

# The Home Mortgage Disclosure Act

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Charlotte Data Day | June 17, 2014



Consumer Financial  
Protection Bureau



# Agenda

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- What is HMDA?
- Demo
- Upcoming changes to HMDA
- How you can participate

# HMDA Today

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## Strengths

- Broad coverage -- reported by about 7,400 institutions
- Loan-level data
- Information about the lender, the loan, the property, and the applicants' demographics
- Agencies monitor HMDA compliance

## Limitations

- Released annually with a nine-month lag
- No performance data
- Difficult to control for creditworthiness

HMDA is a disclosure law that relies upon **public scrutiny** for its effectiveness.

# Tool Demonstration



Consumer Financial Protection Bureau

[Home](#) [Learn more](#) [Explore data](#) [API docs](#)

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*the*

## Home Mortgage Disclosure Act



**FACTS & FIGURES**



**GET THE DATA**



**DEVELOPERS**

*What is*  
**HMDA?**



Watch the video or [read the transcript.](#)

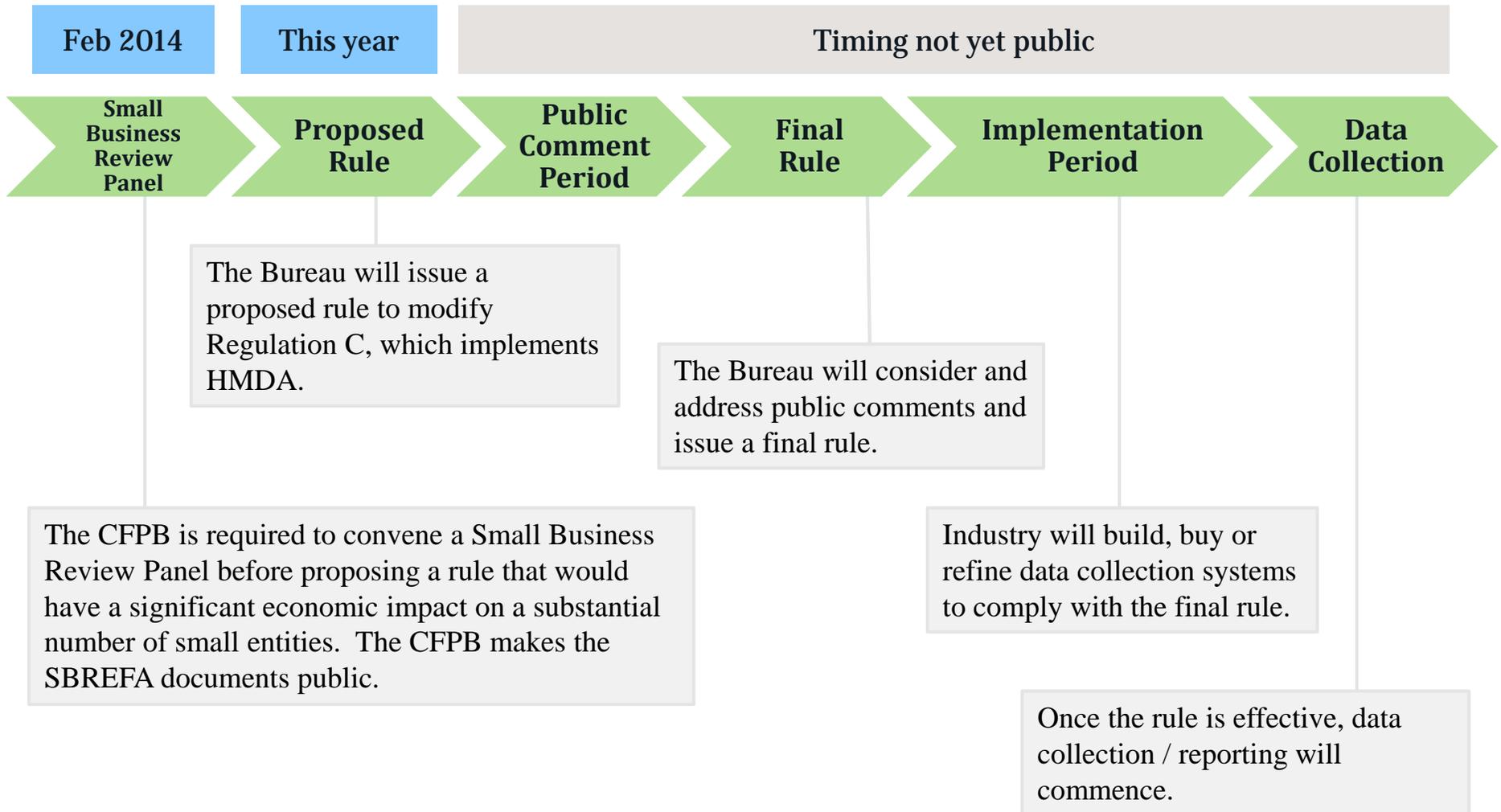
In 2012, there were 18.7 million HMDA records from 7,400 financial institutions. It's a view of the mortgage market, an important part of the American economy.

