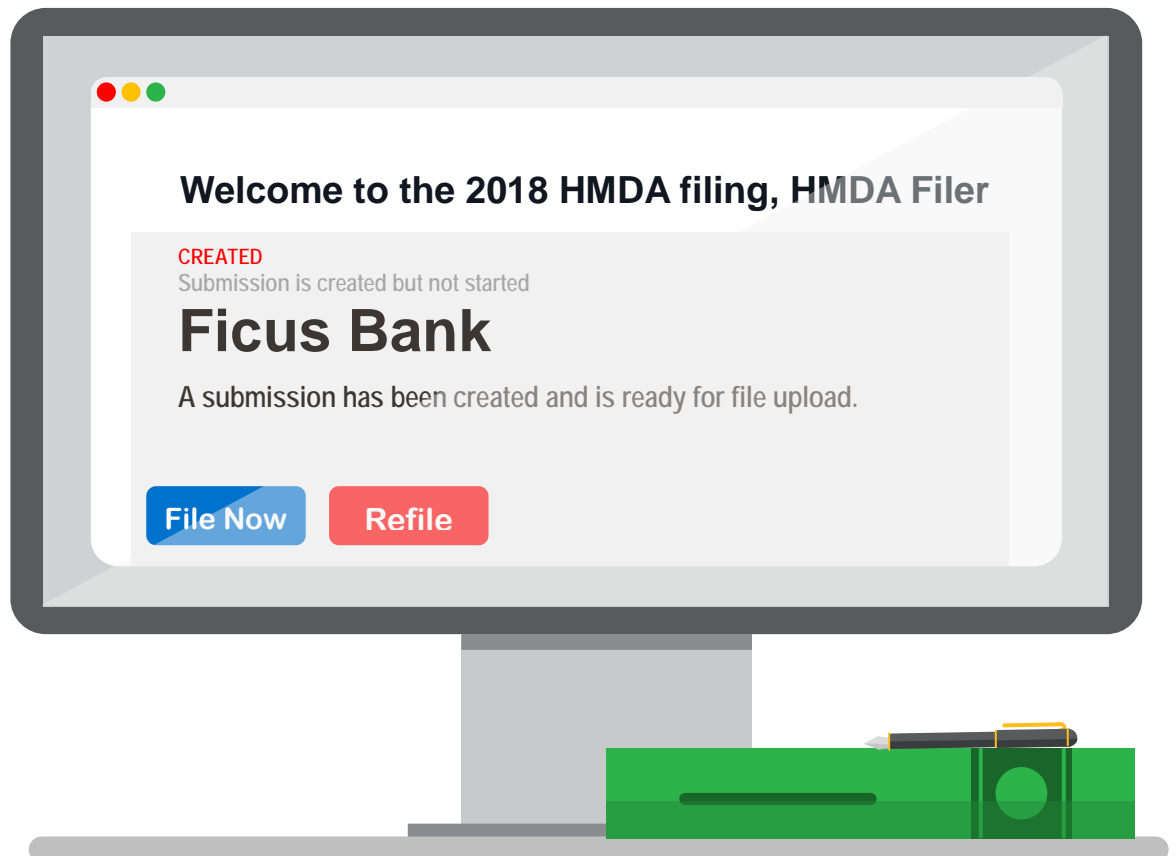
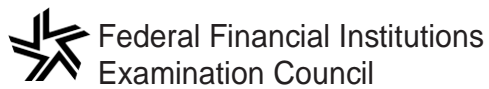


EDITION EFFECTIVE JANUARY 1, 2018  
(For HMDA Submissions due March 1, 2019)

A GUIDE TO  
**HMDA**  
**Reporting**  
Getting It Right!



**2018**  
**Edition**

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# 2018 Edition

## A GUIDE TO HMDA Reporting: Getting It Right!

Edition effective January 1, 2018 (for HMDA submissions due March 1, 2019)

This edition of the *Guide* is the comprehensive edition for the 2018 calendar year data (due March 1, 2019). Appendices include:

- Overview of Data Requirements Chart;
- HMDA Small Entity Compliance Guide;
- Instructions on Collection of Data on Ethnicity, Race, and Sex;
- Step-by-step charts summarizing transactional and institutional coverage;
- Regulation C, 12 CFR Part 1003;
- Official Interpretation to Regulation C, 12 CFR Part 1003;
- Federal HMDA Reporting Agencies; and
- HMDA Poster.

Last Edited:  
January 31, 2018

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## Foreword

**A *Guide to HMDA Reporting: Getting It Right!*** will assist you in complying with the Home Mortgage Disclosure Act (HMDA) as implemented by the Consumer Financial Protection Bureau's Regulation C, 12 CFR Part 1003 (Regulation C). The purpose of this *Guide* is to provide an easy-to-use summary of certain key requirements. This *Guide* does not provide detailed information about the HMDA submission process, or file, data, and edit specifications. Information about those topics may be found on the FFIEC's Resources for HMDA Filers website, available at [www.consumerfinance.gov/data-research/hmda/for-filers](http://www.consumerfinance.gov/data-research/hmda/for-filers) and [www.ffiec.gov/hmda/](http://www.ffiec.gov/hmda/).

The Foreword and Summary of Requirements sections of the *Guide* were developed by the Federal Financial Institutions Examination Council (FFIEC) — the Board of Governors of the Federal Reserve System (Board), the CFPB the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the State Liaison Committee (SLC) — and the U.S. Department of Housing and Urban Development (HUD). The appendices include, in addition to Regulation C and its Official Interpretations, certain HMDA compliance materials developed and issued exclusively by the CFPB and not by the FFIEC or its other member agencies. Financial institutions may wish to consult and rely upon additional compliance resources that their Federal supervisory agencies may offer. Contact information for each agency is available in [Appendix H](#).

This edition of the *Guide* incorporates the amendments made to HMDA in the Dodd-Frank Act.<sup>1</sup> The Dodd-Frank Act amended HMDA, transferring rulewriting authority to the Bureau and expanding the scope of information that must be collected, reported, and disclosed under HMDA, among other changes. In October 2015, the Bureau issued the 2015 HMDA Final Rule implementing the Dodd-Frank Act amendments to

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<sup>1</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203, 124 Stat. 1376, section 2097- 101 (2010).

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Regulation C.<sup>2</sup> On August 24, 2017, the Bureau issued a final rule further amending Regulation C to make technical corrections and to clarify and amend certain requirements adopted by the 2015 HMDA Final Rule.<sup>3</sup>

The 2015 HMDA Final Rule modified the types of institutions and transactions subject to Regulation C, the types of data that institutions are required to collect, and the processes for reporting and disclosing the required data.<sup>4</sup>

The *Summary of Requirements* reviews HMDA's purposes and data collection, reporting, and disclosure requirements. It provides a high level summary of:

- The **institutions** covered by Regulation C.
- The **transactions** covered by Regulation C.
- The **information** that covered institutions are required to collect, record, and report.
- The **requirements for reporting and disclosing** data.

**This *Guide* is not a substitute for HMDA or Regulation C.** Regulation C and its official interpretations (also known as the commentary) are the definitive sources of information regarding their requirements. Regulation C is available in **Appendix F** and **G** of this *Guide* and at [www.consumerfinance.gov/regulatory-implementation/hmda/](http://www.consumerfinance.gov/regulatory-implementation/hmda/).

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<sup>2</sup> Home Mortgage Disclosure (Regulation C), 80 FR 66128 (Oct. 28, 2015) (October 2015 HMDA Final Rule).

<sup>3</sup> Home Mortgage Disclosure (Regulation C); 82 FR 43088 (Sept. 13, 2017) (September 2017 HMDA Final Rule). For more information on the specific changes made by the 2017 technical corrections and clarifications to Regulation C, review the Executive Summary, available at [www.consumerfinance.gov/documents/5206/201707\\_cfpb\\_hmda-executive-summary.pdf](http://www.consumerfinance.gov/documents/5206/201707_cfpb_hmda-executive-summary.pdf).

<sup>4</sup> October 2015 HMDA Final Rule, 80 FR 66128-29. For more information on the specific changes made by the 2015 amendments to Regulation C, review the Executive Summary for the October 15, 2015 HMDA Rule, available at [www.consumerfinance.gov/documents/5218/201510\\_cfpb\\_hmda-executive-summary.pdf](http://www.consumerfinance.gov/documents/5218/201510_cfpb_hmda-executive-summary.pdf). Further, Section 2 of the HMDA Small Entity Compliance Guide, available in **Appendix B** of this *Guide*, also provides an overview of these changes.

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Additionally, this *Guide* is not a substitute for the requirements for filing the reportable data. The Filing Instructions Guide is the definitive source for information regarding the filing requirements and is available at [www.consumerfinance.gov/data-research/hmda/for-filers](http://www.consumerfinance.gov/data-research/hmda/for-filers).<sup>5</sup>

## Feedback

The FFIEC welcomes suggestions for changes or additions that might make this *Guide* more helpful.

**Write to:**

FFIEC, 3501 Fairfax Drive  
Room B-7081a  
Arlington, VA 22226

**Send an e-mail to:**

[GettingItRightGuide@cfpb.gov](mailto:GettingItRightGuide@cfpb.gov)

## Questions

If, after reviewing the resources in this *Guide*, you have a question regarding a specific provision of the regulation, or have questions about how to file HMDA data, please email [HMDAHELP@cfpb.gov](mailto:HMDAHELP@cfpb.gov) with your specific question, identifying the filing year you are referencing, and, when applicable, the section(s) of the regulation related to your question. You can also submit the inquiry online using the form available at

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<sup>5</sup> The Federal HMDA reporting agencies (the Board, the Bureau, HUD, FDIC, NCUA, and OCC), referred to as the “appropriate Federal agency” in Regulation C, have agreed that, beginning on January 1, 2018, all HMDA filers will file their HMDA data with the CFPB. The CFPB will process the HMDA data for the Federal HMDA reporting agencies and the FFIEC, and prepare and make available data products to the general public on behalf of the Federal HMDA reporting agencies and the FFIEC. For HMDA data reporting beginning in 2018, a web-based data submission and edit-check system (the HMDA Platform) will be available to process HMDA data. For a financial institution to submit its file, it must be in pipe delimited format. For more information on the format and how to submit the file, review the Filing Instructions Guide.

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[hmdahelp.consumerfinance.gov](https://hmdahelp.consumerfinance.gov). The information you provide will permit the Consumer Financial Protection Bureau to process your request or inquiry. You may also contact your appropriate Federal HMDA reporting agency (see [Appendix H](#) to this *Guide*.)

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## Summary of Requirements

Generally, this *Guide* will point you to the relevant resources that discuss:

- The **institutions** covered by Regulation C.
- The **transactions** covered by Regulation C.
- The **information** that covered institutions are required to collect, record, and report.
- The **requirements for reporting and disclosing** data.

### Institutional Coverage

- Coverage Generally
- Coverage Tests
- Exemptions Based on State Law
- Mergers and Acquisitions

The material can be found after the introduction in the referenced appendix section.

## Institutional Coverage: Who Must Report?

### INSTITUTIONAL COVERAGE GENERALLY


An institution is required to comply with Regulation C only if it is a “financial institution” as that term is defined in Regulation C. The definition of financial institution includes both depository financial institutions and nondepository financial institutions, as those terms are separately defined in Regulation C. 12 CFR 1003.2(g).

### Transactional Coverage

An institution uses these two definitions, which are outlined below, as coverage tests to determine whether it is a financial institution that is required to comply with Regulation C. For the purposes of this *Guide*, the term “financial institution” refers to an institution that is either a depository financial institution or a nondepository financial institution that is subject to Regulation C.

### Compilation of Reportable Data

### Recording, Reporting, and Disclosure

 **Where to Look:** Regulation C’s institutional coverage criteria are found within the definition of “financial institution,” located at 12 CFR 1003.2(g) and the associated commentary, available in [Appendix F](#) and [G](#) of this *Guide*. You may also want to review section 3 of the HMDA Small Entity Compliance Guide in [Appendix B](#) and the Institutional Coverage Chart in [Appendix D](#) of this *Guide*.



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## Summary of Requirements

### Institutional Coverage

- Coverage Generally
- Coverage Tests
- Exemptions Based on State Law
- Mergers and Acquisitions

### Transactional Coverage

### Compilation of Reportable Data

### Recording, Reporting, and Disclosure

## INSTITUTIONAL COVERAGE TESTS

### DEPOSITORY FINANCIAL INSTITUTIONS

A bank, savings association, or credit union is a depository financial institution and subject to Regulation C if it meets **ALL** of the following:

1. **Asset-Size Threshold.** On the preceding December 31, the bank, savings association, or credit union had assets in excess of the asset-size threshold published annually in the *Federal Register*, included in the official interpretations, 12 CFR Part 1003, Comment 2(g)-2, and posted on the Bureau's website. 12 CFR 1003.2(g)(1)(i). The phrase "preceding December 31" refers to the December 31 immediately preceding the current calendar year. For example, in 2018, the preceding December 31 is December 31, 2017. Comment 2(g)-1.

2. **Location Test.** On the preceding December 31, the bank, savings association, or credit union had a home or branch office located in a metropolitan statistical area (MSA). 12 CFR 1003.2(g)(1)(ii).

For purposes of this location test, a branch office for a bank, savings association, or credit union is an office: (a) of the bank, savings association, or credit union (b) that is considered a branch by the institution's Federal or State supervisory agency. For purposes of Regulation C, an automated teller machine or other free-standing electronic terminal is not a branch office regardless of whether the supervisory agency would consider it a branch. 12 CFR 1003.2(c)(1). A branch office of a credit union is any office where member accounts are established or loans are made, whether or not an agency has approved the office as a branch. Comment 2(c)(1)-1.

3. **Loan Activity Test.** During the preceding calendar year, the bank, savings association, or 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. 12 CFR 1003.2(g)(1)(iii). For more information on whether a loan is secured by a dwelling, is a home purchase loan, or is a refinancing, see 12 CFR 1003.2(f), (j), and (p) and

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## Summary of Requirements

### Institutional Coverage

- Coverage Generally
- Coverage Tests
- Exemptions Based on State Law
- Mergers and Acquisitions

### Transactional Coverage

### Compilation of Reportable Data

### Recording, Reporting, and Disclosure

associated commentary; and Sections 4.1.1.2 and 5.7 of the HMDA Small Entity Compliance Guide available in [Appendix B](#) of this *Guide*.

**4. Federally Related Test.** The bank, savings association, or credit union:

- a. Is federally insured; or
- b. Is federally regulated; or
- c. Originated at least one home purchase loan or refinancing of a home purchase loan that was secured by a first lien on a one- to-four-unit dwelling and also (i) was insured, guaranteed or supplemented by a Federal agency or (ii) was intended for sale to the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac). 12 CFR 1003.2(g)(1)(iv).

**5. Loan-Volume Threshold.** The bank, savings association, or 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. Effective January 1, 2018 and through December 31, 2019, a bank, savings association, or credit union that originated at least 25 closed-end mortgage loans in each of the two preceding calendar years, or originated at least 500 open-end lines of credit in each of the two preceding calendar years meets or exceeds the loan-volume threshold.

When the bank, savings association, or credit union determines whether it meets these loan-volume thresholds, it does not count transactions excluded by 12 CFR 1003.3(c)(1) through (10) and (13). 12 CFR 1003.2(g)(1)(v). Closed-end mortgage loans, open-end lines of credit, and these excluded transactions are discussed below in [TRANSACTIONAL COVERAGE: WHAT IS REPORTED?](#).

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## Summary of Requirements

### Institutional Coverage

- Coverage Generally
- Coverage Tests
- Exemptions Based on State Law
- Mergers and Acquisitions

### Transactional Coverage

### Compilation of Reportable Data

### Recording, Reporting, and Disclosure

When determining if it meets the loan-volume thresholds, a bank, savings association, or credit union only counts closed-end mortgage loans and open-end lines of credit that it originated. Only one institution is deemed to have originated a specific closed-end mortgage loan or open-end line of credit under Regulation C, even if two or more institutions are involved in the origination process. Only the institution that is deemed to have originated the transaction under Regulation C counts it for purposes of the Loan-Volume Threshold. Comment 2(g)-5; see also Comments 4(a)-2 through -4. These requirements are discussed below in [TRANSACTIONS INVOLVING MULTIPLE ENTITIES](#).

Regulation C also includes a separate test to ensure that financial institutions that meet only the closed-end mortgage loan threshold are not required to report their open-end lines of credit, and that financial institutions that meet only the open-end line of credit threshold are not required to report their closed-end mortgage loans. 12 CFR 1003.3(c)(11) and (12).<sup>6</sup> For more information, see HMDA Small Entity Compliance Guide, Section 4.1.2 available in [Appendix B](#) of this *Guide*.

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<sup>6</sup> If a financial institution is required under Regulation C to report only closed-end mortgage loans, it may optionally report open-end lines of credit that are excluded because the financial institution does not meet the transactional threshold for open-end lines of credit but that would otherwise be covered loans. Similarly, if a financial institution is required under Regulation C to report only open-end lines of credit, it may optionally report closed-end mortgage loans that are excluded because the financial institution does not meet the transactional threshold for closed-end mortgage loans but that would otherwise be covered loans. However, if it chooses to optionally report either closed-end mortgage loans or open-end lines of credit, the financial institution must report all such transactions that would otherwise be covered loans for that calendar year. Comments 3(c)(11)-2 and 3(c)(12)-2.

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## Summary of Requirements

### Institutional Coverage

- Coverage
- Coverage Tests
- Exemptions Based on State Law
- Mergers and Acquisitions

### Transactional Coverage

### Compilation of Reportable Data

### Recording, Reporting, and Disclosure

## NONDEPOSITORY FINANCIAL INSTITUTIONS

Under Regulation C, a for-profit mortgage-lending institution other than a bank, savings association, or credit union is a nondepository financial institution and subject to Regulation C if it meets **BOTH** of the following:

1. **Location Test.** The institution had a home or branch office in a metropolitan statistical area (MSA) on the preceding December 31. 12 CFR 1003.2(g)(2)(i). The phrase “preceding December 31” refers to the December 31 immediately preceding the current calendar year. For example, in 2018, the preceding December 31 is December 31, 2017. Comment 2(g)-1

For purposes of this location test, a branch office of a nondepository financial institution is any one of the institution’s offices at which the institution takes from the public applications for covered loans. A nondepository financial institution is also deemed to have a branch office in an MSA if, in the preceding calendar year, it received applications for, originated, or purchased five or more covered loans related to property located in that MSA, even if it does not have an office in that MSA. 12 CFR 1003.2(c)(2). Covered loans and applications for covered loans are discussed below in [TRANSACTIONAL COVERAGE: WHAT IS REPORTED?](#).

2. **Loan-Volume Threshold.** The institution meets or exceeds either the closed-end mortgage loan-volume threshold or the open-end line of credit loan-volume threshold in each of the two preceding calendar years. Effective January 1, 2018 through December 31, 2019, an institution that originated at least 25 closed-end mortgage loans in each of the two preceding calendar years, or originated at least 500 open-end lines of credit in each of the two preceding calendar years meets or exceeds the loan-volume threshold.

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## Summary of Requirements

When an institution determines whether it meets the loan-volume thresholds, it does not count transactions excluded by 12 CFR 1003.3(c)(1) through (10) and (13). 12 CFR 1003.2(g)(2)(ii). Closed-end mortgage loans, open-end lines of credit, and these excluded transactions are discussed below in [TRANSACTIONAL COVERAGE: WHAT IS REPORTED?](#).

## Institutional Coverage

- Coverage Generally
- Coverage Tests
- Exemptions Based on State Law
- Mergers and Acquisitions

When determining if it meets the loan-volume thresholds, an institution only counts closed-end mortgage loans and open-end lines of credit that it originated. Only one institution is deemed to have originated a specific closed-end mortgage loan or open-end line of credit under Regulation C, even if two or more institutions are involved in the origination process. Only the institution that is deemed to have originated the transaction under Regulation C counts it for purposes of the loan volume threshold. Comment 2(g)-5; see also Comments 4(a)-2 through -4. These requirements are discussed below in [TRANSACTIONS INVOLVING MULTIPLE ENTITIES](#).

## Transactional Coverage

Regulation C also includes a separate test to ensure that financial institutions that meet only the 25 closed-end mortgage loan threshold are not required to report their open-end lines of credit, and that financial institutions that meet only the 500 open-end line of credit threshold are not required to report their closed-end mortgage loans. 12 CFR 1003.3(c)(11) and (12).<sup>7</sup> For more information, see the HMDA Small Entity Compliance Guide, Section 4.1.2 available in [Appendix B](#) of this *Guide*.

## Compilation of Reportable Data

## Recording, Reporting, and Disclosure

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<sup>7</sup> If a financial institution is required under Regulation C to report only closed-end mortgage loans, it may optionally report open-end lines of credit that are excluded because the financial institution does not meet the transactional threshold for open-end lines of credit but that would otherwise be covered loans. Similarly, if a financial institution is required under Regulation C to report only open-end lines of credit, it may optionally report closed-end mortgage loans that are excluded because the financial institution does not meet the transactional threshold for closed-end mortgage loans but that would otherwise be covered loans. However, if it chooses to optionally report either closed-end mortgage loans or open-end lines of credit, the financial institution must report all such transactions that would otherwise be covered loans for that calendar year. Comments 3(c)(11)-2 and 3(c)(12)-2.

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## Summary of Requirements

### Institutional Coverage

- Coverage
- Coverage Tests
- Exemptions Based on State Law
- Mergers and Acquisitions

### Transactional Coverage

### Compilation of Reportable Data

### Recording, Reporting, and Disclosure

## EXEMPTIONS BASED ON STATE LAW

Regulation C provides that financial institutions may apply for an exemption from coverage. Specifically, the Bureau may exempt a State-chartered or State-licensed financial institution if the Bureau determines that the financial institution is subject to a State disclosure law that contains requirements substantially similar to those imposed by Regulation C and adequate enforcement provisions. Any State-licensed or State-chartered financial institution or association of such institutions may apply to the Bureau for an exemption. An exempt institution shall submit the data required by State law to its State supervisory agency. 12 CFR 1003.3(a). A financial institution that loses its exemption must comply with Regulation C beginning with the calendar year following the year for which it last reported data under the State disclosure law. 12 CFR 1003.3(b).

## MERGERS AND ACQUISITIONS

After a merger or acquisition, the surviving or newly formed institution is subject to Regulation C if it satisfies the coverage criteria for either a depository financial institution or a nondepository financial institution. See [INSTITUTIONAL COVERAGE TESTS](#), above, and Section 3 of the HMDA Small Entity Compliance Guide available in [Appendix B](#) of this *Guide*.

### **Reporting responsibility for the calendar year *after* a merger or acquisition.**

When determining whether the surviving or newly formed institution is covered for the calendar year after a merger or acquisition, the surviving or newly formed institution must consider the combined assets, locations, and lending activities of the surviving or newly formed entity and the merged or acquired entities or acquired branches. Comment 2(g)-3.

**Reporting responsibility for the calendar year *of* a merger or acquisition.** The following discusses the applicability of Regulation C during the calendar year of a merger or acquisition:

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## Summary of Requirements

### Institutional Coverage

- Coverage
- Coverage Tests
- Exemptions Based on State Law
- Mergers and Acquisitions

### Transactional Coverage

### Compilation of Reportable Data

### Recording, Reporting, and Disclosure

1. If two institutions that are not subject to Regulation C merge but the newly formed or surviving institution is subject to Regulation C, no data collection is required for the calendar year of the merger.
2. When a branch office of an institution that is not subject to Regulation C is acquired by another institution that is not subject to Regulation C, and the acquisition results in the acquiring institution becoming subject to Regulation C, no data collection is required for the calendar year of the acquisition.
3. If an institution that is subject to Regulation C and an institution that is not subject to Regulation C merge, and the surviving or newly formed institution is subject to Regulation C, for the calendar year of the merger, data collection is required for covered loans and applications handled in the offices of the institution that was previously subject to Regulation C. For the calendar year of the merger, data collection is optional for covered loans and applications handled in offices of the institution that was not previously subject to Regulation C.
4. When an institution that is subject to Regulation C acquires a branch office of an institution that is not subject to Regulation C, data collection is optional for covered loans and applications handled by the acquired branch office for the calendar year of the acquisition.
5. If an institution that is subject to Regulation C and an institution that is not subject to Regulation C merge and the surviving or newly formed institution is not subject to Regulation C, data collection is required for covered loans and applications handled prior to the merger in the previously covered institution's offices. After the merger date, data collection is optional for covered loans and applications handled in the offices of the institution that was previously covered.
6. When an institution that is not subject to Regulation C acquires a branch office of an institution that is subject to Regulation C but that acquisition does not result in the acquiring institution becoming subject to Regulation C, data collection is required for transactions of the acquired branch office that take place prior to the acquisition. Data collection by the acquired branch office is

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## Summary of Requirements

### Institutional Coverage

- Coverage
- Coverage Tests
- Exemptions Based on State Law
- Mergers and Acquisitions

### Transactional Coverage

### Compilation of Reportable Data

### Recording, Reporting, and Disclosure

optional for transactions taking place in the remainder of the calendar year of the acquisition.

7. If two or more institutions that are subject to Regulation C merge and the surviving or newly formed institution is also subject to Regulation C, data collection is required for the entire calendar year of the merger. The surviving or newly formed financial institution files either a consolidated submission or separate submissions for that calendar year.
8. When one institution subject to Regulation C acquires a branch office of another covered institution, data collection is required for the entire calendar year of the merger. Data for the acquired branch office may be submitted by either financial institution. Comment 2(g)-4.

### CHANGES TO APPROPRIATE FEDERAL HMDA REPORTING AGENCY OR TIN

Under Regulation C, if the appropriate Federal HMDA reporting agency for a financial institution changes, the financial institution must identify its new appropriate Federal HMDA reporting agency in its annual submission for the year of the change. For example, if a financial institution's appropriate Federal HMDA reporting agency changes in February 2019, it must identify its new appropriate Federal HMDA reporting agency beginning with the annual submission of its 2019 data by March 1, 2020.

If a financial institution obtains a new Tax Identification Number (TIN), it should provide the new number in its subsequent data submission. For example, if two financial institutions that previously reported HMDA data merge and the surviving financial institution retained its Legal Entity Identifier (LEI) but obtained a new TIN, then the surviving financial institution should report the new TIN with its next HMDA data submission. Comment 5(a)-5.



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## Summary of Requirements

### Institutional Coverage

### Transactional Coverage

- Covered Loans
- Reportable Activity
- Transaction involving Multiple Entities

### Compilation of Reportable Data

### Recording, Reporting, and Disclosure

## Transactional Coverage: What is Reported?

A financial institution is required to collect, record, and report information only for transactions that are subject to Regulation C. The transactions covered may come from multiple departments in an institution, including its closed-end loan, open-end loan, and commercial loan departments. All lines of business will need to be reviewed for covered transactions.

**Where to Look:** Regulation C's transactional coverage criteria is generally found within the definition of "Covered Loan," located at 12 CFR 1003.2(e) and the associated commentary, available in [Appendix F](#) and [G](#) of this *Guide*. You may also want to review Section 4 of the HMDA Small Entity Compliance Guide available in [Appendix B](#) and the Transactional Coverage Chart available in [Appendix E](#) of this *Guide*.

### COVERED LOANS

A covered loan can be either a closed-end mortgage loan or an open-end line of credit, but an excluded transaction cannot be a covered loan. 12 CFR 1003.2(e).

To determine if a transaction is subject to Regulation C, a financial institution should first determine whether the loan or line of credit involved in the transaction is either a closed-end mortgage loan or an open-end line of credit. [SEE IS IT A CLOSED-END MORTGAGE LOAN OR AN OPEN-END LINE OF CREDIT?](#), below, or Section 4.1.1 of the HMDA Small Entity Compliance Guide, available in [Appendix B](#) of this *Guide*. If the loan or line of credit is neither a closed-end mortgage loan nor an open-end line of credit, the transaction does not involve a covered loan, and the financial institution is not required to report the transaction. If the loan or line of credit is either a closed-end mortgage loan or an open-end line of credit, the financial institution must determine if the closed-end mortgage loan or open-end line of credit is an excluded transaction. See [IS IT AN EXCLUDED TRANSACTION?](#), below, and Section 4.1.2 of the HMDA Small Entity Compliance Guide, available in [Appendix B](#) of this *Guide*. If the closed-end mortgage loan or an open-end line of credit is an excluded transaction, it is not a covered loan, and the financial institution is not required to report the transaction. If the loan or line of credit is a closed-end mortgage loan or an open-end line of credit

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## Summary of Requirements

and is not an excluded transaction, the financial institution may be required to report the transaction. See [REPORTABLE ACTIVITY](#), below, and Section 4.2 of the HMDA Small Entity Compliance Guide, available in [Appendix B](#) of this *Guide*.

### 1. IS IT A CLOSED-END MORTGAGE LOAN OR AN OPEN-END LINE OF CREDIT?

#### Institutional Coverage

#### Transactional Coverage

- Covered Loans
- Reportable Activity
- Transaction involving Multiple Entities

#### Compilation of Reportable Data

#### Recording, Reporting, and Disclosure

A **closed-end mortgage loan** is:

1. An extension of credit (See [EXTENSION OF CREDIT](#), below);
2. Secured by a lien on a dwelling (See [SECURED BY A LIEN ON A DWELLING](#), below); and
3. Not an open-end line of credit. 12 CFR 1003.2(d).

An **open-end line of credit** is:

1. An extension of credit (See [EXTENSION OF CREDIT](#), below);
2. Secured by a lien on a dwelling (See [SECURED BY A LIEN ON A DWELLING](#), below); and
3. An open-end credit plan for which:
  - a. The lender reasonably contemplates repeated transactions;
  - b. The lender may impose a finance charge from time-to-time on an outstanding unpaid balance; and
  - c. The amount of credit that may be extended to the borrower during the term of the plan (up to any limit set by the lender) is generally made available to the extent that any outstanding balance is repaid. 12 CFR 1003.2(o); 12 CFR 1026.2(a)(20).

Financial institutions may rely on Regulation Z, 12 CFR 1026.2(a)(20), and its official commentary when determining whether a transaction is extended under a plan for which the lender reasonably contemplates repeated transactions, the lender may impose a finance charge from time-to-time on an outstanding unpaid balance, and the amount of credit that may be extended to the borrower during the term of the plan is generally made available to the extent that any outstanding balance is repaid.

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## Summary of Requirements

A business-purpose transaction that is exempt from Regulation Z but is otherwise open-end credit under Regulation Z, 12 CFR 1026.2(a)(20) would be an open-end line of credit under Regulation C if it is an extension of credit secured by a lien on a dwelling and is not an excluded transaction. Comment 2(o)-1.

### Institutional Coverage

**Extension of credit.** A closed-end loan or open-end line of credit is not a closed-end mortgage loan or an open-end line of credit under Regulation C *unless* it involves an extension of credit. Individual draws on an open-end line of credit are not separate extensions of credit. Comment 2(o)-2.

### Transactional Coverage

- Covered Loans
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Under Regulation C, an “extension of credit” generally requires a new debt obligation. Comment 2(d)-2. Thus, for example, a loan modification where the existing debt obligation is not satisfied and replaced is not generally a covered loan (*i.e.*, closed-end mortgage loan or open-end line of credit) under Regulation C. Except as described below, if a transaction modifies, renews, extends, or amends the terms of an existing debt obligation, but the existing debt obligation is not satisfied and replaced, the transaction is not a covered loan. It is important to note that Regulation C defines the phrase “extension of credit” differently than Regulation B, 12 CFR Part 1002.8 Comment 2(d)-2 and 2(o)-2.

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Regulation C provides two narrow exceptions to the requirement that an “extension of credit” involve a new debt obligation. The exceptions are designed to capture transactions that are substantially similar to new debt obligations and should be treated as such.

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1. **Assumptions.** Assumptions are extensions of credit under Regulation C. A loan assumption is a transaction in which a financial institution enters into a written agreement accepting a new borrower in place of an existing borrower as the obligor on an existing debt obligation. Regulation C clarifies that assumptions include successor-in-interest transactions in which an individual succeeds the prior owner as the property owner and then assumes the existing debt secured by the property. Assumptions are extensions of credit even if the new borrower merely assumes the existing debt obligation and no new debt

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obligation is created. Comment 2(d)-2.i.

2. **New York CEMAs.** Regulation C provides that transactions completed pursuant to a New York State consolidation, extension, and modification agreement and classified as a supplemental mortgage under New York Tax Law Section 255, such that the borrower owes reduced or no mortgage recording taxes (New York CEMA), is an extension of credit. However, the regulation also provides that certain transactions providing new funds that are consolidated into a New York CEMA are excluded from the HMDA reporting requirements. 12 CFR 1003.3(c)(13); Comment 2(d)-2.ii.

**Secured by a lien on a dwelling.** A loan is not a closed-end mortgage loan and a line of credit is not an open-end line of credit unless it is secured by a lien on a dwelling. A dwelling is a residential structure. There is no requirement that the structure be attached to real property or that it be the applicant's or borrower's residence. Examples of dwellings include:

1. Principal residences;
2. Second homes and vacation homes;
3. Investment properties;
4. Residential structures attached to real property;
5. Detached residential structures;
6. Individual condominium and cooperative units;
7. Manufactured homes or other factory-built homes; and
8. Multifamily residential structures or communities, such as apartment buildings, condominium complexes, cooperative buildings or housing complexes, and manufactured home communities. 12 CFR 1003.2(f); Comments 2(f)-1 and -2.

A dwelling is not limited to a structure that has four or fewer units. It also includes a multifamily dwelling, which is a dwelling that includes five or more individual dwelling units. A multifamily dwelling includes a manufactured home community.

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A loan related to a manufactured home community is secured by a dwelling even if it is not secured by any individual manufactured homes, but is secured only by the land that constitutes the manufactured home community. However, a loan related to a multifamily residential structure or community other than a manufactured home community is not secured by a dwelling unless it is secured by one or more individual dwelling units. For example, a loan that is secured only by the common areas of a condominium complex or only by an assignment of rents from an apartment building is not secured by a dwelling. Comment 2(f)-2. Further, a covered loan secured by five or more separate dwellings, which are not multifamily dwellings, in more than one location is not a loan secured by a multifamily dwelling. For example, assume a landlord uses a covered loan to improve five or more dwellings, each with one individual dwelling unit, located in different parts of a town, and the loan is secured by those properties. The covered loan is not secured by a multifamily dwelling as defined by § 1003.2(n). Comment 2(n)-3.

The following are not dwellings:

1. Recreational vehicles, such as boats, campers, travel trailers, or park model recreational vehicles;
2. Houseboats, floating homes, or mobile homes constructed before June 15, 1976;
3. Transitory residences, such as hotels, hospitals, college dormitories, or recreational vehicle parks; and
4. Structures originally designed as a dwelling but used exclusively for commercial purposes, such as a home converted to a daycare facility or professional office. Comment 2(f)-3.

