

American Bankers Association
Consumer Bankers Association
Consumer Mortgage Coalition
Credit Union National Association
Housing Policy Council of The Financial Services Roundtable
Independent Community Bankers of America
Mortgage Bankers Association
National Association of Federal Credit Unions

July 11, 2016

The Honorable Melvin L. Watt
Director
Federal Housing Finance Agency
Constitution Center
400 7th Street, SW
Washington, D.C. 20219

Re: Language Preference and the Uniform Residential Loan Application

Dear Director Watt:

Per the request of Federal Housing Finance Agency (FHFA) staff, the undersigned trade associations are submitting feedback in response to the options for a draft language preference question that is currently being considered and reviewed by the FHFA and the Consumer Financial Protection Bureau (CFPB) for inclusion on the Uniform Residential Loan Application (URLA).

While we have reviewed the draft question(s) and attached our feedback to this letter, we must again stress our strong objections to the inclusion of a question on the URLA and the lack of a transparent process for developing and introducing the question. The URLA comes too late in the process to provide useful information to borrowers. In fact, we believe the inclusion of the question on the URLA form will only serve to confuse consumers and expose industry to potential liability. As we have expressed, there are better ways to consider and ultimately address the needs of limited English proficiency (LEP) borrowers. Accordingly, we strongly urge the FHFA not to include the language preference question on the form at this time.

Between early May--when industry was first alerted that the FHFA had opted to move forward with including a language preference question on the URLA--and Tuesday, July 6, industry was not afforded an opportunity to provide any input on the inclusion or phrasing of the question. This is despite a lengthy collaborative process that resulted in an improved URLA form. It is not clear why this effective and collaborative process was abandoned when a question that would represent a new direction for the form was introduced.

It concerns us greatly that, with approximately one month before this form is slated for release, agency staff are unable to provide answers to questions about legal risks from this change, as well as how data generated by the question will be stored and accessed. We believe the legal and compliance risks

(outlined in greater detail in our June 8, 2016 letter to FHFA) associated with this question are very real. They warrant meaningful consideration and analysis by both the FHFA and the CFPB.

The process that would be necessary to sufficiently understand and develop solutions for the issues affecting borrowers with limited-English-proficiency should be deliberative, but it cannot be short given the complexity of the issues.

If data on language preference is the goal, FHFA should weigh alternative options such as including the question in the Federal Reserve's Survey of Consumer Finance, the FHFA's own National Survey of Mortgage Originations, and/or the American Survey of Mortgage Borrowers that your agency is currently developing. These surveys would appear to be far more appropriate platforms for asking a survey question on preferred language than does a legal/operational form like the URLA.

In the final analysis, we urge that the FHFA and the CFPB and other agencies having relevant responsibilities for borrowers begin working with industry, consumer advocates and all stakeholders in a fair and transparent process to identify the needs of LEP borrowers and to develop workable proposals to address them.

We appreciate your consideration of these views and our comments.

Sincerely,

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