

HMDA Webinar 1 Transcript

Slides and transcript to accompany the webinar video presentation



This HMDA Webinar 1 Transcript was updated on August 29, 2019, and has not been updated to reflect the 2022 *NCRC et al. v. CFPB* Order, final rules, guidance, or interpretations issued after that date. On December 6, 2022, the Bureau issued a blog post to address questions regarding the NCRC Order:
<https://www.consumerfinance.gov/about-us/blog/changes-to-hmda-closed-end-loan-reporting-threshold/>.

Disclaimer

The PowerPoint slides and corresponding transcript from the webinar are provided on the following pages. A recording of this webinar is located at <https://www.consumerfinance.gov/policy-compliance/guidance/hmda-implementation/webinars/>.

The Bureau releases webinars to help institutions comply with the Bureau's rules. The webinar provides a summary of certain requirements in HMDA and Regulation C and practical examples of those requirements.

The examples provided in the webinar do not illustrate all possible situations that could trigger a particular obligation or satisfy a particular requirement. You can use an alternative approach if the approach satisfies the requirements of HMDA and Regulation C.

The webinar is not a legal substitute for HMDA or Regulation C and its official interpretations (commentary). The content of this webinar is current as of August 2019.

A person who has a specific regulatory question about the HMDA Rule after reviewing the webinar and these materials may submit the question on the Bureau's website at <https://reginquiries.consumerfinance.gov/>.

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Consumer Financial Protection Bureau Home Mortgage Disclosure Act (HMDA)

Webinar 1 | Updated August 2019



Hello and welcome to the Consumer Financial Protection Bureau's webinar on Regulation C and the amendments made by the Bureau in 2015 and 2017. This webinar was first delivered in the summer of 2016 and was the first in a series of HMDA-related webinars that the Bureau presented to help institutions understand and comply with the rule.

Updates to the HMDA Webinar

1. Regulation C amendments issued by the Bureau in 2017
2. Amendments to HMDA made in May 2018
 - Economic Growth, Regulatory Relief, and Consumer Protection Act (The Act)
3. HMDA interpretive and procedural rule issued by the Bureau in 2018 (2018 Rule)



We have updated it to reflect the Regulation C amendments issued by the Bureau in 2017, the amendments to HMDA made by the Economic Growth, Regulatory Relief, and Consumer Protection Act in May 2018, which we will refer to as the Act, and the HMDA interpretive and procedural rule issued by the Bureau in 2018, which we will refer to as the 2018 Rule.

Topics

Regulation C, the Bureau's HMDA rule

1. Overview of the rule
2. Institutional coverage
3. Transactional coverage
4. Data disclosure and submission process
5. Key dates
6. The Act
7. 2018 Rule



In today's webinar we will provide an overview of Regulation C with a specific focus on institutional coverage, transactional coverage, data disclosure and the submission process, and some key dates. We will also review the amendments to HMDA made by the Act and the 2018 Rule as well as the data disclosure policy guidance issued by the Bureau in 2018.

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General Disclaimer

- This webinar provides a summary of certain requirements and practice examples.
- The examples provided do not illustrate all possible situations that could trigger a particular obligation or satisfy a particular requirement.
 - You can use an alternative approach if the approach satisfies the requirements of HMDA and Regulation C.
- This webinar is not a legal substitute for HMDA or Regulation C and its official interpretations.



Before we begin, we need to let you know that the Bureau releases webinars, like this one, to help institutions comply with the Bureau's rules. This webinar provides a summary of certain requirements in HMDA and Regulation C and practical examples of those requirements. The examples provided in this webinar do not illustrate all possible situations that could trigger a particular obligation or satisfy a particular requirement. You can use an alternative approach if the approach satisfies the requirements of HMDA and Regulation C. This webinar is not a legal substitute for HMDA or Regulation C and its official interpretations (commentary). The content of this webinar is current as of August 2019.

Overview

Background



Now let's begin.

HMDA's Purposes



HMDA's purposes are to collect information about home mortgages in order to help determine whether financial institutions are serving the housing needs of their communities; assist public officials in distributing public-sector investment to attract private investment to areas where it is needed; and assist with the identification of possible discriminatory lending patterns and enforcement of antidiscrimination laws.

Who Uses the Data?



Public
officials



Communities



Mortgage
industry



So who uses HMDA data? Public officials use the data to develop and allocate housing and community development investments, respond to market failures, and monitor whether financial institutions may be engaging in discriminatory lending practices. Communities use the data to ensure that lenders are serving the needs of individual neighborhoods. Participants in the mortgage industry use the data to inform them of business practices.

Expansion of HMDA and Regulation C



Changing needs
of homeowners



Evolution of
Mortgage market



HMDA and Regulation C have been updated and expanded over time in response to the changing needs of homeowners and the evolution of the mortgage market.

Expansion of HMDA and Regulation C

2010

2014

2015

2017

Dodd Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)

- Amended HMDA
- Transferred rulemaking authority from Federal Reserve Board to the Bureau
- Added new reporting requirements



In 2010, Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act, also known as the Dodd-Frank Act. The Dodd-Frank Act amended HMDA by transferring rulemaking authority from the Federal Reserve Board to the Bureau and adding new reporting requirements.

Amending Regulation C

2010

2014

2015

2017



Proposed amendments to Regulation C to implement Dodd-Frank changes

- Received, reviewed and considered approximately 400 comments



The Bureau issued a proposal to amend Regulation C on July 24, 2014 to implement the Dodd-Frank Act amendments, require the collection, recording, and reporting of additional information to further HMDA's purposes, and modernize the manner in which institutions report HMDA data. The Bureau received approximately 400 comments and carefully reviewed and considered those comments.

Amending Regulation C

2010

2014

2015

2017



Issued final rule that changes:

- Institutions subject to Regulation C
- Transactions subject to Regulation C
- Data collection and reporting requirements
- Process for reporting and disclosing data



The Bureau issued a final rule on October 15, 2015. The final rule changes the type of financial institutions subject to Regulation C; the types of transactions subject to Regulation C; the data that financial institutions are required to collect, record, and report; and the processes for reporting and disclosing the data.

Amending Regulation C

2010

2014

2015

2017



- Proposals to clarify requirements and make technical corrections.
- Final rule issued on August 24, 2017.



In addition, the Bureau issued proposals in April and July 2017 to clarify and make changes to certain requirements, and make technical corrections. The Bureau issued a final rule based on these proposals on August 24, 2017.

Amending Regulation C

What institutions and transactions are subject to Regulation C?

Submissions

Disclosures

Key Dates



Today, we will cover the types of financial institutions and types of transactions subject to Regulation C. We will also review information regarding changes to the data submission process and disclosures as well as go over the dates that various parts of the HMDA rule became effective.

Institutional coverage

Home Mortgage Disclosure Act (HMDA)
Regulation C - Final Rule



Let's begin with institutional coverage.

Financial institution

HMDA



An institution is required to comply with the rule only if it is a financial institution as defined by Regulation C in section 1003.2.

What is a financial institution?

Phase 1

Definition
Regulation C
§ 1003.2

Phase 2



The scope of institutional coverage under Regulation C took effect in two phases.

Regulation C

Phase 1

→ 2017



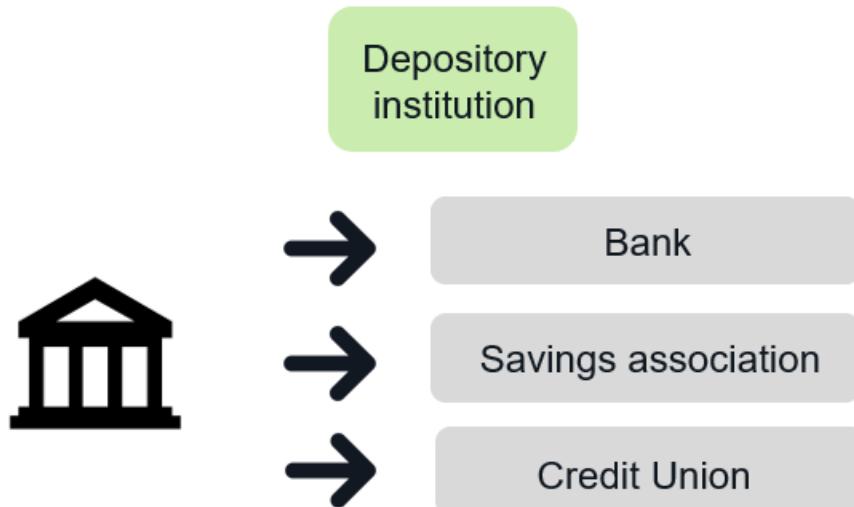
The first phase was effective on January 1, 2017.

Regulation C



This first phase narrowed the scope of depository institutions subject to Regulation C.

Regulation C



A depository institution is a bank, savings association or credit union.

Regulation C

Tests

Asset-Size

Location

Loan Activity

Federally Related

Loan Volume



Under this first phase, a depository institution was not required to collect, record, and report HMDA data unless it met the asset-size test, location test, loan activity test federally related test, and] it originated at least 25 home purchase loans, including refinancings of home purchase loans, in both 2015 and 2016.

Regulation C

The change for 2017

25
home
purchase
loans



The only change for 2017 was the addition of the threshold of at least 25 home purchase loans.

Regulation C

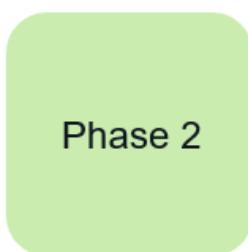
Phase 2

→ 2018



The second phase changed the scope of institutional coverage and became effective beginning on January 1, 2018.

Regulation C



Phase 2
tests



The second phase adopts the same loan-volume threshold test for both depository institutions and nondepository institutions. Note that Regulation C continues to have separate coverage tests for depository institutions and nondepository institutions.

Regulation C

Phase 2
tests

25 closed-end
mortgage loans

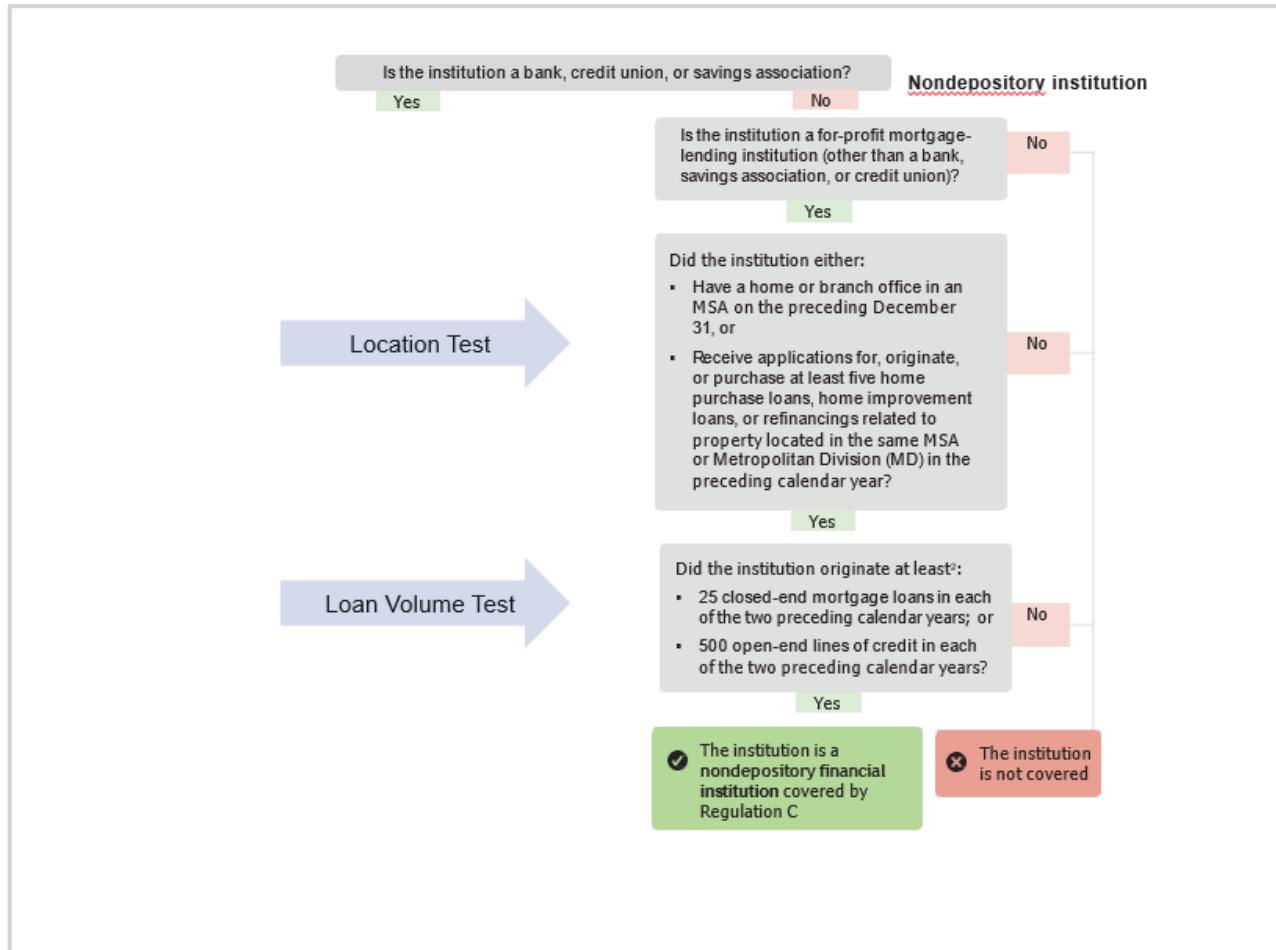
500 open-end
lines of credit

2 year
look back

Threshold for open-end lines of
credit effective for 2018 and 2019



An institution, whether it is depository or nondepository, will be required to comply with Regulation C if it originated at least 25 closed-end mortgage loans in each of the two preceding calendar years or it originated at least 500 open-end lines of credit in each of the two preceding calendar years provided that it met the remaining coverage criteria for either depository institutions or nondepository institutions.

