

HMDA Delay Proposed by Treasury

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You may have heard that the Treasury Department released a report to the President entitled:

"A Financial System That Creates Economic Opportunities
Banks and Credit Unions"

You can access the full report at this link: [Treasury Report](#).

On page 100, it states the following regarding HMDA:

"Delay Implementation of HMDA Reporting Requirements Fundamental concerns remain about the efficiency of the HMDA regime, borrower privacy, and competitive harm to lenders through disclosure of proprietary information. The CFPB should delay the 2018 implementation of the new HMDA requirements until borrower privacy is adequately addressed and the industry is better positioned to implement the new requirements. The new requirements should be examined for utility and cost burden, particularly on smaller lending institutions. Consideration should be given to moving responsibility for HMDA back to bank regulators, discontinuing public use, and revising regulatory applications."

This, of course, leaves things up in the air at the moment, pending a proposal for changes to the rule and the proposed clarification published in April. Note it does not call for a repeal of HMDA, it calls for a delay and revision.

Hopefully, we will see action from the CFPB quickly because we have the 2017 submissions to deal with at year end that are part of that rule. Also, there are changes in the rule that are beneficial such as the agricultural finance exclusion and clearer instructions on existing fields; I would hate to see those changed. Bear in mind, that a delay in HMDA must be done a calendar year at a time, it cannot be a delay of a few months.

This potential delay could clearly be beneficial for many but it creates potential problems for vendors and for some larger institutions that have programmed in-house for the new rule. A delay will give more time for testing, at least for the revised rule, but not for the 2017 submission. Year end is coming up fast so lets hope for minimal chaos around changing that new submission process!

The statement about ending public use of the data concerns me - not because I love the data being publicly available, but because I am concerned that regulators would have the data for peer comparisons and the financial institutions would not, causing them to enter exams without all necessary knowledge. Let's hope that would not happen and that any proposal will contain clarity on that subject. If it creates a

disadvantage for financial institutions in the exam process, be sure to comment.

The proposal also recommends returning HMDA back to bank regulators - it is not clear what that means. HMDA was traditionally the responsibility of the Federal Reserve and the other regulators, the prudential regulators, handled examinations for their banks, etc. The difference now is that the CFPB "owns" the regulation and examines larger institutions. That has not changed, other than the very large institutions examined by the CFPB.