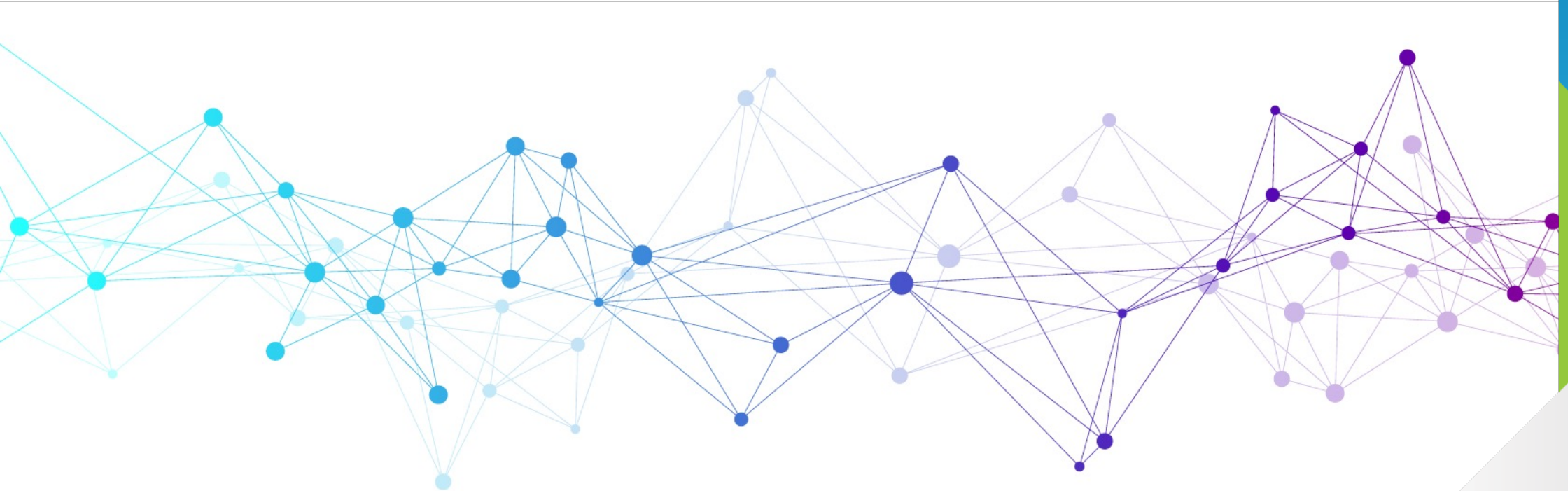


# HMDA 101

## Home Mortgage Disclosure Act for New Filers



# Introduction



# Home Mortgage Disclosure Act



- Enacted in 1975
- Implemented by Regulation C, [12 CFR Part 1003](#)
- Requires certain financial institutions to collect, record, report, and disclose information about their mortgage lending activity.

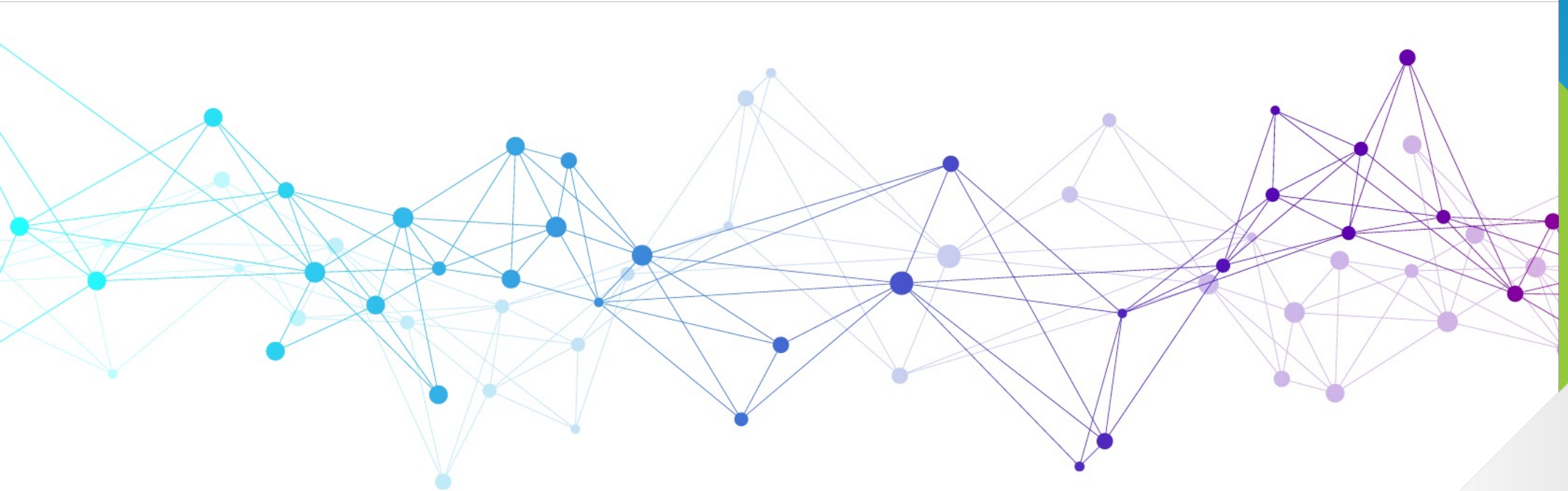
# Home Mortgage Disclosure Act

The data related requirements in HMDA and Regulation C serve three primary purposes:

