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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.