NMLS Mortgage Call Reports

Request for Public Comments

Proposal 2014-2
October 1, 2014 – October 30, 2014

The State Regulatory Registry invited public comments on the proposed changes to the NMLS Mortgage Call Report during a public comment period from October 1, 2014 to October 30, 2014. 35 individuals or organizations submitted comments during the comment period.

The comments are contained in this document as received, without editing. Comments received in email format were copied exactly as submitted and pasted in the comments section of the table with the submitting individual's name and company displayed. Comments received as an email attachment or via USPS are displayed as submitted in their original format. These comments are noted in the table and numbered accordingly as attachments.

Comments are listed in the order received. Comments received without full name or contact information are not included.

The Mortgage Call Report Working Group will review the comments and make recommendations to the NMLS Policy Committee. The NMLS Policy Committee, after consultation with all participating NMLS state regulatory agencies will make final approvals for any changes to the MCR and publicly respond to comments received.

NMLS

Request for Comments on Mortgage Call Report

#	Date	Name & Company	Comments
1	10/2/2014	Kurt Nielsen e Mortgage	I read through the changes that are being proposed. There is one significant discrepancy. In your definition of a QM loan, you state that the DTI must be below 43%. General definition category of QMs Any loan that meets the product feature requirements with a debt-to-income ratio of 43% or less is a QM. It is my understanding that this condition was deferred many years. I know of only one lender using the 43% limit. I am consistently receiving "Pass" QM test results with loans with DTI's above 43%. So now you are going to require me to revisit all loans to see which loans were approved and closed but had a DTI higher than 43%.
2	10/2/2014	James D Willard Liberty Home Mortgages	The only comment I have is for the Definition of "application". This definition should be VERY clear and free from any ambiguity. That date of application should be the date of the initial 1003 with the borrower's signature. Period. If inquiries and pre-qualifications are declined then the application date should be the denial date.
3	10/2/2014	Helen Green Savers Home Loans	In regards to the Proposed changes in the NMLS Call Report, the only item I am concerned with and would like to comment, is the following: IV. Addition of Change in Application Amount Fields SRR is proposing the addition of fields to capture changes in application amount to the Application Data section of the State-specific RMLA. Filers will be able to indicate the Overall increase or decrease in the loan amounts from an application to the closed loan, if applicable. This would not only be quite time consuming, but also somewhat unnecessary. Loan amounts potentially change multiple times during the loan process and broker (or the lender) is responsible for prompt disclosure of those changes to the borrower(s). The time consuming part stems from the capabilities of the loan tracking software that is widely used in the mortgage industry. Currently, all the information that we are required to produce for you on a quarterly basis is accessible from that software. However, that software does not track loan amount changes.

			The tracking that we currently have available, is the actual (paper) disclosures that we produce and send to each borrower as the changes are made on a per loan basis. By adding the requirement to keep track on loan amount changes for the purposes of this quarterly report would then require us to go back through each funded, withdrawn and denied loan file and manually add this additional change information to the report. Ultimately, changes in the loan amount don't seem to pose much of much a significance in the final numbers of "Closed", "Withdrawn" and "Denied" loans, given that this information is available on a per loan basis as needed. The only loans we Broker are Qualified Mortgages.
4	10/2/2014	Paul Freeland	I think these call reports serve two purposes: 1. Create jobs for the nmls 2. Create busy work for loan officer Although there are some dishonest people in every industry, it's not the loan officers who are responsible for the mortgage crisis. It was the politicians years ago who wanted votes and created stated income loans. The politicians wanted everyone to own a house even if they couldn't afford it and then they would get more votes. Well it doesn't quite work like that. I say you continue to pay everyone at the nmls but not bother everyone else. Have those people audit files or anything else. The call reports don't do anything.
5	10/2/2014	John White	The NMLS provides no services and, while I have always been treated professionally, they have NO function for a mortgage broker. I'm a mortgage broker. All of my information (volumes, identification) can be obtained from the lender.Continuing education can be monitored be the Ca. BRE. This is a useles layer of reporting that can provide me with no information and is always a PIA because their software has glitches. Get rid of them!

6	10/2/2014	Elaine Roccio PFI Financial, Inc.	You're asking for public comment on the changes?..................I'm the wrong person to ask! I think the whole thing stinks and is a total violation of my right, and the right of my company, to privacy. I'll bet no one puts used-car sales companies through this kind of scrutiny. It's way over the top and out of line in my opinion. The governmental agencies have gone too far and there are too many of them.
7	10/3/2014	Gary Lupo California BRE	This is a big invasion of my privacy you guys lean how much I am making a year. I don't how much you are making. Many quarter I make nothing. Continuing education: I like continuing education but my state has been doing since 1978. Many time there really nothing new. I can't use my continuing education for the NMLS also for my Broker License. In my state I have to take another 40 hours every 4 year. I would like to use my continuing education for both licenses. Not just for one license.
8	10/3/2014	Administration Department	I would hope you would change the rulings of the MCR that if someone has no business during the quarter and fails to submit the MCR report one time they shouldn't get a $1,000 penalty.
9	10/3/2014	Jon Bodan The Perpetual Financial Group, Inc.	I read over the proposed new requirements for the quarterly call report. In general, as a business owner and as a small correspondent lender, I feel that the MCR is already a useless exercise in make-work. We do it because we have to, and it serves no business purpose that we can see, and we can also see no benefit to the public. The additional requirements are going to be unwieldy and difficult to manage. It will require additional time and expense to get our software updated and set up to export the additional data. The NMLS system is already notoriously buggy for data entry; our exported reports can never be properly imported into the tool, so they have to be done manually every single reporting period for us already. Beyond that technical expense and issue, adding "verbal" inquiries to the definition of an application is operationally impossible to track. Literally impossible. A loan officer receives a call on their cell phone from a prospect. Prospect states "I filed bankruptcy yesterday, can I have a loan?" MLO answers "nope". That is an application under your proposed definition - so the proposed rule is essentially mandating that every conversation with a prospective borrower is the same as a 1003. In that kind of common situation, the borrower wouldn't be giving us an application - so how could we report it in our system, and why

			would we want to waste the MLOs time and the time of my support staff as well? Inquiries & Prequalification requests are NOT loan applications - they are people calling/emailing and asking questions and usually not providing any kind of solid financial information. This sort of inquiry is literally impossible for a business of any size to track with ANY accuracy, and it really would be a complete waste of time. The data aggregated would be of zero use to the regulators, and it would be of negative value to a business. It would result in a waste of time, resources, staff hours, and ultimately money.
10	10/6/2014	Angela Tolleson Fidelity Capital Mortgage Company	My comments are regarding the proposed changes to the NMLS MCR requirements that proposes an addition to change in application amount fields. This proposed change would be extremely burdensome to lenders. If loan amount changes are to be reported, then origination systems must capture this data. Calyx, one of the top origination software LO systems, does not capture/save changes to loan amount, etc. so there would be no way to include other than manually reviewing loan documentation for each loan for the period. This is a burdensome and unreasonable requirement.
11	10/6/2014	Brad Cahoone Global Home Finance Inc	I think the change in Loan amount fields should not be required as that is hard to track if not impossible in Calyx Point at this time and seems to me to be immaterial. What does it matter if the loan amount changes from loan application to funding to the NMLS? Thank you for all you do.
12	10/7/2014	Traci Ramirez Tri-County Mortgage, Inc.	I would like to submit my thoughts on the proposed changes. 1. Just add category entitled "prospects / pre-quals"…anything else indicating "applications" will always cause confusion. Either it's an application or it isn't for reporting purposes. All prospects are pre-quals and all pre-quals are prospects because you don't have the pre-requisite 5 items needed to be an application. Quit merging the two. AC010 Applications carried over from previous quarter (these are files with contracts in place or refis disclosed) AC020 Prospects / Pre-Quals received AC030 Prospects / Pre-Qauls pre-approved but not accepted / Cancelled / Withdrawn / Incomplete (if client doesn't respond then they've either gone somewhere else and aren't likely to respond, so is file incomplete? Cancelled? Or withdrawn?) Put them all into one

category.