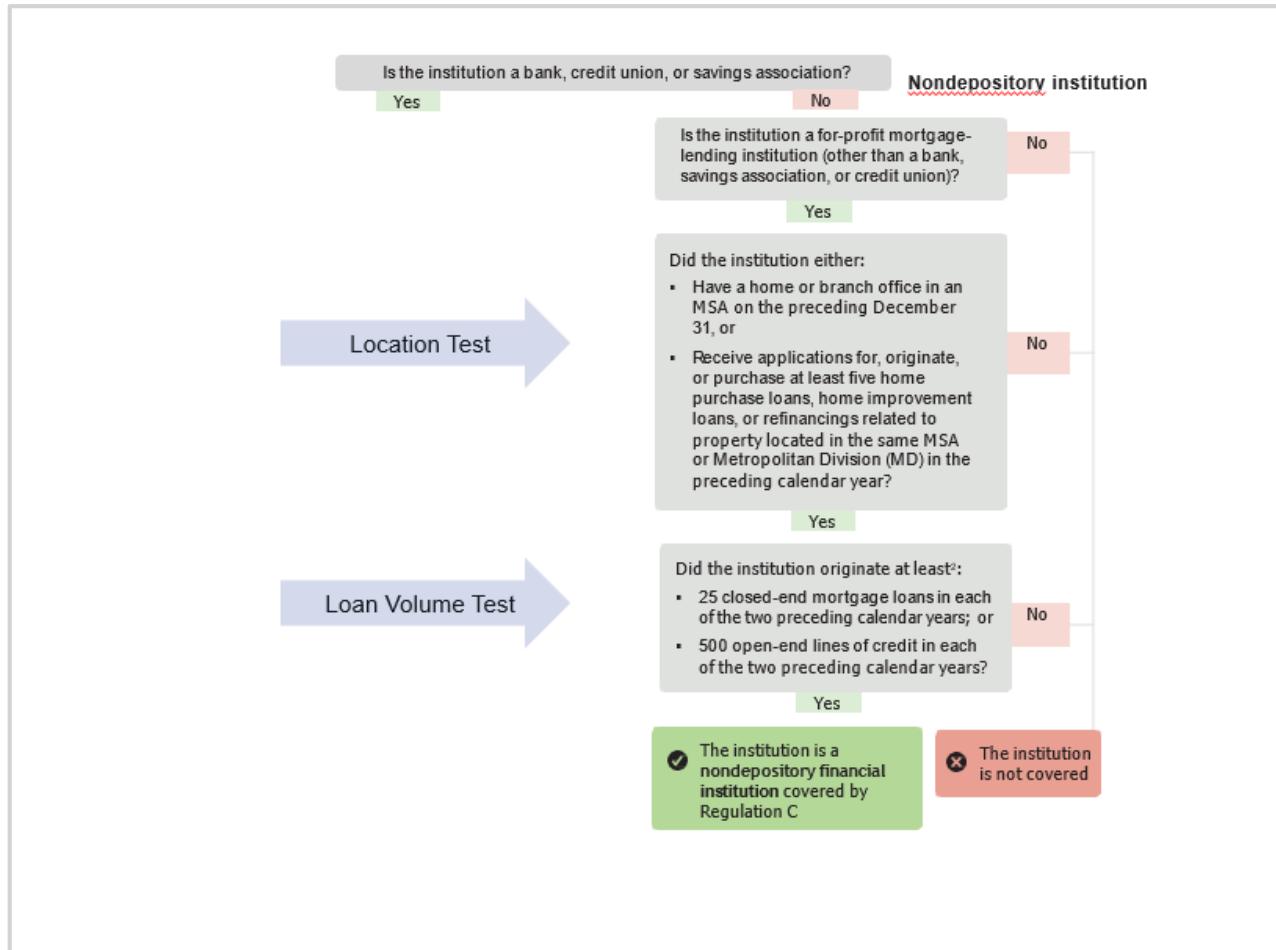


Let's walk through the 2018 institutional coverage chart available on the [Bureau's HMDA implementation webpage](#). First, let's look at the coverage criteria for nondepository institutions. The first test is to determine whether the institution is a for-profit mortgage lending institution that is not a bank, savings association, or credit union.

If the institution meets this criterion, then the institution would check to see if it satisfies the location test for nondepository institutions.

First, the institution would look at its locations and determine whether it had a home or branch office in Metropolitan Statistical Area, known as an MSA, on December 31 of the preceding year.

If not, the institution would look to see if it received applications for, originated, or purchased five or more covered loans related to property located in the same MSA or Metropolitan Division, known as an MD, in the preceding calendar year.



If the nondepository institution meets either of these two criteria, then we move on to the loan volume test, which is whether the institution originated at least 25 closed-end mortgage loans in each of the two preceding calendar years, or at least 500 open-end lines of credit in each of the two preceding calendar years.

Data Collection



25 closed-end
mortgage loans



500 open-end
lines of credit



2 year look
back



The emphasis on the loan volume test is on “or.” The institution would meet the loan volume test if it originated at least 25 closed-end loans in each of the two preceding calendar years, but did not originate at least 500 open-end lines of credit in each of the two preceding calendar years. In this case, however, the institution would be required to report information only about its closed-end lending.

Data Collection



25 closed-end
mortgage loans



500 open-end
lines of credit



2 year look
back



Conversely, an institution that originated at least 500 open-end lines of credit in each of the two preceding calendar years, but did not originate at least 25 closed-end loans in each of the two preceding calendar years, would be required to report information only about its open-end lending.

Data Collection



2 year look
back



An institution is only covered if it satisfies the threshold for two consecutive years. We call this the two-year look back period. The two-year look back period is intended to eliminate uncertainty around reporting responsibilities for institutions that may have an unexpected increase in origination loan volume in one year but not in the next. The Bureau hopes this will relieve some institutions of significant one-time costs, including staff training and information technology changes related to first-time HMDA reporting.

Data Collection



Collect Data



January 1st through
December 31st

Submit Data

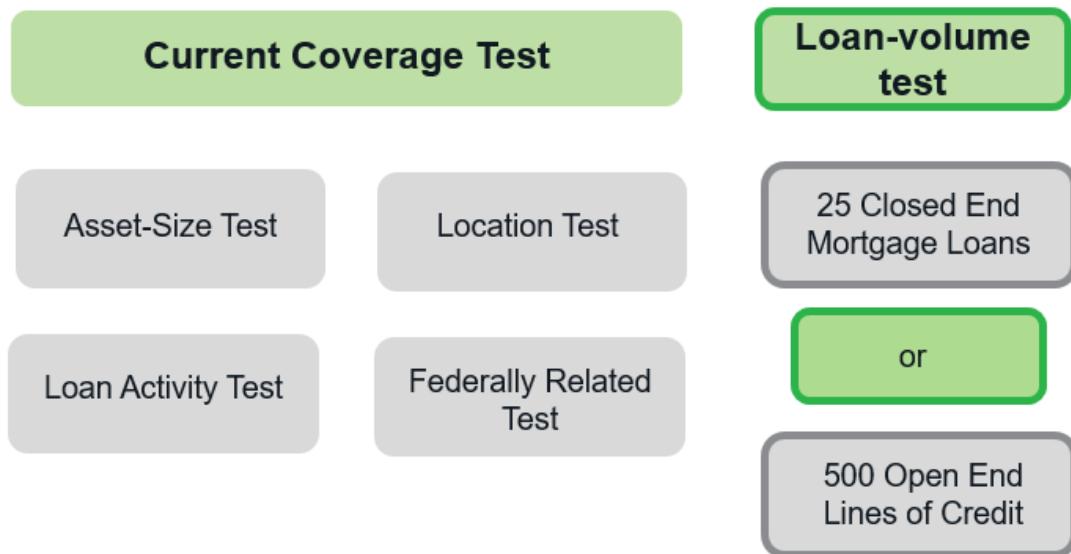


March 1st the
following year



To summarize, if the nondepository institution met the tests that we discussed, then it will be required to collect HMDA data. This means that it would collect data under Regulation C for the calendar year and submit that data by March 1st of the following year.

Depository Institution Coverage



Next, let's look at the coverage test for depository institutions.

The change beginning in 2018 was whether the institution originated at least 25 closed-end mortgage loans in each of the two preceding calendar years or at least 500 open-end lines of credit in each of the two preceding calendar years. The asset-size test, location test, loan activity test, and federally related test remained the same.

Similar to nondepository institutions, a depository institution would only need to originate at least 25 closed-end loans in each of the two preceding calendar years or at least 500 open-end lines credit in each of the two preceding calendar years to meet this requirement.

HMDA Transactional Coverage

Home Mortgage Disclosure Act (HMDA)
Regulation C



Now let's move on to transactional coverage.

Transactional Coverage

Final Rule: Modifies the types of transactions covered



From a purpose
based test



To a dwelling
secured test for
consumer purpose
transactions

Dwelling secured test
+ Purpose-based test
for commercial
purpose transactions

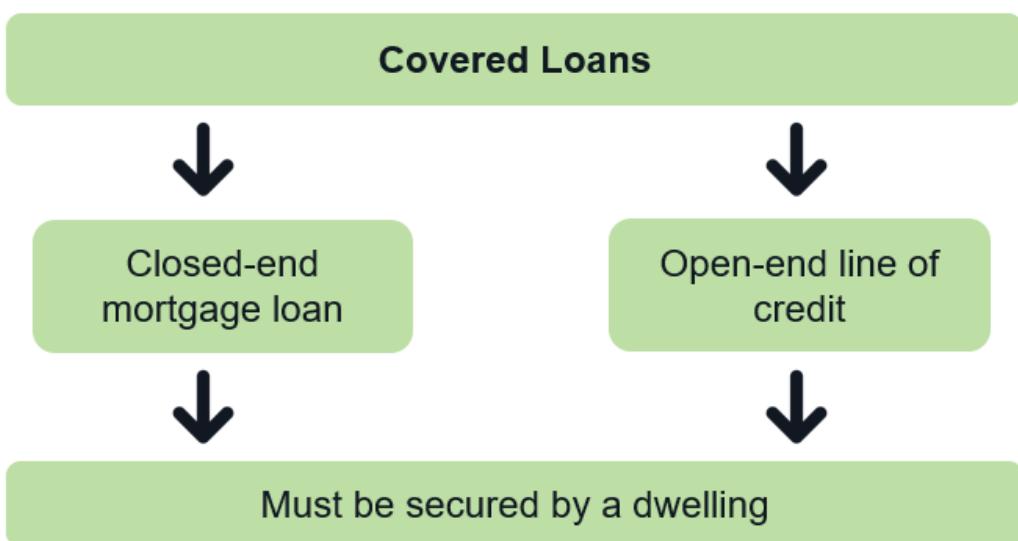


The types of transactions that are covered under Regulation C were modified, changing from a purpose-based test to a dwelling-secured test for consumer-purpose transactions. Commercial-purpose transactions will need to meet both the dwelling-secured test and the purpose-based test to be covered.



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Transactional Coverage



Transactions covered by Regulation C are called “covered loans.” A covered loan can either be a closed-end mortgage loan or open-end line of credit. Whether the transaction involves a closed-end mortgage loan or an open-end line of credit, it must be secured by a dwelling to be covered

Transactional Coverage

Covered Loans



Closed-end mortgage loan

A closed-end mortgage loan is an extension of credit secured by a lien on a dwelling and that is not an open-end line of credit.



Section 1003.2(d) defines a closed-end mortgage loan as an extension of credit that is secured by a lien on a dwelling and that is not an open-end line of credit.

Transactional Coverage

Covered Transaction

An open-end line of credit is an extension of credit that is secured by a lien on a dwelling and is an open-end credit plan defined under Regulation Z § 1026.2(a)(20) without regard to whether the credit is consumer credit, extended by a creditor, or extended to a consumer.



Open-end line of credit



Section 1003.2(o) defines an open-end line of credit as an extension of credit that is secured by a lien on a dwelling and is an open-end credit plan as defined under Regulation Z section 1026.2(a)(20) without regard to whether the credit is consumer credit, extended by a creditor, or extended to a consumer. Note that the definitions for closed-end mortgage loan and open-end line of credit apply to the loan volume thresholds we discussed earlier.