A property that is used for both residential and commercial purposes, such as a building that has apartment and retail units, is a dwelling if the property's primary use is residential. Comment 2(f)-4.

A property used for both long-term housing and to provide assisted living or supportive housing services is a dwelling. However, transitory residences used to

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## Summary of Requirements

provide such services are not dwellings. Properties used to provide medical care, such as skilled nursing, rehabilitation, or long-term medical care, are not dwellings. If a property is used for long-term housing, to provide related services (such as assisted living), and to provide medical care, the property is a dwelling if its primary use is residential. Comment 2(f)-5.

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A financial institution may use any reasonable standard to determine a property's primary use, such as square footage, income generated, or number of beds or units allocated for each use. It may select the standard on a case-by-case basis. Comments 2(f)-4 and -5.

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### 2. IS IT AN EXCLUDED TRANSACTION?

Regulation C does not apply to transactions that are specifically excluded from coverage. 12 CFR 1003.3(c). Therefore, an excluded transaction is not a covered loan. Regulation C retains and clarifies existing categories of transactions that are excluded from coverage. It also expands the existing exclusion for agricultural loans, and adds new categories of transactions that are excluded from coverage. Effective January 1, 2018, the following are excluded transactions:

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1. A closed-end mortgage loan or an open-end line of credit that a financial institution originates or purchases in a fiduciary capacity, such as a closed-end mortgage loan or an open-end line of credit that a financial institution originates or purchases as a trustee. 12 CFR 1003.3(c)(1); Comment 3(c)(1).
2. A closed-end mortgage loan or an open-end line of credit secured by a lien on unimproved land. 12 CFR 1003.3(c)(2). Generally, a loan or line of credit must be secured by a dwelling to be a covered loan. Regulation C also lists closed-end mortgage loans and open-end lines of credit secured only by vacant or unimproved land as excluded transactions. However, a loan or line of credit secured by a lien on unimproved land is deemed to be secured by a dwelling (and might not be excluded) if the financial institution knows, based on information that it receives from the applicant or borrower at the time the application is received or the credit decision is made, that the proceeds of that

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loan or credit line will be used within two years after closing or account opening to construct a dwelling on, or to purchase a dwelling to be placed on, the land. Comment 3(c)(2)-1.

3. A closed-end mortgage loan or an open-end line of credit that is temporary financing. 12 CFR 1003.3(c)(3). A transaction is excluded as temporary financing if it is designed to be replaced by separate permanent financing extended to the same borrower at a later time. The separate permanent financing may be extended by any lender (*i.e.*, by either the lender that extended the temporary financing or another lender). Comment 3(c)(3)-1. A construction-only loan or line of credit is considered temporary financing and excluded under Regulation C if the loan or line of credit is extended to a person exclusively to construct a dwelling for sale. Comment 3(c)(3)-2.
4. The purchase of an interest in a pool of closed-end mortgage loans or open-end lines of credit, such as mortgage-participation certificates, mortgage-backed securities, or real estate mortgage investment conduits. 12 CFR 1003.3(c)(4); Comment 3(c)(4)-1.
5. The purchase solely of the right to service closed-end mortgage loans or open-end lines of credit. 12 CFR 1003.3(c)(5).
6. The purchase of a closed-end mortgage loan or an open-end line of credit as part of a merger or acquisition or as part of the acquisition of all of a branch office's assets and liabilities. 12 CFR 1003.3(c)(6); Comment 3(c)(6)-1. For more information on mergers and acquisitions under Regulation C, see Comments 2(g)-3 and -4. See also HMDA Small Entity Compliance Guide, Section 8, available in [Appendix B](#) of this *Guide*.
7. A closed-end mortgage loan or an open-end line of credit, or an application for a closed-end mortgage loan or open-end line of credit, for which the total dollar amount is less than \$500. 12 CFR 1003.3(c)(7).
8. The purchase of a partial interest in a closed-end mortgage loan or an open-end line of credit. 12 CFR 1003.3(c)(8); Comment 3(c)(8)-1.

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9. A closed-end mortgage loan or an open-end line of credit if the proceeds are used primarily for agricultural purposes or if the closed-end mortgage loan or open-end line of credit is secured by a dwelling that is located on real property that is used primarily for agricultural purposes. 12 CFR 1003.3(c)(9); Comment 3(c)(9)-1. Regulation C directs financial institutions to Regulation Z's official commentary for guidance on what is an agricultural purpose. Regulation Z's official commentary states that agricultural purposes include planting, propagating, nurturing, harvesting, catching, storing, exhibiting, marketing, transporting, processing, or manufacturing food, beverages, flowers, trees, livestock, poultry, bees, wildlife, fish or shellfish by a natural person engaged in farming, fishing, or growing crops, flowers, trees, livestock, poultry, bees or wildlife. See Comment 3(a)-8 in the official interpretations of Regulation Z, 12 CFR Part 1026. A financial institution may use any reasonable standard to determine the primary use of the property, and may select the standard to apply on a case-by-case basis. Comment 3(c)(9)-1.
10. A closed-end mortgage loan or an open-end line of credit that is or will be made primarily for business or commercial purposes, unless it is a home improvement loan, a home purchase loan, or a refinancing. 12 CFR 1003.3(c)(10). Not all transactions that are primarily for a business purpose are excluded transactions. Thus, a financial institution must collect, record, and report data for dwelling-secured, business-purpose loans and lines of credit that are home improvement loans, home purchase loans, or refinancings if no other exclusion applies. For more information on determining whether a loan or line of credit is a home purchase loan, home improvement loan, or refinancing, see 12 CFR 1003.2(f), (i), (j), and (p) and the associated commentary. See also, HMDA Small Entity Compliance Guide, Section 5.7, available in [Appendix B](#) of this *Guide*.  
  
Regulation C provides that, if a closed-end mortgage loan or an open-end line of credit is deemed to be primarily for a business, commercial, or organizational purpose under Regulation Z, 12 CFR 1026.3(a), and its official commentary, then the loan or line of credit also is deemed to be primarily for a business or commercial purpose. Comment 3(c)(10)-2. For more information and examples



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of business-purpose or commercial-purpose transactions that are and are not covered loans, see Comments 3(c)(10)-3 and -4.

11. A closed-end mortgage loan if the financial institution originated fewer than 25 closed-end mortgage loans in either of the two preceding calendar years. 12 CFR 1003.3(c)(11). A financial institution is not required to collect, record, or report closed-end mortgage loans if it originated fewer than 25 of them in either of the two preceding calendar years. However, the financial institution may still be required to collect and report information regarding open-end lines of credit, depending on the number of open-end lines of credit it originated in the preceding two calendar years. Comment 3(c)(11)-1. For more information on how to determine if a financial institution “originated” a particular loan when multiple entities are involved in the transaction, see Comments 4(a)-2 through -4. See also HMDA Small Entity Compliance Guide, Section 2.3, available in [Appendix B](#) of this *Guide*.

A financial institution may report applications for, originations of, and purchases of closed-end mortgage loans that are excluded transactions under 12 CFR 1003.3(c)(11). However a financial institution that chooses to report such excluded applications, originations, and purchases must report all such applications it received for closed-end mortgage loans, all closed-end mortgage loans it originates, and all closed-end mortgage loans it purchases that would otherwise be covered loans for a given calendar year. 12 CFR 1003.3(c)(11); Comment 3(c)(11)-2. Regulation B permits a financial institution to collect information regarding the ethnicity, race, and sex of an applicant for a closed-end mortgage loan that is an excluded transaction under 12 CFR 1003.3(c)(11), if the financial institution submits HMDA data concerning such closed-end mortgage loans and applications or if it submitted such HMDA data for any of

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the preceding five calendar years.<sup>8</sup>

12. An open-end line of credit if the number of open-end lines of credit that the financial institution originated in either of the two preceding calendar years does not meet or exceed the applicable threshold. 12 CFR 1003.3(c)(12); Comment 3(c)(12)-1. Effective January 1, 2018 until December 31, 2019, the applicable threshold is 500 open-end lines of credit. During this time period, a financial institution is not required to collect, record, or report open-end lines of credit if it originated fewer than 500 of them in either of the two preceding calendar years. For more information on how to determine if a financial institution “originated” a particular line of credit when multiple entities are involved in the transaction, see Comments 4(a)-2 through -4. See also HMDA Small Entity Compliance Guide, Section 2.3, available in [Appendix B](#) of this *Guide*.

A financial institution may report applications for, originations of, or purchases of open-end lines of credit that are excluded transactions under 12 CFR 1003.3(c)(12). However, a financial institution that chooses to report such excluded applications, originations, or purchases must report all applications for otherwise covered open-end lines of credit that it receives, all otherwise covered open-end lines of credit it originates, and all otherwise covered open-end lines of credit it purchases that would otherwise be covered loans for a given calendar year. 12 CFR 1003.3(c)(12); Comment 3(c)(12)-2. Regulation B permits a financial institution to collect information regarding the ethnicity, race, and sex of an applicant for an open-end line of credit that is an excluded transaction under 12 CFR 1003.3(c)(12), if it submits HMDA data concerning

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<sup>8</sup> Amendments to Equal Credit Opportunity Act (Regulation B) Ethnicity and Race Information Collection; 82 FR 45680 (Oct. 2, 2017) (October 2017 Regulation B Amendments). This final rule amends Regulation B to allow creditors flexibility in complying with Regulation B to facilitate compliance with Regulation C and transition to the 2016 Uniform Residential Loan Application (URLA).

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such open-end lines of credit and applications or if it submitted such HMDA data for any of the preceding five calendar years.<sup>9</sup>

13. A transaction that provided (or, in the case of an application, proposed to provide) new funds to the borrower in advance of being consolidated in a New York CEMA classified as a supplemental mortgage under New York Tax Law section 255. However, the transaction is excluded only if final action on the consolidation was taken in the same calendar year as the final action on the new funds transaction. 12 CFR 1003.3(c)(13). Additionally, the transaction is excluded only if, at the time that it originated the transaction providing the new funds, the financial institution intended to consolidate the loan into a New York CEMA. This exclusion does not apply to similar preliminary transactions that are consolidated pursuant to laws other than New York Tax Law section 255. Such preliminary transactions under other laws must be reported if they are covered loans and are not covered by another exclusion. Comment 3(c)(13)-1. New funds provided in advance of being consolidated into a New York CEMA classified as a supplemental mortgage under New York Tax Law section 255 are reported only insofar as they form part of the total amount of the reported New York CEMA. They are not reported as a separate amount. If a New York CEMA that consolidates an excluded preliminary transaction is carried out in a transaction involving an assumption, the financial institution reports the New York CEMA and does not report the preliminary transaction separately. Comment 3(c)(13)-1.

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<sup>9</sup> October 2017 Regulation B Amendments.

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## REPORTABLE ACTIVITY

Once a financial institution has determined whether a transaction involves a covered loan, it must determine whether it has engaged in activity that obligates it to report information about the transaction. Generally, a financial institution is required to report information for actions taken on applications (as that term is defined below) for covered loans, originations of covered loans, and purchases of covered loans. If a financial institution receives an application and that application results in the financial institution originating a covered loan, the financial institution reports the origination of the covered loan, and does not separately report the application. For more information on when to report information regarding applications and covered loans, see [APPLICATIONS](#), [PREAPPROVAL REQUESTS](#), and [ORIGINATIONS AND PURCHASES OF COVERED LOANS](#), below, and Sections 4.2.1 and 4.2.2 of the HMDA Small Entity Compliance Guide, available in [Appendix B](#) of this *Guide*. There are special rules that apply if multiple entities are involved in the transaction. These special rules are discussed in [TRANSACTION INVOLVING MULTIPLE ENTITIES](#), below, and Section 4.2.3 of the HMDA Small Entity Compliance Guide, available in [Appendix B](#) of this *Guide*.

## APPLICATIONS

For purposes of Regulation C, an application is:

- a. an oral or written request
- b. for a covered loan
- c. that is made in accordance with procedures the financial institution uses for the type of credit requested. 12 CFR 1003.2(b)(1).

This definition of application is similar to the Regulation B definition, except that prequalification requests are not applications under Regulation C. Interpretations that appear in the official interpretations to Regulation B are generally applicable to the definition of application under Regulation C, except for those interpretations that include a prequalification request within the definition of application. Comment 2(b)-1.

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## PREAPPROVAL REQUESTS

Under Regulation C, a request for a preapproval may be treated differently than a request for a prequalification for certain types of loans. The determination of whether a request is a prequalification request (which is not an application) or a preapproval request (which might be an application) is based on Regulation C, not on the labels that a financial institution uses or interpretations of other regulations, such as Regulation B.

A preapproval request is an application under Regulation C if the request is:

1. For a home purchase loan;
2. Not secured by a multifamily dwelling;
3. Not for an open-end line of credit or for a reverse mortgage; and
4. Reviewed under a preapproval program (see definition of preapproval program immediately below). 12 CFR 1003.2(b)(2).

A preapproval program for purposes of Regulation C is a program in which the financial institution:

1. Conducts a comprehensive analysis of the applicant's creditworthiness (including income verification), resources, and other matters typically reviewed as part of the financial institution's normal credit evaluation program; and then
2. Issues a written commitment that: (a) is for a home purchase loan; (b) is valid for a designated period of time and up to a specified amount; and (c) is subject only to specifically permitted conditions. 12 CFR 1003.2(b)(2); Comment 2(b)-3.

The written commitment issued as part of the preapproval program can be subject to only the following types of conditions:

1. Conditions that require the identification of a suitable property;
2. Conditions that require that no material change occur regarding the applicant's financial condition or creditworthiness prior to closing; and

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3. Limited conditions that (a) are not related to the applicant's financial condition or creditworthiness and (b) the financial institution ordinarily attaches to a traditional home mortgage application. Examples of conditions ordinarily attached to a traditional home mortgage application include requiring an acceptable title insurance binder or a certificate indicating clear termite inspection and, if the applicant plans to use the proceeds from the sale of the applicant's present home to purchase a new home, a settlement statement showing adequate proceeds from the sale of the present home. 12 CFR 1003.2(b)(2); Comment 2(b)-3.

A program that a financial institution describes as a "preapproval program" but that does not satisfy the Regulation C definition is not a preapproval program for purposes of the regulation. Comment 2(b)-3.

If a financial institution does not regularly use procedures to consider requests but instead considers requests on an ad hoc basis, the financial institution is not required to treat the ad hoc requests as having been reviewed under a preapproval program. However, a financial institution should be generally consistent in following uniform procedures for considering such ad hoc requests. Comment 2(b)-3.

Under Regulation C, a financial institution must collect, record, and report data regarding an application it receives if: (1) the application did not result in the financial institution originating a covered loan; and (2) the financial institution took action on the application or the applicant withdrew the application while the financial institution was reviewing it. For example, a financial institution reports information regarding an application that it denied, that it approved but the applicant did not accept, or that it closed for incompleteness. 12 CFR 1003.4(a) and 1003.5(a); Comment 4(a)-1. If the application results in the financial institution originating a covered loan, the financial institution reports the covered loan, not the application itself. For more information on reporting applications when multiple entities are involved, see [TRANSACTIONS INVOLVING MULTIPLE ENTITIES](#), below, and in Section 4.2.3 of the HMDA Small Entity Compliance Guide, available in [Appendix B](#) of this *Guide*.

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Although requests under preapproval programs are applications, a financial institution reports data regarding a request under a preapproval program only if the preapproval request is denied or approved but not accepted. A financial institution will also report a request under a preapproval program that results in the financial institution originating a home purchase loan, but it will be reported as an originated covered loan. Comment 4(a)-1.ii.

## Institutional Coverage

A financial institution reports the data for an application, including a reportable preapproval request, on its HMDA Loan/Application Register (LAR) for the calendar year during which it takes action even if the financial institution received the application in a previous calendar year. Comment 4(a)-1.iv.

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### ORIGINATIONS AND PURCHASES OF COVERED LOANS

A financial institution must collect, record, and report information regarding originations and purchases of covered loans. For more information on when a financial institution reports the origination or purchase of a covered loan when multiple entities are involved, see [TRANSACTIONS INVOLVING MULTIPLE ENTITIES](#), below, and in Section 4.2.3 of the HMDA Small Entity Compliance Guide, available in [Appendix B](#) of this *Guide*.

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A purchase includes a repurchase of a covered loan, regardless of whether the financial institution chose to repurchase the covered loan or was required to repurchase it because of a contractual obligation and regardless of whether the repurchase occurred within the same calendar year that the covered loan was originated or in a different calendar year. Comment 4(a)-5.

A purchase does not include a temporary transfer of a covered loan to an interim funder or warehouse creditor as part of an interim funding agreement under which the financial institution that originated the covered loan is obligated to repurchase it for sale to a subsequent investor. Such funding agreements are often referred to as “repurchase agreements” and are sometimes used as the functional equivalents of warehouse lines of credit. Comment 4(a)-5.

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### TRANSACTIONS INVOLVING MULTIPLE ENTITIES

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Only one financial institution reports the origination of a covered loan. If more than one institution is involved in the origination of a covered loan, the institution that makes the credit decision approving the application before loan closing or account opening is responsible for reporting the origination of the covered loan. It is not relevant whether the loan closed in the reporting financial institution's name. If more than one institution approved an application prior to loan closing or account opening and one of those institutions purchased the covered loan after closing or account opening, the institution that purchased the covered loan after closing or account opening is responsible for reporting the origination of the covered loan. Comment 4(a)-2.i.

If a financial institution reports a covered loan as an origination, it reports all of the information required to be reported for the origination of a covered loan, even if the covered loan was not initially payable to the financial institution that is reporting the covered loan as an origination. Comment 4(a)-2.i. When reporting a covered loan as an origination, a financial institution cannot rely on exceptions or exclusions that apply to purchased covered loans, but that do not apply to originations of covered loans. Comment 4(a)-2.i.

If a financial institution and other parties review the same application and the financial institution is not responsible for reporting the origination of the resulting covered loan, the financial institution reports the actions that the financial institution took on the application. For example, the financial institution is still required to report the application if the financial institution denied the application or if the financial institution approved the application but the applicant did not accept the loan. The financial institution is also required to report the application if the financial institution was reviewing the application when it was withdrawn or the file was closed for incompleteness. Comment 4(a)-2.ii.

If a financial institution makes a credit decision on a covered loan or application through the actions of an agent, the financial institution reports the covered loan or



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application. State law determines whether one party is the agent of another party. Comment 4(a)-4.

The following examples illustrate when a financial institution reports certain transactions related to covered loans involving multiple entities.

### Examples

#### Institutional Coverage

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1. Ficus Bank receives an application for a covered loan from an applicant and forwards that application to Pine Bank, which reviews and approves the application prior to closing. The loan closes in Ficus Bank's name. Pine Bank purchases the loan from Ficus Bank after closing. Pine Bank is not acting as Ficus Bank's agent when it reviews and approves the application. Because Pine Bank made the credit decision prior to closing, Pine Bank reports the transaction as an originated covered loan, not as a purchased covered loan. Ficus Bank does not report the transaction.

Ficus Mortgage Company receives an application for a covered loan from an applicant and forwards that application to Pine Bank, which reviews and denies the application before the loan would have closed. Pine Bank is not acting as Ficus Mortgage Company's agent when it reviews and denies the application. Because Pine Bank makes the credit decision, Pine Bank reports the application as denied. Ficus Mortgage Company does not report the application. If, under the same facts, the application is withdrawn before Pine Bank makes a credit decision, Pine Bank reports the application as withdrawn, and Ficus Mortgage Company does not report the application.

2. Ficus Bank receives an application for a covered loan from an applicant and approves the application. Ficus Bank closes the loan in its name. Ficus Bank is not acting as Pine Bank's agent when it approves the application or closes the loan. Pine Bank does not review the application before closing. Pine Bank purchases the covered loan from Ficus Bank. Ficus Bank reports the loan as an originated covered loan. Pine Bank reports the loan as a purchased covered loan.

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3. Pine Bank reviews an application and makes a credit decision to approve a covered loan using the underwriting criteria provided by Ficus Mortgage Company. Pine Bank is not acting as Ficus Mortgage Company's agent, and no one acting on behalf of Ficus Mortgage Company reviews the application or makes a credit decision prior to closing. Pine Bank reports the application or, if the application results in a covered loan, it reports the loan as an originated covered loan. If the application results in a covered loan and Ficus Mortgage Company purchases it after closing, Ficus Mortgage Company reports the loan as a purchased covered loan.
4. Ficus Bank receives an application for a covered loan and forwards it to Aspen Bank and Pine Bank. Ficus Bank makes a credit decision, acting as Elm Bank's agent, and approves the application. Pine Bank makes a credit decision and denies the application. Aspen Bank makes a credit decision approving the application. The applicant does not accept the loan from Elm Bank. The applicant accepts the loan from Aspen Bank and credit is extended. Aspen Bank reports the loan as an originated covered loan. Pine Bank reports the application as denied. Elm Bank reports the application as approved but not accepted. Ficus Bank does not report the application.

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## Compilation of Reportable Data

- Applicant Information

## Recording, Reporting, and Disclosure

# Compilation of Reportable Data: What is Reported?

**Appendix A** of this *Guide* contains a summary of the data points required to be collected, recorded, and reported beginning in 2018, and where to find specific guidance in the regulation and commentary on what should be included for each data point.<sup>10</sup> Each data point may correspond to more than one field reported on the HMDA LAR. Accordingly, there are 48 data points described in Regulation C and 110 fields reported on the HMDA LAR. One example of a data point that corresponds to multiple fields is the ethnicity data point. Each applicant and co-applicant may enter up to five ethnicities on their application. See 12 CFR 1003.4(a)(10)(i); Appendix B to Part 1003.

Additional information on the fields and codes used in preparing the HMDA LAR are provided in the Filing Instructions Guide, available at [www.consumerfinance.gov/data-research/hmda/for-filers](http://www.consumerfinance.gov/data-research/hmda/for-filers).

**Where to Look:** Regulation C's reportable data criteria are found in 12 CFR 1003.4 and the associated commentary, available in **Appendix F** and **G** of this *Guide*. You may also want to review Section 5 of the HMDA Small Entity Compliance Guide available in **Appendix B** of this *Guide*.

## APPLICANT INFORMATION

A financial institution must report information about ethnicity, race, and sex, as well as age, for applicants who are natural persons. Appendix B to Regulation C provides

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<sup>10</sup> Additionally, Section 5 of the Bureau's HMDA Small Entity Compliance Guide, available in **Appendix B** of this *Guide*, contains a plain language guide for the reportable data, including examples from the commentary.

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## Summary of Requirements

instructions on how to collect ethnicity, race, and sex information, and is available in [Appendix F](#) and [G](#) of this *Guide*.<sup>11</sup>

## Recording, Reporting, and Disclosure: When is it Reported?


### Institutional Coverage

### Transactional Coverage

### Compilation of Reportable Data

### Recording, Reporting, and Disclosure

- Recording
- Reporting
- Disclosure of Data

 **Where to Look:** Regulation C's Recording, Reporting, and Disclosure criteria are found within 12 CFR 1003.5 and the associated commentary, available in [Appendix F](#) and [G](#) of this *Guide*. You may also want to review Section 6 of the HMDA Small Entity Compliance Guide available in [Appendix B](#) of this *Guide*.

#### RECORDING

Regulation C requires a financial institution to record the data about a covered loan or application on a HMDA LAR within 30 calendar days after the end of the calendar quarter in which the financial institution takes final action on the covered loan or application. 12 CFR 1003.4(f). A financial institution is not required to record all of its HMDA data for a quarter on a single HMDA LAR. Rather, a financial institution may record data on a single HMDA LAR or may record data on one or more HMDA LARs for different branches or different loan types (such as home purchase loans or home improvement loans, or loans on multifamily dwellings). Comment 4(f)-1.

Other State or Federal regulations may require a financial institution to record its data on a HMDA LAR more frequently. Comment 4(f)-2.

Financial institutions may maintain their quarterly records in electronic or any other format, provided they can make the information available to their regulatory agencies in a timely manner upon request. Comment 4(f)-3.

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<sup>11</sup> Section 5.1 of the Bureau's HMDA Small Entity Compliance Guide, available in [Appendix B](#) of this *Guide*, contains a plain language guide for collecting and reporting application information. Further, [Appendix C](#) of this *Guide* contains the Bureau's chart on Collecting Ethnicity, Race, and Sex.

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## Summary of Requirements

## REPORTING

In addition to the required data discussed in 12 CFR 1003.4 and Section 5 of the HMDA Small Entity Compliance guide, available in [Appendix B](#) of this *Guide*, effective January 1, 2019, a financial institution must include the following when it submits its HMDA data:

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1. Its name;
2. The calendar year the data submission covers;
3. The name and contact information for a person who can be contacted with questions about the submission;
4. The financial institution's appropriate Federal HMDA reporting agency;
5. The total number of entries in the submission;
6. The financial institution's TIN; and
7. The financial institution's LEI. 12 CFR 1003.5(a)(3).

If the appropriate Federal HMDA reporting agency for a financial institution changes, the financial institution must identify its new appropriate Federal HMDA reporting agency in its annual submission for the year of the change. Comment 5(a)-2. For example, if a financial institution's appropriate Federal HMDA reporting agency changes in February 2018, it must identify its new appropriate Federal HMDA reporting agency beginning with its annual submission of 2018 data by March 1, 2019.

If a financial institution obtains a new TIN, it must provide the new TIN in its subsequent data submissions. For example, if two financial institutions that previously reported HMDA data merge and the surviving financial institution retained its LEI but obtained a new TIN, the surviving financial institution reports the new TIN beginning with its next HMDA data submission. Comment 5(a)-5.

A financial institution that is a subsidiary of a bank or savings association must complete its own HMDA LAR and submit it, directly or through its parent, to

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## Summary of Requirements

the appropriate Federal HMDA reporting agency for the subsidiary's parent. 12 CFR 1003.5(a)(2). A financial institution is a subsidiary of a bank or savings association (for purposes of reporting HMDA data to the same agency as the parent) if the bank or savings association holds or controls an ownership interest in the financial institution that is greater than 50 percent. Comment 5(a)-6.<sup>12</sup>

### Institutional Coverage

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### ANNUAL REPORTING

Regulation C maintains the annual reporting requirement, but requires financial institutions to submit data electronically in accordance with the procedures published by the Bureau. 12 CFR 1003.5(a)(5). This *Guide* does not provide detailed information about the HMDA submission process, or file, data, and edit specifications. Information about those topics can be found on the FFIEC's Resources for HMDA Filers website, available at [www.consumerfinance.gov/data-research/hmda/for-filers](http://www.consumerfinance.gov/data-research/hmda/for-filers) and [www.ffc.org/hmda/](http://www.ffc.org/hmda/).

Under Regulation C, a financial institution must submit its annual HMDA LAR in electronic format to its appropriate Federal HMDA reporting agency by March 1 of the year following the calendar year for which the data are collected. Appendix A to Part 1003 (through December 31, 2018); 12 CFR 1003.5(a)(1)(i) (after December 31, 2018). An individual who is an authorized representative of the financial institution and who has knowledge regarding the submitted data must certify its accuracy and completeness. Appendix A to Part 1003 (through December 31, 2018); 12 CFR 1003.5(a)(1)(i) (after December 31, 2018).

A financial institution must retain a copy of its submitted annual HMDA LAR for at least three years. 12 CFR 1003.5(a)(1)(i). Financial institutions may retain their annual HMDA LARs in either paper or electronic form. Comment 5(a)-4.

For more information on reporting under Regulation C or on the electronic submission

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<sup>12</sup> Comment 5(a)-6 is an accurate reference above until January 1, 2019. Under the October 2015 HMDA Final Rule, effective January 1, 2019, the reference will become comment 5(a)-3.

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## Summary of Requirements

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## Recording, Reporting, and Disclosure

- Recording
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of data, please see [www.consumerfinance.gov/data-research/hmda/for-filers](http://www.consumerfinance.gov/data-research/hmda/for-filers).

## DISCLOSURE OF DATA

### DISCLOSURE STATEMENT

Under Regulation C, the FFIEC shall provide a notice to the financial institution that the financial institution's disclosure statement (aggregated data derived from loan-level data submitted for the prior calendar year) is available. 12 CFR 1003.5(b)(1). No later than three business days (any calendar day other than a Saturday, Sunday, or legal public holiday) 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). 12 CFR 1003.5(b)(2); Comment 5(b)-1. A financial institution may, but is not required to, use the sample notice to satisfy Regulation C's disclosure statement requirement. A copy of the sample notice is included as Attachment C of the HMDA Small Entity Compliance Guide, available in [Appendix B](#) of this *Guide*. The notice may be made available in paper or electronic form. Comment 5(b)-2.

A financial institution must make the notice available to the public for a period of five years. 12 CFR 1003.5(d)(1).

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. 12 CFR 1003.5(d)(2). Even if it provides the disclosure statement, a financial institution must comply with the notice requirement.

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### Institutional Coverage

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- Recording
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## MODIFIED HMDA LAR<sup>13</sup>

Upon request from a member of the public, a financial institution must provide a written notice regarding the availability of its modified HMDA LAR (the financial institution's HMDA LAR, as modified by the Bureau to protect applicant and borrower privacy). The written notice must clearly convey that the financial institution's HMDA LAR, as modified by the Bureau to protect borrower and applicant privacy, may be obtained on the Bureau's website at [www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda). 12 CFR 1003.5(c).

A financial institution may, but is not required to, use the sample notice to satisfy Regulation C's modified HMDA LAR requirement. Comment 5(c)-2. A copy of the sample notice is included as Attachment C of the HMDA Small Entity Compliance Guide, available in [Appendix B](#) of this *Guide*. A financial institution may, but is not required to, use the same notice for purposes of this disclosure requirement and the disclosure statement requirement discussed in the [DISCLOSURE STATEMENT](#) section above. See also Section 6.3.1 of the HMDA Small Entity Compliance Guide, available in [Appendix B](#) of this *Guide*. The notice may be made available in paper or electronic form. Comment 5(c)-1.

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. 12 CFR 1003.5(d)(1). For example, for data that it was required to collect in 2018 a financial institution must make available a notice that its modified HMDA 2018 LAR is available through calendar year 2021.

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<sup>13</sup> Information on the Bureau's proposed policy on the modifications to protect consumer privacy is available at [www.consumerfinance.gov/policy-compliance/notice-opportunities-comment/archive-closed/disclosure-loan-level-hmda-data/](http://www.consumerfinance.gov/policy-compliance/notice-opportunities-comment/archive-closed/disclosure-loan-level-hmda-data/)



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## Summary of Requirements

At its discretion, a financial institution may also provide its HMDA LAR, as modified by the Bureau, and impose a reasonable fee for any costs incurred to reproduce or provide the data. 12 CFR 1003.5(d)(2). Even if it decides to provide the modified HMDA LAR, a financial institution must comply with the notice requirement.

### POSTED NOTICES

#### Institutional Coverage

A financial institution must post, in the lobby of its home office and each branch office physically located in an MSA or Metropolitan Division (MD), a general notice about the availability of its HMDA data on the Bureau's website. 12 CFR 1003.5(e). A financial institution may, but is not required to, use the sample notice to satisfy this requirement. A copy of the sample posted notice is available in [Appendix I](#) of this *Guide* and as Attachment C of the HMDA Small Entity Compliance Guide, available in [Appendix B](#) of this *Guide*. In any case, the notice must clearly convey that the financial institution's HMDA data are available on the Bureau's website at [www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda). Comment 5(e)-1.

#### Transactional Coverage

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#### AGGREGATED DATA

The FFIEC will use the annual data submitted pursuant to Regulation C to make available aggregated data for each MSA and MD, showing lending patterns by property location, age of housing stock, and income level, sex, ethnicity, and race. 12 CFR 1003.5(f).

- Recording
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# Appendix

# APPENDIX

## Intro

A: Overview of Data Requirements Chart

B: HMDA Small Entity Compliance Guide

C: Instructions on Collection of Data on Ethnicity, Race, and Sex

D: Institutional Coverage Chart

E: Transactional Coverage Chart

F: Regulation C

G: Official Interpretations to Regulation C

H: Federal HMDA Reporting Agencies

I: HMDA Poster

The following appendices provide additional HMDA materials that you may find useful, including certain implementation resources provided by the CFPB that are also available at [www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance/hmda-implementation/](http://www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance/hmda-implementation/).

Financial institutions may wish to consult with their Federal supervisory agencies regarding additional compliance resources that the agencies may offer. Agency websites and contact information can be found below in [Appendix H](#).

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## Appendix

## APPENDIX A: Overview of Data Requirements Chart

Intro

**A: Overview of Data Requirements Chart**

B: HMDA Small Entity Compliance Guide

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H: Federal HMDA Reporting Agencies

I: HMDA Poster

This following chart developed by the CFPB is intended to be used as a reference tool for data points required to be collected, recorded, and reported under Regulation C, as amended by the HMDA Rules issued on October 15, 2015 and on August 24, 2017. Relevant regulation and commentary sections are provided for ease of reference. The chart also incorporates the information found in Section 4.2.2 of the 2018 Filing Instructions Guide for ease of reference. Finally, the chart provides when to report “not applicable,” and the code used for reporting “not applicable” from Section 4 of the 2018 Filing Instructions Guide for ease of reference. This chart does not provide data fields or enumerations used in preparing the HMDA LAR. For more information on preparing the HMDA LAR, please see [www.consumerfinance.gov/data-research/hmda/for-filers](http://www.consumerfinance.gov/data-research/hmda/for-filers).

## Reportable HMDA Data: A Regulatory and Reporting Overview Reference Chart<sup>a</sup>

This chart is intended to be used as a reference tool for data points required to be collected, recorded, and reported under Regulation C, as amended by the HMDA Rules issued on October 15, 2015 and on August 24, 2017. Relevant regulation and commentary sections are provided for ease of reference. The chart also incorporates the information found in Section 4.2.2 of the 2018 Filing Instructions Guide and provides when to report not applicable, including the code used for reporting not applicable from section 4 of the 2018 Filing Instructions Guide for ease of reference. This chart does not provide data fields or enumerations used in preparing the HMDA loan/application register (LAR). For more information on preparing the HMDA LAR, please see <http://www.consumerfinance.gov/hmda>.

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
(1) Legal Entity Identifier (LEI)	<a href="#">§ 1003.4(a)(1)(i)(A)</a>	Identifier issued to the financial institution (FI) by a utility endorsed by the Global LEI Foundation or LEI Regulatory Oversight Committee	Enter your financial institution’s LEI. <i>Example:</i> If your institution’s LEI is 10Bx939c5543TqA1144M, enter 10Bx939c5543TqA1144M.	

