October 30, 2014

State Regulatory Registry, LLC
Conference of State Bank Supervisors
Attn: Tim Doyle, Senior Vice President
1129 20th St NW, 9th Floor
Washington, DC 20036
comments@csbs.org

Dear Mr. Doyle,

The Mortgage Bankers Association (MBA)[1] and the undersigned national, state and local mortgage banking and other real estate finance industry trade associations from across the country are writing jointly to offer our comments on the October 1st proposal to make revisions to the Mortgage Call Report (MCR).

First, the proposed timeline expressed in the October 1st memorandum is unrealistic. As stated, final MCR changes are to be announced sometime in November and the industry would be required to report 2015 Q1 data in mid-May. It is vital that state regulators understand that this timeline is unworkable given the complicated systems changes that lenders and their technology vendors would be required to make in order for data collection to begin on January 1, 2015. To assume that this is a simple programming change is a mistake. Even if the final requirements were announced on November 1st, at best, there will only be approximately 40 business days (which includes several holidays) to create new procedures and reprogram and test existing systems.

Secondly, the issuance of a public MCR proposal elicited new and significant concerns for mortgage companies. Specifically, the CFPB's proposed RESPA-TILA integration rule, with its August 1, 2015 implementation date, is already consuming all available human resources at these mortgage companies and their compliance vendors. As the challenges of implementation have become clearer in the past several months, it is far from certain if this enormous challenge can be met with enough time to perform necessary system testing before consumers benefit from this new integrated disclosure. Our estimate is that tests will need to be conducted in the in April-May timeframe at the latest, which is precisely when the MCR proposal would require Q1 2015 data to be submitted.

The additional burden of MCR changes, amidst these RESPA-TILA integration requirements, poses an untenable and unnecessary choice for lenders. Simply put, lenders and their systems vendors do not have sufficient bandwidth to complete two such projects simultaneously and may have to choose between which requirements they will be able to comply in the time allowed. Thus, the choice to move

[1] 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, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: www.mba.org.

forward on MCR changes now could ultimately have the unintended and preventable effect of undermining the important nationwide consumer protection objectives of the CFPB.

Additionally, changes to data collection software will also be expensive. This consequence will disproportionately impact smaller independent mortgage companies who cannot as easily afford to absorb these costs, particularly when many of their key competitors – bank and bank-affiliated lenders – do not face MCR implementation challenges and costs. It is also reasonable to assume that the proposed changes to the MCR will not be perfectly aligned with the final HMDA changes, which will result in additional systems costs on top of those anticipated from the final Home Mortgage Disclosure Act (HMDA) changes expected during 2015.

We are also in are unanimous agreement with the previously expressed position of the national Mortgage Bankers Association (MBA) that <u>any</u> proposed changes to reporting data under the MCR should be aligned with those of HMDA. This sweeping regulatory rule making by the CFPB, whose final outcome is far from certain, has gone beyond the requirements specified in Dodd-Frank. MCR changes should come after the final HMDA rule's data elements are known, and not before. Waiting to implement MCR changes on the mortgage origination data until after the HMDA rule is complete will facilitate alignment and avoid the dead weight costs of multiple systems changes.

We join with the national MBA in calling for any proposed changes to the MCR be paused until after the HMDA changes are final. Once the HMDA rule is final, the effort by state regulators should be to align the MCR to the greatest extent possible with these significantly expanded federal data requirements.

However, if states choose to move forward with implementation of MCR changes, the choice should be to limit the data elements to only those in the proposal that relate to mortgage servicing – which involves different systems and business processes – and provide industry with a more reasonable implementation timeline of at least nine months. The creation of servicing reporting protocols on the proposed timeframe is unfeasible. Additionally, the reporting of this data should be limited to only those states which require or permit by statute or regulation the collection of such data. It is not clear whether NMLS has independent authority to require the submission of servicing data from lenders in jurisdictions in which there is no authority to report such information.

Thank you for this opportunity to comment on your proposal. Please know that we are available to meet with you to discuss these issues in greater detail.

Sincerely,

<u>National Associations</u>:
Mortgage Bankers Association
Community Home Lenders Association
Community Mortgage Lenders of America

<u>State and Local Associations</u>:
Alaska Mortgage Bankers Association
Arizona Mortgage Lenders Association
California Mortgage Bankers Association
Colorado Mortgage Lenders Association
Greater Indianapolis Mortgage Bankers Association

Idaho Mortgage Lenders Association
Illinois Mortgage Bankers Association
Indiana Mortgage Bankers Association
Louisiana Mortgage Lenders Association
Maine Association of Mortgage Professionals
Maryland Mortgage Bankers Association
Massachusetts Mortgage Bankers Association
Michigan Mortgage Lenders Association
Mid-Hudson Valley Mortgage Bankers Association
Mortgage Bankers Association of the Carolinas
Mortgage Bankers Association of Florida
Mortgage Bankers Association of Georgia
Mortgage Bankers Association of Greater Kansas City
Mortgage Bankers Association of Hawaii
Mortgage Bankers Association of Metropolitan Washington
Mortgage Bankers Association of Missouri
Mortgage Bankers and Brokers Association of New Hampshire
Mortgage Bankers Association of New Jersey
Mortgage Bankers Association of New York
Mortgage Bankers Association of Pennsylvania
Mortgage Bankers Association of St. Louis
Nevada Association of Mortgage Professionals
Nevada Mortgage Bankers Association
New Mexico Mortgage Lenders Association
New York Mortgage Bankers Association
Northeastern New York Mortgage Bankers Association
Ohio Mortgage Bankers Association
Oklahoma Mortgage Bankers Association
Oregon Mortgage Bankers Association
Rhode Island Mortgage Bankers Association
Texas Mortgage Bankers Association
Vermont Mortgage Bankers Association
Virginia Mortgage Lenders Association
Wisconsin Mortgage Bankers Association