

HMDA Rule Overview & Update

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Agenda

- **Brief History of HMDA**
- **Overview of the HMDA final rule**
- **CFPB Updates**
 - **Race and Ethnicity Collection and Reporting**
 - **Proposed amendments to Regulation C (2017 HMDA proposed rule & 500 Open-end proposal)**
- **CFPB HMDA Platform and HMDA Platform Tools**

Brief History of HMDA

- Enacted by Congress in 1975, implemented by Board rulemaking in 1976
- Both the statute and the regulation were amended several times over the following four decades
- HMDA's purposes:
 - Helps show whether financial institutions are serving the housing needs of their communities;
 - Assists public officials in distributing public-sector investment to attract private investment to areas where it is needed; and
 - Assists with the identification of possible discriminatory lending patterns and enforcement of antidiscrimination laws

Brief History of HMDA (continued)

- Dodd-Frank Wall Street Reform and Consumer Protection Act amended HMDA in 2010
 - Added new reporting requirements
 - “Such other information as the Bureau may require”
- The 2010 Federal Reserve Board Hearings
- The Bureau issued the HMDA proposed rule on July 24, 2014
 - 97-day comment period
 - About 400 comments
- The Bureau issued the HMDA final rule on October 15, 2015 to implement provisions of the Dodd-Frank Act

Overview of the HMDA Final Rule

Basic Overview of HMDA Final Rule

- Modifications to . . .
 - Institutional Coverage
 - Transactional Coverage
 - Reporting Requirements
 - Reporting and Release
- What isn't in the final rule?
 - Extent to which the data will be released to the public
 - Subsequent policy making to include process for public input
 - Balancing test = potential harm to applicant and borrower privacy with the importance of releasing information to fulfill HMDA's disclosure purposes

Basic Overview of HMDA Final Rule (continued)

- CFPB will assume the operations functions from the Federal Reserve Board for the HMDA data collection and reporting beginning with the HMDA data collected in 2017 and reported in 2018.
- CFPB has comprehensively reviewed the HMDA reporting process with special focus on:
 - Improving upon the data collected and released
 - Reducing unnecessary burden on financial institutions
 - Modernizing and streamlining the collection and reporting of HMDA data

Institutional Coverage (§ 1003.2(g))

- Final rule decreases coverage of depository institutions and expands coverage of nondepository institutions by creating a uniform loan-volume coverage test for both depository and nondepository institutions
- Uniform loan-volume test: The institution either originated
 - At least **25 closed-end mortgage loans** in each of the two preceding calendar years or
 - At least **100 (500?) open-end lines of credit** in each of the two preceding calendar years
- Depository Institutions still subject to existing asset, location, and activity tests
- Nondepository Institutions still subject to existing location test
- Temporary loan-volume test for depository institutions effective on January 1, 2017
 - Excludes depository institutions that originated fewer than 25 home purchase loans (including refinancings of home purchase loans) in each of the two preceding calendar years

