



R. SCOTT HEITKAMP
Chairman

TIMOTHY K. ZIMMERMAN
Chairman-Elect

PRESTON L. KENNEDY
Vice Chairman

DEREK B. WILLIAMS
Treasurer

CHRISTOPHER JORDAN
Secretary

REBECA ROMERO RAINEY
Immediate Past Chairman

CAMDEN R. FINE
President and CEO

July 31, 2017

Honorable Mel Watt
Director
Office of Housing and Regulatory Policy
Federal Housing Finance Agency
400 7th Street, SW, 9th Floor
Washington, DC 20219

RE: Request for Information on Improving Language Access in Mortgage Lending and Servicing

Dear Director Watt:

The Independent Community Bankers of America (ICBA)¹ appreciates the opportunity to respond to the FHFA's request for information on Improving Language Access in Mortgage Lending and Servicing. Serving consumers with Limited English Proficiency (LEP) is an area of growing concern as America's population becomes more diverse. These concerns are becoming more pronounced in the financial services sector and are felt in all markets by all participants. Community banks must be able to serve all customers in their communities and that entails being able to clearly and accurately communicate details of banking products and services to all their customers--regardless of their understanding of the English language--in both written and spoken form. While serving mortgage loan borrowers with LEP has only recently come to the public policy forefront, many community banks have accommodated these clients for years.

¹ The Independent Community Bankers of America®, the nation's voice for more than 5,800 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services.

With 52,000 locations nationwide, community banks employ 760,000 Americans, hold \$4.7 trillion in assets, \$3.7 trillion in deposits, and \$3.2 trillion in loans to consumers, small businesses, and the agricultural community. For more information, visit ICBA's website at www.icba.org.

The Nation's Voice for Community Banks.®

WASHINGTON, DC ■ SAUK CENTRE, MN ■ IRVINE, CA ■ TAMPA, FL ■ MEMPHIS, TN

1615 L Street NW, Suite 900, Washington, DC 20036-5623 | 800-422-8439 | FAX: 202-659-1413 | Email: info@icba.org | Website: www.icba.org

Community banks routinely serve LEP customers with a combination of bi-lingual staff, and working with trusted friends and family members of the LEP customer to explain various financial products including a mortgage loan. Community banks generally do not track the language preference of a customer as most core banking systems used by community banks do not provide this ability.

ICBA understands FHFA's concerns around improving access to credit for LEP consumers. The recent financial crisis highlighted these concerns as some LEP borrowers struggled to understand what loss mitigation options were available to them and how to access those options, especially when their mortgage servicer was thousands of miles away. Fortunately, the community banking business model relies on locally based mortgage origination and servicing and could provide the personal service to LEP borrowers needed to minimize those concerns.

In response to FHFA's request for information regarding serving LEP borrowers, ICBA offers the following:

- ICBA strongly opposes any type of mandatory collection of language preference data as part of the mortgage origination or servicing process for mortgage loans originated for sale to Fannie Mae or Freddie Mac (GSEs). This requirement would require significant system and process changes imposing additional burdens on smaller institutions, making selling and servicing loans for the GSEs more difficult and expensive, without a commensurate benefit.
- Community bankers are concerned that the collection and reporting of language preference data would lead to additional requirements from other banking and financial regulators. Those regulators could expand the collection and reporting of LEP data to all financial products, or require that financial institutions provide certified third-party translation services for all LEP customers for all financial products, which again would be expensive and difficult to do.
- The provision of translation services by third-party providers creates considerable legal liability for community banks which could have far reaching consequences. As stated in an April 2017 report on Language Access for Limited English Proficiency Borrowers prepared for the GSEs,² some mortgage terms or

² Language Access for Limited English Proficiency Borrowers, April 2017, conducted by Kleimann Communication Group for Fannie Mae and Freddie Mac.

The Nation's Voice for Community Banks.[®]

WASHINGTON, DC ■ SAUK CENTRE, MN ■ IRVINE, CA ■ TAMPA, FL ■ MEMPHIS, TN

1615 L Street NW, Suite 900, Washington, DC 20036-5623 | 800-422-8439 | FAX: 202-659-1413 | Email: info@icba.org | Website: www.icba.org

concepts like “escrow” do not translate well into other languages. Thus, LEP borrowers struggle to understand the meaning and impact of the concepts. If misunderstood, or translated with the wrong dialect, LEP borrowers may be further confused and feel they have been misled.

- The effectiveness of translated documents may be impacted by the LEP borrower’s level of literacy in their native language and understanding of financial matters, which can further complicate the process. Translated documents for the most part are for informational purposes because the loan is still processed in English and only English language documents are used to consummate the transaction.

As stated above, ICBA supports finding ways to better serve LEP borrowers in the mortgage origination and servicing process. Community banks routinely meet the needs of their LEP customers for all their financial needs through a variety of approaches. However, we do not support any type of mandatory collection and reporting of language preference data on mortgage loans originated for sale to the GSEs. This data collection would add cost to the origination and servicing of GSE loans and could likely expose community bank lenders to additional legal liabilities.

ICBA appreciates the opportunity to provide input on this request to FHFA and looks forward to working with FHFA and the GSEs as the process moves forward. If you have any questions regarding this letter, please contact the undersigned at ron.haynie@icba.org.

Sincerely,

/s/

Ron Haynie
Senior Vice President, Mortgage Finance Policy

The Nation’s Voice for Community Banks.®

WASHINGTON, DC ■ SAUK CENTRE, MN ■ IRVINE, CA ■ TAMPA, FL ■ MEMPHIS, TN

1615 L Street NW, Suite 900, Washington, DC 20036-5623 | 800-422-8439 | FAX: 202-659-1413 | Email: info@icba.org | Website: www.icba.org