Extension of Credit

Extension of
Credit

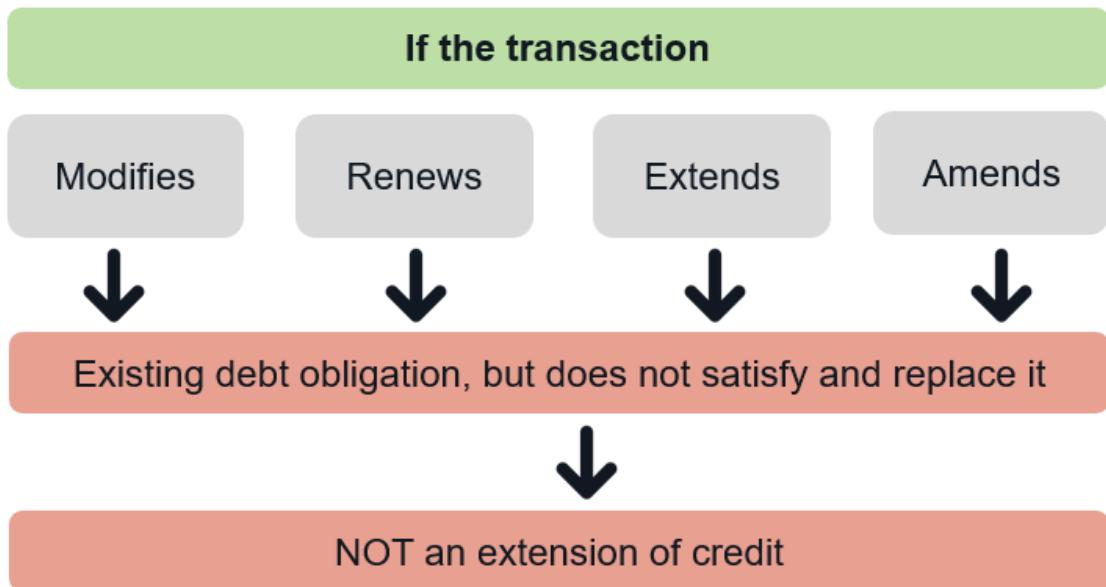


New Debt
Obligation



An extension of credit refers to a new debt obligation.

Extension of Credit



In general, if the transaction modifies, renews, extends, or amends the debt obligation, but does not satisfy and replace it, the transaction would not be considered an extension of credit under Regulation C.

Extension of Credit

Extension of Credit

Regulation B

to include the granting of credit in any form.

Extension of Credit

Regulation C

to the granting of credit pursuant to a new debt obligation.



Note that the term “extension of credit” has a different meaning under Regulation B, which interprets the Equal Credit Opportunity Act. Under Regulation B, section 1002.2(q) “extension of credit” means the granting of credit in any form, including the renewal of credit and the continuance of existing credit in some circumstances. Under Regulation C, the term “extension of credit” generally refers to the granting of credit pursuant to a new debt obligation.

Extension of Credit

Extension of
Credit



New debt
obligation

2 Exceptions

Assumptions

NY Consolidation,
Extensions,
Modifications



However, there are two types of transactions that are considered extensions of credit under Regulation C, even though they may not involve new debt obligations.

Extension of Credit - Assumptions

Assumptions

Comment 2(d)(2)-2.i

A transaction in which the financial institution enters into a written agreement accepting a new borrower as the obligor on an existing debt obligation

No new debt obligation is created

The new borrower assumes an existing debt obligation



One type of transaction is an assumption. Some assumptions have historically been covered under Regulation C. For purposes of Regulation C, an assumption is a transaction in which the financial institution enters into a written agreement accepting a new borrower as the obligor on an existing obligation. In such a situation, no new debt obligation is created but rather the new borrower assumes an existing debt obligation.

Extension of Credit - Assumptions

Assumptions

Comment 2(d)(2)-2.i

Successor-in-interest transactions

Individual succeeds
the prior owner as
the property owner

Takes on the existing
debt secured by the
property.



Under Regulation C, assumptions include successor-in-interest transactions, which are transactions in which an individual succeeds the prior owner as the property owner and then takes on the existing debt secured by the property.

Extension of Credit – New York

**New York
Consolidation,
Extensions,
Modifications**
**Comment
2(d)(2)-2.ii**

Transactions pursuant to a New York State consolidation, extension, and modification agreement.

CEMAS

Supplemental Mortgage

New York Tax Law Section 255

Reduced or no mortgage recording taxes



cfpb Consumer Financial Protection Bureau

The other type of transaction that does not necessarily involve a new debt obligation but is reported is a transaction pursuant to a New York State consolidation, extension, and modification agreement, also known as a CEMA, and classified as a supplemental mortgage under New York Tax Law section 255, such that the borrower owed reduced or no mortgage recording taxes.

Extension of Credit – New York

New York
Consolidation,
Extensions,
Modifications
*Comment
2(d)(2)-2.ii*

New York CEMAs

Loans

Secured by dwellings

Located in New York State

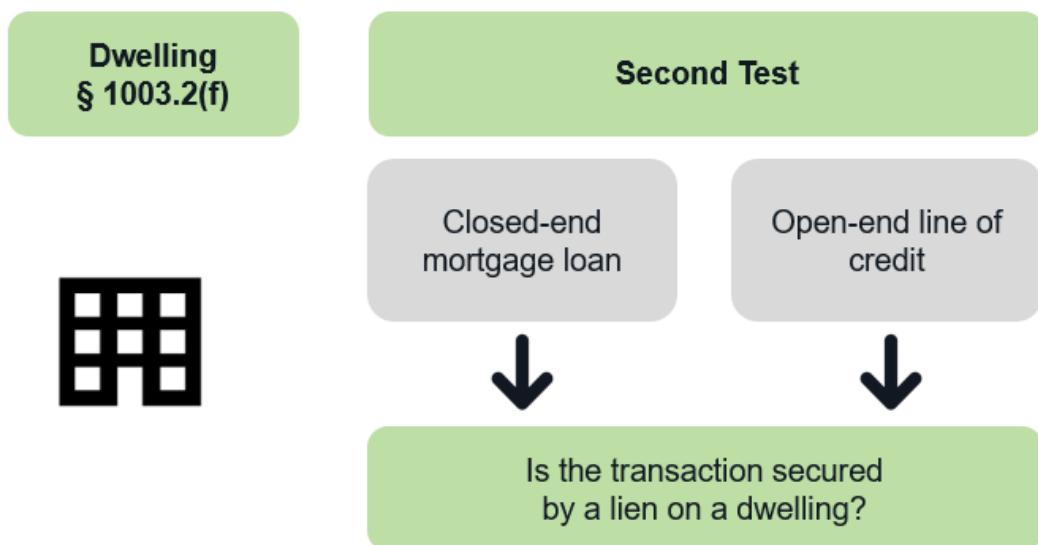
Replace traditional refinancings



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New York CEMAs are loans secured by dwellings located in New York State and often may be used in place of traditional refinancings either to amend the interest rate or loan term, or permit the borrower to take cash out. Covered financial institutions generally will not be required to report any preliminary transaction where a consumer receives additional funds prior to consolidation into a New York CEMA transaction. However, financial institutions will be required to report the New York CEMA transaction.

Secured by Lien on a Dwelling



The second test for both a closed-end mortgage loan and open-end line of credit is whether the transaction was secured by a lien on a dwelling.

What is a Dwelling?



Dwelling
§ 1003.2(f)

Residential Structure

Whether or not it is attached to real property

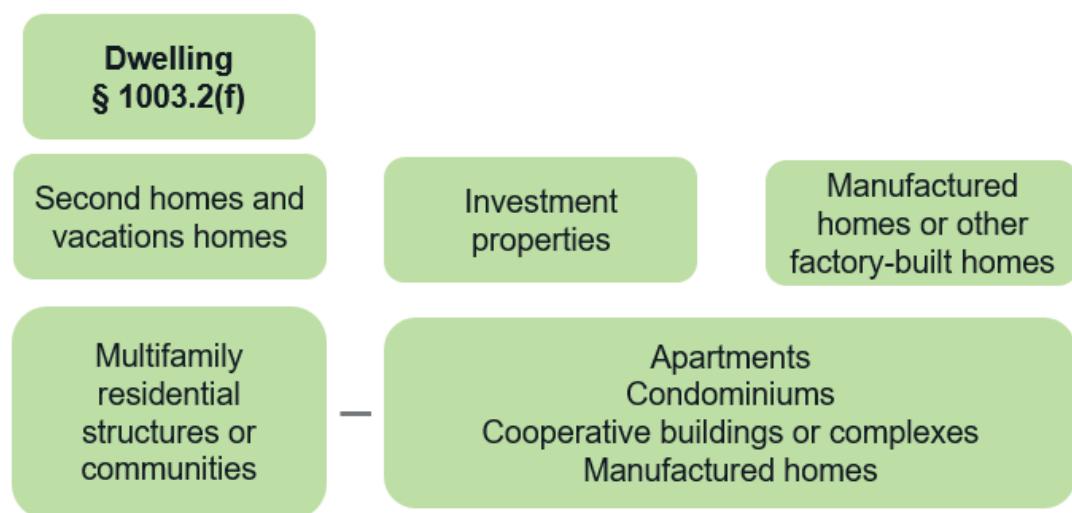
Not limited to principal residence

Nor is it limited to a structure that has 4 or less units



A dwelling is a residential structure, whether or not the structure is attached to real property. A dwelling is not limited to a principal residence nor is it limited to a structure that has 4 or less units.

Dwelling Examples



Here are some examples of dwellings:

- Second homes and vacation homes
- Investment properties,
- Manufactured homes or other factory-built homes. A transaction related to a manufactured home community is secured by a dwelling under Regulation C even if it is not secured by individual manufactured homes but only by the land that constitutes that manufactured home community, including sites for manufactured homes.
- Multifamily residential structures or communities, such as apartments, condominiums, and cooperative buildings or complexes, or manufactured homes.

What is NOT a Dwelling?

NOT a Dwelling *Comment 2(f)-3*

Recreational vehicles – Boats, Campers, Trailers, Park Model

Houseboats, floating homes, and mobile homes
constructed before June 15, 1976

Transitory residences such as hotels, hospitals,
and college dorms

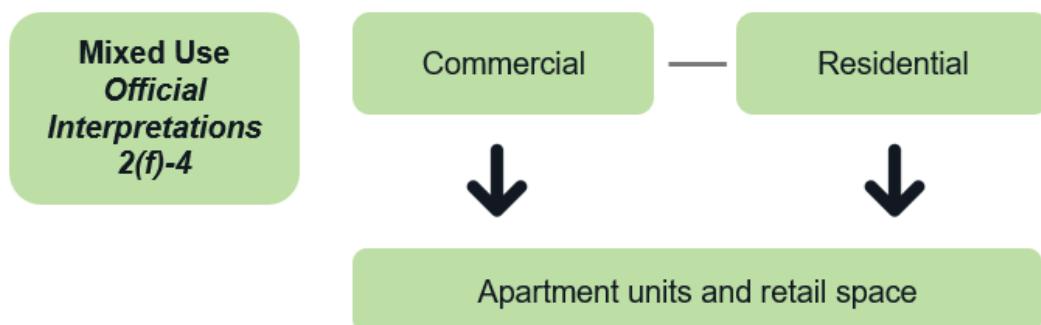
Structures originally designed as a dwelling but
converted to exclusive commercial use



Certain structures or properties are not considered dwellings under Regulation C. Here are some examples:

- Recreational vehicles. For example, boats, campers, travel trailers, and park model recreational vehicles.
- Houseboats, floating homes, and mobile homes constructed before June 15, 1976 are not considered dwellings, even if they are used as residences.
- Transitory residences are also not considered dwellings. Examples of transitory residences include hotels, hospitals, and college dorms.
- Lastly, structures that were originally designed as a dwelling but converted to exclusive commercial use, for example, a home converted to a professional office, are not considered dwellings.

Mixed Use Properties



Certain properties may be used for both a residential and commercial purpose. An example would be a building that has both apartment units and retail space.

Mixed Use Properties

**Mixed Use
Official
Interpretations
2(f)-4**



Primary Use of
the property

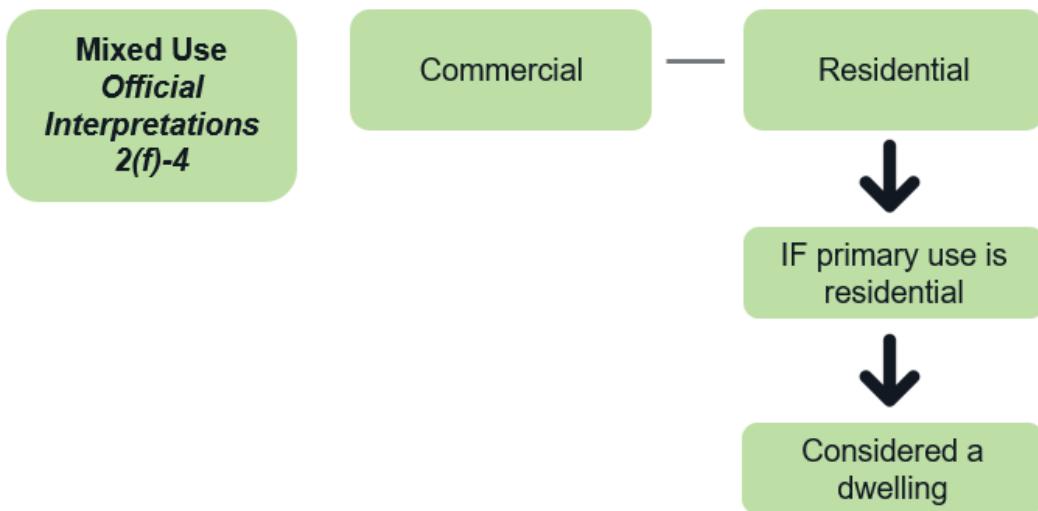
Square footage

Income generated



A financial institution would need to determine, using any reasonable standard, the primary use of the property, such as square footage or income generated, and may select the standard on a case-by-case basis.

