



January 21, 2022

The Honorable Rohit Chopra  
Director  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington DC 20552

RE: Docket No. CFPB-2021-0018, Request for Information Regarding the 2015 HMDA Rule Assessment

Dear Director Chopra:

On behalf of U.S. Mortgage Insurers (USMI) and our member companies,<sup>1</sup> we appreciate the opportunity to provide feedback on the Consumer Financial Protection Bureau's (CFPB) Request for Information (RFI)<sup>2</sup> on the assessment of the 2015 Home Mortgage Disclosure Act (HMDA) Rule.<sup>3</sup> USMI represents America's leading providers of private mortgage insurance (MI) and our members are dedicated to a strong housing finance system backed by private capital that enables access to affordable and sustainable mortgage finance. The private MI industry has 65 years of expertise in underwriting and actively managing mortgage credit risk to balance access to affordable mortgage credit with providing critical risk protection to lenders, the GSEs, and American taxpayers from mortgage credit-related losses. Since 1957, the private MI industry has helped more than 35 million households achieve sustainable homeownership and since 2016 has been the number one way for low down payment homebuyers to purchase or refinance homes.<sup>4</sup> USMI welcomes the CFPB's assessment of the regulatory changes implemented by the 2015 HMDA Rule and this letter contains our observations and recommendations regarding the impact of HMDA requirements on mortgage lending and broader policy considerations for the housing finance system.

### 2015 HMDA Rule

While the 2015 HMDA Rule is not subject to a five-year assessment under Section 1022(d)<sup>5</sup> of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act),<sup>6</sup> USMI appreciates the CFPB's voluntary assessment of the rule to evaluate its effectiveness in meeting its stated goals. HMDA is an important regulation that requires mortgage lenders to provide detailed loan-level information to be used by policymakers to ensure robust enforcement of fair lending laws/regulations and promote equal access to mortgage finance credit. The annual HMDA dataset is an important tool for regulators, policymakers, consumer advocates, and market participants to routinely monitor mortgage origination trends, better understand access to credit and how lenders are serving the housing needs of their

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<sup>1</sup> USMI represents the nation's leading private mortgage insurance companies and USMI membership comprises: Enact Mortgage Insurance; Essent Guaranty, Inc.; Mortgage Guaranty Insurance Corporation; National Mortgage Insurance Corporation; and Radian Guaranty, Inc.

<sup>2</sup> Request for Information Regarding the HMDA Rule Assessment. 86 Fed. Reg. 66220 (November 22, 2021).

<sup>3</sup> Final Rule on Home Mortgage Disclosure (Regulation C). 80 Fed. Reg. 66127 (October 28, 2015).

<sup>4</sup> GSE aggregate data, USMI member company data, and *Inside Mortgage Finance*.

<sup>5</sup> 12 U.S.C. 5512(d) requires the CFPB to publish a report assessing the effectiveness of each "significant rule or order" within five years of it taking effect.

<sup>6</sup> 12 U.S.C. 5301 *et seq.*



communities, and detect any discriminatory patterns.<sup>7</sup> This is especially critical as the Biden Administration and industry engage in important discussions around equitable access to homeownership by exploring and implementing policies to prudently expand the credit box and eliminate any lending discrimination. Further, HMDA is valuable for monitoring how various regulatory changes, such as the implementation of the new Qualified Mortgage (QM) definition,<sup>8</sup> impact who receives mortgages, under what terms lenders extend credit, and how those loans perform.

The 2015 HMDA Rule significantly expanded the datapoints required to be collected and reported by mortgage lenders, specifically adding more than 25 new and modifying numerous existing datapoints.

| Datapoints added by 2015 HMDA Rule to implement Dodd-Frank requirements  | Datapoints added by 2015 HMDA Rule pursuant to CFPB's discretionary authority   | Datapoints revised by 2015 HMDA Rule to require additional information   |
|--|---|--|
| <ul style="list-style-type: none"> <li>• Universal Loan Identifier (ULI)</li> <li>• Property Address</li> <li>• Age (applicant/borrower)</li> <li>• Rate Spread</li> <li>• Credit Score</li> <li>• Total Loan Costs or Total Points and Fees</li> <li>• Prepayment Penalty Term</li> <li>• Loan Term</li> <li>• Introductory Rate Period</li> <li>• Non-Amortizing Features</li> <li>• Property Value</li> <li>• Application Channel</li> <li>• Mortgage Loan Originator Identifier</li> </ul> | <ul style="list-style-type: none"> <li>• Reason(s) for Denial</li> <li>• Origination Charges</li> <li>• Discount Points</li> <li>• Lender Credits</li> <li>• Interest Rate</li> <li>• Debt-to-Income (DTI) Ratio</li> <li>• Combines Loan-to-Value (LTV) Ratio</li> <li>• Manufactured Home Secured Property Type</li> <li>• Manufactured Home Land Property Interest</li> <li>• Multifamily Affordable Units</li> <li>• Automated Underwriting System (AUS)</li> <li>• Reverse Mortgage Flag</li> <li>• Open-End Line of Credit Flag</li> <li>• Business or Commercial Purpose Flag</li> </ul> | <ul style="list-style-type: none"> <li>• Loan Purpose</li> <li>• Occupancy Type</li> <li>• Ethnicity</li> <li>• Race</li> <li>• Legal Entity Identifier</li> </ul> |

### Value of Expanded Datapoints & Increased Transparency

As part of the assessment of the 2015 HMDA Rule, it is important for the CFPB to evaluate the benefits, impacts, and operational and compliance costs associated with the expanded requirements. Importantly, however, the CFPB should carefully consider the extent to which those costs are outweighed by greater access to datapoints that are valuable for formulating public policy and guiding business activities that support borrowers. While there are incremental costs<sup>9</sup> for mortgage lenders to comply with the 2015

<sup>7</sup> The purpose of HMDA is to provide the public with loan data that can be used: (1) to determine whether financial institutions are serving the housing needs of their communities; (2) to assist public official in distributing public-sector investment so as to attract private investment to areas where it is needed; and (2) to assist in identifying possible discriminatory lending patterns and enforcing antidiscrimination statutes. See 12 U.S.C. 2801(b) and 12 CFR 1003.1(b)(1).

