From: Citizens Bank, Randy Stephens

Subject: HMDA - Notice of Public Hearings

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Comments:

To Whom It May Concern,

I would like to comment on the complexity of Reg C for HMDA and make some suggestions for improved regulatory consistency. There are some home loan transactions that get reported and others that do not. A home loan transaction is a home loan transaction regardless. For example: a borrower seeking financing to consolidate debt, take a vacation, pay for college education (basically anything other than home purchase, home improvement or paying off existing mortgage), is NOT reportable under HMDA if the home is currently free and clear of a mortgage. But, if a borrower owes $1 on their current mortgage and we are paying it off, it makes the whole transaction reportable. All mortgages need to be reportable to make it consistent and remove the guess work.

Home improvement loans are also very confusing when a borrower is not using the residence as collateral. As it is explained in the HMDA guide, all home improvement loans not secured by a residence, but coded on the institutions books as a home improvement loan is reportable in HMDA. There needs to be much more guidance on this type of reporting. If an individual is borrowing on a unsecured basis, or even using their vehicle, and they indicate it is for a home improvement for their residence, we report on our books as a home improvement loan, it becomes reportable under HMDA. However, there are a lot of unknowns regarding the input fields on the LAR, such as: 1. Property Type, 2. Occupancy, 3. Race, Sex, Ethnicity, 4. Census Tract, MSA, County Code of the property being improved. A better reporting method or guidance needs to be implemented for these type of Home Improvement Loans.

Also, rate spreads are not to be reported on investment (rental) housing. If an institution mistakenly reports it, it is a violation. Investment properties are coded a 2 for non-owner occupied, so, for consistency, would be very simple to allow them to be reported but removed for rate spread analysis by elimination through the Code 2 for non-occupancy on the FFIEC reports.

In addition, some withdrawals and incompletes are required to be reported and some are not. If the loan request is for a pre-approval and it is either withdrawn or closed for incompleteness, it is not reported, but if the borrower is either refinancing or selected a property and it is closed for incompleteness or withdrawn, then it is reported in HMDA. Again, consistency needs to apply-report all incompletes and withdrawals or none at all.

Pre-approval reporting is also another area that creates unnecessary and burdensome work for the institutions, especially with the lack of information that is generated through the FFIEC reports. The information on the FFIEC reports is so limited, it is virtually impossible to provide much of an analysis on these type of reportable loans. If we are to continue reporting these type of loans, then the information available from the FFIEC should be adequate to analyze and be comparative enough against other institutions to see how we as an institution are performing on pre-approval loans.

There needs to be consistency in reporting all mortgage related loans. Either report ALL of them and ALL data elements or eliminate the reporting altogether. The number of hours we and all institutions spend on input, research, checking and re-checking for quality control is burdensome and overwhelming, especially for the small and intermediate small institutions that are limited on staffing. The ability to outsource such a task is not only a quality control concern but also cost prohibitive.

I also think it is only fair that all institutions (mortgage bankers, mortgage brokers, all affiliates of mortgage lenders, credit unions, insurance companies, Farm Credit Services, finance companies, banks, anyone doing mortgage lending) should be required to report HMDA data.

Thank you for your consideration,

Randy Stephens
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