

From: First Financial Bank, Abilene, David Jones
Subject: HMDA - Notice of Public Hearings

Comments:

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Name: David Jones

Affiliation: First Financial Bank, Abilene

Category of Affiliation: Commercial

Address:

City:

State:

Country:

Zip:

PostalCode:

Comments:

RE: Home Mortgage Disclosure Act; Notice of Hearings My comment deals with a compliance and technical issue. It has never made any sense to me the way the tolerance error rate is calculated during a HMDA-LAR audit. Even though you make between 25-30 entries per loan (at this time) on the HMDA-LAR, one typo on a line entry counts the same against you as if you made five mistakes. Based on the current method of calculating tolerance levels, if you are auditing a 10 loan sample and you find only one mistake on the whole 10 loan HMDA-LAR entry, you have a 10% error rate. If this was looked at more realistically, you would say 10 loans with 25 entries per line each add up to 250 total entries for the sample audited. With this rational view, one typo would then only be a .4% error rate (1 divided by 250) instead of a 10% error rate as it is now calculated. It is ridiculous and nonsensical to allow one small typo out of over 250 entries to cause a 100% audit of all HMDA-LAR entries, which is what you have to do if your sample goes over the tolerance levels using the current audit policy. Can someone please get this changed to what makes sense? The time and cost involved in monitoring a truly small percentage of errors is completely unfair and this whole scenario will be even worse if the additional data elements as proposed right now are incorporated into the HMDA-LAR. Thank you, David Jones