

## I. BACKGROUND

The Home Mortgage Disclosure Act (“HMDA”) enacted in 1975, requires certain financial institutions to provide mortgage data to the public. HMDA’s original purpose was to provide the public and public officials with data to help determine whether financial institutions were serving the housing needs of the communities in which they are located, and to assist public officials in their determination of the distribution of public sector investments in a manner designed to improve the private investment environment. Congress later expanded HMDA to require financial institutions to report racial characteristics, gender, and income information on applicants and borrowers. Regulation C implements HMDA and sets out specific requirements for the collection, recording, reporting, and disclosure of mortgage lending information.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”) transferred rulemaking authority for HMDA to the Bureau of Consumer Financial Protection (“BCPB” or “Bureau”) effective July 2011. It also amended HMDA to add new data points and authorized the Bureau to require additional information from covered institutions. In July 2014, the Bureau proposed amendments to Regulation C to 1) implement the Dodd-Frank Act changes; 2) to require collection, recording, and reporting of additional information; and 3) to modernize how covered institutions report HMDA data.

The new HMDA Rule (“HMDA Rule”) was issued on October 15, 2015 and required covered institutions to collect 48 unique data fields on most residential mortgage loan applications. Under the new rule, a covered institution must obtain a 20-digit Legal Entity Identifier (“LEI”) from the Global LEI Foundation and include it on its HMDA submission.<sup>1</sup>

In August 2018, the BCPB issued an interpretive and procedural rule to clarify and implement the requirements of section 104(a) of the Economic Growth, Regulatory Relief, and Consumer Protection Act, which amended certain provisions of HMDA by providing partial exemptions to small-volume lenders.

Collection of the new data points became effective on January 1, 2018, with reporting of the data beginning in 2019.

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<sup>1</sup> LEIs are issued by Global LEI Foundation or the LEI Regulatory Oversight Committee. Covered institutions must register at <https://www.gmeiutility.org/> before obtaining an LEI. Registration is available only to current employees authorized on behalf of the institution and is subject to initial and annual fees.

## Applicability to Community Banks

The HMDA Rule has two exemptions for small-volume lenders.

- Community banks under \$45 million in assets (adjusted annually) and banks with no offices in metropolitan statistical areas (“MSAs”) are exempt from HMDA.
- Community banks originating fewer than 500 closed-end loans or fewer than 500 open-end lines of credit secured by a dwelling in the two preceding calendar years are partially exempt from some, but not all, reporting requirements. Partially exempt community banks have the option of reporting exempt data fields as long as they report on all fields within the particular data point.

The small-volume lender exemptions were effective September 7, 2018.

*Link to the Rule and Bureau resource center:* <http://www.consumerfinance.gov/regulatory/implementation/hmda/>

*Link to FFIEC 2018 A Guide to HMDA Reporting:* <https://www.ffiec.gov/hmda/guide.htm>

## II. SCOPE

- The HMDA Rule modifies the types of transactions that are covered under Regulation C. In general, the HMDA Rule adopts a dwelling-secured standard for transactional coverage.
- Beginning January 1, 2018, covered loans under the HMDA Rule generally include:
  - closed-end mortgage loans and open-end lines of credit secured by a dwelling,
  - home improvement loans secured by a dwelling, and
  - business-purpose loans that are secured by a dwelling if used for home improvement, home purchase, or refinancing.
- The HMDA Rule also changes the scope of covered preapproval requests. Beginning January 1, 2018, covered institutions are required to collect, record, and report information for approved but not accepted preapproval requests for home purchase loans.
- Covered loans and lines of credit do not include agricultural-purpose transactions or other specifically excluded transactions, even if they are dwelling-secured.
- Unsecured home improvement loans are not reported.
- Construction-only loans are reported.

### III. COVERED LENDERS

- As of May 2018, an institution is subject to Regulation C if it originated at least 25 covered closed-end mortgage loans in each of the two preceding calendar years **OR** at least 500 covered open-end lines of credit (“HELOCs”) in each of the two preceding calendar years, and it meets other applicable coverage requirements.<sup>2</sup>
- An institution (or small-volume lender) that originates fewer than 500 closed-end mortgages or fewer than 500 HELOCs in each of the two preceding calendar years is not required to collect or report certain HMDA data.<sup>3</sup>
- Starting in 2020, institutions with more than 60,000 combined reportable loans and applications will report on a quarterly basis.

