July 28, 2017

Ms. Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street, NW
Washington DC 20552

RE: Docket No. CFPB-2017-0021

Dear Ms. Jackson:

The undersigned organizations oppose the proposal to adjust the Home Mortgage Disclosure Act (HMDA) reporting threshold for open-end loans from 100 to 500 loans. This change will make it difficult to hold hundreds of lenders accountable for lending responsibly. It will therefore frustrate HMDA's purposes of enforcing fair lending laws and determining whether housing and credit needs are being met.

The CFPB estimates that the number of institutions that would not be required to report HMDA data on open-end lines of credit would increase by at least 691 lenders. These lenders would be making between 100 to 500 open-lines of credit, which is a substantial amount of credit being made available to communities. It is essential that members of the public and regulatory agencies be able to access the HMDA data for these lenders in order to ensure that the open-end line of credit lending is responsible and not in violation of anti-discrimination law. These lenders could be major lenders in various counties or metropolitan areas. If their data vanished, it would be difficult for stakeholders in these communities to hold them accountable.

It would also be difficult to assess the extent to which credit needs are being met, especially in years in which home equity lines of credit may be increasing due to favorable interest rates or other market developments. There could be an increase of lenders in the 100 to 500 range of open-end lines of credit, but the data will miss them, and stakeholders will not know if they are effectively serving modest income or communities of color with responsible open-end loans. In particular, now is not a good time to raise the open-end line of credit threshold since open-end line of credit has been rising by about 21 percent the last two years, the most since 2008.[1] The CFPB risks missing a significant amount of home equity line of credit lending overall and by lenders in the 100 to 500 line of credit range.

Lending institutions engaged in abusive practices associated with open-end lines of credit in the years leading up to the financial crisis. In this proposed rule, the CFPB discusses how irresponsible lines of credit drove up default rates since the lending was widespread to both investors not living in the properties and homeowners alike. The past experience with lack of

[1] Housing Wire, *Homeowners Fuel HELOC Boom as Home Prices Soar*, March 6, 2017, https://www.housingwire.com/articles/39487-homeowners-fuel-heloc-boom-as-home-prices-soar

data on lines of credit suggests that abuses will crop up again due to a lack of transparency. Uneven reporting capturing lines of credit of large-scale lenders but missing the lines of credit of moderate-scale lenders will encourage some moderate-scale lenders to engage in questionable practices since their lending cannot be monitored.

While the benefits of data reporting are clear, the CFPB is basing its decision to raise the threshold on anecdotal evidence. The CFPB reports that anecdotal evidence suggests that one-time costs of lower volume line of credit reporters could be as high as $100,000 and that annual costs could be three times higher than the CFPB previously estimated. A rulemaking must not be based on anecdotal evidence from lenders or their trade associations, especially given the imperative of avoiding another round of abusive lending. While we appreciate that the CFPB is proposing a temporary adjustment to the open-end line of credit threshold, a more appropriate course of action would be to assess actual, not anecdotal, costs after a few years of data reporting. There would simply be more hard data to assess both the benefits and costs of data reporting after the first few years of Dodd-Frank data reporting.

We appreciate the CFPB holding the line on the close-end threshold. As the CFPB states, raising the closed-end threshold by the same amount would cause a 20 percent reduction in HMDA reported lending in 5,000 census tracts. This would be a large amount of lost loan data that would make it impossible to determine actual lending trends in a wide swath of communities across the country.

In conclusion, the undersigned organizations urge the CFPB to refrain from making any changes to the thresholds. HMDA data is critical for ensuring responsible and non-discriminatory lending.

For any questions, please contact Josh Silver, Senior Advisor at NCRC, on 202-464-2733 or jsilver@ncrc.org. Thank you for the opportunity to comment.

Sincerely,

Americans for Financial Reform

Association for Neighborhood and Housing Development, NY

California Reinvestment Coalition

Center for NYC Neighborhoods

Center for Responsible Lending

Consumer Federation of America

Empire Justice Center, NY

Massachusetts Communities Action Network

National Community Reinvestment Coalition

National Consumer Law Center on behalf of its low-income clients

Western New York Law Center

Woodstock Institute, IL