



**INFOSHARE2017**  
**IMAGINING**  
**POSSIBILITIES**

**What do HMDA Rule Changes  
Mean for Covered Institutions?**

Tips to prepare for regulatory and institutional change

**Paula Witt, Director, Consumer Finance & Fair Banking**  
**Elizabeth Rozsa, Manager, Consumer Finance & Fair Banking**

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# Agenda

Financial Institution  
Coverage

01

Transactional Coverage

02

Data Required to Collect,  
Record and Report

03





Processes for Reporting  
and Disclosing

04



# Financial Institution Coverage

2017 Change – Phase I





 Asset Size Test	 Location Test	 Loan Activity Test	 Federally Related Test
Asset size in excess of the published asset-size threshold on the preceding December 31 <sup>st</sup>	Home or branch office in a MSA on the preceding December 31 <sup>st</sup>	Originate at least one home purchase loan or refinance of home purchase loan secured by first lien on 1-4 family property in the preceding calendar year	Institution is federally insured or regulated or loan insured, guaranteed or supplemented by Federal agency or intended for sale to Fannie or Freddie

## Changes in 2017

**Must meet all the coverage criteria plus originate at least 25 home purchase loans (or refinancings) in both years 2015 and 2016.**

# Financial Institution Coverage

2018 Change – **Phase II**

 Asset Size Test	 Location Test	 Loan Activity Test	 Federally Related Test
Asset size in excess of the published asset-size threshold on the preceding December 31 <sup>st</sup>	Home or branch office in a MSA on the preceding December 31 <sup>st</sup>	Originate at least one home purchase loan or refinance of home purchase loan secured by first lien on 1-4 family property in the preceding calendar year	Institution is federally insured or regulated or loan insured, guaranteed or supplemented by Federal agency or intended for sale to Fannie or Freddie




## Changes in 2018



**Must meet all the coverage criteria plus originate at least 25 home purchase loans (or refinancings), or at least 100 covered open-end lines of credit, in each of the two preceding years.**

# Institutional Coverage

Non-Depository Institutions – Effective January 1, 2017

 Location Test	 Loan Volume/ Amount Test	 Loan Volume/ Asset Size Test
Home or branch office in a MSA	Originate home purchase loans (or refinancings) that equal at least 10% of its loan origination volume (in dollars) that equal at least \$25 million	Asset size in excess of \$10 million (including parent corporation's assets) by December 31 <sup>st</sup> or originated at least 100 home purchase loans (or refinancings) in the preceding calendar year

## Changes in 2018



**Must originate at least 25 covered closed-end mortgage loans or at least 100 covered open-end lines of credit in each of the two preceding calendar years and have received at least five of these in the MSA in which they are located.**

# Advertising Loans

“Covered Loans”

## Changes to Transactional Coverage

**CLOSED-END  
MORTGAGE  
LOAN**



**OPEN-END LINE  
OF CREDIT**



**EXCLUSIONS**



# Exclusions

Originated or purchased  
in a fiduciary capacity



Secured by a lien on  
unimproved land



Temporary  
financings



Purchase as part of a merger or  
acquisition of a branch office's  
assets and liabilities



Purchase of an  
interest in a pool of  
Covered Loans



Purchases only of the  
rights to service



# Exclusions (continued)

Purchases of partial interests in Closed-End Mortgage Loans or Open-End Lines of Credit

7

Loans or Lines of Credit or applications for the same in which total dollar amount is less than \$500

8

Originated fewer than 25 Closed-End Mortgage Loans in each of the two preceding calendar years

9

Proceeds are used primarily for agricultural purpose or if secured by a dwelling that is located on real property that is used primarily for agricultural purposes

12

Originated fewer than 100 Open-End Lines of Credit in each of the two preceding calendar years

11

Primary purpose is business or commercial, UNLESS transaction is a Home Improvement Loan, Home Purpose Loan, or a Refinancing

10



# Data Required to Collect, Record, and Report

“ An oral or written request for a Covered Loan that is made in accordance with the procedures that the financial institution uses for the type of credit requested. ”

