

July 12, 2017

By electronic delivery to:

The Honorable Richard Cordray, Director
Bureau of Consumer Financial Protection
1275 First Street, NE
Washington, DC 20002

Dear Director Cordray:

On behalf of America's banking industry, the American Bankers Association and banking associations from each of the 50 states and Puerto Rico request your immediate consideration of our request to delay the new Home Mortgage Disclosure Act (HMDA) requirements, scheduled to become effective on January 1, 2018.

We appreciate the Bureau's efforts to help lenders comply with the new reporting requirements. Nonetheless, banks of all sizes are gravely concerned that they will not be able to assure proper compliance by the January timeframe. The new HMDA rules are inherently complex and very expensive to implement. Moreover, they are incomplete. Recently proposed adjustments to the rule are complicating compliance efforts, and despite the Bureau's characterization of the proposed changes as "technical corrections, clarifying amendments or minor changes," many of the changes are substantive in nature. In addition, and as important, the Bureau has not conducted a thorough or comprehensive process to identify industry questions and proposed solutions; instead the Bureau has relied on informal and ad hoc "outreach," which is inadequate for the serious task at hand.

The Department of Treasury has recently raised similar concerns in a detailed report that calls for CFPB to delay implementation of the HMDA reporting requirements.¹ We highlight the report's conclusions that "[f]undamental concerns remain about the efficiency of the HMDA regime, borrower privacy, and competitive harm to lenders through disclosure of proprietary information." We ask that the Bureau focus on the Department's recommendation to delay the 2018 implementation of the new HMDA requirements "until borrower privacy is adequately addressed and the industry is better positioned to implement the new requirements." Such a deferral would avoid considerable harm to institutions, particularly smaller community banks, and would allow the Bureau to add the calibration and precision needed in this important rule.

Our communications with systems vendors reveal that software systems for the new HMDA requirements will not be available in time to allow for proper incorporation of the software into bank platforms. This is because the industry and systems vendors are still awaiting rule changes that will necessitate system adaptations. As a general rule, institutions require, at a minimum, three to four months to properly install, test and adjust systems as well as properly train staff. This means the January 1 timeframe is now unrealistic for most banks. The Bureau must recognize that data collection platforms must be ready and

¹ See "A Financial System That Creates Economic Opportunities" (<https://www.treasury.gov/press-center/press-releases/Documents/A%20Financial%20System.pdf>)

launched by September 2017 to assure the data collection that is necessary by January 2018. Even if finalized immediately, the pending rule changes and other challenges will pose unmanageable hurdles to proper and orderly implementation.

To maximize clarity and minimize waste, we respectfully urge that the Bureau announce its intention for a delay within the next month. This timeframe assures proper notice to financial institutions and facilitates adequate arrangement of compliance priorities. The HMDA regulation will significantly restructure banks' mortgage data reporting activities. The costs are high, and they require coordination, education, and resolution of multiple and interrelated factors to assure precision and consumer privacy.

We respectfully ask that CFPB grant additional time to guarantee a proper outcome for banks and consumers.

Sincerely,

American Bankers Association
Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
California Bankers Association
Colorado Bankers Association
Connecticut Bankers Association
Delaware Bankers Association
Florida Bankers Association
Georgia Bankers Association
Hawaii Bankers Association
Idaho Bankers Association
Illinois Bankers Association
Illinois League of Financial Institutions
Indiana Bankers Association
Iowa Bankers Association
Kansas Bankers Association
Kentucky Bankers Association
Louisiana Bankers Association
Maine Bankers Association
Maryland Bankers Association
Massachusetts Bankers Association
Michigan Bankers Association
Minnesota Bankers Association
Mississippi Bankers Association
Missouri Bankers Association
Montana Bankers Association
Nebraska Bankers Association
Nevada Bankers Association
New Hampshire Bankers Association
New Jersey Bankers Association

New Mexico Bankers Association
New York Bankers Association
North Carolina Bankers Association
North Dakota Bankers Association
Ohio Bankers League
Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association
Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association
Tennessee Bankers Association
Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Bankers Association
Washington Bankers Association
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association