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February 9, 2026

Comment Intake – Home Mortgage Disclosure Act (Regulation C)
Consumer Financial Protection Bureau
Attn: PRA Office
1700 G Street NW
Washington DC 20552

Re: Request for Information Regarding the Home Mortgage Disclosure Act (Regulation C)
Docket No. CFPB-2025-0049

Dear Madam or Sir:

The Iowa Bankers Association (IBA) is a trade association representing 97 percent of the 265 state- and national-chartered banks and federal thrifts operating in the state of Iowa. The IBA submits this letter on behalf of its members to the Consumer Financial Protection Bureau (CFPB) in response to its request for information (RFI) under the Paperwork Reduction Act of 1995 related to the Home Mortgage Disclosure Act (HMDA) rule.

According to the RFI, the CFPB intends to focus its request on the following topic areas: (1) whether collection of information is necessary for the proper performance of the functions of the CFPB, including whether the information has practical utility; (2) the accuracy of the CFPB's estimate of the burden of the collection of information; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and, (4) ways to minimize the burden of the collection of information on respondents. Our comments will focus on ways to enhance the quality, utility and clarity of the information collected as well as ways to reduce the burden of data collection and reporting.

HMDA, as defined under 1003.1(b)(1), is intended to provide the public with loan data that can be used to help determine whether financial institutions are serving the housing needs of their communities; to assist public officials in distributing public-sector investment so as to attract private investment to areas where it is needed; and to assist in identifying possible discriminatory lending patterns and enforcing anti-discrimination statutes. Given the intention of the rule, IBA and its members appreciate the CFPB's ongoing commitment to reviewing the information collected to ensure the data continues to be relevant and clearly aligns with data needed to make those determinations. HMDA has been a long-term data collection rule experiencing several adjustments over the years, so it is important the CFPB review and adjust practices to keep data collected relevant.

In 2015, the CFPB issued a rule (2015 HMDA Rule) amending HMDA's implementing regulation - Regulation C - to include new data points. This rule added mandated data points as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (DFA) as well as fourteen additional data points the CFPB issued pursuant to its discretionary authority under the DFA. The addition of discretionary data points raises questions as to the value of the additional data in achieving the goal of HMDA considering the increased burden from the collection of those data points. And while the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA)[1] granted certain HMDA reporter's partial exemptions from reporting of the discretionary data points, the IBA urges the CFPB to review the data points below for overall utility.

DATA COLLECTION BURDEN

FINANCIAL INSTITUTION THRESHOLD – 1003.02(G)(1)(V)

The threshold for data reporting is unreasonably low for closed-end mortgages, currently set at 25 originations in each of the two proceeding calendar years.[2] This fact was recognized by the CFPB when finalizing the 2020 rule, raising this threshold to 100 originations, until the rule was vacated due to procedural deficiencies. The current threshold of 25 originations does not enable smaller community banks to build a portfolio or expand out from their more rural areas into a metropolitan statistical area (MSA) before being subject to the reporting requirements and additional costs associated with compliance.

The 2020 HMDA Rule also increased the open-end line of credit reporting threshold from 100 to 200 originations in each of the two preceding calendar years. Although this rule was vacated, the increased open-end line of credit threshold was preserved and remains in place today.

The unreasonably low threshold for closed-end mortgages places the primary burden on smaller institutions. A recent report[3] by the Conference of State Bank Supervisors covering data obtained over a 10-year period provides significant statistical evidence that compliance costs weigh more heavily on small financial institutions. The largest overall expense category at most institutions was payroll related to compliance tasks: the smallest institutions reported spending 11 to 15.5 percent of their personnel costs on compliance, compared with 6 to 10 percent at the largest institutions—a statistically significant gap every single year. The pattern repeats across other categories. Data processing costs consumed 16.5 to 22 percent of small institutions' budgets versus 10 to 14 percent for the largest quartile. Accounting and auditing expenses devoted to compliance also ran 5 to 17 percentage points higher than their larger institution counterparts.

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[1] Federal Register Filing – Partial Exemptions from the requirements of the Home Mortgage Disclosure Act under the Economic Growth, Regulatory Relief, and Consumer Protection Act (Regulation C) https://www.govinfo.gov/content/pkg/FR-2018-09-07/pdf/2018-19244.pdf

[2] 1003.02(g)(1)(v)(A)

[3] https://www.csbs.org/too-small-scale-what-10-years-data-say-about-community-bank-compliance-costs

Moreover, compliance consulting costs diverged the most, with smaller institutions spending 50 to 64 percent of their consulting budget on compliance compared with 19 to 30 percent for their larger institution peers. This same report revealed that the smallest institutions post lower returns on assets, even though their net interest margins may be marginally higher; thus, compliance costs and limited economies of scale reduce those gains. The bottom line is compliance costs, including those related to HMDA data collection, review and reporting, have become a significant line item in community bank budgets. Over time, the imbalance of compliance costs relative to overall profitability contributes to consolidation and limits access to credit.