Mixed Use Properties



If the property's primary use is residential, then it would be considered a dwelling.

Summary of Closed-End Mortgage Loan

Closed-end
mortgage



Extension of Credit



Secured by a lien on a dwelling



Not an open line of credit



Let's recap – A closed-end mortgage loan is an extension of credit secured by a lien on a dwelling and that is not an open-end line of credit.

What is an Open-End Line of Credit?

**Open-end Line of Credit
§ 1003.2(o)**



Extension of credit secured by a dwelling

Open-end credit plan under Regulation Z

Without regard to whether the credit is

Consumer credit

Extended by a creditor

Extended to a consumer



What is an open-end line of credit? Section 1003.2(o) provides that an open-end line of credit is an extension of credit secured by a dwelling and that is an open-end credit plan under Regulation Z section 1026.2(a)(20) but without regard to whether the credit is consumer credit, extended by a creditor, or extended to a consumer.



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What is an Open-End Line of Credit?

**Open-end Line of Credit
§ 1003.2(o)**



Creditor contemplates repeated transactions

May impose a finance charge on an outstanding unpaid balance

Amount of credit that may be extended to the borrower during the term of the plan is generally made available to the extent any outstanding balance is repaid



An open-end credit plan is one in which the creditor reasonably contemplates repeated transactions; the creditor may impose a finance charge from time-to-time on an outstanding unpaid balance;



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What is an Open-End Line of Credit?

**Open-end Line of
Credit
§ 1003.2(o)**



Amount of credit extended to the borrower
during the term of the plan up to limit
established by the creditor



and the amount of credit that may be extended to the borrower during the term of the plan up to the limit established by the creditor is generally made available to the extent that any outstanding balance is repaid.

Excluded Transactions

Excluded
transactions
§ 1003.3(c)

Closed-end
mortgage loan

Open-end line of
credit



Secured by a lien on unimproved land



But note 2 year rule, unless temporary financing



There are 12 types of transactions that are specifically excluded from Regulation C. These are provided in section 1003.3(c) in Regulation C. We will review several of these types of transactions. First, a closed-end mortgage loan or open-end line of credit that is secured by a lien on unimproved land. A loan or line of credit is secured by a lien on unimproved land if the loan or line of credit is secured by vacant or unimproved property.

Excluded Transactions

**Excluded transactions
§ 1003.3(c)**

Closed-end mortgage loan

Open-end line of credit



Temporary Financing

NOT determined by duration of loan

Is designed to be replaced by permanent financing at a later time



Second, a closed-end mortgage loan or open-end line of credit that is temporary financing. Temporary financing is not determined by the duration of the loan but rather, in general, whether the transaction is designed to be replaced by separate permanent financing extended by any financial institution to the same borrower at a later time.



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Example transaction:

Temporary financing

**Excluded
transactions
§ 1003.3(c)**

Temporary Financing

Construction Loan where proceeds will finance

Construction
phase of dwelling

New extension of
credit will be
obtained

Excluded as a
temporary
financing



An example of a transaction obtained for temporary financing is a construction loan where the proceeds will be used to finance the construction phase of the dwelling and where a new extension of credit will later be obtained for permanent financing. Here, the loan to fund the construction phase would be excluded as a temporary financing. A construction-only loan or line of credit is also considered temporary financing if the loan or line of credit is extended to a person exclusively to construct a dwelling for sale.

Example transaction:

Not temporary financing

NOT Temporary Financing

Construction-to-permanent Loan where proceeds

Finance the construction of dwelling

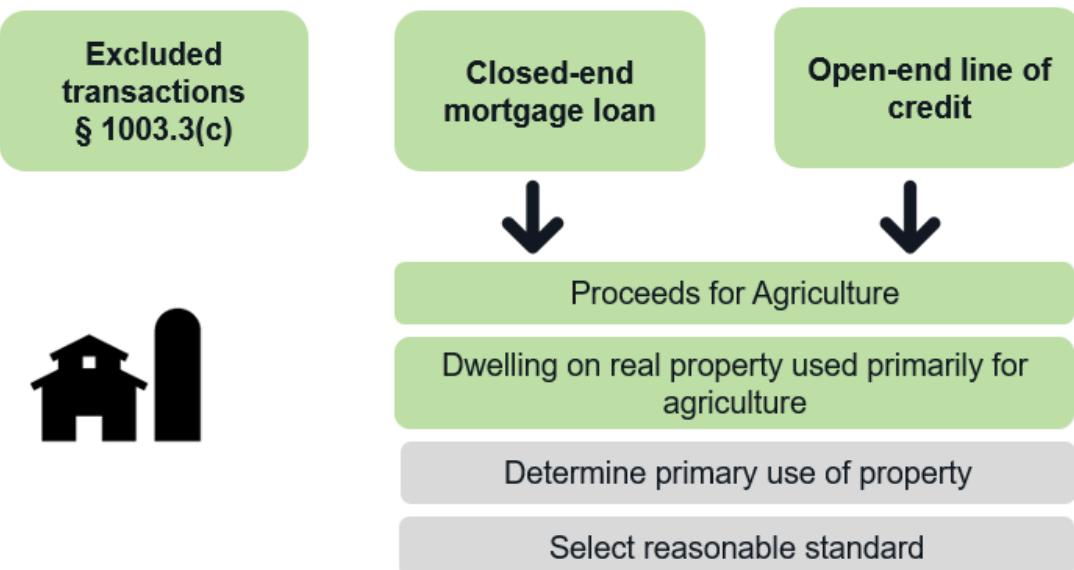
Converted to permanent financing

Without separate closing once complete



On the other hand, if the transaction is a construction-to-permanent loan where the proceeds will be used to finance the construction of a dwelling, but the loan will automatically be converted to permanent financing without a separate closing once construction is complete, the transaction is not excluded as temporary financing.

Excluded Transactions - Agriculture



Third, a closed-end mortgage loan or open-end line of credit that is used primarily for agricultural purposes. A loan or line of credit is used primarily for agricultural purposes if the proceeds will be primarily for agricultural purposes or if the loan or line of credit is secured by a dwelling located on real property that is used primarily for an agricultural purpose, such as a farm. The institution may use any reasonable standard to determine the primary use of the property and may select any reasonable standard to apply on a case-by-case basis.

What is Agricultural Purpose?

See Regulation Z,
12 CFR Part 1026,
Supplement I
Comment 3(a)-8



What is meant by agricultural purpose? Regulation C looks to Regulation Z's commentary.

Excluded Transactions Business and Commercial

**Excluded
transactions
§ 1003.3(c)**

**Closed-end
mortgage loan**

**Open-end line of
credit**



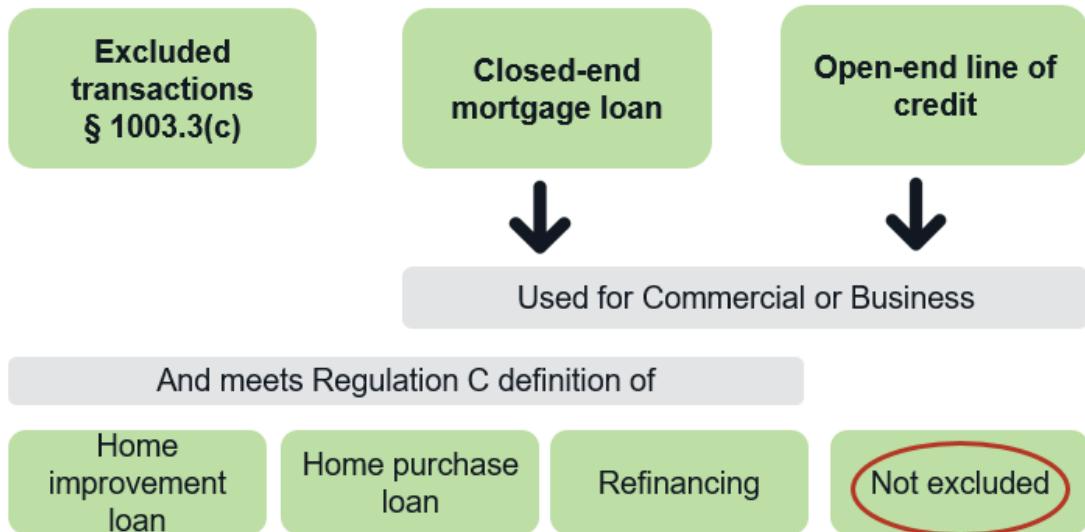
Proceeds for business use

Proceeds for commercial use



The fourth type of excluded transaction we will review today is a closed-end mortgage loan or open-end line of credit that is or will be made primarily for a business or commercial purpose.

Business and Commercial



However, if the financial institution determines that the proceeds of a closed-end mortgage loan or open-end line of credit will primarily be used for a commercial or business purpose but that it also meets the Regulation C definition of a home improvement loan, home purchase loan, or a refinancing, then the transaction would be a covered loan, unless another exclusion applies.

Covered Transaction

**Business or
Commercial
Transaction**

**Closed-end
mortgage loan**

**Open-end line of
credit**



Purchase multifamily dwelling, secured
by the dwelling



An example of a commercial or business purpose transaction that is covered under Regulation C, unless another exclusion applies, is a closed-end mortgage loan to purchase a multifamily dwelling secured by the dwelling.

Covered Transaction

**Business or
Commercial
Transaction**

**Closed-end
mortgage loan**

**Open-end line of
credit**



Home improvement loan to improve an office located in a dwelling other than a multifamily dwelling



Another example of a commercial or business purpose transaction that is covered under Regulation C, unless another exclusion applies, is a closed-end mortgage loan or open-end line of credit to improve an office that is located in a dwelling other than a multifamily dwelling. The loan proceeds will be used primarily for business or commercial purposes, but the loan is a home improvement loan under Regulation C.

Non Covered Transaction

**Business or
Commercial
Transaction**

**Closed-end
mortgage loan**

**Open-end line of
credit**



Proceeds to expand a business not located in a dwelling or is located in a multifamily dwelling

Proceeds will be used to purchase business equipment



An example of a transaction with a business or commercial primary purpose that is not covered under Regulation C is a closed-end mortgage loan or open-end line of credit where the proceeds will be used primarily to expand a business that is not located in a dwelling or is located in a multifamily dwelling.

Another example is where the proceeds of the closed-end mortgage loan or open-end line of credit will be used primarily to purchase business equipment.

Non Covered Transaction

Business or Commercial Transaction

Proceeds to expand a business

Extended to a corporation where proceeds are used to purchase business equipment



Does NOT meet

Home Improvement

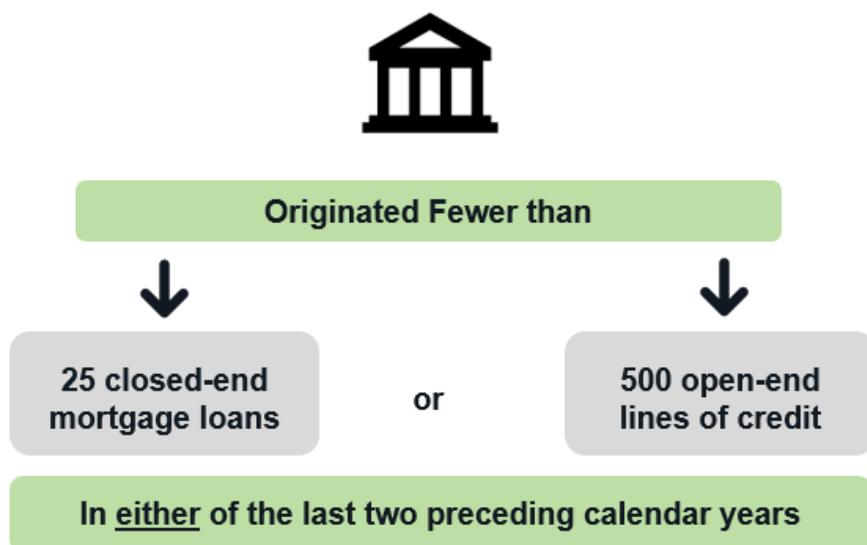
Home Purchase Loan

Refinancing



In both cases, the loan or line of credit does not also meet the definition of home improvement, home purchase loan, or a refinancing. Such transactions would be excluded even if the transactions were cross-collateralized by a covered loan.

Excluded Transactions



The final topic to point out in the category of excluded transactions is that a financial institution may not have to report data on all of its covered loans. Regulation C includes transactional thresholds that exclude either closed-end mortgage loans or open-end lines of credit depending on whether it originated fewer than 25 closed-end mortgage loans or 500 open-end lines of credit in either of the two preceding calendar years.

Excluded Transactions

If fewer than 25 Closed-end mortgage loans in either of the two last calendar years



NOT required to:

Collect 

Record 

Report 



Closed-end mortgage loans



As mentioned earlier, a financial institution will not be required to collect, record, and report closed-end mortgage loans if it originated fewer than 25 of them.

