

The Honorable Steven Mnuchin
Secretary of Treasury
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

The Honorable David Kautter
Acting Commissioner
Internal Revenue Service
United States Department of the Treasury
1111 Constitution Avenue, NW
Washington, DC 20224

RE: Immediate Action Needed for IRS Tax Transcript Processing

Dear Acting Commissioner:

We are contacting you because a recent IRS change to the Tax Transcript process has resulted in a significant adverse impact to the residential mortgage industry and to consumers who are purchasing homes. The industry processes approximately 6 million mortgage purchase and refinance transactions per year – the vast majority of these require tax transcript verification to meet investor or regulatory requirements. The IRS's policy could significantly delay millions of home sale transactions and have a broader adverse impact on the economy.

The vendors that support the home lending process by providing tax transcript verification services are reporting that they are unable to retrieve tax transcripts from the IRS in anywhere near the volume needed to support the home sales and refinance transactions that occur each day. To further illustrate this last point, one of the largest vendors reports that they may have to revert to manual downloads which means production levels dropping from tens of thousands of transcripts per day to perhaps hundreds. **Immediate action needs to be taken by the IRS to rectify the recent changes to avoid a material impact to taxpayers who are borrowing money to finance the purchase of their home.**

The industry agrees with the need to protect taxpayer information and has offered on multiple occasions to work with the IRS to strengthen protocols while ensuring access to credit for consumers who desire to purchase a home. However, the recent implementation of the new multifactor authentication process was flawed in its design, implementation, and communication with affected parties. Some of the key issues are noted below:

- affected vendors were notified on a Friday afternoon that the new process would be implemented the following Monday,
- no advance notification was provided that additional changes beyond multifactor authentication would be implemented at the same time, and
- no testing of the new processes and systems were permitted prior to the Friday announcement.

It is with the utmost urgency that we request an immediate solution to these issues as we are already hearing of delays and extended processing times from our members. Extended processing times will

result in delayed closings that will cause disruption and increase costs for consumers trying to purchase or refinance a home loan. The vendors that provide these services to millions of taxpayers are available immediately to collaborate with the IRS to identify solutions to the critical near-term problems, as well as to develop a stable solution for the long term. Without an immediate resolution, we believe that the IRS change will begin affecting consumers' ability to borrow funds to purchase homes.

Our members stand ready to convene with the IRS in a concerted effort to resolve these issues in an expedited manner that addresses the critical privacy issues while preserving the necessary business-to-government access needed to properly serve the housing finance system. Please contact Pete Mills (pmills@mba.org), Rick Hill (rhill@mba.org), or Francis Creighton (fcreighton@cdiaonline.org) for any questions and to arrange a meeting next week.

Sincerely,

American Bankers Association
Consumer Bankers Association
Consumer Data Industry Association
Consumer Mortgage Coalition
Credit Union National Association
Housing Policy Council of the Financial Services Roundtable
Independent Community Bankers of America
Mortgage Bankers Association
National Association of Federally-Insured Credit Unions
National Association of Home Builders

cc: The Honorable Orrin Hatch, Chairman, Senate Committee on Finance
The Honorable Kevin Brady, Chairman, House Ways and Means Committee
The Honorable Mike Crapo, Chairman, Senate Committee on Banking, Housing and Urban Affairs
The Honorable Jeb Hensarling, Chairman, House Financial Services Committee