Institutional Coverage charts

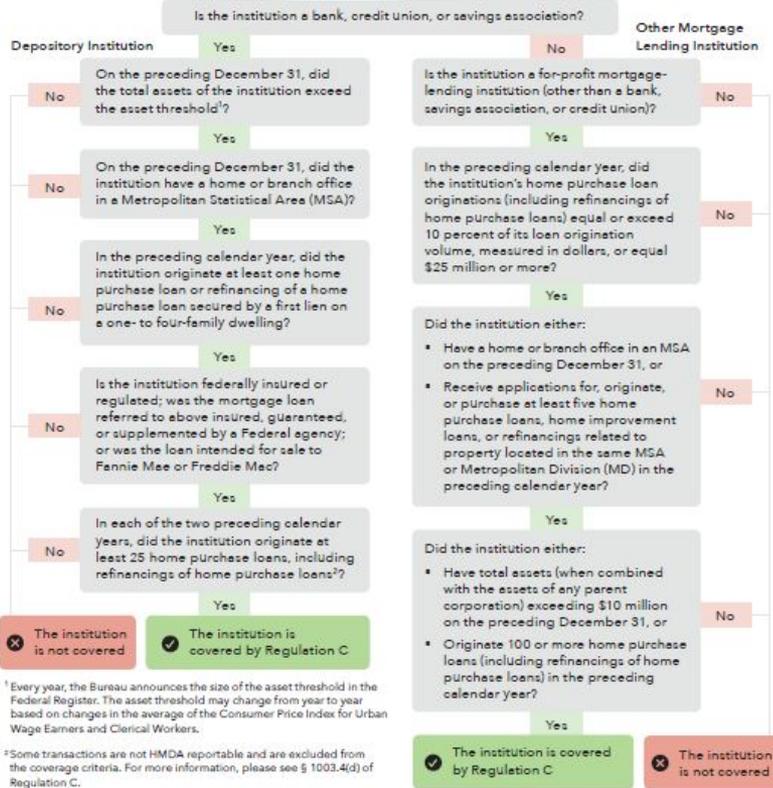
WHO MUST REPORT

HMDA institutional coverage



The precise criteria for whether an institution is covered by Regulation C are codified in the definition of financial institution in 12 CFR § 1003.2. These criteria are illustrated by the following diagrams.

Coverage criteria | Effective January 1 - December 31, 2017



¹ Every year, the Bureau announces the size of the asset threshold in the Federal Register. The asset threshold may change from year to year based on changes in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers.

² Some transactions are not HMDA reportable and are excluded from the coverage criteria. For more information, please see § 1003.4(d) of Regulation C.

This chart summarizes requirements under HMDA and Regulation C, and does not itself establish any binding obligations. It is intended only to act as a quick reference and not as a substitute for the regulation or its commentary. Always consult the regulation text and official commentary for a complete understanding of the law. Version 1.0, 10/15/15

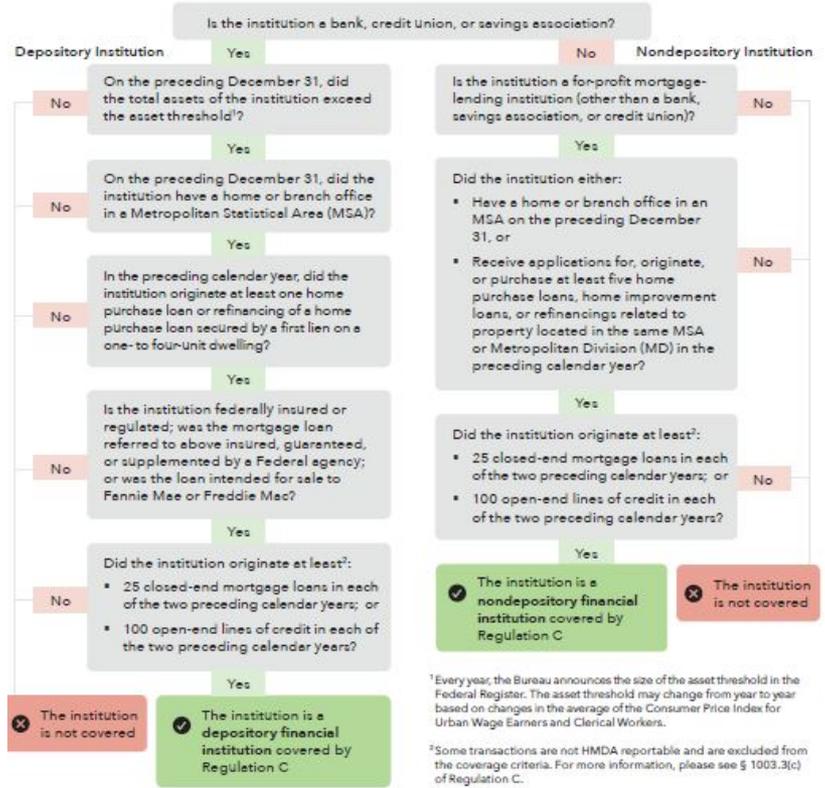
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Coverage criteria | Effective January 1, 2018