AC040 Applications Denied by lender

AC050 Prospects / Pre-Quals Denied by MLO

AC060

AC070 Loans Closed and Funded

AC080 Applications carried forward to next quarter

AC090 Prospects / Pre-Quals carried forward to next quarter (clients shopping for the right house, but not yet contracted)

2. What Application Date is to be used?

This should be resolved by adding Prospect / Pre-Qual category. Putting denial date for prospects is wrong and can carry a prospect / pre-qual over for 30 days, yet credit was pulled previously and should be counted in the quarter it was pulled.

Proposed new category to track QMs

Great…yet another subcategory to break down and track. Why? With the 7 yr extension all loans are QM or Non-QM. The impact is loans are either approved or their denied. Or you're foolish enough to be generating Non-QM loans. Doesn't Brokered pretty much indicate you're generating QM loans?

Brokered Closed-Retail Closed-Wholesale Closed-Small Creditor (add this instead)

3. Servicing – brokers never service loans (please don't put us in this category if you create it)

4. Change in Application Amounts

Really??? That should be obvious when all the reported loan amounts on the quarterly report aren't in balance as is so often the case (the number of loans should be, but the amount

			never or very seldom is). My loan software doesn't track loan amount changes, that would have to be done manually because we don't save that file and create a new one because of a loan amount change. We simply update the loan with the changes and go forward within the same file. I think it will be overly burdensome to track and report. I will have to pull a GFE and compare it to the final HUD-1 for every loan closed (regardless of how few or how many loans I generate and how small or how big the loan amount change is). And how much of an impact is a change in loan amount really going to make for the data being used?
13	10/8/2014	Lilia Rivas Fidelity Mortgage Corporation	Addition of Change in Application Amount Fields This is an excellent idea. Sometimes the loan amount changes once the appraisal has been submitted by the appraiser. Your loan amount could therefore change from the initial application. Currently the call report asks for those loan currently in process and not closed that quarter. The following quarter when you close the loan the loan amount may have dropped from the amount reflected on the last reported call report. • Inquiries and Pre-Qualification requests, if declined, should use the denial date I do not think submitting data on inquiries is a good idea. I sometimes have client call me and say I had a foreclosure last year can I buy a house. That is a general question as to when can I buy again. Generally no analysis of the income, credit or assets are done at the time of this inquiry because in 2 or 3 years from now when they can apply for an extension of credit their income credit and assets will be different then they are today. I also receive inquires from people who want to know when they can buy if they had a Chapter 7 or Chapter 13 bk. Neither of these types of clients are asking for an extension of credit. These are general questions such as given my credit situation when can I apply for an extension of credit. There are also those clients who are underwater on their mortgage who want to know if there are any options available for them to refinance. This is also a general question and not a specific request for an extension of credit. I consider those inquires or prequalifications to be serious if the client signs the consent form to have their credit reports run, pays the required fee and provides all their income and asset

			information.. Otherwise I do not consider these inquiries or prequalifications serious. They are just what they are inquiries.
14	10/9/2014	Michael D. Sterner Mortgage Department Services, LLC	My company is a licensed third party processor and underwriter serving community banks within the State of Maryland. As such, we must submit a quarterly MCR along with an annual request for license renewal. The current MCR version does not recognize companies such as mine who do not Originate, Broker, Lend or Service any mortgage loans. If we are required to be licensed and submit MCR's, shouldn't there be fields to report our activities? My suggestion is to provide a "box" to acknowledge third party activities and if volume details are required, provide specific fields for reporting this type of activity. Thank you,
15	10/9/2014	Daniel Ferrell Home Acceptance Corporation	Concerning the proposed changes to the NMLS mortgage call report (MCR): 1) The revised definition is acceptable. It provides greater detail and clarification. 2) The additional requirements on reporting pertaining to QM requirements is perhaps redundant. Most companies know the QM requirements and are staying within those legal guidelines via mortgage software, manual configuration, et cetera. I suppose the idea is not terrible, it just adds more work to the already lengthy reporting requirements. 3) The proposal for the additional loan servicing requirements is untenable. The existing reporting requirements are excessive as they are reactionary. It is excessive because companies and originators are spending more time worried about compliance than actually conducting business! We, as a mortgage broker can attest to this in our own daily operations. Simply put, it is burdensome. There is already enough upfront and quarterly reporting requirements. Not more reporting, but less! The proposal, like the existing reporting is reactionary insofar as it is a direct result of the mortgage crisis from a few years back. Nobody wants to see such ruination again, but heaping up more strictures on companies is not necessarily the answer. Let the state regulators glance at a few serviced loans during their yearly audits for companies and ensure compliance that way! Sometimes the easier proposal can be the best. 4) The proposal for the addition of change on the RMLA leaves me unmoved. It may be nice to see the difference in the amount of the loan from the time of initial application to the closing juxtaposed. However, juxtaposition and cleanness is the only benefit here. The consumer will

			surely see the changes reflected elsewhere in the application
16	10/15/2014	Lake Loan	Call reports are a hardship on small lenders, small lenders generating less than 10 to 15 loans per quarter should be excused from the reporting requirement.
17	10/21/2014	Yvette Crabtree Dobbins Southwest Funding, LP	As of today, it still takes 2 software programs to be able to complete a mortgage call report. As of right now, October 21, 2014, all we do are Qualified Mortgages as we have nowhere to sell them. Hopefully the marketplace will open up soon to allow us to originate Qualified Mortgages. How until the time comes where a Non-Qualified Mortgage is the normal or at least out there, we do not need to add another layer of reporting on the MCR. Especially since we must still file annual report with several states. You are adding to our compliance burden, when it is already overwhelming.
18	10/21/2014	Alma Hansen Capital Assets Financial Services	Just yesterday I spent MOST of my day attempting to file my MCR for my company. I thought I would try to save some time in the future by turning in our MLO list electronically instead of typing them in each and every quarter. This proved to be a difficult task. The NMLS website wouldn't accept my date because the "column headings don't match what was required." I called several times to try and get help. I finally thought I had the problem solved. Then, it still wouldn't work. I called again and was told that the other person was wrong in what they said. The lady said she would send me the proper field names so I could get this list turned in. She didn't send me anything that was helpful. Well, in the end, I wasted MOST my day trying to steam-line things so I could spend less time on things that I don't get paid for, but wasn't able to accomplish this because the NMLS people were so mis-informed. I must say that they were always respectful and courteous. That helped, however, this morning, I find out that you are now trying to add to the MCR. I would love to have an explanation of why this report was necessary in the first place. Please tell me ONE thing that it actually benefits us or our clients in. I am all for an organized and productive industry, but the MCR is nothing but busywork and now you plan to expand it. I wish for one month that you could live the real life of a mortgage loan officer. Then you might have more sense on what is necessary to be done. You asked for public comment and now you have mine.
19	10/222014	Steven A. Vieira AAA Southern New	Please delay changes to the MCR (Proposal 2014-2) so that the MCR may be simplified by aligning its data elements with those required by HMDA reporting. This is especially timely given that

		England Bank	HMDA is currently the subject of a robust CFPB proposed rulemaking, and the end results of this federal regulatory overhaul are far from known. Moreover, proposed MCR changes come at a time when lenders are already operating at capacity to make the major systems and operational changes to meet the CFPB's deadline to implement the integrated RESPA-TILA disclosures that must be operational by August 2015. A delay in changes to the MCR to better align the data reporting fields to the greatest extent possible with those required in the forthcoming HMDA revision will allow the industry to operate more efficiently and provide the necessary data to state and federal regulators.
20	10/28/2014	Steve Remington Ark-La-Tex Financial Services, LLC	We respectfully provide our comments to the proposed changes to the MCR filing requirements. As with prior attempts to modify the MCR, the proposed changes to the call reports create more work and effort unless and until individual states adopt the MCR and stop requiring duplicitous state reports. In addition to the multiplicity of states that require individual state reports, the financial information requested mirrors the Mortgage Banker Financial Reporting Form, yet subtle variations make reconciling the MBFRF with the MCR untenable. The contemplated modifications increase the burden on our software development and personnel at a time when both groups are trying to cope with a rapidly changing regulatory structure. Assuming arguendo that the high cost of current HMDA analytic software was not a factor, the time necessary to compile and process the data, followed by complex manipulations thereof, will require multiple employees for several weeks each quarter. In and of themselves, the time and manpower components of the proposed changes make such an undertaking, in this already tumultuous time, extremely daunting, not to speak of the expense. Further, many aspects of the current reports are already difficult to apply due to ambiguous definitions in various report fields. While the industry is still trying to stabilize the changes that have already been promulgated, further revisions raise strong concerns about the ability to avoid regulatory action due to simple misunderstanding of the required data fields. Change is inevitable, however, it should be done with defined goals, structure and procedures. To foist all change upon the industry, at the same time, and in such an amorphous manner, will lead to unforeseen complications that foment frustration and, more importantly, fail to protect the people for whom these measures were designed to safeguard – consumers. We appreciate the opportunity to comment, and we are always willing to discuss these matters further if you would like our feedback on specific aspects of the MCR filing.

