

Sample Letter sent to all Illinois Congressional Delegation



October 5, 2017

Representative _____
_____ House Office Building
Washington, DC 20515

Dear Representative _____:

The members of our respective trade associations, representing all of the depository institutions in Illinois, are extremely alarmed by the CFPB's forthcoming rule expanding the Home Mortgage Disclosure Act (HMDA) reporting requirements for residential lending. The rule, which takes effect on January 1, 2018, will dramatically increase the collection and reporting of mortgage lending data.

We are particularly troubled with how this rule will disproportionately affect smaller banks, thrifts and credit unions that already are buried under regulatory mandates and compliance costs. In recent years, the cumulative effect of these regulatory burdens has driven industry consolidation, sharply reducing the number of financial institutions in our state (for example, Illinois has lost over one hundred banks since Dodd-Frank was enacted in 2010). Many remaining financial institutions have simply stopped offering residential mortgage loans.

Our organizations are seeking relief from the HMDA rule for community-based financial institutions, which would ensure that consumers throughout Illinois have access to affordable mortgage loans. Specifically, we support raising the mortgage loan origination thresholds for HMDA data collection and reporting, which would provide an important safe harbor for smaller financial institutions that make only a few mortgage loans each year.

The HMDA rule requires financial institutions to collect a wide range of data from mortgage applicants and then to report that data to the regulators. Institutions that have originated fewer than 25 closed-end, dwelling-secured loans (typically first lien mortgages) during the previous two calendar years are exempt from reporting their closed-end loans, and institutions that have originated fewer than 100 open-end, dwelling-secured lines of credit (typically home equity lines of credit) during the previous two calendar years are exempt from reporting their open-end loans.

These exemption thresholds for both closed-end and open-end loans are too low to provide meaningful relief for most community-based financial institutions and their customers. Already, the CFPB has used its rulemaking authority to *temporarily* boost the threshold for open-end lines of credit from 100 to 500 loan originations. This is a step in the right direction, but the threshold for closed-end loans remains woefully low at 25 loans, as does the temporary 500 loan threshold for open-end loans. We support raising the exemption thresholds to 1,000 for closed-end, dwelling-secured loans, and to 2,000 for open-end, dwelling-secured lines of credit.

We are asking you to support legislative proposals that would raise these thresholds. **H.R. 2954 (Emmer)**, the Home Mortgage Disclosure Adjustment Act, would provide a HMDA reporting safe-harbor for financial institutions that originated 1,000 or fewer closed-end, dwelling-secured loans in each of the two preceding calendar years, or 2,000 or fewer open-end, dwelling-secured lines of credit in each of the two preceding calendar years. **S. 1310 (Rounds)** would provide an identical safe harbor for financial institutions that originate 500 or fewer closed-end, dwelling-secured loans in each of the two preceding calendar years.

We strongly urge you to support these and similar legislative proposals. Your help on this issue is vital for ensuring that our banks, thrifts and credit unions can continue to provide residential mortgage loans across Illinois in every community.

Thank you for your consideration of our request, and please feel free to contact any of our organizations if you have questions.

Sincerely,

Community Bankers Association of Illinois
Illinois Bankers Association
Illinois Credit Union League
Illinois League of Financial Institutions