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
(2) Universal Loan Identifier (ULI)	<a href="#">§ 1003.4(a)(1)(i), Comments 4(a)(1)(i)-1</a> through <a href="#">-5</a> , and <a href="#">appendix C</a>	Identifier assigned to identify and retrieve a loan or application that contains the FI’s LEI, an internally generated sequence of characters, and a check digit	<ol style="list-style-type: none"> <li>1. Begins with the financial institution’s Legal Entity Identifier as defined in § 1003.4(a)(1)(i)(A).</li> <li>2. Follows the Legal Entity Identifier with up to 23 additional characters to identify the covered loan or application, which:                             <ul style="list-style-type: none"> <li>▪ May be letters, numerals, or a combination of letters and numerals;</li> <li>▪ Must be unique within the financial institution; and</li> <li>▪ Must not include any information that could be used to directly identify the applicant or borrower.</li> </ul> </li> <li>3. Ends with a two-character check digit that is calculated using the ISO/IEC 7064, MOD 97-10 as it appears on the International Standard ISO/IEC 7064:2003, which is published by the International Organization for Standardization (ISO).</li> </ol> <p>A check digit can be generated by:</p> <ul style="list-style-type: none"> <li>▪ Using the check digit tool. Information regarding the check digit tool will be located at <a href="http://www.consumerfinance.gov/hmda/for-filers">http://www.consumerfinance.gov/hmda/for-filers</a>; or</li> <li>▪ Applying the procedures provided in appendix C to Regulation C.</li> </ul> <p><i>Example:</i></p> <p><b>10Bx939c5543TqA1144M999143X99</b></p> <p style="text-align: center;"> <span style="margin-right: 100px;">LEI</span> <span style="margin-right: 20px;">Loan or Application Identifier</span> <span>Check Digit</span> </p>	
(3) Application Date	<a href="#">§ 1003.4(a)(1)(ii), Comments 4(a)(1)(ii)-1</a> through <a href="#">-3</a>	Date the application was received or the date on the application form	Enter, in numeral form, the date the application was received or the date shown on the application form by year, month, and day, using YYYYMMDD format. <i>Example:</i> If the application was received on July 21, 2018, enter	Enter “ <b>NA</b> ” for purchased covered loans, § 1003.4(a)(1)(ii)

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
20180721.				
(4) Loan Type	<a href="#">§ 1003.4(a)(2)</a> , <a href="#">Comment 4(a)(2)-1</a>	Whether the loan or application is insured by the Federal Housing Administration, guaranteed by the Department of Veterans Affairs, Rural Housing Service, or Farm Service Agency	Indicate the type of covered loan or application by entering: <ul style="list-style-type: none"> <li>▪ Code 1—Conventional (not insured or guaranteed by FHA, VA, RHS, or FSA)</li> <li>▪ Code 2—Federal Housing Administration insured (FHA)</li> <li>▪ Code 3—Veterans Affairs guaranteed (VA)</li> <li>▪ Code 4—USDA Rural Housing Service or Farm Service Agency guaranteed (RHS or FSA)</li> </ul>	
(5) Loan Purpose	<a href="#">§ 1003.4(a)(3)</a> , <a href="#">Comments 4(a)(3)-1</a> through <a href="#">-6</a>	Whether the transaction is for home purchase, home improvement, refinancing, cash-out refinancing, or another purpose	Indicate the purpose of the covered loan or application by entering: <ul style="list-style-type: none"> <li>▪ Code 1—Home purchase</li> <li>▪ Code 2—Home improvement</li> <li>▪ Code 31—Refinancing</li> <li>▪ Code 32—Cash-out refinancing</li> <li>▪ Code 4—Other purpose</li> <li>▪ Code 5—Not applicable</li> </ul>	To report not applicable, enter “ <b>Code 5</b> ” for purchased covered loans where origination took place prior to January 1, 2018, <a href="#">Comment 4(a)(3)-6</a> .
(6) Preapproval	<a href="#">§ 1003.4(a)(4)</a> , <a href="#">Comments 4(a)(4)-1</a> and <a href="#">-2</a>	Whether the transaction involved a preapproval request for a home purchase loan under a preapproval program	Indicate preapproval for a covered loan or application by entering: <ul style="list-style-type: none"> <li>▪ Code 1—Preapproval requested</li> <li>▪ Code 2—Preapproval not requested</li> </ul>	
(7) Construction	<a href="#">§ 1003.4(a)(5)</a> ,	Whether the dwelling is	Indicate the construction method for the dwelling by entering:	

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
Method	<a href="#">Comments</a> <a href="#">4(a)(5)-1</a> through <a href="#">-3</a>	site-built or a manufactured home	<ul style="list-style-type: none"> <li>Code 1—Site-built</li> <li>Code 2—Manufactured home</li> </ul>	
(8) Occupancy Type	<a href="#">§ 1003.4(a)(6)</a> , <a href="#">Comments</a> <a href="#">4(a)(6)-1</a> through <a href="#">-5</a>	Whether the property will be used as a principal residence, second residence, or investment property	Indicate the occupancy type by entering: <ul style="list-style-type: none"> <li>Code 1—Principal residence</li> <li>Code 2—Second residence</li> <li>Code 3—Investment property</li> </ul>	
(9) Loan Amount	<a href="#">§ 1003.4(a)(7)</a> , <a href="#">Comments</a> <a href="#">4(a)(7)-1</a> through <a href="#">-9</a>	Amount of the loan or the amount applied for	Enter, in dollars, the amount of the covered loan, or the amount applied for, as applicable. <i>Example:</i> If the loan amount is \$110,500, enter 110500 or 110500.00. If the loan amount is \$110,500.24, enter 110500.24.	
(10) Action Taken and (11) Action Taken Date	<a href="#">§ 1003.4(a)(8)</a> , <a href="#">Comments</a> <a href="#">4(a)(8)(i)-1</a> through <a href="#">-14</a> and <a href="#">4(a)(8)(ii)-1</a> through <a href="#">-6</a>	Type and date of action the FI took on the loan, application, or preapproval request	<p><b>ACTION TAKEN.</b> Indicate the action taken on the covered loan or application by entering:</p> <ul style="list-style-type: none"> <li>Code 1—Loan originated</li> <li>Code 2—Application approved but not accepted</li> <li>Code 3—Application denied</li> <li>Code 4—Application withdrawn by applicant</li> <li>Code 5—File closed for incompleteness</li> <li>Code 6—Purchased loan</li> <li>Code 7—Preapproval request denied</li> <li>Code 8—Preapproval request approved but not accepted</li> </ul> <p><b>ACTION TAKEN DATE.</b> Enter, in numeral form, the date of action taken by year, month, and day, using YYYYMMDD format.  <i>Example:</i> If the action taken date is July 21, 2018, enter 20180721.</p>	

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
(12) Property Address	<a href="#">§ 1003.4(a)(9)(i)</a> , Comments <a href="#">4(a)(9)-1</a> through <a href="#">-5</a> and <a href="#">4(a)(9)(i)-1</a> through <a href="#">-3</a>	Address of the property securing the loan (or proposed to secure a loan)	<p><b>STREET ADDRESS.</b> Enter the street address of the property as one (1) data field. U.S. Postal Service Publication 28, Sub-Sections 231-239 can be used as a guide for formatting the street address to help improve geocoding accuracy. Address components include, as applicable, the following individual items:</p> <ul style="list-style-type: none"> <li>▪ Primary Address Number</li> <li>▪ Predirectional</li> <li>▪ Street Name</li> <li>▪ Prefix</li> <li>▪ Suffix</li> <li>▪ Postdirectional</li> <li>▪ Secondary Address Identifier, such as apartment</li> <li>▪ Secondary Address, such as apartment number</li> </ul> <p><b>CITY.</b> Enter the city of the property as one (1) data field.</p> <p><b>STATE.</b> Enter the two letter state code of the property as one (1) data field.</p> <p><b>ZIP CODE.</b> Enter the ZIP code of the property as one (1) data field.</p> <p><b>NON-STANDARD ADDRESSING.</b> U.S. Postal Service Publication 28, Sub-Section 24, 25 and 29, respectively, can be used as guides for formatting non-standard style addressing including rural route, Highway Contract Route, and Puerto Rico addresses to increase the accuracy for geocoding.</p> <p>The following address formats are generally not preferred:</p> <ul style="list-style-type: none"> <li>▪ General Delivery addresses, such as General Delivery, Anytown, CA 90049-9998.</li> <li>▪ Post Office Box addresses, such as P.O. Box 100 Anytown, CA</li> </ul>	<p>Enter “NA” in each of the property address fields for:</p> <ul style="list-style-type: none"> <li>▪ Covered loans or applications if the property address of the property securing the covered loan is not known (e.g., the property did not have a property address at closing, or the property address was not provided to the institution before the application was denied, withdrawn, or closed for incompleteness), Comment 4(a)(9)(i)-3;</li> <li>▪ Covered loans or applications if a site of a manufactured home has not been identified, Comment 4(a)(9)-5</li> </ul> <p><b>STATE ONLY:</b> For transactions for which State reporting is not required under § 1003.4(a)(9)(i), a financial institution may not report not applicable for the PropertyAddress State unless the institution is permitted to report not applicable for State for Property Location. See below for when you may report not applicable for Property Location.</p>



Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			90049-9998. ▪ Spelled-out numbers, such as Four Hundred Fifty Six W Somewhere Ave Apt Two Hundred One.	
(13), (14), and (15) Property Location	<a href="#">§ 1003.4(a)(9)(ii)</a> , Comments <a href="#">4(a)(9)-1</a> through <a href="#">-5</a> , <a href="#">4(a)(9)(ii)-1</a> , <a href="#">4(a)(9)(ii)(A)-1</a> , <a href="#">4(a)(9)(ii)(B)-1</a> and <a href="#">-2</a> , and <a href="#">4(a)(9)(ii)(C)-1</a> and <a href="#">-2</a>	Location of the property securing the loan (or proposed to secure a loan) by state, county, and census tract	<p><b>COUNTY.</b> Enter the five digit Federal Information Processing Standards (FIPS) numerical code for the county. Do not use commas.  <i>Example:</i> Enter 06037 for the FIPS code for Los Angeles County, CA.</p> <p><b>CENSUS TRACT.</b> Enter the 11 digit census tract number as defined by the U.S. Census Bureau. Do not use decimals.  <i>Example:</i> Enter 06037264000 for a census tract within Los Angeles County, CA.</p> <p><b>STATE.</b> Enter the two letter state code of the property as one (1) data field.</p>	Enter “NA” for: <ul style="list-style-type: none"> <li>▪ Applications only if the state, county, or census tract in which the property is located is not known before the application is denied, withdrawn, or closed for incompleteness, Comments 4(a)(9)(ii)(A)-1, 4(a)(9)(ii)(B)-2, and 4(a)(9)(ii)(C)-2.</li> <li>▪ Covered loans or applications if a site of a manufactured home has not been identified, Comment 4(a)(9)-5;</li> <li>▪ Covered loans or applications if the property is not located in an Metropolitan Statistical Area (MSA) or Metropolitan Division (MD) in which the institution has a home or branch office <b>and</b> the institution is not required to report data on small business, small farm, and community development lending under regulations that implement the Community Reinvestment Act of 1977, § 1003.4(a)(9)(ii) and § 1003.4(e)</li> <li>▪ <b>CENSUS TRACT ONLY:</b> Covered loans or applications if the property is located in a county with a population of 30,000 or less according to the most recent decennial census conducted by the U.S. Census Bureau, §</li> </ul>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
				<p>1003.4(a)(9)(ii)(C)</p> <p><b>NOTE:</b> For transactions for which State, county, or census tract reporting is not required under § 1003.4(a)(9)(ii) or § 1003.4(e), financial institutions may report that the requirement is not applicable, or they may voluntarily report the State, county, or census tract information, Comment 4(a)(9)(ii)-1</p> <p><b>STATE ONLY:</b> For transactions for which State reporting is not required under § 1003.4(a)(9)(ii), a financial institution may not report not applicable for the Property Location State unless the institution is permitted to report not applicable for Property Address. See above for when you may report not applicable for Property Address.</p>
(16) Ethnicity,	<a href="#">§ 1003.4(a)(10)(i)</a> ), Comments <a href="#">4(a)(10)(i)-1</a> and <a href="#">-2</a> and <a href="#">appendix B</a>	Applicant’s or borrower’s ethnicity, race, and sex, and if information was collected by visual observation or surname	<p><b>ETHNICITY OF APPLICANT OR BORROWER.</b> Indicate the ethnicity of the applicant or borrower, or of the first co-applicant or co-borrower, as applicable, by entering up to five (5):</p> <ul style="list-style-type: none"> <li>▪ Code 1—Hispanic or Latino               <ul style="list-style-type: none"> <li>○ Code 11—Mexican</li> <li>○ Code 12—Puerto Rican</li> <li>○ Code 13—Cuban</li> <li>○ Code 14—Other Hispanic or Latino</li> </ul> </li> </ul> <p><b>NOTE:</b> If the applicant or borrower, or any co-applicant or co-borrower, did not select Code 14, but provided an other Hispanic</p>	<p>To report not applicable, enter “<b>Code 4</b>” for <b>Ethnicity of Applicant or Borrower</b> and “<b>Code 3</b>” for <b>Ethnicity Collected on the Basis of Visual Observation or Surname</b> for:</p> <ul style="list-style-type: none"> <li>▪ Purchased covered loans for which the financial institution chooses not to report the applicant’s or co-applicant’s ethnicity, race, and sex, appendix B;</li> <li>▪ Covered loans or applications when applicant or co-applicant is not a natural person,</li> </ul>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<p>or Latino ethnicity(ies) in the <b>Ethnicity Free Form Text Field for Other Hispanic or Latino</b>, your institution is <i>permitted, but not required</i>, to report Code 14 in one of the Ethnicity of Applicant or Borrower data fields. This will be counted as one of the five (5) reported ethnicities, whether or not you also choose to report Code 14 as one of the Ethnicity of Applicant or Borrower, or Ethnicity of Co-Applicant or Co-Borrower, data fields. See below for information about the <b>Ethnicity Free Form Text Field for Other Hispanic or Latino</b>.</p> <ul style="list-style-type: none"> <li>▪ Code 2—Not Hispanic or Latino</li> <li>▪ Code 3—Information not provided by applicant in mail, internet, or telephone application                             <p><b>NOTE:</b> Use Code 3 if the applicant or borrower, or co-applicant or co-borrower does not provide the information in an application taken by mail, internet, or telephone. <i>Leave the remaining Ethnicity of Applicant or Borrower data fields blank.</i></p> </li> <li>▪ Code 4—Not applicable                             <p><b>NOTE:</b> Use Code 4 if the requirement to report the applicant's or borrower's ethnicity does not apply to the covered loan or application that your institution is reporting. <i>Leave the remaining Ethnicity of Applicant or Borrower data fields blank.</i></p> </li> <li>▪ Code 5—No co-applicant                             <p><b>NOTE:</b> Use Code 5 in the co-applicant field if there are no co-applicants or co-borrowers. <i>Leave the remaining Ethnicity of Applicant or Borrower data fields blank.</i></p> </li> </ul> <p>If there is more than one co-applicant or co-borrower, provide the required information only for the first co-applicant or co-borrower listed on the collection form.</p>	<p>appendix B</p> <p><b>NOTE:</b> Use <b>Code 3</b> if the financial institution received the application <i>prior to</i> January 1st, 2018, and the financial institution chooses not to report whether the ethnicity of the applicant or borrower, or of the first co-applicant or co-borrower, as applicable, was collected on the basis of visual observation or surname.</p>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<p>Do not enter the same code more than once for the applicant or borrower, or any co-applicant or co-borrower, as applicable, for any covered loan or application.</p> <p>If fewer than five (5) ethnicities are provided by the applicant or borrower, or by any co-applicant or co-borrower, leave the remaining Ethnicity of Applicant or Borrower data fields blank.</p> <p><b>ETHNICITY FREE FORM TEXT FIELD.</b> Enter the specific other Hispanic or Latino ethnicity(ies) not listed above, if provided by the applicant or borrower, or by any co-applicant or co-borrower, as applicable. For example, enter Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, or Spaniard, and so on, if provided by the applicant or borrower, or by any co-applicant or co-borrower, as applicable. Enter more than one other Hispanic or Latino ethnicity, if provided by the applicant or borrower, or by any co-applicant or co-borrower, as applicable. The maximum number of characters for this field is 100 characters, including spaces. If the applicant or borrower, or any co-applicant or co-borrower, did not provide an other Hispanic or Latino ethnicity(ies), leave this field blank.</p> <p><b>ETHNICITY COLLECTED ON THE BASIS OF VISUAL OBSERVATION OR SURNAME.</b> Indicate whether the ethnicity of the applicant or borrower, or of the first co-applicant or co-borrower, as applicable, was collected on the basis of visual observation or surname by entering:</p> <ul style="list-style-type: none"> <li>▪ Code 1—Collected on the basis of visual observation or surname</li> <li>▪ Code 2—Not collected on the basis of visual observation or</li> </ul>	

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<p>surname</p> <ul style="list-style-type: none"> <li>Code 3—Not applicable <b>NOTE:</b> Use Code 3 if the requirement to report the applicant's or borrower's ethnicity does not apply to the covered loan or application that your institution is reporting.</li> <li>Code 4—No co-applicant <b>NOTE:</b> Use Code 4 in the co-applicant field if there are no co-applicants or co-borrowers</li> </ul> <p>If there is more than one co-applicant or co-borrower, provide the required information only for the first co-applicant or co-borrower listed on the collection form.</p>	
(17) Race	<a href="#">§ 1003.4(a)(10)(i)</a> , <a href="#">Comments 4(a)(10)(i)-1</a> and <a href="#">-2</a> and <a href="#">appendix B</a>	Applicant's or borrower's ethnicity, race, and sex, and if information was collected by visual observation or surname	<p><b>RACE OF APPLICANT OR BORROWER.</b> Indicate the race of the applicant or borrower, or of the first co-applicant or co-borrower, as applicable, by entering up to five (5):</p> <ul style="list-style-type: none"> <li>Code 1—American Indian or Alaska Native <b>NOTE:</b> If the applicant or borrower, or any co-applicant or co-borrower, did not select Code 1, but provided the name of the applicant's or borrower's American Indian or Alaska Native Enrolled or Principal Tribe(s) in the <b>Race Free Form Text Field for American Indian or Alaska Native Enrolled or Principal Tribe</b>, your institution is <i>permitted, but not required</i>, to report Code 1 in one of the Race of Applicant or Borrower data fields. Each reported race will be counted as one of the five (5) reported races, whether or not you also choose to report Code 1 as one of the Race of Applicant or Borrower, or Race of Co-Applicant or Co-Borrower, data fields. See below for information about the <b>Race Free Form Text Field for American Indian or</b></li> </ul>	<p>To report not applicable, enter “<b>Code 7</b>” for <b>Race of Applicant or Borrower</b> and “<b>Code 3</b>” for <b>Race Collected On The Basis Of Visual Observation Or Surname</b> for:</p> <ul style="list-style-type: none"> <li>Purchased covered loans for which the financial institution chooses not to report the applicant's or co-applicant's ethnicity, race, and sex, appendix B;</li> <li>Covered loans or applications when applicant or co-applicant is not a natural person, appendix B</li> </ul> <p><b>NOTE:</b> Use <b>Code 3</b> if the financial institution received the application <i>prior to</i> January 1st, 2018, and the financial institution chooses not to report whether the race of the applicant or borrower, or of the first co-applicant or co-</p>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<p><b>Alaska Native Enrolled or Principal Tribe.</b></p> <ul style="list-style-type: none"> <li>▪ Code 2—Asian                             <ul style="list-style-type: none"> <li>○ Code 21—Asian Indian</li> <li>○ Code 22—Chinese</li> <li>○ Code 23—Filipino</li> <li>○ Code 24—Japanese</li> <li>○ Code 25—Korean</li> <li>○ Code 26—Vietnamese</li> <li>○ Code 27—Other Asian</li> </ul> </li> </ul> <p><b>NOTE:</b> If the applicant or borrower, or any co-applicant or co-borrower, did not select Code 27, but provided the name of the applicant’s or borrower’s other Asian race(s) in the <b>Race Free Form Text Field for Other Asian</b>, your institution is <i>permitted, but not required</i>, to report Code 27 in one of the Race of Applicant or Borrower data fields. Each reported race will be counted as one of the five (5) reported races, whether or not you also choose to report Code 27 as one of the Race of Applicant or Borrower, or Race of Co-Applicant or Co-Borrower, data fields. See below for information about the <b>Race Free Form Text Field for Other Asian</b>.</p> <ul style="list-style-type: none"> <li>▪ Code 3—Black or African American</li> <li>▪ Code 4—Native Hawaiian or Other Pacific Islander                             <ul style="list-style-type: none"> <li>○ Code 41—Native Hawaiian</li> <li>○ Code 42—Guamanian or Chamorro</li> <li>○ Code 43—Samoan</li> <li>○ Code 44—Other Pacific Islander</li> </ul> </li> </ul> <p><b>NOTE:</b> If the applicant or borrower, or any co-applicant or co-borrower, did not select Code 44, but provided the name</p>	<p>borrower, as applicable, was collected on the basis of visual observation or surname.</p>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<p>of the applicant’s or borrower’s other Pacific Islander race(s) in the <b>Race Free Form Text Field for Other Pacific Islander</b>, your institution is <i>permitted, but not required</i>, to report Code 44 in one of the Race of Applicant or Borrower data fields. Each reported race will be counted as one of the five (5) reported races, whether or not you also choose to report Code 44 as one of the Race of Applicant or Borrower, or Race of Co-Applicant or Co-Borrower, data fields. See below for information about the <b>Race Free Form Text Field for Other Pacific Islander</b>.</p> <ul style="list-style-type: none"> <li>▪ Code 5—White</li> <li>▪ Code 6—Information not provided by applicant in mail, internet, or telephone application                             <p><b>NOTE:</b> Use Code 6 if the applicant or borrower, or co-applicant or co-borrower does not provide the information in an application taken by mail, internet, or telephone. <i>Leave the remaining Race of Applicant or Borrower data fields blank.</i></p> </li> <li>▪ Code 7—Not applicable                             <p><b>NOTE:</b> Use Code 7 if the requirement to report the applicant’s or borrower’s race does not apply to the covered loan or application that your institution is reporting. <i>Leave the remaining Race of Applicant or Borrower data fields blank.</i></p> </li> <li>▪ Code 8—No co-applicant                             <p><b>NOTE:</b> Use Code 8 in the co-applicant field if there are no co-applicants or co-borrowers. <i>Leave the remaining Race of Applicant or Borrower data fields blank.</i></p> </li> </ul> <p>Do not enter the same code more than once for the applicant or borrower, or any co-applicant or co-borrower, as applicable, for any</p>	

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<p>covered loan or application.</p> <p>If fewer than five (5) races are provided by the applicant or borrower, or by any co-applicant or co-borrower, <i>leave the remaining Race of Applicant or Borrower data fields blank.</i></p> <p><b>RACE FREE FORM TEXT FIELDS.</b></p> <ul style="list-style-type: none"> <li>▪ <b>RACE FREE FORM TEXT FIELD FOR AMERICAN INDIAN OR ALASKAN NATIVE ENROLLED OR PRINCIPAL TRIBE.</b> Enter the name of the applicant’s or borrower’s American Indian or Alaska Native enrolled or Principal Tribe(s), if provided by the applicant or borrower, or by any co-applicant or co-borrower, as applicable in the <b>Race Free Form Text Field for American Indian or Alaskan Native Enrolled or Principal Tribe.</b> For example, enter Navajo if provided by the applicant or borrower, or by any co-applicant or co-borrower, as applicable. Enter more than one American Indian or Alaska Native Enrolled or Principal Tribe, if provided by the applicant or borrower, or by any co-applicant or co-borrower, as applicable. The maximum number of characters for this field is 100 characters, including spaces. If the applicant or borrower, or any co-applicant or co-borrower did not provide an American Indian or Alaska Native Enrolled or Principal Tribe(s), leave the <b>Race Free Form Text Field for American Indian or Alaska Native Enrolled or Principal Tribe</b> field blank.</li> <li>▪ <b>RACE FREE FORM TEXT FIELD FOR OTHER ASIAN.</b> Enter the specific other Asian race(s) not listed above, if provided by the applicant or borrower, or by any co-applicant or co-borrower, as applicable in the <b>Race Free Form Text Field for Other Asian.</b> For example, enter Hmong, Laotian, Thai, Pakistani, or</li> </ul>	



Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<p>Cambodian, and so on, if provided by the applicant or borrower, or by any co-applicant or co-borrower, as applicable. Enter more than one other Asian race, if provided by the applicant or borrower, or by any co-applicant or co-borrower, as applicable. The maximum number of characters for this field is 100 characters, including spaces. If the applicant or borrower, or any co-applicant or co-borrower, did not provide an other Asian race(s), leave the <b>Race Free Form Text Field for Other Asian</b> field blank.</p> <ul style="list-style-type: none"> <li>▪ <b>RACE FREE FORM TEXT FIELD FOR OTHER PACIFIC ISLANDER.</b> Enter the specific Other Pacific Islander race(s) not listed above, if provided by the applicant or borrower, or by any co-applicant or co-borrower, as applicable in the <b>Race Free Form Text Field for Other Pacific Islander</b>. For example, enter Fijian, or Tongan, and so on, if provided by the applicant or borrower, or by any co-applicant or co-borrower, as applicable. Enter more than one Other Pacific Islander race, if provided by the applicant or borrower, or by any co-applicant or co-borrower, as applicable. The maximum number of characters for this field is 100 characters, including spaces. If the applicant or borrower, or any co-applicant or co-borrower, did not provide an Other Pacific Islander race(s), leave the <b>Race Free Form Text Field for Other Pacific Islander</b> field blank.</li> </ul> <p><b>RACE COLLECTED ON THE BASIS OF VISUAL OBSERVATION OR SURNAME.</b> Indicate whether the race of the applicant or borrower, or of the first co-applicant or co-borrower, as applicable, was collected on the basis of visual observation or surname by entering:</p> <ul style="list-style-type: none"> <li>▪ Code 1—Collected on the basis of visual observation or surname</li> <li>▪ Code 2—Not collected on the basis of visual observation or</li> </ul>	

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<p>surname</p> <ul style="list-style-type: none"> <li>Code 3—Not applicable <b>NOTE:</b> Use Code 3 if the requirement to report the applicant's or borrower's race does not apply to the covered loan or application that your institution is reporting.</li> <li>Code 4—No co-applicant <b>NOTE:</b> Use Code 4 in the co-applicant field if there are no co-applicants or co-borrowers.</li> </ul> <p>If there is more than one co-applicant or co-borrower, provide the required information only for the first co-applicant or co-borrower listed on the collection form.</p>	
(18) Sex	<a href="#">§ 1003.4(a)(10)(i)</a> , <a href="#">Comments 4(a)(10)(i)-1</a> and <a href="#">2</a> and <a href="#">appendix B</a>	Applicant's or borrower's ethnicity, race, and sex, and if information was collected by visual observation or surname	<p><b>SEX OF APPLICANT OR BORROWER.</b> Indicate the sex of the applicant or borrower, or of the first co-applicant or co-borrower, as applicable, by entering:</p> <ul style="list-style-type: none"> <li>Code 1—Male</li> <li>Code 2—Female</li> <li>Code 3—Information not provided by applicant in mail, internet, or telephone application <b>NOTE:</b> Use Code 3 if the applicant or co-applicant does not provide the information in an application taken by mail, internet, or telephone.</li> <li>Code 4—Not applicable <b>NOTE:</b> Use Code 4 if the requirement to report the applicant's or borrower's sex does not apply to the covered loan or application that your institution is reporting.</li> <li>Code 5—No co-applicant <b>NOTE:</b> Use Code 5 in the co-applicant field if there are no co-</li> </ul>	<p>To report not applicable, enter “<b>Code 4</b>” for <b>Sex of Applicant or Borrower</b> and “<b>Code 3</b>” for <b>Sex Collected on the Basis of Visual Observation or Surname</b> for:</p> <ul style="list-style-type: none"> <li>Purchased covered loans for which the financial institution chooses not to report the applicant's or co-applicant's ethnicity, race, and sex, appendix B;</li> <li>Covered loans or applications when applicant or co-applicant is not a natural person, appendix B</li> </ul> <p><b>NOTE:</b> Use <b>Code 3</b> if the financial institution received the application <i>prior to</i> January 1st, 2018, and the financial institution chooses not to report whether the sex of the applicant or borrower, or of the first co-applicant or co-</p>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<p>applicants or co-borrowers.</p> <ul style="list-style-type: none"> <li>Code 6—Applicant selected both male and female  <b>NOTE:</b> Use Code 6 if the applicant or co-applicant selected both male and female.</li> </ul> <p>If there is more than one co-applicant or co-borrower, provide the required information only for the first co-applicant or co-borrower listed on the collection form.</p> <p><b>SEX COLLECTED ON THE BASIS OF VISUAL OBSERVATION OR SURNAME.</b> Indicate whether the sex of the applicant or borrower, or of the first co-applicant or co-borrower, as applicable, was collected on the basis of visual observation or surname by entering:</p> <ul style="list-style-type: none"> <li>Code 1—Collected on the basis of visual observation or surname</li> <li>Code 2—Not collected on the basis of visual observation or surname</li> <li>Code 3—Not applicable  <b>NOTE:</b> Use Code 3 if the requirement to report the applicant’s or borrower’s sex does not apply to the covered loan or application that your institution is reporting.</li> <li>Code 4—No co-applicant  <b>NOTE:</b> Use Code 4 in the co-applicant field if there are no co-applicants or co-borrowers.</li> </ul> <p>If there is more than one co-applicant or co-borrower, provide the required information only for the first co-applicant or co-borrower listed on the collection form.</p>	<p>borrower, as applicable, was collected on the basis of visual observation or surname.</p>
(19) Age	<a href="#">§.1003.4(a)(10)(ii)</a>	Applicant’s or	Enter, in numeral form, the age, in years, of the applicant or borrower,	To report not applicable, enter “ <b>Code 8888</b> ” for:

