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October 9, 2012

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

Re: Docket No. CFPB-2012-0033; Comments on 2012 Truth in Lending Act (Regulation Z) Mortgage Servicing Proposal

Dear Ms. Jackson:

This letter represents the views of the Credit Union National Association ("CUNA") regarding the Consumer Financial Protection Bureau's ("CFPB" or "Bureau") 2012 Truth in Lending Act (Regulation Z) Mortgage Servicing Proposal. By way of background, CUNA is the nation's largest credit union trade organization, representing approximately 90 percent of our nation's 7,000 state and federal credit unions, which serve over 94.5 million members. This letter was developed in coordination with CUNA's Consumer Protection Subcommittee and Housing Finance Reform Task Force, CUNA Council members, State Credit Union Leagues and others. A separate letter is being filed regarding the 2012 proposed Real Estate Settlement Procedures Act (RESPA), Regulation X, amendments.

As member-owned financial cooperatives, credit unions strive to provide the highest level of service to their members, including in the area of mortgage servicing. The Bureau acknowledges this fact in the Supplementary Information accompanying the proposal, stating that small servicers such as credit unions center on a "high touch" approach to member service.[1] This priority on member service is the hallmark of the entire credit union system.

**CUNA Opposes Many Aspects of the Proposal**

CUNA strongly opposes application of many aspects of the Regulation Z and Regulation X proposals to credit unions. That is because credit unions do not seek to mislead their members or take advantage of them in the mortgage servicing process, and credit unions already comply with a number of

[1] *See* U.S. Consumer Fin. Prot., Bureau, *Final Report of the Small Business Review Panel on CFPB's Proposals Under Consideration for Mortgage Servicing Rulemaking* (June 11, 2012) ("SBREFA Final Report"), available at: http://www.consumerfinance.gov.

regulations designed to protect consumers from abuses in this area. We have also concluded that several provisions in the proposal are overly broad and will have a detrimental impact on credit unions, which we do not believe was the intent of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act").

Moreover, throughout the development of the Bureau, credit unions have been reassured by policymakers that the agency's purpose was to police abusers and subject them to the same level of regulation that applies to credit unions and community banks. It was never credit unions' understanding that they would be subjected to extremely burdensome requirements of regulations that should only be reserved for those who are engaging in unfair and deceptive acts and practices against consumers. Moreover, credit unions were told that by subjecting unregulated abusers to the same rules credit unions faced, the abusers would lose their advantages in the financial market that resulted from being able to operate unfettered by complex regulations.

There are many examples of statements leading up to the enactment of the Dodd-Frank Act and since that demonstrate the reassurances credit unions heard, including those identified below.

In March, 2010, then-House Financial Services Chairman Barney Frank told the CUNA Governmental Affairs Conference (GAC) that "if mortgages were only made by credit unions, we wouldn't be in this crisis."

In March 2011, speaking to CUNA's GAC, Special Advisor to the President and Harvard Professor Elizabeth Warren stated:

> Credit unions continue to provide high-quality services, and they continue to operate more to serve their members than to treat them as sources of revenue.… [T]he central theme of the new consumer agency: making one of your business practices – clarity up front – the norm for all financial service providers.… To serve American families, the new consumer bureau needs to work with America's credit unions, community banks and other small financial providers to ensure that a range of services and options remains available to the American people.… The inspiration and hallmarks of the credit union movement … a desire for fair access to legitimate credit, an alternative to abusive lenders, and high-quality service—must remain in our hearts and in our minds. Credit unions have the set goals, and we want to be partners in making those goals a reality.

More recently, CFPB Director Richard Cordray has echoed those statements, including, for example, when he spoke to CUNA's GAC in March 2012:

> We understand at the Consumer Bureau that credit unions were not the root of the financial crisis.… Credit unions were among

> those harmed by the mortgage frenzy.... You deserve a fair market place where your model in steadfast customer service and service for long-term relationships can succeed. Millions of Americans depend on credit unions every day. They're entrusting you with their hopes for their futures to claim their stake to the American Dream. Work with us, talk with us, guide us, and support us and together we will be able to make it so.

Yet, despite these repeated, compelling reassurances that credit unions have been given since the inception of the CFPB, credit unions would be subjected to onerous new requirements by the proposed mortgage servicing rules, such as those relating to the proposed periodic statement requirements and advance adjustable-rate mortgage ("ARM") adjustment notice requirements. As a result, credit unions have never been more concerned than they are today regarding the impact of current and developing CFPB regulations.

