



FEDERAL RESERVE BANK
OF SAN FRANCISCO

June 8, 2015

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, Savings and Loan Holding Companies,
and Foreign Banking Offices
in the Twelfth Federal Reserve District

CFPB Guidance on Section 8 Housing Choice Voucher (HCV) Homeownership Program

On May 11, 2015, the Consumer Financial Protection (CFPB) issued [CFPB Bulletin 2015-02](#) to help mortgage lenders avoid illegal discrimination against applicants whose income includes vouchers from the Section 8 HCV Homeownership Program, which was created to assist low-income, first-time homebuyers in purchasing homes. Discriminating against a consumer because some or all of their income is from a public assistance program may violate federal fair lending laws and regulations.

According to the bulletin, the CFPB has become aware that some institutions may be excluding or refusing to consider income derived from the program during the mortgage loan application and underwriting processes. In addition, some institutions have restricted the use of program vouchers to only certain home mortgage loan products or delivery channels. As a result, the CFPB issued the guidance to reiterate that the Equal Credit Opportunity Act (ECOA) prohibits creditors from discriminating against an applicant because some or all of the applicant's income is from a public assistance program, such as the Section 8 HCV Homeownership Program. Excluding or refusing to consider these vouchers as a source of income, or accepting the vouchers only for certain types of mortgage loans, may violate the ECOA and its implementing regulation, Regulation B.

In addition to the information provided in relation to the Section 8 HVC Homeownership Program, the CFPB bulletin also offers guidance for lenders in managing their fair lending risk, including the importance of clear underwriting policies, providing training for underwriters and loan originators, and ensuring careful monitoring for compliance with underwriting policies.

Resources

The CFPB established a regulatory implementation page with additional information on the TILA-RESPA Integrated Disclosure Rule. The site can be accessed at <http://www.consumerfinance.gov/regulatory-implementation/tila-respa/>.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/publications/district-circular-letters/>.

For additional information, please contact:

Federal Reserve Bank of San Francisco
Financial Institution Supervision and Credit
(801) 322-7853