Excluded Transactions

If fewer than 500 Open-end lines of credit in either of the last two calendar years



NOT required to:

Collect X

Record X

Report X



Open-end lines of credit



in either of the two preceding calendar years. Similarly, a financial institution will not be required to collect, record, and report open-end lines of credit if it originated fewer than 500 of them in either of the two preceding calendar years.

Excluded Transactions



**Closed-end
mortgage loan**

At least 25 in each
of the preceding
two calendar years

**Open-end line of
credit**

Fewer than 500 in
either of the
preceding two
calendar years

Report

Report



Some institutions may meet the threshold for reporting closed-end mortgage loans but not open-end lines of credit and therefore would be required to collect and report data on closed-end mortgage loans only.

Excluded Transactions



**Closed-end
mortgage loan**

Fewer than 25 in
either of the
preceding two
calendar years



Report

**Open-end line of
credit**

At least 500 in
each of the
preceding two
calendar years

Report



On the other hand, some institutions may meet the threshold for open-end lines of credit but not closed-end mortgage loans and therefore would be required to collect and report data on open-end lines of credit only. A financial institution has the option of reporting loans that are otherwise excluded from reporting requirements because the financial institution did not satisfy the loan-volume thresholds. However, if a financial institution chooses to report the excluded transactions, it is obligated to report all such applications, originations, and purchases for that calendar year.

Loan-Volume thresholds

Examples



Let's review the following table and discuss scenarios where an institution would or would not be obligated to report closed-end mortgage loans or open-end lines of credit.

Examples

Loan volume thresholds

Loan type	Originations during calendar year		Must collect in 2018 and report in 2019
	2016	2017	
(A) Closed end mortgage loans Open end lines of credit	30 1,000	24 1,200	Only open-end lines of credit
(B) Closed end mortgage loans Open end lines of credit	30 499	45 505	Only closed-end mortgage loans
(C) Closed end mortgage loans Open end lines of credit	55 550	150 600	Both closed-end mortgage loans and open-end lines of credit
(D) Closed end mortgage loans Open end lines of credit	22 498	26 430	Neither



In the table with the loan volume thresholds examples, Institution A originated 30 closed-end mortgage loans in 2016 and 24 in 2017.

For open-end lines of credit, Institution A originated 1,000 in 2016 and 1,200 in 2017. In this scenario, Institution A will be required to collect data on open-end lines of credit in 2018 for submission in 2019 because the number of open-end lines of credit it originated in both 2016 and 2017 exceeded the threshold of at least 500. Institution A will not be required to collect data on its closed-end mortgage loans because it did not originate at least 25 closed-end mortgage loans in both 2016 and 2017.

Let's take a look at Institution B's lending activity. In 2016, Institution B originated 30 closed-end mortgage loans and 499 open-end lines of credit. In 2017, Institution B originated 45 closed-end mortgage loans and 505 open-end lines of credit. For 2018 data collection for submission in 2019, Institution B will only be required to collect data on its closed-end mortgage loans because for both 2016 and 2017, it originated at least 25 closed-end mortgage loans. It will not be required to collect data on its open-end lines of credit because it originated only 499 open-end lines of credit in 2016.

Examples

Loan volume thresholds

Loan type	Originations during calendar year		Must collect in 2018 and report in 2019
	2016	2017	
(A) Closed end mortgage loans Open end lines of credit	30 1,000	24 1,200	Only open-end lines of credit
(B) Closed end mortgage loans Open end lines of credit	30 499	45 505	Only closed-end mortgage loans
(C) Closed end mortgage loans Open end lines of credit	55 550	150 600	Both closed-end mortgage loans and open-end lines of credit
(D) Closed end mortgage loans Open end lines of credit	22 498	26 430	Neither



Let's move on to Institution C's origination volumes. In 2016, Institution C originated 55 closed-end mortgage loans and 150 in 2017. For its open-end lines of credit, it originated 550 in 2016 and 600 in 2017. Here, Institution C will be required to collect data on its 2018 closed-end mortgage loans and open-end lines of credit because unlike Institutions A and B, Institution C's origination volumes for closed-end and open-end met or exceeded the loan volume thresholds for both 2016 and 2017.

Now let's look at an example of an institution that would not be required to collect and report data because its loan volume activity did not meet or exceed the threshold in one or both years. Institution D originated 22 closed-end mortgage loans in 2016 and in 2017, it originated 26 closed-end loans. In 2016, Institution D originated 498 open-end lines of credit and in 2017, it originated 430 open-end lines of credit. Institution D will not be required to collect HMDA data for 2018 because it did not meet the loan volume test.

HMDA Transactional Coverage chart

Home Mortgage Disclosure Act (HMDA)
Regulation C



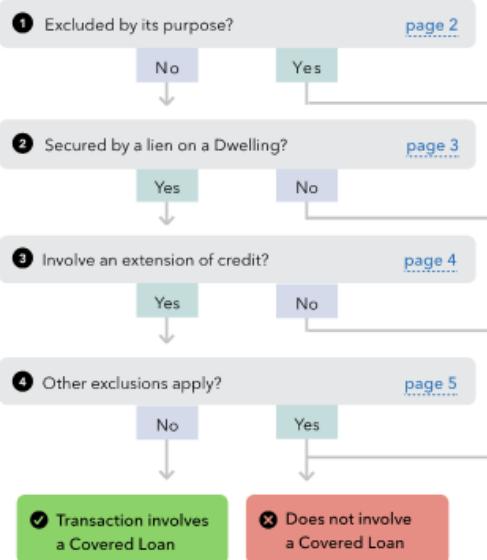
The next few slides make up a chart that will walk you through one way of analyzing whether a transaction is covered under Regulation C. This chart is available on the [Bureau's HMDA implementation webpage](#).

HMDA transactional coverage

Effective January 1, 2018

Under HMDA and Regulation C, a transaction is reportable only if it is an Application for, an origination of, or a purchase of a Covered Loan. These materials illustrate one approach to help determine whether a transaction involves a Covered Loan. If the transaction involves a Covered Loan, it is reported only if the institution meets the applicable loan-volume thresholds. Terms that are defined in Regulation C are capitalized in this document for ease of reference. Click on the numbers below to view the instructions for each step.

Does the transaction involve a Covered Loan?



These materials summarize requirements under HMDA and Regulation C and do not themselves establish any binding obligations. They are intended only to act as a reference and not as a substitute for the regulation or its official commentary. Always consult the regulation text and official commentary for a complete understanding of the law. Version 2.0, 9/28/2017

This first page of the chart contains an overview of some of the suggested key questions to consider when determining whether the transaction involves a covered loan.



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① Is the transaction excluded by its purpose?

Is the transaction primarily for agricultural purposes?

NOTE: Agricultural-purpose transactions include transactions that are secured by a Dwelling that is located on real property that is used primarily for agricultural purposes. § 1003.3(c)(9)

No Yes

Is the transaction otherwise made primarily for a business or commercial purpose? § 1003.3(c)(10)

No Yes

Is the transaction also:

- a Home Improvement Loan? § 1003.2(i),
- a Home Purchase Loan? § 1003.2(j),
or
- a Refinancing? (Including cash-out Refinancing) § 1003.2(p)

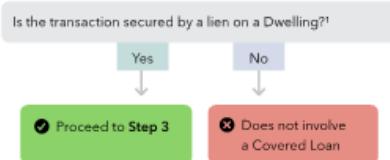
Yes No

✓ Proceed to Step 2

✗ Does not involve a Covered Loan

The first step is to determine whether the transaction is excluded based on its purpose. Remember that a transaction that is primarily for agricultural purposes is excluded, even if it is secured by a dwelling. A transaction that is primarily for a business or commercial purpose could possibly be excluded. It would depend on whether the transaction is also a home improvement loan, home purchase loan, or a refinancing.

② Is the transaction secured by a lien on a Dwelling?¹



Use the table below to help determine whether the transaction is secured by a lien on a Dwelling.

Single family structures	Multifamily structures	Mixed-use purposes
Dwelling	Dwelling	Dwelling
<ul style="list-style-type: none"> ▪ Principal residences ▪ Second homes ▪ Vacation homes ▪ Manufactured Homes or other factory built homes ▪ Investment properties ▪ Individual condominium units ▪ Detached homes ▪ Individual cooperative units 	<ul style="list-style-type: none"> ▪ Apartment buildings or complexes ▪ Manufactured home communities ▪ Condominium buildings or complexes ▪ Cooperative buildings or complexes 	<ul style="list-style-type: none"> ▪ Mixed-use property if primary use is residential ▪ Properties for long-term housing and related services (such as assisted living for senior citizens or supportive housing for people with disabilities) ▪ Properties for long-term housing and medical care if primary use is residential
Not a Dwelling	Not a Dwelling	Not a Dwelling
<ul style="list-style-type: none"> ▪ Transitory residences ▪ Recreational vehicles ▪ Boats ▪ Campers ▪ Travel trailers ▪ Park model RVs ▪ Floating homes ▪ Houseboats ▪ Mobile homes constructed before June 15, 1976 	<ul style="list-style-type: none"> ▪ Transitory residences ▪ Hotels ▪ Hospitals and properties used to provide medical care (such as skilled nursing, rehabilitation, or long-term medical care) ▪ College dormitories ▪ Recreational vehicle parks 	<ul style="list-style-type: none"> ▪ Mixed-use property if primary use is not residential ▪ Transitory residences ▪ Structures originally designed as Dwellings but used exclusively for commercial purposes ▪ Properties for long-term housing and medical care if primary use is not residential

¹Dwelling means a residential structure, whether or not attached to real property. § 1003.2(f) and comments 2(f)-1 through -5.

If the transaction is not excluded based on its purpose, then the next question is to determine whether the transaction is secured by a lien on a dwelling. This page of the chart provides examples of what is and what is not a dwelling.

③ Does the transaction involve an extension of credit?²

Credit granted pursuant to a new debt obligation?

Yes

No

Is or was the transaction:

- an assumption? comment 2(d)-2.i
or
- completed pursuant to a New York State consolidation, extension, and modification agreement (CEMA)?
comment 2(d)-2.ii

Yes

No

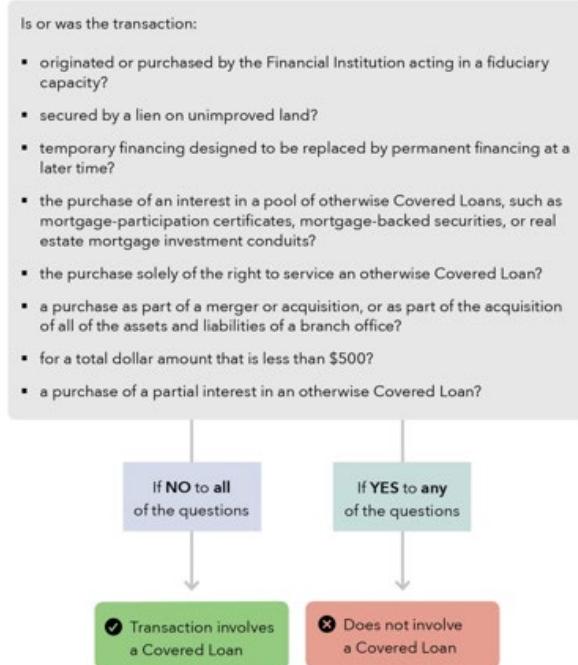
Proceed to Step 4

Does not involve a Covered Loan

² Generally under Regulation C, an extension of credit refers to the granting of credit only pursuant to a new debt obligation. If the transaction modifies, renews, extends, or amends the terms of an existing debt obligation, but the existing debt obligation is not satisfied and replaced, the transaction is not a new extension of credit, unless it falls within the two exceptions noted above, § 1003.2(d) and (o), and comments 2(d)-2 and 2(o)-2.

Next, determine if the transaction involves an extension of credit. To answer this question, ask whether the transaction is pursuant to a new debt obligation. If not, it generally will not be an extension of credit and will not be a covered transaction. However, you will need to confirm whether the transaction is an assumption or a New York State CEMA. Under Regulation C, these types of transactions are extensions of credit, even if there is no new debt obligation.

**④ Do other exclusions apply?
§ 1003.3(c)(1) through (8)**



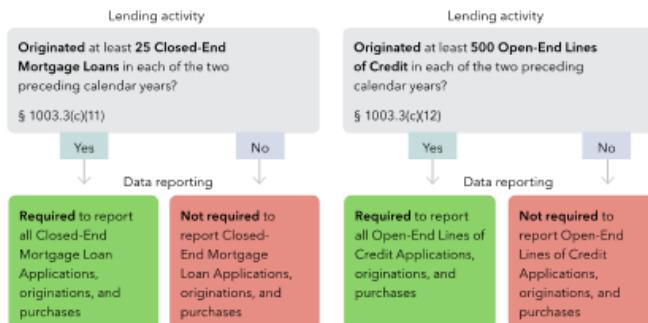
The final step in the analysis is to determine whether the transaction is excluded for other reasons.

✓ Transaction involves a Covered Loan

✓ Transaction involves a Covered Loan

Regulation C provides different loan-volume reporting thresholds for transactions that involve a Covered Loan depending on whether they involve a Closed-End Mortgage Loan or an Open-End Line of Credit. § 1003.3(c)(11) and (12). Reporting is required if a threshold is met in each of the two preceding calendar years.³ (See [2018 Institutional Coverage Chart](#) for guidance regarding institutional coverage.)

