

LENDERS UPDATE™

ALT & ASSOCIATES NEWSLETTER

A COMPLIMENTARY SERVICE TO THE MORTGAGE LENDING INDUSTRY

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HMDA RESUBMISSION GUIDELINES

On October 9, 2013 the CFPB issued its HMDA Guidelines describing the transaction testing that CFPB will conduct during HMDA reviews to verify the accuracy of institution reported HMDA data. The Guidelines also describe when institutions should be required to correct and resubmit their HMDA data. The Guides can be found in their entirety on the CFPB website at www.consumerfinance.gov/guidance/ by clicking on the menu for Oct. 9 2013.

The CFPB will start by pulling a sample of entries from the institutions HMDA Loan Application Report (LAR) and the corresponding loan or application files. The examination teams will check the LAR entries against the files.

The size of the LAR sample will correspond to the size of the institution's HMDA LAR. Institutions with 100,000 or fewer entries have all of the entries pulled for entries totaling up to 30 and then according to a sliding scale of up to 79 entries for 1,101 entries to 99,999 entries . These will be examined for correctness and accuracy. If there are at least 10% of the entries with errors, the institution will be required to correct and resubmit its entire HMDA LAR. If there are at least 5% of the entries with errors within an individual data field, the institution will be required to correct and resubmit that field.

For reporting institutions with 100,000 or more entries on the LAR the examination teams will review a larger number of entries. Furthermore, the examination standard for resubmission will be more stringent. As explained in the Guidelines, this is because a lower sample error rate at these institutions could reflect a larger number of errors than a higher sample rate at an institution with a smaller HMDA LAR. This means that these institutions reporting over 100,000 entries will have to correct and resubmit HMDA data when 4% or more of the samples contain errors. If the error rate in an individual field is above 2% the institution will be required to correct that field.

Hopefully, this will help a bit with your QC and planning.

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