June 11, 2019

Comment Intake
Bureau of Consumer Financial Protection
1700 G Street NW
Washington, DC 20552


Dear Director Kraninger:

The Community Bankers Association of Illinois (“CBAI”) which proudly represents 310 Illinois community banks, appreciates this opportunity to provide our observations and recommendations regarding the Consumer Financial Protection Bureau’s (“CFPB” or “Bureau”) proposed rule and request for public comment (“Proposal”) regarding the Home Mortgage Disclosure Act (“HMDA”). CBAI acknowledges the Bureau is proposing two alternatives to amend Regulation C to increase the threshold for reporting data about closed-end mortgage loans so that institutions originating fewer than either 50 closed-end mortgage loans, or alternatively 100 closed-end mortgage loans, in either of the two preceding calendar years would not have to report such data as of January 1, 2020. The Proposal would also adjust the threshold for reporting data about open-end lines of credit by extending to January 1, 2022 the current temporary threshold of 500 open-end lines of credit and setting the threshold at 200 open-end lines of credit

CBAI is dedicated to exclusively representing the interests of Illinois community banks and thrifts through effective advocacy, outstanding education, and high quality products. CBAI’s members hold more than $70 billion in assets, operate 860 locations statewide, and lend to consumers, small businesses, and agriculture. For more information, please visit www.cbai.com.
upon the expiration of the proposed extension of the temporary threshold.

CBAI has a longstanding interest in HMDA and has consistently advocated for higher exemption thresholds for community banks. Higher thresholds are particularly important for the smallest institutions because of the cost and significant amount of time required for compliance, individually and collectively they originate so few mortgage loans that their impact on national trends are insignificant – and because community banks serve their customers and communities fairly and with respect and do not practice predatory and discriminatory lending practices that HMDA is designed to identify and prevent.

In an October of 2014 comment letter to the CFPB, CBAI observed that while the Dodd-Frank Act mandated an increase in the mortgage loan data to be collected, the Bureau did not restrain itself to those limits. Instead, the Bureau proposed the collection of significantly more information using the justification that it “may be necessary” to carry out the purposes of HMDA - but these added data fields were completely discretionary. CBAI urged the Bureau in part to scale back the number of additional data fields and not go beyond the Dodd-Frank Act requirements and also urged the CFPB to increase the loan volume threshold for HMDA reporting to 1,000 closed-end mortgages and 2,000 open-end lines of credit.

In subsequent comment letters to the CFPB and active advocacy in Congress, CBAI urged the Bureau to not go beyond the Dodd-Frank Act requirements and increase the loan volume thresholds. While we were pleased that the Economic Growth, Regulatory Relief and Consumer Protection Act of 2018 did scale back the expanded data fields for banks that originate no more than 500 open and closed-end mortgage loans, this regulatory relief is insufficient.

CBAI appreciates and supports the regulatory relief for the smallest mortgage loan originators contained in this Proposal to increase the minimum threshold on closed-end mortgages to 100 loans, extending the 500 open-end lines of credit threshold and making permanent making permanent the 200 lines threshold. However, we continue to be concerned with the Bureau’s rulemaking process which has to-date provided too few and minor exemptions for community banks after voluminous and complex rulemaking (which in itself constitutes an unnecessary and additional regulatory burden on community banks). CBAI urges the Bureau to more aggressively use its authority granted under the Dodd-Frank Act (Section 1022(b)(3)(A) to tailor regulations to fit the diversity of the financial marketplace, and explicitly gives the CFPB the authority at adapt regulation by allowing it to exempt any class of entity from its rulemaking (e.g., community banks).
Community banks are worthy of the broad exemptions that the Bureau is able to grant under the law and we encourage the Bureau to go beyond what is being proposed to provide community banks with more meaningful and well-deserved regulatory relief.

Thank you for the opportunity to comment on this Proposal. If you have any questions or need additional information please do not hesitate to contact me at (847) 909-8341 or davids@cbai.com.

Sincerely,

/s/

David G. Schroeder
Senior Vice President
Federal Governmental Relations