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HMDA – LET’S GET IT RIGHT!

Home Mortgage Disclosure Act
December 19, 2017



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HMDA – LET'S GET IT RIGHT!

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TODAY'S OBJECTIVES

- Recognize the basic definitional changes the new rules implement
- Discuss recently published HMDA Examiner Transaction Testing Guidelines
- Explain implementation strategies

WHICH INSTITUTIONS MUST REPORT?

Effective January 1, 2018

Depository financial institutions (FIs) are required to report HMDA data if

- It had assets in excess of the annual asset threshold (2017 threshold – \$44M total assets) **AND**
 - In each of the two preceding calendar years, **originated** 25* home purchase loans, including refinances, **OR**
 - In each of the two preceding calendar years, **originated** 500* open-end lines of credit

*Loans with an applicable exclusion from reporting should not be included in this count

WHO IS THE HMDA REPORTER?

- Your FI made the loan decision
 - **Report the loan**
- Your FI did not make the loan decision, *e.g.*, application went through DU & was submitted to a third party
 - **Do not report the loan**
 - **Exception: when the FI's agent makes the decision on behalf of the FI, the FI reports the loan**
- Your FI purchased a loan after origination & your FI did not make the credit decision prior to origination; **OR** it is a repurchase
 - **Report the loan as "purchased"**

REPORTABLE ACTIVITY

- Applications for Covered Loans
 - Report Applications that do not result in the origination of a Covered Loan
- Originations of Covered Loans
- Purchases of Covered Loans
 - Includes repurchase of a Covered Loan, regardless of whether the FI chose to repurchase the Covered Loan or was required to repurchase it because of a contractual obligation
 - Regardless of whether the repurchase occurred within the same calendar year the Covered Loan was originated or in a different calendar year

COVERED LOANS

- Consumer Closed-End Loans – extension of credit secured by a lien on a Dwelling that is not an Open-End Line of Credit
- Consumer Open-End Lines of Credit – extension of credit secured by a lien on a Dwelling
- **Business-purpose** Closed-End Loans & Open-End Lines of Credit secured by a lien on a dwelling with a dwelling-related purpose (purchase, home improvement, refinance)
- Does not include Excluded Transactions

WHAT'S A DWELLING?

Included

- Residential structure (whether or not attached to RE)
- Vacation/second home
- Investment property
- Detached home
- Condominium/coop
- Manufactured/factory-built home
- Multifamily structure (may be one structure or community)
- Converted building from commercial to residential use
- Mixed use – primary use is residential (reasonable analysis, case-by-case basis)

Not Included

- Recreational vehicle, boat, camper, travel trailer & park model recreational vehicle
- Houseboat, floating home & mobile home constructed prior to June 15, 1976
- Transitory residence, e.g., hotel, hospital, dormitory, recreational vehicle park
- Converted building from residential to commercial use
- Property to provide skilled nursing, rehab or LT medical care (reasonable analysis, case-by-case basis)

WHAT'S A DWELLING-RELATED PURPOSE?

- Purchasing a dwelling
 - The loan/line is secured by a dwelling
 - Loan is for the purchase of one dwelling secured by another dwelling
 - Loan is for permanent financing that replaces a construction-only loan
 - Combined construction/permanent loans
- Making improvements to a dwelling

WHAT'S A DWELLING-RELATED PURPOSE?

- Refinancing – a Closed-End Loan or Open-End Line that was secured by a dwelling is replaced with a new debt obligation that is secured by a dwelling, *i.e.*, one dwelling-secured loan satisfies & replaces another dwelling-secured loan to same borrower
 - Purpose of loan being refinanced is not relevant
 - Modifications & extensions are not “refinances”
 - Includes cash-out refinances (if the institution has a cash-out refinance program)

EXCLUDED TRANSACTIONS

- **New categories of exclusions**
 - Closed-end mortgage loans for FI that does not originate ≥ 25 in each of the two preceding calendar years
 - In 2018 & 2019, open-end LOCs for FI that does not originate ≥ 500 in each of the two preceding calendar years
 - Preapproval requests for home purchase loans to be secured by multifamily dwellings, open-end LOCs & reverse mortgages
 - Note: Preapproval requests that are approved but not accepted must be reported (no longer optional)

EXCLUDED TRANSACTIONS

- Unsecured Loans
- Temporary Financing
 - Bridge Loans
 - Construction Loans
 - Construction-to-Permanent loans (one transaction) = **reportable**
 - Construction-only loan or line if extended exclusively to construct a dwelling for sale = **not reportable**
 - Ground up construction is not reportable (Comment 3(c)(3)-2)
 - Rehab to the studs is reportable (Comment 3(c)(3)-1.v)
 - Any other financing designed to be replaced by permanent financing of a longer term