#### *Coverage Criteria*

A community bank is subject to HMDA reporting requirements if it meets all of the following requirements:

- on the preceding December 31 year assets<sup>4</sup> are above the HMDA reporting threshold;
- on the preceding December 31 operated a home or branch office in an MSA;
- originated at least one home purchase loan or refinanced a home purchase loan secured by a first lien on a 1-4-family dwelling in the preceding year;
- the institution was federally insured or regulated; the mortgage loan was insured, guaranteed or supplemented by a federal agency, or intended for sale to Fannie Mae or Freddie Mac; and
- in each of the two preceding calendar years the institution originated at least 500 closed-end mortgage loans or HELOCs.

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<sup>2</sup>The triggers for mortgages and open-end lines of credit operate independently. A community bank will report closed-end and reverse mortgages only if it meets the 500-mortgage threshold and will report open-end lines of credit only if it meets the 500 open-end lines of credit threshold.

<sup>3</sup> Threshold increased under the Economic Growth, Regulatory Relief, and Consumer Protection Act on May 24, 2018. Except for “Age,” exempt institutions are not required to collect and report the data fields described in paragraphs 5 and 6 of section 304 of the Home Mortgage Disclosure Act of 1975 ( 12 U.S.C. 2803), as amended, provided those institutions are not rated as “needs to improve” or “substantial non-compliance” in meeting Community Reinvestment Act (CRA) obligations by their prudential regulator. Small-volume lender exemption effective September 7, 2018.

<sup>4</sup> Asset threshold adjusted annually.

## IV. REPORTABLE DATA

For HMDA data collected on or after January 1, 2018, covered institutions that do not meet reporting thresholds will collect, record, and report 48 unique data points for each loan application, of which 25 are new, 14 are modified from the current rule, and nine are mostly unchanged.

### *Existing (Unchanged) Data Points*

Action Taken	Action Taken Date	Application Date
HOEPA Status	Income of the Borrower	Loan Type
Property Location – Census Tract	Property Location – County	Property Location – State

### *Modified Data Points*

Construction Method	Ethnicity of Borrower	Legal Entity Identifier (LEI)
Lien Status	Loan Amount	Loan Purpose
Occupancy Type	Pre-Approval	Race of Borrower
Rate Spread	Reason for Denial	Sex of Borrower
Type of Purchaser	Universal Loan Identifier (ULI)	

### *New Data Points*

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

**For additional information on the Regulation C data points see the Appendix of this document.**

## V. DATA SUBMISSION

The Bureau has a new web-based submission tool for reporting HMDA data which replaced the Federal Financial Institution Examination Council's tool. As of January 2018, covered institutions must use the Bureau's online platform to upload loan/application registers ("LARs") and submit data for the filing year.

## VI. DISCLOSURE REQUIREMENTS

Beginning in 2018, covered institutions no longer have to provide a disclosure statement or a modified loan/application register to the public upon request. Instead, in response to a request, a covered institution will provide a notice that its disclosure statement and modified LAR are available on the Bureau's website. The HMDA Rule includes sample language that covered institutions can use for these purposes. These revised disclosure requirements will apply to data collected on or after January 1, 2017 and reported in or after 2018. For data collected on or after 2018, and reported in or after 2019, the Bureau has indicated it will use a balancing test to determine whether and, if so, how HMDA data should be modified prior to its disclosure to protect applicant and borrower privacy while also fulfilling HMDA's disclosure purposes.

## VII. HMDA Examinations & Good Faith Compliance Efforts

Examinations of 2018 HMDA data will be diagnostic and conducted in a manner that will assist covered institutions in identifying gaps and weaknesses and help them in making improvements. The Bureau will credit institutions with good-faith compliance efforts and will not require data resubmission for HMDA data collected in 2018 and reported in 2019, unless data errors are material. Additionally, the Bureau does not intend to assess penalties for errors in data collected in 2018 and reported in 2019.

