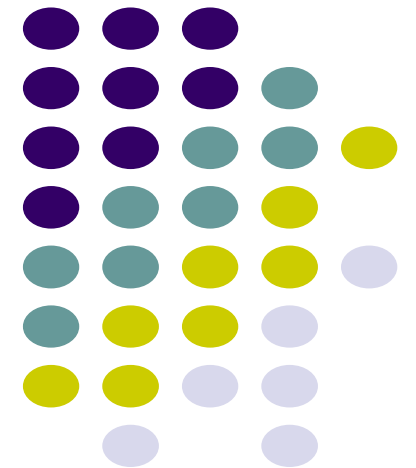


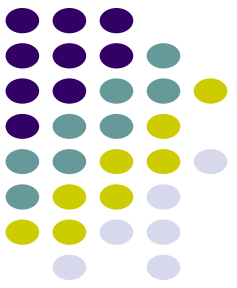
NH/ME Compliance Conference

HMDA Highlights

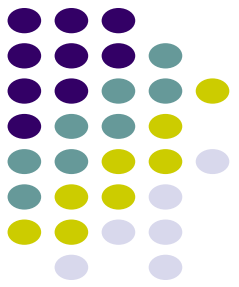
April 24, 2019



Agenda

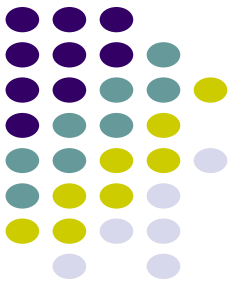


- Where do we stand with 2018 data
- What should we be doing now?
- Q&A



2018 HMDA DATA

2018 HMDA Data

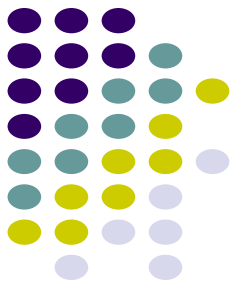


- 3/29/2019 CFPB published Modified LARs for 5,400 institutions
- 1st time expanded data set is publicly available
- Additional reports will be made available later this year

CFPB noted it “anticipates applying particular rigor and analysis to address data anomalies, including in the new data points and describing the context in which the data may be best understood.”

HMDA Data Publication

The HMDA data and reports are the most comprehensive publicly available information on mortgage market activity. The data and reports can be used along with the [Census](#) demographic information for data analysis purposes. Available below are the data and reports for HMDA data collected in or after 2017. For HMDA data and reports for prior years, visit <https://www.ffiec.gov/hmda/hmdaproducts.htm>.



Modified Loan/Application Register (LAR)

The modified LAR provides loan-level data for an individual financial institution, as modified by the Bureau to protect applicant and borrower privacy.

Disclosure Reports

These reports summarize lending activity for individual institutions, both nationwide and by MSA/MD.

MSA/MD Aggregate Reports

These reports summarize lending activity by MSA/MD.

National Aggregate Reports

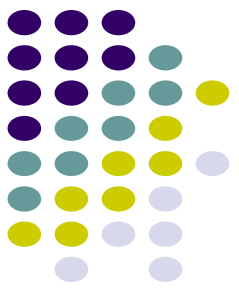
These reports summarize nationwide lending activity. They indicate the number and dollar amounts of loan applications, cross-tabulated by loan, borrower and geographic characteristics.

Snapshot National Loan-Level Dataset

The snapshot files contain the national HMDA datasets as of April 18th, 2018 for all HMDA reporters, as modified by the Bureau to protect applicant and borrower privacy.

Dynamic National Loan-Level Dataset

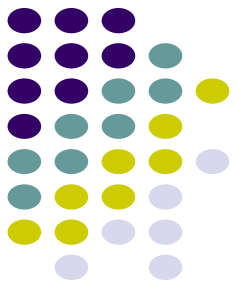
The dynamic files contain the national HMDA datasets, modified by the Bureau to protect applicant and borrower privacy, updated weekly for all HMDA reporters.



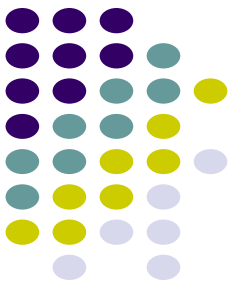
2018 HMDA Data

- 12/21/2018: CFPB published final policy guidance for public disclosure of data (Executive Summary is good reference tool)

1. Exclude from the public loan-level HMDA data:
 - a. Universal loan identifier or non-universal loan-identifier
 - b. Application date
 - c. Action taken date
 - d. Property address
 - e. Credit score relied on in making the credit decision
 - f. Mortgage loan originator NMLSR identifier
 - g. Result generated by the automated underwriting system
 - h. Free-form text fields for: race, ethnicity, name and version of credit scoring model, reason for denial, and name of the automated underwriting system.
2. Reduce the precision of most of the values reported for the following:
 - a. Loan amount
 - b. Age
 - c. Debt-to-income ratio
 - d. Property value
 - e. Total units
 - f. Multifamily affordable units



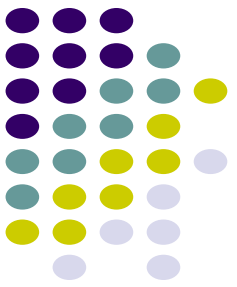
WHAT SHOULD WE BE DOING NOW?



What should we be doing now?

#1: Fair Lending Compliance Management: Analyze the Data!

- Raise awareness at every level in the company; top to bottom!
- Find the best resources to help with this - choose carefully (2017 and 2018)
- Develop/reevaluate/improve your Fair Lending Compliance Management System
- Stand alone task force or integrate with other groups - meet regularly, prepare minutes, create action plans
- Now more than ever: HMDA Data Integrity is ONLY the first step



What should we be doing now?