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
	<a href="#">§ 1003.4(a)(10)(ii)-1</a> through <a href="#">§ 1003.4(a)(10)(ii)-5</a>	borrower’s age	<p>or of the first co-applicant or co-borrower, as applicable. Age is calculated, as of the application date, as the number of whole years derived from the date of birth shown on the application form.</p> <p><i>Example:</i> If the applicant or borrower is 24 years old, enter 24.</p> <p>Or, enter:</p> <ul style="list-style-type: none"> <li>▪ Code 8888—Not applicable</li> <li>▪ Code 9999—No co-applicant</li> </ul> <p><b>NOTE:</b> Use Code 9999 in the co-applicant field if there are no co-applicants or co-borrowers.</p> <p>If there is more than one co-applicant or co-borrower, provide the required information only for the first co-applicant or co-borrower listed on the collection form.</p>	<ul style="list-style-type: none"> <li>▪ Purchased covered loans for which the financial institution chooses not to report the applicant’s or co-applicant’s age, Comment 4(a)(10)(ii)-3;</li> <li>▪ Covered loans or applications when applicant or co-applicant is not a natural person, Comment 4(a)(10)(ii)-4</li> </ul>
(20) Income	<a href="#">§ 1003.4(a)(10)(iii)-1</a> through <a href="#">§ 1003.4(a)(10)(iii)-10</a>	<p>If credit decision is made, gross annual income relied on in making the credit decision;</p> <p>Or, if a credit decision was not made, the gross annual income relied on in processing the application</p>	<p>Enter, in dollars, the gross annual income relied on in making the credit decision, or if a credit decision was not made, the gross annual income relied on in processing the application. Round all dollar amounts to the nearest thousand (round \$500 up to the next \$1,000).</p> <p><i>Example:</i> If the income amount is \$35,500, enter 36.</p>	<p>Enter “NA” for:</p> <ul style="list-style-type: none"> <li>▪ Covered loans or applications for which the credit decision did not consider, or would not have considered income, § 1003.4(a)(10)(iii); Comment 4(a)(10)(iii)-6;</li> <li>▪ Covered loans or applications when applicant or co-applicant is not a natural person, Comment 4(a)(10)(iii)-7;</li> <li>▪ Covered loan is secured by, or application is proposed to be secured by, a multifamily dwelling, Comment 4(a)(10)(iii)-8;</li> <li>▪ Purchased covered loans for which the financial institution chooses not to report the</li> </ul>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
				<p>income, Comment 4(a)(10)(iii)-9;</p> <ul style="list-style-type: none"> <li>Covered loan to, or an application from, the institution’s employees to protect their privacy, even if the institution relied on their income in making the credit decision, Comment 4(a)(10)(iii)-3</li> </ul>
(21) Type of Purchaser	<p><a href="#">§ 1003.4(a)(11)</a>, Comments <a href="#">4(a)(11)-1</a> through <a href="#">-10</a></p>	<p>Type of entity that purchased the loan</p>	<p>Indicate the type of entity purchasing a covered loan from your institution within the same calendar year that your institution originated or purchased the loan by entering:</p> <ul style="list-style-type: none"> <li>Code 0—Not applicable</li> <li>Code 1—Fannie Mae</li> <li>Code 2—Ginnie Mae</li> <li>Code 3—Freddie Mac</li> <li>Code 4—Farmer Mac</li> <li>Code 5—Private securitizer</li> <li>Code 6—Commercial bank, savings bank, or savings association</li> <li>Code 71—Credit union, mortgage company, or finance company</li> <li>Code 72—Life insurance company</li> <li>Code 8—Affiliate institution</li> <li>Code 9—Other type of purchaser</li> </ul>	<p>To report not applicable, enter “<b>Code 0</b>” for:</p> <ul style="list-style-type: none"> <li>Applications that were denied, withdrawn, closed for incompleteness, or approved but not accepted by the applicant, Comment 4(a)(11)-10;</li> <li>Preapproval requests that were denied or approved but not accepted by the applicant, Comment 4(a)(11)-10;</li> <li>Originated or purchased covered loans that the financial institution did not sell during that same calendar year, Comment 4(a)(11)-10</li> </ul>
(22) Rate Spread	<p><a href="#">§ 1003.4(a)(12)</a>, Comments <a href="#">4(a)(12)-1</a> through <a href="#">-9</a></p>	<p>Difference between the annual percentage rate and average prime offer rate for a comparable transaction</p>	<p>Enter, as a percentage, to at least three (3) decimal places, the difference between the covered loan’s annual percentage rate (APR) and the average prime offer rate (APOR) for a comparable transaction as of the date the interest rate is set.</p> <p>Numbers calculated to beyond three (3) decimal places may either be reported beyond three (3) decimal places or rounded or truncated to</p>	<p>Enter “<b>NA</b>” for:</p> <ul style="list-style-type: none"> <li>Covered loans that are assumptions, reverse mortgages, purchased loans, or are not subject to Regulation Z, § 1003.4(a)(12)(i); Comment 4(a)(12)-7;</li> <li>Applications that did not result in an origination other than approved but not accepted,</li> </ul>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<p>three (3) decimal places. Decimal place trailing zeros may either be included or omitted.</p> <ul style="list-style-type: none"> <li>If the APR <b>exceeds</b> the APOR, enter a <b>positive</b> number. <i>Example:</i> If the APR is 3.678% and the APOR is 3.25%, enter 0.428. If the APR is 4.560% and the APOR is 4.25%, enter either 0.31 or 0.310</li> <li>If the APR is <b>less</b> than the APOR, enter a <b>negative</b> number. <i>Example:</i> If the APR 3.1235% and the APOR is 3.25%, enter -0.1265. Alternatively, the rate spread may be truncated to -0.126 or rounded to -0.127.</li> </ul>	<p>Comment 4(a)(12)-7</p> <ul style="list-style-type: none"> <li>Applications approved but not accepted, if no disclosures under Regulation Z are required, Comment 4(a)(12)-8</li> </ul>
(23) HOEPA Status	<a href="#">§ 1003.4(a)(13)</a> , Comment <a href="#">4(a)(13)-1</a>	Whether the loan is a high-cost mortgage under the Home Ownership and Equity Protection Act (HOEPA)	<p>Indicate whether the covered loan is a high-cost mortgage under Regulation Z, § 1026.32(a) by entering:</p> <ul style="list-style-type: none"> <li>Code 1—High-cost mortgage</li> <li>Code 2—Not a high-cost mortgage</li> <li>Code 3—Not applicable</li> </ul>	<p>To report not applicable, enter “<b>Code 3</b>” for:</p> <ul style="list-style-type: none"> <li>Covered loans not subject to the Home Ownership and Equity Protection Act (HOEPA) of 1994, as implemented in Regulation Z, § 1026.32(a), § 1003.4(a)(13); Comment 4(a)(13)-1</li> <li>Applications that did not result in originations, Comment 4(a)(13)-1</li> </ul>
(24) Lien Status	<a href="#">§ 1003.4(a)(14)</a> , Comments <a href="#">4(a)(14)-1</a> and <a href="#">-2</a>	Whether the property is a first or subordinate lien	<p>Indicate the lien status of the property securing the covered loan, or in the case of an application, proposed to secure the covered loan, by entering:</p> <ul style="list-style-type: none"> <li>Code 1—Secured by a first lien</li> <li>Code 2—Secured by a subordinate lien</li> </ul>	
(25) Credit Score	<a href="#">§ 1003.4(a)(15)</a> , Comments <a href="#">4(a)(15)-1</a>	Credit score(s) relied on and the name and version of the credit	<b>CREDIT SCORE OF APPLICANT OR BORROWER.</b> Enter, in numeral form, the credit score, or scores relied on in making the credit decision for the applicant or borrower, or of the first co-applicant or co-borrower,	To report not applicable, enter “ <b>Code 8888</b> ” for <b>Credit Score of Applicant or Borrower</b> or “ <b>Code 9</b> ” for <b>Name and Version of Credit Scoring</b>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
	through <a href="#">7</a>	scoring model	<p>as applicable. If Regulation C requires your institution to report a single score that corresponds to multiple applicants or borrowers, report the score in either the applicant field or the co-applicant field.</p> <p>Or, enter</p> <ul style="list-style-type: none"> <li>▪ Code 7777—Credit score is not a number</li> <li>▪ Code 8888—Not applicable</li> <li>▪ Code 9999—No co-applicant</li> </ul> <p><b>NOTE:</b> Use Code 9999 in the co-applicant field if there are no co-applicants or co-borrowers.</p> <p><b>NOTE:</b> If Regulation C requires your institution to report a single score that corresponds to multiple applicants or borrowers, either report the credit score in the applicant field, and use Code 8888 in the co-applicant field; or report the credit score in the co-applicant field and use Code 8888 in the applicant field.</p> <p><b>NAME AND VERSION OF CREDIT SCORING MODEL.</b> Indicate the name and version of the credit scoring model used to generate the credit score, or scores, relied on in making the credit decision by entering:</p> <ul style="list-style-type: none"> <li>▪ Code 1—Equifax Beacon 5.0</li> <li>▪ Code 2—Experian Fair Isaac</li> <li>▪ Code 3—FICO Risk Score Classic 04</li> <li>▪ Code 4—FICO Risk Score Classic 98</li> <li>▪ Code 5—VantageScore 2.0</li> <li>▪ Code 6—VantageScore 3.0</li> <li>▪ Code 7—More than one credit scoring model</li> <li>▪ Code 8—Other credit scoring model</li> </ul>	<p><b>Model for:</b></p> <ul style="list-style-type: none"> <li>▪ Purchased covered loans, § 1003.4(a)(15)(i); Comment 4(a)(15)-6;</li> <li>▪ Transactions for which no credit decision was made (e.g., files closed for incompleteness, or if an application was withdrawn before a credit decision was made), Comment 4(a)(15)-4;</li> <li>▪ Transactions for which the credit decision was made without relying on a credit score, Comment 4(a)(15)-5;</li> <li>▪ Covered loans or applications when applicant and co-applicant are not natural persons, Comment 4(a)(15)-7</li> </ul>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<p><b>NOTE:</b> If Code 8 is selected in the Name and Version of Credit Scoring Model Field, enter the specific other credit scoring model that is not listed above in the <b>Name and Version of Credit Scoring Model Conditional Free Form Text Field for Code 8.</b> If Code 8 is not entered, leave this field blank.</p> <ul style="list-style-type: none"> <li>▪ Code 9—Not applicable</li> <li>▪ Code 10—No co-applicant</li> </ul> <p><b>NOTE:</b> Use Code 10 in the co-applicant field if there are no co-applicants or co-borrowers.</p> <p><b>NOTE:</b> If Regulation C requires your institution to report a single score that corresponds to multiple applicants or borrowers, either report the name and version of the credit scoring model in the applicant field, and use Code 9 in the co-applicant field; or report the name and version of the credit scoring model in the co-applicant field and use Code 9 in the applicant field.</p>	
(26) Reason for Denial	<a href="#">§ 1003.4(a)(16)</a> , <a href="#">4(a)(16)-1</a> through <a href="#">4</a>	Reason(s) the application was denied	Indicate the principal reason, or reasons, for denial by entering up to four (4): <ul style="list-style-type: none"> <li>▪ Code 1—Debt-to-income ratio</li> <li>▪ Code 2—Employment history</li> <li>▪ Code 3—Credit history</li> <li>▪ Code 4—Collateral</li> <li>▪ Code 5—Insufficient cash (downpayment, closing costs)</li> <li>▪ Code 6—Unverifiable information</li> <li>▪ Code 7—Credit application incomplete</li> <li>▪ Code 8—Mortgage insurance denied</li> <li>▪ Code 9—Other</li> </ul>	To report not applicable, enter “ <b>Code 10</b> ” for applications that were not denied (e.g., loan is originated or purchased by the financial institution), Comment 4(a)(16)-4



Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<p><b>NOTE:</b> If Code 9 is selected in any Reason for Denial field, enter the specific other reason(s) for denial not listed above in the <b>Reason for Denial Conditional Free Form Text Field for Code 9</b>. See below for more information on the <b>Reason for Denial Conditional Free Form Text Field for Code 9</b>.</p> <ul style="list-style-type: none"> <li>▪ Code 10—Not applicable <b>NOTE:</b> Use Code 10 if the requirement to report reasons for denial does not apply to the covered loan or application that your institution is reporting. <i>Leave the remaining Reason for Denial data fields blank.</i></li> </ul> <p>Do not enter the same code more than once for any covered loan or application.</p> <p>If there are fewer than four principal (4) reasons for denial, leave the remaining Reason for Denial data fields blank.</p> <p><b>MODEL FORM.</b> If your institution uses the model form contained in appendix C to Regulation B, 12 CFR part 1002 (Form C–1, Sample Notice of Action Taken and Statement of Reasons), use the following:</p> <ul style="list-style-type: none"> <li>▪ Code 1—Income insufficient for amount of credit requested, and Excessive obligations in relation to income</li> <li>▪ Code 2—Temporary or irregular employment, and Length of employment</li> <li>▪ Code 3—Insufficient number of credit references provided; Unacceptable type of credit references provided; No credit file; Limited credit experience; Poor credit performance with us; Delinquent past or present credit obligations with others; Number</li> </ul>	

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<p>of recent inquiries on credit bureau report; Garnishment, attachment, foreclosure, repossession, collection action, or judgment; and Bankruptcy</p> <ul style="list-style-type: none"> <li>▪ Code 4—Value or type of collateral not sufficient</li> <li>▪ Code 6—Unable to verify credit references; Unable to verify employment; Unable to verify income; and Unable to verify residence</li> <li>▪ Code 7—Credit application incomplete</li> <li>▪ Code 9—Length of residence; Temporary residence; and Other reasons specified on the adverse action notice.</li> </ul> <p><b>REASON FOR DENIAL CONDITIONAL FREE FORM TEXT FIELD FOR CODE 9.</b> The maximum number of characters for this field is 255 characters, including spaces. If Code 9 is not entered, leave this field blank.</p>	
(27) Total Loan Costs or Total Points and Fees	<p><a href="#">§ 1003.4(a)(17)</a>, Comments <a href="#">4(a)(17)(i)-1</a> through <a href="#">-3</a> and <a href="#">4(a)(17)(ii)-1</a> through <a href="#">-2</a></p>	<p>Either total loan costs, or total points and fees charged</p>	<p>Enter either Total Loan Costs or Total Points and Fees:</p> <ul style="list-style-type: none"> <li>▪ <b>TOTAL LOAN COSTS.</b> Enter, in dollars, the amount of total loan costs. If the amount is zero, enter 0.</li> <li>▪ <b>TOTAL POINTS AND FEES.</b> Enter, in dollars, the total points and fees charged in connection with the covered loan. If the amount is zero, enter 0.</li> </ul> <p><i>Example:</i> If the total loan costs or the total points and fees are \$2,399.04, enter 2399.04.</p>	<p>Enter “NA” for:</p> <p><b>TOTAL LOAN COSTS.</b></p> <ul style="list-style-type: none"> <li>▪ Applications, Comment 4(a)(17)(i)-1;</li> <li>▪ Covered loans that are not subject to Regulation Z, § 1026.43(c), § 1003.4(a)(17); Covered loans subject to Regulation Z § 1026.43(c) for which a disclosure is not provided pursuant to § 1026.19(f), § 1003.4(a)(17)</li> <li>▪ Purchased covered loans for which applications were received by the selling entity prior to the effective date of Regulation Z, § 1026.19(f), Comment 4(a)(17)(i)-2</li> </ul>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
(28) Origination Charges	<a href="#">§ 1003.4(a)(18)</a> , Comments <a href="#">4(a)(18)-1</a> through <a href="#">-3</a>	Total borrower-paid origination charges	Enter, in dollars, the total of all itemized amounts that are designated borrower-paid at or before closing. If the total is zero, enter 0. <i>Example:</i> If the origination charges are \$2,399.04, enter 2399.04.	<p><b>TOTAL POINTS AND FEES.</b></p> <ul style="list-style-type: none"> <li>Applications, Comment 4(a)(17)(ii)-1;</li> <li>Covered loans that are not subject to Regulation Z, § 1026.43(c), Comment 4(a)(17)(ii)-1;</li> <li>Covered loans subject to Regulation Z, § 1026.43(c) for which a disclosure is provided pursuant to Regulation Z, § 1026.19(f), § 1003.4(a)(17)(ii);</li> <li>Purchased covered loans, Comment 4(a)(17)(ii)-1</li> </ul> <p>Enter “<b>NA</b>” for:</p> <ul style="list-style-type: none"> <li>Applications, Comment 4(a)(18)-1;</li> <li>Covered loans not subject to Regulation Z, § 1026.19(f), § 1003.4(a)(18); Comment 4(a)(18)-1;</li> <li>Purchased covered loans with applications that were received by the selling entity prior to the effective date of Regulation Z, § 1026.19(f), Comment 4(a)(18)-2</li> </ul>
(29) Discount Points	<a href="#">§ 1003.4(a)(19)</a> , Comments <a href="#">4(a)(19)-1</a> through <a href="#">-3</a>	Points paid to the creditor to reduce the interest rate	Enter, in dollars, the points paid to the creditor to reduce the interest rate. If no points were paid, leave this field blank. <i>Example:</i> If the amount paid for discount points is \$2,399.04, enter 2399.04.	<p>Enter “<b>NA</b>” for:</p> <ul style="list-style-type: none"> <li>Applications, Comment 4(a)(19)-1;</li> <li>Covered loans not subject to Regulation Z, § 1026.19(f), § 1003.4(a)(19); Comment 4(a)(19)-1;</li> <li>Purchased covered loans with applications that were received by the selling entity prior to the</li> </ul>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
				effective date of Regulation Z, § 1026.19(f), Comment 4(a)(19)-2
(30) Lender Credits	<a href="#">§ 1003.4(a)(20)</a> , Comments <a href="#">4(a)(20)-1</a> through <a href="#">-3</a>	Amount of lender credits	Enter, in dollars, the amount of lender credits. If no lender credits were provided, leave this field blank. <i>Example:</i> If the amount is \$1500.24, enter 1500.24.	Enter “ <b>NA</b> ” for: <ul style="list-style-type: none"> <li>Applications, Comment 4(a)(20)-1;</li> <li>Covered loans not subject to Regulation Z, § 1026.19(f), § 1003.4(a)(20); Comment 4(a)(20)-1;</li> <li>Purchased covered loans with applications that were received by the selling entity prior to the effective date of Regulation Z, § 1026.19(f), Comment 4(a)(20)-2</li> </ul>
(31) Interest Rate	<a href="#">§ 1003.4(a)(21)</a> , Comments <a href="#">4(a)(21)-1</a> through <a href="#">-3</a>	Interest rate on the approved application or loan	Enter, as a percentage, to at least three (3) decimal places, the interest rate. Numbers calculated to beyond three (3) decimal places may either be reported beyond three (3) decimal places or rounded or truncated to three (3) decimal places. Decimal place trailing zeros may be either included or omitted. <i>Example:</i> If the interest rate is 4.125%, enter 4.125.  If the interest rate is exactly 4.500%, enter 4.5, 4.50, or 4.500.	Enter “ <b>NA</b> ” for applications that have been denied, withdrawn, or closed for incompleteness, Comment 4(a)(21)-2
(32) Prepayment Penalty Term	<a href="#">§ 1003.4(a)(22)</a> , Comments <a href="#">4(a)(22)-1</a> through <a href="#">-2</a>	Term in months of any prepayment penalty	Enter, in numeral form, the term, in months, of any prepayment penalty. <i>Example:</i> If a prepayment penalty may be imposed within the first 24 months after closing or account opening, enter 24.	Enter “ <b>NA</b> ” for: <ul style="list-style-type: none"> <li>Covered loans or applications that are not subject to Regulation Z, § 1026, § 1003.4(a)(22); Comment 4(a)(22)-1;</li> <li>Covered loans or applications that have no prepayment penalty, Comment 4(a)(22)-2</li> </ul>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
(33) Debt-to-Income Ratio	<a href="#">§ 1003.4(a)(23)</a> , Comments <a href="#">4(a)(23)-1</a> through <a href="#">-7</a>	Ratio of the applicant’s or borrower’s total monthly debt to total monthly income relied on	Enter, as a percentage, the ratio of the applicant’s or borrower’s total monthly debt to the total monthly income relied on in making the credit decision. Use decimal places only if the ratio relied upon uses decimal places. <i>Example:</i> If the relied upon debt-to-income ratio is 42.95, enter 42.95, and not 43. If, however, your institution rounded the ratio up to 43% and relied on the rounded-up number, enter 43.	Enter “NA” for: <ul style="list-style-type: none"> <li>▪ Purchased covered loans, § 1003.4(a)(23); Comment 4(a)(23)-7;</li> <li>▪ Transactions for which no credit decision was made (e.g., files closed for incompleteness, or if an application was withdrawn before a credit decision was made), Comment 4(a)(23)-3;</li> <li>▪ Transactions for which the credit decision was made without relying on debt-to-income ratio, Comment 4(a)(23)-4;</li> <li>▪ Covered loans or applications when applicant and co-applicant are not natural persons, Comment 4(a)(23)-5;</li> <li>▪ Covered loan secured by, or an application proposed to be secured by, a multifamily dwelling, Comment 4(a)(23)-6</li> </ul>
(34) Combined Loan-to-Value Ratio	<a href="#">§ 1003.4(a)(24)</a> , Comments <a href="#">4(a)(24)-1</a> through <a href="#">-6</a>	Ratio of the total amount of debt that is secured by the property to the value of the property that was relied on	Enter, as a percentage, the ratio of the total amount of debt secured by the property to the value of the property relied on in making the credit decision. Use decimal places only if the ratio relied upon uses decimal places. <i>Example:</i> If the relied upon combined loan-to-value ratio is 80.05, enter 80.05, and not 80. If, however, your institution rounded the ratio down to 80 and relied on the rounded-down number, enter 80.	Enter “NA” for: <ul style="list-style-type: none"> <li>▪ Purchased covered loans, § 1003.4(a)(24); Comment 4(a)(24)-5;</li> <li>▪ Transactions for which no credit decision was made (e.g., files closed for incompleteness, or if an application was withdrawn before a credit decision was made), Comment 4(a)(24)-3;</li> </ul>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
				<ul style="list-style-type: none"> <li>Transactions for which the credit decision was made without relying on combined loan-to-value ratio, Comment 4(a)(24)-4</li> </ul>
(35) Loan Term	<a href="#">§ 1003.4(a)(25)</a> , Comments <a href="#">4(a)(25)-1</a> through <a href="#">-5</a>	Number of months after which the legal obligation will mature or terminate	Enter, in numeral form, the number of months after which the legal obligation will mature or terminate, or would have matured or terminated. <i>Example:</i> If the loan term is 360 months, enter 360.	Enter “NA” for covered loan or application without a definite term, such as a reverse mortgage, Comment 4(a)(25)-5
(36) Introductory Rate Period	<a href="#">§ 1003.4(a)(26)</a> , Comments <a href="#">4(a)(26)-1</a> through <a href="#">-5</a>	Number of months until the first date the interest rate may change	Enter, in numeral form, the number of months, or proposed number of months in the case of an application, until the first date the interest rate may change after closing or account opening. <i>Example:</i> If the introductory rate period is 24 months, enter 24.	Enter “NA” for: <ul style="list-style-type: none"> <li>Covered loan or application with a fixed rate, Comment 4(a)(26)-3;</li> <li>Purchased covered loan with a fixed rate, Comment 4(a)(26)-4</li> </ul>
(37) Non-Amortizing Features	<a href="#">§ 1003.4(a)(27)</a> , Comment <a href="#">4(a)(27)-1</a>	Whether the transaction involves a balloon payment, interest-only payments, negative amortization, or any other type of non-amortizing feature	<b>BALLOON PAYMENT.</b> Indicate whether the contractual terms include, or would have included, a balloon payment by entering: <ul style="list-style-type: none"> <li>Code 1—Balloon payment</li> <li>Code 2—No balloon payment</li> </ul> <b>INTEREST-ONLY PAYMENTS.</b> Indicate whether the contractual terms include, or would have included, interest-only payments by entering: <ul style="list-style-type: none"> <li>Code 1—Interest-only payments</li> <li>Code 2—No interest-only payments</li> </ul>	

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<p><b>NEGATIVE AMORTIZATION.</b> Indicate whether the contractual terms include, or would have included, a term that would cause the covered loan to be a negative amortization loan by entering:</p> <ul style="list-style-type: none"> <li>▪ Code 1—Negative amortization</li> <li>▪ Code 2—No negative amortization</li> </ul> <p><b>OTHER NON-AMORTIZING FEATURES.</b> Indicate whether the contractual terms include, or would have included, any term, other than those described in §§ 1003.4(a)(27)(i), (ii), and (iii) that would allow for payments other than fully amortizing payments during the loan term by entering:</p> <ul style="list-style-type: none"> <li>▪ Code 1—Other non-fully amortizing features</li> <li>▪ Code 2—No other non-fully amortizing features</li> </ul>	
(38) Property Value	<a href="#">§ 1003.4(a)(28)</a> , Comments <a href="#">4(a)(28)-1</a> through <a href="#">-4</a>	Value of the property relied on that secures the loan	Enter, in dollars, the value of the property securing the covered loan or, in the case of an application, proposed to secure the covered loan, relied on in making the credit decision. <i>Example:</i> If the property value is \$350,500, enter 350500.	Enter “ <b>NA</b> ” for: <ul style="list-style-type: none"> <li>▪ Transactions for which no credit decision was made (e.g., files closed for incompleteness, or if an application was withdrawn before a credit decision was made), Comment 4(a)(28)-3;</li> <li>▪ Transactions for which the credit decision was made without relying on property value, Comment 4(a)(28)-4</li> </ul>
(39) Manufactured Home Secured Property Type	<a href="#">§ 1003.4(a)(29)</a> , Comments <a href="#">4(a)(29)-1</a> through <a href="#">-4</a>	Whether the covered loan is secured by a manufactured home and land or a manufactured home and not land	Indicate whether the covered loan or application is, or would have been, secured by a manufactured home and land, or by a manufactured home and not land, by entering: <ul style="list-style-type: none"> <li>▪ Code 1—Manufactured home and land</li> <li>▪ Code 2—Manufactured home and not land</li> <li>▪ Code 3—Not applicable</li> </ul>	To report not applicable, enter “ <b>Code 3</b> ” for: <ul style="list-style-type: none"> <li>▪ The dwelling related to the property identified is not a manufactured home, § 1003.4(a)(29); Comment 4(a)(29)-4</li> <li>▪ The dwelling related to the property identified is a manufactured home community that is a multifamily dwelling, Comment 4(a)(29)-2;</li> </ul>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
				Comment 4(a)(29)-4
(40) Manufactured Home Land Property Interest	<a href="#">§ 1003.4(a)(30)</a> , Comments <a href="#">4(a)(30)-1</a> through <a href="#">-6</a>	Information about the applicant’s or borrower’s ownership or leasehold interest in the land where the manufactured home is located	Indicate the applicant’s or borrower’s land property interest in the land on which a manufactured home is, or will be, located by entering: <ul style="list-style-type: none"> <li>▪ Code 1—Direct ownership</li> <li>▪ Code 2—Indirect ownership</li> <li>▪ Code 3—Paid leasehold</li> <li>▪ Code 4—Unpaid leasehold</li> <li>▪ Code 5—Not applicable</li> </ul>	To report not applicable, enter “ <b>Code 5</b> ” for: <ul style="list-style-type: none"> <li>▪ The dwelling related to the property identified is not a manufactured home, § 1003.4(a)(30); Comment 4(a)(30)-6</li> <li>▪ The dwelling related to the property identified is a manufactured home community that is a multifamily dwelling, Comment 4(a)(30)-4; Comment 4(a)(30)-6</li> <li>▪ A location for the manufactured home related to a covered loan or application has not been identified, § 1003.4(a)(30); Comment 4(a)(9)-5</li> </ul>
(41) Total Units	<a href="#">§ 1003.4(a)(31)</a> , Comments <a href="#">4(a)(31)-1</a> through <a href="#">-4</a>	Number of individual dwelling units related to the property	Enter, in numeral form, the number of individual dwelling units related to the property securing the covered loan or, in the case of an application, proposed to secure the covered loan. <i>Example:</i> If there are five (5) individual dwelling units, enter 5.	
(42) Multifamily Affordable Units	<a href="#">§ 1003.4(a)(32)</a> , Comments <a href="#">4(a)(32)-1</a> through <a href="#">-6</a>	Number of individual dwelling units related to the property that are income-restricted under federal, state, or local affordable housing programs	Enter, in numeral form, the number of individual dwelling units related to any multifamily dwelling property securing the covered loan or, in the case of an application, proposed to secure the covered loan, that are income-restricted pursuant to Federal, State, or local affordable housing programs. <i>Example:</i> If there are five (5) multifamily affordable units, enter 5.  <b>NOTE:</b> Enter “0” for a covered loan or application related to a	Enter “ <b>NA</b> ” for covered loans or applications where the property securing the covered loan or, in the case of an application, proposed to secure the covered loan is not a multifamily dwelling, § 1003.4(a)(32); Comment 4(a)(32)-6



Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<p>multifamily dwelling that does not contain any such income-restricted individual dwelling units.</p>	
(43) Application Channel (Submission of Application and Initially Payable to Your Institution)	<p><a href="#">§ 1003.4(a)(33)</a>, Comments <a href="#">4(a)(33)-1</a>, <a href="#">4(a)(33)(i)-1</a>, and <a href="#">4(a)(33)(ii)-1</a> through <a href="#">-2</a></p>	<p>Indicators of whether the application was submitted directly to the FI, and whether the obligation was initially payable to the FI</p>	<p><b>SUBMISSION OF APPLICATION.</b> Indicate whether the applicant or borrower submitted the application directly to your institution by entering:</p> <ul style="list-style-type: none"> <li>▪ Code 1—Submitted directly to your institution</li> <li>▪ Code 2—Not submitted directly to your institution</li> <li>▪ Code 3—Not applicable</li> </ul> <p><b>INITIALLY PAYABLE TO YOUR INSTITUTION.</b> Indicate whether the obligation arising from the covered loan was, or, in the case of an application, would have been, initially payable to your institution by entering:</p> <ul style="list-style-type: none"> <li>▪ Code 1—Initially payable to your institution</li> <li>▪ Code 2—Not initially payable to your institution</li> <li>▪ Code 3—Not applicable</li> </ul>	<p>To report not applicable for <b>Submission of Application</b>, enter “<b>Code 3</b>”</p> <ul style="list-style-type: none"> <li>▪ Purchased covered loans, § 1003.4(a)(33);</li> </ul> <p>To report not applicable for <b>Initially Payable to Your Institution</b>, enter “<b>Code 3</b>”</p> <ul style="list-style-type: none"> <li>▪ Purchased covered loans, § 1003.4(a)(33);</li> <li>▪ Applications that were withdrawn, denied, or closed for incompleteness, if the institution had not determined whether the covered loans would have been initially payable to the institution reporting the applications, Comment 4(a)(33)(ii)-2</li> </ul>
(44) Mortgage Loan Originator NMLSR Identifier	<p><a href="#">§ 1003.4(a)(34)</a>, Comments <a href="#">4(a)(34)-1</a> through <a href="#">-4</a></p>	<p>National Mortgage Licensing System &amp; Registry (NMLSR) identifier for the mortgage loan originator</p>	<p>Enter the Nationwide Mortgage Licensing System and Registry mortgage loan originator unique identifier (NMLSR ID) for the mortgage loan originator.</p> <p><i>Example:</i> If the NMLSR ID for the mortgage loan originator is 123450, enter 123450.</p>	<p>Enter “<b>NA</b>” for:</p> <ul style="list-style-type: none"> <li>▪ Covered loans or applications in which the mortgage loan originator is not required to obtain and has not been assigned an NMLSR identifier, Comment 4(a)(34)-2.</li> </ul> <p>Enter “<b>NA</b>” or voluntarily report the NMLSR ID for:</p> <ul style="list-style-type: none"> <li>▪ Purchased covered loans that satisfy the coverage criteria of Regulation Z, § 1026.36(g) and were originated prior to January 10, 2014,</li> </ul>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
(45) Automated Underwriting System	<a href="#">§ 1003.4(a)(35)</a> , Comments <a href="#">4(a)(35)-1</a> through <a href="#">-7</a>	Name of the automated underwriting system used by the FI to evaluate the application and the result generated by that system	<p><b>AUTOMATED UNDERWRITING SYSTEM.</b> Indicate the automated underwriting system(s) (AUS) used by your institution to evaluate the application by entering up to five (5) of the following:</p> <ul style="list-style-type: none"> <li>▪ Code 1—Desktop Underwriter (DU)</li> <li>▪ Code 2—Loan Prospector (LP) or Loan Product Advisor</li> <li>▪ Code 3—Technology Open to Approved Lenders (TOTAL) Scorecard</li> <li>▪ Code 4—Guaranteed Underwriting System (GUS)</li> <li>▪ Code 5—Other                             <p><b>NOTE:</b> If Code 5 is selected in any Automated Underwriting System field, enter the name of the specific other AUS(s) not listed above in the <b>AUS Conditional Free Form Text Field for Code 5</b>. See below for more information on the <b>AUS Conditional Free Form Text Field for Code 5</b>.</p> </li> <li>▪ Code 6—Not applicable</li> </ul> <p><b>NOTE:</b> If fewer than five (5) automated underwriting systems were used by your institution to evaluate the application or if Code 6 is selected, leave the remaining Automated Underwriting System data fields blank.</p> <p><b>AUS CONDITIONAL FREE FORM TEXT FIELD FOR CODE 5.</b> Enter</p>	<p>Comment 4(a)(34)-4;</p> <ul style="list-style-type: none"> <li>▪ Purchased covered loans that do not satisfy the coverage criteria of Regulation Z, § 1026.36(g) and were originated prior to January 1, 2018, Comment 4(a)(34)-4.</li> </ul> <p>To report not applicable, enter “<b>Code 6</b>” for <b>Automated Underwriting System</b> and “<b>Code 17</b>” for <b>Automated Underwriting System Result</b> for:</p> <ul style="list-style-type: none"> <li>▪ Purchased covered loans, § 1003.4(a)(35); Comment 4(a)(35)-5;</li> <li>▪ Transactions for which an AUS, as defined in § 1003.4(a)(35)(ii), was not used to evaluate the application, Comment 4(a)(35)-2 and -4;</li> <li>▪ Covered loans or applications when applicant and co-applicant are not natural persons, Comment 4(a)(35)-6</li> </ul>

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<p>more than one other Automated Underwriting System, as applicable. The maximum number of characters for this field is 255 characters, including spaces. If Code 5 is not</p> <p><b>AUTOMATED UNDERWRITING SYSTEM RESULT.</b> Indicate the result(s) generated by the automated underwriting system (AUS) previously indicated by entering:</p> <ul style="list-style-type: none"> <li>▪ Code 1—Approve/Eligible</li> <li>▪ Code 2—Approve/Ineligible</li> <li>▪ Code 3—Refer/Eligible</li> <li>▪ Code 4—Refer/Ineligible</li> <li>▪ Code 5—Refer with Caution</li> <li>▪ Code 6—Out of Scope</li> <li>▪ Code 7—Error</li> <li>▪ Code 8—Accept</li> <li>▪ Code 9—Caution</li> <li>▪ Code 10—Ineligible</li> <li>▪ Code 11—Incomplete</li> <li>▪ Code 12—Invalid</li> <li>▪ Code 13—Refer</li> <li>▪ Code 14—Eligible</li> <li>▪ Code 15—Unable to Determine</li> <li>▪ Code 16—Other</li> </ul> <p><b>NOTE:</b> If Code 16 is selected in an Automated Underwriting System Result field, enter the specific other AUS result(s) not listed above in the <b>AUS Result Conditional Free Form Text Field for Code 16</b>. See below for more information on the <b>AUS Result Conditional Free Form Text Field for Code 16</b>.</p>	

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<ul style="list-style-type: none"> <li>▪ Code 17—Not applicable  <b>NOTE:</b> Use Code 17 if the requirement to report an AUS result does not apply to the covered loan or application that your institution is reporting. Leave the remaining Automated Underwriting System Result data fields blank.</li> </ul> <p>For the following AUS results returned, use the following Codes for these AUS:</p> <ul style="list-style-type: none"> <li>▪ Federal National Mortgage Association (Fannie Mae)-Use Code 1, 2, 3, 4, 5, 6, 7, or 16</li> <li>▪ Federal Home Loan Mortgage Corporation (Freddie Mac)-Use Code 8, 9, 10, 11, 12 or 16</li> <li>▪ FHA TOTAL Scorecard- Use Code 8 or 13</li> <li>▪ GUS-Use Code 5, 8, 10, 13, 14, 15 or 16</li> </ul> <p><b>NOTE:</b> If fewer than five (5) results were generated by the automated underwriting system(s) previously indicated or Code 17 is used, leave the remaining Automated Underwriting System Result data fields blank.</p> <p><b>AUS RESULT CONDITIONAL FREE FORM TEXT FIELD FOR CODE 16.</b> Enter more than one other Automated Underwriting System Result, as applicable. The maximum number of characters for this field is 255 characters, including spaces. If Code 16 is not entered, leave this field blank.</p>	
(46) Reverse Mortgage	<a href="#">§.1003.4(a)(36)</a>	Indicator of whether the transaction is for a reverse mortgage	<p>Indicate whether the covered loan is, or the application is for, a reverse mortgage by entering:</p> <ul style="list-style-type: none"> <li>▪ Code 1—Reverse mortgage</li> </ul>	

Data point	Regulation C references	Description	Filing instructions <sup>b</sup>	Reporting “Not Applicable” <sup>c</sup>
			<ul style="list-style-type: none"> <li>Code 2—Not a reverse mortgage</li> </ul>	
(47) Open-End Line of Credit	<a href="#">§ 1003.4(a)(37)</a> , Comment <a href="#">4(a)(37)-1</a>	Indicator of whether the transaction is for an open-end line of credit	Indicate whether the covered loan is, or the application is for, an open-end line of credit by entering: <ul style="list-style-type: none"> <li>Code 1—Open-end line of credit</li> <li>Code 2—Not an open-end line of credit</li> </ul>	
(48) Business or Commercial Purpose	<a href="#">§ 1003.4(a)(38)</a> , Comment <a href="#">4(a)(38)-1</a>	Indicator of whether the transaction is primarily for a business or commercial purpose	Indicate whether the covered loan is, or the application is for a covered loan that will be made, primarily for a business or commercial purpose by entering: <ul style="list-style-type: none"> <li>Code 1—Primarily for a business or commercial purpose</li> <li>Code 2—Not primarily for a business or commercial purpose</li> </ul>	

<sup>a</sup> This chart combines information from the previous Summary of Reportable Data Chart and Reporting “Not Applicable” Chart, as well as the [2018 Filing Instructions Guide](#). This chart does not contain information about the submission process or procedures. This chart summarizes requirements under HMDA and Regulation C, and does not itself establish any binding obligations. It is intended only to act as a reference and not as a substitute for the regulation or its official commentary. Always consult the regulation text and official commentary for a complete understanding of the law.

<sup>b</sup> This column provides the information from Section 4.2 of the [2018 Filing Instructions Guide](#). Further information can be found in the 2018 Filing Instructions Guide. Some information may not be presented exactly as in the 2018 Filing Instructions Guide. This chart is not a substitute for the 2018 Filing Instructions Guide, and that chart should be consulted.