21	10/28/2014	Bob Perry Grater Midwest Lenders Association	See Attachment 1
22	10/29/2014	Michael Cauley, CMP Mortgage Resource Plus Inc.	This is comment for the proposed changes to the Mortgage Call Report (MCR). Specifically, Addition of Change in Application Amount Fields. What is the logic for adding this additional tracking? There are so many reasons for a loan amount change that reflects the unique situation that each applicant represents. This report will do nothing to understand why the loan amount changed. Thus, it will have no impact on the purpose of the MCR to provide timely, comprehensive, and uniform information concerning the financial condition of licensed mortgage companies, their loan activities, and the production information of their mortgage loan originators. It will have no enhancement of a state regulator's ability to effectively supervise licensees, determine examination schedules, monitor compliance with state law and requirements of Title V of P.L. 110-289, the Secure and Fair Enforcement for Mortgage Licensing Act of 2008.The change in loan amount can be due to Applicant deciding they want a different loan amount based upon a multiple of unique personal reasons, regulatory requirements to meet QM, appraised value, to stay within the cash-out requirements for a rate & term refinance versus a cash-out refinance classification, loan level pricing adjustments, change in income, change in debt, change in credit score, change in amount of reserves, change in interest rate, and/or change in loan type, etc…. Again, capturing in the MCR a change in loan amount will have no benefit to regulators responsibilities as each change is as unique as the applicant and their personal circumstances. Consumers would not desire a micro-managing of their lives by regulators that may want to control their choices in each Applicant's unique circumstances in obtaining a loan.
23	10/30/2014	Marianne Collins Ohio Mortgage Bankers Association	See Attachment 2
24	10/30/2014	Wisconsin Mortgage Bankers Association	See Attachment 3
25	10/30/2014	Bill Kidwell IMMAAG	See Attachment 4
26	10/30/2014	Jon Galloway Veterans United	See Attachment 5

27	10/30/2014	David Rutkin Monarch Mortgage	We do not believe that adding to the compliance burden of banking institutions at this time given QM, RESPA-TILA, Servicing and Proposed HMDA REGS is warranted. All banks are all dealing with huge increased compliance costs. This information is already available to our regulators. Some of it in actual reporting. There is simply not enough time to get such a proposal achieved in your current timeframe for technological and other reasons.
28	10/30/2014	Glen Corso Community Mortgage Lenders of America	See Attachment 6
29	10/30/2014	William Kooper Mortgage Bankers Association	See Attachment 7
30	10/30/2014	Laura Zitting Primary Residential Mortgage	See Attachment 8
31	10/30/2014	Nicole Ehrbar Quicken Loans	See Attachment 9
32	10/30/2014	John P. Kromer Buckley Sandler	See Attachment 10
33	10/30/2014	Victor Brock Hawaii State FCU	See Attachment 11
34	10/30/2014	Wanda Melilli AP Mortgage	Could we have just one report? Some of the states in the NMLS still require separate annual reports.
35	10/30/2014	Leonard Ryan Questsoft Corporation	Availability of Qualified Mortgage Fields in LOS Systems. Since QM is not yet a part of HMDA reporting, I had my staff conduct a survey of loan origination software companies where we have our more robust interface that collects data for the LEF and other purposes. This is what we recently discovered

			1. The collection and storage of QM data by Loan Origination Software (LOS) is not a guaranteed event Personally, I would have thought that all LOS systems stored QM results per the CFPB designations. However, it appears that up to 35% of our LOS partners may not store or supply this information today. a. 54% store their own calculated status b. 23% take and store results from our products but only on loans where a QM check was requested c. 23% may only run our reviews and store as a text report without a specific field from where we can pull the requested enumerations for the MCR report. What this means is there is a strong possibility that these systems will need to add this field on their side. Given that this is the first part of November, the chances of seeing this distributed to all of their customers would be highly unlikely by January 1. The more likely scenario is they would release changes to the MCR at the same time they complete the TRID enhancements for their customers to test (March or April 2015). This being said, the majority of reporters are done through Ellie Mae (who I will let Ellie Mae address) and Calyx where there is a field for collection. The bottom line is you MAY be able to achieve as high as an 80% compliance rate but it will definitely not be 100% unless loans are manually updated into a separate system such as Call Report RELIEF. Furthermore, there is a strong probability that the actual lenders will not be checking this for accuracy in the initial quarters that the field exists as LOS vendors and the industry will find it nearly impossible to get the word out while everyone is so concentrated on the CFPB TRID changes. 2. At present, there are some lenders that don't care if their systems calculate QM I was initially surprised to find that there are a number of lenders out there that specialize in only A+ borrowers or one type of loan (such as a HELOC) where they do not bother to make the CFPB QM calculations. My company can create a group edit for this in our software. However, I would expect that until the new CFPB HMDA specs are finalized, there are SOME LOS systems that will

			not require a QM field to be entered and again data quality may be sporadic to start. SUGGESTION: I see only one way with QM for you to receive quality data and that would be to implement it as optional for a period of time (at least 3rd quarter, 2015 so that everyone gets past TRID requirements. My personal recommendation is see if the Final HMDA rules are announced in January and, if the rules are designated to go into effect January 1, 2016, put this on hold until then and change your specs to align with the proposed codes in CFPB HMDA (which are much more robust than your proposal). This will make QM a very easy field to implement if you do this. Servicing Changes My systems do not currently address servicing companies. However, the high number of data fields being requested at this point in time will most likely be a huge issue. We had discussed at conferences the standard amount of advanced time needed to implement technological changes to systems and my answer was six months. Many vendors in the room were upset with me and asked for one year. I don't have a dog in this servicing fight at the moment but I do believe this will be difficult to implement in any environment but especially where there are so many other regulations. Changes in Application Amount I like this change a lot but I really wish I didn't have to deal with what has now switched over the past few years from "an estimate" to a violation subject to fines if we don't have the exact number. As a company providing services for the MCR, we constantly struggle with what is now becoming a very exacting reconciliation process by some state examiners. Accuracy problems our customers (and programmers) struggle with in Section 1 are almost always related to the

			combination of individual multi-state reporting combined with the state regulators and MCR wishing to document loans in process. For example, in one LOS system, users could be changing information many times a day on loans in process (without having a redisclosure event), moving the loans physically on their systems depending on the stage in processing, etc. Keeping track of this requires a lot of extra product support time and we simply cannot be assured the result is as accurate as we would like to. Unfortunately we have noticed from our customer's feedback a change in attitude among some examiners from a "getting it close" for aggregate research orientation to "getting it exact" for compliance purposes. This means that LOS systems need to change from distributed form filling systems to complete accounting reconciliation systems requiring all MLOs' and multi-state operations to consolidate. SUGGESTION: I wish the MCR only dealt with loans with final disposition but somehow I don't ever see that as happening. Again, I might recommend that you add this to the specification but treat it as optional for at least two quarters. This may be difficult for your desire to have reliable data on day one but would save you from further delays in implementation. Definition of an Application It seems that state regulators have gone well past the consideration of alternatives and this could be immediately implemented. However, the second definition (The date of an oral request for extension of credit, with deference to the 1003) does create programming issues and therefore will be a manual determination in most systems. This is not good for automation purposes or creating a consistent industry standard. Additionally, this definition creates yet another definition where if you are close but not exact you may be subject to CMP's. SUGGESTION: I have said it from the beginning and I deal with it in HMDA. The industry needs