In fact, the potential impact of many of the proposed requirements on credit unions and their members may be so harsh that small credit union mortgage servicers may well be forced out of the marketplace, due to the rising costs to comply with many of the proposed requirements. This would result in ultimate harm to the consumer, as there would be fewer choices in the marketplace for mortgage servicing – another development that would be contrary to the intent of the Dodd-Frank Act.

We recognize that the agency has statutory mandates that it must fulfill. However, the agency also has broad authority under TILA and subsequent provisions of the Dodd-Frank Act to exempt credit unions and others from a number of regulatory requirements (Truth in Lending Act, §105a; Dodd-Frank Act § 1022(b)(3); § 1405(b)).

In light of the real concerns credit unions have about regulatory burdens and the statutory authority the agency has been granted by Congress to provide exemptions, we urge the agency in the strongest terms possible to refrain from applying provisions to credit unions that do not implement a specific statutory requirement.

In the analysis below, we provide more specifics concerning provisions of the proposed rule that need not and should not be applied to credit unions.

**Proposals to Amend Regulation Z**

Under the Dodd-Frank Act, and the proposals to amend Regulation Z, servicers would be required to deliver new disclosures, including periodic statements (unless coupon books are provided in certain circumstances), and notices prior to the reset of ARM loans. Additionally, the Dodd-Frank Act and the proposed amendments to Regulation Z require servicers to adhere to requirements relating to the prompt crediting of payments, and to provide timely responses to consumer requests for payoff amounts.

Many credit union servicers are already providing much of the information that would be required under the proposal but not necessarily in the format or under the specific terms that the proposal would mandate. Changing their systems and approaches to conform to the proposal would be extremely costly and burdensome for credit unions covered by the regulation, while producing little or no added benefit to consumers.

**Exemptions and Reduction of Unnecessary Compliance Burdens**

Today there are nearly 1,000 credit unions operating in the U.S. with one or fewer full-time equivalent employees. Nearly one-half of the nation's 7,000 credit unions operate with just five or fewer full-time equivalent employees. Of these 7,000 institutions, CUNA estimates that approximately 5,190 service mortgage loans for their members. Of this number, CUNA estimates that approximately 4,270 of these credit unions are under $175 million in assets. Anecdotally, many of these same credit union employees report that they put in 70- and 80 hours a week trying to keep up with regulations and the constant barrage of regulatory changes. Not surprisingly, smaller credit unions consistently say that their number one concern is regulatory burden. Difficulties in maintaining high levels of member service in the face of increasing regulatory burden are undoubtedly a key reason that roughly 300 small credit unions merge into larger credit unions each year.

While increased compliance costs will not drive many credit unions into immediate insolvency, it will reduce, on the margin, the protective cushion provided by capital, leaving credit unions less resilient during the next big financial crisis.

CUNA urges the CFPB to do all it can to reduce unnecessary compliance burdens for credit unions, including dramatically raising the exemption level and expanding the coverage of the exemption to apply to the advance ARM notices as well as to the periodic statement requirements.

The proposal would exempt from the periodic statement requirement those servicers that service 1,000 or fewer mortgage loans, which they either originated or own. However, the proposal does not go far enough to exempt credit unions, which the CFPB has acknowledged, did not cause the financial crisis and already serve their members well.

The proposed exemption will not be meaningful to smaller servicers. One credit union we spoke with has only seven employees, yet services over 5,500 mortgage loans. This credit union estimates that it will have to incur an additional $70,000 in expenses just to prepare and mail the periodic statements to each borrower. This is fairly representative of what other credit unions are telling us.

While CUNA recognizes that the Bureau's attempt at deriving the 1,000 proposed exemption number was designed to correlate to an asset level for an institution with approximately $175 million, there is not necessarily a direct correlation between asset sizes of credit unions and the number of loans that they service. Also, we question whether this asset level is the appropriate level for the exemption.

Some credit unions have indicated that rather than continue servicing mortgage loans for their members under CFPB's proposed rule, they will convert to subservicing by third parties. These third parties may well be for-profit enterprises that lack the credit union's commitment to cooperative principles.

In addition, with these changes, the employees within credit unions currently handling such activities will likely be laid off and become unemployed. While this reduction of workforce within credit unions may be countered by increased staffing levels by these third parties, this shift could further undermine credit unions' relations with their members and could advantage for-profit, non-cooperative structured entities.

