

HMDA Reporting and Multifamily Lending

The CFPB should amend HMDA regulations (Regulation C) to exempt business-to-business loans secured by multifamily property.

BACKGROUND

The Home Mortgage Disclosure Act (HMDA) requires mortgage lenders to collect and report information on specific data points pertaining to their lending practices.

The Dodd-Frank Act of 2010 transferred HMDA to the Consumer Financial Protection Bureau (CFPB) and authorized the CFPB to require the collection of additional mortgage lending information. CFPB finalized the new rules amending HMDA regulations (Regulation C) on October 15, 2015, with most new Dodd-Frank HMDA provisions taking effect on January 1, 2018.

In 2020, following substantial MBA advocacy, the CFPB amended its 2015 final HMDA rule to increase the threshold for HMDA reporting from 25 to 100 loans originated in each of the preceding two years. However, in October 2022, the U.S. District Court for the District of Columbia ruled that the HMDA reporting threshold should be decreased from 100 closed-end loans to 25 closed-end loans. The ruling was not appealed, and the threshold now stands at 25 closed-end loans.

ADVOCACY AND RECOMMENDATIONS

MBA believes that the CFPB should further amend HMDA regulations to fully exempt business-to-business loans secured by multifamily property from HMDA reporting. Such multifamily loans do not involve consumers, so these transactions should fall outside of the CFPB's statutory consumer-focused mission and objectives. Moreover, applying HMDA reporting requirements designed with single-family lending in mind to multifamily lending is unduly burdensome.

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