



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

June 2, 2011

The Honorable Ben Chandler
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Holden
U.S. House of Representatives
Washington, D.C. 20515

Dear Representatives Chandler and Holden:

Thank you for your letter of May 10, 2011 on reducing regulatory burden on businesses and citizens. At the Consumer Financial Protection Bureau, we take this concern seriously. I was very glad that we had the opportunity to talk about this subject on April 7th, and I now have further news to report.

Two weeks ago, we introduced a major initiative called **Know Before You Owe** that is designed to reduce unnecessary regulatory compliance burdens for mortgage originators, including community banks and credit unions. As you noted in your letter, the Dodd-Frank Act requires the Bureau to consolidate mortgage disclosures mandated under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) into a single, integrated disclosure. Current federal law generally requires that mortgage loan applicants receive two documents, the TILA disclosure form and the RESPA Good Faith Estimate, within three days of application. The current forms are typically two pages and three pages long, respectively. We are working to design a disclosure that is clearer and shorter—easier for customers to understand and less burdensome for lenders to fill out.

We have been in close contact with community bankers, credit unions and other lenders as we focused in on our mortgage work. Two weeks ago, we showed them two alternative forms, each of which is two pages long. We are conducting one-on-one interviews with lenders and brokers in six cities around the country to learn about any implementation burdens and usability concerns. In addition, we are eliciting feedback from industry and consumer representatives through the Bureau's website as we revise the draft forms in response to each previous round of testing.

In addition, we have shared the forms with different consumer groups, and we are testing the forms with consumers.

To the best of our knowledge, this is the first time any federal financial services regulator has sought broad public input so early in the development of draft disclosure forms. Our website

prominently features a request that visitors review these forms. This feature has received wide attention, and by 5 p.m. on Friday, May 27th, our **Know Before You Owe** feedback website had received over 118,000 views. As of that date, over 14,500 people, including industry professionals and consumers, provided feedback on the prototypes using our online tool.

By engaging with industry at such an early stage in the design process, we hope to identify and ultimately resolve the types of implementation problems that your letter described. After this initial testing phase, we plan to initiate a rulemaking process and solicit public comment on proposed disclosure requirements and model forms to provide further opportunity for industry and consumer response.

We appreciate your early help in this process, and we look forward to working with you moving forward to craft rules that protect American families without imposing needless burden on financial services providers.

Sincerely,

A handwritten signature in blue ink, appearing to read "E. Warren", with a long horizontal flourish extending to the right.

Elizabeth Warren
Special Advisor to the Secretary