From: Community Bank, Jay Randall

Subject: HMDA - Notice of Public Hearings

Comments:

Comments on HMDA Changes

From: Jay T. Randall, President
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What, if any, additional data should be collected? What are the benefits, costs, and privacy issues associated with requiring lenders to report, for example: (i) Underwriting data such as borrower's credit score, loan-to-value ratio, combined loan-to-value ratio (i.e. ,including both the reported loan and other debts), and borrower's debt-to income ratio; (ii) borrower's age; (iii) loan originator channel; and (iv) rate spreads for all loans, instead of only for higher-priced loans?

It seems to me that while all of this information is normally gathered during the loan application process, that reporting most of this data on a line with the currently collected data and associating it with a specific loan, then publishing the information has significant privacy issues. The data is already mostly collected so the cost for reporting while increasing shouldn't be great. However, the benefit is a mixed bag. In my opinion, adding this information for public disclosure is primarily a benefit to competition. If the regulatory agencies need this information for determining fair lending violations, perhaps the information is gathered and retained at the bank level but not released to the public.

Should any existing data elements be modified?

Personally, I would like to see HMDA be eliminated entirely.

For example, what are the benefits, costs, and privacy issues associated with requiring lenders to report total income, rather than income relied on by the lender?

I believe that total income should be reported rather than just the income relied on and that it should match with AGI from their tax returns. However, this causes problems for the self-employed for qualification.

Should any existing data elements be eliminated?

All of them.

Why?

I would like to see HMDA be eliminated entirely.

Coverage

Regulation C currently requires depository institutions (i.e., banks, savings associations, and credit unions) and for-profit mortgage lenders to submit HMDA data if they meet criteria set forth in the rule. Whether a depository institution or other mortgage lender is required to report depends on its size, the extent of its business in a metropolitan statistical area, and the extent to which it engages in residential mortgage lending. Some HMDA data users and others believe that other types of institutions, such as mortgage brokers and non-lender loan purchasers, also should be required to collect and report HMDA data.

Should mortgage brokers and non-lender loan purchasers be required to report HMDA data?

Yes, why should they be left out of the fun?

Should other types of institutions be required to report?

Farm Credit Services

Should any types of institutions be exempt from reporting?

Financial institutions under $10B in Assets, including those within a SMSA - to match with currently passed Dodd/Frank Financial Reform Wall Street Act.

Should the rules governing who must collect and report HMDA data be revised in other ways?

Financial institutions under $10B in Assets, including those within a SMSA - to match with currently passed Dodd/Frank Financial Reform Wall Street Act.

Scope

Regulation C currently requires lenders to report information about home purchase loans, home improvement loans, and refinancings of home purchase loans.

Should any other types of mortgage loans be reported?

No

Should any types of mortgage loans be excluded from reporting?

Yes, to be consistent with other rules - specifically RESPA. Eliminate from reporting any loans with a dwelling on more than 25 acres and any loan that is a non-consumer loan. HMDA is a consumer regulation, why should commercial loans be reported, just because there is a "dwelling" on the property.

Should the rules governing which mortgage loans are subject to reporting be revised in other ways?

Yes

If so, how?

If a commercial loan (non-consumer) or not subject to RESPA, then the loan should not be HMDA reportable.

C. Preapproval Programs

Regulation C currently requires lenders to collect and report data regarding requests under a preapproval program if the preapproval request is denied; preapproval requests that are approved but not accepted may be reported at the lender's option. Regulation C defines a preapproval program as a program in which a lender, after a comprehensive review of the creditworthiness of the applicant, issues a written commitment to the applicant valid for a designated period of time to extend a home purchase loan up to a specified amount. Questions have been raised regarding whether lenders use

preapproval programs as defined by Regulation C and whether there is a clear benefit to requiring lenders to report on these programs. The Board also is aware that some lenders may have difficulty applying the definition of preapproval program and determining when this requirement applies. In addition, lenders that do understand the definition may evade the reporting requirements, such as by communicating preapproval decisions orally. The Board requests comment on the following questions:

Do lenders use preapproval programs as defined by Regulation C?

We don't offer a pre-approval program because we are required to report.

Is there a benefit to requiring lenders to report on these programs?

No.

How could the definition of preapproval program be modified to be easier to apply and to make reporting more useful?

Pre-approval loans, including denials are not HMDA reportable.

D. Compliance and Technical Issues

The Board among other things seeks to clarify and simplify Regulation C in order to facilitate compliance and resolve technical issues. The Board requests comment on the following questions:

What are the most common compliance issues institutions face under HMDA and Regulation C?

Zero tolerance for reporting errors. We are only human.

What parts of Regulation C would benefit from clarification or additional guidance?

No Response

Are there technical issues regarding Regulation C that should be resolved?

No Response

E. Other Issues

As part of its review of Regulation C, the Board is seeking to identify emerging issues in the mortgage market that may warrant additional research, respond to technological and other developments, reduce undue regulatory burden on industry, and delete obsolete provisions. The Board therefore requests comment on any emerging issues likely to affect the usefulness and accuracy of HMDA data and on any other changes to Regulation C the Board should consider.

Our institution was required to start collecting HMDA information because someone decided that our geographic location should now be part of a SMSA. That was the only reason. One day we weren't required to report, next day we were and only because of inclusion in a SMSA. Since that time, we collected and reported. We have never had a single inquiry from anyone other than our regulatory agency to look at our information. Why should financial institutions be required to have our information available locally when it is already available online to those that want it?