			things that can be easily programmed and this one section is not easily programmed. My preference would be to use the new TILA-RESPA six data field standard as that is very easy to program and assures accuracy. Since it is a federal regulation, you will get universal adoption, something that independent definitions will not receive. I realize that this may not be as close as you want to get that extra 5% of loans or for riverboats but having varying definitions are really causing strain on the industry. I understand that state examiners want to blaze their own trail but this would be a better position if banks were subject to the regulation also. Software developers cater to depositories today at about a 70%/30% rate and regulations that match federal datasets whether FannieMae, FreddieMac or CFPB will get the first attention. The CFPB TILA/RESPA (TRID) and CFPB HMDA Effects on Programming Resources Given that it is November, AARMR/CSBS/SRR has a substantial industry resource issue in implementing these changes. The industry is currently paralyzed by the CFPB TRID reprogramming efforts and it happened MUCH faster than some originally anticipated. This is worse than last year's QM rule and anything I have seen since the initial rollout of the 4 page 1003 almost 2 decades ago. When we were all contemplating these changes, the TILA/RESPA rule was just being rolled out with August 2015 being far off. However, there has been a flurry of activity of late brought in part from the CFPB wanting to be more active and also from lenders and vendors not wanting to repeat the last minute problems with the rollout of QM earlier this year. This increased attention to early testing and development has resulted in EVERY industry vendor specializing in the mortgage process moving up their deadlines and putting almost 100% of their resources into retooling their systems for this very MAJOR change in the industry. I personally am on three times the meetings I was a year ago. The other problem your organization now faces is that most sales of software are to depositories that have no MCR requirement. Therefore, you are only going to have a handful of LOS vendors that will take time out of TRID to address your changes. It is very possible that even if you decide to implement all of these changes regardless of what vendors think, their reply will be that the tradeoff is mortgage companies pay $25,000 in penalties each quarter rather than not having a business that can collect loan applications in August, 2015. They will just keep programming and get around to your stuff when they can fit it in.

			Also, last year the entire industry gave up Christmas vacations because of the CFPB QM rule implemented January 10. This year, I have talked with a number of people that say they are not sacrificing their family time and are thankful that the TILA/RESPA rules are not until August. SUGGESTION: At this time I would probably implement the changes in the application amount as a new number and optional to start. My guess is you want to implement the change in the definition of an application and there is little we can do to change that. However, I really think using the TRID six field definition would drive greater and more accurate adoption. I believe the absolute best way to add fields at this time on the origination side is to wait to see if the final HMDA rules are issued before March of next year and if they are use ANY field you want from there for a January 1, 2016 major update. You will get universal adoption if you use federal rules, enumerations and fields for your purposes. All LOS systems adapt to CFPB rules. Only certain systems will accommodate state rules. Additionally, MISMO 3.3 is not a reality in the field yet but will probably be universal by the end of 2015. All vendors we meet say that because of customer demand, they are finishing their TRID work first, then will work on MISMO despite it being less efficient for integrations than doing it the other way around.

Illinois
Indiana
Iowa
Kansas
Michigan
Minnesota

GREATER MIDWEST
LENDERS ASSOCIATION

Attachment 1

Missouri
Nebraska
North Dakota
Ohio
South Dakota
Wisconsin

14540 John Humphrey Drive - Unit 1A - Orland Park, Illinois 60462 (630) 916-7720

October 28, 2014

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

RE: Request For Comment
Proposed Mortgage Call Report Changes

Dear Mr. Doyle:

We are herewith providing our comments concerning the proposed mortgage call report changes on behalf of over 5000 state licensed entities and over 55,000 licensed MLO's.

Comment on Definition of Application

This request for comment clearly demonstrates that despite all the laws and regulatory interpretations that there is no bright line on what constitutes a residential mortgage loan application. Commenter's are further disadvantaged when only the summary definition from the MCR Working Group was provided as a basis for public comment.

Consumers have been told that shopping lenders is considered best practices when obtaining a residential mortgage. The CFPB's "Know Before You Owe" program is but one highlight of this consumer education approach. The by-product of this education campaign is consumers search the internet and make telephone calls to lenders shopping for the lowest rates and best terms. Therefore today's lenders field numerous queries for loan information that result in no action taken.

We recommend that the date of the initial 1003 signed by the applicant is the best choice to define what is considered an residential mortgage application. The use of any other definition would create burdensome tracking responsibilities for originators. Furthermore the use of the signed initial 1003 would create a bright line standard on a level playing field for all origination channels which is in the best interest of consumers.

Illinois
Indiana
Iowa
Kansas
Michigan
Minnesota

GREATER MIDWEST LENDERS ASSOCIATION

Missouri
Nebraska
North Dakota
Ohio
South Dakota
Wisconsin

14540 John Humphrey Drive - Unit 1A - Orland Park, Illinois 60462 (630) 916-7720

We also question the inclusion of Trailers, Houseboats and Mobile Homes in the residential property definition. The Department of Housing and the GSE's have long standing rules about what is considered residential property. For example mobile homes that do not have a fixed permanent foundations are unable to obtain traditional FHA or Conventional residential mortgage financing. Therefore we recommend that these be excluded from the definition.

We hope that a clear definition by SRR that is based on the date of the initial 1003 signed by the applicant will be the ultimate decision for industry. Additionally whatever the MCR standards that SRR determines, we hope that all Federal and State regulators will fall in line with the new MCR report requirements.

Comment on Addition of Qualified Mortgage (QM) fields

The proposed new field additions AC410 and AC420 do cause concern for TPO (third party originators) mortgage originators who take loan applications but do not underwrite or make final credit decisions. TPO originators are subject to the Creditors reinterpretation of their initial QM findings. We recommend exclusion of AC410 and AC420 from the MCR Standard Report. Double data collection problems have occurred in the case of HMDA reporting. NMLS should adopt the same solution as HUD to assure the accuracy of the data: Reporting on the mortgage data should be completed only once, by the entity that funds the loan.

Addition of Change in Application Amount Fields

In our view this proposal is of little merit as part of the MCR. The collection of this data provides no tangible benefit to consumers or regulators. There are many reasons for changes in the loan amount including but not limited to property value decrease or increase when the appraisal report is received, the tax & insurance escrow amounts change or the consumer changes their loan request. Tracking loan amount changes over the course of the application process will be cumbersome and will result in unnecessary increased costs to consumers and to industry.

Sincerely,
The Greater Midwest Lenders Association

Robert C. Perry
Executive Director

OHIO MORTGAGE BANKERS ASSOCIATION
79 S. STATE ST., SUITE D1 WESTERVILLE, OH 43081
614.682.6555 fax: 614-573-6620 email: omba@ohiomba.org
www.ohiomba.org

Robert Niemi, Deputy Superintendent
Ohio Department of Commerce
Division of Financial Institutions
Consumer Finance Section
77 S. High Street, 21st Floor
Columbus, OH 43215

RE: Revisions to NMLS Call Report

October 29, 2014

Dear Mr. Niemi

We, the undersigned state mortgage banking trade association, are writing 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 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 any 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 this proposal.

Yours truly,
OHIO MORTGAGE BANKERS ASSOCIATION

Marianne Collins
Executive Director and COO

Attachment 3

WMBA
WISCONSIN MORTGAGE BANKERS ASSOCIATION

October 20, 2014

Secretary Peter Bildsten
Wisconsin Department of Financial Institutions
201 W. Washington Avenue
Madison, WI 53703

Dear Secretary Bildsten:

We, the Wisconsin Mortgage Bankers Association (WMBA), are writing you today per your board assignment to the Conference of State Bank Supervisors (CSBS). As a statewide trade association of 900+ members, with a large portion of whom submit data for the quarterly Mortgage Call Report (MCR), we are writing to express our grave concerns regarding the proposal and implementation timeline for revisions to the MCR. Many of our association's members are already working on a massive effort to enact major system changes to meet the CFPB's August 1st deadline for integration of the RESPA-TILA disclosures. Moreover, the current CFPB proposal to revise and significantly expand the *Home Mortgage Disclosure Act* (HMDA) data reporting requirements is not yet final, and will represent an expensive and fundamental change in how we do business.

As you know, the MCR is an extensive document and requires lenders to report a large amount of loan-level data on loan origination and servicing, as well as company condition information, on a quarterly schedule. In addition to MCR reporting, nearly all lenders are also required to report extensive loan-level data on applications and originations under HMDA.

As currently proposed, the changes to the MCR are not being coordinated with the expansion of the federal data submission requirements under the proposed HMDA rulemaking. Instead, the MCR changes are unnecessarily additive to and divergent from both the current and proposed federal reporting requirements. Moreover, it is unclear why at this time it is necessary to move forward with such a proposal instead of pausing until after the industry-wide federal data discussions have concluded and can be evaluated.

