

CFPB Approves Revised Uniform Residential Loan Application

October 5, 2016

The Consumer Financial Protection Bureau (“CFPB”) has issued an official notice that the new Fannie Mae/Freddie Mac Uniform Residential Loan Application (“URLA”) has been approved as being in compliance with the Equal Credit Opportunity Act (“ECOA”) and Regulation B.

On August 23, 2016, Fannie Mae and Freddie Mac issued a revised and redesigned URLA. This is the first substantial revision to the form in more than two decades. Changes include a redesigned format, new and updated fields, simplified instructions, and revised government monitoring information.

Because the URLA requests information about the race, color, religion, national origin and sex of the applicant, as well as other information closely regulated by ECOA and Regulation B, Fannie Mae and Freddie Mac sought the CFPB’s official approval of the new URLA. The CFPB published a notice approving the revised URLA on September 23, 2016. A copy of the CFPB’s approval, which includes a copy of the new URLA, can be accessed through this link: http://s3.amazonaws.com/files.consumerfinance.gov/f/documents/092016_cfpb_HMDAEthnicityRace.pdf.

Additionally, the new URLA has been redesigned in part to reflect expanded data collection requirements under the Home Mortgage Disclosure Act (“HMDA”) and Regulation C that generally take effect on January 1, 2018 (certain provisions will take effect on January 1, 2017). The CFPB’s approval notice also addresses a collection of expanded HMDA information about ethnicity and race in 2017.

In 2015, the CFPB issued a final rule significantly amending the HMDA data collection requirements under Regulation C (the “2015 HMDA Final Rule”). The 2015 HMDA Final Rule requires covered financial institutions to permit applicants to self-identify using disaggregated ethnic and racial categories beginning January 1, 2018. Because the CFPB believes that there will be significant benefits to permitting creditors to request applicants to self-identify prior to that effective date, the CFPB notice states that lenders may, at their option, permit applicants to self-identify with disaggregated ethnic and racial categories starting on January 1, 2017.

For purposes of submitting HMDA data for applications received in 2017 and on which final action is taken in 2017, a covered financial institution must submit the information on ethnicity and race using only the aggregate categories and codes provided in the filing instructions guide under the 2015 HMDA Final Rule, even if the financial institution has permitted applicants to self-identify using disaggregated categories pursuant to the CFPB’s approval of the new URLA. As to applications received in 2017 and on which final action is taken on or after

January 1, 2018, a covered financial institution will have the option to submit the information about ethnicity and race using disaggregated categories if the applicant provided such information instead of using the transition rule adopted by the 2015 HMDA Final Rule, which requires the lender to collect the information in accordance with the requirements in effect at the time the information was collected.

If you have any questions regarding the revised URLA, or about ECOA or HMDA in general, please feel free to contact Joseph D. Simon at 516-357-3710 or via email at jsimon@cullenanddykman.com, Kevin Patterson at 516-296-9196 or via email at kpatterson@cullenanddykman.com, or Mandy Xu at 516-357-3850 or via email at mxu@cullenanddykman.com.

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