

CFPB Files \$3.95M Proposed Order to Settle HMDA Lawsuit Against Florida-Based Mortgage Company

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On June 18, the CFPB filed a [proposed final judgment](#) that would require a Florida-based nonbank mortgage originator and servicer to pay a \$3.95 million civil money penalty and implement corrective actions requiring the company to audit, test, and correct the company's HMDA data, which the Bureau alleged was riddled with errors.

The Bureau's filed order stems from an October 2023 [lawsuit](#) it filed against the company for alleged "widespread inaccuracies" in its HMDA data. Under HMDA, mortgage lenders are required to report information about loan applications and originations to the CFPB and other federal regulators. Regulators often use that information to identify possible discriminatory lending patterns. The Bureau alleged that the mortgage company had errors in 35 different HMDA data fields, impacting nearly 20% of its mortgage loan applications.

The Bureau's lawsuit also alleged violations of a [2019 CFPB consent order](#). There, the Bureau found that the company intentionally misreported HMDA data about applicants' race and ethnicity. For example, when applicants did not provide their race or ethnicity, the company reported them as non-Hispanic whites, regardless of whether this was true. The 2019 order required the company to pay a \$1.75 million penalty, improve its compliance management system, and take steps to mitigate future HMDA violations, compliance fixes that the Bureau alleged they did not adequately perform.

Putting It Into Practice: The CFPB's proposed order underscores the Bureau's heightened focus on "repeat offenders," which has proven to be a top priority for the Chopra administration. The CFPB's repeat offender registry (previously discussed [here](#)) is designed to "name and shame" what the Bureau believes are serial violators of federal and state consumer protection laws. Companies under consent orders should ensure that they are devoting the appropriate resources to adequately addressing past compliance failures. Otherwise, they could find themselves looking down the barrel of an enforcement action.

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