As also noted, many of our members are currently focused on an expensive reprogramming of compliance systems to implement the integrated RESPA-TILA consumer disclosures. This is a massive systems and operational change that is fully occupying the resources of our internal staff and our vendors. Moving forward with the proposed changes to the MCR will force our association's members to divert resources from this critical consumer compliance function. This integration has never before been attempted and in order to ensure that this new consumer safeguard is in place and effective, it is vital that our member companies have all of their organization's limited resources devoted to this process.

Respectfully, we are urging that state regulators pause their efforts to update the MCR until the final RESPA-TILA integration is complete and the HMDA expansion regulation is final. Additionally, any changes to the MCR should be made in a manner that is complementary to those newly expanded HMDA data standards, rather than divergent from them.

Thank you for your time and consideration. We look forward to receiving your response.

WMBA Board of Directors

IMMAAG
Impact Mortgage Management Advocacy & Advisory Group
17333 E. Weaver Drive • Aurora, Colorado • 80016

October 30, 2014

TO: comments@csbs.org

SUBJECT: Proposed Changes in the Mortgage Call Report
Comment Ending Date 10/30/14

In its request for comment the SRR notes that the MCR is required by the SAFE Act and includes an excerpt of the requirement. What is noteworthy and has been so since the original requirement is that the CSBS/AARMR team that developed the original MCR seems to have taken the liberty to expand the statutory authority to require companies, not the SAFE Act required mortgage licensee to submit the report. In fact, the SRR has gone so far as to refuse to allow the state licensed MLO's from directly submitting the required reports.

While industry acquiesced to the work group's company versus individual approach for obvious operational reasons and while there are about 116,000 individual originators that appreciate the fact that the reporting was determined to be a company rather than individual requirement; since the SRR is seeking comments on the MCR changes **IMMAAG** encourages the SRR to reconsider its basic approach to gathering the information rather than to simply increment changes that serve to create yet another definition for application and require small companies with no final decision making to categorize loans into QM versus non-QM when the funding source is the real holder of that definition.

If the SRR truly wants to meet the objectives it cites in the proposal and since the SRR points out that the SAFE Act provides the latitude for the SRR to define the reporting, **IMMAAG** suggests that the SRR emulate the Home Mortgage Disclosure Act and require only the entity making the ultimate credit decision to render the report. Since all of the 16,000 state licensed companies would fall into either the reporting category or into the category of submitting to a company that is required to report the SRR would insure data is reported only once and form fewer end points making administration of the process more efficient and less error prone. Given that loan level information now contains the unique identifier for each originator other data base structures supported by the GSE's and portfolio lenders can be used to supplement statistical analysis.

IMMAAG realizes that the request for comments did not address a more broad sweeping change, but none the less believes it is critical for the SRR to consider more fundamental improvements is data management than just creating more obscurely defined fields to be input by tens of thousands rather than hundreds of submitters.

Sincerely,

William F. Kidwell, Jr. (signature typed)

Veterans United
Home Loans

Veterans United Home Loans
www.vu.com

800-884-5560 (p)
NMLS 1907

October 30, 2014

State Regulatory Registry
Conference of State Bank Supervisors
Attn: Mr. Tim Doyle, Senior Vice President
1129 20th Street NW, 9th Floor
Washington, DC 20036

Dear Mr. Doyle:

Thank you for the opportunity to comment on the proposed changes to the NMLS Call Report. Veterans United Home Loans, which is licensed as Mortgage Research Center, has reviewed the proposed changes and supports the effort to improve the NMLS Call Report and the information it contains. We have reviewed the proposal and present the following comments for consideration.

Clarity

The proposed rule, as published, does not provide enough clarity. This lack of clarity, if not corrected, will result in an already confusing and arduous process becoming even more confusing and difficult with failure to comply likely. Veterans United believes a comprehensive Mortgage Call Report manual, similar to the current HMDA users' manual, is needed for consistent and uniform application of the rules and would benefit lenders and regulators. If such a manual is not made available, the final rule must, at a minimum, include definitions and guidance for the following items:

1. **The definition of application and definitions for "pre-approval" and "pre-qualification".** Based on our review we cannot determine if the proposed rule uses the HMDA definition of these terms. It is essential lenders understand the definitions under the rule. Lenders need clarity on each of these definitions in order to accurately identify applications. Veterans United believe the MCR rule should broaden the definition of application to include all pre-qualification, pre-approvals and applications, or align with HMDA definitions. Adding another unique definition to the term application will only serve to create more confusion, and will result in more reporting inaccuracies.

2. **Guidance for the date to be used for reporting needs revision and/or additional information.** In accordance with RESPA, TILA, ECOA and HMDA the application date is set by the collection of certain pieces of information by the lender or creditor. However, the guidance provided here indicates the date on the initial 1003 with the borrower's signature should be used. In many cases this may be the same date as required under federal requirements, but in some cases the borrower may never actually sign the 1003 if denied within three days of application or in other circumstances where the application is taken over the phone. Veterans United appreciates the practical guidance of considering the application date the date on the 1003 and we support the inclusion of that guidance as one practical example, but in order to be consistent with federal requirement and to reduce confusion with the implementation of the rule the definition of application

date or any guidance regarding the date should first focus on the date all information necessary for an application was collected.

3. **Qualified Mortgages.** Veterans United seeks clarity on how lenders can accurately report the QM status of a loan if that status changes between the transaction date and the Call Report filing date. Due to a 210-day timeframe for points and fees cures, loans may be classified as non-QM at the end of the reporting period, but that status may change before the report filing date. Guidance of how the status of these loans should be determined is needed.

4. **Guidance is needed for data fields AC010 – AC090.** Previously, some, but not all, state regulators expected fields AC010 and AC020 to balance, or "add", with fields AC030-AC080. Under the proposed report, it is possible these states may look for this balance between fields AC066 and AC090. However, such a balance will be impossible since applications may be accounted for twice, once in AC010 or AC020 when the application comes in, and again in fields AC030-AC064 when the application goes out. In order to achieve a uniform understanding and application of the rule, it must specifically state what balance, if any, is expected. Guidance is needed on the purpose of the new fields AC066 and AC090 and how the data they convey is expected to be analyzed.

5. **Servicing data expectations**
   a. Definitions are needed for data fields LS010 – LS090. These fields, as currently named, do not define themselves and guidance is needed in order for lenders to understand the reporting expectations for each category.
   b. Clarity is needed on lenders reporting loans that closed just prior to the end of the quarter and were designated for sale to a third party, but had not been transferred as of the end of the quarter.
   c. The rule is vague on how lenders report loans that have closed and are currently not securitized but will, prior to the first payment, be transferred to an investor or uploaded to a sub-servicer.
   d. Guidance is needed for data fields S1500 – S1590. Specifically lenders need to know if they are expected to report LTV for loans as of the origination date, the date the lender began servicing the loan or the last day of the reporting period.
   e. Guidance is needed in regards to expectations for data fields S590 – S890. Specifically, lenders need to know if these fields are expected to balance or add with any others or from one reporting period to the next. If there are any expectations of balancing, the lack of data fields for reporting loan payoffs or transfers during the period will make a balance impossible.

Implementation time needed

In addition to the above requests for improved clarity, time to implement the proposed changes is needed. Although the effective date appears to be six months from now, in reality the implementation time is much less than that. In order to capture all of the necessary data for the first report of 2015, lenders will need to have their systems updated by January 1, 2015.

Given the numerous other significant rule changes that lenders must currently implement, this timeline is not practical, especially since the final rule has yet to be issued. Most lenders will be reliant upon their software vendors' implementation progress, and will not be able to undertake pieces of their own internal implementation plan until after their vendors have updated and released new software.

An implementation timeline of less than two months allows lenders little to no testing period for perfecting their systems and processes before they are expected to execute the new report perfectly. In reality, an inadequate implementation period will result in the widespread transmission of NMLS Call Reports with inaccurate data to states that are rushing their own implementation plans and may or may not be prepared to use the extra information in a useful manner.

As you know, more than 50 independent regulators expect accuracy and precision in the submission of the NMLS Call Report, and all have enforcement action authority if their expectations are not met. Given the high stakes that accompany the proposed changes, lenders must be given the guidance and time needed to thoughtfully and comprehensively implement the new rule.