**Collect, Record, and Report data for actions that are taken on applications, originations, and purchases**

*Report only once*



# Changes to Preapproval Requests

- **Preapproval requests could be considered an application and reportable, if:**
  - Request is for a home purchase loan, not secured by a multi-family dwelling; and
  - Not an open-end line of credit or a reverse mortgage, having been reviewed under a preapproval program defined by the current rule provisions:
    - Identification of a suitable property;
    - No material change to the applicant's financial condition or creditworthiness prior to closing; and
    - Limited conditions that are not related to the applicant's financial condition or creditworthiness and the financial institution ordinarily attaches to a traditional home mortgage application (i.e. acceptable title insurance, binder or certificate for clear termite inspection).
- **Required to report data for preapproval requests that are denied or approved but unaccepted**

The background features a city skyline at night, with several skyscrapers illuminated. A large, semi-transparent teal and green geometric overlay, composed of various triangles and polygons, covers the top and right portions of the image. The text is overlaid on this graphic.

# INFOSHARE2017 IMAGINING POSSIBILITIES

## Required Data Fields

For Covered Loans

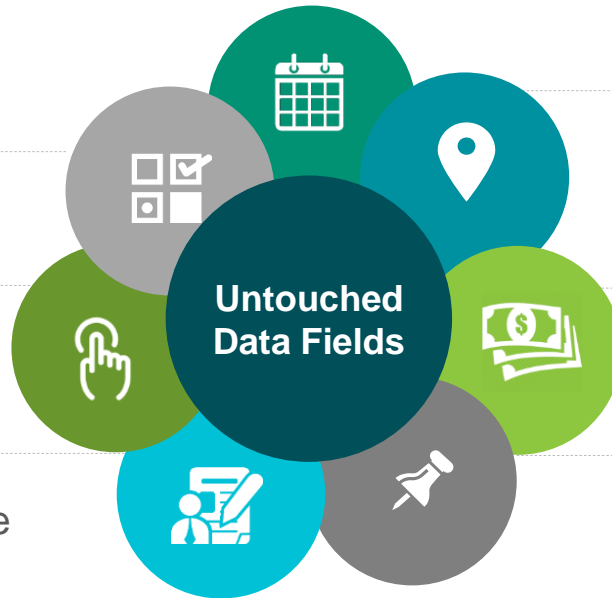
# Data Fields **Not** Changing

Application Date

Loan Type

Action Taken

Action Taken Date



Property Location

State, county, and  
census tract

Income

HOEPA Status

# Modified Data Fields

- **Legal Entity Identifier (LEI)**
  - Replacing the HMDA Reporter ID number
  - 20-character, alpha-numeric code, to uniquely identify legally distinct entities that engage in financial transactions
  - Issued to the financial institution by an authorized entity
- **Universal Loan Identifier (ULI)**
  - Up to 25 characters that the financial institution assigns to a covered loan or application:
    - Must begin with the institution's LEI
    - Followed by up to 23 letters and or numbers
    - Ends with a two-character check digit
    - Cannot include any identifying information specific to the applicant or borrower

# Modified Data Fields

- **Loan Purpose**

- Home purchase, home improvement, refinancing, **cash-out refinancing**, or **other**
- Cash-out refinancing – should be used if your FI makes a distinction between cash-out refinancings and refinancings
- Other – used when all other options are not applicable

- **Preapproval request**

- Appendix A instructions now provide that an institution is in compliance by merely reporting that a preapproval was not requested regardless of whether they have a preapproval program and the applicant did not apply through that program or they just don't have a preapproval program

- **Construction Method**

- Replaces the “property type” field (1-4 family, manufactured housing, or multi-family)
- Report as either site-built or manufactured home



# Modified Data Fields

## Occupancy Type

### New options to select from:

#### Principal Residence

Property that the applicant or borrower will occupy as his/her primary residence. A person can only have one principal residence.

#### Second Residence

Property is or will be occupied by the applicant or borrower for a portion of the year and is not the applicant or borrower's primary residence.

#### Investment Property

Applicant or borrower does not occupy the property.