[Learn more about HMDA >](#)

# Rulemaking

## HMDA Changes on the Horizon

# Rulemaking Timeline



# Proposals Under Consideration: Resources

FEB 7 2014

## CFPB Takes Steps to Improve Information About Access to Credit in the Mortgage Market

Bureau Unveils Easy-to-Use, Online Tool that Tracks Public Mortgage Data

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Clarification Provided February 24, 2014:  
“Mandatory reporting of denial reasons”

February 7, 2014

### FACTSHEET: CONSUMER FINANCIAL PROTECTION BUREAU TAKES STEPS TO IMPROVE INFORMATION ABOUT ACCESS TO CREDIT IN THE MORTGAGE MARKET

Today the Consumer Financial Protection Bureau (CFPB) is taking steps to improve information reported about the residential mortgage market to help the public and financial regulators better understand borrowers’ access to credit. As a first step in the rulemaking process, the CFPB is convening a panel of small businesses to seek feedback on potential changes to mortgage information reported under the Home Mortgage Disclosure Act (HMDA). The CFPB is seeking to improve the quality of the information submitted by lenders, while streamlining the reporting process to reduce the burden on lenders.

#### WHAT IS HMDA?

The Home Mortgage Disclosure Act was passed in 1975 to give the public and financial regulators information to monitor whether financial institutions were serving the housing needs of their communities and providing access to residential mortgage credit. HMDA was later expanded to include information useful for identifying possible discriminatory lending patterns.

In 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which transferred rulemaking responsibility for HMDA to the CFPB. Congress directed the Bureau to expand HMDA to add certain types of loan information, and to consider adding more data points that would be helpful in spotting troublesome trends.

#### WHAT IS THE CFPB CONSIDERING?

The CFPB is considering changes to what information lenders will be required to report about mortgages, as well as changes to improve the reporting process.

## SMALL BUSINESS REVIEW PANEL FOR HOME MORTGAGE DISCLOSURE ACT RULEMAKING

### OUTLINE OF PROPOSALS UNDER CONSIDERATION AND ALTERNATIVES CONSIDERED

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# Proposals Under Consideration

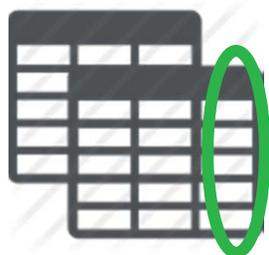
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Institutional Coverage  
*Who Reports HMDA Data*



Transactional Coverage  
*What Types of Loans & Applications*



Data Points  
*What Variables & Variable Definitions*



# Who Reports HMDA

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## **Banks, Savings Associations & Credit Unions**

- Assets
- Geographic location
- Federally-related loans
- Loan volume

## **Non-Depository Institutions**

- For-profit status
- Geographic location
- Assets
- Loan volume

### **Proposal Under Consideration:**

**DI**s and non-DIs that originate 25 or more home purchase or refinance loans in a given year would be required to report HMDA data. The statutory asset threshold applicable to DI

s would continue to apply.



