Consumer Financial
Protection Bureau

1700 G Street NW, Washington, DC 20552

October 1, 2015

VIA ELECTRONIC DELIVERY

Frank Keating
President and CEO
American Bankers Association
1120 Connecticut Avenue, NW
Washington, DC 20036

RE: Your inquiry regarding supervisory practices

Dear Mr. ~~Keating~~: Frank,

Thank you for your letters of August 12th and, with the trade associations copied below, September 8th regarding the Consumer Financial Protection Bureau's Know Before You Owe TILA-RESPA Integrated Disclosure Rule (the Rule). The letters request that the FFIEC articulate its policy for its member agencies' examination and supervision of financial institutions for the initial months after the Rule becomes effective on October 3, 2015.

The member agencies of the FFIEC[1] recognize that the mortgage industry has needed to make significant systems and operational changes to adjust to the requirements of the Rule, and that implementation requires extensive coordination with third parties. We recognize that the mortgage industry has dedicated substantial resources to understand the requirements, adapt systems, and train affected personnel, and that additional technical and other questions are likely to be identified once the new forms are used in practice after the effective date.

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[1] The FFIEC is comprised of principals of the following: the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration; the Office of the Comptroller of the Currency; Consumer Financial Protection Bureau; and the State Liaison Committee. The ABA's August 12th letter included four of the member agencies, and the September 8th letter addressed the entire membership of the FFIEC.

During initial examinations for compliance with the Rule, the agencies' examiners will evaluate an institution's compliance management system and overall efforts to come into compliance, recognizing the scope and scale of changes necessary for each supervised institution to achieve effective compliance. Examiners will expect supervised entities to make good faith efforts to comply with the Rule's requirements in a timely manner. Specifically, examiners will consider: the institution's implementation plan, including actions taken to update policies, procedures, and processes; its training of appropriate staff; and, its handling of early technical problems or other implementation challenges.

As you may recall, this is similar to the approach the member agencies took in initial examinations for compliance with the mortgage rules that became effective at the beginning of January, 2014. Our experience at that time was that our institutions did make good faith efforts to comply and were typically successful in doing so.

Again, thank you for your letter.

Sincerely,

Richard

Richard Cordray
Director
Consumer Financial Protection Bureau

cc:
American Land Title Association
American Escrow Association
The Appraisal Firm Coalition
Appraisal Institute
Collateral Risk Network
Consumer Bankers Association
Community Home Lenders Association
Consumer Mortgage Coalition
Community Mortgage Lenders
Credit Union National Association
Housing Policy Council
Independent Community Bankers of America
Mortgage Bankers Association
National Association of Home Builders
National Association of Mortgage Brokers
National Association of REALTORS
Real Estate Services Providers Council, Inc.