1. To help determine whether financial institutions are serving their communities' housing needs
2. To assist public officials in distributing public investment to attract private investment
3. To assist in identifying potential discriminatory lending patterns and enforcing antidiscrimination statutes



# Institutional Coverage



# Institutional Coverage

## Asset-Size Threshold

- On the preceding December 31, the credit union had assets in excess of the asset-size threshold
- \$54 Million for 20023

## Location Test

On the preceding December 31, the credit union had a home or branch office located in a metropolitan statistical area

# Utah MSAs

- Ogden-Clearfield
  - Box Elder
  - Cache
  - Weber
  - Morgan
  - Davis
- Salt Lake City-Provo-Orem
  - Tooele
  - Salt Lake
  - Utah
  - Juab
- St George
  - Washington

# Institutional Coverage

## **Loan Activity Test**

During the preceding calendar year, the credit union originated at least one home purchase loan or refinancing of a home purchase loan secured by a first lien on a one-to four-unit dwelling.

## **Federally Related Test**

The bank, savings association, or credit union is federally insured or federally regulated



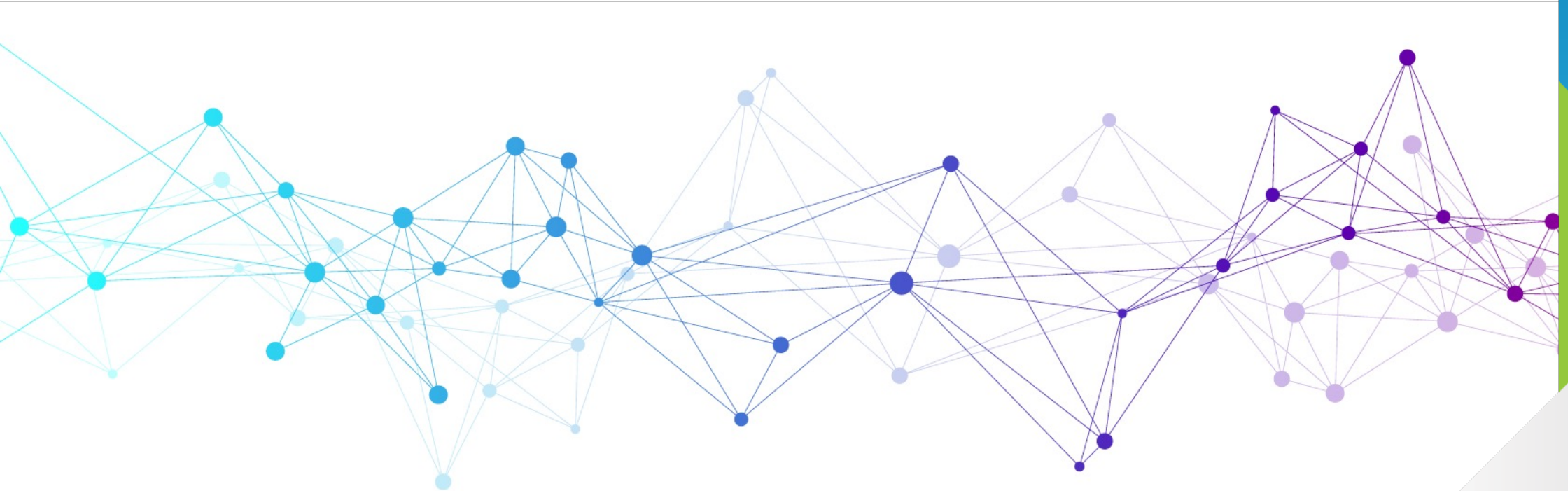
# Institutional Coverage

## Loan Volume Threshold

The credit union meets or exceeds either the closed-end mortgage loan or the open-end line of credit loan volume threshold in each of the two preceding calendar years:

- Originated at least ~~100~~ 25 closed-end mortgage loans in each of the two preceding calendar years, or
- Originated at least 200 open-end lines of credit in each of the two preceding calendar years

# Transactional Coverage



# Transactional Coverage

- Consumer purpose closed-end and open-end dwelling secured loans will be reported regardless of the loan purpose (unless another exclusion applies).
- Business purposed closed-end and open-end dwelling secured loans will be reported only if the purpose of the loan is home purchase, home improvement or refinancing.

These are known as “covered loans”

# Dwellings

- Principal residences
- Second homes and vacation homes
- Investment properties
- Residential structures attached to real property
- Detached residential structures
- Individual condominium and cooperative units
- Manufactured homes or other factory-built homes
- Multifamily residential structures or communities, such as apartment buildings, condominium complexes, cooperative buildings or housing complexes, and manufactured home communities.