#2: Back to work with data integrity

- 2019 Data Integrity will be evaluated
- Evaluate challenges with 2018 data
- Objective testing of “final” quarterly LAR using Examination Testing Guidelines
- Include HMDA Team in evaluation of the new URLA

FFIEC HMDA Examiner Transaction Testing Guidelines:

- Apply to examinations of HMDA data collected beginning in 2018 and reported beginning in 2019
- Eliminate the file error resubmission threshold
- Establish, for the purpose of counting errors toward the field error resubmission threshold, allowable tolerances for certain data fields
- Provide a more lenient 10 percent field error resubmission threshold for financial institutions with LAR counts of 100 or less
- Not changed by 2018 interpretive rule

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201708_cfpb_ffiec-hmda-examiner-transaction-testing-guidelines.pdf

HMDA Transaction Testing Sample Sizes and Thresholds

LAR Count	Total Sample Size (A)	Initial Sample Size (B)	Initial Sample Threshold (C)	Resubmission Threshold (D)	
				#	%
25 – 50	30*	15	2	3	10.0*
51 – 100	30	20	2	3	10.0
101 – 130	47	29	2	3	6.4
131 – 190	56	29	2	3	5.4
191 – 500	59	30	2	3	5.1
501 – 100,000	79	35	2	4	5.1
100,001+	159	61	2	4	2.5

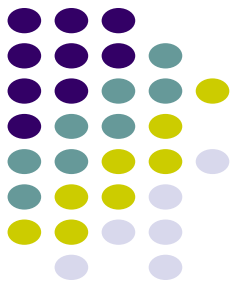
HMDA Key Fields: FDIC, OCC, FRB

- Previously, nearly all HMDA data fields were “key”
- 2015 HMDA rule includes 48 data points reported in a total of 110 fields (for non-exempt institutions)
- 37 of 110 fields were determined to be “key” by FDIC, OCC, and FRB
- “examination staff may determine that it is necessary to review additional HMDA data fields, as appropriate”

<https://www.fdic.gov/news/news/financial/2017/fil17051.pdf>

<https://www.occ.treas.gov/news-issuances/bulletins/2017/bulletin-2017-41.html>

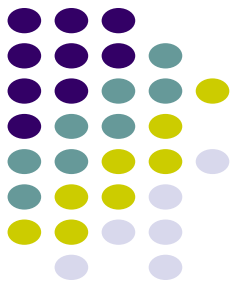
<https://www.federalreserve.gov/supervisionreg/caletters/caltr1703.htm>



What should we be doing now?

#3: Identify and react to the 2018 challenges

- Software updates mid-year changed loan level data
- Software updates in LOS impacted mapping to HMDA software
- AUS: difficult to automate
- CLTV for FHA and VA loans showed as quality edits since CFPB did not include MI in the portal
- Construction loan reporting
- DTI reporting

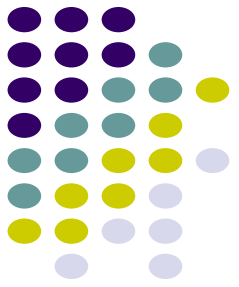


What should we be doing now?

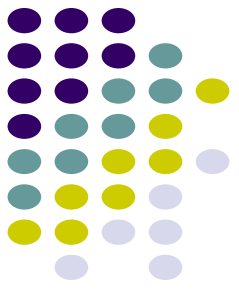
#3: Identify and react to the 2018 challenges

- Interest only field
- Demographic information - mapping from system to system
- Business purpose loans
- State housing loans
- Manual calculations of DTI for asset based income
- Anything else?

HMDA Reporters: Identifying reportable transactions



- Only report transactions where you made the credit decision
- Reconcile HMDA data with NMLS Call Report
- Is pipeline management up to date? Action taken date?
- Focus on Commercial Loans: Dwelling definition; temporary financing
- Watch transactional volume thresholds for open-end and closed-end transactions

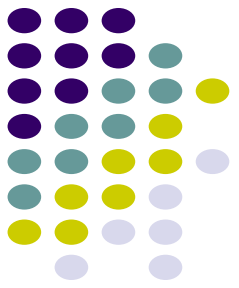


HMDA Reporters: Identifying reportable transactions

Do you have a HMDA reportable preapproval program?

“Written commitment issued must result from a comprehensive review of creditworthiness of the applicant, including verification of income, resources and other matters as is typically done by the institution as part of its normal credit evaluation program....” subject to specific limited conditions:

- Identification of suitable property
 - No material change to financial condition
 - Limited, customary conditions not related to creditworthiness of financial condition (i.e. sufficient title insurance)
-
- What you call it doesn't matter!
 - Ad hoc preapprovals do not make a “preapproval program,” but be consistent!
 - Only reportable if originated, denied or approved/not accepted. (no withdrawn!)



HMDA Reporters: Identifying reportable transactions

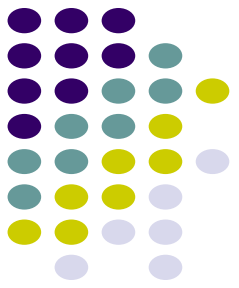
Do you have a HMDA reportable preapproval program?

If No: Do not report any preapproval loans; always use “preapproval not requested”

If Yes: Report “preapproval requested” when applicable for a purchase

Report “Preapproval not requested” :

- For loan purposes other than purchase
- For purchased loans
- For multifamily loans
- For open-end loans and reverse mortgages
- For denied, withdrawn or closed for incompleteness



What next...

Do you have a HMDA reportable preapproval program?

