OHIO CREDIT
UNION LEAGUE

June 12, 2019

Comment Intake
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Re: Notice of Proposed Rulemaking Regarding Home Mortgage Disclosure (Regulation C)
Docket No. CFPB-2019-0021

To Whom It May Concern:

The Ohio Credit Union League (OCUL) welcomes the opportunity to submit comments concerning the Consumer Financial Protection Bureau's (CFPB) proposed updates to the 2015 Home Mortgage Disclosure Act (HMDA) Final Rule transaction thresholds.

2015 HMDA Final Rule

Regulation C, which implements the HMDA is governed by the CFPB and generally mandates reporting on certain data points on closed-end mortgage loans or open-end lines of credit. While the Dodd-Frank Act mandates specific reporting points, the agency extended the reporting of data points beyond what is explicitly outlined in law. Further, the agency has utilized its authority to enact partial exemptions from HMDA reporting (known as the coverage thresholds).

OCUL disagrees with the CFPB's historical approach as described in the 2015 HMDA Final Rule which requires credit unions and others to report additional data points beyond those mandated by the Dodd-Frank Act. However, we are very appreciative and strongly supportive of the agency's recent willingness to reconsider and revise prior HMDA rulemaking.

As not-for-profit, financial cooperatives, the mission of credit unions often aligns with the CFPB, working to ensure consumers have access to financial services that are consumer-friendly, non-predatory, and empower consumers to take more control over their economic lives. Credit unions exist for the sole purpose of providing affordable financial products and services to members, with a mission of empowering people not generating profit. Overall, it is our belief that the CFPB should exercise its exemption authority to empower expanded credit union service to consumers and communities, rather than subject them to one-size-fits all regulations that accelerate market consolidation and diminish opportunities to serve members.

Coverage Thresholds

Under the rule, otherwise covered entities, would not be covered under HMDA data reporting requirements if the depository financial institution does not originate at least 25 closed-end mortgage loans in each of the two proceeding calendar years; or 500 open-end lines of credit in each of the two preceding calendar years. Currently, the agency is proposing to alter each of these thresholds, which would provide regulatory relief by effectively providing a partial exemption based on activity levels to depository financial institutions from onerous HMDA reporting.

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As proposed, the agency seeks to increase the current closed-end mortgage loan threshold from 25 to either 50 or 100 loans in each of the two prior calendar years. At minimum, OCUL supports increasing the threshold to 100 loans to provide regulatory relief for community-based financial institutions, particularly credit unions. Increasing the closed-end mortgage loan threshold to 100 loans would provide regulatory relief to over 650 credit unions nationwide. The average Ohio credit union is $117 million in assets and would greatly benefit from such regulatory relief. To maximize the agency's impact, OCUL encourages the CFPB to consider a higher threshold for closed-end mortgage loans, such as 250 or 500. Establishing a new threshold at a reasonable 500 loan level would extend significant regulatory relief to a wider population of smaller, community-based financial institutions.

While the agency does not propose to raise the open-end threshold above 500, the agency proposes to extend the temporary open-end lines of credit threshold until January 1, 2022. OCUL supports extending the temporary open-end threshold for another two-year period. Additionally, the CFPB seeks to set a permanent open-end threshold of 200, which would take effect on January 1, 2022, after the temporary threshold of 500 expires.

OCUL remains concerned at setting the open-end threshold at 200 loans permanently. We recommend the CFPB revise the rule to make reporting of open-end loans voluntary as it was prior to the 2015 HMDA Rule. At minimum, the CFPB should maintain the 500 open-end loan threshold, rather than permanently utilizing 200 loans as the threshold, which will encompass a broader swath of financial institutions encountering the related regulatory burden.

Since the 2015 HMDA Rule, there have been many changes at the CFPB regarding reporting, exemptions, and policy guidance, among other items. While we are appreciative of the CFPB engaging with stakeholders and making necessary adjustments to the rule, we would like to reiterate our concerns with an ever-changing regulatory environment, especially as it relates to HMDA reporting. HMDA reporting is a complex and costly task for any entity. As non-profit, financial cooperatives, resources devoted to HMDA reporting are diverted to compliance budgets that would otherwise be spent on enhancing member service and providing other tangible benefits to consumers, including greater financial returns for member-owners. As the pendulum swings back and forth between regulatory changes, we request the agency provide a meaningful transition period for credit unions and consider regulatory actions which are flexible and contribute to a lower-cost and consistent operating environment.

Conclusion

In summary, we respectfully request that the CFPB consider our comments and those from other interested parties in response to this proposed rulemaking so that the CFPB can adequately address all issues and ensure that credit unions have an efficient and consistent operating environment., which can be achieved by implementing the following:

- Increase the closed-end coverage threshold minimally to 100 loans, and our suggested level for a reasonable threshold is 500;
- Extend the current 500 open-end coverage threshold until January 1, 2022; and our suggested level for a reasonable permanent threshold thereafter is 500;

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- Return to the pre-2015 HMDA Rule which allows open-end credit reporting to be voluntary; and,
- Continue to engage with stakeholders to create a regulatory plan in which regulated entities such as credit unions experience a consistent, efficient, and cost-effective operating environment with clear, understandable requirements.

If you have further questions or would like to discuss OCUL's comments in more detail, please feel free to contact us at 800-486-2917.

Respectfully,

Paul L. Mercer
President

Miriah Lee
Regulatory Counsel

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