National Association
of Federal Credit Unions
3138 10th Street North
Arlington, VA 22201-2149
NAFCU | Your Direct Connection to Education, Advocacy & Advancement

November 10, 2014

Ms. Monica Jackson
Office of the Executive Secretary
Bureau of Consumer Financial Protection
1700 G Street NW
Washington, D.C. 20552

RE: Amendments to the 2013 Integrated Mortgage Disclosures Rule Under the Real Estate Settlement Procedures Act (Regulation X) and Truth In Lending Act (Regulation Z) and the 2013 Loan Originator Rule Under the Truth in Lending Act (Regulation Z); Docket No. CFPB-2014-0028;

Dear Ms. Jackson:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions, I write to you regarding the Consumer Financial Protection Bureau's (CFPB) proposed rule with request for comment on two modifications to the Integrated Mortgage Disclosures under the Real Estate Settlement Procedures Act and the Truth In Lending Act (TILA/RESPA Final Rule). In general, the proposal would amend Section 1026.19(e) by relaxing its timing requirements such that creditors must provide revised disclosures of interest rate dependent charges and loan terms by the next business day after the day the rates lock, instead of the on the same day. In addition, the proposal would amend Section 1026.37(m) to allow inclusion of new construction loan-related language on the Loan Estimate form. Furthermore, the proposal would make certain corrections, updates, and wording changes for enhanced clarity.

First and foremost, NAFCU supports the CFPB's ongoing efforts to work with industry stakeholders to find opportunities to adjust previously issued mortgage rules and both reduce their burden on providers and enhance their protections for consumers. Open dialogue with industry stakeholders and the regulatory amendments that result from such dialogue are vital to ensure that rulemaking does not cause a reduction in available credit for consumers.

The CFPB has acknowledged that creditors often do not control when an interest rate locks and that there are serious and ongoing operational challenges involved with same-day re-disclosure of the Loan Estimate. In addition, the CFPB recognized in the preamble to the proposed rule that a same-day requirement would likely result in limitations on consumers' ability to lock their interest rates to times early in the business day. Credit unions strive to provide customized, exemplary service to their members, many of whom work throughout the typical business day. That often means credit unions stay open and their staff work late hours to accommodate their members' needs and schedules. NAFCU appreciates the CFPB's flexibility and understanding that the current requirement, while attempting to only punish and deter a select few rent-seeking bad actors, inadvertently prevents credit unions from being able to provide extended-hours services to their members who need them. Providing a one-business day extension serves both to limit the bad lending behavior the CFPB seeks to curb and to allow creditors to deliver flexible and valuable services. That said, even a next business day requirement would likely cause a reduction in the timeframe in which consumers may lock their rates. A three business day window to issue a revised Loan Estimate, the standard time allowed for other changes, would likely maximize creditors' ability to serve consumer needs.

Apart from the substance of this proposed change, the CFPB has noted that it proposed these changes to the rate lock provisions because of significant feedback on the provision that it received from industry stakeholders. NAFCU appreciates that the CFPB is both listening to stakeholder feedback and proposing amendments where appropriate and necessary in light of potential consumer and industry concerns. NAFCU hopes that this trend will push on as it continues to discuss important issues with TILA/RESPA implementation with the CFPB and NAFCU's members.

NAFCU appreciates the CFPB addressing the inability of creditors under the Final Rule to modify the Loan Estimate with language related to new construction loans and to provide for placement of the NMLSR ID on the integrated disclosures. NAFCU supports changes aimed at clarifying and improving the TILA/RESPA Final Rule and associated disclosures and will continue to work with the Bureau to identify areas that require additional flexibility and guidance prior to the implementation deadline in August 2015. NAFCU also requests that the CFPB provide a model form containing a model statement that illustrates the change to the Loan Estimate with respect to new construction loans.

With respect to TILA/RESPA implementation in general, NAFCU would like to reiterate its ongoing recommendation that the CFPB provide written guidance on issues in addition to any oral guidance it provides through its hotline or webinar series. The CFPB webinar series is useful to our members in answering questions they may have, but given the undeniable complexity of the rule, answers that were transcribed by the Bureau and collected in a single resource would be even more helpful. NAFCU believes reliable written guidance is essential for industry stakeholders to operate on a level playing field in implementing the regulation and protecting consumers, and will avoid unnecessary confusion and discrepancies in implementation down the road.

As a final note, the proposal provided for a 30-day comment period from issuance on the CFPB's website, rather than publication in the Federal Register. While NAFCU welcomes the speed at which the CFPB is working to address potential unintended consequences of its rulemaking, NAFCU believes that consistency is important to avoid stakeholder confusion in submitting feedback and the CFPB should allow for comments on proposed rulemakings for 30 days from publication in the Federal Register.

NAFCU appreciates the opportunity to provide our comments. Should you have any questions or concerns, please feel free to contact me at ameyster@nafcu.org or (703) 842-2272.

Sincerely,

Angela Meyster
Senior Regulatory Affairs Counsel