

July 11, 2013

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Director Cordray:

The undersigned associations urge that the Consumer Financial Protection Bureau (CFPB) delay the implementation of pending mortgage rules scheduled to take effect in January 2014. As noted in numerous communications, the implementation of these rules will have serious consequences for all of our members and the customers they serve across the nation.

These rules will dramatically refocus the entire lending process. Every participant in that process, from lenders to borrowers, service providers, appraisers, escrow agents, title agents, and all others involved in mortgage lending, will be affected by the changes, and must be in compliance in the next six months. During this period, banks must fully review all of the final rules, implement new systems, processes, and forms, train staff, and test changes for quality assurance, as well as work with all providers to ensure that they too are compliant. That effort is made even more complicated for banks with year-end regulatory and tax reporting requirements, forcing many institutions to implement an information technology “freeze” between November and early January. Since it is not possible to test or revise the new mortgage compliance systems during the lock-down period, the compliance deadline is effectively November 2013.

Regulatory implementation is further complicated by the fact that many banks commonly rely on vendors for software and system upgrades. Many banks report that their vendors are not yet ready to provide the necessary updates to the individual institutions and some vendors may not do so until early fall, and in some cases even later.

The Bureau has been active on changes to the mortgage rules for some time. As recently as last week, the CFPB issued further proposed changes to loan originator determinations, the definitions of rural and underserved, and other important aspects of the Ability to Repay/Qualified Mortgage rules. While these are helpful and welcome in many respects, they do add further burden for lenders trying to come into compliance, in that they require further evaluation, changes to efforts already underway, and additional costs associated with those efforts.

The Bureau has been especially responsive to concerns raised by the industry in the past and we now hope it will be to this request as well. Unfortunately, many banks, especially smaller community banks, do not have the capacity to increase their compliance resources at this time. These institutions are severely burdened in trying to come into compliance. Some simply will not be able to do so, and given the significant legal and reputational liability of failing to comply, may simply withdraw from the mortgage market or curtail lending. That, in turn, will deprive the communities they serve of local, high-quality mortgage lending and will harm consumers.

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We recognize that the Dodd-Frank Act imposes timeframes for the implementation of these rules, requiring that they be implemented within one year of being finalized. However, we believe that it is far more important for the Bureau to ensure that the mortgage markets are not disrupted, that quality lenders are not forced from the market, and that consumers' access to mortgage credit is not harmed by a rush to compliance than it is to meet a targeted implementation date.

For these reasons, we respectfully urge you to postpone the implementation of these rules for a reasonable time to ensure that all lenders, large and small, can confidently come into compliance.

Sincerely,

American Bankers Association
Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
California Bankers Association
Colorado Bankers Association
Connecticut Bankers Association
Delaware Bankers Association
Florida Bankers Association
Georgia Bankers Association
Hawaii Bankers Association
Heartland Community Bankers Association
Idaho Bankers Association
Illinois Bankers Association
Illinois League of Financial Institutions
Indiana Bankers Association
Iowa Bankers Association
Kansas Bankers Association
Kentucky Bankers Association
Louisiana Bankers Association
Maine Bankers Association
Maryland Bankers Association
Massachusetts Bankers Association
Michigan Bankers Association
Minnesota Bankers Association
Mississippi Bankers Association
Missouri Bankers Association

Montana Bankers Association
Nebraska Bankers Association
Nevada Bankers Association
New Hampshire Bankers Association
New Jersey Bankers Association
New Mexico Bankers Association
New York Bankers Association
North Carolina Bankers Association
North Dakota Bankers Association
Ohio Bankers League
Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association
Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association
Tennessee Bankers Association
Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Bankers Association
Washington Bankers Association
Washington Financial League
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association