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THE HOME MORTGAGE DISCLOSURE ACT: COMMON COMPLIANCE CHALLENGES

In their discussion of common challenges in HMDA reporting, the authors focus on transactions with multiple parties, business purpose loans, required reportable actions, and automated underwriting systems. They also discuss the combined loan-to-value ratio, and the collection and reporting of demographic data. They conclude by describing how the Bureau of Consumer Financial Protection evaluates the compliance management systems of the institutions it supervises.

By Sherry-Maria Safchuk and Frida Alim *

Since 2015, financial institutions have been inundated with reviewing and implementing numerous changes to the Home Mortgage Disclosure Act (“HMDA”) as required by the Dodd-Frank Act. The act transferred HMDA rulemaking authority to the Bureau of Consumer Financial Protection (“Bureau”), added new data points, and authorized the Bureau to require additional information from covered institutions.¹ Specifically, in 2015, the Bureau issued the 2015 HMDA Final Rule implementing the Dodd-Frank Act amendments to HMDA through Regulation C.² In 2017, the Bureau

amended Regulation C to clarify certain requirements adopted by the Final Rule and to temporarily increase the loan threshold that is used to determine which financial institutions must collect and report loan data under HMDA.³

In May 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155) was signed into law, which modifies certain provisions of the Dodd-Frank Act, including HMDA. S. 2155 provides that banks and credit unions that originate fewer than 500 open-end lines of credit in each of the two preceding calendar years or 500 closed-end mortgage loans in each of the two preceding calendar years are exempt from

¹ See generally Bureau of Consumer Fin. Prot., New Rule Summary: Home Mortgage Disclosure (Regulation C) (Oct. 15, 2015), https://files.consumerfinance.gov/f/201510_cfpb_hmda-executive-summary.pdf/.

² Bureau of Consumer Fin. Prot., Home Mortgage Disclosure (Regulation C), Final Rule, 80 Fed. Reg. 66128 (Oct. 28, 2015).

³ Bureau of Consumer Fin. Prot., Home Mortgage Disclosure (Regulation C), Final Rule, 82 Fed. Reg. 43088 (Sept. 13, 2017).

* *SHERRY-MARIA SAFCHUK and FRIDA ALIM are with the Los Angeles office of Buckley Sandler LLP. Their practice includes assisting clients on a variety of regulatory and compliance matters, and representing clients in the mortgage lending industry confronted with complex litigation and government investigations. Their e-mail addresses are ssafchuk@buckleysandler.com and falim@buckleysandler.com.*