<sup>c</sup> This column details the information provided in Regulation C on when a data point is considered not applicable and the appropriate code found in the 2018 Filing Instructions Guide to signify it. If more information is needed, please review the rule and commentary specified and the 2018 Filing Instructions Guide.

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## Appendix

## APPENDIX B: HMDA Small Entity Compliance Guide

Intro

A: Overview of Data Requirements Chart

**B: HMDA Small Entity Compliance Guide**

C: Instructions on Collection of Data on Ethnicity, Race, and Sex

D: Institutional Coverage Chart

E: Transactional Coverage Chart

F: Regulation C

G: Official Interpretations to Regulation C

H: Federal HMDA Reporting Agencies

I: HMDA Poster

The following is a copy of the CFPB's HMDA Small Entity Compliance Guide, an easy-to-use summary of Regulation C, as amended by the 2015 and 2017 HMDA Final Rules, and to highlight information that financial institutions and those that work with them might find helpful when complying with Regulation C.

**This Guide is not a substitute for Regulation C.** Regulation C and its official interpretations (also known as the commentary) are the definitive sources of information regarding its requirements. Regulation C and its official interpretations are available in [Appendix F](#) and [G](#) of this *Guide* and at [www.consumerfinance.gov/regulatory-implementation/hmda/](http://www.consumerfinance.gov/regulatory-implementation/hmda/).

October 2017

OMB Control No. 3170-0008

# Home Mortgage Disclosure (Regulation C)

Small Entity Compliance Guide



# Version Log

The Bureau updates this guide on a periodic basis. Below is a version log noting the history of this document and its updates:

Date	Version	Rule Changes
October 2017	2.0	<p data-bbox="646 627 1409 701">Updates to incorporate content of the final rule issued on August 24, 2017, including changes and clarification regarding:</p> <ul data-bbox="675 741 1409 1845" style="list-style-type: none"><li data-bbox="675 741 1409 814">▪ Institutional coverage and the uniform loan-volume threshold for open-end lines of credit (Sections 2.1, 3.2, and 9.1)</li><li data-bbox="675 816 1409 890">▪ Transactional coverage for open-end lines of credit (Sections 2.2, 4.1.2, and 9.1)</li><li data-bbox="675 892 1409 966">▪ Collection and reporting of applicant information (Sections 2.4, 5.1, 9.2.1, and Attachment A)</li><li data-bbox="675 968 1409 1041">▪ Effective date of enforcement provisions for larger volume reporters (Sections 2.8 and 7)</li><li data-bbox="675 1043 1409 1117">▪ Whether certain installment sales contracts are extensions of credit for purposes of the HMDA Rule (Section 4.1.1.1)</li><li data-bbox="675 1119 1409 1213">▪ An exclusion from coverage for certain preliminary transactions that consolidate new funds into a New York CEMA (Sections 4.1.1.1. and 4.1.2)</li><li data-bbox="675 1215 1409 1289">▪ What constitutes a loan secured by a multifamily dwelling under the HMDA Rule (Section 4.1.1.2)</li><li data-bbox="675 1291 1409 1365">▪ The exclusion from coverage for temporary financing (Section 4.1.2)</li><li data-bbox="675 1367 1409 1440">▪ Including certain distributions from retirement and other asset accounts when reporting income (Section 5.1.2)</li><li data-bbox="675 1442 1409 1516">▪ Reporting the ULI and use of check digit tool provided by the Bureau (Section 5.2)</li><li data-bbox="675 1518 1409 1549">▪ Reporting loan purpose (Section 5.7)</li><li data-bbox="675 1551 1409 1625">▪ Reporting property address and location when certain information is unknown or unavailable (Section 5.12)</li><li data-bbox="675 1627 1409 1701">▪ Reporting census tract using the geocoding tool provided by the Bureau (Sections 5.12 and 7)</li><li data-bbox="675 1703 1409 1776">▪ Reporting CLTV when the calculation includes property other than the Identified Property (Section 5.21)</li><li data-bbox="675 1778 1409 1845">▪ Reporting credit score when there are multiple scores or multiple applicants (Section 5.22)</li></ul>



- Securitizers and automated underwriting systems (Section 5.23)
- Reporting interest rate, rate spread, and certain other data points when revised or corrected disclosures are provided (Sections 5.24, 5.26, and 5.28)
- Reporting the introductory rate (Section 5.25)
- Reporting rate spread, including for applications that are approved but not accepted (Section 5.26)
- Reporting mortgage loan originator identifier for certain purchased covered loans (Section 5.30)
- Reporting action taken if there is a counteroffer (Attachment B)

Also, makes miscellaneous administrative changes to various sections

December 2015

1.0

Original Document

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**PAPERWORK REDUCTION ACT**

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and, notwithstanding any other provision of law, a person is not required to respond to a collection of information unless it displays a valid OMB control number. The OMB control number for this collection is 3170-0008. It expires on May 31, 2019. The information collections created by the Final Rule published October 28, 2015 at 80 FR 66127 will not become effective until either three years from the date of publication of the rule or 2020 in the case of certain information collections. The time required to complete this information collection is estimated to average between 161 hours and 9,000 hours per response depending on the size of the institution. The obligation to respond to this collection of information is mandatory per the Home Mortgage Disclosure Act, 12 U.S.C. 2801-2810, as implemented by CFPB’s Regulation C, 12 CFR part 1003. Comments regarding this collection of information, including the estimated response time, suggestions for improving the usefulness of the information, or suggestions for reducing the burden to respond to this collection should be submitted to the Consumer Financial Protection Bureau (Attention: PRA Office), 1700 G Street NW, Washington, DC 20552, or by email to PRA@cfpb.gov. The other agencies collecting information under this regulation maintain OMB control numbers for their collections as follows: Office of the Comptroller of the Currency (1557–0159), the Federal Deposit Insurance Corporation (3064–0046), the Federal Reserve System (7100–0247), the Department of Housing and Urban Development (2502–0529), and the National Credit Union Administration (3133–0166).

# 1. Introduction

The Home Mortgage Disclosure Act (HMDA), which Congress enacted in 1975, requires certain financial institutions to collect, record, report, and disclose information about their mortgage lending activity. Regulation C implements HMDA and sets out specific requirements for the collection, recording, reporting, and disclosure of mortgage lending information. 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; and (3) to assist in identifying potential discriminatory lending patterns and enforcing antidiscrimination statutes.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) transferred rulemaking authority for HMDA to the Consumer Financial Protection Bureau (Bureau), effective July 2011. It also amended HMDA to require financial institutions to report new data points and authorized the Bureau to require financial institutions to collect, record, and report additional information. On August 29, 2014, the Bureau published [proposed amendments to Regulation C](#) to implement the Dodd-Frank Act changes and to make additional changes. The Bureau carefully reviewed and considered the comments it received on its proposed amendments. On October 15, 2015, the Bureau issued a final rule (2015 HMDA Rule) amending Regulation C. The [2015 HMDA Rule](#) was published in the *Federal Register* on October 28, 2015. On August 24, 2017, the Bureau issued a final rule (2017 HMDA Rule) further amending Regulation C to make technical corrections and to clarify and amend certain requirements adopted by the 2015 HMDA Final Rule. The 2017 HMDA Rule was published in the *Federal Register* on September 13, 2017. In this guide, the 2015 HMDA Rule and 2017 HMDA Rule are collectively referred to as the HMDA Rule.

## 1.1 Purpose of this guide

The purpose of this guide is to provide an easy-to-use summary of Regulation C, as amended by the HMDA Rule, and to highlight information that financial institutions and those that work with them might find helpful when implementing the HMDA Rule.

This guide meets the requirements of Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996, which requires the Bureau to issue a small entity compliance guide to help small entities comply with new regulations. Larger entities may also find this guide useful.

**This guide is not a substitute for the 2015 HMDA Rule, the 2017 HMDA Rule, or Regulation C.** Regulation C, the 2015 HMDA Rule, the 2017 HMDA and their official interpretations (also known as the commentary) are the definitive sources of information regarding their requirements. The 2015 HMDA Rule and the 2017 HMDA Rule are available at <http://www.consumerfinance.gov/regulatory-implementation/hmda/>.

The focus of this guide is Regulation C, as amended by the HMDA Rule. Except when specifically needed to explain a provision of amended Regulation C, this guide does not discuss other Federal or State laws that may apply to mortgage lending.

This guide has examples to illustrate some portions of the HMDA Rule. The examples do not include all possible factual situations that could illustrate a particular provision, trigger a particular obligation, or satisfy a particular requirement. Even though an example may identify a fictitious financial institution as, for example, “Ficus Bank” or “Ficus Mortgage Company,” the provision or obligation being illustrated in the example may apply to all financial institutions, including both depository and nondepository financial institutions.

Sometimes this guide will distinguish between the requirements of the HMDA Rule and the requirements of Regulation C as they apply before a specific part of the HMDA Rule goes into effect. When making these distinctions, the guide generally refers to the requirements of Regulation C as they apply before a specific part of the HMDA Rule goes into effect as “current Regulation C.” However, it should be understood that this means the requirements of Regulation C as they are before the specific part of the HMDA Rule being discussed goes into effect, not Regulation C as of any specific date (such as the date the guide is being read).

## 1.2 Additional implementation resources

Additional resources to help institutions understand and comply with the HMDA Rule are available on the Bureau's website at <http://www.consumerfinance.gov/regulatory-implementation/hmda/>.

A person who has a specific regulatory interpretation question about the HMDA Rule after reviewing these materials may submit the question on the Bureau's website at <https://reginquiries.consumerfinance.gov/>. A person may also leave his or her question in a voicemail at 202-435-7700. Bureau staff provides only informal responses to regulatory inquiries, and the responses do not constitute official interpretations or legal advice.

Generally, Bureau staff is not able to respond to specific inquiries the same business day or within a particular requested timeframe. Actual response times will vary based on the number of questions Bureau staff is handling and the amount of research needed to respond to a specific question.

**Technical questions about collecting or reporting 2015 and 2016 HMDA data (reported in 2016 and 2017) should continue to be directed to [hmdahelp@frb.gov](mailto:hmdahelp@frb.gov) or 202-452-2016. Technical questions about collecting HMDA data for 2017 and later years or reporting HMDA data in 2018 and later years should be directed to [hmdahelp@cfpb.gov](mailto:hmdahelp@cfpb.gov).**



## 2. Key changes and effective dates

The HMDA Rule changes: (1) the types of financial institutions that are subject to Regulation C; (2) the types of transactions that are subject to Regulation C; (3) the data that financial institutions are required to collect, record, and report; and (4) the processes for reporting and disclosing HMDA data.

Most provisions of the HMDA Rule go into effect on January 1, 2018 and apply to data collected in 2018 and reported in 2019 or later years. However, an institutional coverage change for depository institutions was effective January 1, 2017. Certain changes regarding reporting and changes to the enforcement provisions regarding good faith efforts are effective January 1, 2019. The new quarterly reporting requirement and changes to the enforcement provisions for larger-volume reporters are effective January 1, 2020. Additionally, there are institutional and transactional coverage changes for open-end lines of credit that are effective January 1, 2020.

This section summarizes these key changes and provides the effective date for each key change. For an illustration of the HMDA Rule's effective dates, see the [HMDA Key Dates Timeline](#). For more detailed information on the HMDA Rule's specific requirements, see Sections 3 through 8.

### 2.1 Institutional coverage

*Effective January 1, 2017 through December 31, 2017 for certain changes to depository institution coverage; effective January 1, 2018 for broader changes to institutional coverage; effective January 1, 2020 for a change to the loan-volume threshold for covered open-end lines of credit*

The HMDA Rule changes institutional coverage in two phases.

First, the HMDA Rule narrows the scope of depository institutions subject to Regulation C in 2017. A bank, savings association, or credit union is not subject to Regulation C in 2017 unless it meets all of the coverage criteria for depository institutions under current Regulation C, and it originates at least 25 home purchase loans (including refinancings of home purchase loans) in both 2015 and 2016. 12 CFR 1003.2 (financial institution)(1).

Second, effective January 1, 2018, the HMDA Rule adopts a uniform loan-volume threshold for all financial institutions. Beginning in 2018, a financial institution will be subject to Regulation C if it originated at least 25 covered closed-end mortgage loans in each of the two preceding calendar years or at least 500 covered open-end lines of credit in each of the two preceding calendar years, and it meets other applicable coverage requirements. For depository financial institution coverage, the HMDA Rule maintains current Regulation C's asset-size threshold, location test, federally related test, and loan activity test. For nondepository financial institutions, the HMDA Rule retains the location test. A nondepository financial institution is subject to Regulation C, effective January 1, 2018, if it originated at least 25 covered closed-end mortgage loans or at least 500 covered open-end lines of credit in each of the two preceding calendar and meets the location test. 12 CFR 1003.2(g)(1), (2).

Effective January 1, 2020, the HMDA Rule reduces the loan-volume threshold for covered open-end lines of credit to 100 covered open-end lines of credit in each of the two preceding calendar years. The other institutional coverage criteria do not change in 2020. Thus, effective January 1, 2020, a depository financial institution or nondepository financial institution is subject to Regulation C if it originated at least 25 covered closed-end mortgage loans in each of the preceding two calendar years or at least 100 covered open-end lines of credit in each of the two preceding calendar years and meets the other applicable coverage criteria.

For more information regarding which financial institutions are subject to the HMDA Rule, see Section 3 and the [HMDA Institutional Coverage Charts](#).

## 2.2 Transactional coverage

*Effective January 1, 2018 for data collected on or after January 1, 2018 (to be reported in or after 2019); effective January 1, 2020 (and applicable for data collected on or after January 1, 2020 (to be reported in or after 2021)) for a change to the exclusion for open-end lines of credit.*

The HMDA Rule modifies the types of transactions that are subject to Regulation C and generally adopts a dwelling-secured standard for transactional coverage.

Beginning on January 1, 2018, Regulation C generally applies to consumer-purpose, closed-end loans and open-end lines of credit that are secured by a dwelling. 12 CFR 1003.2(d), (e), and (o). A home improvement loan is not subject to Regulation C unless it is secured by a dwelling.

Beginning on January 1, 2018, Regulation C applies to business-purpose, closed-end loans and open-end lines of credit that are dwelling-secured and are home purchase loans, home improvement loans, or refinancings. 12 CFR 1003.3(c)(10). For business-purpose transactions, the HMDA Rule creates a dwelling-secured standard and maintains current Regulation C's purpose test.

The HMDA Rule retains existing categories of excluded transactions, clarifies some categories of excluded transactions, and expands the existing exclusion for agricultural-purpose transactions. 12 CFR 1003.3(c). It also adds new categories of excluded transactions that are designed to work in tandem with the HMDA Rule's other changes. For example, closed-end mortgage loans are excluded transactions for a financial institution that does not originate 25 or more of them in each of the two preceding calendar years. Similarly, open-end lines of credit are excluded transactions for a financial institution that does not originate a certain number of them in each of the two preceding calendar years. For 2018 and 2019, open-end lines of credit are excluded transactions for a financial institution that does not originate at least 500 of them in each of the two preceding calendar years. Effective January 1, 2020, open-end lines of credit are excluded transactions for a financial institution that does not originate at least 100 of them in each of the two preceding calendar years.<sup>1</sup>

The HMDA Rule expands the types of preapproval requests that are reported, but also excludes requests regarding some types of loans from the scope of reportable preapproval requests.

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<sup>1</sup> A financial institution may collect, record, report, and disclose information, as described in §§ 1003.4 and 1003.5, for a closed-end mortgage loan excluded under § 1002.3(c)(11) or an open-end line of credit excluded under § 1002.3(c)(12) as though it were a covered loan, provided that the financial institution complies with such requirements for all applications for closed-end mortgage loans or open-end lines of credit that it receives, originates, and purchases that otherwise would have been covered loans during the calendar year during which final action is taken on the excluded closed-end mortgage loan or open-end line of credit.

Under the HMDA Rule, reporting of preapproval requests that are approved but not accepted is required instead of optional. However, under the HMDA Rule, preapproval requests regarding home purchase loans to be secured by multifamily dwellings, preapproval requests for open-end lines of credit, and preapproval requests for reverse mortgages are not reportable.

For more information regarding the transactions that are subject to the HMDA Rule, see Section 4.

## 2.3 Required data points

*Effective January 1, 2018 and applicable to data reported in or after 2019*

The HMDA Rule adds the data points specified in the Dodd-Frank Act as well as data points that the Bureau determined will assist in carrying out HMDA's purposes. For example, the HMDA Rule adds new data points for age, credit score, automated underwriting information, debt-to-income ratio, unique loan identifier, property value, application channel, points and fees, borrower-paid origination charges, discount points, lender credits, loan term, prepayment penalty, and identification of other loan features. 12 CFR 1003.4(a). The HMDA Rule also modifies some existing data points.

A financial institution collects, records, and reports the new and modified data points under the HMDA Rule for applications on which final action is taken on or after January 1, 2018. If a financial institution receives an application in 2017 but takes final action on it in 2018, it is required to collect, record, and report the new and modified data points under the HMDA Rule. There is a special transition rule that applies to the collection of an applicant's ethnicity, race, and sex. This special transition rule is discussed in Section 5.1.1.

A financial institution collects, records, and reports the new and modified data points, to the extent that they apply to purchased loans, for purchases of covered loans that occur on or after January 1, 2018.

For more information regarding the data points that must be reported under the HMDA Rule, see Section 5.

## 2.4 Collection and reporting of applicant information

*Effective January 1, 2018 for data collected in or after 2018 (to be reported in or after 2019)*

For data collected in or after 2018, the HMDA Rule amends the requirements for collection and reporting of information regarding an applicant's or borrower's ethnicity, race, and sex.

First, the HMDA Rule adds a requirement to report how the institution collected the information about the applicant's or borrower's ethnicity, race, and sex. A financial institution will report whether or not it collected the information on the basis of visual observation or surname. 12 CFR 1003.4(a)(10)(i). Financial institutions are required to collect information about an applicant's ethnicity, race, and sex on the basis of visual observation or surname when an applicant chooses not to provide the information for an application taken in person.

Second, financial institutions must permit applicants to self-identify using disaggregated ethnic and racial subcategories and must report disaggregated information applicants provide. However, the HMDA Rule does not require or permit financial institutions to use the disaggregated subcategories when identifying the applicant's ethnicity and race based on visual observation or surname. The HMDA Rule includes a new sample data collection form in appendix B that provides the required aggregated categories and disaggregated subcategories for ethnicity and race. Appendix B to Part 1003.

For more information regarding the collection and reporting of applicant information under the HMDA Rule, see Section 5.1.

## 2.5 Annual reporting

*Effective January 1, 2018 for changes requiring electronic submission of 2017 HMDA data in 2018; effective January 1, 2019 for changes requiring electronic submission of HMDA data in 2019 and later years*

The HMDA Rule retains the requirement that a financial institution submit its HMDA data to its appropriate Federal agency by March 1 following the calendar year for which it collected the data, but requires electronic submission of the data.

The Bureau has developed a new web-based tool for electronically submitting HMDA data. Financial institutions are required to submit data electronically using the new web-based tool beginning in 2018 for data collected in 2017. For more information on the new submission tool, see <http://www.consumerfinance.gov/hmda/>.

Appendix A to Part 1003, which includes instructions for completing and submitting the HMDA loan/application register (LAR), is amended effective January 1, 2018 to include new transition requirements for data collected in 2017 and reported in 2018. In particular, amended appendix A requires that a financial institution electronically submit its HMDA data. Procedures for electronic submission of 2017 HMDA data are available at <http://www.consumerfinance.gov/hmda/>.

Effective January 1, 2019, appendix A is removed from Regulation C. Beginning in 2019, financial institutions are required to submit the new dataset electronically in accordance with the HMDA Rule, using the new web-based submission tool and revised procedures available at <http://www.consumerfinance.gov/hmda/>.

For more information regarding annual reporting under the HMDA Rule, see Section 6.2.1.

## 2.6 Quarterly reporting

*Effective January 1, 2020 for data collected and reported in or after 2020*

The HMDA Rule imposes a new quarterly reporting requirement for larger-volume reporters. In addition to their annual data submission, these larger-volume reporters will also electronically submit their HMDA data for each of the first three quarters of the year on a quarterly basis beginning in 2020. 12 CFR 1003.5(a)(1)(ii).

For more information regarding quarterly reporting under the HMDA Rule, see Section 6.2.2.

## 2.7 Disclosure requirements

*Effective January 1, 2018 for data collected on or after January 1, 2017 (to be reported in or after 2018)*

The HMDA Rule replaces Regulation C's requirements to provide a disclosure statement and modified LAR<sup>2</sup> to the public upon request with new requirements to provide notices that the institution's disclosure statement and modified LAR are available on the Bureau's website. 12 CFR 1003.5(b)(2) and (c).

The Bureau will determine if it should modify data to protect applicant and borrower privacy before posting the data to the Bureau's website.<sup>3</sup>

The HMDA Rule also modifies the content of the posting required under Regulation C.

The HMDA Rule includes sample language that financial institutions can use to provide notice that the institution's HMDA data are available on the Bureau's website and to comply with the posting requirement. These revised disclosure requirements are effective January 1, 2018 and apply to data collected on or after January 1, 2017 and reported in or after 2018.

For more information regarding the disclosure requirements under the HMDA Rule, see Section 6.3.

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<sup>2</sup> HMDA requires a financial institution to make available to the public, upon request, "loan application register information" in the form required under Regulation C, and requires the Bureau to determine if deletions from the information are appropriate to protect applicants' and borrowers' privacy interests or to protect financial institutions from liability under privacy laws. 12 USC 304(j). Prior to being disclosed to the public, LARs must be modified to remove loan application register information that the Bureau determines should be deleted.

<sup>3</sup> As required under current Regulation C, the Bureau will redact three fields (application or loan number, application date, and date action taken) from the 2017 HMDA data prior to disclosing the data to the public. For data collected under the HMDA Rule, the Bureau will use a balancing test to determine whether and, if so, how data should be modified prior to disclosure. The Bureau will balance the potential harm to applicant and borrower privacy with the need to provide information to fulfill HMDA's disclosure purposes.

## 2.8 Enforcement provisions for larger-volume reporters

*Effective January 1, 2020*

The HMDA Rule provides that inaccuracies or omissions in quarterly reporting are not violations of HMDA or Regulation C if the financial institution makes a good-faith effort to report quarterly data timely, fully, and accurately, and then corrects or completes the data prior to its annual submission. 12 CFR 1003.6(c)(2). For more information regarding the enforcement provisions of the HMDA Rule, see Section 7.



## 3. Institutional coverage

An institution is required to comply with Regulation C only if it is a “financial institution” as that term is defined in Regulation C. The HMDA Rule changes the Regulation C definition of “financial institution” in two phases. The first phase of institutional coverage changes, which is effective January 1, 2017, only affects banks, savings associations, and credit unions. The second phase of institutional coverage changes, which is effective January 1, 2018, affects all institutions.

### 3.1 Institutional coverage during 2017

During 2017, a bank, savings association, or credit union uses the revised coverage criteria, outlined in Section 3.1.1, to determine if it is a financial institution under Regulation C. 12 CFR 1003.2 (financial institution)(1). Although the coverage criteria for an institution other than a bank, savings association, or credit union does not change in 2017, Section 3.1.2 of this guide outlines the coverage criteria that an institution other than a bank, credit union, or savings association uses to determine if it is a financial institution under Regulation C during 2017. 12 CFR 1003.2 (financial institution)(2). An institution may also find the [2017 HMDA Institutional Coverage Chart](#) helpful when determining whether it is subject to Regulation C in 2017.

### 3.1.1 Banks, savings associations, and credit unions

Under the HMDA Rule, between January 1, 2017 and December 31, 2017, a bank, savings association, or credit union is subject to Regulation C if it meets **ALL**<sup>4</sup> of the following:

1. **Asset-Size Threshold.** On December 31, 2016, the bank, savings association, or credit union had assets in excess of the asset-size threshold published annually in the *Federal Register* and posted on the Bureau’s website. 12 CFR 1003.2 (financial institution)(1)(i); comment (financial institution)-2.
2. **Location Test.** On December 31, 2016, the bank, savings association, or credit union had a home or branch office located in a metropolitan statistical area (MSA). 12 CFR 1003.2(financial institution)(1)(ii).

The U.S. Office of Management and Budget (OMB) defines MSAs. For more information on MSAs, see <https://www.ffiec.gov/census/default.aspx> and <https://www.ffiec.gov/geocode/help1.aspx>.

3. **Loan Activity Test.** During 2016, the bank, savings association, or credit union originated at least one home purchase loan (including a refinancing of a home purchase loan) secured by a first lien on a one-to-four-family dwelling. 12 CFR 1003.2 (financial institution)(1)(iii).
4. **Federally Related Test.** The bank, savings association, or credit union:
  - a. Is federally insured; or
  - b. Is federally regulated; or
  - c. Originated a home purchase loan (including a refinancing of a home purchase loan) that was secured by a first lien on a one-to-four-family dwelling and that also (i) was insured, guaranteed, or supplemented by a Federal agency OR (ii) was intended for sale to Fannie Mae or Freddie Mac. 12 CFR 1003.2 (financial institution)(1)(iv).

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<sup>4</sup> When determining whether it meets these criteria for 2017, a bank, savings association, or credit union relies on the definitions in the version of Regulation C effective in 2017. For example, a bank, saving association, or credit union uses the definition of “branch office” and “home purchase loan” in the version of Regulation C effective in 2017.

5. **Loan-Volume Threshold.** In each of the two preceding calendar years, the bank, savings association, or credit union originated at least 25 home purchase loans (including refinancings of home purchase loans). Coverage depends on the number of home purchase loans (including refinancings of home purchase loans) that the bank, savings association, or credit union originated. To determine whether activities with respect to a particular loan constitute an origination, see the official commentary effective in 2017, including comments 1(c)-2 through -6 and 4(a)-1.iii and -1.iv.

### 3.1.2 For-profit mortgage-lending institutions

Between January 1, 2017 and December 31, 2017, a for-profit mortgage-lending institution (other than a bank, savings association, or credit union) is subject to Regulation C if it meets **ALL**<sup>5</sup> of the following:

1. **Location Test.** On December 31, 2016, the mortgage-lending institution had a home or branch office located in an MSA. 12 CFR 1003.2 (financial institution)(2)(ii).

The OMB defines MSAs. For more information on MSAs, see <https://www.ffiec.gov/census/default.aspx> and <https://www.ffiec.gov/geocode/help1.aspx>.

For purposes of this location test, a branch office of a for-profit mortgage-lending institution is: (a) any one of the institution's offices (b) that takes applications from the public for home purchase loans, home improvement loans, or refinancings. A mortgage-lending institution is also deemed to have a branch office in an MSA if, in the preceding calendar year, it received applications for, originated, or purchased five or more home purchase loans, home improvement loans, or refinancings related to property located in that MSA. 12 CFR 1003.2 (branch office)(2).

2. **Loan Volume or Amount Test.** During 2016, the mortgage-lending institution either:
  - a. Originated home purchase loans (including refinancings of home purchase loans) that equaled at least 10 percent of its loan-origination volume (measured in dollars); or

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<sup>5</sup> When determining whether it meets these criteria for 2017, a for-profit mortgage-lending institution relies on the definitions in the version of Regulation C effective in 2017. For example, a for-profit mortgage-lending institution uses the definition of "branch office" and "home purchase loan" in the version of Regulation C effective in 2017.

- b. Originated home purchase loans (including refinancings of home purchase loans) that equaled at least \$25 million. 12 CFR 1003.2(financial institution)(2)(i).

**3. Loan-Volume or Asset-Size Threshold.** Either:

- a. On December 31, 2016, the mortgage-lending institution and its parent corporation (if any) had assets in excess of \$10 million; or
- b. In 2016, the mortgage-lending institution originated at least 100 home purchase loans (including refinancings of home purchase loans). 12 CFR 1003.2(financial institution)(2)(iii).

## 3.2 Institutional coverage on or after January 1, 2018

Beginning on January 1, 2018, the HMDA Rule further revises the definition of “financial institution” and adds definitions for “depository financial institution” and “nondepository financial institution.” 12 CFR 1003.2(g). As of that date, a financial institution subject to Regulation C is either a depository financial institution or nondepository financial institution. An institution uses these two new definitions, which are outlined below, as coverage tests to determine whether it is a financial institution that is required to comply with Regulation C, on or after January 1, 2018.

These coverage tests include loan-volume thresholds for closed-end mortgage loans and for open-end lines of credit. For open-end lines of credit, the HMDA Rule includes both a temporary higher threshold for open-end lines of credit that is effective January 1, 2018 and a lower threshold that takes effect January 1, 2020. These thresholds are discussed in more detail below.

Although the HMDA Rule is the definitive source regarding the institutional coverage criteria, an institution may also find the [2018 HMDA Institutional Coverage Chart](#) helpful when it is determining whether it is subject to Regulation C, on or after January 1, 2018.

Throughout the remainder of this guide, an institution that meets the criteria set forth in the HMDA Rule’s definition of depository financial institution is referred to as a Depository Financial Institution, and an institution that meets the criteria set forth in the HMDA Rule’s

definition of nondepository financial institution is referred to as a Nondepository Financial Institution. The capitalized term Financial Institution refers to an institution that is either a Depository Financial Institution or a Nondepository Financial Institution and that is an institution that is subject to HMDA Rule.

### 3.2.1 Depository financial institutions

Under the HMDA Rule, effective January 1, 2018, a bank, savings association, or credit union is a Depository Financial Institution, a Financial Institution, and subject to Regulation C if it meets **ALL**<sup>6</sup> of the following:

1. **Asset-Size Threshold.** On the preceding December 31, the bank, savings association, or credit union had assets in excess of the asset-size threshold published annually in the *Federal Register* and posted on the Bureau's website. The phrase "preceding December 31" refers to the December 31 immediately preceding the current calendar year. For example, in 2018, the preceding December 31 is December 31, 2017. 12 CFR 1003.2(g)(1)(i).
2. **Location Test.** On the preceding December 31, the bank, savings association, or credit union had a home or Branch Office located in an MSA. 12 CFR 1003.2(g)(1)(ii).

For purposes of this location test, a Branch Office for a bank, savings association, or credit union is an office: (a) of the bank, savings association, or credit union (b) that is considered a branch by the institution's Federal or State supervisory agency. For purposes of the HMDA Rule, an automated teller machine or other free-standing electronic terminal is not a Branch Office regardless of whether the supervisory agency would consider it a branch. 12 CFR 1003.2(c)(1). A Branch Office of a credit union is any office where member accounts are established or loans are made, whether or not an agency has approved the office as a branch. Comment 2(c)(1)-1.

3. **Loan Activity Test.** During the preceding calendar year, the bank, savings association, or 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. 12 CFR 1003.2(g)(1)(iii).

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<sup>6</sup> When determining whether it meets these criteria on or after January 1, 2018, a bank, savings association, or credit union relies on the definitions in the HMDA Rule.

For more information on whether a loan is secured by a Dwelling, is a Home Purchase Loan, or is a Refinancing of a Home Purchase Loan, see Sections 4.1.1.2 and 5.7.

4. **Federally Related Test.** The bank, savings association, or credit union:
  - a. Is federally insured; or
  - b. Is federally regulated; or
  - c. Originated at least one Home Purchase Loan or Refinancing of a Home Purchase Loan that was secured by a first lien on a one- to-four-unit Dwelling and also (i) was insured, guaranteed or supplemented by a Federal agency or (ii) was intended for sale to Fannie Mae or Freddie Mac. 12 CFR 1003.2(g)(1)(iv).
  
5. **Loan-Volume Thresholds.** The bank, savings association, or credit union meets or exceeds either the loan-volume threshold for Closed-End Mortgage Loans or the loan-volume threshold for Open-End Line of Credits in each of the two preceding calendar years. Effective January 1, 2018, the loan-volume threshold for Closed-End Mortgage Loans is 25 Closed-End Mortgage Loans, and the loan-volume threshold for Open-End Lines of Credit is 500 Open-End Lines of Credit. The 500 Open-End Line of Credit threshold is temporary and applies in calendar years 2018 and 2019. Effective January 1, 2020, the loan-volume threshold for Open-End Lines of Credit is 100 Open-End Lines of Credit.
  - Effective January 1, 2018 and until December 31, 2019, a bank, savings association or credit union that originated at least 25 Closed-End Mortgage Loans in each of the two preceding calendar years, or originated at least 500 Open-End Lines of Credit in each of the two preceding calendar years meets or exceeds the loan-volume threshold.
  - Effective January 1, 2020, a bank, savings association or credit union that originated at least 25 Closed-End Mortgage Loans in each of the two preceding calendar years, or originated at least 100 Open End Lines of Credit in each of the two preceding calendar years meets or exceeds the loan-volume threshold.

When the bank, savings association, or credit union determines whether it meets these loan-volume thresholds, it does not count transactions excluded by 12 CFR 1003.3(c)(1) through (10) and (13). 12 CFR 1003.2(g)(1)(v). These Excluded Transactions are discussed below in Section 4.1.2 in paragraphs 1 through 10 and in paragraph 13. For more information on Closed-End Mortgage Loans, Open-End Lines of Credit, and Excluded Transactions, see Section 4.1.

When determining if it meets the loan-volume thresholds, a bank, savings association, or credit union only counts Closed-End Mortgage Loans and Open-End Lines of Credit that it originated. Only one institution is deemed to have originated a specific Closed-End Mortgage Loan or Open-End Line of Credit under the HMDA Rule, even if two or more institutions are involved in the origination process. Only the institution that is deemed to have originated the transaction under the HMDA Rule counts it for purposes of the loan-volume threshold. Comments 2(g)-5; see also comments 4(a)-2 through -4. For more information on how to determine whether an institution is deemed to have originated a transaction under the HMDA Rule, see Section 4.2.3.

The HMDA Rule also includes a separate test to ensure that Financial Institutions that meet only the Closed-End Mortgage Loan threshold are not required to report their Open-End Lines of Credit, and that Financial Institutions that meet only the Open-End Line of Credit threshold are not required to report their Closed-End Mortgage Loans. 12 CFR 1003.3(c)(11) and (12). For more information, see Section 4.1.2.

### 3.2.2 Nondepository financial institutions

Under the HMDA Rule, effective January 1, 2018, a for-profit mortgage-lending institution (other than a bank, savings association, or credit union) is a Nondepository Financial Institution, a Financial Institution, and subject to Regulation C if it meets **BOTH**<sup>7</sup> of the following:

1. **Location Test.** The mortgage-lending institution had a home or Branch Office in an MSA on the preceding December 31. The phrase “preceding December 31” refers to the December 31 immediately preceding the current calendar year. For example, in 2018, the preceding December 31 is December 31, 2017. 12 CFR 1003.2(g)(2)(i).

