

BUREAU OF CONSUMER FINANCIAL PROTECTION

[Docket No.: CFPB-2015-0058]

Request for Information Regarding Home Mortgage Disclosure Act Resubmission

Guidelines

AGENCY: Consumer Financial Protection Bureau.

ACTION: Notice and request for information.

SUMMARY: The Consumer Financial Protection Bureau (Bureau) supervises and enforces compliance with the Home Mortgage Disclosure Act (HMDA) for certain financial institutions and maintains a resubmission schedule and guidelines (Resubmission Guidelines) describing when supervised institutions should correct and resubmit HMDA data. The Bureau is considering whether changes to its HMDA Resubmission Guidelines may be appropriate for HMDA data that will be submitted under recent amendments to Regulation C, which implements HMDA. The Bureau requests information from the public on what changes to the Bureau's Resubmission Guidelines may be needed.

DATES: Written comments must be received on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION OF THIS DOCUMENT IN THE FEDERAL REGISTER]** to be assured of consideration.

ADDRESSES: You may submit responsive information and other comments, identified by Docket No. CFPB-2015-0058, by any of the following methods:

- *Electronic:* <http://www.regulations.gov>. Follow the instructions for submitting comments.

- *Mail:* Monica Jackson, Office of the Executive Secretary, Consumer Financial Protection Bureau, 1700 G Street, NW, Washington, DC 20552.
- *Hand Delivery/Courier:* Monica Jackson, Office of the Executive Secretary, Consumer Financial Protection Bureau, 1275 First Street NE., Washington, DC 20552.

Instructions: The Bureau encourages the early submission of comments. All submissions must include the document title and docket number. Because paper mail in the Washington, DC area and at the Bureau is subject to delay, commenters are encouraged to submit comments electronically. Please note the number associated with any question to which you are responding at the top of each response (you are not required to answer all questions to receive consideration of your comments). In general, all comments received will be posted without change to <http://www.regulations.gov>. In addition, comments will be available for public inspection and copying at 1275 First Street NE., Washington, DC 20002, on official business days between the hours of 10 a.m. and 5 p.m. Eastern Standard Time. You can make an appointment to inspect the documents by telephoning 202-435-7275.

All submissions, including attachments and other supporting materials, will become part of the public record and subject to public disclosure. Sensitive personal information, such as account numbers or Social Security numbers, should not be included. Submissions will not be edited to remove any identifying or contact information.

FOR FURTHER INFORMATION CONTACT: For submission process questions please contact Monica Jackson, Office of Executive Secretary, at 202-435-7275. For inquiries related to the substance of this request, please contact Tim Lambert, Senior Counsel, Office of Fair Lending and Equal Opportunity, at 202-435-7523 or Timothy.Lambert@cfpb.gov.

AUTHORITY: 12 U.S.C. 5511(c).

SUPPLEMENTARY INFORMATION: HMDA and Regulation C require certain financial institutions to collect, report, and disclose data about originations and purchases of mortgage loans, as well as mortgage loan applications that do not result in originations.¹ The Bureau previously published HMDA Resubmission Guidelines² which set forth examination procedures for HMDA transaction testing of institutions that the Bureau supervises to verify the accuracy of reported HMDA data and determine when institutions should be required to correct and resubmit their HMDA data. On October 15, 2015, the Bureau issued on its Web site a final rule amending Regulation C.³ In comments to the Bureau's proposed changes to Regulation C, some commenters requested that the Bureau consider changes to its HMDA Resubmission Guidelines to reflect the expanded data the Bureau proposed to collect under Regulation C.

Currently, the Bureau's Resubmission Guidelines provide, among other things, that institutions reporting fewer than 100,000 loans or applications on the HMDA loan/application register (LAR) should be required to correct and resubmit HMDA data when errors are found in (1) ten percent or more of the HMDA LAR sample entries; or (2) five percent or more of sample entries within an individual data field. The Bureau's Resubmission Guidelines instruct that institutions reporting 100,000 or more entries on the HMDA LAR should be required to correct and resubmit HMDA data when errors are found in (1) four percent or more of the HMDA LAR

¹ 12 U.S.C. §§ 2801-2810; 12 CFR part 1003.