Closed-End Mortgage Loan § 1003.2(d) Open-End Line of Credit § 1003.2(o)



- Only originated Covered Loans count toward the loan-volume thresholds. If a threshold is met, the institution reports all Applications for Covered Loans that it receives, Covered Loans that it originates, and Covered Loans that it purchases for that type of transaction (either Closed-End Mortgage Loan or Open-End Line of Credit, or both, if both thresholds are met).
- Covered consumer and business or commercial purpose originations should be counted together when assessing the individual thresholds for Closed-End Mortgage Loans and Open-End Lines of Credit.
- A financial institution may voluntarily report Closed-End Mortgage Loans or Open-End Lines of Credit that are excluded because the financial institution does not meet the transactional threshold for that type of transaction. However, if it chooses to voluntarily report Closed-End Mortgage Loans or Open-End Lines of Credit, the financial institution must report all such transactions that would otherwise be covered loans for that calendar year.

This last page of the chart illustrates how meeting the loan volume threshold for closed-end loans or open-end lines of credit will require the institution to collect and report all of the applicable transactions in the category of loan volume thresholds that the institution meets. However, an institution will not be required to report data on closed-end loans or open-end lines of credit if it did not originate the minimum threshold in either of the two preceding calendar years.

Covered consumer and business or commercial purpose originations should be counted together when determining whether the institution met the threshold minimum.

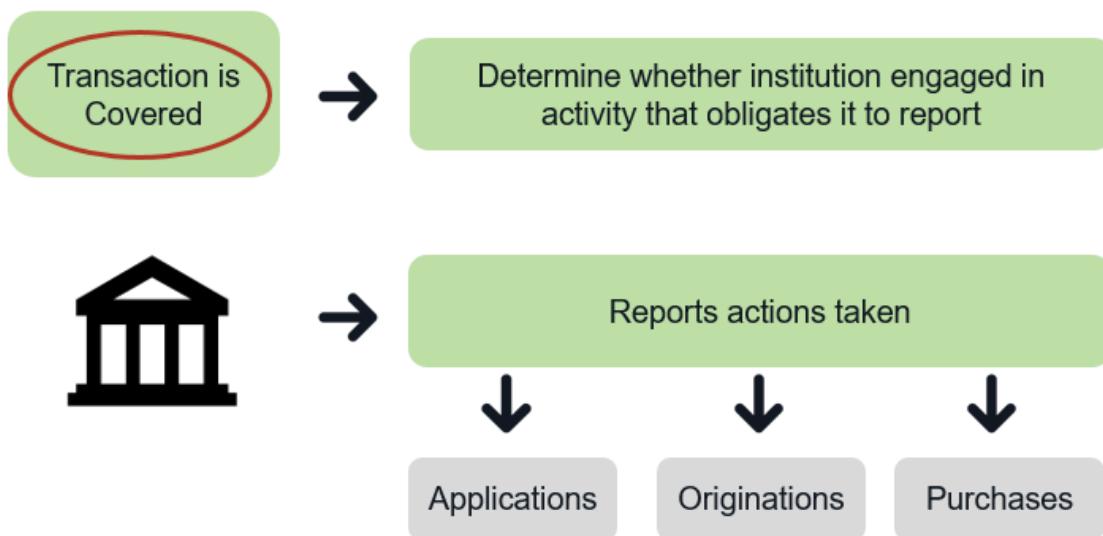
As mentioned earlier in this webinar, if the institution originated the minimum number of closed-end mortgage loans but not open-end lines of credit, then it would need to report only the covered closed-end mortgage loans, including applications that did not result in an origination. It will not need to report data on open-end lines of credit.

When to report a covered transaction



Let's discuss when an institution reports a covered transaction.

When to Report a Covered Transaction



Once a financial institution has determined that the transaction is covered, it must determine whether it has engaged in activity that obligates it to report information about the transaction. A financial institution collects and reports information for actions taken on applications for covered loans, originations of covered loans, and purchases of covered loans.

When to Report a Covered Transaction

Application did not result in originated covered loan



Collect

Report

Application if financial institution took action

Application was withdrawn while under review



If the application did not result in an originated covered loan, a financial institution collects and reports the application if the financial institution took action on the application or even if the application was withdrawn while the financial institution was reviewing it.



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When to Report a Covered Transaction

Application results in originated covered loan



Report

Origination of the covered loan

Do not report application and origination separately



If a financial institution receives an application and then the application results in an origination, the financial institution would report only the origination of the covered loan rather than reporting separately the application and the origination.



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What is an Application?

Application



Written or oral request for a covered loan

Accordance with procedures
the financial institution uses

Type of credit requested



So what is an application? An application is an oral or written request for a covered loan that is made in accordance with the procedures the financial institution uses for the type of credit requested.

What is a Request for Preapproval?

Preapproval
Request



Considered an application
under Regulation C

Home purchase loan

NOT secured by a multifamily dwelling

NOT for an open-end line of credit or

NOT for reverse mortgage

Reviewed under a preapproval program



A request for a preapproval is considered an application under Regulation C if the request is for a home purchase loan that is not secured by a multifamily dwelling that is not for an open-end line of credit or reverse mortgage, and that is reviewed under a preapproval program.

What is a Preapproval Program?

Home
Purchase
Preapproval
Program



Institution conducts comprehensive analysis of creditworthiness

Issues a written commitment

Subject only to permitted conditions



A preapproval program is one in which the financial institution conducts a comprehensive analysis of the applicant's creditworthiness, resources, and other matters typically reviewed as part of the financial institution's credit evaluation program and then issues a written commitment that is for a home purchase loan valid for a designated period of time up to a specified amount, and subject to only specifically permitted conditions.

What are Permitted Conditions?

Preapproval
Program



Identification of a suitable property

Require no material change occur
regarding the applicant's financial
condition prior to closing

Limited conditions that are not related
to the applicant's financial condition or
creditworthiness and ordinarily attached to a
traditional home mortgage application

Ordinarily attaches to a traditional
home mortgage application



The permitted conditions are conditions that require the identification of a suitable property; conditions that require no material change occur regarding the applicant's financial condition or creditworthiness prior to closing; and limited conditions that are not related to the applicant's financial condition or creditworthiness and the financial institution ordinarily attaches to a traditional home mortgage application.

Example - Permitted Conditions

Acceptable Title
Insurance
Binder or Certificate

OR

Indicates clear
termite inspection
certification

Required to report data on preapproval request
only if denied or results in:

Home purchase loan
or was approved but
not accepted



for example the requirement of an acceptable title insurance binder or a certificate indicating a clear termite inspection. A financial institution is required to report data on preapproval requests only if the preapproval request is denied, results in the origination of a home purchase loan, or was approved but not accepted.

Who Reports – Multiple Entities?

Who reports the origination?

*Comment
4(a)-2*



Only one entity reports the covered loan as an origination

The institution that made the credit decision approving the application before closing or account opening

Regardless of whether loan closed in the institution's name



Let's move on to who reports the transaction when there are multiple entities involved. Only one financial institution reports each originated covered loan as an origination. The financial institution that made the credit decision approving the application before closing or account opening reports the loan as an origination regardless of whether the loan closed in the institution's name. This is also how an institution determines whether it has originated a particular loan for the purposes of institutional coverage criteria and transactional thresholds that we discussed a moment ago.

Example

Who Reports – Multiple Entities?

Who reports the origination?

*Comment
4(a)-2*



Elm Bank received application for covered loan

Elm Bank forwarded application to Oak Bank

Oak Bank reviewed and approved prior to closing

Loan closed in Elm Bank's name

Oak Bank purchased the loan from Elm Bank

Oak Bank reports the transaction as an origination



Let's walk through one example: Elm Bank received an application for a covered loan from an applicant and forwarded that application to Oak Bank. Oak Bank reviewed the application and approved the loan prior to closing. The loan closed in Elm Bank's name. Oak Bank purchased the loan from Elm Bank after closing. Oak Bank was not acting as Elm Bank's agent. Since Oak Bank made the credit decision prior to closing, Oak Bank reports the transaction as an origination, not as a purchase, and reports all of the data fields required for originated loans. Elm Bank does not report the transaction. Oak Bank also counts this loan as an origination for purposes of the institutional coverage and transactional coverage tests.

Multiple Applications

Who reports an application?

Comment 4(a)-2



Multiple applications

Institution that approved the loan before closing and purchased the loan after closing reports the loan as an origination

Any institutions that received the application before closing reports the action it took on the application



What happens when more than one institution approved an application prior to closing or account opening and one of those institutions purchased the loan after closing?

In this case, the institution that approved the application before closing and purchased the loan after closing reports the loan as an origination.

Multiple Application Approvals

Who Reports?

*Comment
4(a)-2*



Report action taken on applications received

Does not matter



Method Received (Applicant, broker, another financial institution)



Application does not result in an origination



A financial institution reports the action it took on all applications that it receives. It does not matter whether the financial institution received the application from the applicant or from a broker, or another financial institution. It also does not matter if the application for a covered transaction does not result in an origination.



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Credit Decisions through Agents

Who Reports?

*Comment
4(a)-4*



Decisions made through actions of agents

Ficus Bank
(agent for Elm
Bank)

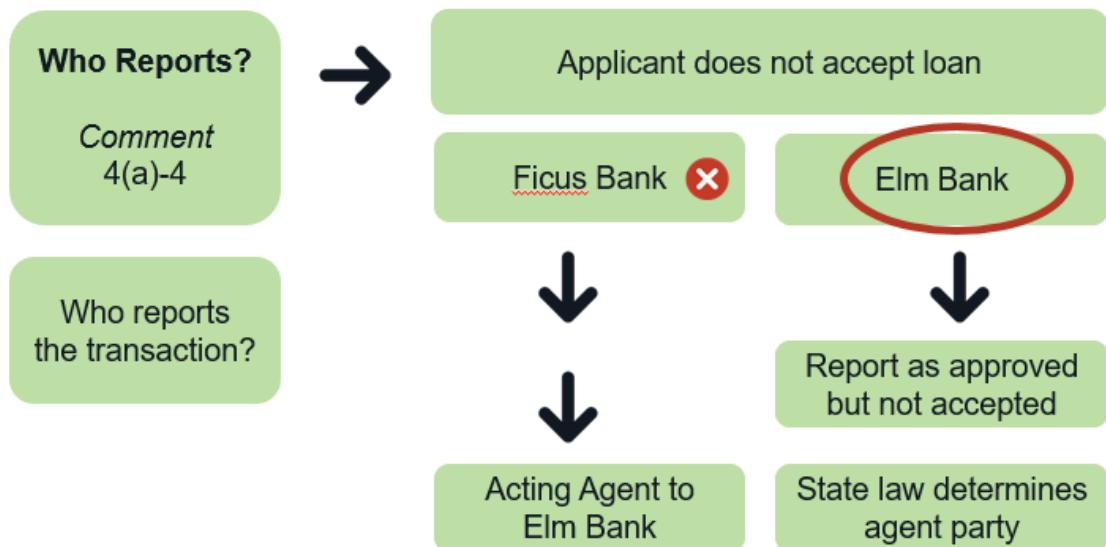
Elm Bank



If an institution made the credit decision through the actions of an agent, as defined by state law, the institution reports the application or origination.

For example, Ficus Bank, acting as Elm Bank's agent, receives an application for a closed-end mortgage loan and makes a credit decision approving the loan.

Credit Decisions through Agents



The applicant does not, however, accept the loan. Who reports the transaction? Here, Elm Bank would report the action taken by its agent, Ficus Bank, and would report the application as approved but not accepted. Ficus Bank would not report the application because it was acting as an agent of Elm Bank.

Broker Rule

Examples can be found in
Comments 4(a)-2 through 4



Institutions may have a variety of relationships with other institutions and such relationships may play a role in determining which institution reports in a given situation. We encourage you to review comments 4(a)-2 through 4, which address additional scenarios. This includes how to report if an institution makes a credit decision using another entity's underwriting criteria and how this plays out when more than one institution is involved.

Data submission process

Home Mortgage Disclosure Act (HMDA)
Regulation C



Moving on to the data submission process

How do we file HMDA data?

**Data Collected
in 2017**



Bureau
By March 1st, 2018



Beginning with data collected in 2017 and submitted by March 1, 2018, financial institutions must submit their HMDA data electronically. Financial institutions must submit their data to the appropriate federal agency by March 1 following the calendar year for which it collected the data.

How to submit HMDA data?

ffiec.cfpb.gov



The Bureau developed a web-based tool for electronically submitting HMDA data. Additional information regarding this tool and other information on HMDA submission procedures can be found on the Federal Financial Institution Examination Council's, known as the FFIEC, HMDA webpage at ffiec.cfpb.gov.

Quarterly Reporting

Quarterly
Reporting

January 1st, 2020



=

**60,000 Covered loans
and applications**



Effective on January 1, 2020, larger volume reporters – those financial institutions that reported at least 60,000 combined covered loans and applications, excluding purchased covered loans, for the preceding calendar year will be required to report data on a quarterly basis.

These financial institutions must report all data required to be recorded for the calendar quarter within 60 calendar days after the end of the calendar quarter.

If a financial institution makes a good-faith effort to fully and accurately report its quarterly data and some data are nevertheless inaccurate or incomplete, those deficiencies do not violate HMDA or Regulation C provided that the institution corrects or completes the data prior to submitting its annual loan/application register

Quarterly Reporting

Quarterly Reporting



Does not apply to 4th Quarter Data



Reports 4th Quarter Data with Annual



First 3 quarters



Corrections



4th Quarter Data



Quarterly reporting will not apply to a financial institution's fourth quarter data.

