

ICBA Summary of the Home Mortgage Disclosure Act (HMDA) Revisions to Regulation C

November 2015



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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 information to help determine whether financial institutions are 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 Consumer Financial Protection Bureau (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 to further HMDA's purposes; and 3) to modernize the manner in which covered institutions report HMDA data.

The Bureau's new HMDA Rule issued on October 15, 2015, requires covered institutions to collect 48 unique data fields on most residential mortgage loan applications. **Collection of the new data points begins on January 1, 2018, and with reporting of that data beginning in 2019.**

Applicability to Community Banks

The HMDA rule adds a new exemption for small-volume lenders. Banks under \$44 million in assets (adjusted annually) and banks with no offices in metropolitan statistical areas (MSAs) will continue to be exempt from HMDA. In addition, banks originating fewer than 25 closed-end loans or fewer than 100 open-end lines of credit secured by a dwelling in the two preceding calendar years will be exempt from reporting requirements.

The Bureau estimates 22 percent of existing HMDA reporters, or about 1,400 institutions, will become exempt due to the small-volume-lender exemption. While other changes under the HMDA Rule will be effective Jan. 1, 2018, the new small-volume-lender exemptions are effective Jan. 1, 2017.

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

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 on January 1, 2018, covered loans under the HMDA Rule generally will 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. Currently, the collection, recording, and reporting of preapproval requests that are approved but not accepted is optional under Regulation C. 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.

III. COVERED LENDERS

- The HMDA Rule revisions add a new exemption for small-volume lenders beginning in 2017 that will become effective in two phases.
- First, the new rule narrows the scope of depository institutions subject to Regulation C in 2017.
- Second, effective January 1, 2018, the HMDA Rule adopts a uniform loan-volume threshold for all institutions. Beginning in 2018, an institution will be 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 100 covered open-end lines of credit in each of the two preceding calendar years, and it meets other applicable coverage requirements.
 - **Note: 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 25 mortgage threshold and will report open-end lines of credit only if it meets the 100 open-end lines of credit threshold.**
- Starting in 2020, institutions with more than 60,000 combined reportable loans and applications will report on a quarterly basis.

Coverage Criteria

<p>From Jan. 1-Dec. 31, 2017, a community bank is subject to HMDA reporting requirements if it meets all of the following requirements:</p> <ul style="list-style-type: none"> • On the preceding December 31 assets were above the HMDA reporting threshold¹; • 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 it was intended for sale to Fannie Mae or Freddie Mac; and • In each of the two preceding calendar years the institution originated at least 25 home purchase loans², including refinancings of home purchase loans. 	<p>From Jan. 1, 2018, onwards, a community bank is subject to HMDA reporting requirements if it meets all of the following requirements:</p> <ul style="list-style-type: none"> • On the preceding December 31 year assets are above the HMDA reporting threshold¹; • 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 it was intended for sale to Fannie Mae or Freddie Mac; and • In each of the two preceding calendar years the institution originated at least 25 closed-end mortgage loans² or 100 open-end lines of credit secured by a dwelling.
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IV. REPORTABLE DATA

For HMDA data collected on or after January 1, 2018, covered institutions 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 9 are mostly unchanged.

Existing 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

¹ The threshold is adjusted annually, for 2015 it is \$44 million.

² A home purchase loan is a closed-end mortgage loan or an open-end line of credit that is for the purpose, in whole or in part, of purchasing a dwelling.

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 PROCESS

The Bureau is developing a new web-based submission tool for reporting HMDA data which will replace the current FFIEC tool. Covered institutions will report data using the new web-based submission tool beginning in 2018. As of November 2015, details of the new data submission tool have not been shared with the industry or the general public.

VI. DISCLOSURE REQUIREMENTS

Beginning in 2018, covered institutions will no longer have to provide a disclosure statement or a modified loan/application register (LAR) 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 in 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 in order to protect applicant and borrower privacy while also fulfilling HMDA's disclosure purposes. It is expected that at a later date, the Bureau will provide a process for the public to provide input regarding the application of this balancing test to determine the HMDA data to be publicly disclosed.

APPENDIX OF DATA POINTS REQUIRED BY REVISED HMDA RULE

Existing 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 Housing Service, or Farm Service Agency	§ 1003.4(a)(2), Comment 4(a)(2)-1
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

Data Point	Status	Description	Regulation C Reference
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)
Lien Status	Modified	Whether the property is a first or subordinate lien	§ 1003.4(a)(14), Comments 4(a)(14)-1 and -2

Data Point	Status	Description	Regulation C Reference
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
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

Data Point	Status	Description	Regulation C Reference
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