



Consumer Data Industry Association
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April 21, 2020

The Honorable Charles P. Rettig
Commissioner of Internal Revenue
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Commissioner Rettig:

COVID-19 has disrupted regular operations across government agencies and private business, including the ability of lenders, particularly mortgage lenders, to use the Internal Revenue Service's (IRS) Income Verification Express Service (IVES) system. IVES is an important tool for verifying an applicant's income and is essential in the credit underwriting process. It serves as the "gold standard" for credit providers, helping prevent fraud and ensuring borrowers have the ability to repay their loans.

As you are aware, Section 2201 of the Taxpayer First Act of 2019 requires the IRS to modernize the system from the current antiquated fax-based system to an automated computer-based system, otherwise known as an application programming interface (API). The current crisis and the sudden inability for IRS staff to access fax machines and process requests in the office has underscored the immediate and dire need for an automated system that operates remotely.

With the current disruption in IVES system availability, lenders have been forced to turn to other systems for income verification. These less expensive and less dependable technology alternatives likely have financial and risk-related consequences.

With the shared desire to maintain the quality of income verification and support the continuity and modernization of the IVES system, through any environment, we would like to extend the offer to spearhead a consortium-led effort to develop the new IVES API.

As we discussed during our meeting on February 12, the consumer data industry and lenders that rely on the IVES system are concerned with certain aspects of the IRS's proposed plan to transition to an API, namely the \$3 fee increase, elimination of trusted endpoints and \$72 million project cost.

We estimate, however, that a consortium of stakeholders could develop a comparable API within one year for only \$36 million, with the opportunity to reduce the proposed fee increase. The Consumer Data Industry Association is prepared to assemble a group of technologists to begin the development of the API immediately. With the ability to stand up an automated and remote API later this year, a consortium-led initiative, drawing on the input of trusted third-

party vendors, would preserve and expand the availability of the IVES system even in the midst of this unprecedented national emergency.

This approach would also support the third-party IVES industry's continued ability to invest in the IVES system as well as the long-term security and integrity of taxpayer data and the efficiency of the mortgage industry.

We recognize IVES is a small, but very important part of IRS operations, and hope this letter will facilitate the opportunity to modernize the system through a productive private partnership. Enabling lenders' access to an automated and operational system as soon as possible will benefit taxpayers and credit providers, limit fraud, ensure borrowers have the ability to repay their loans and importantly prevent the degradation of quality income verification.

Our industry executives and I would welcome to discuss this opportunity with you as soon as possible. Thank you for your consideration of our request and please contact me at (202) 365-2403 if you have any questions.

Sincerely,



Francis Creighton
President & CEO