June 12, 2019

Office of Regulations
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Re: Home Mortgage Disclosure (Regulation C); Docket No. CFPB-2019-0021; RIN 3170-AA76

Dear Sir or Madam:

On behalf of the 2.2 million credit union members we represent, the Heartland Credit Union Association (HCUA) appreciates the opportunity to comment on the Consumer Financial Protection Bureau’s (CFPB or Bureau) proposal to amend the transaction thresholds for reporting data pursuant to the Home Mortgage Disclosure Act (HMDA) Rule.

HCUA supports the CFPB’s recent willingness to review and revise its prior rulemakings to mitigate impact on credit unions and other community-based financial institutions. We recommend the Bureau continue to examine the HMDA rulemaking for additional areas that should be addressed as it is increasingly difficult for credit unions to effectively participate in the mortgage lending market when they are required to comply with rules not tailored to their size and structure.

Although a 100-loan closed-end mortgage threshold is HCUA’s preferred of the two proposed alternatives, we strongly recommend the CFPB adopt a threshold of 500 for closed-end mortgage loans. The CFPB should consider a closed-end mortgage threshold of 500 loans in each of the prior two years; as such a threshold would exempt even more small lenders from the HMDA rulemaking while still maintaining the integrity of the overall HMDA data set.

The Bureau’s proposed decrease of the open-end lines of credit threshold from 500 to 200 lines after 2022 could result in many of our credit unions losing their exemption from reporting open-end lines of credit data. These institutions would be required to expend resources and hire staff in order to meet the new reporting burden, which takes away from valuable resources that could otherwise have been dedicated to member service and low-cost products. HCUA has serious concerns with the proposed threshold reduction and we recommend the Bureau revise Regulation C to make reporting open-end lines of credit voluntary, as it was prior to the 2015 HMDA Rule. At a minimum, the Bureau should consider making the 500 line-of-credit threshold permanent.

HMDA reporting is a complex and costly endeavor for credit unions. As community-based financial institutions, credit unions are especially affected by sudden changes in regulatory requirements. We request that the Bureau provide a meaningful transition period so that impacted credit unions have an opportunity to adjust processes and systems without the risk of
examination findings. For example, the Bureau could permit a “good-faith efforts” compliance period, as it has done previously, and encourage other regulators, including the NCUA, to do the same.

In conclusion, HCUA strongly encourages the Bureau to adopt a threshold of 500 loans in each of the prior two years for closed-end mortgage loans. HCUA urges the Bureau to return to the pre-2015 HMDA Rule’s voluntary reporting of open-end lines of credit. Barring the return to voluntary reporting, HCUA strongly recommends the Bureau make the current 500-line threshold permanent to ensure current member resources continue to be dedicated to member service.

As always, we appreciate the opportunity to review this issue. We will be happy to respond to any questions regarding these comments.

Sincerely,

Brad Douglas
President/CEO