JUL 24 2014

CFPB Proposes Rule to Improve Information About Access to Credit in the Mortgage Market

Bureau Aims to Simplify the Reporting Process for Financial Institutions

WASHINGTON, D.C. — Today, the Consumer Financial Protection Bureau (CFPB) proposed a rule to improve information reported about the residential mortgage market. The rule would shed more light on consumers' access to mortgage credit by updating the reporting requirements of the Home Mortgage Disclosure Act (HMDA) regulations. The Bureau also aims to simplify the reporting process for financial institutions.

"It is critical that we shed more light on the mortgage market – the largest consumer financial market in the world," said CFPB Director Richard Cordray. "The Home Mortgage Disclosure Act helps financial regulators and public officials keep a watchful eye on emerging trends and problem areas in the mortgage market. Today's proposal would help us understand better how to protect consumers' access to mortgage credit while simplifying the reporting requirements for financial institutions."

HMDA, which was originally enacted in 1975, requires many lenders to report information about the home loans for which they receive applications or that they originate or purchase. The public and regulators can use the information to monitor whether financial institutions are serving the housing needs of their communities and identify possible discriminatory lending patterns.

Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) in 2010 in response to the mortgage market crisis. The Dodd-Frank Act directed the CFPB to expand the HMDA dataset to include additional information about loans that would be helpful to better understand these aspects of the mortgage market.

In 2012, 7,400 financial institutions reported information about approximately 18.7 million mortgage applications and loans. While the HMDA dataset is the leading source of information about the mortgage market, it has not kept pace with the market's evolution. For example, the HMDA data do not provide adequate information about certain loan features that helped contribute to the mortgage crisis, such as adjustable-rate mortgages and non-amortizing loans.

Today's announcement is part of the Bureau's public rulemaking process to improve HMDA that began in February when the CFPB convened a panel of small businesses to provide feedback on possible changes to the regulations. The Bureau is proposing to improve the quality and type of HMDA data as required by the Dodd-Frank Act. The Bureau is also looking at ways to make submission of data easier for lenders and to improve the user experience in accessing the public data.

Receive press releases by email

Email address

SIGN UP

More Information On

Press Release HMDA Mortgages

Consumer Financial Protection Bureau

Need our logo? You can find it here.

Photos and bios

Director Rich Cordray

Deputy Director Steven Antonakes

Press contacts

Jen Howard
Assistant Director of Communications
(202) 435-7170
Jennifer.Howard@cfpb.gov

Walter Suskind
Press Assistant
(202) 435-9469
Walter.Suskind@cfpb.gov

Moira Vahey
Spokesperson
(202) 435-9151
Moira.Vahey@cfpb.gov

Sam Gilford
Spokesperson

Better Information About the Mortgage Market

To provide better information about residential mortgage credit, the Bureau is proposing changes to the rules that establish what data financial institutions are required to provide. The Bureau wants to improve the quality of HMDA data in today's housing market. The proposed changes include:

- **Improving market information:** In the Dodd-Frank Act, Congress directed the Bureau to update HMDA regulations by having lenders report specific new information that could help identify potential discriminatory lending practices and other issues in the marketplace. This new information includes, for example: the property value; term of the loan; total points and fees; the duration of any teaser or introductory interest rates; and the applicant's or borrower's age and credit score.
- **Monitoring access to credit:** The Bureau is proposing that financial institutions provide more information about underwriting and pricing, such as an applicant's debt-to-income ratio, the interest rate of the loan, and the total discount points charged for the loan. This information would help regulators determine how the Ability-to-Repay rule is impacting the market, and would also help the Bureau monitor developments in specific markets such as multi-family housing, affordable housing, and manufactured housing. The proposed rule would also require that covered lenders report, with some exceptions, all loans related to dwellings, including reverse mortgages and open-end lines of credit.

Simplifying Reporting Requirements

In developing the proposed rule, the CFPB reviewed the HMDA reporting requirements. The Bureau is looking to simplify these requirements for financial institutions. The CFPB aims to:

- **Standardize the reporting threshold:** Depository institutions, such as banks, satisfying HMDA's general reporting requirements must submit HMDA data, even if they make only a single home-purchase loan or refinancing in a given year. However, non-depository mortgage lenders may be required to report only if they make at least 100 loans. The proposal would generally require that institutions report HMDA data if they make 25 or more closed-end loans or reverse mortgages in a year. In addition, the proposal would eliminate reporting of certain home improvement loans.
- **Ease reporting requirements for some small banks:** With the proposed standardized reporting threshold, small depository institutions that have a low loan volume—fewer than 25 mortgages a year—would not have to report HMDA data. For small banks with few staff members, this change could make a significant impact in easing compliance costs. The new threshold would reduce the overall number of banks required to report HMDA data by 25 percent, but, because those lenders receive a low volume of applications and originate a low volume of mortgage loans, the change would not compromise the usefulness of the dataset.
- **Align reporting requirements with industry data standards:** In addition to collecting data under HMDA, many financial institutions are collecting the same or similar data for their own processing, underwriting, and pricing of loans, or to facilitate the sale of loans on the secondary market. The Bureau is proposing methods to align the HMDA data requirements with well-established industry data standards, including definitions that are already in use by a significant portion of the mortgage market. The Bureau anticipates that this alignment would

(202) 435-7673
Samuel.Gilford@cfpb.gov

Stay connected

Twitter Facebook Flickr Youtube

Archive

▼ 2015
APRIL 2015 (2)
MARCH 2015 (13)
FEBRUARY 2015 (14)
JANUARY 2015 (12)

► 2014
► 2013
► 2012
► 2011
► 2010

mitigate the burden on many lenders, and could improve the quality and the value of the information reported.

- **Improve the electronic reporting process:** The CFPB is also looking to improve the electronic reporting process. The Bureau will be considering what new technological tools would make the data submission process more efficient, ease the data formatting requirements and help financial institutions prevent errors.
- **Improve data access:** The Bureau also is looking at ways to improve how the public can securely use HMDA data modified to protect applicant and borrower privacy. In February 2014, the Bureau released an online tool that helps the public

  information, create summary tables, download the data, and save their results.

The proposed rule will be open for public comment through October 29, 2014.

A copy of the proposed rule, which includes information on how to submit comments, is available at: http://files.consumerfinance.gov/f/201407_cfpb_proposed-rule_home-mortgage-disclosure_regulation-c.pdf

A copy of the final report of the Small Business Review Panel is available at: http://files.consumerfinance.gov/f/201407_cfpb_report_hmda_sbrefa.pdf

###

The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.

Updated on September 2, 2014: The final date to submit public comments has been updated.