

Home Mortgage Disclosure Act Public Hearings, September 16, 2010
Panel One: Dan Imhoff

Dan Imhoff:

Thank you Governor Duke and members of the Federal Reserve for giving me the opportunity to participate in this panel. My name is Dan Imhoff. I'm the residential lending manager with the State Bank of Cross Plains, headquartered in Cross Plains, Wisconsin. We're a member of the Independent Community Bankers of America. State Bank Cross Plains is a \$770 million state charter community bank with 10 locations situated within eight separate communities of Dane County. State Bank Cross Plains is over 100 years old and has been a HMDA-reportable bank since its enactment. The board is seeking ways to improve the quality and usefulness of HMDA data by considering whether any data elements should be added, modified or deleted, as I understand may be a moot point now. Specifically the board is considering whether information and factors used to make credit decisions and set loan prices should be collected. We have two serious concerns with such a proposal, the additional regulatory compliance burdens it would develop and the significant privacy invasions of our customers.

Currently we devote an extensive amount of resources, hours of staff, audit review and training for compliance review of regulations and requirements. Additionally State Bank Trust Plains requires annual HMDA training of the lending group and its support staff. For each of the reportable, for each reportable loan application, we currently collect 26 line items of data. The efforts we put in for training, review and compliance assures proper disclosure and documentation which ensures accuracy in collection of data and reporting of these loans and applications. As new or altered regulations require additional data, collection and reporting, the burden to provide this additional information adds more to the already seemingly endless amount of documentation that must be monitored, reviewed and reported. This is exacerbated by the new RESP and Reg Z requirements to provide good faith estimates and truthful lending disclosures. This is a result of the mortgage crisis and irresponsible and predatory lending practices of the mortgage brokers. Basically unsupervised regulatory accountability, mortgage brokers laced their HUD closing statements with fees that may or were not represented in good faith estimate disclosure statement. What had been a representation of anticipated cost for the convenience of the borrower is now a three day, three page breakdown of costs with no tolerance for bank quoted fees. In the event that there's a changed circumstance affecting the cost, the borrower may incur a new GFE until disclosure must be provided. This may occur multiple times in one transaction. This is recklessness not caused by the community bankers. The new requirements again require additional administrative burdens requiring more concentrated efforts from staff, which I have to say is stressed.

In addition to the regulatory compliance, burdens that would develop as a result of collecting underwriting data and would require us to utilize our limited resources to collect and document additional data, collecting such personal information creates significant privacy concerns. To reiterate, we collect 26 lines of data for each reportable loan application. Our information is deemed relatively objective and anonymous. The additional collection of personal customer data, more specifically the age, credit score and calculations of debt income ratios and may have breached sensitive privacy concerns. This information, together with other information, publicly available on county records could identify our borrowers and disclose their personal information.

Before requiring any additional data to be collected and reported, the Board should balance any benefits of this additional data collection with any safeguards in place to monitor and prevent the sharing of this information. HMDA's regulations require certain financial institutions, banks, savings associations, credit unions and some mortgage lending institutions to submit HMDA data if they meet certain criteria such as its size, the extent of its business and an MSA and the extent to which it engages in residential mortgage lending. However this regulation does not require mortgage brokers or non-lender loan purchasers to collect and report HMDA data. We believe that other types of institutions such as mortgage brokers, non lender loan purchasers meeting the same criteria should be required to collect and report the HMDA data. One of the major flaws of our system was uncovered with the ensuing mortgage collapse and financial crisis. We did not provide consistent oversight across the entire spectrum of the lending industry. There should be consistency and accountability from all areas of finance.

It is an honor to come before you representing a community banker's point of view. Community bankers take deep pride in what we offer our communities, how we serve their specific needs and understand the significant contribution that home ownership provides. Within our bank we refer to our individual communities as families. [noise]