Our members urge the CFPB to review the closed-end threshold and adjust it upward. Given the open-end threshold is set at 200 originations in the prior two calendar years which remained from the 2020 HMDA Rule, IBA members suggest the CFPB consider increasing the closed-end threshold to a minimum of 200 originations in the prior two calendar years to align with the open-end threshold. Aligning the closed-end and open-end thresholds will further aid in compliance efforts as financial institutions will be looking for the same volume of loans in each category.

Partial Exemption – 1003.03(d)(2) and (3)

The partial exemption under EGRRCPA allows insured depository institutions to forego reporting data under HMDA section 304(b)(5) and (6) if the institution originated fewer than 500 closed-end mortgage loans in each of the two preceding calendar years and it includes a similar partial exemption with respect to originating fewer than 500 open-end lines of credit in each of the two preceding calendar years. Of the Iowa banks who are HMDA reporters, approximately half indicated through a 2021 IBA survey that they qualify for and utilize the partial exemption to the data collection requirements.

IBA members are relatively small – most being under $1 billion in assets. As such, they rely on the partial exemption to maintain efficient compliance programs and strongly support this exemption remaining in place as it aids in a reduced compliance burden through more efficient internal and external audits to validate the information being submitted.

Streamlining "Not Applicable" codes

The HMDA data reporting requirements are detailed and nuanced, with specific instructions for each data field. One burdensome aspect of HMDA compliance is navigating the intricacies of reporting "NA" for specific fields on the LAR. In some situations, if the field does not apply, the Financial Institution Guide (FIG) requires the field to be left blank. In other situations, the field must be completed using NA or a specific code. For example, the following six data fields; property address, income, rate spread, purchased loans, HOEPA status, and credit score and credit score model require the bank to disclose "NA" or a specific field value on the LAR. Alternatively, there are eighteen data fields that must always be reported with specific values or codes and should never be reported as "NA" or left blank.

To reduce the compliance burden of data reporting and bring clarity to the process, IBA members request the CFPB align the response options by using one code when "not applicable" is the appropriate response.

DATA QUALITY, UTILITY AND CLARITY

USE OF FREE FORM TEXT

IBA members strongly urge the CFPB to remove all free form text fields from the HMDA rules as their use does not yield data that is useful for fair lending analysis. Since the information is individualized, it produces exceedingly small data sets, is hard to trend, and is open to different interpretations. Based on the limited utility of such data, removing these fields would aid in reducing the overall compliance burden of data collection for HMDA reporters.

ETHNICITY, RACE, AND SEX

DISAGGREGATED CATEGORIES - 1003.4(A)(10)

Various regulations have parameters around collection of Ethnicity, Race and Sex. However, details of what is collected do not align. For example, under Regulation C's data collection requirements, banks are required to collect aggregate and disaggregate information whereas Regulation B's data collection requirements only look to aggregate categories. This makes compliance challenging for community banks that hover over and under thresholds resulting in some years being subject to Regulation C's parameters and others Regulation B's parameters.

Collection of the disaggregate categories also increases the complexity of data collection. In general, this can lead to higher error rates, inconsistent reporting, and greater compliance costs to financial institutions. Moreover, the CFPB's own HMDA analysis published in 2019 supports that mortgage applicants rarely select these subcategories:

> *"The vast majority of applicants selected one race, with the exception of applicants who selected American Indian or Alaksa Native (in which case only a modest majority selected one race)." For ethnicity, "for most applicants, only one field of ethnicity was used (95.5 percent). Only about five percent used two ethnicity fields."*[4]

IBA members echo these observations and have expressed concerns that collection of the disaggregate categories adds unnecessary length to the application process and results in additional frustrations for mobile and online applicants. This frequently results in the failure of the applicant to finalize the application with the lender thereby reducing access to credit. Resources spent collecting and managing disaggregated data would be better directed toward improving data quality and compliance with core data fields that result in actual data collection.

For these reasons, IBA members propose the CFPB remove references to the disaggregate categories for Ethnicity and Race under Regulation C to align with Regulation B's aggregate categories and data collection format.