EXCLUDED TRANSACTIONS

- Loans secured by unimproved real property
- Loans secured by agricultural-purpose property **OR** loans used primarily for agricultural-purposes
- Participation loan purchase
- Prequalifications
- A Closed-End Mortgage Loan or Open-End Line of Credit that is or will be **made primarily for business or commercial purposes, unless** it is a Home Improvement Loan, a Home Purchase Loan or a Refinancing

1003 URLA CHANGES

Federal Register November 24, 2017

- Redesigned 1003 URLA available for use July 1, 2019
- GSEs will require use in February 2020
 - Expanded to assist in collecting added data points
 - Includes preferred language question text

The image shows a portion of the Uniform Residential Loan Application (URLA) form, specifically Section 1: Borrower Information. The form includes fields for personal information such as Social Security Number, Date of Birth, Citizenship, and Marital Status. It also contains sections for 'Type of Credit' (e.g., Loan applying for individual credit, Loan applying for joint credit), 'Marital Status' (with dependent fields for spouse), 'Current Address', and 'Mailing Address'. There are also checkboxes for 'Borrower Service' and 'Language Preference'. The form is designed to collect detailed borrower data for credit assessment.

WHAT ABOUT NOW?

Lenders have options

- To use 1) Fannie Mae's Demographic Addendum OR 2) CFPB's Data Collection Form
- Along with 1) the current URLA dated 7/05 (revised 6/09) OR 2) FI's own application

Demographic Information Addendum. This section asks about your ethnicity, sex, and race.

Purpose of collection of information:
The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, Federal law requires that we ask applicants for their demographic information (ethnicity, sex, and race) in order to monitor our compliance with equal credit opportunities, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. You may select one or more designations for "ethnicity" and one or more designations for "race." **The law provides that we may not discriminate** on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to use your ethnicity, sex, and race on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. If you do not wish to provide some or all of this information, please check below.

Ethnicity: Check one or more
 Hispanic or Latino
 Mexican Puerto Rican Cuban
 Other Hispanic or Latino - (Please specify: _____)
 For example: Argentinian, Colombian, Dominican, Nicaraguan, Salvadorian, Spanish, and so on.
 Not Hispanic or Latino
 Do not wish to provide this information

Sex:
 Female
 Male
 Do not wish to provide this information

Race: Check one or more
 American Indian or Alaska Native - (Print name of enrolled or principal tribe)
 Asian
 Asian Indian Chinese Filipino
 Japanese Korean Vietnamese
 Other Asian - (Please specify: _____)
 For example: Hmong, Samoan, Thai, Tagalog, Cambodian, and so on.
 Black or African American
 Native Hawaiian or Other Pacific Islander
 Native Hawaiian Guamanian or Chamorro Samoan
 Other Pacific Islander - (Please specify: _____)
 White
 Do not wish to provide this information

To Be Completed by Financial Institution (for application taken in person):
 Was the ethnicity of the Borrower collected on the basis of visual observation or surname? NO YES
 Was the sex of the Borrower collected on the basis of visual observation or surname? NO YES
 Was the race of the Borrower collected on the basis of visual observation or surname? NO YES

This Demographic Information was provided through:
 Branch Face Interview (include Electronic Study or Water Component) Telephone Interview Chat or Mail Email or Internet

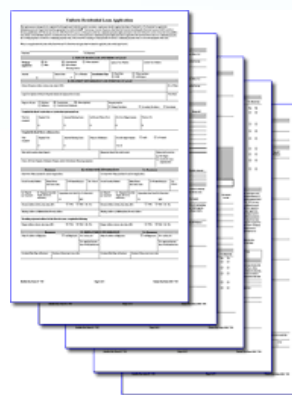
Borrower Name:
 (Include last name only on Application)
 (Include first middle & last name from HUD)
 (Include SSN if 1099)

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WHAT ELSE SHOULD I PLAN ON?

- Identify any data that is not collected on the existing URLA that needs to be reported
- Ensure workflows are in place to capture all data points accurately



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COLLECTION & REPORTING OF ETHNICITY & RACE

Revised October 16, 2017

- CFPB updated chart for the collection & reporting of HMDA information about ethnicity & race

Application year	Final action year	Ethnicity and race collection and reporting requirements	Regulatory references
2017	2017	Collect aggregate and report aggregate. OR	Current Regulation C, effective January 1, 2017 (12 CFR part 1003, appendices A and B)
2017	2017	Collect disaggregated and report aggregate	Demographic Information Addendum (61 FR 66930)
2017	2018	Collect aggregate and report aggregate. OR	Current Regulation C, effective January 1, 2017 (12 CFR part 1003, appendices A and B) AND Transition rule, effective January 1, 2018 (2015 HMDA Final Rule, comment 4(a)(10)(v)-2)
2017	2018	Collect disaggregated and report aggregate. OR	Demographic Information Addendum (61 FR 66930) AND Transition rule, effective January 1, 2018 (2015 HMDA Final Rule, comment 4(a)(10)(v)-2)
2017	2018	Collect disaggregated and report disaggregated	Demographic Information Addendum (61 FR 66930)
2018 and beyond	2018 and beyond	Collect disaggregated and report disaggregated. AND	2014 HMDA Study (80 FR 66127) AND 2017 HMDA Study (82 FR 43088)
2018 and beyond	2018 and beyond	Report whether ethnicity, race, and sex were collected on the basis of visual observation or surname*	2014 HMDA Study (80 FR 66127) AND 2017 HMDA Study (82 FR 43088)

