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This Executive Summary of the 2020 Home Mortgage Disclosure Act (Regulation C) Final Rule was published on April 16, 2020, and has not been updated to reflect the 2022 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/>.

April 16, 2020

# Executive Summary of the 2020 Home Mortgage Disclosure Act (Regulation C) Final Rule

On April 16, 2020, the Consumer Financial Protection Bureau (Bureau) issued a final rule amending Regulation C. This final rule adjusts Regulation C's institutional and transactional coverage thresholds for closed-end mortgage loans and open-end lines of credit. Effective July 1, 2020, the final rule permanently raises the closed-end coverage threshold from 25 to 100 closed-end mortgage loans in each of the two preceding calendar years. Effective January 1, 2022, when the temporary threshold of 500 open-end lines of credit expires, the final rule sets the permanent open-end threshold at 200 open-end lines of credit in each of the two preceding calendar years. This document summarizes some of the 2020 HMDA Final Rule's changes to Regulation C.

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This document is a Compliance Aid issued by the Consumer Financial Protection Bureau (Bureau). The Bureau published a Policy Statement on Compliance Aids [available at: <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/policy-statement-compliance-aids/>], that explains the Bureau's approach to Compliance Aids.

## **Background Information**

HMDA requires certain institutions to collect, report, and disclose specified information about their mortgage lending activity. In the 2015 HMDA Rule, the Bureau established institutional and transactional coverage thresholds in Regulation C that determine whether financial institutions are required to collect, record, and report any HMDA data on closed-end mortgage loans or open-end lines of credit. The 2015 HMDA Rule set the closed-end threshold at 25 closed-end mortgage loans in each of the two preceding calendar years, and the open-end threshold at 100 open-end lines of credit in each of the two preceding calendar years. In 2017, the Bureau temporarily increased the open-end threshold to 500 open-end lines of credit for two years (calendar years 2018 and 2019). In October 2019, the Bureau extended the temporary threshold of 500 open-end lines of credit to January 1, 2022.

## **Effective Dates**

The increase in the closed-end threshold to 100 is effective July 1, 2020. The increase in the permanent open-end threshold to 200 is effective January 1, 2022, when the current temporary open-end threshold of 500 expires.

## **Closed-End Coverage Threshold**

The final rule permanently raises the closed-end coverage threshold from 25 to 100 closed-end mortgage loans in each of the two preceding calendar years, effective July 1, 2020. This threshold applies to both depository and nondepository institutions.

Institutions that originated fewer than 100 closed-end mortgage loans in either of the two preceding calendar years will not be subject to HMDA's requirements to collect data on closed-end mortgage loans after July 1, 2020. For calendar year 2021, an institution will not be required to collect HMDA data for closed-end mortgage loans if it originated fewer than 100 closed-end mortgage loans during either 2019 or 2020. In calendar year 2020, an institution could have been subject to HMDA's closed-end requirements as of January 1, 2020 because it originated at least 25 closed-end mortgage loans in 2018 and 2019 and meets all of the other requirements under the rule, but no longer be subject to HMDA's closed-end requirements as of July 1, 2020 (a newly excluded institution) because it originated fewer than 100 closed-end mortgage loans during 2018 or 2019.

Here is how the 2020 HMDA Final Rule affects newly excluded institutions' collection, recording, and reporting obligations with respect to 2020 HMDA data:

- *Collection:* Newly excluded institutions can stop collecting HMDA data on their closed-end mortgage loans beginning on July 1, 2020. Note, though, that other laws or regulations may require collection of certain data on home loan activity. For example, Regulation B includes an independent requirement to collect information regarding the applicant's ethnicity, race, sex, marital status, and age where the credit sought is primarily for the purchase or refinancing of a dwelling that is or will be the applicant's principal residence and will secure the credit.
- *Recording:* Newly excluded institutions must still record closed-end data for the first quarter of 2020 on a loan/application register by 30 calendar days after the end of the first quarter. They will not, however, be required to record closed-end data for the second quarter of 2020 because the deadline for recording that data is after July 1, 2020.
- *Reporting:* Because newly excluded institutions collecting HMDA data in 2020 would not otherwise report those data until early 2021, the final rule relieves newly excluded institutions of the obligation to report by March 1, 2021 data collected in 2020 on closed-end mortgage loans (including data collected in 2020 before July 1, 2020). Under the final rule, a newly excluded institution may report voluntarily HMDA data on closed-end mortgage loans in 2021 as long as the institution reports data for the full calendar year 2020.

## Open-End Coverage Threshold

The final rule sets the permanent open-end threshold at 200 open-end lines of credit effective January 1, 2022, upon expiration of the temporary threshold of 500 open-end lines of credit. This threshold applies to both depository and nondepository institutions.

Beginning in calendar year 2022, financial institutions that originated at least 200 open-end lines of credit in each of the two preceding calendar years must collect and record data on their open-end lines of credit and report that data by March 1 of the following calendar year.