

ADVOCACY SUBMITS COMMENTS ON THE CFPB'S PROPOSED RULEMAKING ON THE HOME MORTGAGE DISCLOSURE ACT

On October 27, 2014, the Office of Advocacy of the U.S. Small Business Administration (Advocacy) submitted a comment letter to the Consumer Financial Protection Bureau (CFPB) on the proposed rules on the *Home Mortgage Disclosure (Regulation C)*. The proposed changes implement portions of the Dodd-Frank Act. A copy of Advocacy's comments can be found at <http://www.sba.gov/advocacy/10272014-home-mortgage-disclosure-regulation-c>.

- The Home Mortgage Disclosure Act (HMDA) requires lenders who meet certain coverage tests to report information about mortgage applications and loans. HMDA provides the public with information about how financial institutions are serving the housing needs of their communities and promotes access to fair credit in the housing market. Section 1094 of the Dodd-Frank Act amended HMDA. On August 29, 2014, the CFPB published in the Federal Register a proposed rule to implement the Dodd-Frank amendments to HMDA.
- The proposed rule requires financial institutions to report all closed-end loans, open-end lines of credit, and reverse mortgages secured by dwellings. It eliminates the requirement to report unsecured home improvement loans. Advocacy expressed concerns about the additional types of transactions, such as open end lines of credit, in the proposed rule because reporting the additional transactions may be burdensome to small entities. Advocacy encouraged the CFPB not to include the additional loan types in the rule.
- The proposed rule sets a loan volume threshold of 25 loans, excluding open end lines of credit. Small entity representatives recommended thresholds ranging from 100 to 500 loans. Advocacy encouraged the CFPB to perform a thorough analysis of alternative thresholds.
- Dodd-Frank amended HMDA to require the collection and reporting of several new data points. The proposed rule includes the statutorily mandated changes and additional discretionary changes. Advocacy encouraged the CFPB to consider exempting small entities from the discretionary data collection until the CFPB has had an opportunity to determine whether the additional information furthers the goals of HMDA.
- The CFPB sought comments on whether it should eliminate the requirement that the modified loan application (MLA) register be made available to the public. During the SBREFA panel process, the SERs stated that they rarely receive requests for their MLA registers. Advocacy encouraged the CFPB to eliminate this requirement for small entities.

For more information, visit Advocacy's webpage at www.sba.gov/advocacy or contact Jennifer Smith at 202-205-6943.