

**Consumer Bankers Association  
Consumer Data Industry Association  
Consumer Mortgage Coalition  
Housing Policy Council of the Financial Services Roundtable  
Mortgage Bankers Association  
National Association of Home Builders**

February 14, 2018

The Honorable Orrin G. Hatch  
Chairman  
Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Ronald L. Wyden  
Ranking Member  
Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Thad Cochran  
Chairman  
Committee on Appropriations  
United States Senate  
S-128 U.S. Capitol  
Washington, D.C. 20510

The Honorable Patrick Leahy  
Ranking Member  
Committee on Appropriations  
United States Senate  
S-146-A U.S. Capitol  
Washington, D.C. 20510

Re: Budget authorizations and appropriations for IRS Technology Systems

Dear Chairmen and Ranking Members:

The above-listed trade associations are writing to express our support for sufficient funding for the Internal Revenue Service (IRS) to upgrade its technology systems so that they are efficient and secure. We support your efforts to ensure that the IRS is able to implement the significant changes emanating from the recently-enacted tax reform bill, but we also want to ensure that the funding levels are sufficient to cover important technology system upgrades.

One immediate example of the need to modernize important systems is the IRS' Income Verification Express Service (IVES) system. The Income Verification Express Service program is of critical importance to the verification of income for Americans seeking to purchase a home. The IVES system must be utilized on a daily basis at high volumes by mortgage lenders, vendors and others within the financial community to confirm the income of a borrower during the processing of a loan application. This verification

system is critical in preventing mortgage fraud and in ensuring that mortgage applicants have sufficient income to be able to purchase a home.

In late December, the IRS, in an effort to ensure that their outdated system was as secure as possible, implemented changes to the IVES system that threatened to bring the mortgage lending process to a grinding halt. We were very appreciative that Acting IRS Commissioner David Kautter immediately understood the industry's very serious concerns. At Acting Commissioner Kautter's direction, the IRS technology teams worked with the industry to put in place a temporary solution that restored tax transcript services for the time being. The industry was also very pleased that Acting Commissioner Kautter committed to forming a permanent IRS-Industry Technology working group that would work cooperatively to address the ongoing IVES system challenges.

For context, the mortgage industry processes approximately 6 million mortgage transactions per year – of which a vast majority require tax transcript verification to meet investor or regulatory requirements to validate the income for mortgage applicants. If this problem had gone on unabated, the IRS's policy would have significantly delayed millions of home sale transactions and would have had a very adverse impact on the economy.

The industry remains concerned, however, that when the spring home buying season begins, the temporary, patchwork solution that is now in place could be overwhelmed, delaying mortgage closings for American homebuyers.

Rather than continuing with patchwork solutions to plug holes in an outdated system, there is a critical need to provide sufficient funds to upgrade this system, which is critical to the IRS and a major segment of the U.S. economy.

The mortgage industry would be very pleased to meet with you to discuss these issues in more detail, and explore proposals to ensure that the IRS has the resources it needs to enable the outdated IVES system to perform as intended.

Thank you for your kind consideration of our recommendations.

Best regards.

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