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December 5, 2017

The Honorable Mick Mulvaney
Acting Director
Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, D.C. 20552

Dear Director Mulvaney:

On behalf of the nation's 5,700 community banks, I am writing to request the Consumer Financial Protection Bureau (CFPB) take prompt action to reduce the regulatory burden associated with implementing the new Home Mortgage Disclosure Act ("HMDA") Final Rule.

On October 28, 2015, the CFPB adopted the HMDA Final Rule ("Regulation C") which includes new and expanded data collection and reporting requirements for mortgage loan applications received by community banks and other financial institutions beginning January 1, 2018.

Although ICBA welcomes the CFPB's temporary increase in the reporting threshold for open-end lines of credit to 500 and the CFPB's willingness to further evaluate the appropriateness of this temporary increase, more must be done to reduce the regulatory burden of this Final Rule. ICBA strongly urges the CFPB to use its authority to further reduce the associated compliance burden by implementing the recommendations below.

Loan Volume Thresholds. Increase the loan volume reporting thresholds to 1,000 for closed-end mortgages and 2,000 for open-end lines of credit. Increasing the thresholds would provide regulatory burden relief for many more community banks and other small lenders without significantly impacting the mortgage data available to the CFPB or impairing the purpose of the HMDA statute.

Implementation Delay. To further alleviate the pressure on community banks' efforts to comply, ICBA urges a one-year delay in the effective date to January 1, 2019. Community banks and other small lenders are diligently working to comply with the new requirements and need more time to ensure compliance.

Vendor Readiness

Community banks rely on third-party vendors to update their systems for compliance with the new rule. Unfortunately, we do not believe vendors are prepared for the January 1 compliance date in large part because the CFPB has continued to revise and retool its guidance in response to mortgage lender comments and questions. System testing is critical for the identification and resolution of problems prior to "going live." However, lenders' requests for system testing are yet

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to be scheduled. Without prior testing, there is an enormous risk of compliance failure on January 1 and in the following months and a disruption in the flow of mortgage credit.

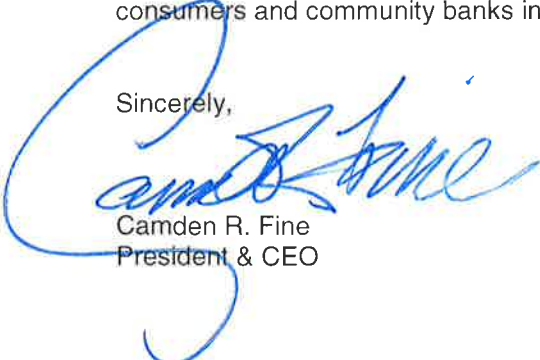
Privacy

The CFPB has not adequately addressed the privacy risks to consumers' personally-identifiable information posed by the extensive new data collection and publication requirements. This is especially troubling considering recent data breaches in both the public and private sectors which exposed sensitive information about millions of U.S. consumers. These concerns were recognized by the CFPB itself as the nexus for the additional rulemaking. The September 2017 Proposed Policy Guidance recognizes these risks and states: "with respect to the HMDA data that will be reported to the agencies under the 2015 HMDA Final Rule and based on its analysis to date, the CFPB believes that public disclosure of the unmodified loan-level data set, as a whole, would create risks to applicant and borrower privacy interests under the HMDA balancing test."¹

Furthermore, the CFPB has come under scrutiny for failing to address its own information security weaknesses. In 2015 and 2017, the CFPB's Office of Inspector General (OIG) noted several deficiencies that need resolution. Yet, despite the heightened concerns documented by the OIG, the CFPB is poised to become the sole source of sensitive HMDA data. Delaying implementation would allow the agency to address its data security weaknesses and give community banks some measure of comfort knowing their customers' sensitive information will be protected.

For the reasons noted above, ICBA strongly urges the CFPB to increase the reporting thresholds for closed-end mortgages and open lines of credit secured by a dwelling, and delay the effective date of the HMDA Final Rule due to the lack of vendor readiness and privacy concerns. ICBA stands ready to work with you on this issue, as a smooth compliance period benefits both consumers and community banks in our communities.

Sincerely,



Camden R. Fine
President & CEO

¹ http://files.consumerfinance.gov/f/documents/201709_cfpb_hmda-disclosure-policy-guidance.pdf

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