



FEDERAL HOUSING FINANCE AGENCY
Office of the Director

August 1, 2016

American Bankers Association
Consumer Bankers Association
Consumer Mortgage Coalition
Credit Union National Association
Housing Policy Council
Independent Community Bankers of America
Mortgage Bankers Association
National Association of Federal Credit Unions

Dear Trade Associations:

Thank you for your recent letters providing your views about the inclusion of a preferred language question in the redesigned Uniform Residential Loan Application (URLA).

The URLA currently in use as the industry-standard loan application has not changed materially in 20 years. Fannie Mae and Freddie Mac (the Enterprises) and the Federal Housing Finance Agency (FHFA) have been engaged in an extensive effort working with a large number of industry, government, and consumer stakeholders to redesign the URLA to reflect industry and technology changes, increase clarity and understanding, and enhance data quality. Our goal has been to finalize the new URLA by the summer of 2016 in an effort to give lenders adequate time to prepare to implement the form in January of 2018 to coincide with the new Home Mortgage Disclosure Act data collection. Input and involvement in this process by you and other stakeholders has been critically important and has provided us the opportunity to gain knowledge about what language preference information is currently being collected in various places and how it is being used, as well as the opportunity to consider multiple perspectives.

FHFA recognizes that the number of people seeking home ownership who speak and read a language other than English has grown significantly in recent decades and is projected to continue to increase in the future. Many of these individuals have limited English proficiency (LEP). An important goal of FHFA, and one that we believe will advance the common interests of LEP borrowers and industry participants, is to ensure meaningful access to the housing finance market for LEP borrowers.

One means that FHFA has been actively considering to advance the goal of improving access for LEP borrowers has been to leverage the current redesign of the URLA to ask borrowers about their language preference. After studying this possibility carefully, however, we have concluded that there are a number of unresolved issues related to including the question on the redesigned

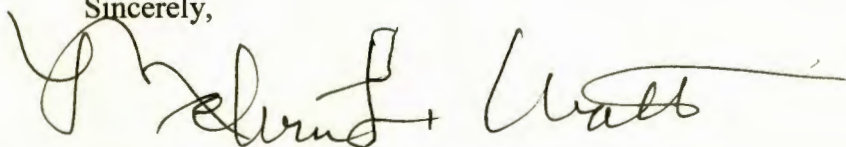
URLA and that attempting to resolve all of those issues in the timeframe in which we are currently operating would unduly delay the 2016 roll-out of the new URLA and put the 2018 implementation date at risk. Consequently, FHFA has decided not to include a question about language preference on the new URLA at this time.

While we will not include a language preference question on the new URLA at this time, we have decided to start taking steps that we believe will allow us to gather important data on language preferences and will also lead to resolution of the remaining issues related to whether the URLA should be further revised or, alternatively, whether there are other ways to capture the desired information about language preferences. Specifically, FHFA will be undertaking the following steps:

- FHFA will include additional questions about access to home financing and the servicing process for LEP borrowers on the National Survey of Mortgage Originations and the American Survey of Mortgage Borrowers;
- FHFA will issue a Request for Input (RFI) to solicit feedback from stakeholders about the best ways to gather data about LEP borrowers and the languages they prefer and about the best ways for lenders and servicers to obtain the information necessary to be able to help LEP borrowers during mortgage origination and thereafter; and
- FHFA will collaborate more extensively with stakeholders at other government agencies and with industry and consumer representatives to explore ways to improve the mortgage origination and servicing experience for LEP borrowers.

FHFA will review the information gathered using the above approaches and will expeditiously determine what steps are appropriate going forward. Throughout this process, FHFA will continue to be committed to a thorough review of LEP issues in an open and transparent way and we will continue to welcome your thoughts and input on how we can reach our mutual goal of increasing access to mortgage credit for LEP borrowers in the most effective and prudent manner.

Sincerely,

A handwritten signature in black ink, appearing to read "Melvin L. Watt", with a long horizontal flourish extending to the right.

Melvin L. Watt