

**American Bankers Association
Consumer Bankers Association
Consumer Mortgage Coalition
Housing Policy Council of The Financial Services Roundtable
Mortgage Bankers Association**

July 28, 2017

Richard Cordray, Director
Consumer Financial Protection Bureau
1275 First St, NE
Washington, DC 20002

RE: Request for Delayed Implementation of the Home Mortgage Disclosure (Regulation C) October 2015 Final Rule

Dear Mr. Cordray,

The undersigned trade associations representing the financial services industry respectfully request a delay of the January 1, 2018 effective date of one year for the mandatory collection of new data points under the Consumer Financial Protection Bureau's ("Bureau" or "CFPB") Home Mortgage Disclosure Act (HMDA) Regulation (Regulation C). We also would like to assist the CFPB in developing protocols for 2018 reporting so the year serves as a productive transition to the new data requirements for 2019.

Although we greatly appreciate the CFPB's work to facilitate implementation of this major data collection and reporting rule, the CFPB's regulatory process and technological framework for this rule are still incomplete. Proposed amendments to the rule are not yet finalized. Moreover, the HMDA data reporting portals, geocoding tools, data validation, and finalized Filing Instruction Guides (FIGs) are not yet issued. All of these items are needed to ensure compliant business process and systems changes by the effective date.

Additionally, the CFPB has not yet initiated a public process to apply the balancing test to determine which of the new data will be released to the public. This is a critical step, considering that the data includes private financial information such as borrowers' credit scores, debt-to-income ratios, and loan-to-value ratios. Studies show that even if private information is released in anonymous form, other data can be used to re-identify specific individuals and their data. If it is determined some data should not be released, follow-on issues that need to be addressed include data security controls and, more broadly, whether such data should be routinely collected and reported at all. These concerns should be addressed before the new data points are required.

Currently, the new data must be collected for loans where action is taken on or after January 1, 2018. Given the standard timeline from application to closing, data for January 1, 2018 actions can be expected to be collected in the several months of 2017. This timeframe suggests that there is now insufficient opportunity for lenders and vendors to test and integrate forthcoming requirements to ensure an effective implementation.

For all of the reasons set forth above, we strongly believe the Bureau should delay the mandatory implementation date for the new data points to give both the Bureau and the industry sufficient time to complete, test, and implement compliant data collection and HMDA reporting processes, as well as to address data privacy issues.

To facilitate testing and progress towards full implementation, the Bureau should allow those institutions that choose the flexibility to incorporate some or all of the new data requirements into their data collection for 2018 on a voluntary basis.^{1 2} Such an approach requires careful work and the undersigned would welcome the opportunity to meet with the Bureau on this and similar issues to ensure a fruitful transition.

Finally, we also ask that a decision be made and communicated to stakeholders on this request as soon as possible so that undue costs are not incurred and lenders and the government can focus on the steps needed to ensure effective implementation going forward. In the meantime, the current data requirements of Regulation C would continue to apply and address the public purposes of HMDA.

We appreciate your consideration of these important matters and the Bureau's work on the HMDA rule. We would also appreciate an opportunity to discuss our concerns with you in greater detail.

Thank you again for your consideration.

Sincerely,

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¹ For instance, the Bureau would sanction the collection of ethnicity, race, and sex information during 2018 using either the current collection format or the new format.

² It will be important for the CFPB to distinguish between the gathering and reporting of data. Those institutions that gather data voluntarily should not have to report that data. If, however, an institution elects to do so, it should be allowed to both voluntarily gather and report the identified data, but the voluntarily reported data should not be subject to the error/re-filing tolerances. This would be consistent with the safe harbor provided to institutions that voluntarily report SARs data – i.e., no privacy action can be brought against an institution that reports the data in good faith.