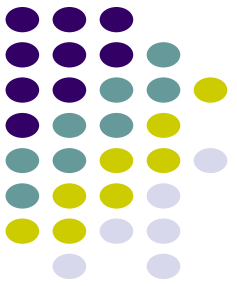
If No: Do not report any preapproval loans; always use “preapproval not requested”

If Yes: Report “preapproval requested” when applicable for a purchase

Report “Preapproval not requested” :

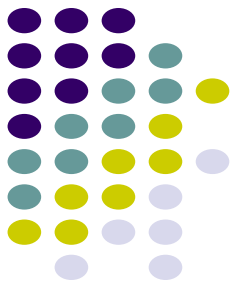
- For loan purposes other than purchase
- For purchased loans
- For multifamily loans
- For open-end loans and reverse mortgages
- For denied, withdrawn or closed for incompleteness

Economic Growth Act - Partial Exemption



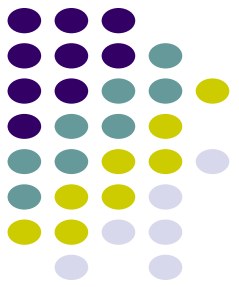
- Partial exemption with respect to 26 specific data fields only
- Insured depository institutions and credit unions if originated fewer than 500 closed-end loans in each of the 2 calendar years.
- Same language for open-end lines of credit
- Not applicable if poor CRA exam history
- Challenges with LOS/HMDA software/Ops Procedures, etc.

Economic Growth Act - Partial Exemption

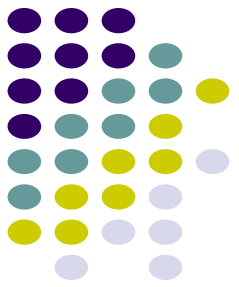


Data Points not required under the partial exemption:

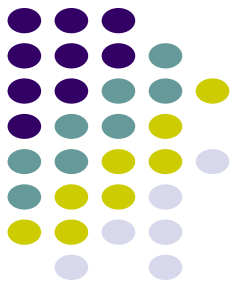
- Universal Loan Identifier (ULI)
- Property Address
- Rate Spread
- Credit Score
- Mandatorily Reported Reasons for Denial
- Total Loan Costs or Total Points and Fees
- Origination Charges
- Discount Points
- Lender Credits
- Interest Rate
- Prepayment Penalty Term
- Debt-to-Income Ratio
- Combined Loan-to-Value Ratio
- Loan Term
- Introductory Rate Period
- Non-Amortizing Features
- Property Value
- Manufactured Home Secured Property Type
- Manufactured Home Land Property Interest
- Multifamily Affordable Units
- Application Channel
- Mortgage Loan Originator Identifier
- Automated Underwriting System
- Reverse Mortgage Flag
- Open-End Line of Credit Flag
- Business or Commercial Purpose Flag



QUESTIONS & ANSWERS



REVIEWING the HMDA DATA Fields



HMDA Data Points - Identifiers

MLO Identifier

- NMLSR ID of LO with primary responsibility for the transaction on
- action taken date
- NA if LO not required to obtain and has not obtained an NMLSR ID

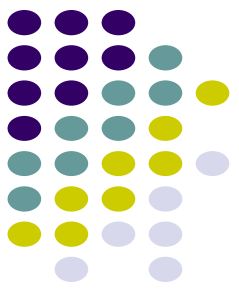
Legal Entity Identifier

- Unique, 20-digit alphanumeric identifier issued by a utility endorsed by LEI Regulatory Oversight Committee or governed by Global LEI Foundation



Universal Loan Identifier

- Required for each loan or application
- Purchaser must use ULI assigned/previously reported for the loan
- LEI + up to 23 additional unique characters + 2 character check digit



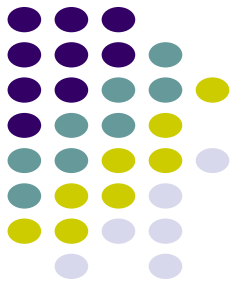
HMDA Data Points - Application/Loan Information



Application Date (tolerance for error)

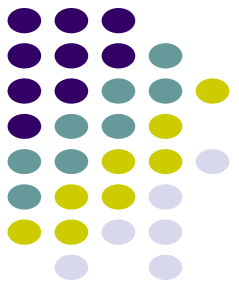
- **Retail**: Either date received OR date on the application form.
- **TPO**: Date received by TPO, date received by FI, OR date on the application form.
- **Reinstated/Reconsidered Applications**:
 - Discretion to treat as a new application or existing
 - If existing, use original application date.
 - If new, use date of request.
 - Only within same calendar year- prohibition on multiple ULIs for the same loan
- **Purchased**: Report NA
- Policy decisions to be made- consistency is expected, but not every loan type or division needs to handle the same way.

HMDA Data Points - Application/Loan Information



Loan Type

- FHA, VA, USDA/RHS/FSA, or conventional

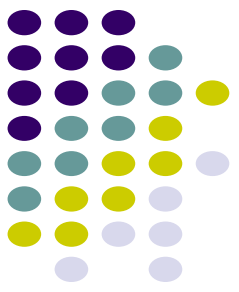


HMDA Data Points - Application/Loan Information



Loan Purpose

- Home purchase, home improvement, refinancing, cash-out refinancing or other
- Hierarchy of multi purpose loans has changed
 - Home purchase purpose supersedes all other purposes.
 - Refinancing/ Cash-Out Refinancing supersedes Home improvement & “other” purposes
 - Home Improvement supersedes “other” purpose loans.
- Business or Commercial
 - Report if primarily for business purpose, but is a home purchase, home improvement or refinancing.
 - If “other”, it is an excluded transaction.
 - Investment loans in residential area are business purpose loans



HMDA Data Points - Application/Loan Information

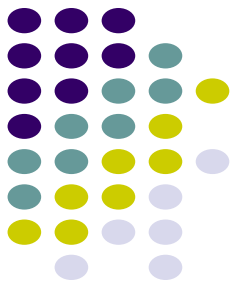


Loan Purpose

- Refinancing vs Cash-Out Refinancing
 - If investor guidelines are used to determine whether transaction is cash out, use this to determine refinance or cash out
 - How was the loan treated at application or during processing?
- Training and technology challenge:
 - LE/CD purpose (purchase/refinance/construction/home equity)
 - URLA: revisions do not include cash-out refinance as purpose