# Not Dwellings

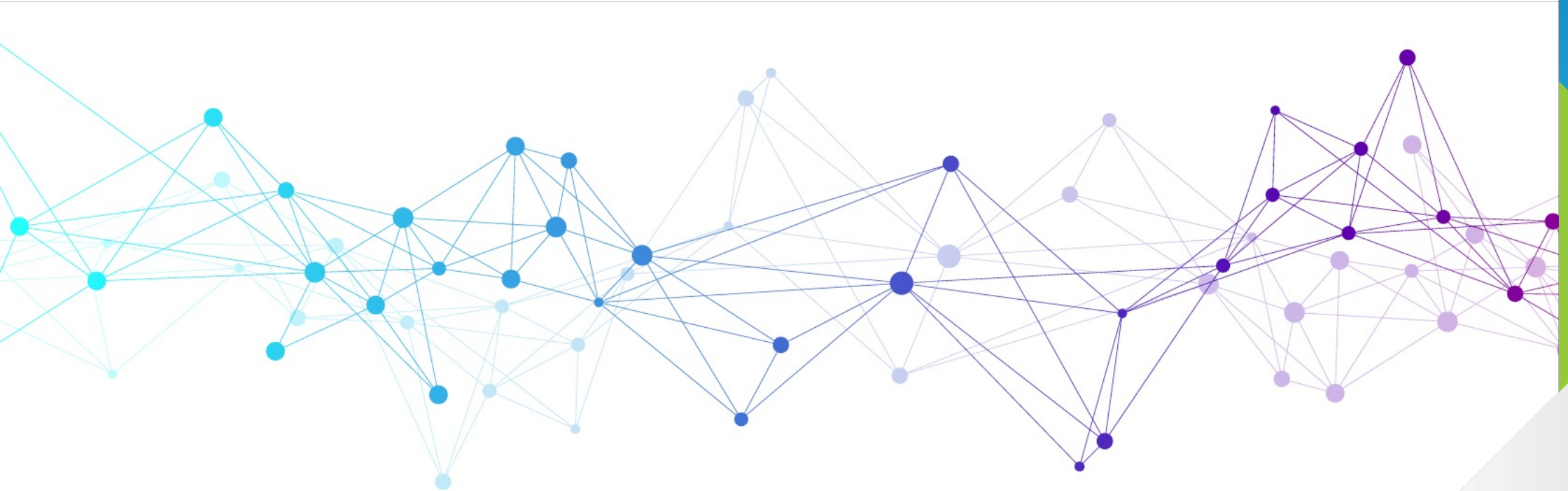
- Recreational vehicles, such as boats, campers, travel trailers, or park model recreational vehicles
- Houseboats, floating homes, or mobile homes constructed before June 15, 1976
- Transitory residences, such as hotels, hospitals, college dormitories, or recreational vehicle parks
- Structures originally designed as a dwelling but used exclusively for commercial purposes, such as a home converted to a daycare facility or professional office

# Excluded Transactions

- Loan/lien secured by a lien on unimproved land
- Temporary financing (must be designed to be replaced by permanent financing at a later date—being a “short term” loan doesn’t matter in regards to coverage)
- Purchase of an interest in a pool of loans
- Purchase only of servicing rights
- Purchase of a partial interest in a loan
- Loans purchased pursuant to a merger or acquisition
- Loans for less than \$500
- Loan proceeds are primarily for agricultural purposes
- Dwelling secured business purpose loans unless they are home improvement, home purchase or refinancings
- Closed-end mortgage loan if the credit union originated fewer than 25 closed-end mortgage loans in each of the two preceding calendar years
- Open-end line of credit if the credit union originated fewer than 200 open-end lines of credit in each of the two preceding calendar years



# Definitions



# Application

An oral or written request for a Covered Loan that is made in accordance with procedures the Financial Institution uses for the type of credit requested.

- Prequalification requests are not applications and should not be reported
- A preapproval request is an application if the request is:
  - For a Home Purchase Loan;
  - Not secured by a Multifamily Dwelling;
  - Not for an Open-end Line Credit or for a Reverse Mortgage
  - Reviewed under a Preapproval Program

An application that is a pre-approval request is reportable only if the pre-approval request is denied or approved, but not accepted (pre-approval requests that are originated will be reported as originations)

# Prequalification

A prequalification request is a request by a prospective loan applicant (other than a request for preapproval) for a preliminary determination on whether the prospective applicant would likely qualify for credit under an institution's standards, or for a determination on the amount of credit for which the prospective applicant would likely qualify.

Some institutions evaluate prequalification requests through a procedure that is separate from the institution's normal loan application process; others use the same process. In either case, Regulation C does not require an institution to report prequalification requests on the HMDA/LAR, even though these requests may constitute applications under Regulation B for purposes of adverse action notices.

# Preapproval Program

A request for preapproval for a home purchase loan, other than a home purchase loan that will be an open-end line of credit, a reverse mortgage, or secured by a multifamily dwelling, is an application under this section if the request is reviewed under a program in which the financial institution, after a comprehensive analysis of the creditworthiness of the applicant, issues a written commitment to the applicant valid for a designated period of time to extend a home purchase loan up to a specified amount. The written commitment may not be subject to conditions other than:

- Conditions that require the identification of a suitable property;
- Conditions that require that no material change has occurred in the applicant's financial condition or creditworthiness prior to closing; and
- Limited conditions that are not related to the financial condition or creditworthiness of the applicant that the financial institution ordinarily attaches to a traditional home mortgage application.

# Loan Disposition

An application for a covered loan must be reported regardless of disposition (originated, denied, withdrawn, etc.)

# Home Improvement Loan

A closed-end mortgage loan or an open-end line of credit that is for the purpose, in whole or in part, of repairing, rehabilitating, remodeling, or improving a dwelling or the real property on which the dwelling is located.



# Home Purchase Loan

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.

