

The OCC Reaffirms the Valid-When-Made Doctrine

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On his first day in office, Acting Comptroller of the Currency Brian Brooks finalized a proposed regulation that codifies the valid-when-made principle, that a loan that is legally originated continues to be valid upon its transfer, sale, or assignment (Final Rule). Codified at 12 C.F.R. § 7.4001 and § 160.110, the Final Rule will apply to both banks and savings associations and is designed to resolve the legal uncertainty and risk created by the *Madden* decision. The Final Rule, like the OCC's proposal, does not address the related true lender issues.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

Margaret E. Tahyar

+1 212 450 4379

margaret.tahyar@davispolk.com

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