4a. Loan and Property Information

Loan Amount \$ Loan Purpose Purchase Refinance Other (specify)

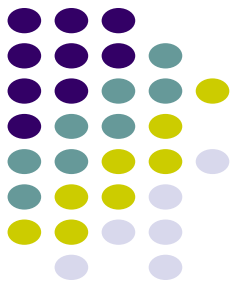


HMDA Data Points - Application/Loan Information



Loan Amount (tolerance for error)

- Must use exact dollar amount
- If counteroffer is accepted, report the covered loan amount
- Watch loan amount and mapped fields from LOS to HMDA Software



HMDA Data Points - Application/Loan Information

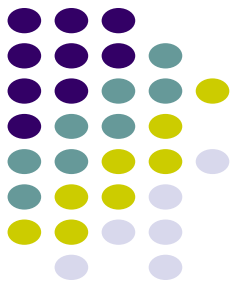
ECOA....

- Approved
- Denied
- Counteroffer
- Incomplete
- Withdrawn (but no notice required)

HMDA Action Taken



- Code 1: Loan Originated
- Code 2: Approved Not Accepted
- Code 3: Denied
- Code 4: Applicant Expressly Withdrew
- Code 5: File Closed for Incompleteness
- Code 6: Loan Purchased by Your Institution
- Code 7: Preapproval Request Denied
- Code 8: Preapproval Request Approved Not accepted
(no longer optional reporting)

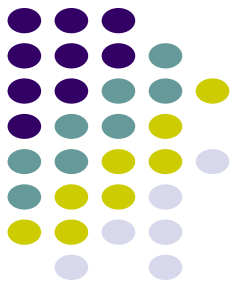


HMDA Data Points - Application/Loan Information

Regulation B Section 1002.9 Notification Requirements

When notification is required. A creditor shall notify an applicant of action taken within:

- (i) 30 days after receiving a “**completed**” application concerning the creditor's approval of, counteroffer to, or adverse action on the application;
- (ii) 30 days after taking adverse action on an incomplete application, unless notice is provided in accordance with **paragraph (c)** of this section;
- (iii) 30 days after taking adverse action on an existing account; or
- (iv) 90 days after notifying the applicant of a counteroffer if the applicant does not expressly accept or use the credit offered.



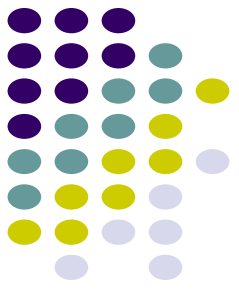
HMDA Data Points - Application/Loan Information

ECOA Discussion

Objective of an ECOA examination is:

“To determine whether the creditor has established policies, procedures and internal controls to ensure that it is in compliance with the ECOA and Regulation B. The intensity and scope of the current ECOA / Regulation B examination will depend in part on the adequacy of the creditor’s compliance management program.” *

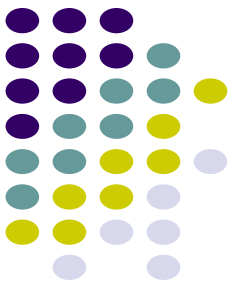
* From CFPB ECOA Examination Program Guidelines



HMDA Data Points - Application/Loan Information

ECOA Notification Requirements: Starting Point for Creating Written Procedures

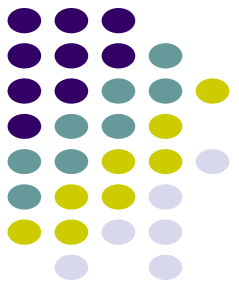
- If procedures do not exist in writing, form a committee to look at procedures from all angles -
- Ask a lot of questions: What practices exist? How do we ensure compliance? Do practices vary by loan product?
- What is a standard set of documents/info we need to make an informed/supported credit decision based on prudent business practices?
- How do we define completed application? Is it applied consistently for every loan?
- Commit these practices to writing, with input from all applicable departments and include the Compliance Officer/Committee in the development of the policy/procedures.



HMDA Data Points - Application/Loan Information

ECOA Notification Requirements: Discussion

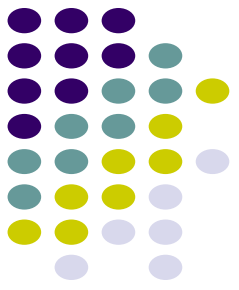
- How do you define completed application?
- Do you have written procedures for processing loans?
- Does your staff have a processing timeline they manage to?
- Do you actively manage your pipeline?
- Need consistency for every application: Fair Lending concerns!!!
- Consider using an ECOA Notification Checklist when loan is cancelled



HMDA Data Points - Application/Loan Information

Excerpt from sample ECOA Notification Checklist

	At Application	At Final Disposition
Applicant(s)		
Property Address		
Loan Program		
Loan Amount		
Interest Rate/Points		
Credit Score		
Property Value/LTV		
Income/Ratios		
UW Findings		

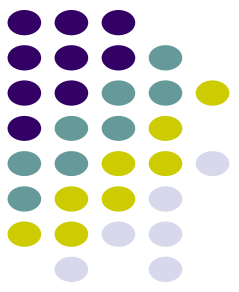


HMDA Data Points - Application/Loan Information



Application Denied

- Report as denied if the credit decision to deny was made before the applicant withdraws the application or the file is closed for incompleteness.
- Report counteroffers that are not accepted by the applicant as a denial on the original terms requested
- For conditional approvals, report as denied if applicant does not meet conditions within specified time
- Action Taken Date: Date application denied or date notice is sent to the applicant



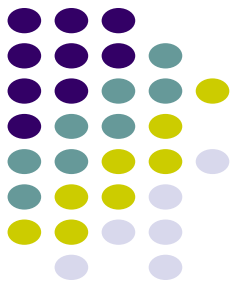
HMDA Data Points - Application/Loan Information

Adverse Action?