COLLECTION & REPORTING OF ETHNICITY & RACE

Aggregate Categories

- Ethnicity – Hispanic or Latino & not Hispanic or Latino
- Race – American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander & White

Disaggregate Categories

- Regulation C, Appendix

Demographic Information Addendum. This section asks about your ethnicity, sex, and race.

Demographic Information of Borrower

The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being met. For residential mortgage lending, Federal law requires that we ask applicants for their demographic information: ethnicity, sex, and race in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. This section is not required to provide this information, but we encourage you to do so. You may select one or more designations for "ethnicity" and one or more designations for "race." The law provides that we may not discriminate on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to note your ethnicity, sex, and race on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. If you do not wish to provide any or all of this information, please check below.

Ethnicity: Check one or more
 Hispanic or Latino
 Mexican Puerto Rican Cuban
 Other Hispanic or Latino - check name
For example: Argentinian, Colombian, Dominican, Nicaraguan, Salvadorian, Spaniard, and so on.
 Not Hispanic or Latino
 I do not wish to provide this information

Race: Check one or more
 American Indian or Alaska Native - First name of enrolled or principal tribe
 Asian
 Asian Indian Chinese Filipino
 Japanese Korean Vietnamese
 Other Asian - First name
For example: Hmong, Laotian, Thai, Tibetan, Cambodian, and so on.
 Black or African American
 Native Hawaiian or Other Pacific Islander
 Native Hawaiian Guamanian or Chamorro Samoan
 Other Pacific Islander - First name
For example: Fijian, Tongan, and so on.
 White
 I do not wish to provide this information

To Be Completed by Financial Institution (the application takes to person)

Was the ethnicity of the Borrower collected on the basis of visual observation or surname? NO YES
 Was the sex of the Borrower collected on the basis of visual observation or surname? NO YES
 Was the race of the Borrower collected on the basis of visual observation or surname? NO YES

The Demographic Information was provided through:
 Call to First Interview (includes Electronic, Mail or Video Component) Telephone Interview Fax or Mail Email or Internet

COLLECTION & REPORTING OF ETHNICITY & RACE

- **January 1, 2017–December 31, 2017** – Creditors may, at their option, permit applicants to self-identify using the disaggregated ethnicity & race categories (see Regulation C, Appendix B)
 - FI will report on aggregate basis
- **Transition Rule** – If application is dated prior to January 1, 2018 but final action is on or after January 1, 2018, applicant's ethnicity, race & sex may be collected in accordance with current rules
 - FI may report on aggregate or disaggregated basis
- **Beginning January 1, 2018** – Creditors must permit applicants to self-identify using disaggregated ethnicity & race categories
 - FI will report on disaggregated basis

COLLECTION & REPORTING OF ETHNICITY & RACE

Remember

- Only the applicant may self-identify using disaggregated ethnicity & race categories
- **Reporting Limitations – FI cannot report more than 5 ethnicity categories or more than 5 race categories (aggregated & disaggregated total)**
- **Collecting** – If FI collects ethnicity, race & sex on the basis of visual observation or surname for an in-person application because applicant chose not to provide the information, the FI must select from the aggregate categories
- **Reporting** – If FI collects ethnicity, race & sex on the basis of visual observation or surname for an in-person application because applicant chose not to provide the information, the FI will report it was collected on the basis of visual observation

COLLECTION & REPORTING OF ETHNICITY & RACE

More to remember

- **Collection of ethnicity, race, sex, marital status & age may be listed on the application form or on a separate form *that refers to the application***
- If applicant chooses not to provide the information, note on the form
- Creditor will note on the form, to the extent possible, the ethnicity, race & sex of the applicant(s) on the basis of visual observation or surname
- If there is more than one co-applicant, the creditor is permitted, but is not required, to collect the information from a second or additional co-applicant
- Other special situations outlined in Section 1002.5(a)(4)



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COLLECTION & REPORTING OF ETHNICITY & RACE

- **Electronic Media** – Applications received through electronic media with a video component are treated as taken in person
- **Guarantor(s)** – Do not report a guarantor's ethnicity, race & sex
- **Co-Applicants** – If there is no co-applicant, report there is no co-applicant; if there is more than one co-applicant, provide the ethnicity, race & sex only for the first co-applicant listed on the collection form
- **Purchased Loans** – FI has option to not report ethnicity, race & sex; report as N/A if not reported
- **Disaggregate Categories** – Only the applicant may select; must be permitted to provide particular ethnicities &/or race information not provided on the collection form
- **Reporting** - FI must report each aggregate category selected by the applicant & each subcategory selected by applicant (up to five ethnicity & five race entries)



