

July 22, 2013

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

Re: Docket No. CFPB-2013-0018; Comments on Amendments to the 2013 Mortgage Rules under the Equal Credit Opportunity Act (Regulation B), Real Estate Settlement Procedures Act (Regulation X), and the Truth in Lending Act (Regulation Z)

Dear Ms. Jackson:

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit the following comments on the Consumer Financial Protection Bureau's (CFPB) proposal to amend certain provisions of the above referenced regulations. The ICUL member credit unions represent 97% of assets and members of Indiana's credit unions, with those memberships totaling more than two million consumers.

The ICUL appreciates the CFPB's ongoing efforts in clarifying and amending certain portions of the January 2013 mortgage rules to provide additional assistance to credit unions and other financial institutions in complying with the new rules.

We are in agreement with the following proposals:

- the removal of the words "or opinion" from the Official Staff Commentary sections involving the definition of "valuation."
- the proposal to provide an exemption to the 120-day foreclosure ban when a foreclosure is based on a borrower's violation of a due-on-sale clause or when the servicer is joining the foreclosure action of a subordinate lienholder.
- the proposal regarding follow-up information on incomplete loss mitigation applications sufficiently balances the servicer's requirements and need for additional information with protecting the borrower's interests.
- the proposal of a more flexible requirement that a servicer determine and disclose a reasonable date by which the borrower should submit the documents and information necessary to make the loss mitigation application complete.
- the proposal for servicers to treat a loss mitigation application as if it were received at least 90 days before the foreclosure sale where a foreclosure sale has not been scheduled at the time a complete loss mitigation application is received, but one is subsequently scheduled less than 90 days after receiving the application, and is then postponed to a date that is 90 days or more after the receipt date.
- the proposed definition of a short-term forbearance program, which would allow the forbearance of payments due over periods of no more than two months. We also support

a program being deemed short-term regardless of the amount of time a servicer allows the borrower to make up the missing payments.

- the proposal to extend the exception to bans on high-cost mortgages featuring balloon payments to small creditors that do not operate predominantly in rural or underserved counties, as long as the loans meet certain other restrictions.
- the planned extension of the exemption from maintaining escrow accounts on certain higher-priced mortgage loans to small creditors who operate predominantly in rural or underserved areas to those small creditors that qualified in any of the previous three calendar years.
- the additional clarifications proposed regarding the definition of “loan originator” under the mortgage loan originator final rule.
- the change in the proposed effective date from January 10, 2014 to January 1, 2014 for certain portions of the loan originator compensation rule, including the definitions, scope, anti-steering provisions, loan originator qualification requirements, compliance policies and procedures, and record retention requirements.
- the proposals to clarify the treatment of charges associated with a closed-end loan that are paid by a party to the transaction other than the consumer as they relate to being included in points and fees for HOEPA purposes.

There are some additional improvements that we believe should be considered by the CFPB. We encourage the CFPB to allow two additional exceptions to the 120-day foreclosure ban that would address when borrowers decide to voluntarily default or walk away from the home and have advised the servicer that they no longer wish to be considered for loss mitigation efforts or for borrowers who violate a “Preservation, Maintenance & Protection of Property” covenant in a security instrument. We encourage the CFPB to do more to exempt credit unions from the general 120-day foreclosure ban based on the ongoing efforts credit unions make with their members in an effort to make foreclosure a last resort.

Since there are variations in laws across the country, we believe that the CFPB needs to recognize state law as determining if a document is considered the first notice or filing as it relates to the pre-foreclosure review period limitations on actions a servicer can take prior to a mortgage being 120 days delinquent.

We do take exception to the proposal as it addresses the prohibition on financing credit insurance premiums or fees. We do not support the CFPB’s proposal to strike the words “Single Premium” from the heading of section 1026.36(i). We believe that the language in the Dodd-Frank Act is intended to have this provision relate solely to single-premium credit insurance.

We urge the CFPB to drop the alternative definition of “finances” as that definition contradicts the express exemption in the Dodd-Frank Act for premiums that are “calculated and paid in full on a monthly basis.” While “finance charge” is a measure of the cost of consumer credit represented in dollars and cents under the Truth in Lending Act, the finance charge does not necessarily include all costs associated with obtaining consumer credit. Credit insurance and debt cancellation product fees are excluded when certain disclosures are given. Similarly, certain real-estate related charges are excluded from the finance charge under Regulation Z.

We support the CFPB's clarification that credit insurance is "calculated and fully paid on a monthly basis" if its premium or fee declines as the consumer pays down the outstanding principal balance of the loan, but do not agree that these premium amounts cannot be added to the principal balance of the loan.

We do not support adjusting the effective date of January 10, 2014 to an earlier date for the ban on financing credit insurance premiums. Changing this mandatory compliance date to an earlier date would not allow sufficient time for effected institutions to adjust their data processing systems, billing practices or forms to comply with a final rule on this point. All financial institutions need as much time as is allowed to complete the necessary changes to the various systems involved.

We appreciate the opportunity to comment on the on the CFPB's amendments to the 2013 mortgage rules under the Equal Credit Opportunity Act (Regulation B), Real Estate Settlement Procedures Act (Regulation X), and the Truth in Lending Act (Regulation Z). As the CFPB has the opportunity to review the comments received, we would anticipate that the final rules that result will be ones that are not only fair to the consumer, but also do not overly restrict or complicate the process for the lender to the point of consumers losing options.

Sincerely,

A handwritten signature in cursive script that reads "John McKenzie".

John McKenzie
President, Indiana Credit Union League