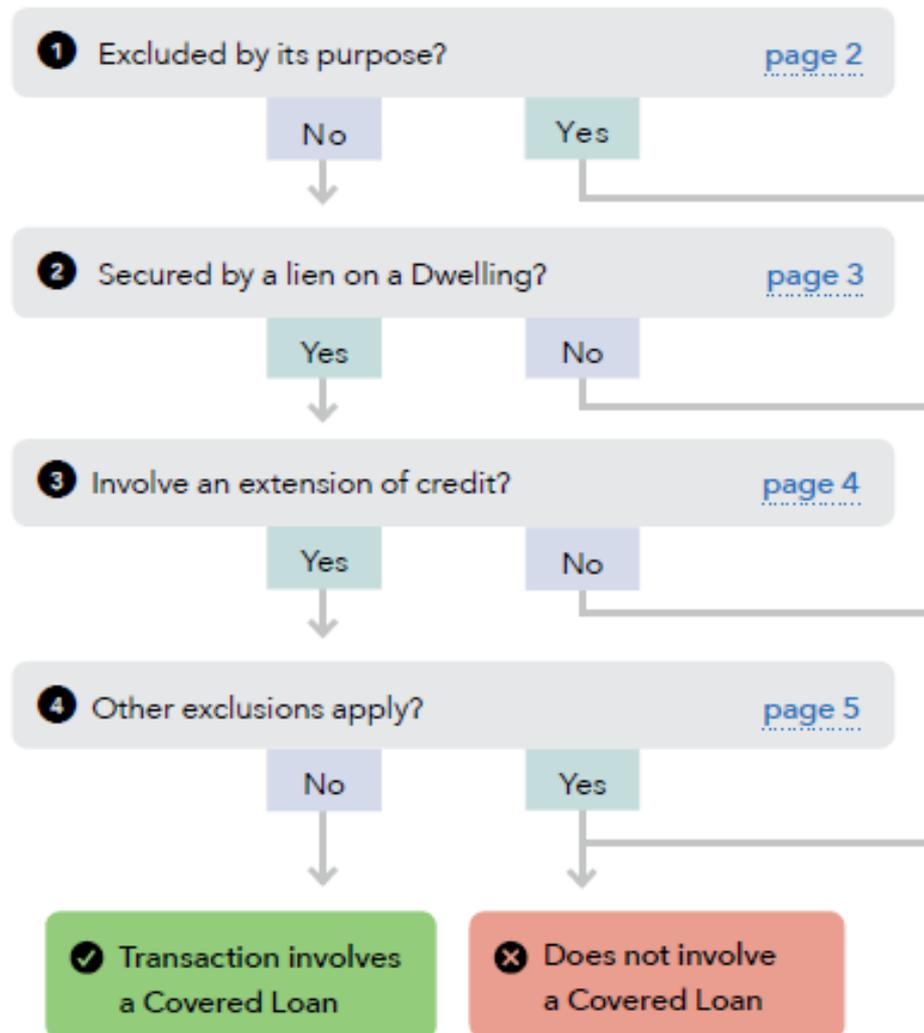
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HMDA Transaction Coverage chart

Does the transaction involve a Covered Loan?



Transactional Coverage (§§ 1003.2(d), (e), (o), 1003.3(c))

- Different coverage rules apply to consumer-purpose and commercial-purpose transactions
- Consumer-purpose transactions (*i.e.*, extensions of credit that are not primarily for business or commercial purposes)
 - Covered loan = dwelling-secured, closed- or open-end extension of credit
 - Examples: consumer-purpose home-equity loans, home-equity lines of credit, and reverse mortgages
- Do not report transactions that are:
 - Not secured by a dwelling (*e.g.*, unsecured home improvement loans, liens on unimproved land)
 - Primarily for agricultural purposes
 - Not extensions of credit (*e.g.*, renewal of an open-end line of credit unless the existing debt obligation is satisfied and replaced)
 - Otherwise excluded from coverage in § 1003.3(c) (*e.g.*, temporary financing)

Transactional Coverage (continued)

- Commercial-purpose transactions (*i.e.*, extensions of credit that are primarily for business or commercial purposes)
 - Covered loan = dwelling-secured, closed- or open-end extension of credit that is a home purchase loan, a home improvement loan, or a refinancing
 - Example (covered): closed-end mortgage loan or open-end line of credit to purchase or improve a multifamily dwelling or a single-family dwelling investment property
 - Example (not covered): closed-end mortgage loan or open-end line of credit solely or primarily to improve or expand a business (*e.g.*, to renovate a family restaurant that is not located in a dwelling, or to purchase a warehouse, business equipment, or inventory)

Transactional Coverage (continued)

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

Dwelling chart
excerpt from Step 2

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.