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COLLECTION & REPORTING OF ETHNICITY & RACE

Timing

- If the application begins by mail, internet or telephone **AND**
 - The applicant does not provide the requested information **AND**
 - The applicant does not select “I do not wish to provide this information” **AND**
 - The applicant meets with the FI in person to complete the application
 - The FI must request the applicant’s ethnicity, race & sex at that meeting
- If the applicant does not provide the requested information during the in-person meeting
 - The FI must note the information on the basis of visual observation or surname
- If the meeting occurs after the application process is complete,
 - There is no requirement to obtain ethnicity, race & sex
- See Appendix B for more details

COLLECTION OF ETHNICITY, RACE & SEX IN ERROR

- Collection of this information in error for loans not secured by a dwelling may result in a Regulation B violation
- Avoid placing copies of photo IDs in loan files



FFIEC HMDA EXAMINER TRANSACTION TESTING GUIDELINES (8/2017)

Ensures accurate data & addresses concerns regarding reporting burden

- Eliminated the file error resubmission threshold when the total number of sample files with one or more errors equaled or exceeded a certain threshold
- Established allowable tolerances for certain data fields for the purpose of resubmission requirements
- For FIs with 100 or less LAR entries, a 10% field error threshold has been established for resubmission requirements
- All supervisory agencies will be using standardized testing guidelines for HMDA data collected on or after January 1, 2018

TESTING PROCEDURES

Sample size will be dependent on the size of the FI's HMDA LAR

- If data are collected through multiple data collection & reporting systems, examiners may
 - Test a single sample from the entire HMDA LAR;
 - Test separate samples from each system; **OR**
 - Test samples from selected systems chosen based on risk

HMDA Transaction Testing Sample Sizes and Thresholds

LAR Count	Total Sample Size (A)	Initial Sample Size (B)	Initial Sample Threshold (C)	Resubmission Threshold (D)	
				#	%
25 – 50	30*	15	2	3	10.0*
51 – 100	30	20	2	3	10.0
101 – 130	47	29	2	3	6.4
131 – 190	56	29	2	3	5.4
191 – 500	59	30	2	3	5.1
501 – 100,000	79	35	2	4	5.1
100,001+	159	61	2	4	2.5

TESTING PROCEDURES

Transaction testing may be divided into two stages

- Both stages test for errors only in data fields selected for review (may be all data fields or designated fields only)
 - **Stage 1** – Will encompass only a subset of the sample, *i.e.*, Initial Sample (Column B)
 - If number of errors falls below the Initial Sample Threshold (Column C), testing is concluded
 - **Stage 2** – If number of errors in Stage 1 equals or exceeds the Initial Sample Threshold (Column C), the remainder of the Total Sample (Column A) will be reviewed

LAR Count	Total Sample Size (A)	Initial Sample Size (B)	Initial Sample Threshold (C)	Resubmission Threshold (D)	
				#	%
25 – 50	30*	15	2	3	10.0*
51 – 100	30	20	2	3	10.0
101 – 130	47	29	2	3	6.4

TESTING PROCEDURES

Resubmission Threshold (Column D)

- After reviewing the remainder of the Total Sample (Stage 2), if the total number of errors in any data field equals or exceeds Column D, the FI will be directed to correct any such data field in the full HMDA LAR & resubmit
- In addition, even if one or more individual fields do not meet/exceed Column D, FI may be directed to correct & resubmit if examiner has reasonable belief the error(s) prevents reliable analysis, *e.g.*, withdrawn coded as denied

LAR Count	Total Sample Size (A)	Initial Sample Size (B)	Initial Sample Threshold (C)	Resubmission Threshold (D)	
				#	%
25 – 50	30*	15	2	3	10.0*
51 – 100	30	20	2	3	10.0
101 – 130	47	29	2	3	6.4

TOLERANCES

These differences between the HMDA LAR & loan file will not be counted as errors

- **Application Date** – Three calendar days or less in the date the application was received or the date shown on the application form
- **Loan Amount** – \$1,000.00 or less in the amount of the covered loan or the amount applied for, as applicable
- **Action Taken Date** – Three calendar days or less in the date of the action taken by the FI provided that such difference does not result in reporting data for the wrong calendar year
- **Gross Annual Income** – Rounding errors in reporting the dollar amount, rounded to the nearest thousand, of the gross annual income relied on in making the credit decision **OR**, if a credit decision was not made, the gross annual income relied on in processing the application

ETHNICITY OR RACE DATA ERRORS

Fields that report ethnicity or race of an applicant/borrower or co-applicant/co-borrower are considered as a “group”