# Modified Data Fields

## Loan Amount

### Covered Loans

Type of Covered Loan	Reportable Loan Amount
Closed-End Mortgage Loan (not a purchased or assumed Closed-End Mortgage Loan, or a Reverse Mortgage)	Amount to be repaid as disclosed on the legal obligation
Purchased Closed-End Mortgage Loan or Assumption of a Closed-End Mortgage Loan	Unpaid principal balance at the time of purchase or assumption
Open-End line of Credit (other than a Reverse Mortgage)	Amount of credit available to borrower under the terms of the plan
Reverse Mortgage	Initial principal limit
Refinancing	Loan amount for the new obligation based on the type of Covered Loan
Transaction	What to Report
Accepted counteroffer for an amount that is different than applied for	Loan amount granted
A counteroffer for an amount different from the amount applied and the applicant did not accept or failed to respond	Amount applied for
Approved but not accepted application or preapproval request	Approved loan amount
Application denied, closed for incompleteness, or withdrawn	Amount initially requested
Loan proceeds that will be used for more than one purpose	Entire amount for the Covered Loan, even if only a portion of the proceeds are intended for the reported purpose

**NOTE:** Report exact loan amount, no rounding!



# Modified Data Fields

## Type of Purchaser

- **Type of Purchaser**
  - Life insurance company is now a separate data point, rather than coded with a credit union, mortgage company, or finance company
  - Report N/A for the following:
    - If the institution sells some interest(s) in a Covered Loan but retains a majority interest in the loan;
    - Applications that are denied, withdrawn, closed for incompleteness, or approved but not accepted; or
    - Covered Loan that the institution does not sell during the same calendar year that it originated or purchased the Covered Loan

# Modified Data Fields

## Rate Spread

- **If the Covered Loan is subject to Regulation Z and is not a purchased Covered Loan, reverse mortgage, or assumption, the financial institution reports the difference between the Covered Loans APR and a comparable transaction's APOR as of the date the Covered Loan's interest rate was set**
  - Applications approved but not accepted – must report the difference between the APR of the Covered Loan that would have resulted and the comparable transaction's APOR as of the date the interest rate was set
  - Covered Loan is not subject to Regulation Z, is an assumption, reverse mortgage or a purchased Covered Loan – report N/A
  - Application does not result in the institution originating a loan – report N/A

# Modified Data Fields

## Lien Status and Reason for Denial

- **Lien Status**

- Required to report the lien status for Covered Loans that the institution purchased
- Use the best information readily available at the time of purchase



- **Reason for Denial**

- No longer optional
- Must report the principal reason(s) why the loan (or preapproval request under a preapproval program) was denied
- Report up to four reasons

# New Data Fields

NEW

- **Property Address**

- Required to report property address in addition to the state, county, and census tract of the property securing a Covered Loan
- Report the address of the property identified in the legal obligation for originated Covered Loans or property proposed to secure the loan (for applications that do not result in origination)

- **Age**

- Report applicant's age as of the application date
- Report as whole number of years, based on the date of birth shown on application
- Report the age of applicant and first co-applicant when dealing with multiple applicants
- Optional reporting of borrower's age for purchased Covered Loans
  - Select N/A if you choose not to report

- **Credit Score**

- Report credit score that FI relied on in making the credit decision along with the name and version of the scoring model that generates the credit score
- If multiple scores are used, only report one (try to be consistent throughout the HMDA LAR)
- Use N/A for the following:
  - Purchased Covered Loans
  - If the institution did not rely on a credit score
  - If the file was closed for incompleteness
  - If the application was withdrawn before a credit decision was made
  - If the applicant and co-applicant (if applicable) are not natural persons

Credit Score

- 
- A hand holding a green checkmark marker, pointing to the "Excellent" option in the list.
- Excellent
  - Average
  - Poor



- **Total Loan Costs or Total Points and Fees**

- Report total loan costs if a Closing Disclosure was provided (if subject to Regulation Z's Ability to Repay provisions); or
- The total points and fees (if Covered Loan is not subject to Regulation Z's Closing Disclosure requirement)
- Report N/A if the application was not originated, or for transactions not subject to 1026.43(c) and certain other transactions