## APPENDIX OF DATA POINTS REQUIRED BY REVISED HMDA RULE

### Existing (Unchanged) Data Points

Data Point	Status	Description	Regulation C Reference
Action Taken	Existing	Type of action taken on loan, application, or preapproval request	§ 1003.4(a)(8), Comments 4(a)(8)(i)-1 through -14 and 4(a)(8)(ii)-1 through -6
Action Taken Date	Existing	Date action taken	§ 1003.4(a)(8), Comments 4(a)(8)(i)-1 through -14 and 4(a)(8)(ii)-1 through -6
Application Date	Existing	Date the application was received or the date on the application form	§ 1003.4(a)(1)(ii), Comments 4(a)(1)(ii)-1 through -3
HOEPA Status	Existing	Whether the loan is a high-cost mortgage under the Home Ownership and Equity Protection Act (HOEPA)	§ 1003.4(a)(13), Comment 4(a)(13)-1
Income	Existing	If credit decision is made, gross annual income relied on in making the credit decision; OR, if a credit decision was not made, the gross annual income relied on in processing the application	§ 1003.4(a)(10)(iii), Comments 4(a)(10)(iii)-1 through -10
Loan Type	Existing	Whether the loan or application is insured by the Federal Housing Administration, guaranteed by the Veterans Administration, Rural	§ 1003.4(a)(2), Comment 4(a)(2)-1

		Housing Service, or Farm Service Agency	
Property Location - Census Tract	Existing	Location of the property securing the loan (or proposed to secure a loan)	§ 1003.4(a)(9)(ii), Comments 4(a)(9)-1 through -5, 4(a)(9)(ii)(B)-1, and 4(a)(9)(ii)(C)-1
Property Location - State	Existing	Location of the property securing the loan (or proposed to secure a loan)	§ 1003.4(a)(9)(ii), Comments 4(a)(9)-1 through -5, 4(a)(9)(ii)(B)-1, and 4(a)(9)(ii)(C)-1
Property Location - County	Existing	Location of the property securing the loan (or proposed to secure a loan)	§ 1003.4(a)(9)(ii), Comments 4(a)(9)-1 through -5, 4(a)(9)(ii)(B)-1, and 4(a)(9)(ii)(C)-1

### Modified Data Points

Data Point	Status	Description	Regulation C Reference
Construction Method	Modified	Whether the dwelling is site-built or a manufactured home	§ 1003.4(a)(5), Comments 4(a)(5)-1 through -3
Ethnicity	Modified	Applicant's or borrower's ethnicity and if information was collected by visual observation or surname	§ 1003.4(a)(10)(i), Comments 4(a)(10)(i)-1 and -2 and appendix B
Legal Entity Identifier (LEI)	Modified	Identifier issued to the financial institution by a utility endorsed by the Global LEI Foundation or LEI Regulatory Oversight Committee	§ 1003.4(a)(1)(i)(A)

Data Point	Status	Description	Regulation C Reference
Lien Status	Modified	Whether the property is a first or subordinate lien	§ 1003.4(a)(14), Comments 4(a)(14)-1 and -2
Loan Amount	Modified	Amount of the loan or the amount applied for	§ 1003.4(a)(7), Comments 4(a)(7)-1 through -9
Loan Purpose	Modified	Whether the transaction is for home purchase, home improvement, refinancing, cash-out refinancing, or another purpose	§ 1003.4(a)(3), Comments 4(a)(3)-1 through -5
Occupancy Type	Modified	Whether the property will be used as a principal residence, second residence, or investment property	§ 1003.4(a)(6), Comments 4(a)(6)-1 through -5
Preapproval	Modified	Whether the transaction involved a preapproval request for a home purchase loan under a preapproval program	§ 1003.4(a)(4), Comments 4(a)(4)-1 and -2
Race	Modified	Applicant's or borrower's race and if information was collected by visual observation or surname	§ 1003.4(a)(10)(i), Comments 4(a)(10)(i)-1 and -2 and appendix B
Rate Spread	Modified	Difference between the annual percentage rate and average prime offer rate for a comparable transaction	§ 1003.4(a)(12), Comments 4(a)(12)-1 through -8
Reason for Denial	Modified	Reason(s) the application was denied	§ 1003.4(a)(16), Comments 4(a)(16)-1 through -4



Data Point	Status	Description	Regulation C Reference
Sex	Modified	Applicant's or borrower's sex and if information was collected by visual observation or surname	§ 1003.4(a)(10)(i), Comments 4(a)(10)(i)-1 and -2 and appendix B
Type of Purchaser	Modified	Type of entity purchasing the loan	§ 1003.4(a)(11), Comments 4(a)(11)-1 through -10
Universal Loan Identifier (ULI)	Modified	Identifier assigned to identify and retrieve a loan or application that contains the FI's LEI, an internally generated sequence of characters, and a check digit	§ 1003.4(a)(1)(i), Comments 4(a)(1)(i)-1 through -5, and appendix C