Regulation B Definition of Adverse Action:

“A refusal to grant credit in substantially the amount or on substantially the terms requested in an application.”

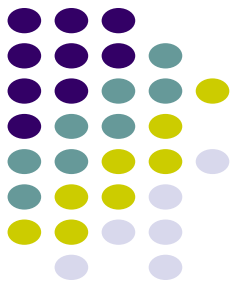
- Are there any comments indicating the Bank was unable to provide financing for the original loan request?
- Examples of comments would be: “Appraisal came in low, borrower did not want mortgage insurance so they withdrew the loan” OR “Tax returns did not support income, borrower withdrew loan”.



HMDA Data Points - Application/Loan Information

Adverse Action?

- Were there ANY changes to the loan request at any point during the loan process?
- Include withdrawn and incomplete loans in second review process
- Look at every piece of paper in the file; especially any file or system notes

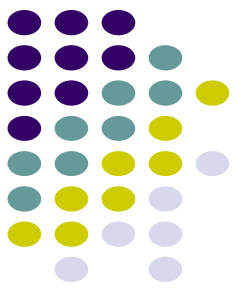


HMDA Data Points - Application/Loan Information



Application Withdrawn

- Clarified timing: report if expressly withdrawn before application is denied, closed for incompleteness or approved (with no credit conditions)
- If conditionally approved and applicant expressly withdraws, report as withdrawn
- Action Taken Date: Date the express withdrawal was received or date shown on the notification form (if written withdrawal)

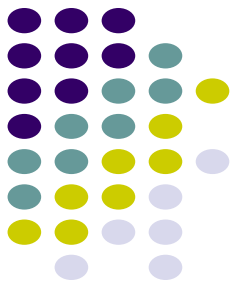


HMDA Data Points - Application/Loan Information



Application Closed for Incompleteness

- If Regulation B Notice of Incompleteness was sent and applicant did not respond within the required time.
- For conditional approvals: report as closed for incompleteness if a Regulation B notice was sent and applicant did not respond within required time frame.
 - Consider adding NOI language to commitment letters; watch for state law
- If a denial notice is sent on the basis of incompleteness, loan can be reported as incomplete or denied.
- Action Taken Date: Date file was closed or date notice sent to applicant



HMDA Data Points - Application/Loan Information

Appendix C Form C-6: Model Form for Incomplete Notice

Creditor's name

Address

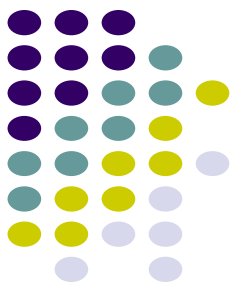
Telephone number

Date

Dear Applicant: Thank you for your application for credit. The following **information** is needed to make a decision on your application:

We need to receive this information by _____ **(date)**. If we do not receive it by that date, we will regrettably be unable to give further consideration to your credit request.

Sincerely,

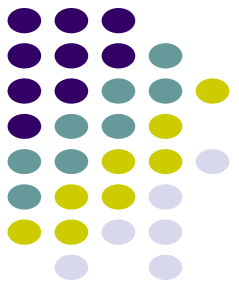


HMDA Data Points - Application/Loan Information



Application Approved but not accepted

- Loan is approved subject solely to outstanding conditions that are customary commitment or closing conditions and applicant fails to respond or loan is not closed.
- Report rescinded loans as approved but not accepted.
- Include approved but not accepted counteroffer loans.
- Action Taken Date: Any reasonable date, such as approval date, deadline for accepting offer, or date file was closed



HMDA Data Points - Application/Loan Information

Denied

- Traditional denials
- Discouraging applications; credit score too low.
- Counteroffers if not accepted

Withdrawn

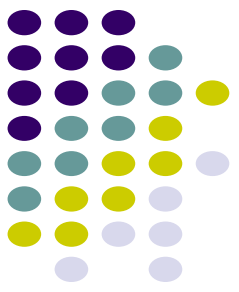
- Action taken by the borrower to withdraw
- Disappearing Borrowers?

Closed For Incompleteness

- Notice & opportunity to complete
- Conditional Approvals if NOI language is in commitment letter

Approved/Not Accepted

- Loan approved subject to closing conditions.. No credit decisions
- Rescinded Transactions



HMDA Data Points - Application/Loan Information



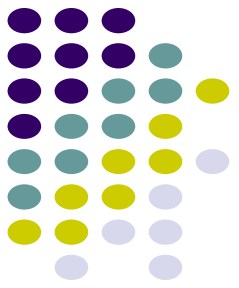
Action Taken

- Report repurchases as Loan Purchased by Your Institution
- Remember: credit decision drives who reports the transaction



Action Taken Date (tolerance for error)

- Need to define approach for each action taken type and be consistent
- Include this in your HMDA Procedures: consistency



HMDA Data Points - Application/Loan Information

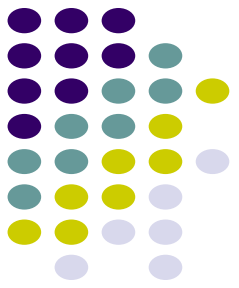
Type of Purchaser

- Quarterly reporting is updated if loan is sold in the same calendar year
- Watch your quarterly scrubs if you do not sell loans right away



Lien Status

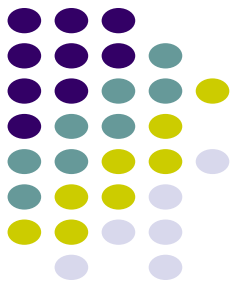
- Secured by a first lien; secured by a subordinate lien
- Must be secured by a dwelling to be reportable