# Refinancing

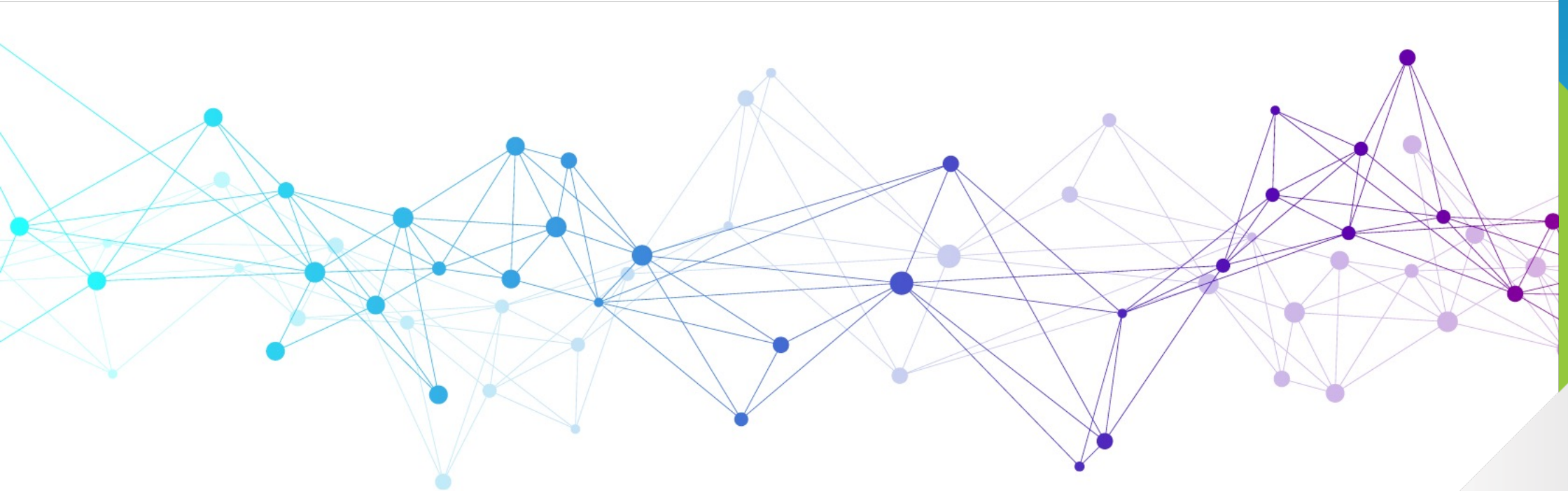
A closed-end mortgage loan or an open-end line of credit in which a new, dwelling-secured debt obligation satisfies and replaces an existing, dwelling-secured debt obligation by the same borrower.

# Cash-Out Refinancing

Is a refinancing and the Financial Institution considered it to be a cash-out Refinancing when processing the Application or setting the terms under its or an investor's guidelines. For example, if a Financial Institution considers a loan product to be a cash-out Refinancing under an investor's guidelines because of the amount of cash received by the borrower at closing or account opening, it reports the transaction as a cash-out Refinancing.

If a Financial Institution does not distinguish between a cash-out Refinancing and a Refinancing under its own guidelines, sets the terms of all Refinancings without regard to the amount of cash received by the borrower at loan closing or account opening, and does not offer loan products under investor guidelines, it reports all Refinancings as Refinancings, not cash-out Refinancings.

# Partial Exemption

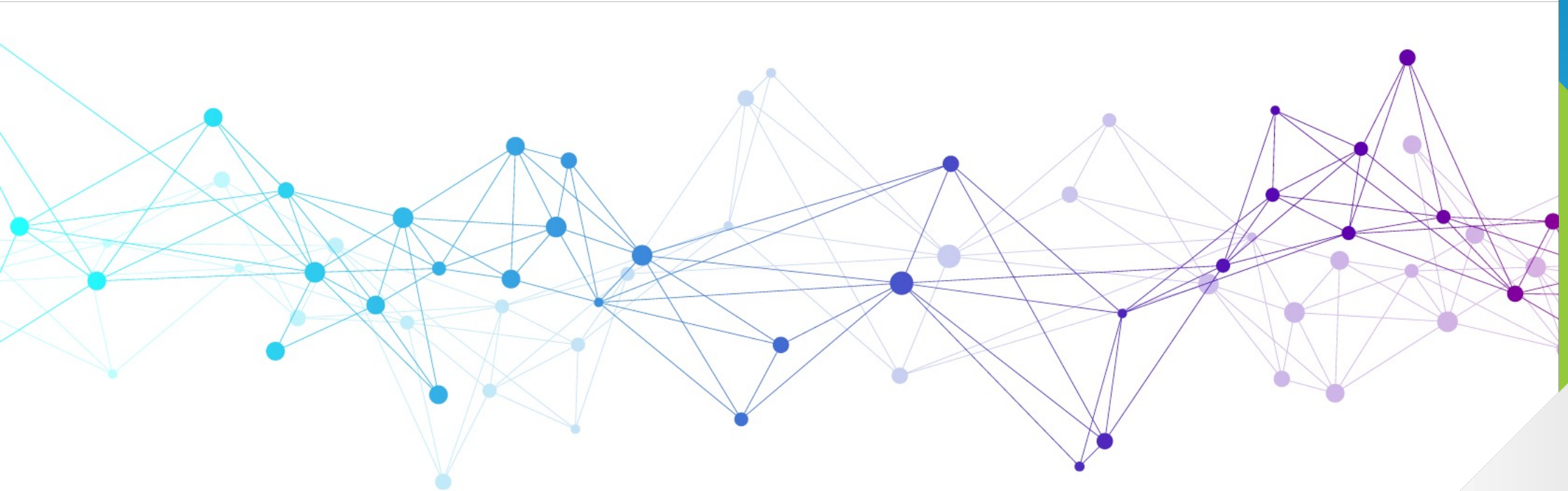


# Partial Exemption

The 2018 Act created partial exemptions from some of HMDA's requirements for certain financial institutions. Only certain covered loans and applications are covered under each of the two partial exemptions. The partial exemptions were effective May 24, 2018, and apply to the collection, recording, and reporting of HMDA data on or after that date.