Transactional Coverage (continued)

✔ 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. (See [2018 Institutional Coverage Chart](#) for guidance regarding institutional coverage.)

Closed-End Mortgage Loan § 1003.2(d)

Lending activity

Originated at least 25 Closed-End Mortgage Loans in each of the two preceding calendar years?

§ 1003.3(c)(11)

Yes

No

Data reporting

Required to report all Closed-End Mortgage Loan Applications, originations, and purchases

Not required to report Closed-End Mortgage Loan Applications, originations, and purchases

Open-End Line of Credit § 1003.2(o)

Lending activity

Originated at least 100 Open-End Lines of Credit in each of the two preceding calendar years?

§ 1003.3(c)(12)

Yes

No

Data reporting

Required to report all Open-End Lines of Credit Applications, originations, and purchases

Not required to report Open-End Lines of Credit Applications, originations, and purchases

- 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.

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	30	24	Only open-end lines of credit
	Open-end lines of credit	1,000	1,200	
B	Closed-end mortgage loans	30	45	Only closed-end mortgage loans, assuming change to 500
	Open-end lines of credit	499	505	
C	Closed-end mortgage loans	55	45	Both closed-end mortgage loans and open-end lines of credit
	Open-end lines of credit	550	600	
D	Closed-end mortgage loans	22	26	Neither, assuming change to 500
	Open-end lines of credit	498	601	

Data Reporting Requirements (§ 1003.4(a))

- HMDA final rule will require financial institutions to collect, record, and report information on a total of 48 data points
- To reduce reporting burden, the final rule:
 - Addresses known compliance questions about the regulation
 - Aligns with other regulations, where appropriate
 - Implements “relied on” standard, where appropriate
 - Moves toward a data standard (MISMO and ULDD), where appropriate
 - Streamlines and consolidates requirements into regulation text

Summary of Reportable HMDA Data chart

Effective January 1, 2018



Summary of Reportable HMDA Data – Regulatory Reference Chart^a

This chart is intended to be used as a reference tool for data points required to be collected, recorded, and reported under Regulation C, as amended by the HMDA Rule issued on October 15, 2015. The relevant regulation and commentary sections are provided for ease of reference. This chart does not provide data fields or enumerations used in preparing the HMDA loan/application register (LAR). For more information on preparing the HMDA LAR, please see <http://www.consumerfinance.gov/hmda>.

Data Point	Status ^b	Description	Regulation C References
(1) Legal Entity Identifier (LEI)	Modified	Identifier issued to the financial institution (FI) by a utility endorsed by the Global LEI Foundation or LEI Regulatory Oversight Committee	§ 1003.4(a)(1)(i)(A)
(2) 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
(3) 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
(4) 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
(5) 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

Data Points—Identifiers

- Legal Entity Identifier
- Universal Loan Identifier
- Property address
- Mortgage Loan Originator NMLSR Identifier

Data Points—Applicants and Applications

- Ethnicity, race, and sex
 - Disaggregation of ethnicity and race
- Age
- Income
- Debt-to-income ratio
- Credit score
- Automated underwriting system
- Application channel
- Reason for denial
- Application date
- Preapproval request

Data Points—Property

- Property location by state, county, and census tract
- Lien status
- Property value
- Combined loan-to-value ratio
- Construction method
- Manufactured home secured property type
- Manufactured home land property interest
- Total units
- Multifamily affordable units
- Occupancy type

Data Points—Transaction

- Loan type
- Loan purpose
- Loan amount
- Action taken and action taken date
- Type of purchaser
- Rate spread
- HOEPA status
- Total loan costs or total points and fees
- Origination charges
- Discount points
- Lender credits
- Interest rate
- Prepayment penalty term
- Loan term
- Introductory rate period
- Non-amortizing features
- Reverse mortgage
- Open-end line of credit
- Business or commercial purpose

Reporting and Release Modifications (§ 1003.5)

- Financial institutions still required to submit data to the appropriate federal agency by March 1 following the calendar year for which data is collected
- Financial institutions are no longer required to make available the disclosure statement and modified loan/application register to the public
 - Instead, financial institutions must provide a notice to members of the public seeking these data that the information is available on the Bureau's website
- Beginning in 2020, larger-volume financial institutions are required to report HMDA data on a quarterly basis in addition to annually

