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February 6, 2014

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

RE: Request for Information Regarding the Mortgage Closing Process, [Docket CFPB-2013-0036]

Dear Ms. Jackson,

The Independent Community Bankers of America, (ICBA) ¹ appreciates the opportunity to provide comments to the Consumer Financial Protection Bureau (CFPB, or Bureau), on its request for information regarding mortgage closing practices. Community banks originate roughly 20% of all home mortgage loans in America, and participate in thousands of mortgage closings annually. Some community banks use outside closing agents or title companies, or title attorneys to conduct the closing process. However, many community banks still close some or all of their mortgage loans themselves at the bank. This is especially true of community banks that retain the majority of their loans in portfolio.

There is an old adage in lending that says “a loan well closed, is half collected”. Community bankers know and understand this, as they want the borrower to clearly understand all of the terms of the loan and their responsibility to make their payments on time. The community bank relationship lending model also provides help and support for borrowers as they go through the closing process. Community bank lenders strive to make sure borrower questions regarding their mortgage loan are answered and that all aspects of the mortgage loan transaction are thoroughly explained.

¹ Independent Community Bankers of America® (ICBA), the nation's voice for nearly 7,000 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services.

ICBA members operate approximately 23,600 locations nationwide, employ almost 300,000 Americans and hold more than \$1.2 trillion in assets, \$1 trillion in deposits and \$750 billion in loans to consumers, small businesses and the agricultural community. For more information, visit www.icba.org.

But, even with the highest levels of customer communication, preparation, education, and multiple disclosures and notices, things can still happen that will delay, and derail, a mortgage loan closing. When this happens borrowers become upset (along with property sellers), and all parties involved must work to resolve the issue as quickly as possible and proceed with the closing. Mortgage lending transactions are inherently complex, and unfortunately have become increasingly complicated in recent years due to a variety of additional rules and regulations, overlays from secondary market investors, pre- and post-closing loan reviews, and last minute pre-closing conditions regarding appraisal or property condition matters. These can combine to cause the simplest loan transaction to become stalled at the closing table. Add to this mix, a property seller, realtors for both parties, lenders, and title/closing agents, and it's not hard to see how things can go wrong to delay or create additional stress and frustration for consumers. Examples of things that cause closing delays:

- One of the parties to the transaction doesn't have a valid photo ID
- The secondary market investor who approved the loan needs a copy of a paid invoice for a minor repair noted by the appraiser or property inspector
- Simple error in the loan and closing documents

The key to resolving these problems is having quick access to the parties who can solve the problem, and it's not necessarily the lender.

The Bureau has posed questions regarding the common causes of delays such as, who does the consumer turn to when such things happen, what does the consumer think about the process, etc. While ICBA will not be providing detailed answers to the specific questions in the notice, as the answers are as varied as the number of mortgage closings, it is very clear from feedback received from community banks that most consumers feel that they sign far too many documents at a loan closing, and that many of these documents appear to be re-attestations confirming they signed another document either affirming the signatory is them, or that they told the truth on their loan application or some other redundant form. This unfortunate situation has risen due to lenders and others having to protect themselves from overzealous mortgage loan investors, regulators, borrowers' attorneys and others that look to exploit any minor error in the transaction for financial gain, or be subject to a supervisory action from an examiner. Until this issue is corrected, loan closing packages will only continue to get larger, more complex, with more opportunities for delays.

Some have suggested that technology could help improve the closing process, reduce or eliminate the 100 or so pages of a closing package. ICBA agrees that technology could assist in improving the closing process; however, ICBA also believes that the issues discussed above need to be addressed before the industry just automates a challenging and, in many ways, broken process.

The Bureau has recently finalized the combined mortgage disclosures under RESPA and TILA, and these new forms and regulations will become effective in August 2015. Given the substantial impact this rule will have on the lending, settlement, and real estate industry, ICBA strongly recommends that the Bureau thoroughly test these new forms on live transactions to identify inconsistencies, and gaps, that could lead to closing delays. ICBA urges that if the Bureau is considering additional changes to these rules and the closing process that it make those changes as soon as possible so that the implementation costs of these new rules and forms are not unnecessarily increased due to last minute changes.

ICBA appreciates the opportunity to comment on this issue and looks forward to working with the Bureau on the implementation of the combined RESPA TILA mortgage disclosures rules and forms. If you have any questions regarding this comment letter please contact the undersigned at ron.haynie@icba.org.

Sincerely,

Ron Haynie
Senior Vice President- Mortgage Finance Policy
Independent Community Bankers of America