

January 2019

Home Mortgage Disclosure Act (HMDA)

Rob Rowe | rowe@aba.com | 202-663-5029

Issue Update

On January 1, 2018, lenders started to collect new data under the revised HMDA rule. Bankers continue to identify challenges with data collection and the Bureau plans to re-open the rule in early 2019. Meanwhile, steps to protect consumers' privacy interests associated with the new data points are still pending.

The Dodd-Frank Act added approximately 13 new data points, including points and fees, age and credit score of applicants, property value, debt-to-income, loan-to-value, information about automated underwriting systems, as well as data on manufactured housing. The extensive additions of data that lenders must collect and submit will more than double HMDA's reporting requirements. The compliance burdens are enormous. ABA is advocating that the Bureau not proceed with the release of 2018 HMDA itemized loan-level data without due consideration of the privacy concerns raised with such disclosures. The Bureau must also be mindful of enormous irregularities created by inadequate instructions contained in the implementing regulations.

Separately, the Economic Growth, Regulatory Relief, and Consumer Protection Act raised the threshold for reporting certain data points on closed-end loans to 500 and the threshold for reporting open-end loans to 500. Banks are waiting further instructions from the Bureau on how to report

Why it Matters To Your Community

The HMDA requirements add to the costs and burdens associated with mortgage lending. As a result, consumers must pay higher fees for mortgages. One source quotes the cost to originate a mortgage loan has *nearly doubled* over the past decade, from approximately \$4,500 in 2008 to approximately \$8,475 in the last quarter of 2017.

While not all the increases are due to HMDA, HMDA plays a significant part in the rising costs. Further, unless the privacy issues are addressed, release of the additional information will add to the already existing risk of criminals piecing the information together to identify borrowers and their locations.

Recommended Action Items

- Identify issues encountered with the new HMDA regime, such as whether you had to hire additional staff to comply with HMDA, whether updating software has been a problem, caused delay or added costs to your operations, and whether you had to drop any products or services.
- Emphasize the need to protect the privacy of your customers by controlling the amount of HMDA data that is released publicly.