

March 14, 2016

Monica Jackson
Office of Executive Secretary
Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, DC 20552

Re: Request for Information Regarding Home Mortgage Disclosure Act Resubmission Guidelines
Docket No.: CFPB-2015-0058

Dear Ms. Jackson:

On behalf of the 1.453 million credit union members we represent, the Heartland Credit Union Association (HCUA) appreciates the opportunity to comment on the Request for Information Regarding the Home Mortgage Disclosure Act (HMDA) Resubmission Guidelines.

On October 15, 2015, the Consumer Financial Protection Bureau (CFPB or Bureau) issued its final rule amending HMDA's Regulation C. This final rule significantly expands the number of data points currently required under HMDA. As such, we are pleased that the agency has issued this Request for Information regarding revisions to its Resubmission Guidelines. As a preliminary matter, HCUA is concerned the Bureau has not yet indicated which of the data points will be made public or in what format the data points will be made available to the public. The availability of this critical information may very well affect our comments made herein, as the validity or importance of a particular data point may take on more significance (or less significance) based on that information. As we have expressed in other HMDA related comments, we urge and renew our continued call for the Bureau to make its determination on this issue quickly.

Currently the Bureau's Resubmission Guidelines require an institution reporting fewer than 100,000 loans or applications on their loan/application register (LAR) to resubmit data when errors are found in (1) 10 percent or more of the LAR sample entries; or (2) 5 percent or more of sample entries within an individual data field. For institutions reporting over 100,000 entries, the error rate is reduced to (1) 4 percent or more of the LAR sample entries; or (2) Between 2 and 4 percent of the sample entries within an individual data field. Resubmission may be required even if sample error rates are below the thresholds if the errors make the institution's data unreliable.

The CFPB has requested comments on the following questions:

1. Should the Bureau continue to use error percentage thresholds to determine the need for data resubmission? If not, how else may the Bureau ensure data integrity and compliance with HMDA and Regulation C?

HCUA believes given the significant increase in the data points collected, an institution with under 25,000 LAR entries should not have to conduct a validation test nor should be required to have a resubmission. The CFPB should then tier rates for higher entry amounts. We believe this will lessen the impact on credit unions with low loan volume, but continue to maintain the integrity of HMDA data submitted to the agency.

2. If the Bureau retains error percentage thresholds, should the thresholds be calculated differently than they are today? If so, how and why?

Yes, they should be calculated differently. The Bureau should calculate the data points in proportion to the number of data points reviewed. Instead of a flat 10 percent method, it should be adjusted to errors/number of data points reviewed.

3. If the Bureau retains error percentage thresholds, should it continue to maintain separate error thresholds for the entire HMDA LAR sample and individual data fields within the LAR sample? If not, why?

No, the number of errors should relate to the number of LAR entries.

4. If the Bureau retains error percentage thresholds, should it continue to provide different thresholds for institutions with different LAR sizes? If so, what thresholds should the Bureau apply to which LAR sizes? Specifically, should the Bureau retain the stricter resubmission thresholds it applies to institutions with 100,000 or more LAR entries? If not, should distinct error thresholds be based on criteria other than LAR size?

HCUA believes given the drastic increase in data fields, institutions with less than 25,000 LAR entries should be exempt from resubmission. This will still maintain the integrity of the overall HMDA data and provide relief to smaller financial institutions. The Bureau should tier the thresholds above that, but they should not be as strict as the current guidelines provide. Because of the vast increase in data points, the potential for errors has correspondingly increased and thus stricter error rates make little sense.

5. If the Bureau retains error percentage thresholds, should it apply different thresholds to different HMDA data fields? If so, on what basis could the Bureau distinguish one kind or type of HMDA data field from another? If, for example, the Bureau were to identify certain data fields as “key fields” that are held to a more stringent resubmission standard than other fields, how could the Bureau determine which fields are “key” and determine the appropriate threshold?

We believe applying different thresholds for different fields makes sense. Some fields are not based on factual data and thus should not be targeted as essential fields. It is even conceivable to have the error ranges only apply to certain fields.

6. If the Bureau retains error percentage thresholds, should it treat systemic errors differently from non-systemic errors? If so, how should the Bureau distinguish between systemic and non-systemic errors?

Systemic errors should be counted as one error, unless the error was intentional or with malice aforethought.

7. Should the Bureau separately survey a financial institution’s internal data for HMDA (sic) reportable transactions that were omitted from the institution’s HMDA LAR? If so, how should the Bureau conduct the survey and determine when omissions require correction and resubmission?

This should be left to the institution’s prudential regulator to determine during an examination. Many credit unions also currently have internal procedures or audits to address this issue. A separate survey is not necessary.

8. Should the Bureau, for some kinds or types of errors, require that an institution correct and resubmit its HMDA submission and, for other kinds or types of errors, require only that the institution ensure such errors are not found in future HMDA submissions? If so, how should the Bureau decide when correction and resubmission of the HMDA LAR is necessary?

The Bureau should only require immediate resubmission in cases of clearly intentional or willfully incorrect reporting. Further, the Bureau should also not require resubmission for fields that are not supported by factual data.

9. Should the Bureau’s HMDA review procedures or guidelines address circumstances in which HMDA data are reported by several financial institutions that have an affiliate and/or subsidiary relationship with each other? If so, how?

Guidance that outlines common examples of organizational structures is always welcome.

10. Are any changes needed in how the Bureau selects HMDA samples to conduct HMDA data integrity reviews? If so, what changes are needed and why?

No changes needed.

11. Are any other changes needed in the manner in which the Bureau conducts its HMDA data integrity reviews? If so, what changes are needed and why?

No changes needed.

12. Are there any technological or other changes that could be made to the HMDA data collection system or to the process by which it applies edits to identify possible errors that could help HMDA reporters reduce the frequency of errors or otherwise promote data integrity?

No recommendations.

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

Sincerely,

Don Cohenour
Marla Marsh