HMDA Data Points - Application/Loan Information



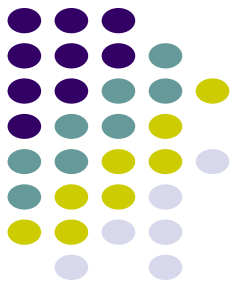
- Prepayment Penalty Term
- Loan Term
- Balloon Payment
- Interest Only Payments
- Negative Amortization
- Other Non-Amortizing Features
- Introductory Rate Period



HMDA Data Points - Application/Loan Information

Reason for Denial

- Required for all institutions
- Up to 4 reasons, new free-form field to explain “Other” reason
 - Operational Controls for free-form?
- Do your ECOA denial reasons reconcile with your HMDA denial reasons?



HMDA Data Points - Application/Loan Information

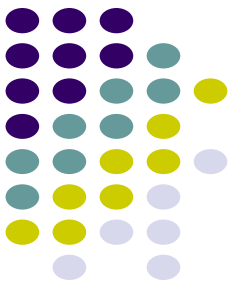
Model Form C-5 (Regulation B)

- Credit application incomplete
- Insufficient number of credit references provided
- Unacceptable type of credit references provided
- Unable to verify credit references
- Temporary or irregular employment
- Unable to verify employment
- Length of employment
- Income insufficient for amount of credit requested
- Excessive obligations in relation to income
- Unable to verify income
- Length of residence
- Temporary residence
- Unable to verify residence
- No credit file
- Limited credit experience
- Poor credit performance with us
- Delinquent past or present credit obligations with others
- Collection action or judgment
- Garnishment or attachment
- Foreclosure or repossession
- Bankruptcy
- Number of recent inquiries on credit bureau report
- Value or type of collateral not sufficient
- Other, specify: _____

Regulation C Filing Instruction Codes

1. Debt-to-income ratio
2. Employment history
3. Credit history
4. Collateral
5. Insufficient cash (down payment, closing costs)
6. Unverifiable information
7. Credit application incomplete
8. Mortgage insurance denied
9. Other

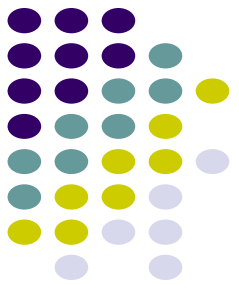
(Repeat, up to 4)



HMDA Data Points - Application/Loan Information

Application Channel

- Two new fields: (1) whether the application was submitted directly to the institution, (2) whether the obligation initially payable to the institution
- NA for purchased loans



HMDA Data Points - Application/Loan Information



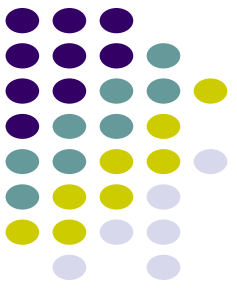
Reverse Mortgage

- Regulation Z definition, but without regard to whether the security interest is created in a principal dwelling.
- Lender making credit decision reports for HMDA



Open-end

- Regulation Z definition

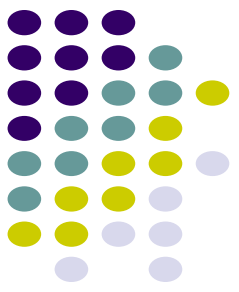


HMDA Data Points - Application/Loan Information



Business or Commercial Purpose

- Includes multi-family properties (over 2 units per Reg. Z) regardless of occupancy
- Includes single family investment properties
- Business or commercial purpose coding impacts other fields



HMDA Data Points - Applicant Information



Age

- Age of applicant and co-applicant as of the application date



Demographic Information

- Sex: adds reporting option of “Applicant selected both male and female:
- Ethnicity: adds disaggregated subcategories for Hispanic and Latino/must report each category and subcategory selected (up to 5 total)
- Race: adds disaggregated subcategories; report all race categories and subcategory selected up to 5 total
- Free form text field for “Other” Ethnicity and Race subcategory
- Report whether each was based on visual observation or surname



HMDA Data Points - Applicant Information

VII. DETAILS OF TRANSACTION

j. Subordinate financing		If you answer "Yes" to any question a through i, please see instructions later for explanation.	Borrower		Co-Borrower	
k. Borrower's closing costs paid by Seller		f. Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond, or loan guarantee?	Yes	No	Yes	No
l. Other Credits (explain)		g. Are you obligated to pay alimony, child support, or separate maintenance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. Loan amount (exclude PMI, VEP, Funding Fee financed)		h. Is any part of the debt:				
n. PMI, VEP, Funding Fee financed		i. Are you a co-maker or				
o. Loan amount (add to a-n)	0.00	j. Are you a U.S. citizen:				
p. Cash Brought to Borrower (includes k, l, i, & n items)		k. Are you a permanent:				

VIII. DECLARATIONS

Demographic Information Addendum. This section asks about your ethnicity, sex, and race.

Demographic Information of Borrower

The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, federal law requires that we ask applicants for their demographic information (ethnicity, sex, and race) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. The law provides that we may not discriminate on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, federal regulations require us to note your ethnicity, sex, and race on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. Instructions: You may select one or more "Hispanic or Latino" origins and one or more designations for "Race." If you do not wish to provide some or all of this information, select the applicable check box.

Ethnicity

Hispanic or Latino

Mexican Puerto Rican Cuban

Other Hispanic or Latino - Enter origin: _____

Examples: Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, etc.

Not Hispanic or Latino

I do not wish to provide this information

Race

American Indian or Alaska Native - Enter name of enrolled or principal tribe: _____

Asian

Asian Indian Chinese Filipino

Japanese Korean Vietnamese

Other Asian - Enter race: _____

Examples: Hmong, Laotian, Thai, Pakistani, Cambodian, etc.