For purposes of this location test, a Branch Office of a for-profit mortgage-lending institution is: (a) any one of the institution’s offices (b) at which the institution takes from the public Applications for Covered Loans. A mortgage-lending institution is also deemed to have a Branch Office in an MSA if, in the preceding calendar year, it received Applications for, originated, or purchased five or more Covered Loans related to property located in that

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<sup>7</sup> When determining whether it meets these criteria on or after January 1, 2018, a mortgage-lending institution relies on the definitions in the HMDA Rule.

MSA. 12 CFR 1003.2(c)(2). For more information on Applications and Covered Loans, see Section 4.

2. **Loan-Volume Thresholds.** The mortgage-lending institution meets or exceeds either the loan-volume threshold for Closed-End Mortgage Loans or the loan-volume threshold for Open-End Lines of Credit in each of the two preceding calendar years. Effective January 1, 2018, the loan-volume threshold for Closed-End Mortgage Loans is 25 Closed-End Mortgage Loans and the loan-volume threshold for Open-End Lines of Credit is 500 Open-End Lines of Credit. The 500 Open-End Line of Credit threshold is temporary and applies in calendar years 2018 and 2019. Effective January 1, 2020, the loan-volume threshold for Open-End Lines of Credit is 100 Open-End Lines of Credit.
  - Effective January 1, 2018 and until December 31, 2019, a mortgage-lending institution that originated at least 25 Closed-End Mortgage Loans in each of the two preceding calendar years, or originated at least 500 Open-End Lines of Credit in each of the two preceding calendar years meets or exceeds the loan-volume threshold.
  - Effective January 1, 2020, a mortgage-lending institution that originated at least 25 Closed-End Mortgage Loans in each of the two preceding calendar years, or originated at least 100 Open End Lines of Credit in each of the two preceding calendar years meets or exceeds the loan-volume threshold.

When an institution determines whether it meets the loan-volume thresholds, it does not count transactions excluded by 12 CFR 1003.3(c)(1) through (10) and (13). 12 CFR 1003.2(g)(2)(ii). These Excluded Transactions are discussed below in Section 4.1.2 in paragraphs 1 through 10 and paragraph 13. For more information on Closed-End Mortgage Loans, Open-End Lines of Credit, and Excluded Transactions, see Section 4.1.

When determining if it meets the loan-volume thresholds, a mortgage-lending institution only counts Closed-End Mortgage Loans and Open-End Lines of Credit that it originated. Only one institution is deemed to have originated a specific Closed-End Mortgage Loan or Open-End Line of Credit under the HMDA Rule, even if two or more institutions are involved in the origination process. Only the institution that is deemed to have originated the transaction under the HMDA Rule counts it for purposes of the loan-volume threshold. Comment 2(g)-5. See also comments 4(a)-2 through -4. For more information on how to determine whether an institution is deemed to have originated a transaction under the HMDA Rule, see Section 4.2.3. The HMDA Rule also includes a separate test to ensure that Financial Institutions that meet only the Closed-End Mortgage Loan threshold are not required to report their Open-End Lines of Credit, and that Financial Institutions that meet



only the Open-End Line of Credit threshold are not required to report their Closed-End Mortgage Loans. 12 CFR 1003.3(c)(11) and (12). For more information, see Section 4.1.2.

### 3.3 Exempt institutions

Regulation C provides that Financial Institutions may apply for an exemption from coverage, and the HMDA Rule does not change this provision. Specifically, the Bureau may exempt a State-chartered or State-licensed Financial Institution if the Bureau determines that the Financial Institution is subject to a State disclosure law that contains requirements substantially similar to those imposed by Regulation C and adequate enforcement provisions. Any State-licensed or State-chartered Financial Institution or association of such institutions may apply to the Bureau for an exemption. An exempt institution shall submit the data required by State law to its State supervisory agency. 12 CFR 1003.3(a). A Financial Institution that loses its exemption must comply with Regulation C beginning with the calendar year following the year for which it last reported data under the State disclosure law. 12 CFR 1003.3(b).

# 4. Transactional coverage

A Financial Institution is required to collect, record, and report information only for transactions that are subject to Regulation C. Effective January 1, 2018, the HMDA Rule changes the types of transactions that are subject to Regulation C. This guide uses the capitalized term Covered Loan to refer to a loan or line of credit that is subject to Regulation C, effective January 1, 2018. As of that date, a Financial Institution is required to collect, record, and report information only for a transaction that involves a Covered Loan, such as the origination or purchase of a Covered Loan.

A Financial Institution can use Section 4.1 of this guide, below, for assistance in determining whether a transaction involves a Covered Loan.

After a Financial Institution has determined that a transaction involves a Covered Loan, it can use Section 4.2 for assistance in determining whether it must report information related to the transaction.

## 4.1 Covered loans

A Covered Loan can be either a Closed-End Mortgage Loan or an Open-End Line of Credit (see Section 4.1.1), but an Excluded Transaction cannot be a Covered Loan (see Section 4.1.2). 12 CFR 1003.2(e).

To determine if a transaction is subject to amended Regulation C, effective January 1, 2018, a Financial Institution should first determine whether the loan or line of credit involved in the transaction is either a Closed-End Mortgage Loan or an Open-End Line of Credit. See Section 4.1.1. If the loan or line of credit is neither a Closed-End Mortgage Loan nor an Open-End Line of Credit, the transaction does not involve a Covered Loan, and the Financial Institution is not required to report the transaction. If the loan or line of credit is either a Closed-End Mortgage

Loan or an Open-End Line of Credit, the Financial Institution must determine if the Closed-End Mortgage Loan or Open-End Line of Credit is an Excluded Transaction. See Section 4.1.2. If the Closed-End Mortgage Loan or an Open-End Line of Credit is an Excluded Transaction, it is not a Covered Loan, and the Financial Institution is not required to report the transaction. If the loan or line of credit is a Closed-End Mortgage Loan or an Open-End Line of Credit and is not an Excluded Transaction, the Financial Institution may be required to report the transaction. See Section 4.2.

#### 4.1.1 Closed-end mortgage loans and open-end lines of credit

A Closed-End Mortgage Loan is:

1. An extension of credit;
2. Secured by a lien on a Dwelling; and
3. Not an Open-End Line of Credit. 12 CFR 1003.2(d).

An Open-End Line of Credit is:

1. An extension of credit;
2. Secured by a lien on a Dwelling; and
3. An open-end credit plan for which:
  - a. The lender reasonably contemplates repeated transactions;
  - b. The lender may impose a finance charge from time-to-time on an outstanding unpaid balance; and
  - c. The amount of credit that may be extended to the borrower during the term of the plan (up to any limit set by the lender) is generally made available to the extent that any outstanding balance is repaid. 12 CFR 1003.2(o); 12 CFR 1026.2(a)(20).

Financial Institutions may rely on Regulation Z, 12 CFR 1026.2(a)(20),<sup>8</sup> and its official commentary when determining whether a transaction is extended under a plan for which the lender reasonably contemplates repeated transactions, the lender may impose a finance charge from time-to-time on an outstanding unpaid balance, and the amount of credit that may be extended to the borrower during the term of the plan is generally made available to the extent that any outstanding balance is repaid.

A business-purpose transaction that is exempt from Regulation Z but is otherwise open-end credit under Regulation Z, 12 CFR 1026.2(a)(20), would be an Open-End Line of Credit under the HMDA Rule if it is an extension of credit secured by a lien on a Dwelling and is not an Excluded Transaction. Comment 2(o)-1.

#### 4.1.1.1 Extension of credit

A closed-end loan or open-end line of credit is not a Closed-End Mortgage Loan or an Open-End Line of Credit under the HMDA Rule unless it involves an extension of credit. Depending on the facts and circumstances, some transactions completed pursuant to installment sales contracts, such as some land contracts, may not be Closed-End Mortgage Loans because no credit is extended. Comment 2(d)-2. Individual draws on an Open-End Line of Credit are not separate extensions of credit. Comment 2(o)-2.

Under the HMDA Rule, an “extension of credit” generally requires a new debt obligation. Comment 2(d)-2. Thus, for example, a loan modification where the existing debt obligation is not satisfied and replaced is not generally a Covered Loan (*i.e.*, Closed-End Mortgage Loan or Open-End Line of Credit) under the HMDA Rule. Except as described below, if a transaction modifies, renews, extends, or amends the terms of an existing debt obligation, but the existing debt obligation is not satisfied and replaced, the transaction is not a Covered Loan. It is important to note that the HMDA Rule defines the phrase “extension of credit” differently than Regulation B, 12 CFR part 1002.<sup>9</sup> Comment 2(d)-2 and 2(o)-2.

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<sup>8</sup> Regulation Z, 12 CFR part 1026, implements the Truth in Lending Act.

<sup>9</sup> Regulation B, 12 CFR part 1002, implements the Equal Credit Opportunity Act.

The HMDA Rule provides two narrow exceptions to the requirement that an “extension of credit” involve a new debt obligation. The exceptions are designed to capture transactions that the Bureau believes are substantially similar to new debt obligations and should be treated as such.

First, the HMDA Rule maintains Regulation C’s coverage of loan assumptions, even if no new debt obligation is created. A loan assumption is a transaction in which a Financial Institution enters into a written agreement accepting a new borrower in place of an existing borrower as the obligor on an existing debt obligation. The HMDA Rule clarifies that, under Regulation C, assumptions include successor-in-interest transactions in which an individual succeeds the prior owner as the property owner and then assumes the existing debt secured by the property. Assumptions are extensions of credit under the HMDA Rule even if the new borrower merely assumes the existing debt obligation and no new debt obligation is created. Comment 2(d)-2.i.

Second, the HMDA Rule provides that a transaction completed pursuant to a New York State consolidation, extension, and modification agreement and classified as a supplemental mortgage under New York Tax Law Section 255, such that the borrower owes reduced or no mortgage recording taxes, (New York CEMA) is an extension of credit under the HMDA Rule. However, the HMDA Rule also provides that certain transactions providing new funds that are consolidated into a New York CEMA are excluded from the HMDA reporting requirements. Comment 2(d)-2.ii. See Section 4.1.2 for additional information on the exclusion for certain transactions consolidated into a New York CEMA.

#### 4.1.1.2 Secured by a lien on a dwelling

A loan is not a Closed-End Mortgage Loan and a line of credit is not an Open-End Line of Credit unless it is secured by a lien on a Dwelling.

A Dwelling is a residential structure. There is no requirement that the structure be attached to real property or that it be the applicant’s or borrower’s residence. Examples of Dwellings include:

1. Principal residences;
2. Second homes and vacation homes;
3. Investment properties;

4. Residential structures attached to real property;
5. Detached residential structures;
6. Individual condominium and cooperative units;
7. Manufactured Homes<sup>10</sup> or other factory-built homes; and
8. Multifamily residential structures or communities, such as apartment buildings, condominium complexes, cooperative buildings or housing complexes, and Manufactured Home communities.  
12 CFR 1003.2(f); comments 2(f)-1 and -2.

A Dwelling is not limited to a structure that has four or fewer units and includes a Multifamily Dwelling, which is a Dwelling that contains five or more individual dwelling units. A Multifamily Dwelling includes a Manufactured Home community.

☞ A loan is not secured by a Multifamily Dwelling for purposes of the HMDA Rule merely because it is secured by five or more individual units. In order for a loan to be secured by a Multifamily Dwelling, the Dwelling must contain five or more individual units. See comment 2(n)-3 for examples of when a loan is and is not secured by a Multifamily Dwelling.

**Examples:** A landlord obtains a closed-end mortgage loan from a Financial Institution and uses the proceeds to improve five separate Dwellings, each with one individual unit, located in different parts of a town. The loan is secured by the five separate Dwellings, but is not secured by a Multifamily Dwelling.

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<sup>10</sup> A Manufactured Home is a residential structure that satisfies the definition of “manufactured home” in the U.S. Department of Housing and Urban Development’s (HUD’s) regulations, 24 CFR 3280.2, for establishing manufactured home construction and safety standards. 12 CFR 1003.2(l). A modular home or factory-built home that does not meet HUD’s regulations is not a Manufactured Home under the HMDA Rule. A Manufactured Home will generally bear a HUD Certification Label and data plate noting compliance with the Federal standards. Comment 2(l)-2.

An investor obtains a closed-end mortgage loan from a Financial Institution and uses the proceeds to purchase ten individual condominium units in a 100-unit condominium complex. The loan is secured by the ten individual units, but not by the entire condominium complex. The loan is secured by the ten separate Dwellings, but is not secured by a Multifamily Dwelling.

A loan related to a Manufactured Home community is secured by a Dwelling even if it is not secured by any individual Manufactured Homes, but is secured only by the land that constitutes the Manufactured Home community. However, a loan related to a multifamily residential structure or community other than a Manufactured Home community is not secured by a Dwelling unless it is secured by one or more individual dwelling units. For example, a loan that is secured only by the common areas of a condominium complex or only by an assignment of rents from an apartment building is not secured by a Dwelling. Comment 2(f)-2.

The following are not Dwellings:

1. Recreational vehicles, such as boats, campers, travel trailers, or park model recreational vehicles;
2. Houseboats, floating homes, or mobile homes constructed before June 15, 1976;
3. Transitory residences, such as hotels, hospitals, college dormitories, or recreational vehicle parks; and
4. Structures originally designed as a Dwelling but used exclusively for commercial purposes, such as a home converted to a daycare facility or professional office. Comment 2(f)-3.

A property that is used for both residential and commercial purposes, such as a building that has apartment and retail units, is a Dwelling if the property's primary use is residential. Comment 2(f)-4.

A property used for both long-term housing and to provide assisted living or supportive housing services is a Dwelling. However, transitory residences used to provide such services are not Dwellings. Properties used to provide medical care, such as skilled nursing, rehabilitation, or long-term medical care, are not Dwellings. If a property is used for long-term housing, to

provide related services (such as assisted living) and to provide medical care, the property is a Dwelling if its primary use is residential. Comment 2(f)-5.

A Financial Institution may use any reasonable standard to determine a property's primary use, such as square footage, income generated, or number of beds or units allocated for each use. It may select the standard on a case-by-case basis. Comments 2(f)-4 and -5.

## 4.1.2 Excluded transactions

Regulation C does not apply to transactions that are specifically excluded from coverage. 12 CFR 1003.3(c). Therefore, an Excluded Transaction is not a Covered Loan. The HMDA Rule retains and clarifies existing categories of transactions that are excluded from coverage. It also expands the existing exclusion for agricultural loans, and adds new categories of transactions that are excluded from coverage. Effective January 1, 2018, the following are Excluded Transactions:

1. A Closed-End Mortgage Loan or an Open-End Line of Credit that a Financial Institution originates or purchases in a fiduciary capacity, such as a Closed-End Mortgage Loan or an Open-End Line of Credit that a Financial Institution originates or purchases as a trustee. 12 CFR 1003.3(c)(1); comment 3(c)(1).
2. A Closed-End Mortgage Loan or an Open-End Line of Credit secured by a lien on unimproved land. 12 CFR 1003.3(c)(2). Generally, a loan or line of credit must be secured by a Dwelling to be a Covered Loan. The HMDA Rule also lists Closed-End Mortgage Loans and Open-End Lines of Credit secured only by vacant or unimproved land as Excluded Transactions. However, a loan or line of credit secured by a lien on unimproved land is deemed to be secured by a Dwelling (and might not be excluded) if the Financial Institution knows, based on information that it receives from the applicant or borrower at the time the Application is received or the credit decision is made, that the proceeds of that loan or credit line will be used within two years after closing or account opening to construct a Dwelling on, or to purchase a Dwelling to be placed on, the land. Comment 3(c)(2)-1.



3. A Closed-End Mortgage Loan or an Open-End Line of Credit that is temporary financing. A transaction is excluded as temporary financing if it is designed to be replaced by separate permanent financing extended to the same borrower at a later time. The separate permanent financing may be extended by any lender (*i.e.*, by either the lender that extended the temporary financing or another lender). A construction-only loan or line of credit is considered temporary financing and excluded under the HMDA Rule if the loan or line of credit is extended to a person exclusively to construct a Dwelling for sale. Comment 3(c)(3)-2.

**Examples:** Ficus Bank extends a bridge or swing loan to finance a borrower's down payment for a home purchase. The borrower will pay off the bridge or swing loan with funds from the sale of his or her existing home and obtain permanent financing from Ficus Bank at that time. The bridge or swing loan is excluded as temporary financing.

Ficus Bank extends a construction loan to a borrower to finance construction of the borrower's Dwelling. The borrower will obtain a new extension of credit for permanent financing of the Dwelling from either Ficus Bank or another lender. Ficus Bank renews the construction loan several times before the borrower obtains a new extension of credit from another lender for permanent financing. The construction loan is excluded as temporary financing.

Ficus Bank extends a construction loan to a borrower to finance construction of the borrower's Dwelling. The construction loan will automatically convert to permanent financing after the construction phase is complete. The construction loan is not temporary financing because it is not designed to be "replaced by" separate permanent financing.

Ficus Bank extends a nine-month loan to an investor, who uses the loan proceeds to purchase a home, renovate it, and sell it before the loan term expires. The loan is not temporary financing because it is not designed to be "replaced by" separate permanent financing.

4. The purchase of an interest in a pool of Closed-End Mortgage Loans or Open-End Lines of Credit, such as mortgage-participation certificates, mortgage-backed securities, or real estate mortgage investment conduits. 12 CFR 1003.3(c)(4); comment 3(c)(4)-1.

5. The purchase solely of the right to service Closed-End Mortgage Loans or Open-End Lines of Credit. 12 CFR 1003.3(c)(5).
6. The purchase of a Closed-End Mortgage Loan or an Open-End Line of Credit as part of a merger or acquisition or as part of the acquisition of all of a Branch Office's assets and liabilities. 12 CFR 1003.3(c)(6); comment 3(c)(6)-1. For more information on mergers and acquisitions under the HMDA Rule, see Section 8.
7. A Closed-End Mortgage Loan or an Open-End Line of Credit, or an Application for a Closed-End Mortgage Loan or Open-End Line of Credit, for which the total dollar amount is less than \$500. 12 CFR 1003.3(c)(7).
8. The purchase of a partial interest in a Closed-End Mortgage Loan or an Open-End Line of Credit. 12 CFR 1003.3(c)(8); comment 3(c)(8)-1.
9. A Closed-End Mortgage Loan or an Open-End Line of Credit if the proceeds are used primarily for agricultural purposes or if the Closed-End Mortgage Loan or Open-End Line of Credit is secured by a Dwelling that is located on real property that is used primarily for agricultural purposes. 12 CFR 1003.3(c)(9); comment 3(c)(9)-1. The HMDA Rule directs Financial Institutions to Regulation Z's official commentary for guidance on what is an agricultural purpose. Regulation Z's official commentary states that agricultural purposes include planting, propagating, nurturing, harvesting, catching, storing, exhibiting, marketing, transporting, processing, or manufacturing food, beverages, flowers, trees, livestock, poultry, bees, wildlife, fish or shellfish by a natural person engaged in farming, fishing, or growing crops, flowers, trees, livestock, poultry, bees or wildlife. See comment 3(a)-8 in the official interpretations of Regulation Z, 12 CFR part 1026. A Financial Institution may use any reasonable standard to determine the primary use of the property, and may select the standard to apply on a case-by-case basis. Comment 3(c)(9)-1.
10. A Closed-End Mortgage Loan or an Open-End Line of Credit that is or will be made primarily for business or commercial purposes, unless it is a Home Improvement Loan, a Home Purchase Loan, or a Refinancing. 12 CFR 1003.3(c)(10). Not all transactions that are primarily for a business purpose are Excluded Transactions. Thus, a Financial Institution must collect, record, and report data for Dwelling-secured, business-purpose loans and lines of credit that are Home Improvement Loans, Home Purchase Loans, or Refinancings if no other exclusion applies. For more information on determining whether a loan or line of credit is a Home Purchase Loan, Home Improvement Loan, or Refinancing, see Section 5.7.

The HMDA Rule provides that, if a Closed-End Mortgage Loan or an Open-End Line of Credit is deemed to be primarily for a business, commercial, or organizational purposes

under Regulation Z, 12 CFR 1026.3(a) and its official commentary, then the loan or line of credit also is deemed to be primarily for a business or commercial purpose under the HMDA Rule. Comment 3(c)(10)-2. For more information and examples of business-purpose or commercial-purpose transactions that are Covered Loans, see comment 3(c)(10)-3 and -4.

11. A Closed-End Mortgage Loan if the Financial Institution originated fewer than 25 Closed-End Mortgage Loans in either of the two preceding calendar years. 12 CFR 1003.3(c)(11); comment 3(c)(11)-1. A Financial Institution is not required to collect, record, or report Closed-End Mortgage Loans if it originated fewer than 25 of them in either of the two preceding calendar years. However, the Financial Institution may still be required to collect and report information regarding Open-End Lines of Credit, depending on the number of Open-End Lines of Credit it originates in the preceding two calendar years. For more information on how to determine if a Financial Institution “originated” a particular loan when multiple entities are involved in the transaction, see Section 4.2.3.

A Financial Institution may report applications for, originations of, and purchases of Closed-End Mortgage Loans that are excluded transactions under 12 CFR 1003.3(c)(11). However a Financial Institution that chooses to report such excluded applications, originations, and purchases must report all such applications it received for Closed-End Mortgage Loans, all Closed-End Mortgage Loans it originates, and all Closed-End Mortgage Loans it purchases that would otherwise be Covered Loans for a given calendar year. 12 CFR 1003.3(c)(11). Effective January 1, 2018, Regulation B permits a Financial Institution to collect information regarding the ethnicity, race, and sex of an applicant for a Closed-End Mortgage Loan that is an excluded transaction under 12 CFR 1003.3(c)(11), if the Financial Institution submits HMDA data concerning such Closed-End Mortgage Loans and applications or if it submitted such HMDA data for any of the preceding five calendar years. See the final rule issued on September 20, 2017.

12. An Open-End Line of Credit if the number of Open-End Lines of Credit that the Financial Institution originated in either of the two preceding calendar years does not meet or exceed the applicable threshold. 12 CFR 1003.3(c)(12); comment 3(c)(12)-1. Effective January 1, 2018 until December 31, 2019, the applicable threshold is 500 Open-End Lines of Credit. During this time period, a Financial Institution is not required to collect, record, or report Open-End Lines of Credit if it originated fewer than 500 of them in either of the two preceding calendar years. Effective January 1, 2020, the applicable threshold will be 100 Open-End Lines of Credit. Effective January 1, 2020, a Financial Institution is not required to collect, record, or report Open-End Lines of credit if it originated fewer than 100 of them in either of the two preceding calendar years. Comment 3(c)(12)-1. However, the Financial Institution will still be required to collect and report information regarding Closed-End

Mortgage Loans if it originated at least 25 of them in each of the two preceding calendar years. For more information on how to determine if a Financial Institution “originated” a particular line of credit when multiple entities are involved in the transaction, see Section 4.2.3.

A Financial Institution may report applications for, originations of, or purchases of Open-End Lines of Credit that are excluded transactions under 12 CFR 1003.3(c)(12). However, a Financial Institution that chooses to report such excluded applications, originations, or purchases must report all applications for Open-End Lines of Credit that it receives, all Open-End Lines of Credit it originates, and all Open-End Lines of Credit it purchases that would otherwise be Covered Loans for a given calendar year. 12 CFR 1003.3(c)(12); comment 3(c)(12)-2. Effective January 1, 2018, Regulation B permits a Financial Institution to collect information regarding the ethnicity, race, and sex of an applicant for an Open-End Line of Credit that is an excluded transaction under 12 CFR 1003.3(c)(12), if it submits HMDA data concerning such Open-End Lines of Credits and applications or if it submitted such HMDA data for any of the preceding five calendar years. See the final rule issued on September 20 2017.

13. A transaction that provided (or, in the case of an application, proposed to provide) new funds to the borrower in advance of being consolidated in a New York CEMA classified as a supplemental mortgage under New York Tax Law section 255. However, the transaction is excluded only if final action on the consolidation was taken in the same calendar year as the final action on the new funds transaction. 12 CFR 1003.3(13). Additionally, the transaction is excluded only if, at the time that it originated the transaction providing the new funds, the Financial Institution intended to consolidate the loan into a New York CEMA. This exclusion does not apply to similar preliminary transactions that are consolidated pursuant to laws other than New York Tax Law section 255. Such preliminary transactions under other laws must be reported if they are Covered Loans and are not subject to another exclusion. Comment 3(c)(13)-1.

New funds provided in advance of being consolidated into a New York CEMA classified as a supplemental mortgage under New York Tax Law section 255 are reported only insofar as they form part of the total amount of the reported New York CEMA. They are not reported as a separate amount. If a New York CEMA that consolidates an excluded preliminary transaction is carried out in a transaction involving an assumption, the Financial Institution reports the New York CEMA and does not report the preliminary transaction separately. Comment 3(c)(13)-1.

## 4.2 Reportable activity

Once a Financial Institution has determined whether a transaction involves a Covered Loan, it must determine whether it has engaged in activity that obligates it to report information about the transaction. Generally, a Financial Institution is required to report information for actions taken on Applications (as that term is defined below) for Covered Loans, originations of Covered Loans, and purchases of Covered Loans. If a Financial Institution receives an Application and that Application results in the Financial Institution originating a Covered Loan, the Financial Institution reports the origination of the Covered Loan, and does not separately report the Application. For more information on when to report information regarding Applications and Covered Loans, see Sections 4.2.1 and 4.2.2. There are special rules that apply if multiple entities are involved in the transaction. These special rules are discussed in Section 4.2.3.

### 4.2.1 Applications

For purposes of the HMDA Rule, an Application is: (a) an oral or written request (b) for a Covered Loan (c) that is made in accordance with procedures the Financial Institution uses for the type of credit requested. 12 CFR 1003.2(b)(1).

This definition of Application is similar to the Regulation B definition, except that prequalification requests<sup>11</sup> are not Applications under the HMDA Rule. Interpretations that appear in the official commentary to Regulation B are generally applicable to the definition of Application under the HMDA Rule, except for those interpretations that include a prequalification request within the definition of Application. Comment 2(b)-1.

Under the HMDA Rule, a request for a preapproval may be treated differently than a request for a prequalification for certain types of loans. The determination of whether a request is a

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<sup>11</sup> Generally, a prequalification request is a request (other than a preapproval request) by a prospective loan applicant for a preliminary determination of whether the prospective loan applicant would likely qualify for credit under the Financial Institution's standards, or for a determination of the amount of credit for which the prospective applicant would likely qualify. The HMDA Rule does not require a Financial Institution to report prequalification requests, even though these requests may constitute "applications" under Regulation B. Comment 2(b)-2.

prequalification request (which is not an Application) or a preapproval request (which might be an Application) is based on the HMDA Rule, not on the labels that an institution uses or interpretations of other regulations, such as Regulation B.

A preapproval request is an Application under the HMDA Rule if the request is:

1. For a Home Purchase Loan;
2. Not secured by a Multifamily Dwelling;
3. Not for an Open-End Line Credit or for a Reverse Mortgage;<sup>12</sup> and
4. Reviewed under a Preapproval Program (see definition of Preapproval Program immediately below). 12 CFR 1003.2(b)(2).

A Preapproval Program for purposes of the HMDA Rule is a program in which the Financial Institution:

1. Conducts a comprehensive analysis of the applicant's creditworthiness (including income verification), resources, and other matters typically reviewed as part of the Financial Institution's normal credit evaluation program; and then
2. Issues a written commitment that: (a) is for a Home Purchase Loan; (b) is valid for a designated period of time and up to a specified amount, and (c) is subject only to specifically permitted conditions. 12 CFR 1003.2(b)(2).

The written commitment issued as part of the Preapproval Program can be subject to only the following types of conditions:

1. Conditions that require the identification of a suitable property;
2. Conditions that require that no material change occur regarding the applicant's financial condition or creditworthiness prior to closing; and

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<sup>12</sup> A Reverse Mortgage is a Closed-End Mortgage Loan or an Open-End Line of Credit that is a reverse mortgage transaction as defined in Regulation Z, but without regard to whether the loan or line is secured by a principal dwelling. 12 CFR 1003.2(q).

3. Limited conditions that (a) are not related to the applicant's financial condition or creditworthiness and (b) the Financial Institution ordinarily attaches to a traditional home mortgage application. Examples of conditions ordinarily attached to a traditional home mortgage application include requiring an acceptable title insurance binder or a certificate indicating clear termite inspection and, if the applicant plans to use the proceeds from the sale of the applicant's present home to purchase a new home, a settlement statement showing adequate proceeds from the sale of the present home. 12 CFR 1003.2(b)(2); comment 2(b)-3.

A program that a Financial Institution describes as a "preapproval program" but that does not satisfy the HMDA Rule definition is not a Preapproval Program for purposes of the HMDA Rule. Comment 2(b)-3.

If a Financial Institution does not regularly use procedures to consider requests but instead considers requests on an ad hoc basis, the Financial Institution is not required to treat the ad hoc requests as having been reviewed under a Preapproval Program. However, a Financial Institution should be generally consistent in following uniform procedures for considering such ad hoc requests. Comment 2(b)-3.

Under the HMDA Rule, a Financial Institution must collect, record, and report data regarding an Application it receives if: (1) the Application did not result in the Financial Institution originating a Covered Loan; and (2) the Financial Institution took action on the Application or the applicant withdrew the Application while the Financial Institution was reviewing it. For example, a Financial Institution reports information regarding an Application that it denied, that it approved but the applicant did not accept, or that it closed for incompleteness.

12 CFR 1003.4(a) and 1003.5(a); comment 4(a)-1. If the Application results in the Financial Institution originating a Covered Loan, the Financial Institution reports the Covered Loan, not the Application itself. For more information on reporting Applications when multiple entities are involved, see Section 4.2.3.

Although requests under Preapproval Programs are Applications, a Financial Institution reports data regarding a request under a Preapproval Program only if the preapproval request is denied or approved but not accepted. A Financial Institution will also report a request under a Preapproval Program that results in the Financial Institution originating a Home Purchase Loan, but it will be reported as an originated Covered Loan. Comment 4(a)-1.ii.

A Financial Institution reports the data for an Application, including a reportable preapproval request, on the LAR for the calendar year during which it takes action even if the Financial Institution received the Application in a previous calendar year. Comment 4(a)-1.iv.

## 4.2.2 Originations and purchases of covered loans

A Financial Institution must collect, record, and report information regarding originations and purchases of Covered Loans. For more information on when a Financial Institution reports the origination or purchase of a Covered Loan when multiple entities are involved, see Section 4.2.3.

A purchase includes a repurchase of a Covered Loan, regardless of whether the Financial Institution chose to repurchase the Covered Loan or was required to repurchase it because of a contractual obligation, and regardless of whether the repurchase occurred within the same calendar year that the Covered Loan was originated or in a different calendar year. Comment 4(a)-5.

A purchase does not include a temporary transfer of a Covered Loan to an interim funder or warehouse creditor as part of an interim funding agreement under which the Financial Institution that originated the Covered Loan is obligated to repurchase it for sale to a subsequent investor. Such funding agreements are often referred to as “repurchase agreements” and are sometimes used as the functional equivalents of warehouse lines of credit. Comment 4(a)-5.

## 4.2.3 Transactions involving multiple entities

Only one Financial Institution reports the origination of a Covered Loan. If more than one institution is involved in the origination of a Covered Loan, the institution that makes the credit decision approving the Application before loan closing or account opening is responsible for reporting the origination of the Covered Loan. It is not relevant whether the loan closed in the reporting Financial Institution’s name. If more than one institution approved an Application prior to loan closing or account opening and one of those institutions purchased the Covered Loan after closing or account opening, the institution that purchased the Covered Loan after closing or account opening is responsible for reporting the origination of the Covered Loan. Comment 4(a)-2.



If a Financial Institution reports a Covered Loan as an origination, it reports all of the information required to be reported for the origination of a Covered Loan, even if the Covered Loan was not initially payable to the Financial Institution that is reporting the Covered Loan as an origination. Comment 4(a)-2. When reporting a Covered Loan as an origination, a Financial Institution cannot rely on exceptions or exclusions that apply to purchased Covered Loans, but that do not apply to originations of Covered Loans.

If a Financial Institution and other parties review the same Application and the Financial Institution is not responsible for reporting the origination of the resulting Covered Loan, the Financial Institution reports the actions that the Financial Institution took on the Application. For example, the Financial Institution is still required to report the Application if the Financial Institution denied the Application or if the Financial Institution approved the Application but the applicant did not accept the loan. The Financial Institution is also required to report the Application if the Financial Institution was reviewing the Application when it was withdrawn or the file was closed for incompleteness. Comment 4(a)-2.ii.

If a Financial Institution makes a credit decision on a Covered Loan or Application through the actions of an agent, the Financial Institution reports the Application or Covered Loan. State law determines whether one party is the agent of another party. Comment 4(a)-4.

The following examples illustrate when a Financial Institution reports certain transactions related to Covered Loans involving multiple entities.

**Examples:** Ficus Bank receives an Application for a Covered Loan from an applicant and forwards that Application to Pine Bank, which reviews and approves the Application prior to closing. The loan closes in Ficus Bank's name. Pine Bank purchases the loan from Ficus Bank after closing. Pine Bank is not acting as Ficus Bank's agent when it reviews and approves the Application. Because Pine Bank made the credit decision prior to closing, Pine Bank reports the transaction as an originated Covered Loan, not as a purchased Covered Loan. Ficus Bank does not report the transaction.

Ficus Mortgage Company receives an Application for a Covered Loan from an applicant and forwards that Application to Pine Bank, which reviews and denies the Application before the loan would have closed. Pine Bank is not acting as Ficus Mortgage Company's agent when it reviews and denies the Application. Because Pine Bank makes the credit decision, Pine Bank reports the Application as denied. Ficus Mortgage Company does not report the Application. If, under the same facts, the Application is withdrawn before Pine Bank makes a credit decision, Pine Bank reports the Application as withdrawn, and Ficus Mortgage Company does not report the Application.

Ficus Bank receives an Application for a Covered Loan from an applicant and approves the Application. Ficus Bank closes the loan in its name. Ficus Bank is not acting as Pine Bank's agent when it approves the Application or closes the loan. Pine Bank does not review the Application before closing. Pine Bank purchases the Covered Loan from Ficus Bank. Ficus Bank reports the loan as an originated Covered Loan. Pine Bank reports the loan as a purchased Covered Loan.

