

[Here's what you need to know about the new FFIEC HMDA Examiner Transaction Testing Guidelines](#)

Today, the Federal Financial Institutions Examination Council (FFIEC) members announced new [FFIEC Home Mortgage Disclosure Act \(HMDA\) Examiner Transaction Testing Guidelines \(Guidelines\)](#) for all financial institutions that report HMDA data. The Guidelines will apply to the examination of HMDA data collected beginning in 2018 and reported beginning in 2019.

The Guidelines will help ensure accurate data and address reporting burden concerns

When examining financial institutions, federal supervisory agencies with HMDA supervisory authority may verify the accuracy of HMDA data within a sample of reported transactions. If examiners find that the number of errors in the sample exceeds certain thresholds, an institution will be directed to correct and resubmit its HMDA data.

In light of the new data fields that will be required beginning in 2018, the Guidelines:

- Eliminate the file error resubmission threshold under which a financial institution would be directed to correct and resubmit its entire Loan Application Register (LAR) if the total number of sample files with one or more errors equaled or exceeded a certain threshold
- Establish, for the purpose of counting errors toward the field error resubmission threshold, allowable tolerances for certain data fields
- Provide a more lenient 10 percent field error resubmission threshold for financial institutions with LAR counts of 100 or less, many of which are community banks and credit unions

At the same time, the Guidelines ensure HMDA data integrity by maintaining field error resubmission thresholds that safeguard the accuracy of each data field, and thus all data, reported under HMDA. Furthermore, under the Guidelines, examiners may direct financial institutions to change their policies, procedures, audit processes, or other aspects of its compliance management system to prevent the reoccurrence of errors.

All federal supervisory agencies with HMDA supervisory authority will use the same Guidelines

The Guidelines represent a joint effort by the Consumer Financial Protection Bureau (CFPB), the Federal Deposit Insurance Corporation, the Federal Reserve Board, the National Credit Union Administration, and the Office of the Comptroller of the Currency to provide—for the first time—uniform guidelines across all federal HMDA supervisory agencies. This collaboration began with the CFPB issuing a Request for Information_ and holding outreach meetings in which the other supervisory agencies participated. The agencies then worked together to develop the Guidelines.

What is HMDA?

HMDA was enacted in 1975. On July 21, 2011, the Dodd-Frank Act transferred HMDA rulemaking authority from the Federal Reserve Board to the CFPB. In October 2015, the CFPB finalized changes to Regulation C implementing HMDA that, among other things, expanded the number of data fields reported.

Thanks to HMDA, each year the public has access to home mortgage application and loan information from thousands of financial institutions. In recent years, HMDA public data have contained roughly between 12 to 19 million records per year. The data includes loan-level information about the lender, loan, property, and applicant. The purposes of HMDA data are to:

- Help show whether lenders are serving the housing needs of their communities

- Give public officials information that helps them make certain housing-related decisions
- Shed light on lending patterns that could be discriminatory

The HMDA data are available to the public from the FFIEC and tools to search and analyze HMDA data are available from the [CFPB](#).

Source: CFPB Blog