



October 15, 2019

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

Re: Home Mortgage Disclosure (Regulation C) Data Points and Coverage; Docket No.
CFPB-2019-0020, RIN 3170-AA97.

Dear Staff Attorney:

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit comments on the Consumer Financial Protection Bureau's (CFPB) Advanced Notice of Proposed Rulemaking (ANPR) Home Mortgage Disclosure (Regulation C) Data Points and Coverage. The ICUL member credit unions represent 99% of assets and members of Indiana's credit unions, with those memberships totaling more than 2.6 million consumers.

The ANPR asks for comments related to the data points required to be reported by the 2015 HMDA Rule amendment of Reg C as well as additional amendments in 2017 and 2018. The ANPR also requests comments on whether or not certain business or commercial-purpose transactions should be reported under HMDA.

In comment letters submitted prior to the 2015 HMDA Final Rule, we strongly opposed the expansion of the data points required to be reported well beyond what was required by the Dodd-Frank Act. Our position has not changed. We continue to hear from credit unions that the expanded data set continues to be difficult to comply with as much of the information is stored on different systems, and in some cases third-party systems. The cost incurred to work toward compliance continues to escalate. The additional data reporting expectations have required modifications to loan origination systems, mergers of data from multiple systems, changes in procedures and training for employees involved in mortgage lending, and increased costs that have been passed on to credit unions from their system vendors as the data points are incorporated into software and other applications. These increased burdens and the associated costs could ultimately result in higher mortgage loan rates and fees, which would harm consumers in the end without any tangible benefit to the CFPB in enhancing its ability to identify discriminatory activities.

We strongly encourage the CFPB to reduce the data set required to only include those data points specifically required by statute. We do not see the enhanced value of the discretionary data points added by the CFPB that were not required by statute. This nearly doubled the number of data points collected for no apparent reason. We do not believe that these additional non-required data points enhance the purpose of HMDA reporting. We believe that the data points required by Dodd-Frank are sufficient to identify possible discriminatory lending patterns as they relate to antidiscrimination laws and regulations.

We have additional privacy and data security concerns relative to the data being collected. While the CFPB has published what information will be made public and how some of the information will be modified to avoid privacy issues for the consumer, we do not believe that this process goes far enough. We believe the best approach for the CFPB to take on protecting the consumer from the potential privacy exposure is to avoid collecting data it isn't required to collect. Until that time, the expanded data set collected has the potential to expose credit union members to a greater risk of loss of privacy and to possible misuse of their sensitive and personal financial information. Data security is an ongoing and very challenging area for all entities that collect private information about consumers. Hackers continually look for ways to access this information illegally. Not having the information at all is the only true way to protect consumers from this potential for wrongful access.

In its ANPR, the CFPB asks for comments as to whether certain business and commercial transactions should be reported. We do not believe this is necessary or appropriate to the purpose of HMDA. HMDA is a consumer law designed to protect communities from the harm of redlining. The extension of HMDA reporting to businesses and

commercial transactions would substantially increase the compliance burden on many credit unions, and we believe it would not provide information that is valuable to the lending process or decisions. There are significant differences in how business loans are underwritten as compared to how consumer loans are reviewed. The information upon which a credit decision on business and commercial loans is made can be more subjective, and not as reliant on the type of information that HMDA is collecting.

Credit unions are not-for-profit, member-owned financial cooperatives that strive to provide the highest level of service to their members. Loans made by credit unions are to member-owners of the cooperative. As such, fair lending has always been a focus of credit unions. Credit unions exist solely for the benefit of members, not shareholders.

We believe all federal financial regulators should consider the burden regulations have had on credit unions, and consequently, consumers these past several years. Actions should be taken to streamline current regulations to eliminate antiquated and inconsistent requirements, provide exemptions for credit unions where appropriate, and curb future regulatory requirements.

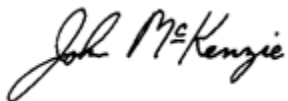
For the past several years, there has been a cycle of using regulations to curb the abusive practices of too-big-to-fail institutions. Unfortunately, regulations have been applied indiscriminately to all financial institutions, including credit unions, which have not engaged in irresponsible lending and banking practices, in a one-size-fits-all manner. Unwieldy regulations often lead to excessive regulatory compliance burdens for community-based financial institutions, such as credit unions, which can then lead to their exit from certain markets, often where consumers need them most.

Congress contemplated the need for exemptions to certain rules and crafted the Dodd–Frank Act to authorize the CFPB to tailor its rules so those acting responsibly in the financial services marketplace are not unnecessarily hampered by those rules. The CFPB should use this authority to help protect credit union members from the many problems associated with creating one-size-fits-all rules that are inappropriate for the different not-for-profit structure of credit unions. We ask the CFPB to consider how credit unions are different from other financial services providers, especially those with a history of abusing consumers, and to tailor rules accordingly.

We agree that the collection and reporting of quality mortgage data for consumers and the public is an important tool to protect consumers and to ensure bank redlining does not occur in the future. Credit unions provide quality mortgage products and services to members and did not engage in the practices that created the need for HMDA. We urge the CFPB this in mind as it considers how to proceed in amending HMDA. We encourage the CFPB to focus on those lenders that created the problem, and not write regulations that increase the regulatory burden on all lenders, including credit unions.

On behalf of Indiana credit unions, we appreciate the opportunity to comment on this ANPR. If you have any questions about our letter, I would welcome the opportunity to discuss it. I can be reached at (317) 594-5320.

Sincerely,

A handwritten signature in black ink that reads "John McKenzie". The signature is written in a cursive style with a large, stylized "J" and "M".

John McKenzie
President, Indiana Credit Union League