



February 6, 2023

The Honorable Jerome H. Powell
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

**RE: MBA Feedback on Principles for Climate-Related Financial Risk
Management for Large Financial Institutions – Docket No. OP-1793**

Dear Mr. Powell:

The Mortgage Bankers Association (MBA)¹ appreciates the opportunity to respond to the invitation by the Board of Governors of the Federal Reserve System (Board) to provide feedback on its draft *Principles for Climate-Related Financial Risk Management for Large Financial Institutions* (hereinafter “Board Draft Principles”).² As the Board notes,³ the Board Draft Principles are substantively similar to the proposals issued by the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC).⁴ MBA is the national association representing the real estate finance industry, including many insured depository institutions. Our response, therefore, reflects a focus on the mortgage lending and servicing activities of covered banks, including commercial, multifamily, and single-family mortgage lending and servicing.

We appreciate that the Board, FDIC and OCC propose to rely on a principles-based approach to managing climate-related financial risk, one that leverages existing risk

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 400,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of more than 2,200 companies includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA's website: www.mba.org.

² 87 Fed. Reg. 75267 (December 8, 2022).

³ See Board Press Release dated December 2, 2022 (“The Federal Reserve Board invites public comment on proposed principles providing a high-level framework for the safe and sound management of exposures to climate-related financial risks for large banking organizations”).

⁴ See OCC Bulletin 2021-62 (December 16, 2021) for OCC and 87 Fed. Reg. 19507 (April 2, 2022) for FDIC.

management and supervisory processes. The principles provide sufficient flexibility both to tailor risk management to the risks of individual institutions as well as to the evolving state of climate change risk and the evolving state of the assessment of that risk. We also appreciate that the Board, FDIC and OCC have coordinated their approaches to climate-related financial risk management.

In further response to the Board's request for feedback, we attach and incorporate by reference MBA's feedback on the OCC Statement of Principles. Because the Board Draft Principles are substantively similar to those put forth by the OCC, we believe our feedback to the OCC is equally applicable here.

MBA is grateful for the opportunity to provide feedback.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Flood', with a stylized, flowing script.

Mike Flood
Senior Vice President
Commercial /Multifamily Policy & Member Engagement
Mortgage Bankers Association

A handwritten signature in black ink, appearing to read 'Pete Mills', with a stylized, flowing script.

Pete Mills
Senior Vice President
Residential Policy and Strategic Industry Engagement
Mortgage Bankers Association

Attachment: MBA Response to Draft OCC Principles for Climate-Related Financial Risk Management (Feb. 14, 2022)