We urge the CFPB to increase the level of the proposed exemption so that only the nation's highest volume servicers are required to comply with the periodic statement requirements. Specifically, we urge the Bureau to set this exemption level at a number sufficiently high enough to cover all credit unions, including those which are under the direct supervision and authority of the Bureau. Alternatively, if the Bureau chooses to base the exemption on a factor other than the number of mortgage loans serviced, we would suggest the Bureau consider adopting an asset-based threshold appropriate to exempt as many small institutions as possible. For purposes of this threshold, CUNA would suggest a level of not less than $10 billion in assets. Many credit unions service many tens of thousands of mortgage loans, and do so to retain the close-knit and trusted member relationship which is of key importance to both credit unions and their members, as discussed more fully above. Additionally, since the financial crisis began, credit unions have welcomed many former bank customers and provided high-quality mortgage loans to these consumers, where many of these same consumers could not obtain mortgage financing from other financial service providers.

Under the proposal, the Bureau estimates that mortgage loans are refinanced approximately once every five years, which would allow for approximately 200 mortgage originations per year and still allow institutions to remain under the proposed 1,000 or fewer threshold for periodic statement exemption purposes. While this assumption may be appropriate in a low interest rate environment, it is quite conceivable that the level of mortgage refinancings will decrease. In that case, significantly more mortgage loans would remain within the portfolios of credit unions, requiring these institutions to comply with the periodic statement requirements under the proposal.

CUNA believes the CFPB's proposed number of mortgage loans serviced that would qualify for the proposed exception to the periodic statement requirement is much too low, and would not be helpful to many credit union mortgage servicers, the very servicers that did not cause the financial crisis and that have been most responsive to consumers' interests. CUNA notes that, under the proposal, this proposed exemption and the proposed exemption relating to fixed-rate mortgage loans where coupon books are provided are the ONLY exemptions that the Bureau has suggested to date. This is a far too limited use of the Bureau's exemption power and ignores the assurances from policy makers that have been given to credit unions since the creation of the CFPB.

Without more meaningful exemptions for credit unions, the costs to comply will significantly outweigh any potential benefits that may be afforded to the consumer.

CUNA urges the Bureau to utilize the full power given it by Congress to exempt credit unions from provisions of the proposal wherever statutes do not prohibit such exemptions.

**Periodic Statement Requirement**

In the absence of more useful exemptions, the costs to implement the periodic statement requirements will be, in many cases, cost-prohibitive. As an example, while we commend the Bureau for not requiring full compliance with E-Sign requirements under the proposed rule, the mailing costs alone may exceed $500,000.00 per year for some credit unions, as many consumers do not choose to receive their statements or disclosures electronically. For smaller institutions, the estimated cost of mailing these statements will likely be upward of $75,000 to $100,000 per year. Of course, these figures ignore the initial programming and development charges which will inevitably be incurred by credit unions to begin producing the periodic statements. Credit unions may pay as much as $65,000 to more than $100,000 in additional labor and/or vendor and technology provider expenses to meet the requirements under the proposed rule. For most credit unions, these costs are unbearable, and will likely have the end result of forcing credit unions to make difficult decisions as to whether they should continue servicing mortgage loans for their members. Certainly, these costs and requirements could not have been in mind when the policy statements discussed on pages 2 and 3 of this comment letter were made during the formation of the Bureau.

CUNA is extremely concerned about many other periodic statement requirements within proposed § 1026.41. Currently, many credit unions provide combined monthly account statements containing savings and checking account information, periodic statement information for open-end loans, along with auto and other consumer loan details, and mortgage loan information for members. Under the proposal, a periodic statement would, in effect, need to be sent to the consumer by the $19^{th}$ of each month. This will require those credit unions currently employing a combined statement approach to create separate statements to be delivered to their members. Separate statements may well be confusing to consumers and costly to both credit unions and their members.

If credit unions are not exempted from the proposal to the extent CUNA is urging, the CFPB should clarify whether the "grace period" referred to in this proposed rule is that period of time between the payment due date and the imposition of a late fee, or whether the grace period is that period of time after the payment due date in which no finance charge will accrue. The Federal Reserve Board had previously defined the period of time after the payment due date in which no late fee will be charged as a "courtesy period." The courtesy period is not the same as a "grace period" on open-end loans. Furthermore, how will "reasonably promptly" be measured for mortgage loans without a "grace period?"