# Types of Loans & Applications

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## **Current**

Closed- and open-end loans made for home purchase, home improvement, or refinancing purposes. Regulation C also provides for optional reporting of HELOCs made in connection with home improvement or home purchases.

## **Proposals Under Consideration**

The CFPB is considering proposing to require financial institutions to report HMDA data for all applications and originations and purchases of **dwelling-secured loans**. In effect, this proposal would:

- Eliminate reporting of non-dwelling secured home improvement loans;
- Capture all HELs;
- Capture all HELOCs by eliminating optional reporting; and
- Capture all reverse mortgages.



# Variables

	<b>Current Regulation C Reporting</b>	<b>Dodd-Frank additions</b>
<b>Application/ Loan Information</b>	<ul style="list-style-type: none"> <li>• Application/loan ID number</li> <li>• Date the application was received</li> <li>• Type of loan or application</li> <li>• Purpose of loan or application</li> <li>• Request for preapproval and result of preapproval request</li> <li>• Application/loan amount</li> <li>• Action taken type</li> <li>• Date of action taken</li> <li>• Type of purchaser of loan</li> <li>• Rate spread (higher-priced loans)</li> <li>• HOEPA status</li> <li>• Lien status</li> <li>• Reasons for denial (at FI's option)</li> </ul>	<ul style="list-style-type: none"> <li>• Total points and fees</li> <li>• Rate spread (for all loans)</li> <li>• Prepayment penalty term</li> <li>• Introductory interest rate term</li> <li>• Non-amortizing features</li> <li>• Loan term</li> <li>• Application channel (retail, broker, other)</li> <li>• Universal loan ID</li> <li>• Loan originator ID</li> </ul>
<b>Property Information</b>	<ul style="list-style-type: none"> <li>• Property type</li> <li>• Owner occupancy</li> <li>• Property location, by:               <ul style="list-style-type: none"> <li>• MSA or Metropolitan Division</li> <li>• State</li> <li>• County, and</li> <li>• Census tract</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Property value</li> <li>• Parcel ID</li> </ul>
<b>Applicant/ Borrower Information</b>	<ul style="list-style-type: none"> <li>• Race</li> <li>• Ethnicity</li> <li>• Sex</li> <li>• Gross annual income</li> </ul>	<ul style="list-style-type: none"> <li>• Age</li> <li>• Credit score</li> </ul>



## Variables (cont.)

<b>Application/ Loan Information</b>	<b>Automated underwriting systems (AUS) results</b> <b>Making it mandatory, rather than optional, denial reasons</b> <b>Qualified Mortgage (QM) status of loan, as determined by the FI</b> <b>Combined loan-to-value (CLTV) ratio</b>  <b>Additional points and fees information, including:</b> <b>Total origination charges</b> <b>Total discount points</b> <b>Borrower's risk-adjusted, pre-discounted interest rate</b> <b>Interest rate received</b>
<b>Property Information</b>	Replacing property type with number of units financed and dwelling's construction method Whether multifamily property has an affordable housing deed restriction Information concerning manufactured housing: Whether the loan is secured by real or personal property Whether homeowner rents or owns the property where home is sited
<b>Borrower Information</b>	Debt-to-income ratio
<b>Other info</b>	Unique FI entity identification number (to modify or replace the current Reporter's identification number)

In addition, the Bureau is considering expanding the existing loan purpose data point (or otherwise revising Regulation C) to provide for separate reporting of cash-out refinance, reverse mortgage, and home equity line of credit (HELOC) transactions.

# Get involved!

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- Use the data – [consumerfinance.gov/hmda](https://consumerfinance.gov/hmda)
- Check out our API
- Watch for our proposed rule & submit your comments

**Thank you!**

Send questions or comments to  
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