- A partial exemption applies to a credit union's applications for originations of, and purchases of closed-end mortgage loans if the institution originated fewer than 500 closed-end mortgage loans in each of the two preceding calendar years.
- A partial exemption applies to an eligible financial institution's applications for, originations of, and purchases of open-end lines of credit if the institution originated fewer than 500 open-end lines of credit in each of the two preceding calendar years.

# Demographic Information





# Demographic Information

There are special procedures that must be followed when collecting data pertaining to the applicant's race, ethnicity and sex.

## Gathering the Information

- You may list questions regarding the ethnicity, race, and sex of the applicant on your loan application form, or on a separate form that refers to the application. (See the sample data collection form for model language.)
- You must ask the applicant for this information (but you cannot require the applicant to provide it) whether the application is taken in person, by mail or telephone, or on the internet.

## Telephone Applications

For applications taken by telephone, you must state the information in the collection form orally.

## Video Applications

If you accept an application through electronic media with a video component, you must treat the application as taken in person.

# Demographic Information

## Disclosure

Inform the applicant that Federal law requires this information to be collected in order to protect consumers and to monitor compliance with Federal statutes that prohibit discrimination against applicants on these bases. Inform the applicant that if the information is not provided where the application is taken in person, you are required to note the information on the basis of visual observation or surname. (Use model language!!)

# Demographic Information

## Co-Applicants

- If a covered loan or application includes a guarantor, you do not report the guarantor's ethnicity, race, and sex.
- If there are no co-applicants, you must report that there is no co-applicant.
- If there is more than one co-applicant, you must provide the ethnicity, race, and sex only for the first co-applicant listed on the collection form.
- A co-applicant may provide an absent co-applicant's ethnicity, race, and sex on behalf of the absent co-applicant. If the information is not provided for an absent co-applicant, you must report "information not provided by applicant in mail, internet, or telephone application" for the absent co-applicant.
- Report "not applicable" when the applicant or co-applicant is not a natural person (for example, a corporation, partnership, or trust).

# Demographic Information

## Race, Sex and Ethnicity

- You must report the ethnicity, race, and sex of an applicant as provided by the applicant. For example, if an applicant selects the “Mexican” box the institution reports “Mexican” for the ethnicity of the applicant.
- Only an applicant may self-identify as being of a particular Hispanic or Latino subcategory (Mexican, Puerto Rican, Cuban, Other Hispanic or Latino) or of a particular Asian subcategory (Asian Indian, Chinese, Filipino, Japanese, Korean, Vietnamese, Other Asian) or of a particular Native Hawaiian or Other Pacific Islander subcategory (Native Hawaiian, Guamanian or Chamorro, Samoan, Other Pacific Islander) or of a particular American Indian or Alaska Native enrolled or principal tribe.
- You must offer the applicant the option of selecting more than one ethnicity or race. If an applicant selects more than one ethnicity or race, you must report each selected designation, subject to the limits described next:

# Demographic Information

- Ethnicity—Aggregate categories and subcategories. There are two aggregate ethnicity categories: Hispanic or Latino; and Not Hispanic or Latino. If an applicant selects Hispanic or Latino, the applicant may also select up to four ethnicity subcategories: Mexican; Puerto Rican; Cuban; and Other Hispanic or Latino. You must report each aggregate ethnicity category and each ethnicity subcategory selected by the applicant.
- Ethnicity—Other subcategories. If an applicant selects the Other Hispanic or Latino ethnicity subcategory, the applicant may also provide a particular Hispanic or Latino ethnicity not listed in the standard subcategories. In such a case, you must report both the selection of Other Hispanic or Latino and the additional information provided by the applicant.

# Demographic Information

Race—Aggregate categories and subcategories. There are five aggregate race categories: American Indian or Alaska Native; Asian; Black or African American; Native Hawaiian or Other Pacific Islander; and White. The Asian and the Native Hawaiian or Other Pacific Islander aggregate categories have seven and four subcategories, respectively. The Asian race subcategories are: Asian Indian; Chinese, Filipino; Japanese; Korean; Vietnamese; and Other Asian. The Native Hawaiian or Other Pacific Islander race subcategories are: Native Hawaiian; Guamanian or Chamorro; Samoan; and Other Pacific Islander.

# Demographic Information

You must report every aggregate race category selected by the applicant. If the applicant also selects one or more race subcategories, you must report each race subcategory selected by the applicant, except that you must not report more than a total of five aggregate race categories and race subcategories combined.

