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National Association of Federally-Insured Credit Unions

May 3, 2017

Ms. Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street NW
Washington, D.C. 20552

RE: Amendments to Equal Credit Opportunity Act (Regulation B) Ethnicity and Race Information Collection – RIN 3170-AA65

Dear Ms. Jackson:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally-insured credit unions, I am writing in regard to the Consumer Financial Protection Bureau's (CFPB) proposed changes to Regulation B to better align its requirements with those of Regulation C. Every day, credit unions across the country seek to provide credit and the highest quality financial services to their members regardless of race, color, religion, national origin, sex, marital status, or age. Therefore, NAFCU supports the CFPB's efforts to simplify compliance with the Equal Credit Opportunity Act (ECOA) and its implementing regulation, Regulation B, especially for those entities subject to the reporting requirements under the Home Mortgage Disclosure Act (HMDA), Regulation C.

NAFCU is pleased that the CFPB has decided to harmonize the relevant portions of Regulation B with the amendments made in the 2015 HMDA final rule. Allowing greater flexibility for creditors, with applications subject to the reporting requirements under § 1002.13(a)(1), to use either aggregate or disaggregated ethnicity and race categories makes compliance easier and less costly. Unlike for profit financial institutions, credit unions, as not-for-profit, member-owned cooperatives, have limited compliance resources and generally require greater flexibility for compliance with significant regulations. The proposed optional collection of disaggregated ethnicity and race information is the type of rulemaking that recognizes this difficulty and accounts for the potentially longer compliance transition period necessary for credit unions.

Accordingly, NAFCU and its member credit unions also support the five-year time frame for institutions to continue to collect demographic information after falling below the loan volume threshold, for both closed-end and open-end lines of credit. There are certainly credit unions that may be subject to HMDA reporting requirements some years and not others. The proposal aptly recognizes that some credit unions face such uncertainty and establishes a realistic time frame for compliance, which mirrors the HMDA requirements. This creates even greater flexibility in the

compliance process; a feature of rulemaking that NAFCU has continually asked the CFPB to incorporate into its various proposals.

This provision will also provide credit unions that sell to Fannie Mae and Freddie Mac more opportunity to adopt the new 2016 Uniform Residential Loan Application. Guaranteed access to the secondary mortgage market is essential to the success of credit unions and the mission they have pledged to their members. NAFCU encourages the CFPB to continue to evaluate the unique role credit unions play in the housing market when considering and proposing rulemaking affecting this area of the economy.

A potential concern with this level of flexibility is that it will result in confusing, dissimilar demographic data that may not accurately reflect the nation's diversity. The 2015 HMDA final rule allows applicants to self-identify their ethnicity and race with disaggregated ethnic and racial subcategories, but Regulation B only provides applicants with aggregate categories. The proposal is silent as to how the process for evaluating aggregate data collected in compliance with ECOA will ultimately align with the process for evaluating disaggregated data collected and reported in compliance with Regulation C. NAFCU hopes that this disparity will not create a greater compliance burden in the future for credit unions that are not subject to HMDA reporting and are therefore not required to use the disaggregated data categories in Regulation C.

Overall, NAFCU is encouraged by the CFPB's close evaluation of the possible alternatives to the proposed rule and the justification for the proposal itself. The CFPB should continue to engage in a cost-benefit analysis throughout this and every rulemaking process, with special focus on the effect a specific rule may have on community-based financial institutions like credit unions.

Conclusion

NAFCU supports the CFPB's efforts to ease compliance with Regulation B and Regulation C. If you have any questions or concerns, please do not hesitate to contact me at akossachev@nafcub.org or (703) 842-2212.

Sincerely,



Ann Kossachev
Regulatory Affairs Counsel