Veterans United Home Loans greatly appreciate your efforts on behalf of consumers, lenders and the industry as a whole nationwide. Please let me know if you have any questions.

Sincerely,

Jon Galloway
VP, Government Affairs
Veterans United Home Loans
jon.galloway@vu.com
573-445-7999

COMMUNITY MORTGAGE LENDERS AMERICA

PRESERVING FAIR STANDARDS FOR COMMUNITY LENDERS

October 30, 2014

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

Re: Proposed Changes to the Mortgage Call Report

Dear Mr. Doyle:

The Community Mortgage Lenders of America[1] is pleased to offer these comments regarding the proposed changes to the Mortgage Call Report.

Overview

The state regulators participating in the Nationwide Mortgage Licensing System & Registry (NMLS) have proposed changes to the Mortgage Call Report (MCR), a quarterly report of condition that a company mortgage licensee submits through NMLS. The CMLA has specific comments to offer on some of the proposed changes. However at the outset we would like to raise the issue of the timing of the implementation of these changes from two aspects. First, the timing of the

[1] The Community Mortgage Lenders of America (CMLA) represents mid-sized and small community-based residential mortgage lenders, both banks and non-banks. Our members make the loans that permit American consumers to buy homes and realize their homeownership aspirations. The expansion of homeownership made possible by CMLA members leads to a strengthening of communities throughout the country

implementation proposed, for Q1 2015, could not be worse from the perspective of the mid-sized and small community-based lenders that make up the membership of the CMLA. Our member firms are engaged in significant data projects currently to meet the demands of the combined RESPA-TILA disclosures that become effective in August 2015. Our members tell us that they fully expect that they will be working with their vendors, making changes to their systems and intensively testing those system changes in the late winter and early spring of 2015, precisely when the State Regulatory Registry (SRR) proposes to make these changes to the MCR effective. This makes the proposed timing of the effective date for these proposed changes highly problematic.

Second, several of these proposed changes overlap with proposed changes to the Home Mortgage Disclosure Act regulations proposed by the Consumer Financial Protection Bureau (CFPB). The comment period on these changes has closed, but the CFPB has not indicated when the final regulations will be published, let alone effective. We strongly urge the SRR to coordinate with the CFPB and align their proposals with the final HMDA regulations so that community-based lenders do not have to grapple with different standards and different definitions of terms. We would remind SRR that the costs experienced by lenders, including the costs of dealing with differing standards and definitions, are ultimately borne by consumers. This is clearly an instance where more effective coordination among regulators would create less of a burden for industry and less cost ultimately for consumers without sacrificing any regulatory objectives, save a modest delay in the effective date.

Finally we would point out that in 2011 SRR received, and accepted, advice that the MCR should track as closely as possible with the forms and information required in the joint form submitted to the federal secondary market agencies, Ginnie Mae, Fannie Mae and Freddie Mac. The more the MCR requires different information from the combined federal form, the more costly and burdensome the form becomes, particularly for mid-sized and small, community-based lenders. This should be a cardinal principal that all proposals for additional, or different, information in the MCR should be measured against.

Comments

Definition of "application"

We appreciate the comments made in Section I, Definition of "application" regarding the various definitions of "application" that exist in state and federal law and the challenges that those definitions may pose for lenders who have to collect and submit this information. However we are puzzled that the conclusion seemingly drawn by SRR to these varying definitions is to add to the variety rather than begin to reduce it.

The proposed definition of "application" we believe has several shortcomings. The proposed definition does not conform to other definitions of "application", such as the definition employed by HMDA and it is also vague and fails to take into account the most important element of an application, namely the information necessary for a lender to make a decision on the application.

The definition of “application” used in HMDA for example addresses this issue directly: (1) *In general.* Application means an oral or written request for a covered loan that is made in accordance with procedures used by a financial institution for the type of credit requested.

By contrast the definition of “application” proposed by SRR completely ignores any requirements of the lender, such as name, address, employment, credit history, etc. and proposes to define an application as “…an oral or written request for an extension of credit encumbering a 1-4 family residential property. Exclude any commercial/business/investment purpose encumbrances from reporting. Include inquiries or Pre-qualification requests that result in denial of credit.”

Under this proposed definition if an individual approaches a loan officer employee of a lender and states that he would like a loan to purchase a home, or would like to refinance his current mortgage then a literal reading of the proposed definition would lead to a conclusion that an application has been made to the lender by that individual.

In turn, a lender would be subject to the reporting requirements of the MCR in the example described above. We are confident that no lender that is a CMLA member, or indeed any lender, would, under current law and reporting requirements, believe that the individual in the example given had made a loan application in the course of this conversation. However that would change if SRR adopts the proposed definition of “application”. Clearly imposing a requirement to report such a casual, and ordinary, verbal exchange would be extremely burdensome on lenders. We trust that this is not the intent of the proposed definition of “application”. Nonetheless we would point out to SRR that state-licensed lenders encounter a situation regularly where different state regulators interpret the same standards in a different manner. This variance in interpretations is exacerbated when the standard being interpreted is broad, vague or ambiguous. We believe it is extremely important for SRR to make something as basic as the definition of “application” as clear and unambiguous as possible.

We strongly urge SRR to adopt the HMDA definition of “application” to lessen the regulatory burden on lenders, particularly the community-based lenders who are members of CMLA. We would remind the SRR that community-based lenders have fewer resources to deal with the regulatory burdens that have been placed on all lenders since the mortgage crisis. Anything that can be done by regulators to lessen that burden will assist in the effort to maintain a diversity of lenders in this country, and prevent the US market from being concentrated among a handful of large, bank-owned lenders.

In addition we urge SRR to clarify what is meant by “denial of credit” in reference to inquiries or Pre-Qualifications. We recommend that language be added to make clear that what should be reported is denials of credit on Pre-Qualifications or inquiries that trigger the requirement of notification under the Equal Credit Opportunity Act (ECOA), a standard that is known and understood by all mortgage lenders.

Change in loan amount

We are puzzled as to the rationale for the proposed change to require state-licensed lenders to report loans where the loan amount requested changed between the time of the initial application and the closing of the loan. We are not aware that this is a number that lenders track today, hence any such requirement would cause extensive system changes for lenders, a burden that will fall more heavily on community-based lenders with fewer resources at their command. In the absence of a compelling regulatory need for such data we recommend that SRR drop this proposed change from the final requirements.

Thank you for the opportunity to comment. Should you have question or desire additional information please contact CMLA's Executive Director, Glen Corso at 202-827-9989 or gcorso@thecmla.com

Sincerely,

Paulina McGrath
CMLA Chair

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 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

PRIMARY RESIDENTIAL
MORTGAGE, INC.
"Where the Primary focus is you."

October 29, 2014

State Regulatory Registry
Conference of State Bank Supervisors
Attn.: Tim Doyle, Senior Vice President
1129 20th Street NW 9th Floor
Washington, DC 20036

RE: Comments On Proposed Mortgage Call Report Changes

Dear Mr. Doyle:

Thank you for the opportunity to comment on the proposed changes to the Mortgage Call Report (MCR).

Before we discuss the specific proposed changes, we believe that we need to comment on the proposed changes generally. In today's complex regulatory environment, lenders need consistency among Federal and state regulations as much as possible. Differing definitions of common terms, such as application, create regulatory and reporting hardships as we struggle to program and capture information in our loan origination systems using multiple definitions.

We are also concerned that changing the MCR reporting requirements now, ahead of the upcoming changes to the Home Mortgage Disclosure Act (HMDA), may cause lenders and technology vendors to have to do programming on their systems only to later on have to change it again.

1. **Definition of "Application"**

The definition of a loan application should be consistent with that under Federal law. We believe that all states should adopt the Federal definition to obtain consistency throughout the mortgage industry.

The date of the loan application should be tied to when the lender receives all six (6) pieces of information and not to a date when an applicant signs the Uniform Residential Loan Application (URLA). In many cases, a mortgage loan originator takes an application over the telephone, pulls credit, provides the applicant with required disclosures and receives the intent to proceed before ever receiving the applicant's signature on the URLA. Please note that consumers are not obligated to return signed disclosures to a lender within a certain time period and it may be one week, two weeks or even longer before the consumer returns the signed disclosures.

The proposal to include "the date of an oral request for extension of credit, with deference to the initial 1003" is confusing and needs significant clarification.

