Manufactured Housing Institute

MHI CFPB and Financial Services Updates

CFPB Proposes HMDA Changes

The CFPB has proposed several changes to Regulation C, which implements the Home Mortgage Disclosure Act (HMDA). The Bureau is seeking to add several new categories for reporting by lenders and make changes in how the data is reported.

The rule would require lenders to report property value, loan term, total points and fees, the duration of teaser rates and the age and credit score of the applicant or borrower. The CFPB also proposed that lenders submit data on an applicant's debt-to-income ratio, interest rate and total points charged, which the Bureau said would help it evaluate the impact of its mortgage rules. In addition, all dwelling-secured loans would be subject to the rule, including manufactured homes.

The Bureau is also seeking to require additional information collection and reporting on manufactured home loans, including information regarding the legal classification of the manufactured home—to include listing whether the home is legally classified as real property or personal property.

The CFPB will be collecting comments on the proposed rule through October 22, 2014. Click here to view the proposal.

CFPB to Expand Consumer Complaint Database Information

On July 16th, the CFPB indicated it was proposing a new policy allowing consumers to publicly voice their complaints about consumer financial products and services. According to the agency, when consumers submit a complaint to the CFPB, they would have the option to share their account of what happened in the CFPB's public-facing Consumer Complaint Database.

When consumers submit a complaint to the Bureau, they fill in information such as who they are, who the complaint is against, and when it occurred. They are also given a text box to describe what happened and can attach documents to the complaint. The Bureau forwards the complaint to the company, allows the company to respond, gives the consumer a tracking number, and keeps the consumer updated on its status. To date, the Bureau has handled more than 400,000 complaints.

Click here to view the proposal.

Bankers Group Requests Loan Servicing Clarifications

In a July 29th letter to the CFPB, the American Bankers Association (ABA) requested clarifications to the agency's loan servicing regulations. Specifically, clarifications on how the Bureau's 120-day delinquency threshold applies to rolling delinquencies, when a delinquent borrower resumes making scheduled payments but never becomes current on the loan. ABA also sought clarification on the periodic statement requirement for loans that have been charged off. Click here to view the letter.

FHFA IG Report Highlights Risk from Small Lenders

On July 17th, the Federal Housing Finance Agency (FHFA) Inspector General (IG) released a report indicating that smaller lenders could pose more of a risk to Fannie Mae and Freddie Mac as they become a bigger part of the two companies' business.

Roughly 65 percent of loans sold to Fannie came from its five largest lenders in 2011, but the share of those larger firms has since dropped to 45 percent of all Fannie loans as of the end of 2013, according to the report, with smaller firms picking up most of this abandoned market share.

But these smaller lenders, especially nonbank lenders, may be unable to cover future claims to buy back those mortgages if they fail — leaving the two companies to absorb the losses. Since the crisis, Fannie and Freddie have recovered roughly $98.5 billion in repurchase claims, mostly from large banks that are subject to high capital standards and regulations.

Click here to view the report.

Urban Institute Report Examines Income Test for FHA Loans

The Urban Institute researchers recently published a study suggesting the Federal Housing Administration (FHA) could benefit from requiring lenders to determine whether borrowers can afford to pay for day-to-day expenses after their housing costs — known as the residual income test.

Researchers found that borrowers who passed the test required for loans backed by the Department of Veterans Affairs stayed current on their payments more often than those who qualified for FHA-backed mortgages. While the report indicates this requirement would make it harder to qualify for a loan, borrowers may get a better picture of what they can afford and could choose to buy a smaller house, put down a larger down payment or delay their purchase in lieu of taking on too much debt.

Click here to view the report.

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