# Demographic Information

Applicant Selects	You Report
<ul style="list-style-type: none"><li>• All five main race categories</li><li>• Some race subcategories</li></ul>	Five aggregate race categories
<ul style="list-style-type: none"><li>• Race Categories:<ul style="list-style-type: none"><li>○ White</li><li>○ Asian</li><li>○ Native Hawaiian or Other Pacific Islander</li></ul></li><li>• Race Subcategories:<ul style="list-style-type: none"><li>○ Korean</li><li>○ Vietnamese</li><li>○ Samoan</li></ul></li></ul>	<ul style="list-style-type: none"><li>• White</li><li>• Asian</li><li>• Native Hawaiian or Other Pacific Islander</li><li>• Your choice of two of the race subcategories</li></ul>



# Demographic Information

If the applicant declines to answer these questions by checking the “I do not wish to provide this information” box on an application that is taken by mail or on the internet, or declines to provide this information by stating orally that he or she does not wish to provide this information on an application that is taken by telephone, you must report “information not provided by applicant in mail, internet, or telephone application.”

# Demographic Information

Race—Other subcategories. If an applicant selects the Other Asian race subcategory or the Other Pacific Islander race subcategory, the applicant may also provide a particular Other Asian or Other Pacific Islander race not listed in the standard subcategories. In either such case, you must report both the selection of Other Asian or Other Pacific Islander, as applicable, and the additional information provided by the applicant, subject to the five-race maximum.

# Demographic Information

- If the applicant chooses not to provide the information for an application taken in person, note this fact on the collection form and then collect the applicant's ethnicity, race, and sex on the basis of visual observation or surname.
- When you collect an applicant's ethnicity, race, and sex on the basis of visual observation or surname, you must select from the following aggregate categories:
  - Ethnicity (Hispanic or Latino; not Hispanic or Latino)
  - Race (American Indian or Alaska Native; Asian; Black or African American; Native Hawaiian or Other Pacific Islander; White)
  - Sex (male; female).

# Demographic Information

If the applicant declines to answer these questions by checking the “I do not wish to provide this information” box on an application that is taken by mail or on the internet, or declines to provide this information by stating orally that he or she does not wish to provide this information on an application that is taken by telephone, you must report “information not provided by applicant in mail, internet, or telephone application.”

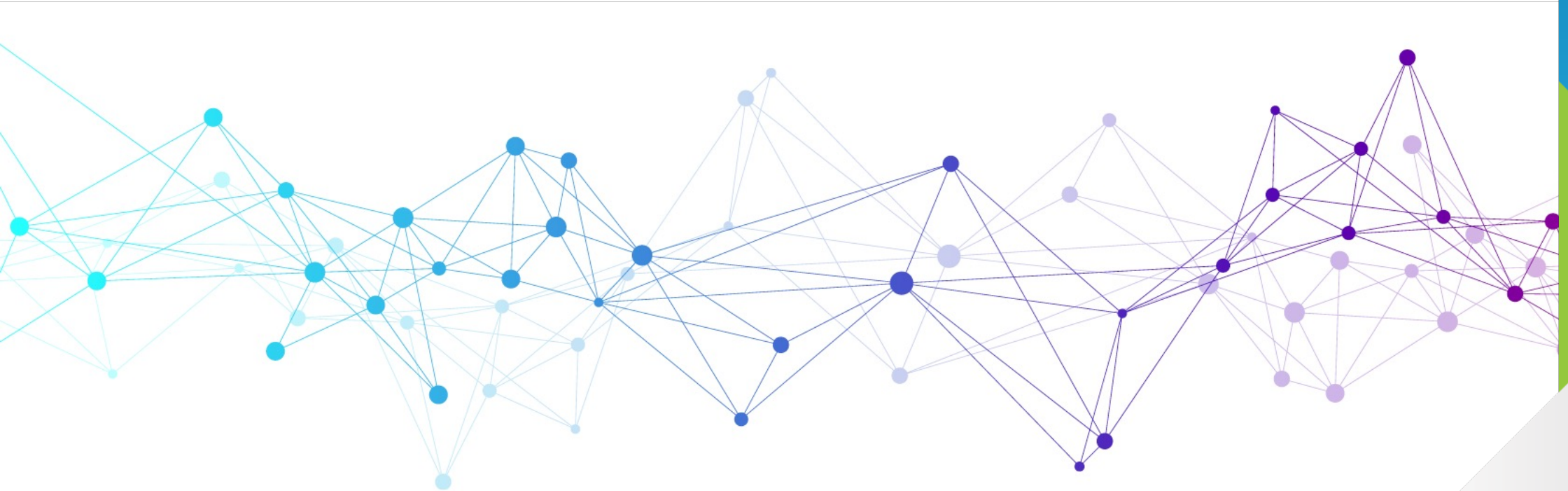
# Demographic Information

If the applicant begins an application by mail, internet, or telephone, and does not provide the requested information on the application but does not check or select the “I do not wish to provide this information” box on the application, and the applicant meets in person with you to complete the application, you must request the applicant’s ethnicity, race, and sex. If the applicant does not provide the requested information during the in-person meeting, you must collect the information on the basis of visual observation or surname. If the meeting occurs after the application process is complete, for example, at closing or account opening, you are not required to obtain the applicant’s ethnicity, race, and sex.

# Demographic Information

When an applicant provides the requested information for some but not all fields, you report the information that was provided by the applicant, whether partial or complete. If an applicant provides partial or complete information on ethnicity, race, and sex and also checks the “I do not wish to provide this information” box on an application that is taken by mail or on the internet, or makes that selection when applying by telephone, you must report the information on ethnicity, race, and sex that was provided by the applicant.

