



MORTGAGE BANKERS ASSOCIATION

August 3, 2015

The Honorable John Koskinen  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue NW  
Washington D.C., 20224

**Re: IVES Delays Impact Consumers and the Mortgage Lending Industry**

Dear Commissioner Koskinen:

The Mortgage Bankers Association (MBA)<sup>1</sup> greatly appreciates the vital role played by the Internal Revenue Service (IRS) in the mortgage lending process. Two of the most important factors in underwriting are the borrower's income and income history. Verifying and documenting these are important for lenders and for the prevention of mortgage fraud. The most effective, efficient, and reliable way of verifying this income information is to review the borrower's tax transcript from the IRS. Unfortunately, there have been reports of significant delays in lenders obtaining these tax transcripts from the IRS – an outcome that hinders the lending process and harms some consumers.

Since October, 2006, the IRS has operated the Income Verification Express Service (IVES) program. This program allows lenders to view a borrower's tax transcript once the borrower has requested that the information be made available. Once the borrower has submitted the request, for a User Fee (currently set at \$2.00), the IRS provides the lender with a transcript via a third party vendor. This IRS response directly to the third party vendor prevents alteration by the borrower, which addresses an important fraud concern for the lending industry.

Historically, the turn time for this process has been around two business days or less. In recent months, however, lenders have reported that turn times of five to six days are now typical; during tax season some requests reportedly took as long as ten days. Many lenders are also finding that when they request a tax transcript they receive a

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<sup>1</sup> The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 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 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 over 2,200 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: [www.mba.org](http://www.mba.org).

rejection code indicating that the taxpayer account has been flagged for possible identity theft, causing additional delays in processing.

The mortgage industry is in the process of adapting to extensive new regulations which obligate members to complete the underwriting process in a timely manner. Delays in the underwriting and closing process are not only burdensome for lenders; they also negatively impact the consumer. It is critical that the IVES program operate in an effective, efficient, and reliable way such that the necessary step of verifying income does not significantly slow down the mortgage lending process.

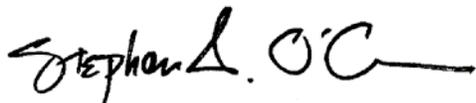
The IRS has stated that the increased turn times are a result of budget cuts. While MBA is sympathetic to the IRS' desire for resources, the cost of providing these transcripts is covered entirely by a User Fee charged to lenders, and is not dependent on the appropriations process. In fact, it is a specific directive of the Office of Management and Budget that when a federal agency provides a good or service that conveys a special benefit to recipients beyond those accruing to the general public, it must charge a fee reflecting the full cost of goods and services.

Lenders are willing to pay an appropriate User Fee for this service, but expect that if they are paying a reasonable fee for a specific service, those fees will actually be used to provide that service. MBA urges the IRS to evaluate the IVES system and identify the true causes of these delays. Given the importance of the IVES service to the real estate finance industry, MBA also urges the IRS to ensure that it is not reallocating these User Fee funds for other projects. On the issue of delays due to suspected identity theft, MBA would welcome a conversation with the IRS on possible enhancements to the system that communicates this alert to affected parties.

MBA greatly appreciates your time and consideration of our concerns. We would welcome an opportunity to meet with you to discuss these issues further and work toward an effective solution.

Should you have questions or wish to discuss any aspect of this letter in greater detail, please contact Richard Hill at (202) 557-2718 or [rhill@mba.org](mailto:rhill@mba.org) or Matt Jones, at (202) 557-2941 or [mjones@mba.org](mailto:mjones@mba.org).

Sincerely,

A handwritten signature in black ink that reads "Stephen A. O'Connor". The signature is written in a cursive, flowing style with a long horizontal line extending from the end of the name.

Stephen A. O'Connor  
Senior Vice President of Public Policy & Industry Relations  
Mortgage Bankers Association

cc: Debra Holland  
W&I Commissioner  
Internal Revenue Service

Paul Mamo  
Director, Submission Processing  
Internal Revenue Service