<sup>8</sup> Final Rule on Qualified Mortgage Definition under the Truth in Lending Act (Regulation Z): General QM Loan Definition. 86 Fed. Reg. 86308 (December 29, 2020).

<sup>9</sup> 86 Fed. Reg. 66227 (November 22, 2021). “The [CFPB’s] 2015 HMDA Final Rule presented a basic framework of analyzing compliance costs for HMDA reporting, including ongoing costs and one-time costs for financial institutions. A 1022(b)(2) cost-benefit analysis in the 2015 HMDA Final Rule estimated that the bulk of the costs



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HMDA Rule’s expanded reporting requirements, including for compliance personnel and technology systems, USMI believes that the benefits to policymakers, the public, and the housing finance system outweigh those costs.

USMI and our members companies welcomed the increased loan-level data collected and reported due to the 2015 HMDA Rule and recognize the value in access to more data for better understanding lending trends and how to promote affordable and sustainable homeownership opportunities for families across the country. We firmly believe that additional transparency and data sharing can better facilitate collaboration between regulatory agencies and industry participants to monitor origination trends, analyze the mortgage market, and develop products that sustainably expand access to affordable mortgage credit and promote equity in the housing finance system. Ultimately, greater access to mortgage origination data and increased transparency enables market participants to enhance access, affordability, and sustainability in the mortgage markets.

We have been pleased with the increased loan-level data<sup>10</sup> that has been made available through the National Mortgage Database (NMDB), a program that is jointly managed by the CFPB and Federal Housing Finance Agency (FHFA) and tracks conventional mortgage origination data to monitor mortgage trends and support policymaking and research efforts. One improvement to the mortgage data initiatives at the CFPB and FHFA would be to expand analytical capabilities by publicly releasing more granular loan-level data from the NMDB to allow policymakers and housing finance stakeholders to better analyze the intersection of race, mortgage originations, and homeownership. USMI has routinely made this recommendation to federal regulatory agencies, including in our October 25, 2021 comment letter<sup>11</sup> to the FHFA as part of its request for input on “Enterprise Equitable Housing Finance Plans.”<sup>12</sup>

For policymakers and industry participants to effectively address longstanding inequities in the housing finance system, it is critical that all relevant parties have access to the most accurate and comprehensive data to best inform policy decisions around mortgage underwriting, regulatory guardrails, and borrowers’ access to credit. More specifically, as the Biden Administration and industry work to advance racial equity in the housing finance system, loan-level data collection and reporting is an extremely valuable tool to understand current mortgage market trends and barriers to homeownership, as well as inform decisions around policies, products, and programs that can meaningfully close the racial homeownership gap. It is concerning that the Black-White homeownership gap is wider now (approximately 30%) than in 1960 (approximately 27%) when explicit racial discrimination was permitted.<sup>13</sup> HMDA will play an

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associated with the rule derived from one-time implementation and not ongoing annual costs. The Bureau estimated the 2015 HMDA Final Rule would result in ongoing costs of the rule of \$53.6 million to \$68.3 million per year for all reporters, as compared to one-time and start-up costs of between \$177 million and \$326.6 million per year.”

<sup>10</sup> Federal Housing Finance Agency, “FHFA Announces New and Expanded Statistical Products From the National Mortgage Database” (June 30, 2021). Available at <https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-New-and-Expanded-Statistical-Products-From-the-National-Mortgage-Database.aspx>.

<sup>11</sup> USMI’s submission for the FHFA’s RFI on “Enterprise Equitable Housing Finance Plans” is available at <https://www.fhfa.gov/AboutUs/Contact/Pages/input-submission-detail.aspx?RFID=1542>.

<sup>12</sup> FHFA, “FHFA Announces Equitable Housing Finance Plans for Fannie Mae and Freddie Mac” (September 7, 2021). Press release and Request for Input are available at <https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-Equitable-Housing-Finance-Plans-for-Fannie-Mae-and-Freddie-Mac.aspx>.

<sup>13</sup> U.S. Census Bureau, Housing Vacancies and Homeownership. Quarterly data available at <https://www.census.gov/housing/hvs/index.html>.



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important role in initiatives to ensure that borrowers have equal access to mortgage financing in the conventional market and USMI encourages the CFPB to work with the FHFA to expand analytical capabilities by publicly releasing more granular loan-level mortgage origination data.

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USMI appreciates the opportunity to share its views on the CFPB's RFI regarding the 2015 HMDA Rule assessment and looks forward to the forthcoming report. In the interim, we welcome any questions you may have concerning our observations and recommendations, and requests for additional information may be directed to Lindsey Johnson, President of USMI, at [ljohnson@usmi.org](mailto:ljohnson@usmi.org) or 202-280-1820.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Johnson", is enclosed in a thin black rectangular border.

Lindsey D. Johnson  
President