MORTGAGE BANKERS ASSOCIATION

July 14, 2023

Mr. James M. Cooper
President & CEO
Conference of State Bank Supervisors
1300 I Street NW, Suite 700 East
Washington, DC 20005

Re: FYI – Mortgage Call Report Form Version 6 2024 Q1 Release

Dear Jim,

Mortgage Bankers Association[1] (MBA) continues to appreciate the collaborative relationship between our organizations, and among our respective members. They appreciate the challenges CSBS and the state regulator community face in bringing greater consistency to various state requirements – it is not an easy task. As evidenced by the current regulator-industry collaboration on the MISMO Lender Examination File Format Working Group, there is much promise that can come from this effort.

It is in that spirit that we reach out regarding the June 20th announcement on www.NMLS.org of the upcoming changes to the NMLS Mortgage Call Report (MCR). [2] MBA wanted to take a moment to relate some thoughts that have been expressed to us by representatives of our member companies to you and your team at CSBS. Some of these topics relate specifically to the MCR and others relate to the potential for alignment or divergence with the reporting requirements of the Mortgage Bankers Financial Reporting Form (MBFRF).

Expansion of Reporting Requirements to New Organizations

Although it is not clearly spelled out in the new requirements, MBA understands that under the new MCR Version 6.0, some lenders and servicers that were not previously required to report certain data would be subject to the same reporting requirements as other

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[1] The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 400,000 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 to 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 more than 2,200 companies includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA's website: www.mba.org.
[2] https://mortgage.nationwidelicensingsystem.org/slr/common/mcr/Pages/default.aspx

organizations. These organizations are primarily smaller entities that are not Fannie Mae or Freddie Mac seller servicers or Ginnie Mae issuers.

MBA has concerns about the expansion of reporting requirements to these organizations. First, nothing has been issued publicly to provide notice of the specific changes to the affected parties. Presumably, these organizations are expected to review all the material regarding the reporting changes posted on the NMLS website and interpret which sections are now applicable to their organization. Secondly, and perhaps of most importance, the affected entities are likely to be smaller lenders. Reporting this more detailed information is costly for smaller organizations. Given the ongoing market and regulatory pressures in the mortgage industry, the fixed costs of expanded reporting may force smaller organizations to consolidate with other small lenders or exit lending.

We recommend that consideration be given to requiring a minimum number of transactions to trigger the reporting requirement. A minimum transaction count would not preclude a state from requesting the necessary information from the lender at the time of an examination. Moreover, exempting smaller lenders from reporting should not adversely affect regulators from having the appropriate data for macro level analysis. HMDA reporting, which overlaps with some of the MCR requirements, has not been harmed by the inclusion of minimum reporting requirements.

Technical Reporting Requirements

The CSBS announcement included data inputs and definitional information, but it lacked important technical specifications needed for full consideration of the proposal. Subsequent staff conversations inform us that the earliest date for the release of these details could be at some point in August. MBA understands it is appropriate for CSBS and state regulators to take time necessary to release certain aspects of each change, however these technical specifications are needed before the consideration of a viable implementation timeline for the new requirements.

MBA suggests that CSBS develop and issue several documents to assist industry with complying with the new requirements. The first document should be a comparison for each type of submitter on what was previously required under the standard or expanded forms, compared to the new MCR Version 6.0 that all entities are now expected to complete. This will allow lenders to best understand the new data elements that need to be reported for their business lines. Second, there should be a comparison on how the new MCR Version 6.0 compares to the current MBFRF, which is already a requirement for Fannie Mae and Freddie Mac Seller-Servicers and Ginnie Mae Issuers and has been updated since the original effort to better align the MCR with the MBFRF. This would include data inputs, definitions, and technical requirements. Finally, MBA members report to us that the NMLS website is confusing and difficult to use, with multiple references and links to other links. As part of the MCR update, MBA would suggest a thorough revamp of the MCR components of the site to allow submitters to better access the information that they need for implementation.

Public Comment and Implementation

MBA believes the fully defined MCR reporting changes should be subject to a traditional comment period of 90 days. The MCR has been subject to changes over the years, and on each occasion, changes have been accompanied by a notice and comment period. Indeed, the current proposal was the result of just such a process. However, that activity took place more than five years ago in 2018. [3] There has been much change in the mortgage industry since that time, and the MCR with all its detailed components should be first subject to a notice and comment period.

Following review of stakeholder input from a notice and comment process, MBA further believes that an 18-month implementation period is appropriate. Mortgage lenders and servicers rely on the vendor community to fulfill many reporting requirements, and these companies will need time to review the final requirements, develop plans, execute any software changes, and train their clients in the new methods. This is no simple matter and could cause new issues to develop that will, in turn, require patience and ample time to resolve.

Finally, MBA appreciates CSBS's efforts to align the MCR with the MBFRF where possible and encourages CSBS to foster future collaboration to further this alignment in future changes. With appropriate tailoring for smaller entities that do not sell to the GSEs or issue Ginnie MBS, this alignment would significantly reduce industry uncertainty and costs achieved from the reduction of any divergent requirements.

Thank you for your consideration and ongoing partnership.

Sincerely,

Pete Mills
Senior Vice President
Residential Policy and Strategic Industry Engagement
Mortgage Bankers Association

[3] https://mortgage.nationwidelicensingsystem.org/news/ProposalsForComment/2018-1%20Comments.pdf