Pine Bank reviews an Application and makes a credit decision to approve a Covered Loan using the underwriting criteria provided by Ficus Mortgage Company. Pine Bank is not acting as Ficus Mortgage Company's agent, and no one acting on behalf of Ficus Mortgage Company reviews the Application or makes a credit decision prior to closing. Pine Bank reports the Application or, if the Application results in a Covered Loan, it reports the loan as an originated Covered Loan. If the Application results in a Covered Loan and Ficus Mortgage Company purchases it after closing, Ficus Mortgage Company reports the loan as a purchased Covered Loan.

Ficus Bank receives an Application for a Covered Loan and forwards it to Aspen Bank and Pine Bank. Ficus Bank makes a credit decision, acting as Elm Bank's agent, and approves the Application. Pine Bank makes a credit decision and denies the Application. Aspen Bank makes a credit decision approving the Application. The applicant does not accept the loan from Elm Bank. The applicant accepts the loan from Aspen Bank and credit is extended. Aspen Bank reports the loan as an originated Covered Loan. Pine Bank reports the Application as denied. Elm Bank reports the Application as approved but not accepted. Ficus Bank does not report the Application.

# 5. Reportable data

The HMDA Rule changes the data that must be collected, recorded, and reported for Covered Loans and Applications. Effective January 1, 2018, it modifies some existing data points and adds new data points. 12 CFR 1003.4.

A Financial Institution collects, records, and reports the new and modified data points under the HMDA Rule for Applications and Covered Loans on which final action is taken on or after January 1, 2018. If a Financial Institution receives an Application in 2017 but takes final action on it in 2018, it is required to collect, record, and report the new and modified data points under the HMDA Rule. A Financial Institution collects, records, and reports the new and modified data points, to the extent that they apply to purchased loans, for purchases of Covered Loans that occur on or after January 1, 2018.

This section describes the HMDA Rule's reportable data points and provides guidance on how to report them. Additional instructions for reporting data will be available at <http://www.consumerfinance.gov/hmda/>.

## 5.1 Applicant information

A Financial Institution must report information about ethnicity, race, and sex for applicants who are natural persons. Appendix B to Regulation C provides instructions on how to collect ethnicity, race, and sex information. The HMDA Rule modifies the requirements for collecting and reporting an applicant's ethnicity, race, and sex and requires that the applicant's age be collected and reported. Financial Institutions will continue to collect and report income.

The HMDA Rule amends the instructions in appendix B and provides a new sample data collection form.

### 5.1.1 Collection

The instructions in appendix B to the HMDA Rule require a Financial Institution:

1. To ask an applicant for ethnicity, race, and sex information regardless of whether the Application is taken in person, by mail, by telephone, or on the internet. A Financial Institution cannot require the applicant to provide this information.

When a Financial Institution requests ethnicity and race information from an applicant under the HMDA Rule, it must offer the applicant the option of selecting more than one ethnicity and race and must permit the applicant to self-identify using aggregate categories and disaggregated subcategories. When a Financial Institution requests the applicant's ethnicity and race, the aggregate categories must be broken down into disaggregated subcategories. For example, the aggregate category of Hispanic or Latino must be broken down into the subcategories of Mexican, Puerto Rican, Cuban, or Other Hispanic or Latino. Similarly, the Asian and Native Hawaiian or Other Pacific Islander categories also must be broken down into their respective disaggregated subcategories.

An applicant must be permitted to select one or more race or ethnicity subcategories even if the applicant has not selected a race or ethnicity aggregate category. For example, an applicant could select Mexican even if the applicant has not selected Hispanic or Latino.

The applicant must also be permitted to provide certain additional information. For example, an applicant must be permitted to provide a particular Hispanic or Latino ethnicity that is not provided on the collection form. An applicant must be permitted to provide this information even if the applicant has not selected the Other Hispanic or Latino category. Similarly, the applicant must be permitted to provide a particular Asian race or a particular Pacific Islander race that is not provided on the collection form. An applicant must be permitted to provide this information even if the applicant has not selected the Other Asian or Other Pacific Islander category. An applicant must also be permitted to provide a particular American Indian or Alaska Native enrolled or principal tribe even if the applicant has not selected the American Indian or Alaska Native race category. Appendix B to Part 1003.

For an illustration of the information that a Financial Institution must ask about an applicant's ethnicity, race, and sex, see the sample data collection form in [Attachment A](#).

2. To inform the applicant that: (a) Federal law requires the information be collected in order to protect consumers and to monitor compliance with Federal statutes that prohibit discrimination against applicants; and (b) if the information is not provided where the Application is taken in person, the Financial Institution is required to note the information on the basis of visual observation or surname.
3. To collect the applicant's ethnicity, race, and sex based on visual observation or surname if the applicant chooses not to provide the information for an Application that is taken in person. Appendix B to Part 1003.

For an Application taken in person, there are special requirements if the applicant declines to provide the information regarding ethnicity, race, and sex. The Financial Institution must note that the applicant did not provide the information and then collect the applicant's ethnicity, race, and sex on the basis of visual observation or surname. When a Financial Institution collects an applicant's ethnicity, race, and sex on the basis of visual observation or surname, the Financial Institution 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). The Financial Institution does not use the disaggregated categories. Only an applicant may self-identify as being of a particular ethnic or racial subcategory.

If a Financial Institution accepts an Application through electronic media with a video component, it must treat the Application as taken in person. However, if a Financial Institution accepts an Application through electronic media without a video component, it must treat the Application as accepted by mail. Appendix B to Part 1003.

If the applicant (1) begins an Application by mail, internet, or telephone, (2) does not provide the requested information, (3) does not select "I do not wish to provide this information," and (4) meets with the Financial Institution in person to complete the Application, the Financial Institution must request the applicant's ethnicity, race, and sex when the Financial Institution meets with the applicant in person. If the applicant does not provide the requested information during the in-person meeting, the Financial Institution must collect the information on the basis of visual observation or surname. If the meeting occurs after the Application process is complete (e.g., at loan closing or account opening), the Financial Institution is not required to obtain the applicant's ethnicity, race, and sex. Appendix B to Part 1003.

A Financial Institution may collect the required information regarding the ethnicity, race, and sex of an applicant on an Application form, or on a separate form that refers to the Application

(sometimes called a collection form). For Applications taken by telephone, a Financial Institution must state the information in the collection form orally. Appendix B to Part 1003.

Because the HMDA Rule changes the information that must be included on an Application form or other collection form, Financial Institutions must revise their forms. A Financial Institution must use a revised collection or Application form that includes the disaggregated categories for Applications received on or after January 1, 2018.

On September 26, 2016, the Bureau issued an Approval Notice that permits (but does not require) Financial Institutions to use a revised collection or Application form that includes the disaggregated categories for Applications received during 2017. For Applications received between January 1, 2017 and December 31, 2017, a Financial Institution may use a revised collection or Application form that permits applicants to self-identify using disaggregated ethnic and race categories as instructed in the HMDA Rule. Alternatively, for Applications received before January 1, 2018, a Financial Institution may collect applicant information using a collection form that complies with the Regulation C requirements in effect prior to January 1, 2018.

The HMDA Rule provides a transition provision that allows a Financial Institution to report the applicant's ethnicity, race, and sex under the Regulation C requirements in effect at the time that the Financial Institution collects the information, not when the Financial Institution takes final action on the Application. Comment 4(a)(10)(i)-2.

**Example:** Ficus Bank receives an Application on December 30, 2017. Ficus Bank chooses not to collect the applicant's ethnicity and race using the disaggregated categories, and on December 30, 2017, it collects the applicant's ethnicity, race, and sex in accordance with the instructions in effect on that day. Ficus Bank approves the Application on January 5, 2018, records the resulting Covered Loan on its LAR for 2018, and reports the resulting Covered Loan by March 1, 2019. Ficus Bank has complied with Regulation C, even though the instructions for the collection of ethnicity, race, and sex changed after the information was collected but before the date of final action. However, if Ficus Bank collects the applicant's ethnicity, race, and sex on January 2, 2018, Ficus Bank must collect the information in accordance with the amended instructions under the HMDA Rule.

For more information on collecting the applicant's ethnicity, race, and sex, see appendix B to the HMDA Rule.

## 5.1.2 Reporting

A Financial Institution reports the following information about an applicant:

1. **Ethnicity, race, and sex.** A Financial Institution must report the applicant's ethnicity, race, and sex. It must also report whether or not it collected this information on the basis of visual observation or surname. 12 CFR 1003.4(a)(10)(i).

If an applicant provided the requested information, a Financial Institution must report the ethnicity, race, and sex information that the applicant provided. If an applicant selected more than one ethnicity or race, a Financial Institution must report each designation the applicant selected, subject to the limits in appendix B, which are described below.

For ethnicity, a Financial Institution must report every aggregate ethnicity category that the applicant selected. If the applicant also selected one or more ethnicity subcategories, the Financial Institution must report each ethnicity subcategory that the applicant selected, up to a combined total of five aggregate ethnicity categories and ethnicity subcategories. Appendix B to Part 1003.

For race, a Financial Institution must report every aggregate race category the applicant selected. If the applicant also selected one or more race subcategories, a Financial Institution must report each race subcategory the applicant selected, up to a combined total of five aggregate race categories and race subcategories. Appendix B to Part 1003.

**Examples:** An applicant selects all five aggregate race categories (*i.e.*, American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, and White) and also selects the Chinese race subcategory. Because a Financial Institution must report all of the aggregate race categories that an applicant selects and can only report a combined total of up to five aggregate race categories and race subcategories, Ficus Bank reports only the five aggregate race categories. It does not report the Chinese race subcategory.

An applicant selects the White, Asian, and Native Hawaiian or Other Pacific Islander aggregate race categories, and the Korean, Vietnamese, and Samoan race subcategories. The Financial Institution must report the White, Asian, and Native Hawaiian or Other Pacific Islander aggregate race categories. The Financial Institution also reports two of the three race subcategories. The Financial Institution chooses which two race subcategories to report (*i.e.*, Korean and Vietnamese, Korean and Samoan, or Vietnamese and Samoan).

An applicant may select the Other Hispanic or Latino ethnicity subcategory, an applicant may provide a particular Hispanic or Latino ethnicity not listed in the standard subcategories, or an applicant may do both. If an applicant provides only a particular ethnicity not listed in the standard subcategories, a Financial Institution is permitted, but not required, to report both the selection of Other Hispanic or Latino in addition to the particular ethnicity that the applicant provided. If an applicant selects Other Hispanic or Latino and provides a particular ethnicity, the Financial Institution reports both Other Hispanic or Latino and the particular ethnicity the applicant provided, (subject to the five ethnicity maximum described above). For purposes of the maximum of five reportable ethnicity categories and subcategories, the Other Hispanic or Latino subcategory and any additional information provided by the applicant together constitute only one selection. Appendix B to Part 1003.

An applicant may select the Other Asian race subcategory or Other Pacific Islander race subcategory, an applicant may provide a particular race not listed in the standard subcategories, or an applicant may do both. If an applicant provides only a particular race not listed in the standard subcategories, a Financial Institution is permitted, but not required, to report both the selection of Other Asian or Other Pacific Islander, as applicable, in addition to the particular race that the applicant provided. If an applicant selects Other Asian or Other Pacific Islander and provides a particular race, the Financial Institution reports both Other Asian or Other Pacific Islander, as applicable, and the additional information the applicant provided, subject to the maximum of five. For purposes of the maximum of five reportable race categories and race subcategories, the Other Asian race or Other Pacific Islander race subcategory and additional information provided by the applicant together constitute only one selection. Appendix B to Part 1003.



**Examples:** An applicant selects the category of Hispanic or Latino and provides Dominican as an ethnicity not listed in the standard subcategories. The applicant does not select the Other Hispanic or Latino subcategory or any other ethnicity categories or subcategories. The Financial Institution reports the Hispanic or Latino category and Dominican. It may also report the Other Hispanic or Latino subcategory, but is not required to do so.

An applicant selects the White, Asian, and Native Hawaiian or Other Pacific Islander aggregate race categories, as well as the Korean, Vietnamese, Samoan, and Other Asian race subcategories and writes in “Thai” in the space provided on the Application form. The Financial Institution reports two (at its option) of the four race subcategories selected by the applicant (*i.e.*, Korean, Vietnamese, Other Asian-Thai, Samoan) in addition to the three aggregate race categories selected by the applicant.

If an applicant selected “I do not wish to provide this information” on a collection or Application form taken by mail or on the internet or stated that he or she did not wish to provide the information for an Application that is taken by telephone, the Financial Institution reports that the information was not provided in a mail, internet, or telephone application.

If an applicant provided some but not all of the requested information, a Financial Institution reports the information provided by the applicant, whether partial or complete. If an applicant provided complete or partial information but also selected that he or she did not wish to provide the information for an Application that is taken by mail, internet, or telephone, a Financial Institution reports the ethnicity, race, and sex information that the applicant provided. Appendix B to Part 1003.

If there are multiple applicants (*i.e.*, an applicant and one or more co-applicants), the Financial Institution reports the ethnicity, race, and sex information for the applicant and the first co-applicant listed on the collection or Application form. If an applicant did not provide the information for an absent co-applicant, the Financial Institution reports that the information was not provided by applicant in mail, internet, or telephone Application for the absent co-applicant. If there is only one applicant, a Financial Institution reports that there is no co-applicant. Appendix B to Part 1003.

If a Covered Loan or Application includes a guarantor, a Financial Institution does not report the guarantor's ethnicity, race, and sex. Appendix B to Part 1003.

A Financial Institution may, but is not required to, report an applicant's ethnicity, race, and sex for purchased Covered Loans. If a Financial Institution chooses not to report the applicant's ethnicity, race, and sex for a purchased Covered Loan, the Financial Institution reports that the data points are not applicable. Appendix B to Part 1003.

If an applicant is not a natural person (e.g., a corporation, partnership, or trust), a Financial Institution reports that the requirement to report ethnicity, race, and sex information is not applicable. However, if an applicant is a natural person and a beneficiary of a trust (for example, the natural person might be relying on income from or collateral owned by a trust), the Financial Institution reports the applicant's ethnicity, race, and sex information. Appendix B to Part 1003.

For more information on reporting an applicant's ethnicity, race, and sex, see appendix B to the HMDA Rule.

- 2. Age.** A Financial Institution reports the applicant's age (as of the Application date) as the number of whole years derived from the date of birth shown on the Application form. 12 CFR 1003.4(a)(10)(ii); comment 4(a)(10)(ii)-1.

**Example:** An applicant provides a date of birth of 01/15/1970 on the Application form that Ficus Bank receives on 01/14/2018. Ficus Bank reports 47 as the applicant's age.

If there are multiple applicants, the Financial Institution reports the age for the applicant and the first co-applicant listed on the Application form. If a Covered Loan or Application includes a guarantor, a Financial Institution does not report the guarantor's age. Comments 4(a)(10)(ii)-2 and -5.

A Financial Institution may, but is not required to, report the age of an applicant for purchased Covered Loans. If a Financial Institution chooses not to report the applicant's age for a purchased Covered Loan, the Financial Institution reports that the data point is not applicable. 12 CFR 1003.4(b)(2); comment 4(a)(10)(ii)-3.

If an applicant is not a natural person (e.g., a corporation, partnership, or trust), a financial institution reports that the data point is not applicable. Comment 4(a)(10)(ii)-4. However, if an applicant is a natural person and a beneficiary of a trust (for example, the natural person might be relying on income from or collateral owned by a trust), the Financial Institution reports the applicant's age.

3. **Income.** If a Financial Institution considers income in making its credit decision, it reports the gross annual income that it relied on in making the credit decision. 12 CFR 1003.4(a)(10)(iii). For Applications that are withdrawn or closed for incompleteness before the Financial Institution makes a credit decision that would have taken income into consideration, the Financial Institution reports the income information relied on in processing the Application at the time that the Application was withdrawn or the file was closed for incompleteness. 12 CFR 1003.4(a)(10)(iii); comment 4(a)(10)(iii)-5.

If a Financial Institution relies on only a portion of an applicant's income in its determination, it reports only the portion of income relied on. Comment 4(a)(10)(iii)-1. If a Financial Institution relies on the income of a co-applicant or cosigner to evaluate creditworthiness, the Financial Institution includes the co-applicant's or cosigner's income to the extent relied upon. Comments (a)(10)(iii)-1 and -2. A Financial Institution, however, does not include the income of a guarantor who is only secondarily liable. Comment 4(a)(10)(iii)-1.

Reportable income does not include funds or amounts in addition to income, such as funds derived from underwriting calculations of the potential annuitization or depletion of an applicant's remaining assets, even if the Financial Institution relied on them when making the credit decision. Actual distributions from retirement accounts or other assets that are relied on by the Financial Institution as income are reported as income. Comment 4(a)(10)(iii)-4.

A Financial Institution may, but is not required to, report an applicant's income for purchased Covered Loans. A Financial Institution reports that the data point is not applicable if it chooses not to report the applicant's income. Comment 4(a)(10)(iii)-9.

A Financial Institution reports that the income data point is not applicable:

- a. For a Covered Loan to or an Application from a Financial Institution's own employee, even though the Financial Institution relied on the employee's income in making its credit decision;

- b. For a Covered Loan that is secured by or an Application that was proposed to be secured by a Multifamily Dwelling;
- c. If the applicant or co-applicant, if applicable, is not a natural person (e.g., a corporation, partnership, or trust); or
- d. If the Financial Institution did not consider or would not have considered income in making the credit decision. 12 CFR 1003.4(a)(10)(iii); comments 4(a)(10)(iii)-3, -6, -7, and -8.

## 5.2 Universal loan identifier (ULI)

A Financial Institution must report a universal loan identifier (ULI) for a Covered Loan or Application. The ULI:

1. Is a number that a Financial Institution assigns to the Covered Loan or Application. 12 CFR 1003.4(a)(1)(i).
2. Must begin with the Financial Institution's Legal Entity Identifier (LEI),<sup>13</sup> followed by up to 23 additional letters and/or numbers that the Financial Institution assigns, and end with a two-character check digit.<sup>14</sup> 12 CFR 1003.4(a)(1)(i)(A)-(C). Essentially, the ULI is the Financial Institution's LEI plus a loan or application number plus the two-character check digit (in that order).

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<sup>13</sup> The LEI is a unique, 20-digit alphanumeric identifier issued by a utility endorsed by the LEI Regulatory Oversight Committee or endorsed or otherwise governed by the Global LEI Foundation or a successor organization. A Financial Institution can go to the Global LEI Foundation website, <https://www.gleif.org/services/lou-services/issue-new-lei>, to obtain an LEI.

<sup>14</sup> The two-character check digit is used to validate the ULI. It is calculated using certain standards published by the International Organization for Standardization ([www.iso.org](http://www.iso.org)). The Bureau will provide a check digit tool on its website before January 1, 2018. For more information on the two-character check digit, including the methodology for generating a check digit, see appendix C to the HMDA Rule.

3. Cannot include information that could be used to identify the applicant or borrower directly, such as the applicant's or borrower's name, date of birth, Social Security number, official government-issued driver's license or identification number, alien registration number, government passport number, or employer or taxpayer identification number. Comment 4(a)(1)(i)-2.
4. Must be unique within the Financial Institution and must be used for only one Covered Loan or Application. Comment 4(a)(1)(i)-1.

To ensure compliance, a Financial Institution must:

1. Ensure that its branches do not use the same ULI to refer to multiple Covered Loans or Applications.
2. Assign a new ULI to a Refinancing or Application for Refinancing (*i.e.*, not use the ULI from the loan that is being refinanced).
3. For a purchased Covered Loan, use the ULI that was assigned to the Covered Loan by a Financial Institution that previously reported the Covered Loan. 12 CFR 1003.4(a)(1)(i)(D). If the Financial Institution that originated the Covered Loan did not assign a ULI, the Financial Institution that purchases the Covered Loan must assign a ULI.

A Financial Institution may use a previously reported ULI if an applicant asks the Financial Institution: (a) to reinstate a counteroffer that the applicant did not accept earlier in the same calendar year; or (b) to reconsider an Application that was denied, withdrawn, or closed for incompleteness earlier during the same calendar year. However, a Financial Institution must not use a previously reported ULI if it reinstates or reconsiders an Application that was reported in a prior calendar year. 12 CFR 1003.4(a)(1)(i)(E); comment 4(a)(1)(i)-4.

## 5.3 Application date

Except for a purchased Covered Loan, a Financial Institution reports the Application date, which is reported as either the date that the Application was received or the date on the Application form. 12 CFR 1003.4(a)(1)(ii). Although a Financial Institution need not choose the same approach for reporting Application date for its entire HMDA submission, it should be generally consistent, such as by routinely using one approach within a particular division of the Financial Institution or for a category of loans. Comment 4(a)(1)(ii)-1.

If a Financial Institution chooses to report the date shown on the Application form and the Financial Institution retains multiple versions of the form, the Financial Institution reports the date shown on the first form it received that constitutes an Application under the HMDA Rule. Comment 4(a)(1)(ii)-1.

For an Application that was not submitted directly to the Financial Institution, the Financial Institution may report the date the Application was received by the party that initially received the Application, the date the Application was received by the Financial Institution, or the date shown on the Application form. Comment 4(a)(1)(ii)-2.

If, within the same calendar year, an applicant asks a Financial Institution to reinstate a counteroffer that the applicant previously did not accept (or asks the Financial Institution to reconsider an Application that was denied, withdrawn, or closed for incompleteness), the reportable Application date depends on whether the Financial Institution reports the request as the continuation of the earlier transaction using the earlier transaction's ULI or as a new transaction with a new ULI. If the Financial Institution treats the request for reinstatement or reconsideration as a new transaction, it reports the date of the request as the Application date. If the Financial Institution does not treat the request for reinstatement or reconsideration as a new transaction, it reports the original Application date. Comment 4(a)(1)(ii)-3.

For a purchased Covered Loan, a Financial Institution reports that this data point is not applicable. 12 CFR 1003.4(a)(1)(ii).

## 5.4 Application channel

Except for purchased Covered Loans, a Financial Institution reports both of the following:

1. **Whether or not the applicant or borrower submitted the Application directly to the Financial Institution.** 12 CFR 1003.4(a)(33)(i). For example, the Application was submitted directly to the Financial Institution if the mortgage loan originator identified in the data point required by 12 CFR 1003.4(a)(34) and discussed in Section 5.30 was the reporting Financial Institution's employee when the originator performed the origination activities for the Covered Loan or Application. The Application was also submitted directly to the Financial Institution if the Financial Institution directed the applicant to a third-party agent (*e.g.*, a credit union service organization) that performed loan origination activities on

behalf of the reporting Financial Institution and the third-party agent did not assist the applicant with applying for Covered Loans with other institutions. Comment 4(a)(33)(i)-1.

If an applicant contacted and completed an Application with a broker or correspondent that forwarded the Application to the Financial Institution for approval, the Application was not submitted directly to the Financial Institution. Comment 4(a)(33)(i)-1.iii.

**2. Whether or not the obligation arising from the Covered Loan or Application was or would have been initially payable to the Financial Institution.**

12 CFR 1003.4(a)(33)(ii). An obligation was initially payable to the Financial Institution if the obligation was initially payable on the face of the note or contract to the Financial Institution that is reporting the Covered Loan or Application. Comment 4(a)(33)(ii)-1. For an Application that is withdrawn, denied, or closed for incompleteness, a Financial Institution reports that the requirement is not applicable if the Financial Institution had not determined, at the time it took final action on the Application, whether the loan would be initially payable to the Financial Institution. Comment 4(a)(33)(ii)-2.

For purchased Covered Loans, a Financial Institution reports that this data point is not applicable. 12 CFR 1003.4(a)(33).

## 5.5 Preapproval request

A Financial Institution reports whether or not the Application or Covered Loan involved a preapproval request for a Home Purchase Loan under a Preapproval Program.

12 CFR 1003.4(a)(4). For all of the following, a Financial Institution reports that the Application or Covered Loan did not involve a preapproval request: a purchased Covered Loan; an Open-End Line of Credit or Application for an Open-End Line of Credit; a Reverse Mortgage or an Application for a Reverse Mortgage; an Application for a Covered Loan that is denied; an Application that is closed for incompleteness or withdrawn; an Application or Covered Loan for any purpose other than Home Purchase Loan; and for a Covered Loan secured by a Multifamily Dwelling. Comment 4(a)(4)-2.

## 5.6 Loan type

A Financial Institution reports whether the Covered Loan is or the Application was for a Covered Loan that would have been:

1. Insured by the Federal Housing Administration;
2. Guaranteed by the Department of Veterans Affairs;
3. Guaranteed by the Rural Housing Service or the Farm Service Agency; or
4. Not insured or guaranteed by any of these Federal agencies (*i.e.*, conventional).  
12 CFR 1003.4(a)(2).

## 5.7 Loan purpose

A Financial Institution records and reports the Covered Loan's or Application's purpose, under 12 CFR 1003.4(a)(3), using one of the following:

1. **Home Purchase Loan.** A Home Purchase Loan is a Closed-End Mortgage Loan or Open-End Line of Credit that is for the purpose, in whole or part, of purchasing a Dwelling. 12 CFR 1003.2(j). A Home Purchase Loan includes: (a) a Closed-End Mortgage Loan or Open-End Line of Credit secured by one Dwelling and used to purchase another Dwelling; (b) a combined construction-to-permanent loan that is secured by a Dwelling; (c) a separate permanent loan that replaces a construction-only loan or line of credit to the same borrower if the permanent loan is secured by a Dwelling; and (d) a Dwelling-secured subordinate mortgage loan that finances some or all of the home purchaser's down payment. Comments 2(j)-1, -3, and -4.  

☞ Home Purchase Loans do not include loans that are excluded transactions under the HMDA Rule, such as loans that are temporary financing under 12 CFR 1003.3(c)(3). See Section 4.1.2 for more information on excluded transactions.

An assumption is a Home Purchase Loan when: (a) the assumption is a Closed-End Mortgage or Open-End Line of Credit; (b) the Financial Institution enters into a written agreement accepting a new borrower as the obligor on an existing obligation; and (c) the purpose is to finance the new borrower's purchase of the Dwelling securing the existing



obligation. An assumption is not a Home Purchase Loan if the new borrower assumes the existing borrower's obligation after acquiring title to the Dwelling securing the existing obligation because the purpose is not to finance the new borrower's purchase of the Dwelling. The assumption would be reported using a loan purpose other than Home Purchase Loan. Comment 2(j)-5.

**Example:** Borrower A obtains title to Owner A's Dwelling after assuming Owner A's existing debt obligation. Borrower A's transaction is a Home Purchase Loan. In contrast, Borrower B obtains title to Owner B's Dwelling in Year 1 and in Year 2 assumes Owner B's existing debt obligation. Borrower B's transaction is not a Home Purchase Loan.

2. **Home Improvement Loan.** A Home Improvement Loan is a Closed-End Mortgage Loan or Open-End Line of Credit that is for the purpose, in whole or part, of repairing, rehabilitating, remodeling, or improving a Dwelling or the real property on which the Dwelling is located. 12 CFR 1003.2(i). For example, a Home Improvement Loan includes: (a) a Covered Loan if any of the proceeds are used for repair, rehabilitation, remodeling, or improvement of the Dwelling or the real property on which the Dwelling securing the Covered Loan is located, even if the remainder is used for totally unrelated purposes, such as college tuition; (b) a Covered Loan used to install a swimming pool, construct a garage, or improve landscaping on the real property on which the Dwelling securing the Covered Loan is located; and (c) a Covered Loan used to improve a Multifamily Dwelling used for residential and commercial purposes if the proceeds are used either to improve the entire property (e.g., to replace a heating system that services the entire structure) or primarily to improve the residential portion of the Multifamily Dwelling. Comments 2(i)-1, -2, and -4.
3. **Refinancing.** A Refinancing is a Closed-End Mortgage Loan or 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. 12 CFR 1003.2(p). Generally, whether the new debt obligation satisfies and replaces an existing obligation is determined by reference to the parties' contract and applicable law. In order for a Covered Loan to be a Refinancing, both the new and existing transactions must be secured by a Dwelling. Only one borrower need be the same on the new and existing transactions. Comments 2(p)-1, -3, and -4.
4. **Cash-out Refinancing.** A Financial Institution reports a Covered Loan or an Application as a cash-out Refinancing if it 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. Comment 4(a)(3)-2.

5. **Other.** If a Covered Loan is not, or an Application is not for, a Home Purchase Loan, a Home Improvement Loan, a Refinancing, or a cash-out Refinancing, a Financial Institution reports the purpose as “other.” For example, if a Covered Loan is for the purpose of paying educational expenses, the Financial Institution reports the purpose as “other.” A Financial Institution also uses “other” if the Covered Loan is or the Application is for a Refinancing but, under the terms of the existing credit agreement, the Financial Institution was unconditionally obligated to refinance the obligation subject to conditions within the borrower’s control. Comment 4(a)(3)-4.

The following chart illustrates the reportable purpose for multiple-purpose Covered Loans originated on or after January 1, 2018. For purchased Covered Loans originated prior to January 1, 2018, a Financial Institution reports “Not Applicable.” See also comments 4(a)(3)-3 and -6.

Multiple Purposes	Reportable Purpose
Home Purchase Loan and Home Improvement Loan	Home Purchase Loan
Home Purchase Loan and Refinancing	Home Purchase Loan
Home Purchase Loan and cash-out Refinancing	Home Purchase Loan
Home Purchase Loan and other	Home Purchase Loan
Home Improvement Loan and Refinancing	Refinancing
Home Improvement Loan and cash-out Refinancing	Cash-out Refinancing
Refinancing and other	Refinancing
Cash-out Refinancing and other	Cash-out Refinancing
Home Improvement Loan and other	Home Improvement Loan

A Financial Institution may rely on an applicant’s oral or written statement regarding the proposed use of the loan proceeds. For example, a Financial Institution could use a check box or a purpose line on an Application form. If an applicant provides no statement as to the proposed use of the proceeds, and the Covered Loan is not a Home Purchase Loan, cash-out Refinancing, or Refinancing, a Financial Institution reports the Covered Loan as for an “other” purpose. Comment 4(a)(3)-1.

## 5.8 Loan amount

A Financial Institution must report the loan amount for the Covered Loan or Application. 12 CFR 1003.4(a)(7). The first chart below provides information on determining the loan amount that is reported for Covered Loans. The second chart below provides information on determining the reportable loan amount for transactions that involve multiple purposes, counteroffers, and Applications that do not result in the Financial Institution originating a Covered Loan.

If the Covered Loan is a:	The reportable loan amount is the:
Closed-End Mortgage Loan other than a purchased Closed-End Mortgage Loan, assumption, or a Reverse Mortgage	Amount to be repaid as disclosed on the legal obligation. 12 CFR 1003.4(a)(7)(i); comment 4(a)(7)-5.
Purchased Closed-End Mortgage Loan or assumption of a Closed-End Mortgage Loan	Unpaid principal balance at the time of purchase or assumption. 12 CFR 1003.4(a)(7)(i); comment 4(a)(7)-5.
Open-End Line of Credit (including a purchased Open-End Line of Credit and assumption of an Open-End Line of Credit) other than a Reverse Mortgage	Amount of credit available to borrower under the terms of plan. 12 CFR 1003.4(a)(7)(ii); comment 4(a)(7)-6.
Reverse Mortgage	Initial principal limit (as determined pursuant to section 255 of the National Housing Act and implementing regulations and mortgagee letters issued by HUD). 12 CFR 1003.4(a)(7)(iii); comment 4(a)(7)-9.
Refinancing	Loan amount for new debt obligation based on the type of Covered Loan (see above). Comment 4(a)(7)-7.

If the transaction involves:	Report the:
A counteroffer that is accepted for an amount that is different from the amount for which the applicant applied	Loan amount granted for the Covered Loan. Comment 4(a)(7)-1.
A counteroffer for an amount different from the amount for which the applicant applied, and the applicant did not accept or failed to respond	Amount for which applicant applied. Comment 4(a)(7)-1.
An approved but not accepted Application (including an approved but not accepted preapproval request)	Approved loan amount. Comment 4(a)(7)-2.
Application (including a preapproval request) that was denied, closed for incompleteness, or withdrawn	Amount initially requested. Comment 4(a)(7)-3.
Loan proceeds that will be used for more than one purpose	Entire loan amount for the Covered Loan, even if only a portion of the proceeds is intended for the reported purpose. Comment 4(a)(7)-4.

## 5.9 Loan term

A Financial Institution reports the loan term as the scheduled number of months after which the legal obligation will mature or terminate or would have matured or terminated.

12 CFR 1003.4(a)(25). If a Covered Loan or Application includes a schedule with repayment periods measured in a unit of time other than months, the Financial Institution reports the loan term in months using an equivalent number of whole months without regard for any remainder. Comment 4(a)(25)-2.

For a fully amortizing Covered Loan, the number of months after which the legal obligation matures is the number of months in the amortization schedule, ending with the final payment. Covered Loans that do not fully amortize during the maturity term, such as Covered Loans with

a balloon payment, are reported using the maturity term rather than the amortization term. Comment 4(a)(25)-1.

For a purchased Covered Loan, a Financial Institution reports the number of months after which the legal obligation matures as measured from the Covered Loan's origination. Comment 4(a)(25)-3.

For an Open-End Line of Credit with a definite term, a Financial Institution reports the number of months from account opening until the account termination date, including both the draw and repayment period (if any). Comment 4(a)(25)-4.

For a Covered Loan or Application without a definite term, such as a Reverse Mortgage, a Financial Institution reports that the data point is not applicable. Comment 4(a)(25)-5.

## 5.10 Action taken and date

A Financial Institution reports its action taken and the date of its action. 12 CFR 1003.4(a)(8). The action taken is reported as one of the following: (1) loan originated; (2) application approved but not accepted; (3) application denied; (4) application withdrawn; (5) file closed for incompleteness; (6) loan purchased; (7) preapproval request denied; or (8) preapproval request approved but not accepted. 12 CFR 1003.4(a)(8)(i); comments 4(a)(8)(i)-1 through -14.

The Action Taken chart in [Attachment B](#) provides additional information on how to determine the reportable action taken and date of action taken. See also 12 CFR 1003.4(a)(8)(ii) and its commentary for information on reporting the date of the action taken.

## 5.11 Reason for denial

For an Application that it denied, a Financial Institution must report the principal reasons (up to four) that it denied the Application. 12 CFR 1003.4(a)(16); comment 4(a)(16)-1. For all other transactions, a Financial Institution reports that the data point is not applicable. Comment 4(a)(16)-4.

If a Financial Institution provided the reason or reasons it denied the Application using the model form contained in appendix C to Regulation B (Form C–1, Sample Notice of Action Taken and Statement of Reasons) or a similar form, the Financial Institution reports the reason or reasons specified on that form, including reporting the “Other” reason or reasons that were specified on the form, if applicable. If a Financial Institution provided a disclosure of the applicant’s right to a statement of specific reasons using the model form contained in appendix C to Regulation B (Form C–5, Sample Disclosure of Right to Request Specific Reasons for Credit Denial) or a similar form, or provided the denial reasons orally under Regulation B, the Financial Institution reports the principal reasons it denied the Application. Comment 4(a)(16)-3.

