



MORTGAGE BANKERS ASSOCIATION

MBA Summary
U.S. District Court for the District of Columbia
National Community Reinvestment Coalition, et al. vs. CFPB
October, 2022

This month, the U.S. District Court for the District of Columbia ruled that the U.S. Home Mortgage Disclosure Act (HMDA) reporting threshold should be decreased from 100 to 25 closed-end loans.

Why it Matters

- As a result of the [ruling](#), only institutions originating fewer than 25 closed-end mortgage loans in each of the two preceding calendar years are exempt from HMDA. **Effective immediately**, institutions that were exempt with loan volume in a range of 25 loans to 99 loans in each of the preceding two calendar years are now subject to HMDA reporting.
- The MBA expects the Consumer Financial Protection Bureau (CFPB) to provide more information for institutions that are newly subject to HMDA reporting as a result of the court case. MBA expects the CFPB to provide guidance to help the industry comply with the ruling.
- **NOTE** – Banks, credit unions and savings institutions with less than \$50,000,000 in total assets remain exempt from HMDA regardless of loan origination volume.

Home Mortgage Disclosure Act (HMDA) Background

- HMDA generally requires lenders to collect and report certain data on mortgages, mortgage applications, and lines of credit secured by dwellings. The reporting is due no later than March 1 following the calendar year for which the data is compiled. The lender must also maintain its HMDA data for at least three years thereafter.
- In 2020, the Consumer Financial Protection Bureau released a [final rule](#) increasing the transaction threshold for reporting under the HMDA. The new rule increased the HMDA reporting threshold from 25 to 100 closed-end loans in each of the preceding two years meaning institutions originating fewer than 100 closed-end mortgage loans in each of the two preceding calendar years would not have to report HMDA data.
- Note - Banks, credit unions and savings institutions with “total assets” below the specific and substantial annually adjusted amount — currently \$50,000,000 for 2022 (adjusted annually for inflation) — are exempt from the HMDA collection and disclosure requirements altogether.

Court Case

- Two months after issuance of the final 2020 Rule, the plaintiffs initiated a lawsuit challenging the 2020 Rule as arbitrary and capricious, contrary to law, and exceeding CFPB's statutory authority.
- The plaintiffs claimed that the cost-benefit analysis underlying the 2020 Rule was flawed because CFPB exaggerated the "benefits" of increasing the loan-volume reporting thresholds by failing to adequately account for comments suggesting that the savings would in fact be much smaller than estimated.
- This month, the court ruled in favor of the plaintiffs as it related to the closed-end mortgage threshold agreeing that the CFPB failed to adequately explain or support its rationales for adoption of the closed-end reporting thresholds under the 2020 Rule.