

April 28, 2016

To: Industry Trades¹ and their Members

Thank you for your feedback and to the Mortgage Bankers Association (MBA) for leading much of the work gathering industry concerns with their compliance on the new Know Before You Owe mortgage disclosure forms. We want to continue the collaboration and engagement toward solutions and provide guidance where we have the ability to do so. We also are pleased to see some of the most recent data from Ellie Mae indicating that closing times are now shorter than they have been for the past year and that closing rates are rising to their highest levels since the data was first monitored in August 2011.

We recognize that the implementation of the Know Before You Owe rule poses many operational challenges. We also recognize that implementation is particularly challenging because of the diversity of participants, from small to large financial institutions, mortgage brokers, real estate brokers, and title companies, through warehouse lenders, investors, due diligence firms, and rating agencies, whose perspectives may vary as to what compliance under the rule requires.

The Bureau continues to work very hard to understand your concerns so that we can find the most effective solutions. Our cross-Bureau team meets weekly to discuss industry feedback and identify appropriate responses and, as you know, has near-daily interactions with external stakeholders to identify issues and questions. We continue to seek your active engagement in providing us with concrete information about technical problems. Although anecdotal information helps frame a picture of the issues, detailed and precise information is most helpful and will enable us to understand fully the concerns and evaluate how to best provide guidance.

We acknowledge that many of you have requested answers in writing. Our implementation support, available on our Regulatory Implementation webpage, <http://www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance/tila-respa-disclosure-rule/>, is designed to be responsive to industry concerns, including the ones submitted by you. The implementation website includes the archived webinars and indices, the compliance guide, the guide to forms, an illustrative disclosure timeline, fact sheets, and annotated Loan Estimates and Closing Disclosures. We are continuously reassessing how best to provide further guidance.

We do recognize that incorporating some of the Bureau's existing informal guidance, whether provided through webinar, compliance guide, or otherwise, into the regulation text and commentary would be helpful. We also believe that there are places in the regulation text and commentary where adjustments would be useful for greater certainty and clarity. Accordingly, we have begun drafting a Notice of Proposed Rulemaking (NPRM) on the Know Before You Owe rule. We hope to issue the NPRM in late July and look forward to your comments on it

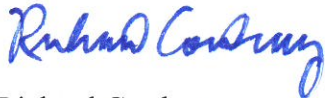
¹ American Bankers Association, Consumer Bankers Association, Credit Union National Association, Financial Services Roundtable-Housing Policy Council, Independent Community Bankers of America, Mortgage Bankers Association, National Association of Federal Credit Unions, and Structured Finance Industry Group.

then. The Office of Financial Institutions, along with our Regulations and Markets teams, will arrange one or two meetings in late May or early June, but before the NPRM is issued, to discuss further with you the Know Before You Owe rule. In the meantime, we look forward to continuing to receive your detailed feedback on the implementation of the Know Before You Owe rule.

We will continue to work with industry, consumers, and other stakeholders to support a smooth transition for the mortgage market. As we do so, we and other regulators are all agreed that our oversight of the implementation of the Know Before You Owe mortgage disclosure rule in the months ahead will continue to be sensitive to the progress made by those entities that have squarely focused on making good-faith efforts to come into compliance with the rule.

Again, thank you for your continued engagement with these important issues.

Sincerely,



Richard Cordray
Director