

From: Heritage Bank of Commerce, Renee Matsumoto  
Subject: HMDA - Notice of Public Hearings

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Comments:

This e-mail is in response to your request for Public Comment on the Home Mortgage Disclosure Act (HMDA) - "Data Elements".

The FFIEC FAQ's include guidance on the definition of "refinancing", by clarifying that the definition of a reportable refinancing includes, for example, the satisfaction and replacement of a loan made for a business purpose if both the new loan and the replaced loan are secured by a dwelling. (Refinancing --- loan purpose. Question: If an obligation satisfies and replaces another obligation, is the purpose of the replaced obligation relevant to whether the new obligation is a reportable "refinancing" under Regulation C? Answer: No. The new definition of a reportable refinancing looks only to whether (1) an obligation satisfies and replaces another obligation and (2) each obligation is secured by a dwelling. See 203.2(k)(2). Thus, for example, a satisfaction and replacement of a loan made for a business purpose is a reportable refinancing if both the new loan and the replaced loan are secured by a dwelling.)

There is currently no code to differentiate between a traditional home purchase loan, refinance or home improvement loan from a loan made to a business that happens to be secured by a lien on the principal's residence and all or part of the proceeds were used to pay off (refinance) a loan at another (or same) financial institution that was also secured by a lien on the principal's residence.

In order for a meaningful analysis of the data to be conducted, it would appear that a code should be adopted that would designate a business loan secured by a dwelling from other types of dwelling secured loans.

Respectfully submitted,

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