



February 23, 2023

## **CHLA Concerns about ICE Mortgage Technology User Seat Pricing**

Mr. Timothy J. Bowler  
President, ICE Mortgage Technology  
4420 Rosewood Drive, Suite 500  
Pleasanton, CA 94588

Dear Mr. Bowler:

Congratulations on your being named President of ICE Mortgage Technology, which brings to ICE your extensive experience at the highest levels of the federal government and on Wall Street.

CHLA is writing to express to you our longstanding concerns regarding ICE's relationship and treatment of small and mid-sized independent mortgage banks (IMBs) - ICE's customers and CHLA's members - and to make you aware of previous correspondence and discussions with your predecessor, Joe Tyrrell.

Last June CHLA wrote a [letter](#) opposing the ICE purchase of Black Knight, because a merged entity would create more monopoly pricing power, reduce smaller IMB's software services options, and further facilitate practices harmful to IMBs and their borrowers, such as click fees that are effectively junk fees.

While we did not reach any resolution on issues with your predecessor, Mr. Tyrrell, he was gracious enough to respond to our letter from last June and talk with us about our concerns.

On December 21, 2022, CHLA sent a letter to Mr. Tyrrell raising a new concern, precipitated by the large drop in mortgage volume in late 2022. CHLA's letter noted that ICE appeared to be unwilling to reduce volume-based charges for "user seats," even though IMB volume industry wide was falling significantly.

IMBs need to reduce expenses to right-size them with mortgage loan volume reductions. But, in part due to ICE's dominant market power, IMBs have been forced to sign one-way contracts with ICE that increase user seat charges when the number of user seats increase, but do not drop when they decrease.

This prevents the related user seat cost savings that could be achieved by IMB employee terminations.

**Therefore, we are writing again to reiterate our request that ICE reduce user seat fees for an IMB when an IMB's total number of user seats decline - in the same manner that such fees increase when an IMB's total number of user seats increases.**

We are enclosing our December letter as an appendix, and we appreciate your consideration of this request.

Sincerely Yours,

COMMUNITY HOME LENDERS OF AMERICA

CC: Rohit Chopra, Consumer Financial Protection Bureau  
CC: Lisa M. Kahn, Chair, Federal Trade Commission

## APPENDIX - CHLA 12/21/22 LETTER TO ICE MORTGAGE TECHNOLOGY



December 21, 2022

Mr. Joe Tyrrell  
President, ICE Mortgage Technology  
4420 Rosewood Drive  
Suite 500  
Pleasanton, CA 94588

Dear Mr. Tyrrell:

The Community Home Lenders of America (CHLA)<sup>1</sup> writes to ask ICE Mortgage Technology to revise their policies with regard to minimum user fees under your contracts with mortgage lenders - to allow such minimums to decrease as the number of users decreases, in the same manner that such minimums previously increased as the number of users increased.

A number of our IMB members report the following, as their mortgage volume has significantly contracted this year. Under the typical contract, ICE establishes a minimum usage fee, based on the number of user seats a lender has. When the number of user seats increases during a contract - as it typically did over the last several years as IMB loan volume was booming - the ICE minimum usage fee increased proportionately to the increase in a lender's number of user seats.

However, as you know mortgage loan volume has fallen precipitously this year. As a result, many lenders have seen their number of user seats decline significantly. However, CHLA members are reporting that when they asked ICE to reduce the minimum usage fee to reflect such decline, ICE would not do so.

This seems patently unfair - that the minimum user fee goes up when the number of users goes up - but does not go down when the number of users declines.

For many lenders, the two most significant cost items are loan software services fees (e.g. ICE if the lender uses your firm) and credit reports (and as you know, FICO is raising credit score fees by 400% for almost all lenders). This takes place at a time of shrinking loan volume and shrinking profit margins.

Therefore, CHLA believes it is only fair and reasonable that ICE minimum user fees reflect actual user seats, not some artificially inflated number reflecting a lending boom that has since deflated.

You were gracious enough to reach out to talk with us after CHLA questioned ICE's purchase of Black Knight. Therefore, we would like to have a conversation with you about this request.

Thank you.

Sincerely

COMMUNITY HOME LENDERS OF AMERICA

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<sup>1</sup> CHLA is the only national trade association focused exclusively on small and mid-sized independent mortgage banks (IMBs).