Effective Dates of HMDA Final Rule

1/1/ 2017	1/1/2018	1/1/2019	1/1/2020
Effective date for excluding low volume depository institutions from coverage	Effective date for most provisions related to institutional and transactional coverage, and data collection, recording, reporting, and disclosure	Effective date for changes to enforcement provisions and additional amendments to reporting provisions	Effective date for quarterly reporting provisions

CFPB Updates

Ethnicity and Race Collection and Reporting

Application Year	Final Action Year	Ethnicity and Race Collection and Reporting Requirements	Regulatory References
2017	2017	Collect aggregate and report aggregate, OR	Current Regulation C (12 CFR part 1003, appendices A and B)
		Collect disaggregated and report aggregate	Bureau Official Approval Notice (81 FR 66930)
Application Year	Final Action Year	Ethnicity and Race Collection and Reporting Requirements	Regulatory References
2017	2018	Collect aggregate and report aggregate, OR	Current Regulation C (12 CFR part 1003, appendices A and B) AND transition rule (2015 HMDA Final Rule, comment 4(a)(10)(i)-2)
		Collect disaggregated and report aggregate, OR	Bureau Official Approval Notice (81 FR 66930) AND transition rule (2015 HMDA Final Rule, comment 4(a)(10)(i)-2)
		Collect disaggregated and report disaggregated	Bureau Official Approval Notice (81 FR 66930)
Application Year	Final Action Year	Ethnicity and Race Collection and Reporting Requirements	Regulatory References
2018 and beyond	2018 and beyond	Collect disaggregated and report disaggregated, AND Report whether ethnicity, race, and sex were collected on the basis of visual observation or surname**	2015 HMDA Rule (80 FR 66127)

2017 HMDA Proposed Rules

Through outreach and internal analysis, the Bureau identified a number of areas in which implementation of the HMDA final rule could be facilitated through clarifications, technical corrections, or minor changes.

<https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-proposal-clarify-mortgage-data-rule/>

The Bureau also proposed an increase in the Open-end threshold to 500.

2017 HMDA Proposed Rule – Examples

The 2017 HMDA proposed rule would...

- Establish transition rules for reporting certain purchased loans
 - Loan purpose
 - NMLSR ID
- Facilitate reporting the census tract of the property via Bureau's geocoding tool
- Clarify certain key terms, such as temporary financing and automated underwriting system
- Make certain technical corrections

CFPB HMDA Platform and HMDA Platform Tools

HMDA regulatory implementation page

Home Mortgage Disclosure Act rule implementation

Resources to help industry understand, implement, and comply with the Home Mortgage Disclosure Act and Regulation C.

Guides

[Small entity compliance guide](#)

Quick references

[Executive summary](#) - Overview of changes to the rule issued Oct. 15, 2015.

[Key dates timeline](#) - One page overview of the effective dates for different elements of the rule.

[2017 HMDA institutional coverage chart](#) - Reference tool illustrating the criteria to help determine whether an institution is covered by Regulation C in 2017.

[2018 HMDA institutional coverage chart](#) - Reference tool illustrating the criteria to help determine whether an institution is covered by Regulation C in 2018 and thereafter.

[2018 HMDA transactional coverage chart](#) - Reference tool illustrating one approach to help determine whether a transaction is reportable under HMDA.

[Summary of reportable data](#) - Reference tool for HMDA data required to be collected, recorded, and reported.

[Reporting "Not Applicable"](#) - Reference tool for when to report HMDA data as "not applicable."

[Collection and Reporting of HMDA Information about Ethnicity and Race](#)

Videos

[HMDA webinar 1](#)

Overview of the HMDA final rule (if you do not have access to YouTube, you may watch the video [here](#)).

[View the webinar presentation](#) - Aug. 16, 2016

[HMDA webinar 2](#)

Overview of identifiers, including entity, applications or loans, property and loan originator, as well as data points related to applicants and borrowers (if you do not have access to YouTube you may watch the video [here](#)).

[View the webinar presentation](#) - Feb. 8, 2017

Supervision and examination materials

[CFPB Supervision and Examination manual](#) - Guide to how the CFPB will supervise and examine entities under its jurisdiction for compliance with Federal consumer financial law.

[Supervisory highlights](#)

Additional materials

[Sample data collection form](#) - Demographic information of applicant or co-applicant (Effective Jan 1, 2018).

