



MORTGAGE BANKERS ASSOCIATION

May 29, 2019

The Honorable Mark Calabria
Director
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20219

Request for Delay in Implementation of the Revised Uniform Residential Loan Application

Dear Director Calabria:

The Mortgage Bankers Association (MBA) respectfully requests a delay to the implementation of the Uniform Residential Loan Application (URLA) by the Government-Sponsored Enterprises (GSEs) to provide time for collaborative testing across the mortgage industry and to avoid difficulties associated with the *optional* implementation period for the URLA that is scheduled to begin on July 1, 2019.

In a mortgage industry that is transitioning from documents to data, the move to a new mortgage application form would not have been a priority for many of our members. The project imposes significant costs on the industry with uncertain or limited benefits for consumers or market efficiency. However, acknowledging the Federal Housing Finance Agency's (FHFA's) desire to capture additional data with respect to a borrower's language preference, we understand that the implementation of the new URLA will proceed.

MBA appreciates the efforts of the GSEs to provide an optional implementation period for the revised URLA. The original intent of a lengthy implementation period was to provide extensive time for lenders and vendors to work with the GSEs to address the inevitable issues associated with such a large operational change.

The mortgage ecosystem is larger than the GSEs, and the URLA is an important component of entire ecosystem. For example, the Federal Housing Administration (FHA), Department of Veterans Affairs (VA), and Department of Agriculture (USDA) utilize the URLA. The URLA is also an important part of the information that is used to underwrite loans, document compliance, and produce disclosures. Furthermore, this same data is transmitted to aggregators and investors as part of the trading and securitization of more than \$1 trillion in mortgages each year.

The use of an implementation period in which lenders are permitted to adopt at any time creates severe logistical challenges for lenders, aggregators, and vendors.

Lenders would be required to develop unique solutions for each partner with whom they do business. Lenders could not assume that any partner would be ready on a particular date, and would therefore need to create a customized implementation plan for each partner. The costs of this approach are prohibitive. Many lenders, however, would feel compelled to find a way to accommodate each partner's requirements to avoid losing business to a competitor or to the GSEs.

MBA is also concerned that some of the government housing agencies (FHA, VA, USDA) will not be ready to fully support the revised URLA by the start of the optional implementation period, and may not even be ready to do so by the February 2020 mandatory implementation date. This means that lenders would need to create bifurcated processes to accommodate both the new and the existing URLAs for different types of loans. This creates unnecessary risk and expense for everyone in the industry.

Thus, MBA respectfully requests that FHFA delay the optional implementation start date for the revised URLA and restrict any early adoption to pilots with a limited number of participants. FHFA should run this pilot phase over a shorter period of time prior to the February launch date. In addition, should one or more of the government housing agencies be deemed unlikely to meet the February deadline, that deadline must also be reassessed. Such a decision should be made well in advance of the mandatory cutover date.

MBA further requests that FHFA and the GSEs work with MBA to develop an implementation schedule that ensures a smooth transition to the new form that accommodates lenders, vendors, Fannie Mae, Freddie Mac, FHA, VA, and USDA.

Thank you in advance for your consideration of this request. We look forward to working with FHFA and the GSEs to address these concerns.

Sincerely,



Robert D. Broeksmit, CMB
President and Chief Executive Officer
Mortgage Bankers Association