Instead, the financial institution reports its fourth quarter data as part of its annual submission.

The financial institution's annual submission must contain the data for the first three calendar quarters, including any corrections, plus its fourth quarter data.



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Example

Bank Name	Reported Loans and Applications in 2019 HMDA Data	HMDA Reporting in 2020	Quarterly Reporting
Ficus Bank	60,000	<ul style="list-style-type: none">1st quarter data due by May 30, 20202nd quarter data due by August 30, 20203rd quarter data due by November 30, 20204th quarter data along with previously submitted 1st, 2nd, and 3rd quarter data, including corrections due by March 1, 2021	Yes



For example, if Ficus Bank reported 60,000 covered loans and applications in its 2019 HMDA data, it will meet the requirements to be a quarterly reporter and will be required to report its January 1 – March 31, 2020 HMDA activity by May 30, 2020. Its second quarter data will be due by August 30, 2020 and its third quarter data will be due by November 30, 2020. Ficus Bank will then submit its fourth quarter data along with the previously submitted first, second, and third quarter data, including corrections, by March 1, 2021.

Example

Bank Name	Reported Loans and Applications in 2019 HMDA Data	HMDA Reporting in 2020	Quarterly Reporting
Pine Bank	59,999	Due by March 1 st , 2021	No



Financial institutions that do not report at least 60,000 covered loans and applications in the preceding calendar year are not required to submit quarterly HMDA data. For example, if Pine Bank reported 59,999 covered loans and applications in 2019, then it will not be required to report its 2020 data on a quarterly basis.

Disclosure of data

Home Mortgage Disclosure Act (HMDA)
Regulation C



Let's move on to the disclosure of data.

How are HMDA data disclosed?

FFIEC



Beginning in 2018, with respect to data collected in 2017 and later years, the FFIEC shall provide notice to the financial institution that its disclosure statement (based on data submitted for the prior calendar year) is available.

How are HMDA data disclosed?



consumerfinance.gov/hmda



The financial institution must make available to the public, no later than 3 days after receiving notice from the FFIEC, a written notice that clearly conveys that the financial institution's disclosure statement may be obtained from the Bureau's HMDA webpage at www.consumerfinance.gov/hmda.

Sample Notice

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.

5 YEARS



The notice may be available in paper or electronic form. Here is a sample notice. The suggested language for the notice can be found in comment 5(b)-3. The financial institution must make the notice available to the public for a period of five years.



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Disclosure Data



Requester



A financial institution may also provide its disclosure statement to a requester and charge a reasonable fee for costs incurred in reproducing or providing the statement. If a financial institution opts to provide its disclosure statement to a requester, it must still comply with the notice requirement.

Obligation to Disclose

Beginning in 2018

Provide written
notice regarding
availability



Beginning in 2018, with respect to data collected in 2017 and later years, upon request from a member of the public, a financial institution must provide a written notice regarding the availability of the modified loan/application register.

Obligation to Disclose

consumerfinance.gov/hmda



The notice must clearly convey that the financial institution's loan/application register, as modified by the Bureau to protect applicant and borrower privacy, may be obtained on the Bureau's HMDA webpage at www.consumerfinance.gov/hmda.

Sample Notice

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 online. For more information, visit the Consumer Financial Protection Bureau's Web site (www.consumerfinance.gov/hmda).

3 YEARS



A financial institution may use this sample notice. The suggested language for the notice can be found in comment 5(c)-2. The financial institution must make the notice available to the public for a period of three years.



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Modified LAR



A financial institution may also provide its modified loan/application register to a requester and charge a reasonable fee for costs incurred in reproducing or providing the modified loan/application register. If a financial institution opts to provide its modified loan/application register to a requester, it must still comply with the notice requirement.

Overview of effective dates

Home Mortgage Disclosure Act (HMDA)
Regulation C



Let's move on to the overview of the effective dates for the various provisions Regulation C under the October 2015 Rule.

HMDA Rule Key Dates Timeline

	2016	2017	2018	2019	2020
Effective Dates	No new regulatory requirements go into effect	1/1 Effective date for excluding low volume depository institutions from coverage	1/1 Effective date for most provisions related to institutional and transactional coverage, and data collection, recording, reporting, and disclosure	1/1 Effective date for changes to enforcement provisions and additional amendments to reporting provisions	1/1 Effective date for quarterly reporting provisions
Data Collection	Q1 – Q4 Collect 2016 data as required under the current rule ¹ (for reporting in 2017)	Q1 – Q4 Collect 2017 data as required under the current rule ¹ (for reporting in 2018)	Q1 – Q4 Collect 2018 data as required under the new rule ² (for reporting in 2019)	Q1 – Q4 Collect 2019 data as required under the new rule ² (for reporting in 2020)	Q1 – Q4 Collect 2020 data as required under the new rule ² (for reporting in 2021 and, if FI is quarterly reporter, 2020)
Data Submission	1/1 – 3/1 Submit 2015 data as required under the current rule , ¹ and submit to the Federal Reserve Board	1/1 – 3/1 Submit 2016 data as required under the current rule , ¹ and submit to the Federal Reserve Board	1/1 – 3/1 Submit 2017 data as required under the current rule , ¹ and submit to the Bureau	1/1 – 3/1 Submit 2018 data as required under the new rule , ² and submit to the Bureau	1/1 – 3/1 Submit 2019 data as required under the new rule , ² and submit to the Bureau 4/1 – 5/30 Quarterly FI reporters report Q1, 2020 data as required under the new rule , ² and submit to the Bureau

Here is the key dates timeline available on the [Bureau's HMDA implementation webpage](#). This timeline summarizes the effective dates for various provisions. And it also illustrates when data collection would begin and when the data collected must be submitted because those two activities generally occur in two different calendar years.

Action Taken and Date to Report - Comment 4(a)(8)(i)

Action taken	Reportable date
Loan originated	Generally, loan closing or account opening date
Loan purchased	Date of purchase
Application approved but not accepted	Any reasonable date, such as approval date, deadline for accepting offer, or date file was closed
Application denied	Date application is denied or date notice sent to applicant
Application withdrawn*	Date the express withdrawal was received or date shown on the notification form (if written withdrawal)
File closed for incompleteness*	Date file was closed or date notice sent to applicant
Preapproval request approved but not accepted	Any reasonable date, such as approval date, deadline for accepting offer, or date file was closed
Preapproval request denied	Date preapproval request was denied or date notice sent to applicant



Let's review the dates to be reported for the final action taken on an application. The date of final action is based on the final disposition of the application. This page summarizes the dates to be reported. For example, for a loan that was originated, the date of final action to be reported is generally the date the loan closed or in the case of an open-end line of credit, the date the account was opened. Regulation C provides some flexibility regarding the date of final action to be reported on originations. For example, comment 4(a)(8)(ii)-5 explains that for a construction/permanent loan, the institution can report either the date of loan closing or account opening, or the date the loan converted to permanent financing. Even with the flexibility Regulation C provides, the institution must still report the origination as occurring in the year in which the origination goes to closing or the account is opened. For applications approved but not accepted, an institution may choose any reasonable date, including the approval date, the deadline that was established for accepting the offer, or the date the file was closed. Although the institution does not need to use the same approach for its entire submission, the institution should be consistent, such as using the same approach for a category of loans.

Action Taken and Date to Report - Comment 4(a)(8)(i)

Action taken	Reportable date
Loan originated	Generally, loan closing or account opening date
Loan purchased	Date of purchase
Application approved but not accepted	Any reasonable date, such as approval date, deadline for accepting offer, or date file was closed
Application denied	Date application is denied or date notice sent to applicant
Application withdrawn*	Date the express withdrawal was received or date shown on the notification form (if written withdrawal)
File closed for incompleteness*	Date file was closed or date notice sent to applicant
Preapproval request approved but not accepted	Any reasonable date, such as approval date, deadline for accepting offer, or date file was closed
Preapproval request denied	Date preapproval request was denied or date notice sent to applicant



For files closed for incompleteness, the institution may report the date the file was closed or the date the notice was sent to the applicant. Note, however, that a preapproval request that was withdrawn or closed for incompleteness is not HMDA reportable.

Determining collection and reporting year

Date of Application or Purchase	Final Action Taken	Final Action Taken Date	Collect HMDA data...	Report HMDA data by...
Application received 10/1/2017	Loan Originated	12/1/2017	as required under the old (prior to 2018) rule	3/1/2018
Loan purchased 10/1/2017	Loan Purchased	10/1/2017	as required under the old (prior to 2018) rule	3/1/2018
Application received 10/1/2017	Loan Originated	1/5/2018	as required under the new (effective 2018) rule*	3/1/2019
Application received 2/15/2018	Application Denied	3/15/2018	as required under the new (effective 2018) rule*	3/1/2019
Loan purchased 1/5/2018	Loan Purchased	1/5/2018	as required under the new (effective 2018) rule	3/1/2019

*See comment 4(a)(10)(i)-2.



As we discussed, the effective date is tied to the date on which final action is taken on the application. This may be weeks or months after the application date. The chart on this page provides examples of applications received in both 2017 and 2018 and where final action is taken in 2017 and 2018. The chart further illustrates what should be collected and by when it must be reported. For example, an application that is received on October 1, 2017, with a loan origination date of December 1, 2017, was reportable with the institution's 2017 HMDA data that was to be submitted by March 1, 2018. The data to be collected would have been in accordance with Regulation C in effect in 2017. This means that for this loan, the institution would not have collected the new data points under the 2015 rule. On the other hand, an application that is received on October 1, 2017, with a loan origination date of January 5, 2018, is reportable with the institution's 2018 HMDA data to be submitted by March 1, 2019. A financial institution reports the covered loans it purchased based on the date of purchase.

Determining collection and reporting year

Date of Application or Purchase	Final Action Taken	Final Action Taken Date	Collect HMDA data...	Report HMDA data by...
Application received 10/1/2017	Loan Originated	12/1/2017	as required under the old (prior to 2018) rule	3/1/2018
Loan purchased 10/1/2017	Loan Purchased	10/1/2017	as required under the old (prior to 2018) rule	3/1/2018
Application received 10/1/2017	Loan Originated	1/5/2018	as required under the new (effective 2018) rule*	3/1/2019
Application received 2/15/2018	Application Denied	3/15/2018	as required under the new (effective 2018) rule*	3/1/2019
Loan purchased 1/5/2018	Loan Purchased	1/5/2018	as required under the new (effective 2018) rule	3/1/2019

*See comment 4(a)(10)(i)-2.



For example, if the financial institution purchased a covered loan on October 1, 2017, then it should have reported that purchase with its 2017 HMDA data that was to be submitted by March 1, 2018. On the other hand, if the financial institution purchased a covered loan on January 5, 2018, then it would report the purchase in accordance with the 2018 rule with its 2018 HMDA data to be submitted by March 1, 2019.

Reminder



Data points

Application channel

Points and fees

Underwriting information

Debt-to-income Ratio

Unique loan identifier

Property value



As a reminder, the 2015 and 2017 rules modify certain data points and adds others, including data points for age, credit score, automated underwriting information, debt-to-income ratio, unique loan identifier, property value, application channel, points and fees, and loan term. These data points are discussed in subsequent webinars.

Determining collection and reporting year

Date of Application or Purchase	Final Action Taken	Final Action Taken Date	Collect HMDA data...	Report HMDA data by...
Application received 10/1/2017	Loan Originated	12/15/2017	as required under the old (prior to 2018) rule	3/1/2018
Loan purchased 10/1/2017	Loan Purchased	10/1/2017	as required under the old (prior to 2018) rule	3/1/2018
Application received 10/1/2017	Loan Originated	1/5/2018	as required under the new (effective 2018) rule*	3/1/2019
Application received 2/15/2018	Application Denied	3/15/2018	as required under the new (effective 2018) rule*	3/1/2019
Loan purchased 1/5/2018	Loan Purchased	1/5/2018	as required under the new (effective 2018) rule	3/1/2019

* Collect race, ethnicity, and sex according to the Appendix B instructions under the final rule. See comment 4(a)(10)(i)-2.



One exception to the general rule that the effective date is tied to the final action date is the collection of information about ethnicity, race, and sex. The effective date for collection of the new race and ethnicity categories is tied to application date. For an application that was received February 15, 2018, and where final action was taken on March 15, 2018, the financial institution must collect and report the data in accordance with Regulation C in effect for 2018 and must also collect the race, ethnicity, and sex information in accordance with the Appendix B instructions in effect in 2018.

Effective Dates



**Submit Data
Electronically**

Effective on January 1st, 2018



Another change that became effective on January 1, 2018 is that financial institutions were required to submit their data electronically using the web-based tool developed by the Bureau. This means that beginning with the data the financial institutions collected in 2017, the financial institution must have submitted data electronically.

Effective Dates

Beginning in 2018

Provide written
notice regarding
LAR availability

consumerfinance.gov/hmda



Also effective in 2018 is the requirement to provide to the public upon request notices that the institution's disclosure statement and modified loan/application register are available on the [Bureau's website](#).