We also urge the Bureau to adopt a periodic statement timing requirement for mortgage loans that is flexible and not inconsistent with the timing requirement for open-end loans in order to facilitate consolidated statements. The 14-day rule with regard to periodic statements for open-end loans requires the adoption of reasonable procedures to ensure that periodic statements for most open-end loans are mailed or delivered at least 14 days prior to the date on which the minimum periodic payment must be received in order to avoid being treated as late for any purpose.

In addition, for credit unions that wish to continue providing consolidated or combined statements, we urge the Bureau to consider issuing exemptions or nondirective guidance that credit unions may exercise reasonable discretion about the placement of mortgage loan information on consolidated or combined periodic statements containing information on deposit accounts, open-end loans and other closed-end loans such as automobile loans. A large majority of credit union mortgage servicers currently employ the combined or consolidated monthly statement approach, giving their members a "snapshot" of their financial products and services on a monthly basis. Yet, many institutions have indicated it will be extremely burdensome if credit unions are required to comply with the proposed periodic statement requirements. The timelines will require more than one statement to be issued for each member, with different timing requirements and differing systems producing such statements. These requirements will be extremely costly and disruptive to credit unions' operations and very confusing to their members. Additionally, these changes will diminish the clarity credit unions members currently receive with a consolidated monthly statement.

With respect to the proposed requirement to have the consumer's first periodic statement delivered or placed in the mail ten days before the first payment is due, for closed-end home equity loans, this requirement may not be beneficial to consumers. That is because the first payment due date could not be set as the first of the following month. This would eliminate interest credits at loan consummation, and would necessitate consumers having to bring more cash to the closing table.

Regarding the content of the periodic statement, the Dodd-Frank Act requires the periodic statement to disclose the amount of the principal obligation, current interest rate and reset date if applicable, information on prepayment penalties and late fees, contact information for the servicer, and housing counselor information, as well as such other information as the CFPB may prescribe in regulations.

CUNA strongly opposes the Bureau's additional proposed disclosures which are outside of Dodd-Frank Act-mandates. These would include information regarding upcoming payment obligations and the application of past payments, a list of recent transaction activity, and additional account and delinquency information. The imposition of these additional requirements on credit unions will further contribute to the regulatory burden and ultimate costs to consumers, without a corresponding net benefit to the consumer in the end.

By adding more detail to the periodic statement, these additional bits of information will increase the chance that members will be further confused. That possibility may explain why Congress clearly did not intend these additional items to be part of the required information, as these items were not specifically enumerated in the Dodd-Frank Act.

CUNA also strenuously objects to the proposed periodic statement disclosures relating to "certain messages" and the additional delinquency information which would be required when a consumer is more than 45 days delinquent on his or her loan. These proposed features would require dynamic information which will likely be extremely difficult for credit unions' core processing systems to accommodate, and that may be very problematic to implement. We urge the CFPB to reconsider these proposed requirements as it moves to finalize the rule or to provide an exemption for credit unions, since there is no material record of credit union disregard for consumer interests on these matters.

The Bureau's proposed exemption to the periodic statement requirement is likely to be of little practical utility. For the most part, credit unions wishing to utilize this exemption will be required, in essence, to provide the same information as will be required on the periodic statement. Additionally, the proposed delinquency information would still have to be sent in writing to the consumer under this proposed exception. As such, CUNA does not believe that this option is a viable alternative to the requirement of providing a periodic statement to the consumer, and would urge the CFPB to consider a complete exemption from the periodic statement requirement for credit unions, as discussed above.

**Advance ARM Notice Requirements**

We urge the CFPB to exempt credit unions from these requirements, which require for certain hybrid ARMs that a notice must be provided six months prior to the initial adjustment of the interest rate. While CUNA recognizes that the Bureau also has authority under § 1418 of the Dodd-Frank Act to extend this requirement to ARMs that are not hybrid ARMs, we urge the Bureau to rethink this proposed extension. Very few credit unions originate or service hybrid ARMs, and CUNA believes that to extend these additional advance notice requirements to all non-hybrid, closed-end ARM transactions will result in a significant cost to credit unions without any material benefit to consumers. These additional notice requirements may add an additional annual expense which may exceed $75,000; such costs would be passed on to the credit union members.