- **Origination Charges**

- Line A of the closing cost details page on Closing Disclosure
- N/A for all other transactions

- **Discount Points**

- Line A.01 of the closing costs details page on Closing Disclosure
- N/A for all other transactions

- **Lender Credits**

- Second row, under Line J on the closing costs details page on the Closing Disclosure
- N/A for all other transactions

# New Data Fields

## Interest Rates

NEW

### Application that is approved but not accepted for fixed-rate Covered Loan

Subject to LE or CD disclosure requirements	Rate stated in the Closing disclosure (or LE if no CD provided) assuming it accurately reflects the rate when the financial institution approved the application. Otherwise, report the rate at the time the financial institution approved the application.
Not subject to LE or CD disclosure requirements	Rate applicable when the financial institution approved the application.

### Application that is approved but not accepted for a variable-rate Covered Loan

Subject to LE or CD disclosure requirements	Rate stated in LE or in CD (if provided), assuming it accurately reflections the rate when the financial institution approved the application. Otherwise, if rate is known, the rate applicable when the financial institution approved the application. If rate is unknown, the fully-indexed rate based on the index applicable when the financial institution approved the application.
Not subject to LE or CD disclosure requirements	If rate is known when the financial institution approved the application, the rate applicable when the financial institution approved the application. If rate is unknown, the fully-indexed rate based on the index applicable when the financial institution approved the application.

### Fixed-rate Covered Loans

Subject to LE and CD disclosure requirements	Interest rate noted on the Closing Disclosure
Not subject to LE and CD disclosure requirements	Interest rate applicable at loan closing or account opening.

### Variable-rate Covered Loans

Subject to LE and CD disclosure requirements	Interest rate noted on the Closing Disclosure
Not subject to LE and CD disclosure requirements	If rate is known when the financial institution closed the loan or opened the account, the rate applicable at loan closing or account opening. If the rate is unknown at the time, the fully-indexed rate based on the index

- **Prepayment Penalty Term**

- Report if the Covered Loan or application is subject to Regulation Z and is not a reverse mortgage or a purchased Covered Loans
- Term must be reported in number of months
- Report NA if the application is not subject to the above or does not have a prepayment penalty

- **Debt to Income Ratio (DTI)**

- Report if you rely on the applicant or borrower's DTI ration when making the credit decision
- Report N/A for:
  - Decisions made without relying on DTI ratio
  - Files closed for incompleteness
  - Applications withdrawn before credit decision was made
  - When the applicant/co-applicant are not natural persons
  - Covered Loans (or proposed applications) secured by a multi-family dwelling, or purchased Covered Loans

- **Combined Loan to Value Ratio (CLTV)**
  - The ratio of the total amount of debt secured by the property securing the Covered Loans to the value of that property
  - Report N/A for:
    - Decisions made without relying on CLTV ratio
    - Files closed for incompleteness
    - Applications withdrawn before credit decision was made
    - Purchased Covered Loans



# New Data Fields

## Loan Terms

NEW

Type of Loan	How to Determine Number of Months after which the Legal Obligation Matures
Fully Amortizing Covered Loans	Report the number of months in the amortization schedule ending with final payment
Non-Amortizing Covered Loans	Report using the maturity term
Purchased Covered Loan	Report the number of months after which the legal obligation matures as measured from origination
Open-End Line of Credit with definite term	Report the number of months from account opening until termination date, including draw and repayment period, if any
Covered Loan or Application without a definite term	Report N/A

**NOTE:** Report the term in number of months!

## Non-Amortizing Features

- Balloon payments
- Interest-only payments
- Negative amortization
- Contractual terms that would allow for payments other than fully amortizing payments

## • Introductory Rate Period

- Report as the number of months from loan closing or account opening until the first day the interest rate may change
- Report N/A for:
  - Covered loan or application with a fixed rate
  - Purchased covered loan with a fixed rate



# New Data Fields

Property Value

NEW

Action Taken	Reporting Requirement
Application that did not result in Covered Loan	Report the value of the property proposed to secure the Covered Loan
Application was withdrawn before credit decision made, closed for incompleteness, or for which a credit decision was made without relying on the property value	Report as N/A
Originated Covered Loans	Report the property value relied on in making the credit decision