Effective Dates

January 1st, 2019



Reports Timely

Reports Fully



Corrects Data

Reports Accurately



On January 1, 2019, changes to the enforcement provisions became effective. The enforcement provisions provide that, when the quarterly reporting requirements become effective, inaccuracies or omissions in quarterly reporting are not violations of HMDA or Regulation C if the financial institution makes a good-faith effort to report quarterly data timely, fully, and accurately, and then corrects or completes the data prior to its annual submission.



Consumer Financial
Protection Bureau

Effective Dates

Beginning in 2020

Larger Volume Financial Institutions Report HMDA Data Quarterly

2019 Data	59,999 Covered Loans and applications	Do <u>Not</u> Submit Quarterly	
2019 Data	60,000 Covered Loans and applications	Submit Quarterly in 2020	



As noted, beginning in 2020, a larger-volume financial institution will be required to collect and report its HMDA data on a quarterly basis. Recall that a larger-volume financial institution is one that reported at least 60,000 covered loans and applications, excluding purchased covered loans, in the preceding calendar year.

For example, a financial institution that reported 59,999 covered loans and applications for their 2019 data will not be required to submit quarterly data in 2020. However, a financial institution that reported 60,000 covered loans and applications for their 2019 data will be required to submit quarterly data in 2020. The first quarter data will be due by May 30, 2020.

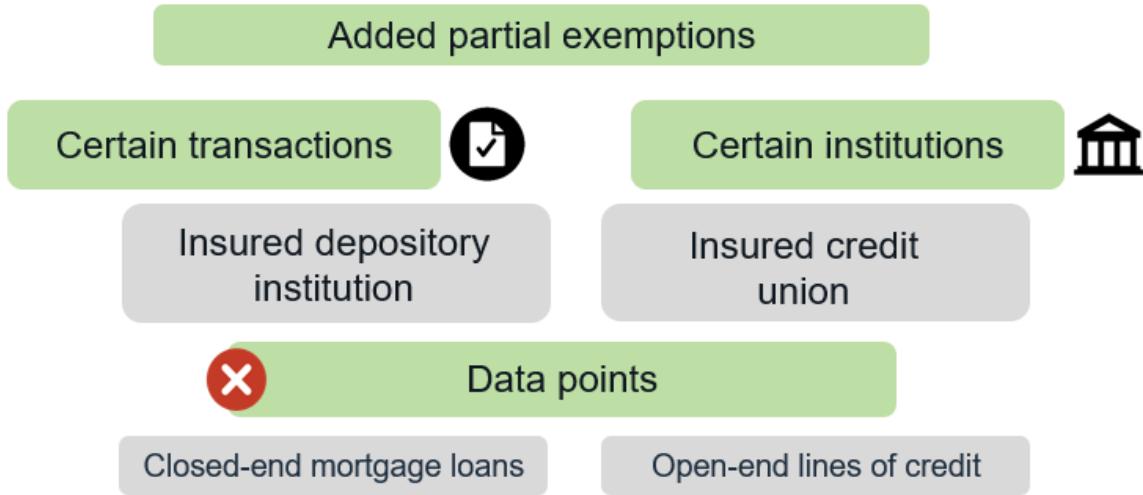
Amendments to HMDA made by the Economic Growth, Regulatory Relief, and Consumer Protection Act (Act) & Interpretive and Procedural Rule (2018 Rule)

Home Mortgage Disclosure Act (HMDA)



Let's move on to the amendments to HMDA made by the Economic Growth, Regulatory Relief, and Consumer Protection Act, which we will refer to as the Act, and the interpretive and procedural rule issued by the Bureau in August 2018, which we will refer to as the 2018 Rule.

Amendments to HMDA made by The Act



The Act amended HMDA by adding partial exemptions from some of HMDA's collection and reporting requirements for certain transactions made by certain institutions. Here's how they work: An insured depository institution or insured credit union does not need to collect or report certain data points with respect to: Closed-end mortgage loans if it originated fewer than 500 closed-end mortgage loans in each of the two preceding calendar years.

Open-end lines of credit if it originated fewer than 500 open-end lines of credit in each of the two preceding calendar years.

Note that if your institution has recently received less than satisfactory Community Reinvestment Act exam ratings, then your institution may not be eligible for these partial exemptions.

Interpretive and Procedural Rule (2018 Rule)

Issued an interpretive and procedural rule

August 2018



The Bureau issued an interpretive and procedural rule in August 2018 to implement and clarify changes to HMDA made by the Act.

Interpretive and Procedural Rule (2018 Rule)

Which data points are covered by partial exemptions?



Transaction qualifies
for partial exemption



Institution will not need
to report



The 2018 rule clarified which data points are covered by the partial exemptions. We will discuss each data point in detail in subsequent webinars, but for our purposes today, we've provided a list of the data points that are covered by the partial exemptions. This means that if the transaction qualifies for a partial exemptions, then the institution will not need to collect or report the information for that data point.

Interpretive and Procedural Rule (2018 Rule)

Which data points are covered by partial exemptions?

Universal Loan Identifier	Prepayment Penalty Term	Application Channel
Property Address	Debt-to-Income Ratio	Mortgage Loan Originator Identifier
Rate Spread	Combined-Loan-to Value Ratio	Automated Underwriting System
Credit Score	Loan Term	Reverse Mortgage Flag
Reasons for Denial	Introductory Rate Period	Open-End Line of Credit Flag
Total Loan Costs or Total Points and Fees	Manufactured Home Secured Property Type	Business or Commercial Purpose Flag
Origination Charges	Non-Amortizing Features	
Discount Points	Property Value	
Lender Credits	Manufactured Home Land Property Interest	
Interest Rate	Multifamily Affordable Units	



Here is a list of the data points that are covered by the partial exemptions.

Interpretive and Procedural Rule (2018 Rule)

For purposes of the partial exemptions

Closed-end mortgage loans

Open-end lines of credit

Only those loans or lines of credit that would otherwise be reportable



The 2018 rule also clarified that, for the purposes of the partial exemptions, “closed-end mortgage loan” and “open-end line of credit” mean only those loans or lines of credit that would otherwise be reportable under HMDA.

Interpretive and Procedural Rule (2018 Rule)

Non-universal loan identifier

Transaction that
qualifies for partial
exemption



+

Institution chooses not
to assign a ULI



The 2018 rule designates a non-universal loan identifier that must be reported if a transaction qualifies for a partial exemption and the institution chooses not to report a universal loan identifier for that transaction. We discuss the universal loan identifier in depth in webinar 2.

Interpretive and Procedural Rule (2018 Rule)

Insured depository
institutions



Insured credit
unions

Optional reporting of exempt
data points



The 2018 rule clarified that insured depository institutions and insured credit unions that qualify for a partial exemption may report, at their option, exempt data points as long as all data fields that the data point comprises are reported.

Interpretive and Procedural Rule (2018 Rule)



Community
Reinvestment Act
examination
assessment



December 31st of
preceding calendar
year



The 2018 rule also clarifies that, for the purposes of determining whether the CRA exemption applies to an insured depository institution that would otherwise qualify for a partial exemption, the CRA examination assessment must be made as of December 31 of the preceding calendar year.

Policy Guidance – Public Data

Home Mortgage Disclosure Act (HMDA)



Our final topic for today is the policy guidance issued by the Bureau describing the HMDA data it intends to make available to the public.

Policy Guidance

1. HMDA data to make available to public
2. Issued by the Bureau on December 14th, 2018
3. Applies to HMDA data compiled by financial institutions in or after 2018
4. Made publicly available to the Bureau in 2019



On December 21, 2018, the Bureau issued policy guidance that applies to HMDA data compiled by financial institutions in or after 2018 and made publicly available by the Bureau beginning in 2019.

Policy Guidance

- Exclude or modify certain data fields
- Balance potential risks to applicant and borrower privacy



Disclose data as reported by financial institutions



The Bureau intends to exclude or modify certain data fields to appropriately balance potential risks to applicant and borrower privacy created by disclosure and the benefits of disclosure in light of HMDA's purposes. Otherwise, the Bureau intends to disclose all data as reported by financial institutions, without modification.

Data Points excluded from public loan-level HMDA data

Data Point	Regulation C Reference	Data Point Free form text fields for:	Regulation C Reference
Universal loan identifier or non-universal loan identifier	1003.4(a)(1)(i)	Applicant or borrower race	1003.4(a)(10)(i)
Application Date	1003.4(a)(1)(ii)	Applicant or borrower ethnicity	1003.4(a)(10)(i)
Action Taken Date	1003.4(a)(8)	Name and version of credit scoring model used	1003.4(a)(15)(i)
Property Address	1003.4(a)(9)(i)	Denial reasons	1003.4(a)(16)
Credit Score	1003.4(a)(15)	Automated underwriting system name	1003.4(a)(35)(i)
NMLSR identifier	1003.4(a)(34)		
AUS result	1003.4(a)(35)		



The Bureau intends to exclude the following from the public loan-level HMDA data:

- Universal loan identifier or non-universal loan identifier
- Application date
- Action taken date
- Property address
- Credit score
- Mortgage loan originator NMLSR identifier
- Automated underwriting system result, and
- Free form text fields for the following data:
 - Ethnicity
 - Race
 - Credit scoring model name and version
 - Denial reason or reasons
 - Automated underwriting system name

Data Points that will be modified for the public loan-level HMDA data

Data Point	Regulation C Reference	Modification
Loan amount	1003.4(a)(7)	1) Midpoint for the \$10,000 interval into which the reported value falls. 2) An indication whether the reported value exceeds the dollar amount limitation on the original principal obligation
Age	1003.4(a)(10)(ii)	Bin values into the following ranges: 25-34; 35-44; 45-54; 55-64; 65-74; bottom-code reported for values under 25; top-code reported for values over 75; indication whether reported value is 62 or higher.
Debt-to-income ratio	1003.4(a)(23)	Bin values into the following ranges: 20 percent to less than 30 percent; 30 percent to less than 36 percent; 50 percent to 60 percent; bottom-code reported values under 20 percent; top-code reported values of 60 percent or higher. Note: no modification for reported values greater than or equal to 36 percent and less than 50 percent.
Property Value	1003.4(a)(28)	Midpoint for the \$10,000 interval into which the reported value falls
Total units	1003.4(a)(31)	Ranges: 5 to 24; 25 to 49; 50 to 99; 100 to 149; 150 and over
Multifamily Affordable units	1003.4(a)(32)	Percentage of the value reported for the total number of individual dwelling units related to the property



The Bureau intends to modify the following data prior to making them publicly available:

- Loan amount
- Age
- Debt-to-income ratio
- Property value
- Total units
- Multifamily affordable units

The chart on this slide shows the modifications the Bureau intends to make to these data.

Data Points that will be disclosed, without modification, as reported by the financial institution

Data Point	Regulation C Reference	Data Point	Regulation C Reference	Data Point	Regulation C Reference
LEI	1003.4(a)(1)(i)(A)	Property Location	1003.4(a)(9)(ii)	Rate Spread	1003.4(a)(12)
Loan type	1003.4(a)(2)	Ethnicity (except free-form text field)	1003.4(a)(10)(i)	HOEPA status	1003.4(a)(13)
Loan purpose	1003.4(a)(3)	Race (except free-form text field)	1003.4(a)(10)(i)	Lien status	1003.4(a)(14)
Preapproval	1003.4(a)(4)	Sex	1003.4(a)(10)(i)	Denial reason(s) (except free-form text field)	1003.4(a)(16)
Construction Method	1003.4(a)(5)	Age	1003.4(a)(10)(ii)	Total loan costs or total points and fees	1003.4(a)(17)
Occupancy Type	1003.4(a)(6)	Income	1003.4(a)(10)(iii)	Origination charges	1003.4(a)(18)
Action Taken	1003.4(a)(8)	Type of Purchaser	1003.4(a)(11)	Discount points	1003.4(a)(19)

Lastly, the slide and the next slide show a list of all the data the Bureau intends to make publicly available without modification.

Data Points that will be disclosed, without modification, as reported by the financial institution

Data Point	Regulation C Reference	Data Point	Regulation C Reference
Lender credits	1003.4(a)(20)	Manufactured home secured property type	1003.4(a)(29)
Interest rate	1003.4(a)(21)	Manufactured home land property interest	1003.4(a)(30)
Prepayment penalty term	1003.4(a)(22)	Application channel	1003.4(a)(33)
Combined loan-to-value ratio	1003.4(a)(24)	Automated underwriting system name (except free-form text field)	1003.4(a)(35)
Loan term	1003.4(a)(25)	Reverse mortgage	1003.4(a)(36)
Introductory rate period	1003.4(a)(26)	Open-end line of credit	1003.4(a)(37)
Non-amortizing features	1003.4(a)(27)	Business or commercial purpose loan	1003.4(a)(38)

Lastly, the slide and the next slide show a list of all the data the Bureau intends to make publicly available without modification.

Closing

Home Mortgage Disclosure Act (HMDA)



We hope you found this webinar helpful. The Bureau has additional resources to help you understand and comply with Regulation C.

For more information

www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance



These are available on the Bureau's website at www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance/. Click on the link for HMDA.

Submit questions

Regulatory questions:

reginquiries.consumerfinance.gov

Technical questions:

hmdahelp@cfpb.gov



Specific regulatory interpretation questions may be submitted online at
reginquiries.consumerfinance.gov.

Technical questions about the collection of HMDA data in 2017 and later years or reporting HMDA in 2018 and later years should be directed to hmdahelp@cfpb.gov.

Thank you for joining us in this webinar.