

June 23, 2016

The Honorable Mel Watt  
Director  
Federal Housing Finance Agency  
Constitution Center  
400 7<sup>th</sup> Street, SW  
Washington, DC 20219

Dear Director Watt:

We are writing in response to the letter you received recently from a number of industry trade groups opposing the inclusion of preferred language data fields in the redesigned Uniform Residential Loan Application (URLA). As you know, consumers with limited English proficiency (LEP) have faced significant challenges in the mortgage market as a result of originators and servicers failing to meet their language needs. The URLA redesign presents a unique and unprecedented opportunity to take an important first step towards addressing equitable access to the mortgage market for LEP consumers and we strongly urge you to include preferred language data fields.

The industry letter raises a laundry-list of concerns that are easily addressed. First, a number of the concerns rest on the assumption that collecting preferred language information on the URLA would trigger an obligation to originate and service mortgages in the borrower's preferred language. While we strongly believe that originators and servicers should be meeting their LEP customers' language needs, and that there may be existing obligations for lenders and servicers to provide translation and other related services, simply asking the borrower's preferred language on the mortgage application would not create any new obligation to originate or service in languages other than English. Thus concerns about costs or providing translation services without government guidance are unwarranted.

Further, it is our understanding that FHFA is considering including a disclaimer that would tell the consumer that indicating a non-English preferred language would not guarantee that communications would be in that language. We are comfortable with such a disclaimer and believe it should be sufficient to alleviate much of the concern expressed in the industry letter, including the concern about creating consumer expectations that cannot be met.

We agree FHFA, CFPB, and other agencies should work together to address the needs of LEP consumers in the housing market. However, this should be done in addition to including preferred language data fields in the URLA, not instead of it. A necessary first step to addressing language access in the mortgage market is for originators and servicers to know what languages their customers speak and the URLA is the best possible vehicle for collecting that information. Regulators should also work together to ensure that the preferred language data is incorporated into all of the originator's mortgage-related systems and transferred to servicers along with other mortgage data.

We also agree that additional guidance from regulators on language preference would be helpful and regulators have indicated their willingness to provide such guidance. However, your agency has made

clear that it will be finalizing the URLA redesign very soon, so the decision to include preferred language data fields must be made before such guidance can be issued. Given that the redesigned URLA will not be implemented until 2018, there is more than enough time for regulators to work together to issue guidance. Specifically, regulators should address industry concerns about liability under UDAAP and other fair lending statutes.

The URLA redesign has been a massive, multi-year undertaking. We applaud the excellent work that FHFA staff, along with staff from Fannie Mae and Freddie Mac, have put into this project. Given the scope of the project, though, it is unlikely to be undertaken again for many years. We urge you to take advantage of this critical opportunity to begin meeting the language needs of LEP consumers by including preferred language data fields in the URLA.

Sincerely,

Americans for Financial Reform  
California Reinvestment Coalition  
CFED  
Connecticut Fair Housing Center  
Consumer Action  
Empire Justice Center  
Family Equality Council  
LatinoJustice PRLDEF  
The Leadership Conference on Civil and Human Rights  
MFY Legal Services, Inc.  
NAACP  
NAACP Legal Defense & Educational Fund, Inc.  
National CAPACD  
National Center for Lesbian Rights  
National Community Reinvestment Coalition  
National Consumer Law Center (on behalf of its low income clients)  
National Council of La Raza  
National Fair Housing Alliance  
National Housing Resource Center  
National Urban League  
Poverty & Race Research Action Council  
The Arc of the United States