The inclusion of "houseboat" under the definition of residential property is something we believe needs additional discussion. It should be noted that the draft HMDA regulations propose to exclude a houseboat from the definition of a dwelling. This is an area that we believe should have absolute consistency with the Federal HMDA regulation.

2. **Addition of QM Field**

   We have no objection to the addition of QM field indicators; however we believe the categories need better definition. For example, would a loan that is QM because it is GSE eligible with a DTI of 43% or less be reported in the "General Definition category of QMs and also in the "GSE –eligible" category of QM? Would the Small Creditor category be applicable to both Small Creditor QM and Small Creditor Balloon QM?

3. **Addition of Nationwide Servicing and New State Specific Servicing Fields**

   We are not opposed to the addition of servicing information to the MCR; however we hope that by adding this additional information, we can eliminate the additional servicing reporting we are doing in some states outside the MCR.

4. **Addition of Change in Application Amount Fields**

   We believe that this change will be beneficial to lenders and will help to ensure a more accurate MCR.

Finally, please be advised that we have significant concerns about the stated timing requirements for the proposed changes. Beginning in Q1 with the first reporting deadline of May 15, 2015 is too soon. To do that, we must make programming changes and complete testing between when the final changes are published in November and December 31st. Lenders and vendors are hard at work implementing new TILA/RESPA disclosures and our IT resources are already overburdened. Also, since the proposed HMDA rules are not yet finalized, we recommend waiting until after the implementation of the TILA/RESPA disclosures are complete and the final HMDA rule has been released before implementing any changes.

Again, we appreciate the opportunity to comment on the proposed Rule changes. If you have any questions concerning our comments, please feel free to contact us at (801) 596-8707.

Sincerely,

H. Burton Embry
Sr. Vice President – Enterprise Risk Management

Laura Zitting
Compliance Manager

Quicken Loans®
Engineered to Amaze℠

October 30, 2014

Tim Doyle
Senior Vice President
State Regulatory Registry
Conference of State Bank Supervisors
1129 20th St NW, 9th Floor
Washington, DC 20036

Re: Notice of Proposed Nationwide Mortgage Licensing System & Registry Mortgage Call Report Changes

Mr. Doyle:

Quicken Loans Inc. ("Quicken Loans") is pleased to submit its comments on the State Regulatory Registry's ("SRR") Notice of Proposed Nationwide Mortgage Licensing System & Registry (NMLS) Mortgage Call Report ("MCR") Changes. As background, Detroit-based Quicken Loans is the nation's second largest retail mortgage lender. The company closed a record $80 billion of volume across all 50 states in 2013. The company closed a record $80 billion of volume across all 50 states in 2013. Quicken Loans is headquartered in Detroit, and has a significant presence in Cleveland, Ohio and Scottsdale, Arizona. The company also operates a centralized loan processing facility in Detroit, in addition to its San Diego-based One Reverse Mortgage unit. Quicken Loans ranked "Highest in Customer Satisfaction in Primary Mortgage Origination" in the United States by J.D. Power for the past four consecutive years (2013, 2012, 2011 and 2010), and highest in customer satisfaction among all mortgage servicers in 2014.

Quicken Loans was named among the top-30 on FORTUNE magazine's annual "100 Best Companies to Work For" list for the last 11 consecutive years, ranking #5 in 2014. It has been recognized as one of Computerworld magazine's '100 Best Places to Work in IT' the past ten years, ranking No. 1 in 2014, 2013, 2007, 2006 and 2005. The company moved its headquarters to downtown Detroit in 2010, and now more than 8,500 of its 10,000-plus team members work in the city's urban core.

General Comments

First and foremost, we understand and appreciate the SRR's desire to improve the MCR. As a Fannie Mae and Freddie Mac Seller/Servicer and Ginnie Mae Issuer, we file the "Expanded" version of the MCR. The MCR is a significant reporting obligation. Since its inception, we have spent an enormous amount of time and technology resources to ensure we are submitting an accurate MCR. We are fortunate to have highly skilled data analytical and technology team members to support us. Without these team members, the filing of the MCR would be impossible for a lender our size. Even with these skilled individuals and our tremendous effort, the task has proven difficult given the lack of clarity and inconsistent definitions with respect to the data fields. While improvements have been made, we still experience difficulties today in reporting the data in a manner acceptable to 50 state regulators.

For many reasons, the state regulators have been reluctant to accept the MCR. Because of this, many state regulators still require additional reporting outside of NMLS. As a result, the MCR is an addition rather than a substitution or replacement reporting obligation. Accordingly, we continue to urge the SRR to take the necessary steps to eliminate the duplicative or overlapping reporting obligations placed on the mortgage industry.

Because of our desire to reduce the regulatory burden, we support several of the proposed changes. This support is given with the understanding that it will lead to a further reduction in the number of reports filed outside the NMLS. If it does not, it will be a missed opportunity for improvement.

Definition of Application

We appreciate the SRR's recognition that various definitions of "application" exist in state and federal law today and that these various definitions pose significant compliance related challenges. As a non-depository lender doing business in all 50 states, this is something that we struggle with on a regular basis. At Quicken Loans, we take compliance very seriously and are dedicated to taking the appropriate actions to be in compliance will all federal and state laws. In doing so, we are faced with the repeated challenge of figuring out how we can successfully implement multiple and sometimes conflicting definitions into our business operations. It truly is a challenge. It will be even more challenging if the SRR adds yet another definition to the mix.

Today, we are actively working on the implementation of the TILA-RESPA Integrated Forms Rule issued by the Consumer Financial Protection Bureau ("CFPB"). Under this new CFPB rule, the definition of application will change again. In order to encourage consumers to shop for home loans, the CFPB wants the Loan Estimate to be delivered earlier in the process. In fact, in order to allow the client to shop, the assumption is the Loan Estimate will be delivered prior to a lender collecting enough information to make a credit decision. A Loan Estimate must be delivered once we have the consumer's name, social security number, income, property address, loan amount sought and estimated property value. This is not enough information to complete a written loan application which is referred to as the 1003. As such, it appears the Loan Estimate may become bifurcated from today's initial application disclosure package. Today, a formal application is not taken unless and until we have more information that allows us to complete the 1003 in its entirety. Once we have that information, the initial application disclosure package is sent within 3 days of the date the application is taken. We do not track or utilize the date the consumer signs the initial 1003.

To add to the complexity, under the Home Mortgage Disclosure Act ("HMDA") and Regulation C, we have a different definition of application. More importantly, the CFPB has issued a proposed rule to amend HMDA to not only to add data fields but to greatly expand the scope of coverage. Given the amount of data that must be reported, it is quite common for lenders to utilize a different definition of completed application to determine when an application is HMDA reportable. This is out of necessity to ensure that we have captured all of the data that must be reported. Because of this, a completed application under HMDA will never match the new definition of application in the TILA-RESPA rule that will take effect in August 2015.

The SRR's proposal introduces a new definition that would require the lender to report the application date that is:

1. The date on the initial 1003 with the borrower's signature
2. The date of an oral request for extension of credit, with deference to the initial 1003

3. Inquiries and Pre-qualification requests, if declined, should use the denial date

All of these dates are new dates or events that do not correlate to the current application process or the process we are currently designing to support the TILA-RESPA changes. As mentioned above, the date the consumer signs the 1003 is not relevant. The date that we took the application triggers the sending of the initial 1003 and the 3 day clock. Under this proposal, for any loan application package that is mailed or faxed to a consumer, signed and returned to us by mail or fax, an employee would have to physically review the signed 1003 and enter the date into our loan origination system. This would be overly burdensome.

Next, we would report the date of an oral request. Again, this is not a practical definition for the mortgage industry. What is an oral request? This is an ambiguous and vague term that has not been adequately defined.

Finally, we would report an inquiry or pre-qualification request. By the very definition of an inquiry and pre-qualification, these events or occurrences are not applications. An inquiry is just that, an inquiry for information. The consumer has not applied for an extension of credit. Inquiries are typically short conversations with the consumer seeking basic information. We may not even collect loan related information or for that matter, consumer information. We get many calls where consumers are merely seeking information on interest rates. The conversation goes no farther. Furthermore, the mere pulling of a credit report does not transform an inquiry into an application for credit. The consumer's intent to apply for credit must factor into whether or not something is an application. A consumer who only seeks information has no intent to apply for credit.

