Rep. Tom Emmer on Emmer Speaks in Support of his Home Mortgage Disclosure Adjustment Act

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**CHAIRMAN:

** [Implied recognition of Rep. Emmer to speak]

**REP. TOM EMMER:

** Thank you, Mr. Chair. Our nation's community financial institutions are a fundamental pillar of our economy. Unfortunately, the small banks and credit unions that have made this country what it is today continue to struggle under the weight of excessive federal mandates from Washington. A recent report issued by the Treasury Department echoed these sentiments, finding that, quote, as banking regulators are approaching the full implementation of Dodd-Frank, regulation has proven to be insufficiently tailored to depository institutions based on the size and complexity of their business models. The report continues, finding, quote, this complicated oversight structure has raised the cost of compliance for the depository sector, particularly for mid-sized and community financial institutions. Overregulation not only hurts these local lenders that provide the capital and resources our communities need to drive small business growth and investment, it makes it harder for American families to access mortgages, car loans, and financing they need to make their dreams come true. As the nation's biggest banks continue to expand in size and scope, we are witnessing a concerning trend among our local financial institutions. The number of federally insured banks has steadily declined from nearly 18,000 in 1984 to less than 6,000 banks in 2016. Similarly, the total number of credit unions in our country has declined by approximately 18 percent since just 2011, with most of the impact concentrated among smaller credit unions. Banks and credit unions have been forced to close or consolidate in order to survive in this hyper-regulatory environment. Fortunately, this committee and the new administration have made it a priority to change course during the 115th Congress. One area of relief I'm proud to have worked on with Chairman Hensarling and Financial and Institution Subcommittee Chair Luke Kemmeier is our Home Mortgage Disclosure Adjustment Act, H.R. 2954. And I'd also want to call out Representative Scott and his staff for all their work on this bill. Thank you. Beginning January 1, 2018, the Consumer Financial Protection Bureau's revised Regulation C final rule under the Home Mortgage Disclosure Act, commonly referred to as HMDA, will go into effect. Under Regulation C, covered banks and credit unions will now be required to collect a total of 110 unique data points on loan applications they receive, and then they will have to report this data to the CFPB. This is more than double what is currently required. While discriminatory lending practices have no place in our society, the continued growth of unchecked regulation and the pervasive mindset of regulate first, ask questions later over the past eight years has taken a significant toll on our community financial institutions. I regularly hear from our local banks and credit unions in Minnesota, as well as from around the country, that these new reporting requirements will force them to divert resources to manage the additional bureaucratic red tape, increasing cost, and the time it takes to process mortgages or lines of credit. In fact, some say that they will get out of the business of providing that type of credit. To help consumers and lenders alike, the Home Mortgage Disclosure Adjustment Act will exempt depository institutions from the new reporting requirements under Regulation C if they originate 500 or fewer closed-end mortgages in each of the two preceding calendar years, or if they originate 500 or fewer open lines of credit in each of the two preceding calendar years. Now, the original version of this bill we introduced set the exemption thresholds at higher levels to provide the maximum amount of regulatory relief, which was mirrored in Section 576 of the Financial Choice Act, as well as Section 8 of the CLEAR Act. However, as my office attempted to make this a nonpartisan effort as supporting our community financial institutions ought to be, we brought our language in line with its companion legislation in the Senate, which has support from both parties. This amendment, in the nature of a substitute, is consistent with the recent actions taken by the CFPB to temporarily increase the reporting threshold for home equity lines of credit to 500 and will provide additional relief for small lenders without materially impacting the mortgage data available to the CFPB or the goals of the Home Mortgage Disclosure Act. It also takes steps to ensure the federal government is not collecting more data than is absolutely necessary during a time when data breaches and hacking have already compromised the personally identifiable information of millions of Americans. The Home Mortgage Disclosure Adjustment Act is supported by numerous national banking and credit union associations, as well as state and local financial organizations, including the Minnesota Bankers Association and the Minnesota Credit Union Network. I thank Chairman Hensarling, Chairman Luchtemeyer, and their staff for working with our office, and again, Representative Scott, on this important bill, and I urge every member of the committee to support the amendment in the nature of a substitute.

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