We are aware that, for consumers with hybrid ARMs, the transition from the fixed-rate period to the adjustable-rate period can be dangerous and poorly understood. But there is no material record of abuse of these products among credit unions. Most consumers are concerned about financial events that will occur within a close, reasonable period of time. A notice that most likely will only contain an estimate, instead of the actual interest rate and payment amount (because it is simply not available this far in advance), sent to a consumer between 210 and 240 days prior to the time of the new payment being due, will likely either be ignored by the consumer, or cause additional confusion for borrowers. This, coupled with the additional later notice required under proposed § 1026.20(c), sent between 60 and 120 days prior to such interest rate and payment adjustments and discussed further below, will likely result in incorrect payment amounts being submitted to credit unions by borrowers. The existence of both of these notices will probably cause additional confusion to borrowers, and time and costs for credit union personnel to further explain to borrowers, and correct and adjust for such incorrect payment amounts which may be submitted. Additionally, the cost of preparing and mailing these notices for all non-hybrid, closed-end mortgage loans for credit unions will add to the eventual costs that must be passed on to the consumer. CUNA simply does not believe that these notices will provide the added measure of value to consumers up and above the costs and regulatory burdens which will arise from their production and delivery under the proposed rule. If the Bureau decides to adopt this element of the proposal, this again would be at odds with the policy statements that are discussed earlier in this letter, and will adversely affect credit unions of all sizes.

Regardless of whether the Bureau expands the advance interest rate adjustment notice under proposed § 1026.20(d) to all ARMs or just hybrid ARMs, CUNA urges the Bureau to consider revising the requirement that the notice must be separate and distinct from all other correspondence sent from a creditor. Rather, the Bureau should allow creditors to combine these notices with items such as periodic statements sent from the credit union. Not only will this measure save a tremendous amount of costs for credit unions in separate mailings and postings, but will likely also be more effective in advising the consumer of the impending changes to a mortgage loan account. Credit union members (and consumers in general) typically are more attentive to their monthly periodic statement mailings than to receiving single items in separate mailings, which appear to many as "junk" mail. Nor are we aware of any record of consumer problems with credit unions regarding ARM loans of any kind.

Additionally, CUNA and credit unions are concerned that the notice under proposed § 1026.20(c) will likely be problematic to deliver between 60 and 120 days in advance of a new payment coming due. Many credit unions have "look-backs" equivalent to 45 days that are currently used in delivering the annually-required ARM notice to borrowers under existing Regulation Z. That is, if a credit union were to notify a borrower under the proposed requirement on September 30th (60 days in advance) that his or her November 30th interest rate and payment would be "X," the credit union would "look back" 45 days from November 30th to determine the index. Since 45 days from this date would be in the month of October, institutions would not be able to determine the interest rate in September when the index is not yet available. It is CUNA's understanding that both Fannie Mae and Freddie Mac standard ARM notes and riders contain this same 45-day look-back period. We urge the Bureau to consult and coordinate closely with these agencies as well as the Federal Housing Finance Agency in finalizing the rule and this particular requirement.

The proposal also would require that the initial interest rate adjustment notices include the name, mailing and internet web addresses, and telephone number of the state housing financial authority for the state in which the consumer resides. However, two other mortgage servicing requirements proposed by the Bureau (the periodic statement discussed above, and the early intervention notices discussed in our separate Regulation X mortgage servicing comment letter) require contact information for the state housing finance authority for the state in which the property is located. This inconsistency needs to be reconciled.

For most credit unions, borrowers do not always notify the institution when the borrower moves residences, whether locally or non-locally. As such, it would be extremely difficult to always ensure that the appropriate housing finance authority information is disclosed to the borrower if the proposal is finalized with a requirement that would require this information to be based upon the state in which the consumer resides. More aptly, lenders are always aware of the state in which the property is located, and CUNA would urge the Bureau to base this disclosure requirement on this factor, instead.

## Prompt Crediting of Payments/Payoff Statements

In general, CUNA supports the CFPB's proposal to extend the permissible timeframe for creditors to respond to written requests for payoff amounts to seven business days. Credit unions are attentive to the needs of their members, and when such requests are received, they are promptly acted upon.

CUNA is concerned, however, with the relation between any partial payments received from a borrower under the proposal and the proposed requirement to provide detail of such partial payment on the proposed mortgage loan periodic statement. This particular requirement will have the result of requiring additional programming, technology and training expenses for credit unions, and CUNA is concerned that these costs may significantly outweigh the benefits to consumers of providing this information on the periodic statement. For example, there are many credit unions that do not accept partial payments from their members. Rather than place these amounts in suspense accounts, within the credit union, however, many of these credit unions will deposit such partial payments received into the member's share or savings account, allowing for these funds to be eligible to receive dividends (interest). This would not be the case, however, if funds were maintained within internal suspense accounts in credit unions, however, and would deprive consumers of this added benefit. We urge the Bureau to eliminate this requirement from the proposal, since this is a piece of information that is not specifically mandated by the Dodd-Frank Act, or under TILA sections 128(f)(1)(a) through (g).

