

May 4, 2017

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

Re: Amendments to the Equal Credit Opportunity Act (Regulation B) Ethnicity and Race Information Collection, CFPB-2017-0009 or RIN 3170-AA65

Dear Ms. Jackson:

The American Bankers Association (ABA)¹ appreciates the opportunity to comment on the Bureau's proposal to amend Regulation B.² The proposed changes are designed to coordinate data collection requirements under Regulation B with the final Home Mortgage Disclosure Act (HMDA) rule adopted in October 2015.

Currently, the Equal Credit Opportunity Act and Regulation B generally prohibit creditors from requesting information about a credit applicant's race, color, ethnicity, religion, or sex. One key exception to this prohibition is the requirement that lenders collect that information to comply with the requirements of HMDA. For creditors that are not subject to the requirements of HMDA, Regulation B requires the lender to collect but not report the information if a loan is primarily for the purchase or refinancing of a dwelling occupied or to be occupied by the applicant as a principal residence. Regulation B specifies the categories that a lender may use when collecting an applicant's ethnicity.

Previously, the race and ethnicity categories outlined in Regulation B were similar to the categories that lender used when complying with Regulation C, which implements HMDA. However, beginning in January 2018 under the final rule issued by the Bureau in October 2015, HMDA-reporting institutions must permit applicants and borrowers to self-identify using disaggregated ethnic and racial categories. For example, an applicant or borrower could self-identify as being Korean rather than simply Asian. As a result of the Bureau's amendments to Regulation C, the two rules were inconsistent and a lender's collection of disaggregated race and ethnicity data would have been a violation of Regulation B.

¹ The American Bankers Association is the voice of the nation's \$17 trillion banking industry, which is composed of small, regional and large banks that together employ more than 2 million people, safeguard \$13 trillion in deposits and extend more than \$9 trillion in loans.

² 82 Fed. Reg. 16307 (April 4, 2017).

ABA supports the proposed amendments to Regulation B to bring it into conformity with the new requirements under Regulation C. Identifying and eliminating inconsistencies between rules helps reduce confusion and eases regulatory burdens.

In addition, ABA supports the amendments to Appendix B, which authorizes use of the Uniform Residential Loan Application (URLA) as a model form under Regulation B. The URLA was revised in 2016 to align with the 2015 HMDA rule and to permit applicants to provide disaggregated race and ethnicity information. We support the proposed revisions to Appendix B that recognize that a lender's use of the 2016 URLA complies with Regulation B.

The Bureau proposes to allow certain lenders to collect ethnicity data using the disaggregated format even though the lender is not subject to the HMDA requirements, as long as it had been subject to the HMDA data collection and reporting requirements at any point during the previous five years. ABA suggests that a simpler and more efficient approach overall would be an amendment that recognizes that lender compliance with the requirements to collect ethnicity data set forth in Regulation C is deemed to be compliant with the collection of ethnicity data under Regulation B. That would be consistent with the rest of the proposal, would simplify compliance for the industry, and reduce the overall regulatory burden.

In closing, ABA encourages the Bureau to continue to find ways to streamline and identify regulations or guidelines that could be adjusted to make them consistent to the extent possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert G. Rowe", followed by a horizontal line.

Robert G. Rowe, III
Vice President & Associate Chief Counsel, Regulatory Compliance