² CFPB Examination Procedures, HMDA Resubmission Schedule and Guidelines, available at http://files.consumerfinance.gov/f/201310_cfpb_hmda_resubmission-guidelines_fair-lending.pdf; CFPB Bulletin 2013-11, Home Mortgage Disclosure Act (HMDA) and Regulation C – Compliance Management; CFPB HMDA Resubmission Schedule and Guidelines; and HMDA Enforcement (Oct. 9, 2013), available at http://files.consumerfinance.gov/f/201310_cfpb_hmda_compliance-bulletin_fair-lending.pdf. See also CFPB Supervisory Highlights 19 (Fall 2014), available at http://files.consumerfinance.gov/f/201410_cfpb_supervisory-highlights_fall-2014.pdf (noting that Bureau staff will follow the HMDA Resubmission Guidelines published in 2013 for reviews of 2014 and subsequent HMDA data).

³ The HMDA final rule was published in the Federal Register on October 28, 2015. 80 FR 66,128 (Oct. 28, 2015).

sample entries; or (2) between two and four percent of the sample entries within an individual data field. The Resubmission Guidelines note that resubmission may be required even if sample error rates are below the specified thresholds if the errors make analysis of the institution's lending unreliable.

The Bureau requests information on what modifications to the Bureau's Resubmission Guidelines may be appropriate for the data that will be reported under the amendments made to Regulation C in the Bureau's final rule. In particular, the Bureau asks commenters to respond to the following questions:

1. Should the Bureau continue to use error percentage thresholds to determine the need for data resubmission? If not, how else may the Bureau ensure data integrity and compliance with HMDA and Regulation C?
2. If the Bureau retains error percentage thresholds, should the thresholds be calculated differently than they are today? If so, how and why?
3. If the Bureau retains error percentage thresholds, should it continue to maintain separate error thresholds for the entire HMDA LAR sample and individual data fields within the LAR sample? If not, why?
4. If the Bureau retains error percentage thresholds, should it continue to provide different thresholds for institutions with different LAR sizes? If so, what thresholds should the Bureau apply to which LAR sizes? Specifically, should the Bureau retain the stricter resubmission thresholds it applies to institutions with 100,000 or more LAR entries? If not, should distinct error thresholds be based on criteria other than LAR size?
5. If the Bureau retains error percentage thresholds, should it apply different thresholds to different HMDA data fields? If so, on what basis could the Bureau distinguish one kind

or type of HMDA data field from another? If, for example, the Bureau were to identify certain data fields as “key fields” that are held to a more stringent resubmission standard than other fields, how could the Bureau determine which fields are “key” and determine the appropriate threshold?

6. If the Bureau retains error percentage thresholds, should it treat systemic errors differently from non-systemic errors? If so, how should the Bureau distinguish between systemic and non-systemic errors?
7. Should the Bureau separately survey a financial institution’s internal data for HMDA-reportable transactions that were omitted from the institution’s HMDA LAR? If so, how should the Bureau conduct the survey and determine when omissions require correction and resubmission?
8. Should the Bureau, for some kinds or types of errors, require that an institution correct and resubmit its HMDA submission and, for other kinds or types of errors, require only that the institution ensure such errors are not found in future HMDA submissions? If so, how should the Bureau decide when correction and resubmission of the HMDA LAR is necessary?
9. Should the Bureau’s HMDA review procedures or guidelines address circumstances in which HMDA data are reported by several financial institutions that have an affiliate and/or subsidiary relationship with each other? If so, how?
10. Are any changes needed in how the Bureau selects HMDA samples to conduct HMDA data integrity reviews? If so, what changes are needed and why?
11. Are any other changes needed in the manner in which the Bureau conducts its HMDA data integrity reviews? If so, what changes are needed and why?

12. Are there any technological or other changes that could be made to the HMDA data collection system or to the process by which it applies edits to identify possible errors that could help HMDA reporters reduce the frequency of errors or otherwise promote data integrity?

To the extent possible, please provide a detailed explanation of any views expressed. For example, if a commenter suggests that an error threshold should be changed or apply to only certain HMDA data fields, the Bureau would be interested to understand how the commenter arrived at the suggestion. The Bureau encourages commenters to explain how any suggested changes to the Resubmission Guidelines could change HMDA compliance costs. Furthermore, the Bureau is interested in any comments regarding how changes to the Resubmission Guidelines may affect the reliability or usefulness of HMDA data.

The Bureau anticipates that it will not separately propose and solicit public comment on any specific changes to its Resubmission Guidelines before finalizing and publishing the changes.

[THIS SIGNATURE PAGE PERTAINS TO THE "REQUEST FOR INFORMATION
REGARDING HOME MORTGAGE DISCLOSURE ACT RESUBMISSION
GUIDELINES"]

Dated: December 17, 2015.

Richard Cordray

Richard Cordray,

Director, Bureau of Consumer Financial Protection.