**Implementation Period & Effective Date of Rule**

The requirements outlined within the Bureau's proposal are, at best, overwhelming for a vast majority of credit unions. As previously discussed in this letter, systems will need to be reprogrammed, staff will need to be trained and retrained, existing forms will need to be amended, and over twenty new disclosures under both the Regulation Z and Regulation X proposals will also need to be developed, programmed, implemented and staff will also need to be trained according to the policies and procedures surrounding each of these disclosures, which will also have to be developed.

Aside from the operational challenges presented by the proposed rules, credit unions will need to consult and negotiate with technology vendors, renegotiate service provider contracts in many instances, and work to schedule these same providers to install and configure many credit unions' data processing systems and software to accommodate and comply with these requirements.

The Dodd-Frank Act requires rules to be in place by January 21, 2013. If the rules are not in place, the mortgage servicing provisions under the Dodd-Frank Act become self-executing. However, if the rules are in place, the Dodd-Frank Act allows the Bureau to delay the implementation of such rules for up to twelve months.[2]

[2] 77 Fed. Reg. 57326

Within the proposed TILA-RESPA rulemaking, CUNA notes that the Bureau is proposing to utilize its authority under TILA § 105(a), RESPA § 19(a) and the Dodd-Frank Act § 1405(b) to delay the effective date of certain Dodd-Frank Act-mandated disclosures under proposed § 1026.1(c) to coincide with the finalization of the TILA and RESPA disclosures, as "… the Bureau believes that both consumers and industry will benefit by incorporating many of the disclosure requirements in title XIV into [this] proposal…," and "Consumers will benefit from a consolidated disclosure that conveys loan terms and costs to consumers in a coordinated way."[3]

Due to the detailed complexities of preparing credit union systems and staff for these required changes outlined above, CUNA urges the Bureau to use a similar rationale, if permissible and appropriate, to utilize its statutory exemption authority given it by Congress to delay the effective date of these final rules by at least 18-24 months, to allow credit unions an adequate amount of time to prepare for and comply with these requirements. In considering this request for extension, CUNA would urge the Bureau to give no extra time for implementation to abusers in the mortgage servicing marketplace, and to allow credit unions a healthy time extension to comply with requirements contained within the final rule.

## Conclusion

While the goals of providing quality mortgage servicing and clarity of information are appropriate, credit unions are *already* providing high-quality mortgage servicing services to their members, and were doing so prior to the financial crisis. This should be taken into consideration, as should the assurances credit unions have received from policymakers for over two years that they would not be disadvantaged by the CFPB.

Many of the proposed provisions will require significant systems, software and operational changes within credit union mortgage lending departments. Whether handled by a third party vendor, or internally by lenders, these changes will significantly increase the costs to lenders of servicing mortgage loans. Ultimately, these increased costs will be borne by consumers.

Imposing these additional regulatory burdens on credit unions, unless clearly required by statute, is (1) inconsistent with Congress' intent in providing the CFPB with full authority to protect smaller, consumer-friendly institutions; (2) contrary to the public interest, because doing so will drive mortgage servicing away from not-for-profit, consumer-oriented cooperative institutions to for-profit institutions motivated by investors' expectations of financial returns; and (3) contrary to the assurances given by policymakers throughout the Bureau's formative period that the Bureau's activities would avoid placing unnecessary regulatory burdens on credit unions. Credit unions have relied on these assurances in taking a more positive attitude toward the CFPB than any other

[3] 77 Fed. Reg. 51133

segment of the financial services sector. The Bureau should focus its regulatory efforts on those institutions that caused the financial crisis, rather than layering new rules on credit unions, which continue to abide by the rules and provide the highest levels of service to their members.

Thank you for the opportunity to comment on the CFPB's 2012 Truth in Lending Act (Regulation Z) Mortgage Servicing Proposal. If you have any questions concerning our letter, please feel free to contact CUNA's Senior Vice President and Deputy General Counsel Mary Dunn or me at (202) 508-6732.

Sincerely,

Jared Ihrig
Senior Assistant General Counsel