
AMERICANS FOR FINANCIAL REFORM

New HMDA Rules Should Advance Efforts to Make Mortgage Credit Available Fairly, Safely, and Broadly

Under the Home Mortgage Disclosure Act (HMDA) of 1976, regulators and the public have access to geographically and demographically sortable data about mortgage lending and credit availability. The Consumer Financial Protection Bureau (CFPB) announced yesterday that it has finalized a set of updated HMDA rules that should significantly improve the quality and value of this data, deepening public understanding of the mortgage market and advancing efforts to make credit available fairly, safely, and broadly.

The new rules, authorized by the Dodd Frank Act, call for expanded disclosure of loan characteristics including points and fees, rate spreads, teaser rates, prepayment penalties, and debt-to-income ratios, as well as borrower characteristics such as age and credit score. We note in particular the important step the Bureau is taking in breaking out reporting for borrowers of Indian, Chinese, Vietnamese, Korean and other specific ethnicities, instead of grouping them in a catch-call “Asian/Pacific Islander” category.

Taken together, this data will provide a better picture of the market and make it easier for regulators to enforce fair housing and fair lending laws; for homeowners and community groups to understand and monitor the performance of banks, lenders, brokers, and other industry players; and for all of us to work for a mortgage market that serves people fairly and helps families and communities build and preserve wealth.

Precisely because this data is so important, however, we are concerned about the drawn-out implementation schedule, which means that the new rules, already long in the crafting, will not yield new information until 2018. The CFPB still has questions to resolve about making data public. We hope and expect that the Bureau will work expeditiously to make the maximum possible amount of data public; we believe it is possible to do so while protecting borrower privacy. Finally, we urge the CFPB to move swiftly on the parallel project of facilitating the disclosure of additional data on lending to small businesses, and to minority- and women-owned small businesses in particular, as required by Section 1071 of Dodd Frank. This information is long overdue.