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National Association of Federally-Insured Credit Unions

July 31, 2017

Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1275 First Street NE,
Washington, DC 20002

RE: Temporary Increase in Institutional and Transactional Coverage Thresholds for Open-End Lines of Credit. (RIN: 3170-AA76)

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 would like to share with you NAFCU's thoughts on the Consumer Financial Protection Bureau's (CFPB) proposed "Temporary Increase in Institutional and Transactional Coverage Thresholds for Open-End Lines of Credit" under the Home Mortgage Disclosure Act (HMDA).

As not-for-profit, member-owned financial institutions, credit unions have served a vital role as affordable and responsible lenders in their communities. NAFCU and our members support the intended purpose of HMDA, which is to promote fair lending and ensure that consumers receive equitable access to credit in the housing market. However, the CFPB's Final Rule must undergo substantial adjustment to fairly achieve these statutory purposes. To preserve consumer access to affordable credit and provide necessary relief to credit unions, NAFCU strongly recommends the Bureau exempt open-end lines of credit from mandatory reporting under Regulation C. If the Bureau fails to implement that change, NAFCU would support permanently increasing the various institutional and transactional thresholds within Regulation C.

The CFPB should revise its asset-size exemption to reflect the regulatory definition of a small credit union.

The HMDA asset-size exemption for institutional coverage is currently set at $44 million. Credit unions with assets at or below $44 million are exempt from collecting HMDA data in 2017. This threshold should be increased in order to permit more credit unions to take advantage of the asset-size exemption and maintain consistency with the National Credit Union Administration's (NCUA) definition of a small credit union. The NCUA currently defines a credit union as "small" at $100 million or less in assets for purposes of the Regulatory Flexibility Act. This definition was set after rigorous study of the credit union industry and the capabilities of small credit unions. Accordingly, the CFPB should adopt $100 million as its asset-size exemption.

The CFPB should increase both transactional coverage thresholds.

NAFCU still objects to the HMDA Final Rule's mandatory reporting requirement for HELOCs. NAFCU believes that the Final Rule should be amended to focus attention on mortgage lending to ensure that HMDA's statutory aims are achieved as efficiently as possible. In the alternative, NAFCU supports increasing the open-end line of credit threshold from 100 in each of the preceding two-years to 500 in each of the preceding two-years for a temporary period. The CFPB should also consider setting the threshold even higher on a permanent basis.

In addition, the CFPB should raise the closed-end mortgage loan threshold from 25 closed-end mortgage loans in each of the preceding two-years to – at minimum – 150 in each of the preceding two-years.

The CFPB should delay the Final Rule's effective date.

In the current environment, regulatory requirements have reached a substantial level of complexity. Credit unions expend considerable resources preparing for compliance and regularly seek the opinion of outside counsel to ensure they are always in compliance with the latest agency rules. Meanwhile, important aspects of the Final Rule remain in flux, which has contributed to mounting costs as credit unions at the cusp of certain coverage thresholds brace for implementation. To remedy this problem, the CFPB should consider further delaying HMDA's effective date.

Conclusion

HMDA compliance is a top concern among credit unions, especially as the January 1, 2018 effective date draws near. The CFPB could provide substantive relief to credit unions by raising the institutional and transactional coverage thresholds within Regulation C. In addition, the CFPB should consider delaying HMDA's effective date to provide temporary relief to credit unions at the cusp of particular coverage thresholds. NAFCU believes that these measures will ensure continued access to affordable credit without compromising the broader, statutory aims of HMDA.

NAFCU appreciates the chance to submit comments regarding the CFPB's proposed temporary increase to the transactional and institutional coverage thresholds under Regulation C. Should you have any questions or concerns, please do not hesitate to contact me at amorris@nafcu.org or (703) 842-2266.

Sincerely

Andrew Morris

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