



3138 10th Street North  
Arlington, VA 22201-2149  
703.522.4770 | 800.336.4644  
f: 703.524.1082  
nafcu@nafcu.org | nafcu.org

**National Association of Federally-Insured Credit Unions**

November 17, 2017

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

**RE:** Mortgage Servicing Rules Under the Truth in Lending Act (Regulation Z)

Docket No. CFPB-2017-0030  
RIN: 3170-AA75

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally-insured credit unions, I would like to share with you NAFCU's thoughts on the Consumer Financial Protection Bureau's (CFPB) proposed amendments to the Regulation Z mortgage servicing rules issued in 2016 (2016 Mortgage Servicing Rule).

As not-for-profit, member-owned financial institutions, credit unions serve a vital role as affordable and responsible lenders in their communities. NAFCU supports the CFPB's efforts to better accommodate this vital role by creating small institution exemptions across its various mortgage rules and by exploring additional amendments to reduce certain compliance burdens. While these efforts have provided some relief for credit unions, NAFCU firmly believes that all credit unions are "small" by nature of their structure and organization as not-for-profit, member-owned institutions.

**General Comments**

NAFCU appreciates the CFPB's effort to amend certain Regulation Z provisions contained in the 2016 Mortgage Servicing Rule before they take effect in April 2018. The proposed amendments are a step forward in terms of addressing the challenging timing provisions related to the use of modified or unmodified periodic statements or coupon books in connection with a consumer's bankruptcy case.

NAFCU agrees that the availability of a single-statement exemption at any point in the billing cycle would vastly reduce the complexity associated with tracking and monitoring discrete triggering events in consumer bankruptcy actions. By contrast, the 2016 Mortgage Servicing

Rule's 14-day window to apply the single-billing-cycle exemption will impose extraordinary burdens on most credit union servicers, necessitating elaborate and costly updates to systems in order to reflect individual changes in bankruptcy status. Accordingly, NAFCU supports the proposed amendments because they would simplify and streamline compliance operations for most non-exempt credit union mortgage servicers.

NAFCU would also like to recommend that the small servicer exemption be expanded to grant additional relief to credit unions. Under the 2016 Mortgage Servicing Rule, credit unions who, together with any affiliates, service 5,000 or fewer mortgage loans, may take advantage of the exemption. NAFCU understands that the Bureau considered state-level loan balance data when it revisited the exemption; however, many credit unions that are sensitive to the high costs of complying with complex mortgage servicing rules remain ineligible for the exemption. These credit unions would experience severe strain once successor in interest and bankruptcy periodic statement provisions go into effect. In addition, the ability-to-repay, qualified mortgage, and other mortgage servicing rules have required credit unions of various sizes and complexities to make major investments, and incur significant expenses. Taken all together, these regulations have required credit unions to rework nearly every aspect of their mortgage origination and servicing operations. Accordingly, NAFCU asks that the CFPB consider substantially raising the small servicer exemption threshold to offset the compounding burden of the Bureau's regulations.

NAFCU appreciates the chance to submit comments regarding the CFPB's proposed amendments to the mortgage servicing rules issued under Regulation Z. Should you have any questions or concerns, please do not hesitate to contact me at [amorris@nafcu.org](mailto:amorris@nafcu.org) or (703) 842-2266.

Sincerely

A handwritten signature in black ink that reads "Andrew Morris". The signature is written in a cursive, flowing style.

Andrew Morris  
Regulatory Affairs Counsel