- **Ethnicity of Applicant or Borrower Data Field Group** – Comprised of *six* FIG fields with information on an applicant’s or borrower’s ethnicity (FIG Data Field Numbers 19–24);
- **Ethnicity of Co-Applicant or Co-Borrower Data Field Group** – Comprised of *six* FIG fields with information on a co-applicant’s or co-borrower’s ethnicity (FIG Data Field Numbers 25–30);
- **Race of Applicant or Borrower Data Field Group** – Comprised of *eight* FIG fields with information on an applicant’s or borrower’s race (FIG Data Field Numbers 33–40)
- **Race of Co-Applicant or Co-Borrower Data Field Group** – Comprised of *eight* FIG fields with information on a co-applicant’s or co-borrower’s race (FIG Data Field Numbers 41–48)

ETHNICITY OR RACE DATA ERRORS

- If one or more of the six Ethnicity of Applicant/Borrower FIG fields have errors, they would count as one (& only one) error for that data field group
- If the Ethnicity of Applicant/Borrower data field group has errors in the Total Sample that meet or exceed the Resubmission Threshold (Column D), the FI will be directed to correct the six Ethnicity of Applicant/Borrower FIG fields & resubmit

DATA FIELDS – KEY FIELDS & OTHERS

- Joint Guidance *Interagency Designated Key HMDA Data Fields List* issued October 17, 2017
- 37 of the 110 data fields were identified as “key fields”
- Examiners may review additional HMDA data fields as deemed appropriate
- Reminder: if directed to report N/A, report N/A even if the FI has collected the data consistent with internal procedures

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment
2	Legal Entity Identifier (LEI)	No	<ul style="list-style-type: none"> Reporting FI will have its own LEI, different from its holding company LEI, as applicable
3	Universal Loan Identifier (ULI)	Yes	<ul style="list-style-type: none"> Each loan's ULI must be unique ULI cannot identify the applicant/borrower & not include any information pertaining to applicant's/borrower's SSN, name, DOB, ID numbers, etc. If loan reported & subsequently purchased, the purchase must use the ULI originally assigned Reinstated or reconsidered application can have the same ULI if same calendar year ULI must include the two right-most characters in the ULI as the check digit (see Appendix C of Regulation B)

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment
4	Application Date	Yes	<ul style="list-style-type: none"> Date application was received by FI OR date shown on the application form Be consistent
5	Loan Type	Yes	<ul style="list-style-type: none"> No changes: Codes 1–4 (Conventional, FHA-Insured, VA-Guaranteed, FSA/RHS-Guaranteed)
6	Loan Purpose	Yes	<ul style="list-style-type: none"> Codes: 1-Home Purchase, 2-Home Improvement, 31-Refinancing, 32-Cash-Out Refinancing, 4-Other Purpose Multiple purpose loans should be reported first as home purchase, then refinancing or cash-out & then home improvement If the FI doesn't distinguish between refinances & cash-out refinances, report loans & applications as refinances

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment
9	Occupancy Type	Yes	<ul style="list-style-type: none"> Codes: 1-Principal Residence, 2-Second Residence (used as a second residence for a portion of the year), 3-Investment Property (borrower or applicant does not or will not occupy) Second Residence – Person occupies a portion of the year & rents for the remainder of the year Investment Property – Person rents out or intends to rent out without ever living in the property; company owns for a long-term employee residence
10	Loan Amount	Yes	<ul style="list-style-type: none"> No changes

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment (See Small Entity Guide Attachment B for more details)
11	Action Taken Type	Yes	<ul style="list-style-type: none"> Codes: 1-Loan Originated, 2-Approved Not Accepted (Approved but applicant fails to respond to a notification of approval; applicant expressly withdrew prior to origination), 3-Application Denied (Denied prior to applicant withdrawal; conditional approval with condition(s) not all met; counteroffer declined), 4-Application Withdrawn (Applicant expressly withdrew prior to approval), 5-File Closed for Incompleteness, 6-Loan Purchased (Covered Loan purchased by FI after closing & did not make credit decision prior to closing; FI made credit decision prior to closing & repurchased from other entity to which it sold the loan), 7-Preapproval Request Denied, 8-Preapproval Request Approved but Not Accepted

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment (See Small Entity Guide Attachment B for more details)
12	Action Taken Date	Yes	<ul style="list-style-type: none"> Codes: 1-Loan Originated (Generally loan closing date), 2-Approved Not Accepted (Any reasonable date), 3-Application Denied (Date denied or date notice sent), 4-Application Withdrawn (Date the express withdrawal was received or date on written notification form), 5-File Closed for Incompleteness (Date file closed or date notice sent), 6-Loan Purchased (Date of purchase), 7-Preapproval Request Denied (Date preapproval denied or date notice sent), 8-Preapproval Request Approved but Not Accepted (Any reasonable date) Be consistent

