

The “New HMDA” One Sheet

(10/20/15)



On Oct. 15, 2015, the CFPB released its final rule amending Reg. C, the Home Mortgage Disclosure Rule. The changes are significant. The final rule and its official interpretation clocks in at 797 pages. Digesting that will take some time. But in the meantime, here’s the one-sheet you should take to your next compliance meeting.

Who

The rule actually narrows the scope of financial institutions subject to Reg. C. Beginning in 2017, even if you meet the current asset-size, location, and loan activity requirements of Reg. C as it currently stands, you will not be subject to Reg. C if you made less than 25 home purchase loans (including refinancings) in both 2015 and 2016.

Beginning Jan. 1, 2018, your institution is subject to HMDA if you 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 meet the current asset-size, location, federally related and loan activity tests.

What

Beginning Jan. 1, 2018, a HMDA loan includes closed-end mortgage loans and open-end lines of credit secured by a dwelling. It is not necessary to report on open-end lines of credit unless your institution made at least 100 of them in each of the two preceding calendar years.

What About Business Loans? A dwelling-secured business-purpose loan or line of credit is covered only if it is a home-purchase loan, home-improvement loan or a refinancing.

What About Farm Loans? Agricultural loans and lines of credit for agricultural purposes are excluded, even if they are dwelling secured.

What About Pre-Approvals? Currently, reporting preapproval requests that are approved but not accepted is optional. However, beginning Jan. 1, 2018, reporting on such preapprovals for home-purchase loans is required.

What’s Reportable?

Data reporting requirements will get a serious expansion under new HMDA. It will require institutions to collect data on the applicant’s age, credit score, property value, application channel, points and fees, origination chargers, discount points, lender credits, loan term, prepayment penalty, non-amortizing loan features, interest rate, and more. It also changes the way some of the existing data points are gathered. For example, it requires the institution to report how the institution collected information about an applicant’s ethnicity, race and sex, whether it was on the basis of visual observation or surname.

When

For 2016, collect data as you normally would for submission in 2017. In 2017, low-volume lenders become excluded, but for everyone else, collect data as you normally would for reporting in 2018. Beginning January 1, 2018, new data collection requirements go into effect for submission in 2019. In 2019, new enforcement provisions go into effect. In 2020, quarterly reporting goes into effect for large-volume lenders.

How

A new web-based submission tool is being prepared, which institutions will be required to use beginning in 2018 for data collected in 2017. And for large-volume financial institutions (those that report 60,000 or more covered applications in a calendar year), quarterly reporting will begin in 2020.

Where

Beginning in 2018, you no longer need to provide a disclosure statement or a modified LAR to the public upon request. But you do need to provide a notice that your disclosure statement and modified LAR are available on the CFPB’s website.

Links

- [The Rule itself](#) (all 793 pages)
- [CFPB’s Executive Summary](#)
- [CFPB’s Key Dates Timeline](#)
- [Does HMDA Apply To You? 2017 Coverage 2018 Coverage](#)
- [Risk InboX](#)
- [AffirmX](#)

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