Massachusetts Bankers Association

December 23, 2010

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Via email: regs.comments@federalreserve.gov

RE: Docket Number R-1390
Proposed Rule on Additional Consumer Protections and Disclosures for Mortgages under Regulation Z

I am writing on behalf of the Massachusetts Bankers Association (MBA), which represents approximately 190 commercial, savings and co-operative banks, federal savings banks, and savings and loan associations throughout the Commonwealth and New England. MBA appreciates the opportunity to comment on the Fed's proposed enhanced consumer protections and disclosures for home mortgage transactions under the Truth-in-Lending Act (TILA).

The Fed's proposal is the second part of a comprehensive reform and update of the mortgage lending portions of Regulation Z and the Truth in Lending rules. The proposal is extremely broad and addresses a number of regulatory issues, including revisions to the right of rescission, clarifications regarding loan modifications, amendments to rules to determine triggers for higher-priced mortgage loans, clarifications to the duty to refund fees with regard to early disclosures, modifications to requirements pursuant to requests submitted to loan servicers, and other provisions to guard against unfair acts and practices with regard to reverse mortgages.

While the Association strongly believes that simplifying the disclosure requirements under Regulation Z would be beneficial for both consumers and lenders, now is not the time. Given the recent enactment of the Dodd-Frank Act (DFA), particularly the mortgage lending provisions in Title XIV and the creation of the Consumer Financial Protection Bureau (CFPB), we believe that the Fed should withdraw this proposal.

In response to the recent mortgage lending crisis, regulators and legislators have been exceptionally active with regulatory and statutory proposals. It was less than one year ago that banks were finalizing the implementation of the Department of Housing and Urban Development's (HUD) overhaul of the Real Estate Settlement Procedures Act (RESPA). These new regulations establish substantive and procedural requirements that sometimes vary from, and sometimes complement, those proposed by the Fed.

In addition, the Fed has issued final rules designed to protect consumers from unfair, abusive, or deceptive lending and servicing practices as well as implementing changes to the Home Mortgage Disclosure Act. Certain provisions of the Fed's proposal concerning loan officer compensation are also being implemented through interim final rules and disclosure rules to implement requirements mandated by the Mortgage Disclosure Improvement Act (MDIA) are currently being finalized.

Congress has also been extremely active in this area. Title XIV of the Dodd-Frank Act mandates numerous changes to mortgage-related law and regulations. Most importantly, requiring the new CFPB, within one year after the designated transfer date, to propose a single integrated model disclosure that combines the disclosures required by TILA with RESPA's good faith estimate, the HUD special information booklet, and the settlement statements required by Sections 4 and 5 of RESPA.

MBA believes that reform of these regulations can only be accomplished under the broader RESPA - TILA integration process mandated under the Dodd-Frank Act. All other changes and regulatory improvements to the disclosure process, including the rules proposed here, should be deferred to ensure that further modifications complement the RESPA-TILA integration effort and do not merely add undue burden and confusion for both consumers and lenders.

We believe it is critical to examine the current environment, the coming changes, and their impact on credit availability and on the banking industry. The realities of the existing legislative and regulatory setting demand a much greater level of coordination among all agencies and under all laws that focus on mortgage lending. We urge the Fed to postpone or withdraw the current regulatory proposals until the CFPB is able to coordinate the comprehensive reform required under DFA.

Thank you for the opportunity to comment on this proposed rule. If you have any questions or need additional information, please contact me at (617) 523-7595

Sincerely,

Jon K. Skarin
Director, Federal Regulatory & Legislative Policy