy
Independent Community Bankers of America