



## 2018 HMDA STATEMENT FACT SHEET | YOUR MAP TO REGULATORY CHANGE

### BACKGROUND

On July 5, 2018, the Bureau of Consumer Financial Protection (Bureau) released a statement on implementation of the Economic Growth, Regulatory Relief and Consumer Protection Act (Act) amendments to the Home Mortgage Disclosure Act. The statement essentially paves the way for additional guidance<sup>1</sup> from the Bureau on how the Act will impact HMDA data collected in 2018, and how HMDA data will be formatted and submitted. The statement also noted that the agencies are retaining their diagnostic examination approach to evaluating the accuracy of HMDA data and adequacy of HMDA compliance processes for data collected in 2018 and reported in 2019. Let's keep in mind: It's not the clean break many thought it might be.

### THRESHOLDS ADJUSTED

The Economic Growth, Regulatory Relief and Consumer Protection Act<sup>2</sup> provides partial exemption for some insured depository institutions from reporting certain data points. The partial exemptions are generally available to depository institutions and insured credit unions that meet the following thresholds:

- The institution originated fewer than **500 closed-end mortgage loans** in each of the two preceding calendar years.
- The institution originated fewer than **500 open-end lines of credit** in each of the two preceding calendar years.

Partial exemptions are not available to insured depository institutions that do not meet certain Community Reinvestment Act performance evaluation rating standards. This particular regulatory relief provision does not apply if your institution received a "needs to improve" CRA rating during each of its two most recent examinations or a rating of "substantial noncompliance" on its most recent CRA exam.

### DATA COLLECTED IN 2018

For institutions filing HMDA data collected in 2018, the Act will not impact the format of the Loan Application Register (LAR<sup>3</sup>); an **exemption code** will be provided for data fields to which partial exemption applies. All LARs will be submitted to the same HMDA Platform. A beta version of the platform is expected later this year.

<sup>1</sup> Anticipated for later this summer

<sup>2</sup> Enacted 5/24/2018

<sup>3</sup> [2018 Filing Instructions Guide | 2018 FIG](#)

## **“EXEMPT” FIELDS**

For closed-end mortgage loans or open-end lines of credit subject to the partial exemption, the Act states that the **“requirements of HMDA section 304(b)(5) and (6)” will not apply:**

- Total points and fees payable at origination.
- The difference between the annual percentage rate associated with the loan and a benchmark rate or rates for all loans.
- The term in months of any prepayment penalty or other fee or charge payable on repayment of some portion of the principal or the entire principal in advance of scheduled payments.
- The value of the real property pledged or proposed to be pledged as collateral.
- The actual or proposed term in months of any introductory period after which the rate of interest may change.
- The presence of contractual terms or proposed contractual terms that would allow the mortgagor or applicant to make payments other than fully amortizing payments during any portion of the loan term.
- The actual or proposed term in months of the mortgage loan.
- The channel through which application was made.
- A unique identifier that identifies the loan originator.
- Universal loan identifier.
- Parcel number that corresponds to the real property pledged or proposed as collateral.
- Credit score of mortgage applicants or mortgagors.
- Such other information as the Bureau may require (the famous catchall).

## **ADDITIONAL CAUTIONS AND CONSIDERATIONS**

Just a reminder that the implementing regulation, Regulation C, will have to be amended accordingly, with considerable clarifications and commentary. The HMDA reprieve is said to affect nearly 85% of all banks yet does not have a significant impact on the mortgage industry, as most mortgages are made by large institutions and non-bank lenders. Two years from now the Bureau said it will conduct a “lookback” of the HMDA data collected and then issue a report by the end of year three to the Senate Banking Committee and House Financial Services Committee with the results of the study. Could we be right back where we started in a few years?