1003.4(B) AND APPENDIX B VISUAL OBSERVATION OR SURNAME

In addition to collecting aggregate and disaggregated data related to Ethnicity and Race under the current rules, financial institutions are required to report if this information - along with applicant's

[4] CFPB, Introducing New and Revised Data Points in HMDA: Initial Observations from New and Revised Data Points in 2018 HMDA (Aug. 2019), https://files.consumerfinance.gov/f/documents/cfpb_new-revised-data-points-in-hmda_report.pdf

Sex - was collected based on visual observation. Applicants are provided with the choice not to provide this information and indicate as such on their application and data collection forms. However, in the case of in-person applications, when the applicant selects they do not wish to provide this information, the creditor is currently required to document this information based on visual observation or surname[5]. This results in the lender merely “guessing” what should be marked and has no true value from a fair lending perspective. The visual observation collection can be further complicated when executing based on surname, especially in the case of married applicants whose surname may not be readily available or reflective of their true ethnicity.

Furthermore, requiring financial institutions to make such an assessment by visual observation places emphasis on the very characteristics they should be disregarding in their analysis of creditworthiness. As the United States continues to become more diverse, it becomes increasingly difficult to attempt to identify a person’s Race, Ethnicity and Sex by visual observation or surname; as a result, data provided by visual observation is unreliable. Moreover, the CFPB recognized this fact by removing this requirement under the Small Business Lending Data Reporting requirements found in the Dodd-Frank Act, section 1071.

IBA members demand Regulation C be revised to state if an applicant declines to provide their Ethnicity, Race and/or Sex identifiers during an in-person application, the creditor should indicate on the LAR the applicant declined to provide the information and should NOT be required to provide the information based on visual observation or surname.

Loan Pricing information - 1003.4(a)(17) – (20)

Information related to loan pricing and costs can be duplicative. The loans rate spread is reported under 1003.4(a)(12) which compares the loan’s annual percentage rate (APR) to the average prime offer rate (APOR) in effect at the time the interest rate is set. In addition, requesting specific data points related to total loan costs under 1003.4(a)(17)(i), total points & fees under 1003.4(a)(17)(ii), origination charges under 1003.4(a)(18), discount points under 1003.4(a)(19) and lender credits under 1003.4(a)(20) increases the burden of data collection without adding value. These data points do not necessarily reflect an increased risk of discriminatory lending practices as borrower circumstances and requests can play into the pricing of the loan.

IBA members request the CFPB review the overall utility of the information obtained through these loan pricing data points to determine if continued collection is effective.

Combined Loan to Value - 1003.4(a)(24)

Combined loan to value (CLTV) was added as a discretionary data point with the 2015 HMDA rule. IBA members contend CLTV provides no value and increases the compliance burden, especially due to the lack of clarity related to calculating this data point when collateral is offered on a loan beyond the subject property.

CLTV requires analysis of multiple debts and multiple pieces of collateral. Underwriting for these types of loans looks at the combined loan-to-value based on all transactions utilizing multiple collateral properties which can include debts outside of home mortgage obligations. The definition of this data point within Regulation C implies this calculation is singular in nature indicating that

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[5] Appendix B to Part 1003 – Form and Instructions for Data Collection on Ethnicity, Race and Sex, 10 - https://www.bankersonline.com/regulations/12-1003-appb

reporters should report 'the ratio of the total amount of debt secured by the property to the value of the property relied on in making the credit decision.'[6]

The complex calculation of CLTVs often results in unintentional errors on a community bank's LAR. It is also noted in the 2019 HMDA data point analysis that the CLTV can vary significantly between home purchase loans and refinance loans as well as among HELOC originations[7]. Given these variables the CLTV data point should be removed.

Through the EGRPRA process, the CFPB has **the authority and ability** to take action to modify or remove certain data points ensuring the purpose of this statute is best served while minimizing compliance complexities and ensuring data integrity. The IBA and our member banks believe the time is right for the CFPB to realign the data collection rules as stated above to better serve the specific purpose outlined in the statute.

We thank the CFPB for its thoughtful consideration of our comments. If you have any questions related to these comments, please feel free to contact me at mknoll@iowabankers.com or at 515-286-4305. Thank you for your time and consideration.

Respectfully submitted by,

Melanie Knoll

Melanie Knoll, CRCM
Vice President of Compliance

[6] Section 1003.4(a)(24) – Computation of reportable data
[7] file:///N:/Compliance%20-%20Comment%20Letters/2026/HMDA%20-%20PRA/cfpb_new-revised-data-points-in-hmda_report.pdf