### New Data Points

Data Point	Status	Description	Regulation C Reference
Age	New	Applicant's or borrower's age	§ 1003.4(a)(10)(ii), Comments 4(a)(10)(ii)-1 through -5
Application Channel (Submission of Application and Initially Payable to Your Institution)	New	Indicators of whether the application was submitted directly to the FI, and whether the obligation was initially payable to the FI	§ 1003.4(a)(33), Comments 4(a)(33)-1, 4(a)(33)(i)-1, and 4(a)(33)(ii)-1 through -2
Automated Underwriting System	New	Name of the automated underwriting system used by the FI to evaluate the application and the result generated by that system	§ 1003.4(a)(35), Comments 4(a)(35)-1 through -6

Data Point	Status	Description	Regulation C Reference
Business or Commercial Purpose	New	Indicator of whether the transaction is primarily for a business or commercial purpose	§ 1003.4(a)(38), Comment 4(a)(38)-1
Combined Loan-to-Value Ratio	New	Ratio of the total amount of debt that is secured by the property to the value of the property that was relied on	§ 1003.4(a)(24), Comments 4(a)(24)-1 through -5
Credit Score	New	Credit score(s) relied on and the name and version of the credit scoring model	§ 1003.4(a)(15), Comments 4(a)(15)-1 through -7
Debt-to-Income Ratio	New	Ratio of the applicant's or borrower's total monthly debt to total monthly income relied on	§ 1003.4(a)(23), Comments 4(a)(23)-1 through -7
Discount Points	New	Points paid to the creditor to reduce the interest rate	§ 1003.4(a)(19), Comments 4(a)(19)-1 through -3
Interest Rate	New	Interest rate on the approved application or loan	§ 1003.4(a)(21), Comments 4(a)(21)-1 through -3
Introductory Rate Period	New	Number of months until the first date the interest rate may change	§ 1003.4(a)(26), Comments 4(a)(26)-1 through -4
Lender Credits	New	Amount of lender credits	§ 1003.4(a)(20), Comments 4(a)(20)-1 through -3
Loan Term	New	Number of months after which the legal obligation will mature or terminate	§ 1003.4(a)(25), Comments 4(a)(25)-1 through -5

Data Point	Status	Description	Regulation C Reference
Manufactured Home Land Property Interest	New	Information about the applicant's or borrower's ownership or leasehold interest in the land where the manufactured home is located	§ 1003.4(a)(30), Comments 4(a)(30)-1 through -6
Manufactured Home Secured Property Type	New	Whether the covered loan is secured by a manufactured home and land or a manufactured home and not land	§ 1003.4(a)(29), Comments 4(a)(29)-1 through -4
Mortgage Loan Originator NMLSR Identifier	New	National Mortgage Licensing System & Registry (NMLSR) identifier for the mortgage loan originator	§ 1003.4(a)(34), Comments 4(a)(34)-1 through -3
Multifamily Affordable Units	New	Number of individual dwelling units related to the property that are income-restricted under federal, state, or local affordable housing programs	§ 1003.4(a)(32), Comments 4(a)(32)-1 through -6
Non-Amortizing Features	New	Whether the transaction involves a balloon payment, interest-only payments, negative amortization, or any other type of non-amortizing feature	§ 1003.4(a)(27), Comment 4(a)(27)-1
Open-End Line of Credit	New	Indicator of whether the transaction is for an open-end line of credit	§ 1003.4(a)(37), Comment 4(a)(37)-1
Origination Charges	New	Total borrower-paid origination charges	§ 1003.4(a)(18), Comments 4(a)(18)-1 through -3
Prepayment Penalty Term	New	Term in months of any prepayment penalty	§ 1003.4(a)(22), Comments 4(a)(22)-1 through -2

<b>Data Point</b>	<b>Status</b>	<b>Description</b>	<b>Regulation C Reference</b>
Property Address	New	Address of the property securing the loan (or proposed to secure a loan)	§ 1003.4(a)(9)(i), Comments 4(a)(9)-1 through -5 and 4(a)(9)(i)-1 through -3
Property Value	New	Value of the property relied on that secures the loan	§ 1003.4(a)(28), Comments 4(a)(28)-1 through -4
Reverse Mortgage	New	Indicator of whether the transaction is for a reverse mortgage	§ 1003.4(a)(36)
Total Loan Costs or Total Points and Fees	New	Either total loan costs, or total points and fees charged	§ 1003.4(a)(17), Comments 4(a)(17)(i)-1 through -3 and 4(a)(17)(ii)-1 through -2
Total Units	New	Number of individual dwelling units related to the property	§ 1003.4(a)(31), Comments 4(a)(31)-1 through -4