



May 5, 2011

Shagufta Ahmed  
Office of Management and Budget  
New Executive Office Building, Room 10235  
Washington, D.C. 20503

Treasury Department Clearance Officer  
Department of the Treasury  
1750 Pennsylvania Ave., NW Suite 11010  
Washington, D.C. 20220

Re: Submission for OMB Review; Comment Request,  
76 Fed.Reg. 18827 (April 5, 2011)

Gentlepersons:

The Mortgage Bankers Association (MBA)<sup>1</sup> appreciates the opportunity to comment on the subject issuance soliciting comments on an information request for the testing of integrated mortgage loan disclosure forms information under the Paperwork Reduction Act of 1995.<sup>2</sup> MBA long has been committed to simplifying and improving the Real Estate Settlement and Procedures Act (RESPA) and the Truth in Lending (TILA) disclosures and supports the Department of Treasury's decision, on its behalf and on behalf of the Consumer Financial Protection Bureau (Bureau), to make this effort a high priority.

Section 1032(f) of Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) requires the Bureau, no later than one year after the transfer date, to propose for public comment a single integrated mortgage disclosure combining disclosures currently required under TILA and sections 4 and 5 of RESPA.

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<sup>1</sup> 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, 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.mortgagebankers.org](http://www.mortgagebankers.org).

<sup>2</sup> Public Law 104-3 (44 U.S.C.3506(c)(2)(A))..

Over the years the disclosures required under RESPA and TILA have developed separately and diverged from each other. In some cases the disclosures are difficult to understand, redundant, or lack a cohesive message. Consequently, consumers receive an initial disclosure package when they apply for a loan that is confusing and requires additional information from the lender. Borrowers then continue to receive a dizzying array of disjointed disclosures and redisclosures through loan closing.

MBA has long supported greater transparency and a comprehensive approach to RESPA/TILA reform including the consolidation of RESPA and TILA authorities in government and the integration of RESPA and TILA disclosures. Nevertheless, MBA has several concerns about the effort reflected in the subject notice.

The notice indicates that the Bureau will use qualitative testing to collect data by using interviews and the internet including social media to inform its design and the development of the mandated integrated disclosure and its implementation. Notably, the notice states that qualitative testing will focus on the purposes of the disclosures which include improving consumer understanding of risks and costs to better meet homeowner's needs; enabling shopping in terms of comparing loan products and offers; and facilitating compliance and ease of implementation for the industry.

MBA has the following comments:

**The Bureau should draw on industry experience before testing.** While MBA appreciates the efforts of the Bureau to move forward with this project, it believes prior to public testing the Bureau should consult with stakeholders on the documents it has developed and its plans for implementation. The industry has a wealth of expertise and experience in providing consumers with necessary information.

**The forms should not be designed as shopping disclosures.** MBA believes that the integration effort under the law was intended to address the disclosures at the time of application and consummation. Making the disclosure into a shopping document unnecessarily distracts from the effort to improve the disclosures—documents intended to reflect the transaction applied for by the borrower and ultimately delivered by the lender at closing. Moreover, research, as well as lenders' experience, indicate that borrower shopping occurs well before application and is governed by TILA and other advertising requirements. Moreover, during the shopping process, lenders cannot be expected to have sufficient data to provide accurate, final cost information.

**Coupling qualitative testing with quantitative testing is essential.** While MBA understands that qualitative testing may have value in developing the forms, MBA believes that such testing must be coupled with meaningful quantitative testing on an appropriate

sampling of the population. Quantitative testing is the best way to ensure that any form or forms are suitable to be proposed for wider comment. While MBA notes that the Bureau intends to test the forms in social media, it is important that such media be employed to assure appropriate sampling.

**It is appropriate for the Bureau to engage lenders in the testing process.** MBA appreciates that the subject document indicates the Bureau will use lenders and mortgage brokers in the consumer testing process. In carrying out such testing, MBA also believes the Bureau should get feedback from the key disciplines in lenders' organizations including loan officers, compliance officers and operations team members to ensure that all of the "real world" implications of any new forms are well considered.

In sum, MBA supports the efforts of the Bureau to develop integrated RESPA and TILA disclosures. Nevertheless, MBA believes that before testing commences, the Bureau should draw on the experience of the industry to help build the test forms. The forms should serve their statutorily defined purposes of comprising application and consummation disclosures without attempting to also comprise shopping disclosures. Finally, appropriate qualitative testing should be conducted along with meaningful quantitative testing before the forms and rules are proposed for comment.

MBA appreciates the opportunity to comment and looks forward to working with the Bureau on this important effort. Any questions about these comments should be directed to Ken Markison, Associate Vice President and Regulatory Counsel at (202) 557-2930 or [kmarkison@mortgagebankers.org](mailto:kmarkison@mortgagebankers.org) Tamara King at (202) 557-2758 or [tking@mortgagebankers.org](mailto:tking@mortgagebankers.org)

Sincerely,

A handwritten signature in black ink, appearing to read "David H. Stevens". The signature is fluid and cursive, with a large initial "D" and "S".

David H. Stevens  
President and Chief Operating Officer  
Mortgage Bankers Association