[Data submission resources for HMDA filers](#)

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

HMDA Technology Resources



Home

About HMDA

Resources for filers

Explore the data

Public API

the

Home Mortgage Disclosure Act



ABOUT THE RULE



FACTS & FIGURES



GET THE DATA



DEVELOPERS

What is
HMDA?



Watch the video or [read the transcript.](#)

HMDA requires many financial institutions to maintain, report, and publicly disclose information about mortgages.

[Learn more about HMDA >](#)

www.consumerfinance.gov/hmda/

www.consumerfinance.gov/data-research/hmda/for-filers

Resources for HMDA filers

Resources for HMDA filers



Technology Preview

The [Technology Preview](#) provides resources for financial institutions preparing their systems to file HMDA data with the CFPB.

Filing Instructions Guide

Separate Filing Instructions Guides (FIG) are now available for data collected in 2017 and 2018.

[For data collected in 2017](#)

[For data collected in or after 2018](#)

For data collected in or before 2016, please visit the [FFIEC website](#) for data submission resources.

Loan/Application Register (LAR) Formatting Tool

The [LAR Formatting Tool](#) is intended to help financial institutions, typically those with small volumes of covered loans and applications, to create an electronic file that can be submitted to the HMDA Platform.

Frequently Asked Questions (FAQs)

Do you have additional questions? Please check out the [FAQs](#).

Resources for Developers



Develop your own tools
Make stuff



Under the hood, the HMDA data is stored and served by Qu, a public API for serving the CFPB's public data sets. Qu is open source software, and we encourage you to [contribute](#) to the project on GitHub, or [use it](#) to bring CFPB's data into your own applications and visualizations!

