



# **HOME FEDERAL BANK**

January 26, 2026

Office of the Comptroller of the Currency  
400 7th Street SW  
Washington, DC 20219  
Docket ID OCC-2025-0141

Federal Deposit Insurance Corporation  
550 17th Street NW  
Washington, DC  
20429 RIN 3064-AG17

Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 20551  
Docket No. R-1876; RIN 7100-AH0

Ladies & Gentlemen,

As a community bank, Home Federal Bank appreciates the agencies' efforts to strengthen the CBLR framework and supports the proposed revisions included in the NPR. Home Federal originates mortgage loans, sells them to Freddie Mac, and retains servicing so that our customers continue to receive consistent, relationship-based support throughout the life of their loan. Because servicing is central to how we serve our communities, mortgage servicing rights (MSRs) are a meaningful and stable component of our balance sheet. The current 25% MSR cap in CET1 capital does not accurately reflect the risk profile of MSRs for institutions like ours that service loans responsibly, nor does it align with the operational realities of community banks that maintain high-touch servicing platforms.

Removing the 25% cap would more appropriately recognize the value of MSRs for community lenders and allow banks like Home Federal Bank to continue providing local servicing without unnecessary capital constraints. Our ability to retain servicing is directly tied to our mission to ensure that borrowers have a trusted, responsive partner long after closing. Eliminating the MSR cap would support the long-term viability of this model, strengthen the community banking sector, and allow us to continue serving borrowers in a safe, sound, and sustainable manner. We respectfully urge the agencies to eliminate the 25% CET1 MSR limit as part of this rulemaking.

Sincerely,



Kevin Ottman  
NMLS# 494664  
Vice President  
Home Federal Bank