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment
18	Census Tract (Property Location)	Yes	<ul style="list-style-type: none"> Alphanumeric 11-digit field or N/A FI required to report location by state, county & census tract if property located in an MSA or MD in which the FI has a home or branch office or the FI is a CRA data reporter If more than one property secures, FI may choose which property to report (must include a Dwelling) If a single Multifamily Dwelling has more than one postal address, FI may choose which postal address to report If other data points require reporting of specific information relating to a property, those data points will relate to the reported property

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment
19, 25, 33, 34, 41, 42	Ethnicity & Race of Applicants, Borrowers, Co-Borrowers	Yes	<ul style="list-style-type: none"> Covered in prior slides
51, 52	Sex of Applicant or Borrower, Sex of Co-Applicant or Co-Borrower	Yes	<ul style="list-style-type: none"> No changes other than additional Code: 6-Applicant selected both male & female (or Co-Applicant selected male & female)
55, 56	Age of Applicant or Borrower, Age of Co-Applicant or Co-Borrower	Yes	<ul style="list-style-type: none"> The age of the Applicant (& Co-Applicant, if applicable) is reported as of the Application date in number of whole years derived from the date of birth shown on the Application form

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment
57	Income	Yes	<ul style="list-style-type: none"> <u>Gross</u> annual income used for its credit decision Be consistent If loan is subject to ATR rules, use the ATR income amount Do not include guarantor's income Business loans to a natural person(s) may use adjusted cash flow Use "N/A" for income on <ul style="list-style-type: none"> Multifamily dwellings Employee loans Loan to applicants/borrowers who are not natural persons, e.g., corporation, trust When income not relied on for credit decision

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment
61	Lien Status	Yes	<ul style="list-style-type: none"> No changes (Code 1-Secured by a first lien, Code 2-Secured by a subordinate lien)
62, 63	Credit Score of Applicant or Borrower, Co-Applicant or Co-Borrower	Yes	<ul style="list-style-type: none"> Report the credit score relied on in making the credit decision Report Co-Applicant's credit score, if applicable Do not report for purchased loans 8888 – N/A 9999 – No Co-Applicant

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment
75	Origination Charges	Yes	<ul style="list-style-type: none"> For Covered Loans subject to Reg Z's Closing Disclosure requirements, report the total of all itemized origination charges designated borrower-paid at or before closing Line A of the Closing Cost Details page Report as not applicable for all other transactions ("N/A")
76	Discount Points	Yes	<ul style="list-style-type: none"> For Covered Loans subject to Reg Z's Closing Disclosure requirements, report the points paid to reduce the interest rate Line A.01 of the Closing Cost Details page Report as not applicable for all other transactions ("N/A")

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment
77	Lender Credit	Yes	<ul style="list-style-type: none"> ▪ For Covered Loans subject to Reg Z's Closing Disclosure requirements, report the amount of lender credits ▪ Second row under Line J on the Closing Cost Details page ▪ Report as not applicable for all other transactions ("N/A") ▪ Same requirements for corrected disclosures
78	Interest Rate	Yes	<ul style="list-style-type: none"> ▪ Report the interest rate applicable to a Covered Loan or Application approved not accepted ▪ Report as not applicable for denied, withdrawn or closed for incompleteness transactions ("N/A")

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment
80	Debt-to-Income Ratio (DTI)	Yes	<ul style="list-style-type: none"> ▪ Round to the nearest second decimal place ▪ Report the ratio relied on in making the credit decision ▪ Report N/A <ul style="list-style-type: none"> • DTI ratio not relied upon for credit decision or not calculated • Credit decision wasn't made, such as withdrawn or incomplete applications, even if the ratio has been calculated • Applicant is not a natural person, the loan is to be secured by a multifamily dwelling or on purchased covered loans
81	Combined Loan-to-Value Ratio (CLTV)	Yes	<ul style="list-style-type: none"> ▪ Report the ratio relied on in making the credit decision ▪ N/A reported when <ul style="list-style-type: none"> • CLTV ratios not relied upon for credit decision or not calculated • Credit decision wasn't made, such as withdrawn or incomplete applications, even if the ratio has been calculated • Purchased covered loans

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment
82	Loan Term	Yes	<ul style="list-style-type: none"> Report in number of months Report maturity of loan or account termination date Do not report amortization, <i>e.g.</i>, 5 year balloon, amortized over 30 years, is reported as 60 Report N/A if loan doesn't have a definite term, <i>e.g.</i>, reverse mortgage
88	Property Value	Yes	<ul style="list-style-type: none"> Report value of property securing the Covered Loan or proposed to secure the Covered Loan, <i>e.g.</i>, approved not accepted Report value relied on making credit decision No property value is reported if application was withdrawn or closed for incompleteness ("N/A")

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment
89	Manufactured Home Secured Property Type	Yes	<ul style="list-style-type: none"> Code 1-Manufactured home & land Code 2-Manufactured home & not land Code 3-N/A
91	Total Units	Yes	<ul style="list-style-type: none"> Report number of units in property Report number of units available for occupancy, regardless of whether the units are currently occupied