# Collecting Information

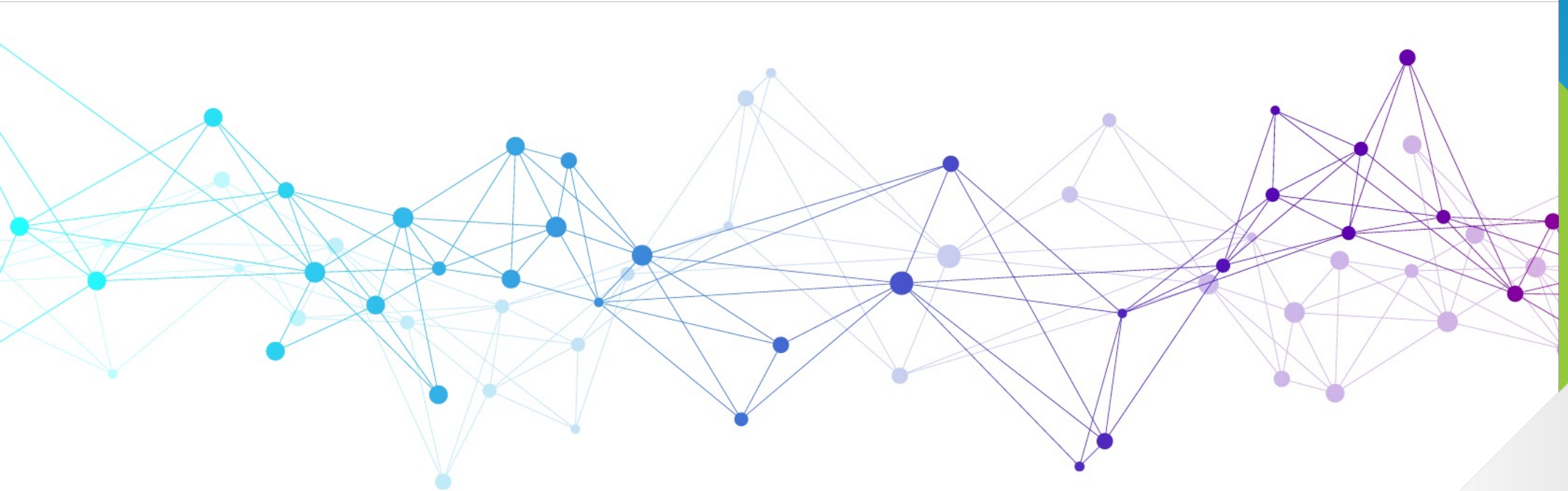


# Collecting Information

See HMDA Data Collection Guide



# Reporting and Disclosing Data



# Reporting and Disclosing Data

## **Data Submission Tool**

Financial institutions are required to submit data electronically using the Bureau of Consumer Financial Protection (BCFP) web-based tool.

## **Recording**

A Financial Institution must record the data about a Covered Loan or Application on a LAR within 30 calendar days after the end of the calendar quarter in which the Financial Institution takes final action on the Application or Covered Loan.

## **Annual Reporting**

Financial Institutions must still submit its HMDA data by March 1 following the calendar year for which it collected the data.

## **Quarterly Reporting**

Quarterly reporting applies to a Financial Institution that reported at least 60,000 originated Covered Loans and Applications (combined) for the preceding calendar year.

# Reporting and Disclosing Data

## Disclosure Statement

- The FFIEC will provide a notice to the Financial Institution that the Financial Institution's disclosure statement (based on data submitted for the prior calendar year) is available.
- No later than three business days after receiving notice from the FFIEC, the Financial Institution must make available to the public, upon request, a written notice that clearly conveys that the Financial Institution's disclosure statement may be obtained on the Bureau's website at [www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda).
- A Financial Institution may, but is not required to, use the following sample notice, which may be made available in paper or electronic form.

*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](http://www.consumerfinance.gov/hmda)). HMDA data for many other financial institutions are also available at this Web site.*

- A Financial Institution must make the notice available to the public for a period of five years.
- At its discretion, a Financial Institution may also provide its disclosure statement and impose a reasonable fee for costs incurred reproducing or providing the statement. Even if it provides the disclosure statement, a Financial Institution must comply with the notice requirement.

# Reporting and Disclosing Data

## Modified LAR

- Upon request from a member of the public, a Financial Institution must provide a written notice regarding the availability of its modified LAR. on the Bureau's website at [www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda).
- Use the same sample notice you use if someone asks for your disclosure statement.
- The notice must be made available in the calendar year following the calendar year for which the Financial Institution collected data. The notice must be made available for three years. For example, in calendar year 2021, an institution must make available a notice that its modified LAR is available on the Bureau's website if it was required to collect data in 2018, 2019, or 2020.
- At its discretion, a Financial Institution may also provide its LAR, as modified by the Bureau, and impose a reasonable fee for any costs incurred to reproduce or provide the data. Even if it decides to provide the modified LAR, a Financial Institution must comply with the notice requirement.