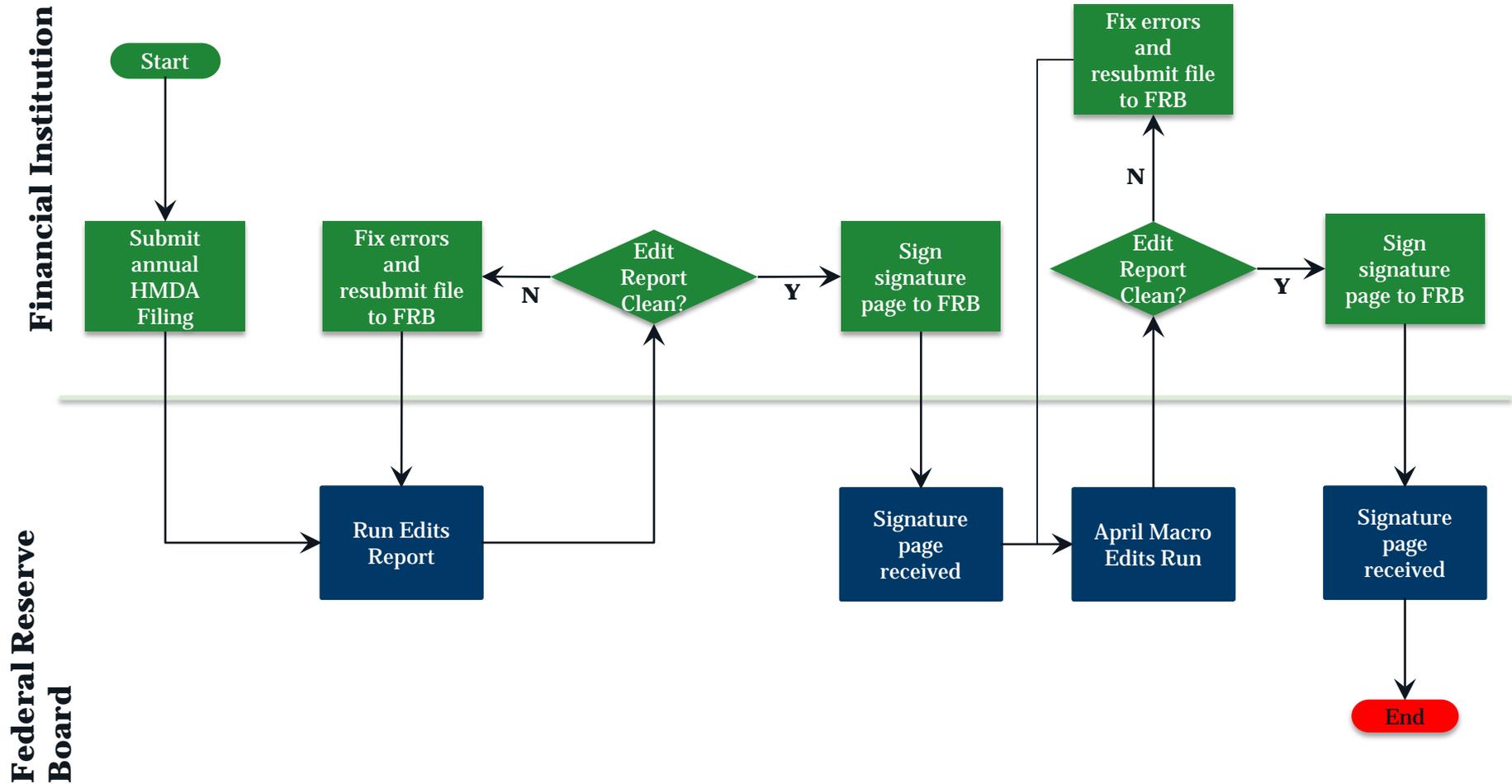
[API documentation](#) ↗

[Project Qu on GitHub](#) ↗

Open Source

- <https://github.com/cfpb/hmda-platform>
- <https://github.com/cfpb/hmda-platform-ui>
- <https://github.com/cfpb/hmda-platform-auth>

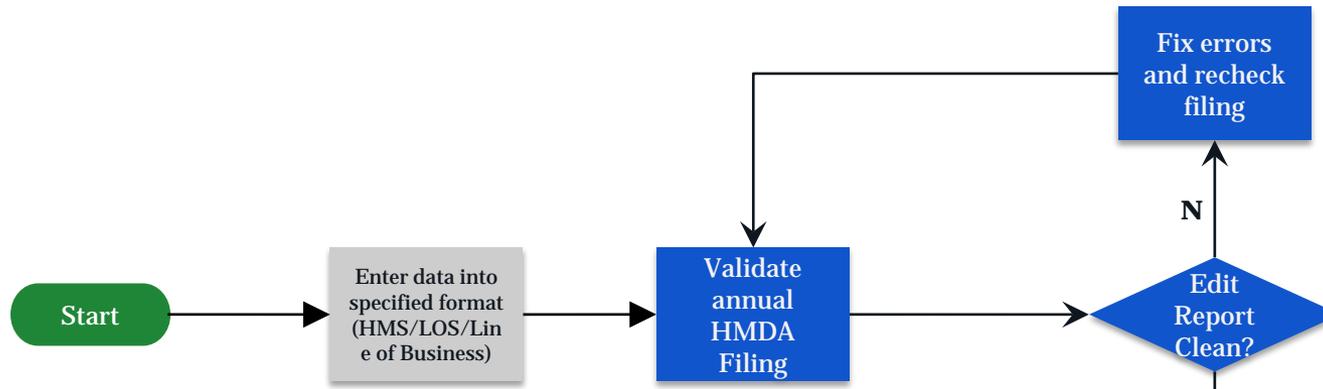
HMDA Data Collection – Current Process



HMDA Data Collection – New Process

In new process, the HMDA filer will run the edits in the HMDA Platform and only a clean HMDA file will be accepted.

Financial Institution



CFPB

HMDA Filing and Signature page received

End

Production Roadmap 2017

(Tentative and Subject to Change)



2Q 2017



3Q 2017



4Q 2017



2018



Steps Forward

- CFPB will continue to build production-ready HMDA tools to assist filers
 - HMDA Platform (<https://github.com/cfpb/hmda-platform/>)
 - File Format Verification Tool (<https://cfpb.github.io/hmda-platform-tools/file-format-verification/>)
 - Geocoder
 - Check digit tool

Subscribe for updates and submit specific questions

EMAIL UPDATES

Sign up for updates about mortgage rule implementation:

Email (required)

The information you provide will permit the Consumer Financial Protection Bureau to process your request or inquiry. [See more.](#)

Subscribe

Regulatory Questions:

See link at bottom of HMDA Implementation page

Operational / Technical questions:

hmdahelp@cfpb.gov

Thank you



Consumer Financial
Protection Bureau