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment
102	Automated Underwriting System Result: 1	Yes	<ul style="list-style-type: none"> Codes 1–17 completed according to the results of the AUS used Results run from Approve/Eligible to N/A Use the latest result
108	Reverse Mortgage	Yes	<ul style="list-style-type: none"> Code 1-Reverse mortgage Code 2-Not a reverse mortgage 12 CFR 1003.4(a)(36)

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment
109	Open-End Line of Credit	Yes	<ul style="list-style-type: none"> Code 1-Open-end line of credit Code 2-Not an open-end line of credit 12 CFR 1003.4(a)(37)

DATA FIELDS – KEY FIELDS & OTHERS

Field #	Data Field Name	Key Field (Yes or No)	Comment
110	Business or Commercial Purpose	Yes	<ul style="list-style-type: none"> ▪ Code 1-Primarily for a business or commercial purpose ▪ Code 2-Not primarily for a business or commercial purpose <p><i>Examples of reportable business purpose loans</i></p> <ul style="list-style-type: none"> ▪ Closed-end or open-end transaction to purchase or improve single-family dwelling secured by multifamily or single-family dwelling ▪ Closed-end or open-end transaction to improve a doctor's office located in a dwelling other than a multifamily dwelling <p><i>Example of non-reportable business purpose loans</i></p> <ul style="list-style-type: none"> ▪ Closed-end or open-end transaction to a corporation, funds to be used to purchase inventory

MAINTENANCE & REPORTING

- Registers must be kept current & “edit free” within thirty calendar days after each quarter’s end, *i.e.*, by 4/30/18, the financial institution has ensured accurate reporting on all reportable applications with an Action Taken Date of 01/01/2018 to 03/31/18
- Final register must be reviewed & certified by an officer of the financial institution, *e.g.*, Compliance Officer
 - Secondary reviewer not required
 - Consider Board appointment
- The final register must be filed electronically by March 1 of the following year

IMPLEMENTATION STRATEGIES

Do you have processes for controlling data collection & reporting?

- Flow chart to document source document or system location that corresponds to each reportable data point
- Written procedures that mirror the flow chart, including monitoring
- Standardized forms & job aids
- Accurate software coding
- Training
- Third party review – schedule now

NOTICE CHANGE – LOBBY NOTICES

Effective January 1, 2018

- Post Notice of Availability stating HMDA data is available online for review at the CFPB's website at www.consumerfinance.gov/hmda
- General notice is required in the main lobby & each branch located in each MSA & MD

Home Mortgage Disclosure Act Notice

The HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age, and income of applicants and borrowers; and information about loan approvals and denials. HMDA data for many other financial institutions are also available online. For more information, visit the Consumer Financial Protection Bureau's Web site (www.consumerfinance.gov/hmda).

Regulation C 1003.5(e) Commentary #1

DISCLOSURE STATEMENT & MODIFIED LAR NOTICE

Effective *January 1, 2018*

Notice to members of the public

- No later than three business days after receiving notice from the FFIEC that its disclosure statement is available, the FI will make available, upon request, *a written notice to members of the public* stating its disclosure statement may be obtained on the Bureau's website at www.consumerfinance.gov/hmda
- The FI will make available, upon request, *a written notice to members of the public* regarding the availability of its modified LAR on the Bureau's website at www.consumerfinance.gov/hmda

Home Mortgage Disclosure Act Notice

The HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age, and income of applicants and borrowers; and information about loan approvals and denials. These data are available online at the Consumer Financial Protection Bureau's Web site (www.consumerfinance.gov/hmda). HMDA data for many other financial institutions are also available at this Web site.

Regulation C 1003.5(b)(2) Comment #3 & 1003.5(c) Comment #4

ENFORCEMENT PROVISIONS

- Violations of the HMDA reporting requirements may be subject to administrative sanctions, ***including civil money penalties***
- An error in compiling or recording data is not a violation if the error was unintentional & occurred despite maintenance of procedures reasonably adapted to avoid such errors
- The reporting FI is responsible for ensuring the property-location information obtained from a third party is accurate
- A census tract error is not a violation if the census tract number was obtained from a geocoding tool on the CFPB's website

CFPB LOAN LEVEL HMDA DATA DISCLOSURE PROPOSAL

- Comment period closed November 24, 2017
- 26 comments submitted
- The Bureau proposed to modify the public loan-level HMDA data to exclude
 - The universal loan identifier
 - The date the application was received or the date shown on the application form
 - The date of action taken by the FI on a covered loan or application
 - The address of the property securing the loan or, in the case of an application, proposed to secure the loan
 - The credit score or scores relied on in making the credit decision
 - The unique identifier assigned by the MNLRS for the mortgage loan originator
 - The result generated by the automated underwriting system used by the financial institution to evaluate the application