- **Manufactured Home Secured Property Type**

- Report whether the Covered Loan is (or the application would have been) secured by a manufactured home, either with land or with no land

- **Manufactured Home Land Interest Property**

Term	Definition
Direct Ownership	Applicant or borrower has more than a possessory real property ownership interest in the land, such as a fee simple ownership
Indirect Ownership	Occurs when the applicant or borrower is or will be a member of a resident-owned community structured as a housing cooperative in which the occupants own an entity that owns the land underlying the manufactured home community.
Paid Leasehold	Borrower or applicant does not have an ownership interest in the lot the manufactured home is located but has a written lease specifying rent payments.
Unpaid Leasehold	Applicant or borrower located manufactured home on land in which he or she does not have a written lease and does not have an agreement regarding rent payments. Example: land owned by family member

# New Data Fields

Total Units

NEW



**MANUFACTURED HOME  
COMMUNITY**

The total number of Manufactured Home sites that secure the loan and available for occupancy.



The total number of individual dwelling units securing the loan or proposing to secure the loan.

**COVERED LOAN SECURED BY  
CONDOMINIUM OR  
COOPERATIVE COMPLEX**

**NOTE:** Report the number of proposed units when dealing with applications.

# New Data Fields

## Multifamily Affordable Units



NEW

### Affordable housing income-restricted units:

“Individual dwelling units that have restrictions based on the occupant’s income level pursuant to restrictive covenants encumbering the property.”

#### Guidance



Report the number of individual dwelling units that are income-restricted under Federal, State, or local affordable housing programs.

- **Mortgage Loan Originator NMLSR Identifier**

- Report if there is a licensed mortgage loan originator involved in origination of the Covered Loan or application
- Report N/A if the loan originator is not required to obtain an identifier and has not been assigned one
- If multiple mortgage loan originators are associated with the Covered Loan or application, report the ID of the individual with primary responsibilities as of the date of action taken

- **Application Channel**

- For Covered Loans, other than those purchased
- Indicates whether the applicant/borrower submitted the application directly to the FI

- **Automated Underwriting System**

- Report the name and result generated by the Automated Underwriting System used
- Report N/A when:
  - One is not used to evaluate the application
  - The applicant/co-applicant are not natural persons
  - Purchased Covered Loans

# New Data Fields

NEW



Open-End  
Line of  
Credit



Reverse  
Mortgages



Business or  
Commercial  
Purpose



A close-up photograph of several hands typing on a laptop keyboard. The hands are positioned in the foreground and middle ground, with the fingers pressing down on the keys. The laptop is silver and the keyboard is black. The background is blurred, showing more hands and what appears to be a computer screen.

**Financial institutions must submit the HMDA LAR electronically.**

**All HMDA reportable institutions will use a new internet-based submission tool in 2018.**

# Quarterly Reporting

For Large-Volume Reporters

## Larger-Volume Reporter:

“A financial institution that reported at least 60,000 originated Covered Loans and Applications (not including purchased Covered Loans) for the preceding calendar year.”

### New Beginning in 2020

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**Must submit annual HMDA data electronically (by March 1<sup>st</sup>), as well as data from the first three quarters of the year (no more than 60 days from the end of quarter).**



# Timeline/Effective Dates



**January 1, 2018**

Provisions for institutional coverage, transactional coverage, data collection, reporting, and disclosure go into effect



**March 1, 2019**

Institutions will report HMDA Data for the year 2018 under the new rules



**January 1, 2017**

FIs that do not originate 25 or more home purchase loans (or refinancings) in each of the preceding calendar years, are excluded from HMDA reporting



**March 1, 2018**

FIs will report HMDA data for the year 2017 under the current rules



**March 1, 2020**

Larger-volume reporters must begin reporting HMDA data quarterly

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# INFOSHARE2017 IMAGINING POSSIBILITIES

## Questions?

Thank You

[CRI.Education@fisglobal.com](mailto:CRI.Education@fisglobal.com)

1.800.547.2462

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