Black or African American

Native Hawaiian or Other Pacific Islander

Native Hawaiian Guamanian or Chamorro Samoan

Other Pacific Islander - Enter race: _____

Examples: Fijian, Tongan, etc.

White

I do not wish to provide this information

Sex

Female

Male

I do not wish to provide this information

To Be Completed by Financial Institution (for application taken in person):

Was the ethnicity of the Borrower collected on the basis of visual observation or surname? NO YES

Was the sex of the Borrower collected on the basis of visual observation or surname? NO YES

Was the race of the Borrower collected on the basis of visual observation or surname? NO YES

The Demographic information was provided through:

Face-to-Face Interview (includes Electronic Media w/Video Component) Telephone Interview Fax or Mail Email or Internet

Borrower Name:

Uniform Residential Loan Application
Freddie Mac Form 65 - Fannie Mae Form 1003
Revised 08/2016 • Effective 01/2018

Options: Use the current URLA 7/05 (revised 6/09) with following stipulations:

May 'cross out', 'shade out' or otherwise delete the **Information for Government Monitoring Purposes** section

- Add the Demographic Information Addendum page; **OR**
- CFPB's Attachment A - Sample Data Collection Form; **OR**
- Lender Custom Form with the new Demographic Information fields; **OR**
- Replace the Government Monitoring Purposes section with the Demographic Info

Currently optional, mandatory for new applications on and after January 1, 2018

Ethnicity, Race & Sex

Demographic Information Addendum. This section asks about your ethnicity, sex, and race.

Demographic Information of Borrower

The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, federal law requires that we ask applicants for their demographic information (ethnicity, sex, and race) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. **The law provides that we may not discriminate** on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, federal regulations require us to note your ethnicity, sex, and race on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application.

Instructions: You may select one or more "Hispanic or Latino" origins and one or more designations for "Race." If you do not wish to provide some or all of this information, select the applicable check box.

Ethnicity

Hispanic or Latino

- Mexican Puerto Rican Cuban
 Other Hispanic or Latino – Enter origin:

Examples: Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, etc.

Not Hispanic or Latino

I do not wish to provide this information

Sex

Female

Male

I do not wish to provide this information

Race

American Indian or Alaska Native – Enter name of enrolled or principal tribe:

Asian

- Asian Indian Chinese Filipino
 Japanese Korean Vietnamese
 Other Asian – Enter race:

Examples: Hmong, Laotian, Thai, Pakistani, Cambodian, etc.

Black or African American

Native Hawaiian or Other Pacific Islander

- Native Hawaiian Guamanian or Chamorro Samoan
 Other Pacific Islander – Enter race:

Examples: Fijian, Tongan, etc.

White

I do not wish to provide this information

To Be Completed by Financial Institution (for application taken in person):

Was the ethnicity of the Borrower collected on the basis of visual observation or surname?

NO YES

Was the sex of the Borrower collected on the basis of visual observation or surname?

NO YES

Was the race of the Borrower collected on the basis of visual observation or surname?

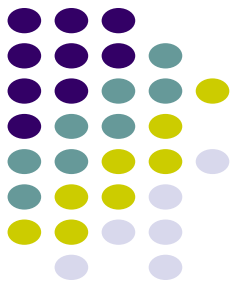
NO YES

The Demographic Information was provided through:

- Face-to-Face Interview (includes Electronic Media w/ Video Component) Telephone Interview Fax or Mail Email or Internet

Options for Selection on In-Person Applications if borrower does not wish to provide.

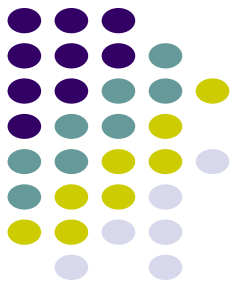
For Borrower Only!



HMDA Data Points - Applicant Information

Demographic Information Challenges

- Evaluation of online application software, not just LOS
- 36 DI fields = programming nightmare
- Solutions need to consider GMI collection versus new DI collection
- Difficult to address point of sale errors after initial 1003
- Point of sale training needs to happen often



HMDA Data Points - Property Information

Property Location/Census Tract

- State, county, census tract only (MSA/MD field eliminated)

Property Address

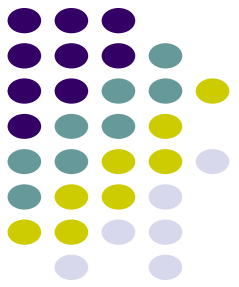
- Street address of property securing loan or application
- NA if not known (e.g., no property identified before loan denied or withdrawn)



Property Value

- Value of property relied on for credit decision
- NA if no value relied on, or if closed for incompleteness or withdrawn before credit decision made

HMDA Data Points - Property Information

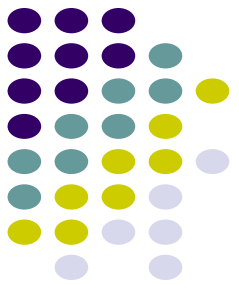


Occupancy Type (modified)

- Principal residence, second residence or investment property
- Remember investment property is a business purpose loan and technically 3-4 unit owner occupied

Construction Method (modified)

- Replaces current “Property Type”
- Only 2 options: site-built or manufactured home
- Eliminates distinction between 1-to-4-family and multifamily dwellings (but multi-family ID required for other fields)
- Instruction on how to report when property type unknown deleted



HMDA Data Points - Property Information

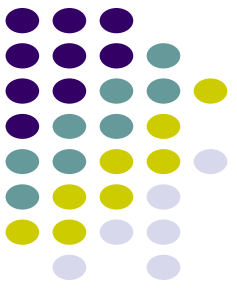


Manufactured Home Secured Property Type

- With land, without land, or NA
- Land determination based on whether loan is secured by the land; regardless of whether home is classified as real property under state law