# Reporting and Disclosing Data

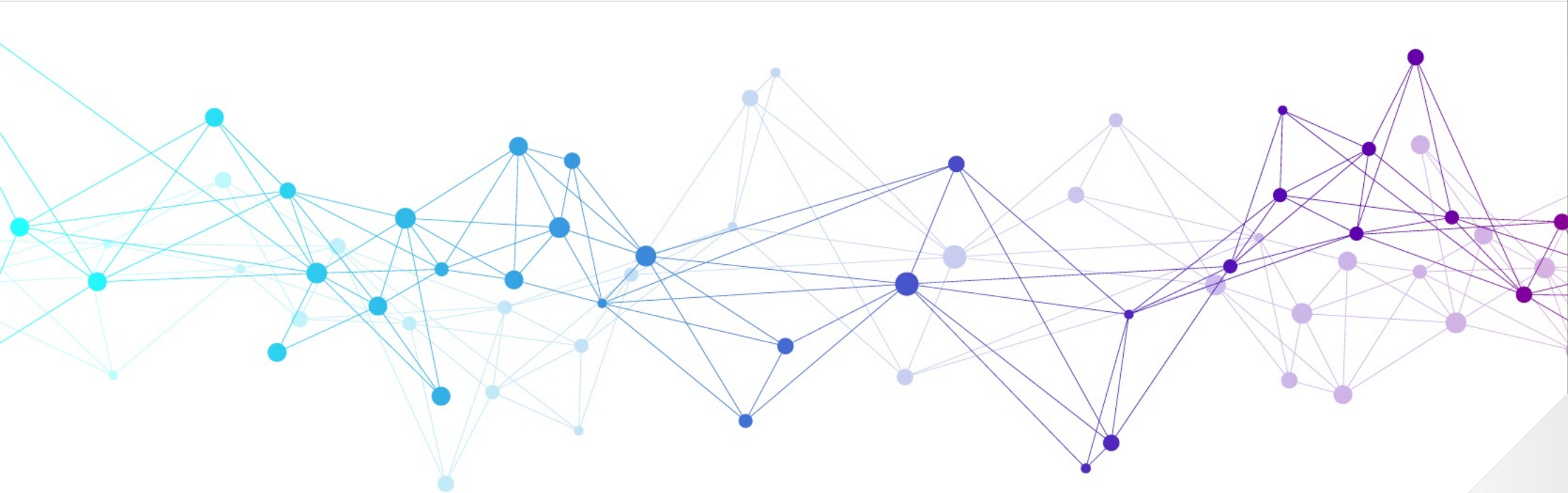
## Posted Notices

- A Financial Institution must post, in the lobby of its home office and each Branch Office physically located in an MSA or MD, a general notice about the availability of its HMDA data on the Bureau's website.

- 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. HMDA data for many other financial institutions are also available online. For more information, visit the Bureau Consumer Financial Protection's Web site ([www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda)).*

# Resources



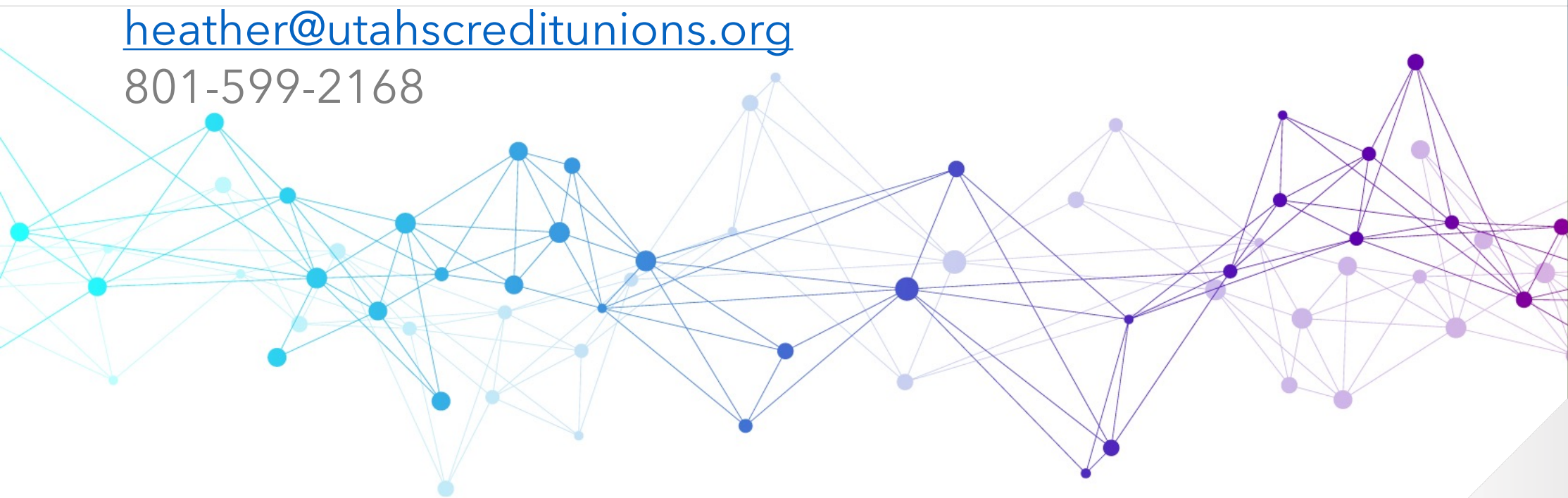


# Questions?

Heather Line  
Compliance Specialist

[heather@utahscreditunions.org](mailto:heather@utahscreditunions.org)

801-599-2168



# Coming Soon

## **2023 Compliance Essentials Session 1:**

- **Ability to Repay, Qualified Mortgages**
- **Thursday, January 26**
- **10:00 AM – 12:00 PM**