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National Association of Federally-Insured Credit Unions

B. Dan Berger
President & Chief Executive Officer

December 4, 2017

The Honorable Mick Mulvaney
Acting Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

RE: Request for a Delay of the January 1, 2018, Home Mortgage Disclosure Act (HMDA) Implementation Deadline

Dear Acting Director Mulvaney:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally-insured credit unions, I am writing to follow-up on our letter of November 27, 2017, and respectfully request for the Consumer Financial Protection Bureau (CFPB or Bureau) to delay the current January 1, 2018, effective date of the *Home Mortgage Disclosure Act* (HMDA) Final Rule. Specifically, NAFCU recommends the Bureau delay the mandatory compliance deadline by one year to January 1, 2019, but permit voluntary compliance after January 1, 2018. In addition, NAFCU believes the Bureau should formally establish a policy to consider financial institutions' "good faith efforts" during the examination process until at least 2020.

This recommendation – which the Bureau should execute using interim final rule – is based on the feedback we have gathered from our members and would permit credit unions to select the reporting option best suited for their individual institution based on their specific level of preparedness while still allowing those credit unions to rely on an official policy that good faith efforts towards compliance will be taken into consideration during examinations. In addition, if provided a voluntary compliance option, credit unions that are currently prepared to comply with the HMDA expansion may choose to report their data under the new requirements while being protected should any unexpected issues come up. In effect, a voluntary compliance period would permit reporting institutions to test their systems in a "real world" environment.

As not-for-profit, member-owned financial institutions, credit unions have a proven track-record of affordable and responsible lending in their communities. NAFCU and our members support the intended purpose of HMDA, which is the promotion of fair lending and ensuring equitable access to credit in the housing market. However, throughout the rulemaking process, NAFCU and our members have expressed concerns regarding the Bureau's significant expansion of HMDA. As currently drafted, the HMDA rulemaking has and will likely continue to have a substantial role in increasing the overwhelming costs associated with regulatory compliance, which is taxing credit unions' finite resources.

NAFCU and our members strongly believe extending the mandatory compliance date coupled with a voluntary compliance period would go a long way towards mitigating regulatory burden and ensuring that credit unions – in collaboration with their vendors – have sufficient time to come into compliance with this rulemaking. Even as we stand a mere month away from January 1, 2018, NAFCU has continued to hear concern from credit unions related to preparedness for the HMDA rule implementation. In addition, the credit unions expressing concerns about levels of preparedness are a diverse group of institutions – representing various asset-sizes, charter-types, preferred vendors, and geographic locations. A concern related to preparedness is not simply explained by big vs. small – rather it is being felt by a wide range of financial institutions.

In order to facilitate a smooth transition to the new HMDA requirements, it is critical that credit unions and their vendors are afforded enough time to ensure they are appropriately prepared before any mandatory compliance date. Therefore, to reiterate, NAFCU respectfully requests the Bureau: 1) delay the mandatory compliance deadline by one year to January 1, 2019; 2) permit voluntary compliance after January 1, 2018, and 3) announce a formal "good faith efforts" policy for examinations of HMDA compliance until at least 2020.

If you have any questions or need additional information, please feel free to contact me, or Alexander Monterrubio, NAFCU's Director of Regulatory Affairs at (703) 842-2244 or amonterrubio@nafcu.org.

Sincerely,

B. Dan Berger
President & CEO