Similarly, pre-qualifications are not applications. It is a request by a prospective loan applicant for an initial determination of whether the consumer would likely qualify for credit or for how much they would qualify for. A pre-qualification request does not trigger any application disclosure requirements under federal or state law. Because of this, it is quite common to issue a pre-qualification letter outside of the lender's loan origination system. Given its simplicity, it is often provided to the general public on the lender's website similar to other mortgage calculators. It is a tool to help consumers determine how much house they can afford. Since pre-qualifications do not rise to a formal, pre-approval program as defined by HMDA, they are also not HMDA reportable. Pre-qualifications are not applications and cannot be reported as such on the MCR.

To assist the SRR in its efforts to define application, we propose a definition that is used by the lender to determine when an application has been taken such that application disclosure requirements under federal and state law would be triggered. Generally speaking, this is the date the 1003 is prepared and delivered to the consumer for review and acceptance. This date is controlled by the lender. More importantly, it is tracked since it is an event that requires the lender to take further action. In the alternative, we suggest the SRR adopt the HMDA definition of application. This would bring consistency between the HMDA report and the MCR.

While we appreciate your willingness to engage the mortgage industry in this discussion, we urge the SRR to refrain from taking any action with respect to this issue until the TILA-RESPA rule is fully implemented. This rule will fundamentally change how we do business. Taking any action prior to August 2015 will only lead to more confusion and complexity.

Identifying QM Loans

We support the change as proposed. Distinguishing between a qualified mortgage ("QM") and a non-QM loan is not difficult and the reporting burden is minimal. However, we urge the SRR to resist any attempts to further categorize qualified mortgages.

Additional Servicing Data

We support the change as proposed. Our support is given with the understanding from the SRR that this additional information is needed to allow several state regulatory agencies to discontinue their annual reports filed outside of NMLS. The additional reporting burden is minimal.

Loan Amount Changes from Quarter to Quarter

We support the change as proposed. The additional reporting burden is minimal.

Effective Date

As long as the final reporting requirements are published by December 1, 2014, we support the May 15, 2015 deadline for the proposed changes relating to the QM and Servicing data and Loan Amount Changes.

While we do not support the proposed definition of application, any change with respect to the application date cannot be implemented with sufficient time to submit the Q1 MCR by May 15, 2015. Any change would be significant. More importantly, all technology resources will be dedicated to the implementation of the TILA-RESPA changes. Layering additional changes on top of this regulatory change would be an impossible deadline to meet.

Conclusion

We thank SRR for this opportunity to comment on the mortgage call report and look forward to continuing to work with the Conference of State Bank Supervisors on the NMLS. Should you have any further questions, please contact Shawn Krause at (313) 373-7773 or at ShawnKrause@quickenloans.com.

William Emerson
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Quicken Loans, Inc.

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October 30, 3014

Via Electronic Mail

State Regulatory Registry
Conference of State Bank Supervisors
Attn: Tim Doyle, Senior Vice President
1129 20th Street NW, 9th Floor
Washington, DC 20036

Re: Request for Comments – Proposed Mortgage Call Report Changes

Dear Mr. Doyle:

Thank you for the opportunity to provide comments in connection with the Conference of Bank Supervisors' ("CSBS") publication of Proposed Changes to the Mortgage Call Report ("MCR") (hereinafter referred to as "Proposed Changes"), announced on October 1, 2014.

BuckleySandler LLP is a law firm with a national financial services practice that represents dozens of bank and non-bank mortgage lenders and servicers, as well as service providers to these institutions. Although our comments are informed by our representation of these industry participants, the opinions expressed in this letter are solely those of BuckleySandler and are not made on behalf of our clients.

For the reasons set forth below, we respectfully urge CSBS to delay the finalization of the Proposed Changes until the Consumer Financial Protection Bureau ("CFPB") finalizes the proposed amendments to reporting requirements under the Home Mortgage Disclosure Act ("HMDA"), with sufficient time provided to allow companies to make necessary programming change to allow for implementation on a reasonable schedule.

- **Finalization of the Proposed Changes prior to issuance of the final HMDA rule is premature as any MCR changes made effective in early 2015 will most likely further additional revision once the HMDA rule is finalized.** As the release announcing the Proposed Changes even acknowledges, state regulators are likely to make additional changes to the MCR after the proposed expanded HMDA reporting requirements are finalized.[1] Specifically, the CFPB has just closed the comment period for proposed HMDA rules that will greatly impact data collection and reporting requirements for mortgage companies. The CFPB has stated its intention to work quickly to issue a final rule. While we understand the desire to effectuate changes to the MCR on a timely basis, we are concerned that moving ahead with the Proposed Changes at this time will only result in significant effort and expense with limited benefit if the CSBS subsequently amends the MCR to make it consistent with the revised HMDA rule. Given

[1] The comment period for the proposed rules under HMDA closed on October 29, 2014. *See* Home Mortgage Disclosure (Regulation C), 79 Fed. Reg. 51731 (proposed Aug. 29, 2014) (to be codified at 12 C.F.R. pt. 1003).

that additional changes are expected and particularly in light of the logistical challenges each change creates, as detailed below, we respectfully urge CSBS to delay any final changes to the MCR until the release of the final HMDA rule so that there can be consistency in the data collection required for HMDA and the MCR.

- **Implementation of the Proposed Changes in the first quarter of 2015 will present unreasonable logistical challenges to non-depository mortgage licensees at a time when mortgage companies are overextended with efforts to implement the significant TILA-RESPA changes.** As proposed, the changes would take effect and new information would be required for the MCR due May 15, 2015. Based on our understanding of the efforts currently underway by mortgage companies to implement the new TILA-RESPA disclosure requirements, which is occupying all available compliance, information technology, quality control and operational resources in most companies, there is simply insufficient personnel and technological bandwidth within mortgage companies to make the changes to the MCR data collection and reporting process that would need to be in place by January 1, 2015 to ensure compliance.

- **Even if mortgage company resources were not already fully deployed to address TILA-RESPA rule implementation, an effective implementation period of less than 60 days is simply inadequate for either mortgage companies or their software and technology vendors.** Specifically, mortgage companies and their vendors will need to implement these changes well before January 1 so as to have the infrastructure and programming in place to begin collecting, tracking and processing all the newly required data points. It will be very difficult, if not impossible, for mortgage companies or their vendors to implement such changes after a final announcement in November in time for a January 1 effective date. Technology and compliance vendors require significant lead time to make changes to loan origination systems and other data management systems. The proposed inclusion of servicing data in the MCR will add a further layer of complexity and increase the programming challenge to ensure that data from disparate loan origination and servicing systems can be collected, synthesized, validated and reported accurately and completely.

In summary, the timing is not right for CSBS to finalize the Proposed Changes to the MCR and, in any event, a more reasonable implementation period is needed to provide mortgage companies and their vendors an appropriate amount of time to make the necessary programming changes required by the Proposed Changes, with due regard for the massive effort underway to prepare for the TILA-RESPA rule implementation. Once the HMDA rule is finalized, we urge CSBS to issue a revised proposal that harmonizes the MCR with the HMDA rule, with an appropriate implementation schedule that takes into account other compliance and programming requirements and deadlines.

Thank you for your consideration of these comments. Should have you have any questions or comments, please do not hesitate to contact me at (202) 349-8040 or jkromer@buckleysandler.com.

Sincerely,

/s/ *John P. Kromer*

John P. Kromer

Mortgage Bankers Association of Hawaii
P.O. Box 4129, Honolulu, Hawaii 96812

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
Via email to: comments@csbs.org

RE: Proposed revisions to Mortgage Call Report (MCR)

Dear Mr. Doyle:

I am Victor Brock, representing the Mortgage Bankers Association of Hawaii ("MBAH"). The MBAH is a voluntary organization of individuals involved in the real estate lending industry in Hawaii. Our membership consists of employees of banks, savings institutions, mortgage bankers, mortgage brokers, financial institutions, and companies whose business depends upon the ongoing health of the financial services industry of Hawaii. The members of the MBAH originate or support the origination of the vast majority of residential and commercial real estate mortgage loans in Hawaii. When, and if, the MBAH testifies on proposed rule changes, it is related only to mortgage lending.

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 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 any 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.

VICTOR BROCK
Mortgage Bankers Association of Hawaii