CFPB LOAN LEVEL HMDA DATA DISCLOSURE PROPOSAL

- The Bureau also intends to exclude free-form text fields used to report the following data
 - Applicant or borrower race
 - Applicant or borrower ethnicity
 - The name & version of the credit scoring model used to generate each credit score or credit scores relied on in making the credit decision
 - The principal reason or reasons the financial institution denied the application, if applicable
 - The automated underwriting system name
- The Bureau proposed to modify selected loan-level HMDA data to reduce the precision of most of the reported values

HMDA RESOURCES

CFPB HMDA RESOURCES

HOME MORTGAGE DISCLOSURE ACT RULE IMPLEMENTATION GENERAL REFERENCES

<https://www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance/hmda-implementation/>

HOME MORTGAGE DISCLOSURE ACT (REGULATION C) CORRECTION 8/24/17

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201708_cfpb_final-rule_home-mortgage-disclosure_regulation-c.pdf

2017 HMDA INSTITUTIONAL COVERAGE CHART

http://files.consumerfinance.gov/f/201510_cfpb_2017-hmda-institutional-coverage.pdf

2017 HMDA INSTITUTIONAL COVERAGE CHART

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201709_cfpb_2018-hmda-transactional-coverage.pdf

REPORTABLE HMDA DATA: A REGULATORY AND REPORTING OVERVIEW REFERENCE CHART – VERSION 1.0, 10/16/17

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201710_cfpb_reportable-hmda-data_regulatory-and-reporting-overview-reference-chart.pdf

REPORTABLE HMDA DATA COLLECTION AND REPORTING OF HMDA INFORMATION ABOUT ETHNICITY AND RACE

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_hmda_ethnicity-and-race-collection_v2.pdf

HMDA RESOURCES

FFIEC HMDA RESOURCES

FFIEC HMDA EXAMINER TRANSACTION TESTING GUIDELINES

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201708_cfpb_ffiec-hmda-examiner-transaction-testing-guidelines.pdf

FFIEC HMDA HOME PAGE

<https://www.ffiec.gov/hmda/>

A GUIDE TO HMDA REPORTING: GETTING IT RIGHT! (references continue to be updated)

<https://www.ffiec.gov/hmda/guide.htm>

FANNIE MAE – UNIFORM RESIDENTIAL LOAN APPLICATION

<https://www.fanniemae.com/singlefamily/uniform-residential-loan-application#>

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QUESTIONS?

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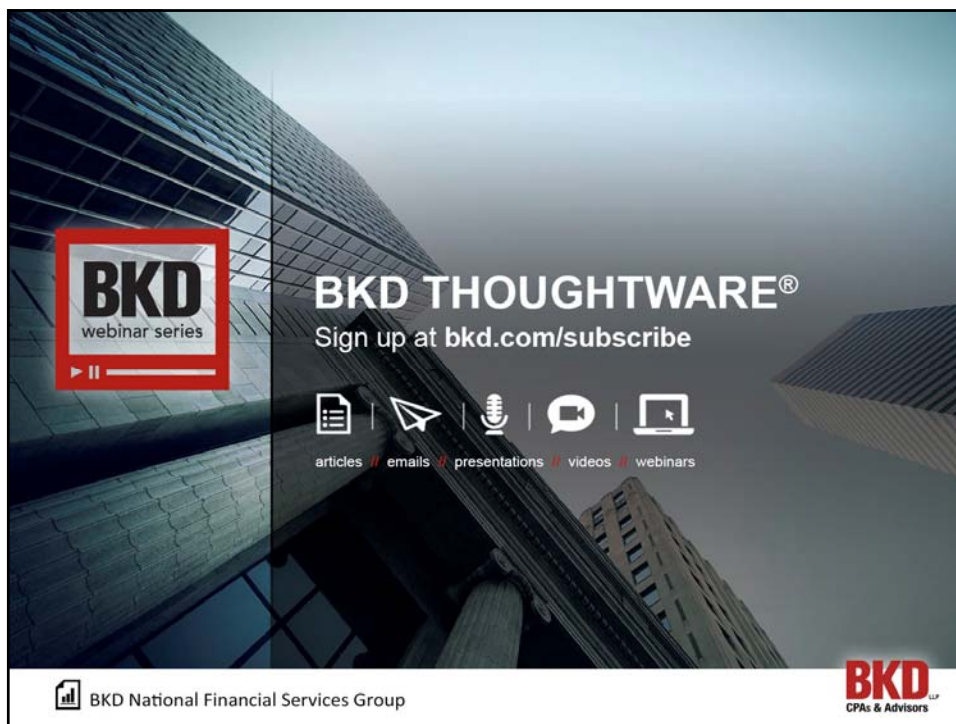
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THANK YOU!

FOR MORE INFORMATION

Joan Crenshaw | 314.231.5544 | jcrenshaw@bkd.com



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