Manufactured Home Land Property Interest

- Whether applicant/borrower owns or leases land where manufactured home is/will be located
- Direct ownership, indirect ownership, paid leasehold, paid leasehold or NA



HMDA Data Points - Property Information

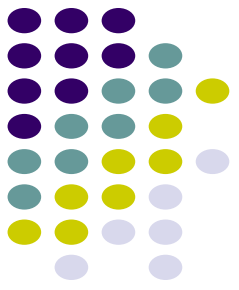


Total Units

- Total number of dwelling units related to property securing or proposed to secure the loan

Multifamily Affordable Units

- Number of dwelling units that are income-restricted under federal, state, or local affordable housing programs
- Only reported for loans secured by a multifamily dwelling

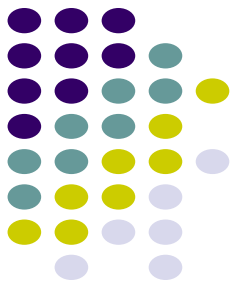


HMDA Data Points - Underwriting Elements



Income

- “Relied on” is the standard
- Do not include income amounts derived from underwriting calculations of potential annuitization or depletion of an applicant’s remaining assets
- Include actual distributions from retirement accounts or other assets relied on as income
- Report NA:
 - Streamlines
 - Non Natural Persons
 - Multifamily
 - Permissible for purchased loans
 - Employee loans



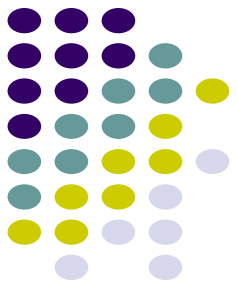
HMDA Data Points - Underwriting Elements



Combined Loan to Value Ratio

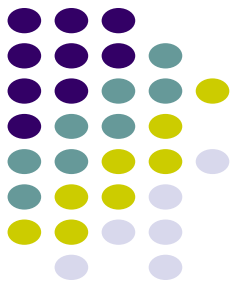
- “Relied On” Standard
 - If made one internal calculation and one for investor guidelines, report investor guideline calculation
- Report “Not Applicable”
 - No Credit Decision made (even if it was calculated!)
 - No DTI/LTV Relied On
 - Non-Natural Persons
 - Multifamily (DTI Only)
 - Purchased Loans

HMDA Data Points - Underwriting Elements



Credit Score and Version of Credit Scoring Model

- “Relied on” in making credit decision
 - Credit score was a factor even if it was not a dispositive factor
- Multiple borrowers and multiple scores
- Report Not Applicable
 - No Credit Decision
 - No Credit Score Relied on
 - Purchased Loans
 - Non Natural Persons

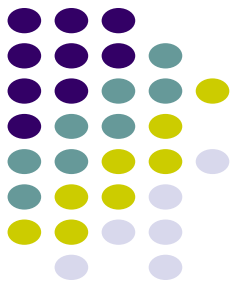


HMDA Data Points - Underwriting Elements



Debt to Income Ratio

- Relied on in credit decision
- Report “Not Applicable”
 - No Credit Decision made (even if it was calculated!)
 - No DTI/LTV Relied On
 - Non-Natural Persons
 - Multifamily (DTI Only)
 - Purchased Loans



HMDA Data Points - Underwriting Elements



Automated Underwriting System (new)

- Complex waterfall for reporting multiple results
 - Loan type/Purchaser type/Closest in time/Report them all
- Consider current HMDA staff: training?
- Operational changes - AUS only accessed through LOS?
- Post-consummation changes?

AUS Waterfall

1. Did one of the AUS used match the loan type reported? (Example: Total Scorecard for FHA Loan)

If yes, did it obtain only one result? (Only approve results, no ineligible)

- If yes, report that AUS.
- If no, see step 2.

If No, see step 2.

2. Does AUS used match the purchaser, insurer or guarantor for the loan? (Example: DU for Fannie Mae)

If yes, did it obtain only one result?

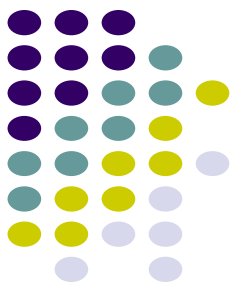
- If yes, report that AUS.
- If no, see step 3

If No, see step 3.

3. Report the AUS system & corresponding result that happened closest in time to the credit decision, UNLESS FI obtained simultaneous results. If results were simultaneous, see step 4.

4. If FI obtained simultaneous results closest in time to the credit decision, report all of those simultaneous AUS systems & results, up to 5.

5. If FI obtained more than 5 results simultaneously, pick any 5.



HMDA Data Points - Pricing Elements

Rate Spread

- Expanded to all loans subject to Regulation Z, not just higher-priced
- Difference between APR and Average Prime Offer Rate as of the date the interest rate is set
- Report for approved not accepted loans
- Refer to NA publication

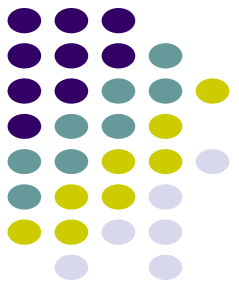
HOEPA Status

- New category for loans subject to HOEPA that are not high cost



Interest Rate

- From the LE (if no CD is issued) or CD
- Report interest rate for approved not accepted applications



HMDA Data Points - Pricing Elements

Total Loan Costs/Points & Fees

- Loan Costs: loans subject to ATR and TRID; from Closing Disclosure
- Points & Fees: loans subject to ATR but not subject to TRID
- Rules for reporting when Revised CD is issued



Origination Charges, Discount Points, Lender Credits

- Loans subject to TRID only - from Closing Disclosure
- Lender Credits: evaluate controls for issuing lender credits