MORTGAGE BANKERS ASSOCIATION

BY ELECTRONIC SUBMISSION: *2019-NPRM-HMDAThresholds@cfpb.gov*

October 15, 2019

The Honorable Kathy Kraninger
Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Re: HMDA NPRM Supplemental Comment on Effective Date

Dear Director Kraninger:

The undersigned organizations respectfully submit these comments in response to a Notice re-opening the comment period[1] with respect to the Notice of Proposed Rulemaking (NPRM) issued by the Consumer Financial Protection Bureau, proposing to amend Regulation C, which implements the Home Mortgage Disclosure Act (HMDA).[2] The NPRM proposes to increase transactional thresholds for HMDA reporting, and this comment focuses in particular on the issue of the effective date for a final rule increasing in the thresholds.

Our organizations represent a broad range of businesses that make or enter into business- and commercial-purpose loans secured by multifamily properties. This includes banks and other depository institutions of all sizes, life insurance companies, sponsors of commercial mortgage-backed securities, and investment funds, among other lenders, as well as business entities that are owners of multifamily properties. As a result, we are focused particularly on the impacts on financial institutions that make business- or commercial-purpose loans made to a non-natural person and secured by a multifamily dwelling.

We support an increase in the transactional coverage thresholds for depository and non-depository institutions to at least 100 closed-end loans in each of the preceding two years, from the current threshold of 25 loans in each of the preceding two years.

[1] 84 Fed. Reg. 37804 (Aug. 2, 2019).
[2] 84 Fed. Reg. 20972 (May 13, 2019).

For that increase to provide the intended relief, we recommend that a final rule increasing the thresholds be *effective immediately* when released. That is, at the moment the final rule is released, any affected financial institution should be able to cease all HMDA reporting activity immediately.[3]

In contrast, neither alternative effective date identified in the Notice (i.e., a mid-2020 effective date or an effective date of January 1, 2021) would provide immediate regulatory relief. Rather, in either case, the institutions that are the intended beneficiaries of the final rule would still bear the burden of HMDA reporting one or even two more times after the final rule is issued. Such an outcome would seem to be inconsistent with the policy decision underlying a determination to increase the thresholds.

Accordingly, we recommend that the Bureau issue a final rule that will enable affected financial institutions to cease all HMDA reporting activity immediately. We also recommend that the Bureau issue such a final rule prior to March 1, 2020.

We applaud the Bureau's efforts to reconsider the appropriate balance of benefits and regulatory burdens around HMDA reporting, and to propose increasing the transaction thresholds as a result. We are pleased to have this opportunity to participate in that process.

Sincerely,

Mortgage Bankers Association

CRE Finance Council

Nareit

National Apartment Association

National Multifamily Housing Council

The Real Estate Roundtable

[3] In practice, this may mean an effective date of January 1, 2019, if the final rule is released on or before March 1, 2010; and an effective date should be January 20, 2020, of the final rule is released after March 1, 2020. We believe an effective date that reaches back to the first day of an open reporting year would be permissible and appropriate for a rule that recognizes a broader exemption from HMDA reporting. See 5 U.S.C. § 552(d)(1).