The Financial Institution reports only the principal reason or reasons it denied the Application, even if there are fewer than four reasons. For example, if a Financial Institution denied the Application because of the applicant’s credit history and debt-to-income ratio, the Financial Institution only reports these two principal reasons. The reason or reasons reported must be specific and accurately describe the principal reason or reasons the Financial Institution denied the Application. Comment 4(a)(16)-1.

If a Financial Institution denied a preapproval request under a Preapproval Program, the Financial Institution must report the principal reason or reasons (up to four) that it denied the preapproval request. Comment 4(a)(16)-2.

## 5.12 Property address and location

A Financial Institution reports the following information about the location of the property securing the Covered Loan or, for an Application, proposed to secure the Covered Loan:

### 1. **Property address.**

12 CFR 1003.4(a)(9)(i). For Applications that did not result in an origination, the address corresponds to the location of the property proposed to secure the loan as identified by the applicant. For Covered Loans, the address corresponds to the property identified in the legal obligation. Comment 4(a)(9)(i)-1.

☞ For transactions for which state, county, or census tract is not required, a Financial Institution may report that the data point is not applicable, or it may voluntarily report the state, county, or census tract information. Comment 4(a)(9)(ii)-1.

☞ Incorrect entries reporting the census tract are not violations of HMDA or Regulation C if the Financial Institution obtained the census tract number from the geocoding tool made available through the Bureau's website, provided the Financial Institution entered an accurate property address into the tool and the tool returned a census tract number. For more information, see Section 7.

### 2. **Location of the property by state, county, and census tract.**

The Financial Institution is required to report the location by state, county, and census tract only if the property is located in an MSA or metropolitan division (MD)<sup>15</sup> in which the Financial Institution has a home or Branch Office or if the Financial Institution is a bank or savings association required to report data on small business, small farm, and community development lending under the Community Reinvestment Act. A Financial Institution must include the census tract if the property is located in a county with a population of more than 30,000 according to the most recent decennial census. 12 CFR 1003.4(a)(9)(ii). See also 12 CFR 1003.4(e).

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<sup>15</sup> Metropolitan divisions (MDs) are metropolitan divisions of MSAs as defined by the OMB. 12 CFR 1003.2(m)(2). For more information on MDs and MSAs, see <https://www.ffiec.gov/census/default.aspx> and <https://www.ffiec.gov/geocode/help1.aspx>.

If a Covered Loan is related to more than one property, but only one property secures or, for an Application, would have secured the Covered Loan, a Financial Institution reports the property address and location of the property that secures or would have secured the Covered Loan. A Financial Institution does not report the property address or location for any properties that do not secure or would not have secured the Covered Loan. Comment 4(a)(9)-1.

If more than one property secures the Covered Loan or, in the case of an Application, would have secured the Covered Loan, a Financial Institution reports the Covered Loan or Application in a single entry on its LAR and provides the property address and location for only one property. The Financial Institution can choose the property for which it reports this information, but it must choose a property that secures the Covered Loan (or, in the case of an Application, would have secured the Covered Loan) and that includes a Dwelling. If a single Multifamily Dwelling has more than one postal address, a Financial Institution reports one of the postal addresses. Comments 4(a)(9)-2 and -3.

If other data points require the Financial Institution to report specific information about property securing or involved with a Covered Loan or Application, the Financial Institution reports the information that relates to the property for which it has provided the address and location for these data points. Comment 4(a)(9)-2. For purposes of this guide, the property for which the Financial Institution has provided the address and location for these data points is called the Identified Property.

If the site for a Manufactured Home has not been identified, a Financial Institution may report that the data points for the property location are not applicable. Comment 4(a)(9)-5. If the property address of the property securing the Covered Loan is unknown, a Financial Institution reports that the data point for the property address is not applicable. For example, the Financial Institution may report that the data point is not applicable if the property did not have an address at closing or if the applicant did not provide the property address before the Application was denied, withdrawn, or closed for incompleteness. Comment 4(a)(9)(i)-3. Similarly, when reporting an Application, a Financial Institution may report that the data points for state, county, and census tracts are not applicable if the information was not known before the Application was denied, withdrawn, or closed for incompleteness. Comments 4(a)(9)(ii)(A)-1, (B)-2, and (C)-2.



## 5.13 Construction method

A Financial Institution reports the construction method for the Identified Property, using one of the following:

1. Site-built; or
2. Manufactured Home. 12 CFR 1003.4(a)(5).

A residential structure that satisfies the definition of “manufactured home” under HUD’s regulations, 24 CFR 3280.2, is reported as a Manufactured Home. 12 CFR 1003.2(l). A Manufactured Home will generally bear a HUD Certification Label and data plate noting compliance with the Federal standards. Comment 2(l)-2.

Modular homes and factory-built homes that do not meet the definition of “manufactured home” in HUD’s regulations are not Manufactured Homes under the HMDA Rule and are reported as site-built, regardless of whether they are on-frame or off-frame modular homes. Modular homes comply with local or other recognized buildings codes rather than standards established by the National Manufactured Housing Construction and Safety Standards Act, 42 U.S.C. 5401 *et seq.* Modular homes are not required to have HUD Certification Labels under 24 CFR 3280.11 or data plates under 24 CFR 3280.5, but may have a certification from a State licensing agency that documents compliance with State or other applicable building codes. Dwellings built using prefabricated components assembled at the Dwelling’s permanent site should also be reported as site-built. Comment 4(a)(5)-1.

For a Multifamily Dwelling, the Financial Institution should report the construction method as site-built unless the Multifamily Dwelling is a Manufactured Home community, in which case the Financial Institution should report the construction method as Manufactured Home. Comment 4(a)(5)-2.

## 5.14 Occupancy type

A Financial Institution reports the occupancy type for the Identified Property, using one of the following:

1. **Principal residence.** An applicant or borrower can have only one principal residence at a time. However, if an applicant or borrower buys or builds a new Dwelling that will become the applicant's or borrower's principal residence within a year or upon the completion of construction, the new Dwelling is considered the principal residence for this data point. Comment 4(a)(6)-2. For purchased Covered Loans, a Financial Institution may report the occupancy type as "principal residence" unless the loan documents or Application indicate that the property will not be occupied as a principal residence. Comment 4(a)(6)-5.
2. **Second residence.** A property is a second residence if the property is or will be occupied by the applicant or borrower for a portion of the year and is not the applicant's or borrower's principal residence. For example, if a person purchases a property, occupies the property for a portion of the year, and rents the property for the remainder of the year, the property is a second residence. Similarly, if a person occupies a property near his or her place of employment on weekdays, but the person returns to his or her principal residence on weekends, the property near the person's place of employment is a second residence. Comment 4(a)(6)-3.
3. **Investment property.** A property is an investment property if the applicant or borrower does not occupy the property. For example, if a person purchases a property, does not occupy the property, and generates income by renting the property, the property is an investment property. Similarly, if a person purchases a property, does not occupy the property, and does not generate income by renting the property, but intends to generate income by selling the property, the property is an investment property. Comment 4(a)(6)-4.

If a corporation purchases a property that is a Dwelling and uses it for the long-term residence of its employees, the property is an investment property, even if the corporation considers the property as owned for business purposes rather than investment purposes, does not generate income by renting the property, and does not intend to generate income by selling the property. If the property is for transitory use by employees, the property would not be considered a Dwelling. Comment 4(a)(6)-4.

## 5.15 Lien status

A Financial Institution reports the lien status of the lien on the Identified Property as either a first lien or a subordinate lien. 12 CFR 1003.4(a)(14).

The HMDA Rule requires a Financial Institution to report the lien status for Covered Loans it purchased. For purchased Covered Loans, lien status is determined by reference to the best information readily available to the Financial Institution at the time of purchase.

For Applications and originations of Covered Loans, lien status is determined by reference to the best information readily available to the Financial Institution at the time final action is taken and to the Financial Institution's own procedures. When reporting lien status, Financial Institutions may rely on title searches they routinely obtain, but the HMDA Rule does not require Financial Institutions to obtain title searches solely to comply with Regulation C. Financial Institutions may rely on other information that is readily available to them at the time final action is taken and that they reasonably believe is accurate, such as the applicant's statement on the Application form or the applicant's credit report. Comment 4(a)(14)-1.

**Examples:** An applicant applies for a Covered Loan from Ficus Bank and indicates on the Application form that there is a mortgage on the Dwelling that will secure the applicant's Covered Loan. Ficus Bank obtains the applicant's credit report, and it shows that the applicant has a mortgage loan. The existing mortgage will not be paid off as part of the transaction. Ficus Bank may assume that the transaction involves a subordinate lien for purposes of HMDA reporting.

An applicant applies for a loan from Ficus Bank to refinance the applicant's existing home mortgage loan. The existing loan is and the new loan will be secured by the applicant's principal residence. The applicant also has an Open-End Line of Credit for \$20,000 secured by the principal residence. Ficus Bank's practice in such a case is to ensure that it will have first-lien position through a subordination agreement with the holder of the lien securing the Open-End Line of Credit. Ficus Bank may assume that the transaction involves a first lien for purposes of HMDA reporting.

## 5.16 Manufactured home information

If a Dwelling on the Identified Property is a Manufactured Home and not a Multifamily Dwelling (*i.e.*, it has four or fewer individual dwelling units), the Financial Institution must report both:

1. **Secured Property Type.** Whether the Covered Loan is or the Application would have been secured by: (a) both a Manufactured Home and land; or (b) a Manufactured Home and not land. 12 CFR 1003.4(a)(29). A Financial Institution reports that a Covered Loan is or would have been secured only by a Manufactured Home and not land if the Covered Loan is not secured by the land, even if the Manufactured Home is considered real property under applicable State law. Comment 4(a)(29)-1.
2. **Land Property Interest.** Information about the applicant's or borrower's property interest in the land on which the Manufactured Home is or would have been located, reported as one of the following:
  - a. **Direct ownership.** An applicant or borrower has a direct ownership interest in the land on which the Dwelling is or is to be located when it has more than a possessory real property ownership interest in the land, such as fee simple ownership. Comment 4(a)(30)-5.
  - b. **Indirect ownership.** Indirect land ownership can occur 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 holds the land underlying the Manufactured Home community. In such communities, the applicant or borrower may still have a lease and pay rent for the lot on which his or her Manufactured Home is or will be located, but the property interest type for such an arrangement should be reported as indirect ownership if the applicant is or will be a member of the cooperative that owns the Manufactured Home community's underlying land. If an applicant resides or will reside in such a community but is not a member, the property interest type should be reported as a paid leasehold. Comment 4(a)(30)-1.
  - c. **Paid Leasehold.** For example, a paid leasehold occurs when a borrower locates the Manufactured Home on a lot in which the borrower does not have an ownership interest, the borrower has a written lease for the lot, and the lease specifies rent payments. Comment 4(a)(30)-2.
  - d. **Unpaid Leasehold.** For example, an unpaid leasehold occurs when the borrower locates the Manufactured Home on land owned by a family member, does not have a written lease, and does not have an agreement regarding rent payments. Comment 4(a)(30)-2.

If the Dwelling securing the Covered Loan (or that would have secured the resulting Covered Loan in the case of an Application) is not a Manufactured Home, the Financial Institution

reports that these data points are not applicable. Comments 4(a)(29)-4 and 4(a)(30)-6. A Manufactured Home community that is a Multifamily Dwelling is not considered a Manufactured Home for purposes of reporting these data points. Comment 4(a)(29)-2 and 4(a)(30)-4.

## 5.17 Property value

For a Covered Loan, a Financial Institution reports the value of the property securing the Covered Loan. For an Application that did not result in a Covered Loan (other than an Application that was withdrawn before a credit decision was made or that was closed for incompleteness), a Financial Institution reports the value of the property proposed to secure the Covered Loan. 12 CFR 1003.4(a)(28). If an Application was withdrawn before a credit decision was made or was closed for incompleteness, the Financial Institution reports that the data point is not applicable, even if the Financial Institution obtained a property value. Comment 4(a)(28)-3.

A Financial Institution reports the property value it relied on in making its credit decision. 12 CFR 1003.4(a)(28). If the Financial Institution relied on an appraisal or other valuation of a property when calculating the loan-to-value ratio, it reports the value stated in the appraisal or other valuation on which it relied. If the Financial Institution relied on the purchase price of a property when calculating the loan-to-value ratio, it reports the purchase price as the property value. Comment 4(a)(28)-1.

**Example:** Ficus Bank obtains an appraisal that values a parcel of property at \$100,000, an automated valuation model report that values the property at \$110,000, and a broker price opinion that values the property at \$105,000. When approving the Application, Ficus Bank relies on the appraisal. It reports the property value as \$100,000.

The HMDA Rule does not require a Financial Institution to obtain a property valuation or to rely on a property value in making a credit decision. A Financial Institution reports that this data point is not applicable if it does not rely on property value when making the credit decision. Comment 4(a)(28)-4.

## 5.18 Total units

For a Covered Loan, a Financial Institution reports the number of individual Dwelling units related to the property securing the Covered Loan. For an Application, it reports the number of individual Dwelling units related to the property proposed to secure the Covered Loan. 12 CFR 1003.4(a)(31).

For an Application or Covered Loan secured by a Manufactured Home community, the Financial Institution should include the total number of Manufactured Home sites that secure the loan and are available for occupancy, regardless of whether the sites are occupied or have Manufactured Homes attached. For a loan secured by a single Manufactured Home that is or will be located in a Manufactured Home community, the Financial Institution should report one individual Dwelling unit. Comment 4(a)(31)-2.

For a Covered Loan secured by a condominium or cooperative complex, the Financial Institution reports the total number of individual Dwelling units securing the Covered Loan or proposed to secure the Covered Loan in the case of an Application. Comment 4(a)(31)-3.A Financial Institution may include recreational vehicle pads, manager apartments, rental apartments, site-built homes, or other rentable space that are ancillary to the operation of the secured property if it considers such units under its underwriting guidelines or investor guidelines, or if it tracks the number of such units for its own internal purposes. Comment 4(a)(31)-2.

A Financial Institution may rely on the best information readily available to it at the time action is taken and on the Financial Institution's own procedures. Information readily available could include, for example, information provided by an applicant that the Financial Institution reasonably believes, information contained in a property valuation or inspection, or information obtained from public records. Comment 4(a)(31)-4.

## 5.19 Multifamily affordable units

If the property securing a Covered Loan or proposed to secure an Application includes a Multifamily Dwelling, the Financial Institution must provide the number of individual Dwelling units that are income-restricted pursuant to Federal, State, or local affordable housing programs.<sup>16</sup> 12 CFR 1003.4(a)(32). For a Covered Loan that is not secured by a Multifamily Dwelling and for an Application that would not have been secured by a Multifamily Dwelling, the Financial Institution reports that this data point is not applicable. Comment 4(a)(32)-6.

Affordable housing income-restricted units are individual Dwelling units that have restrictions based on the occupants' income level pursuant to restrictive covenants encumbering the property. The restrictive covenants may be evidenced by a use agreement, regulatory agreement, land use restrictions, or a similar agreement. Rent control or rent stabilization laws, the acceptance of Housing Choice Vouchers, and other similar forms of portable housing assistance that are tied to an occupant and not an individual dwelling unit are not affordable housing income-restricted Dwelling units for purposes of reporting. Comment 4(a)(32)-1.

A Financial Institution may rely on the best information readily available to it at the time final action is taken and on the Financial Institution's own procedures when reporting. Information readily available could include, for example, information provided by an applicant that the Financial Institution reasonably believes, information contained in a property valuation or inspection, or information obtained from public records. Comment 4(a)(32)-5.

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<sup>16</sup> Examples of Federal programs and funding sources that may result in reportable units include but are not limited to: (1) affordable housing programs pursuant to Section 8 of the United States Housing Act of 1937; (2) public housing; (3) the HOME Investment Partnerships program; (4) the Community Development Block Grant program; (5) multifamily tax subsidy project funding through tax-exempt bonds or tax credits; (6) Federal Home Loan Bank affordable housing program funding; (7) Rural Housing Service multifamily housing loans and grants; and (8) project-based vouchers under 24 CFR part 983. Comment 4(a)(32)-2.

Examples of State and local sources that may result in reportable units include but are not limited to: (1) State or local administration of Federal funds or programs; (2) State or local funding programs for affordable housing or rental assistance, including programs operated by independent public authorities; (3) inclusionary zoning laws; and (4) tax abatement or tax increment financing contingent on affordable housing requirements. Comment 4(a)(32)-3.

## 5.20 Debt-to-income ratio

Except for purchased Covered Loans, if the Financial Institution relied on the applicant's or borrower's DTI ratio when making its credit decision, the Financial Institution reports the DTI ratio on which it relied in making the credit decision. 12 CFR 1003.4(a)(23). The DTI ratio is the ratio of the applicant's or borrower's total monthly debt to total monthly income.

**Example:** Ficus Bank calculates the applicant's DTI ratio twice—once according to its own requirements and once according to an investor's requirements. Ficus Bank relies on the DTI ratio calculated according to the investor's requirements when it makes the credit decision. Ficus Bank reports the DTI ratio calculated in accordance with the investor's requirements. Comment 4(a)(23)-1.

A Financial Institution relied on the applicant's or borrower's DTI ratio in making the credit decision if the DTI ratio was a factor in the credit decision, even if it was not a dispositive factor. For example, if the DTI ratio was one of multiple factors in a Financial Institution's credit decision, the Financial Institution relied on the DTI ratio, even if the Financial Institution denied the Application because one or more underwriting requirements other than the DTI ratio were not satisfied. Comment 4(a)(23)- 2.

The HMDA Rule does not require a Financial Institution to calculate a DTI ratio and does not require a Financial Institution to rely on an applicant's or borrower's DTI ratio in making a credit decision. Comment 4(a)(23)-4.

A Financial Institution reports that this data point is not applicable:

1. If it made a credit decision without relying on a DTI ratio;
2. If the Application file was closed for incompleteness (even if a DTI ratio was calculated);
3. For an Application that was withdrawn before a credit decision was made (even if a DTI ratio was calculated);
4. If the applicant and co-applicant, if applicable, are not natural persons;



5. For a Covered Loan that is secured, or an Application that is proposed to be secured, by a Multifamily Dwelling;
6. For a purchased Covered Loan. Comments 4(a)(23)-3 through -7.

## 5.21 Combined loan-to-value

Except for a purchased Covered Loan, if the Financial Institution relied on a CLTV ratio when making its credit decision, the Financial Institution reports the CLTV ratio on which it relied. The CLTV ratio is the ratio of the total amount of debt secured by the property securing the Covered Loan (or, for an Application, proposed to secure a Covered Loan) to the value of that property. 12 CFR 1003.4(a)(24). A Financial Institution reports the CLTV ratio relied on in making the credit decision, regardless of which property or properties it used in the CLTV ratio calculation. The property used in the CLTV ratio does not need to be the Identified Property and may include more than one property and non-real property. Comment 4(a)(24)-6.

**Examples:** Ficus Bank reviews an Application that will be secured by two parcels of real property. It calculates the CLTV ratio using its own requirements. It also calculates the CLTV ratio using an investor's requirements. When making its credit decision, Ficus Bank relies on the CLTV ratio calculated according to the investor's requirements. Ficus Bank reports the CLTV ratio calculated according to the investor's requirements.

Ficus Bank originates a Covered Loan for the purchase of a Multifamily Dwelling. The Covered Loan is secured by the Multifamily Dwelling and certain securities. Ficus Bank uses both the value of the Multifamily Dwelling and the value of the securities when calculating the CLTV ratio that it relies on when making the credit decision. Ficus Bank reports the CLTV ratio it relies on when making the credit decision.

A Financial Institution relied on the CLTV ratio when making the credit decision if the CLTV ratio was a factor in the credit decision, even if it was not a dispositive factor. For example, if the CLTV ratio was one of multiple factors in a Financial Institution's credit decision, the Financial Institution relied on the CLTV ratio, even if the Financial Institution denied the

Application because one or more underwriting requirements other than the CLTV ratio were not satisfied. Comments 4(a)(24)-1 and -2.

The HMDA Rule does not require a Financial Institution to calculate the CLTV ratio and does not require a Financial Institution to rely on a CLTV ratio in making a credit decision. Comment 4(a)(24)-4.

A Financial Institution reports that this data point is not applicable:

1. If it did not rely on a CLTV when making the credit decision;
2. If the Application file was closed for incompleteness (even if a CLTV ratio was calculated);
3. For an Application that was withdrawn before a credit decision was made (even if a CLTV ratio was calculated); or
4. For a purchased Covered Loan. Comments 4(a)(23)-3 through -5.

## 5.22 Credit score information

Except for purchased Covered Loans, a Financial Institution reports the credit score or scores it relied on in making the credit decision and the name and version of the scoring model used to generate each reported credit score. 12 CFR 1003.4(a)(15)(i).

The term “credit score” has the same meaning as set forth in the Fair Credit Reporting Act, 15 USC 1681g(f)(2)(A). 12 CFR 1003.4(a)(15)(ii). A “credit score” is a numerical value or a categorization derived from a statistical tool or modeling system used by a person who makes or arranges a loan to predict the likelihood of certain credit behaviors, including default. A “credit score” does not include: (1) any mortgage score or rating of an automated underwriting system that considers one or more factors in addition to credit information, including loan-to-value ratio, the amount of down payment, or the consumer’s financial assets; or (2) any other elements of the underwriting process or underwriting decision. 15 USC 1681g(f)(2)(A).

A Financial Institution relied on a credit score in making the credit decision if the credit score was a factor in the credit decision, even if it was not a dispositive factor. For example, if a credit score was one of multiple factors in a Financial Institution’s credit decision, the Financial

Institution relied on the credit score even if the Financial Institution denied the Application because one or more underwriting requirements other than the credit score were not satisfied. Comment 4(a)(15)-1.

When a Financial Institution obtained or created two or more credit scores for a single applicant or borrower but relied on only one score in making the credit decision (*e.g.*, by relying on the lowest, highest, most recent, or average of all of the scores), the Financial Institution reports the credit score it actually relied on and the information about the scoring model it used. When a Financial Institution used more than one credit scoring model and combined the scores into a composite score and then relied on the composite score, the Financial Institution reports the composite score and reports that more than one scoring model was used. When a Financial Institution obtained two or more credit scores for the applicant or borrower and relied on multiple credit scores in making the credit decision (*e.g.*, by relying on a scoring grid that considers each of the scores obtained or created for the applicant or borrower without combining the scores into a composite score), the Financial Institution reports one of the credit scores that it relied on in making the credit decision. In choosing which credit score to report, a Financial Institution need not use the same approach for its entire HMDA data submission, but it should be generally consistent (*e.g.*, by routinely using one approach within a particular division of the Financial Institution or for a category of Covered Loans). The Financial Institution reports the name and version of the credit-scoring model for the score reported. Comment 4(a)(15)-2.

If a transaction involved two or more applicants or borrowers for whom the Financial Institution obtained or created a single credit score and if the Financial Institution relied on that single credit score when making the credit decision, the Financial Institution reports that credit score for the applicant and reports that the data point is not applicable for the co-applicant. Alternatively, at its discretion, the Financial Institution may report that credit score for the first co-applicant and report that the data point is not applicable for the applicant. If a transaction involved more than one applicant and a Financial Institution relied on separate credit scores for each applicant, it reports the credit score it relied on for the applicant and the credit score it relied on for the first co-applicant. Comment 4(a)(15)-3.

**Examples:** Two individuals apply for a Covered Loan. Ficus Bank obtains two credit scores for the applicant and two credit scores for the co-applicant. Ficus Bank relies on the highest of the four credit scores it obtained. Ficus Bank reports the highest credit score and information about the credit scoring model used. Ficus Bank may report the score and information for the applicant and report “not applicable” for the co-applicant or, at its discretion, Ficus Bank can report the score and information for the co-applicant and report “not applicable” for the applicant.

Two individuals apply for a Covered Loan. Ficus Bank obtains three credit scores for the applicant and three credit scores for the co-applicant. Ficus Bank relies on the middle credit score for the applicant and the middle score for the co-applicant. Ficus Bank reports the middle score and related scoring model information for the applicant and the middle score and related scoring model information for the co-applicant.

A Financial Institution reports that the credit score data point is not applicable:

1. For purchased Covered Loans;
2. If the Financial Institution did not rely on a credit score;
3. If the Application file was closed for incompleteness (even if a credit score was obtained or created);
4. If an Application was withdrawn before a credit decision was made (even if a credit score was obtained or created); or
5. If the applicant and co-applicant, if applicable, are not natural persons. Comments 4(a)(15)-4 through -7.

## 5.23 Automated underwriting system information

Except for purchased Covered Loans, a Financial Institution reports the name of the Automated Underwriting System (AUS), as defined below, that it used to evaluate the Application and the AUS result generated by that AUS. 12 CFR 1003.4(a)(35)(i). A Financial Institution must report

this information only if the Financial Institution used an AUS to evaluate the Application.  
Comment 4(a)(35)-4.

For purposes of the HMDA Rule, an Automated Underwriting System or AUS is an electronic tool:

1. Developed by a securitizer, Federal government insurer, or Federal government guarantor of Closed-End Mortgage Loans or Open-End Lines of Credit. For this purpose, a person is a securitizer, Federal government insurer, or Federal government guarantor of Closed-End Mortgage Loan or Open-End Lines of Credit if that person has ever securitized, provided Federal government insurance for, or provided a Federal government guarantee for a Closed-End Mortgage Loan or Open-End Line of Credit at any point in time. The person does not need to be actively securitizing, insuring, or guaranteeing Closed-End Mortgage Loans or Open-End Lines of Credit at the time that the Financial Institution uses the AUS to evaluate an Application. 12 CFR 1003.4(a)(35)(ii); comment 4(a)(35)-2. If a Financial Institution knows or reasonably believes that the system it is using to evaluate an Application is an electronic tool developed by a securitizer, Federal government insurer, or Federal government guarantor of Closed-End Mortgages or Open-End Lines of Credit, then this prong of the definition of AUS is satisfied, and the Financial Institution must report the name of the system and the result generated by that system if the second prong of the definition, below, is satisfied. If a Financial Institution does not know or reasonably does not believe that the system was developed by a securitizer, Federal government insurer, or Federal government guarantor of Closed-End Mortgages or Open-End Lines of Credit, then the Financial

☞ In order to know or reasonably believe that a system is not developed by a securitizer, Federal government insurer, or Federal government guarantor of Closed-End Mortgage Loans or Open-End Lines of Credit, a Financial Institution must maintain procedures reasonably adapted to make such a determination. Reasonably adapted procedures include attempting to determine with reasonable frequency, such as annually, whether the developer of the electronic tool is a securitizer, Federal government insurer, or Federal government guarantor of Closed-End Mortgage Loans or Open-End Lines of Credit. For example, in the course of renewing an annual sales agreement the developer could represent to the Financial Institution that the developer is not such a securitizer, Federal government insurer, or Federal government guarantor of Closed-End Mortgage Loans or Open-End Lines of Credit. Comment 4(a)(35)-7.

Institution reports that the data point is not applicable, provided that the Financial Institution maintains procedures reasonably adapted to determine whether the electronic tool it is using meets the definition of an AUS. Comment 4(a)(35)-7.

2. That provides a result regarding both (a) the applicant's credit risk; and (b) whether the Covered Loan is eligible to be originated, purchased, insured, or guaranteed by the securitizer, Federal government insurer, or Federal government guarantor that developed the electronic tool. In order for a system to be an AUS, the system must provide a result regarding both the credit risk of the applicant and the eligibility of the loan to be originated, purchased, insured, or guaranteed by the securitizer, Federal government insurer, or Federal government guarantor that developed the system being used to evaluate the Application. For example, if a system is an electronic tool that provides a determination of the loan's eligibility to be purchased, but the system does not also provide an assessment of the applicant's creditworthiness—such as an evaluation of the applicant's income, debt, and credit history—the system is not an AUS. In that case, the Financial Institution reports that the data point is not applicable.

12 CFR 1003.4(a)(35)(ii); comment 4(a)(35)-2.

If a Financial Institution has developed its own proprietary system that it uses to evaluate an Application and the Financial Institution is also a securitizer, the system may be an AUS if it also meets the other elements of the AUS definition. On the other hand, if a Financial Institution has developed its own proprietary system that it uses to evaluate an Application but the Financial Institution is not a securitizer, the system is not an AUS. Comment 4(a)(35)-2.

A Financial Institution that used an AUS to evaluate an Application must report the name of the AUS it used to evaluate the Application and the result generated by that system regardless of whether the Financial Institution intends to sell or hold the Covered Loan in its portfolio. For example, if a Financial Institution used an AUS developed by a securitizer to evaluate an Application but ultimately did not sell the Covered Loan and instead holds the Covered Loan in its portfolio, the Financial Institution reports the name of the AUS that the Financial Institution used to evaluate the Application and the result generated by that system. Comments 4(a)(35)-1.i and ii.

If a Financial Institution used more than one AUS to evaluate an Application or if a Financial Institution used one AUS to evaluate an Application but it generated multiple results, the Financial Institution must determine which AUS or AUSs and which result or results to report. To do so, the Financial Institution can use the following steps in the exact order they are presented below.

1. The Financial Institution must determine whether an AUS that it used to evaluate the Application matches the loan type it reported for the Application or Covered Loan. For more information on reporting loan type, see Section 5.6.
2. If the Financial Institution used an AUS that matches loan type (such as Total Scorecard for an FHA loan), it must determine whether it obtained only one result from that AUS. If the Financial Institution obtained only one result from the AUS that matches loan type, the Financial Institution reports the AUS that matches loan type and the result that it obtained from that AUS.
3. If the Financial Institution did not use an AUS that matches loan type or if it obtained more than one result from the AUS that matches loan type, the Financial Institution must determine whether an AUS that it used to evaluate the Application matches the purchaser, insurer, or guarantor (if any) for the Covered Loan.
4. If the Financial Institution used an AUS that matches the purchaser, insurer, or guarantor (such as Desktop Underwriter for a Covered Loan that Fannie Mae purchased), it must determine whether it obtained only one result from that AUS. If the Financial Institution obtained only one result from the AUS that matches the purchaser, insurer, or guarantor, the Financial Institution reports the AUS that matches and the result that it obtained from that AUS.
5. If the Financial Institution did not use an AUS that matches the purchaser, insurer, or guarantor or it obtained multiple results from an AUS that matches the purchaser, insurer, or guarantor or loan type, the Financial Institution reports the result it obtained closest in time to the credit decision and the AUS that generated that result, unless the Financial Institution obtained multiple results closest in time to the credit decision. For example, a Financial Institution obtains multiple results closest in time to the credit decision if it obtains two results at noon on the day immediately before it makes the credit decision and does not obtain any results at a later time.
6. If the Financial Institution simultaneously obtains multiple results closest in time to the credit decision, the Financial Institution reports each of the multiple AUS results that it obtained and the AUSs that generated each of those results up to a total of five results and five AUSs. The Financial Institution will never report more than five results or five AUSs. If the Financial Institution used more than five AUSs or it obtained more than five results, the Financial Institution chooses five AUSs and five results to report. Comment 4(a)(35)-3.

The HMDA Rule does not require a Financial Institution to use an AUS when evaluating an Application. Comment 4(a)(35)-4. A Financial Institution reports that the AUS data point is not applicable:

1. If it does not use an AUS to evaluate the Application;
2. When the applicant and co-applicant, if applicable, are not natural persons; or
3. For purchased Covered Loans. Comments 4(a)(35)-4 through -6.

## 5.24 Interest rate

A Financial Institution reports the interest rate applicable to a Covered Loan or to an Application that is approved but not accepted. 12 CFR 1003.4(a)(21). For Applications that are denied, withdrawn or closed for incompleteness, a Financial Institution reports that this data point is not applicable. Comment 4(a)(21)-2.

The following table describes which rate a Financial Institution reports depending on the type of transaction. For purposes of this table, the date a revised Loan Estimate or corrected Closing Disclosure is provided to the applicant or borrower is the date disclosed as the “Date Issued” on that revised or corrected disclosure.

For an:	Report:
Application approved but not accepted for fixed rate Covered Loan subject to Regulation Z’s Loan Estimate and Closing Disclosure requirements	<p>Rate stated in Loan Estimate (if no Closing Disclosure provided) or in Closing Disclosure (if provided), assuming it accurately reflects the rate when Financial Institution approved the Application. If a revised Loan Estimate (but no Closing Disclosure) was provided to the applicant prior to the end of the reporting period in which final action was taken or if a corrected Closing Disclosure was provided to the applicant prior to the end of the reporting period in which final action was taken, the Financial Institution reports the rate stated in the revised or corrected disclosure, as applicable.</p> <p>Otherwise, rate at the time Financial Institution approved the Application. Comments 4(a)(21)-1 and -2.</p>



<b>For an:</b>	<b>Report:</b>
Application approved but not accepted for a fixed rate Covered Loan not subject to Regulation Z's Loan Estimate and Closing Disclosure requirements	Rate applicable when Financial Institution approved the Application. Comment 4(a)(21)-2.
Application approved but not accepted for a variable-rate Covered Loan subject to Regulation Z's Loan Estimate and Closing Disclosure requirements	<p>Rate stated in Loan Estimate (if no Closing Disclosure provided) or in Closing Disclosure (if provided), assuming it accurately reflects the rate when Financial Institution approved the Application. If a revised Loan Estimate (but no Closing Disclosure) was provided to the applicant prior to the end of the reporting period in which final action was taken or if a corrected Closing Disclosure was provided to the applicant prior to the end of the reporting period in which final action was taken, the Financial Institution reports the rate stated in the revised or corrected disclosure, as applicable. Comments 4(a)(21)-1 and -2.</p> <p>Otherwise, if rate was known when Financial Institution approved the Application, the rate applicable when Financial Institution approved the Application. Comment 4(a)(21)-2.</p> <p>Otherwise, if rate was unknown when Financial Institution approved the Application, the fully-indexed rate based on the index applicable when the Financial Institution approved the Application. Comment 4(a)(21)-3.</p>
Application approved but not accepted for a variable-rate Covered Loan not subject to Regulation Z's Loan Estimate and Closing Disclosure requirements	<p>If rate was known when Financial Institution approved the Application, the rate applicable when Financial Institution approved the Application. Comment 4(a)(21)-2.</p> <p>If rate was unknown when Financial Institution approved the Application, the fully-indexed rate based on the index applicable when the Financial Institution approved the Application. Comment 4(a)(21)-3.</p>
Application denied, withdrawn, or closed for incompleteness	Not applicable. Comment 4(a)(21)-2.
Fixed-rate Covered Loan subject to Regulation Z's Loan Estimate and Closing Disclosure requirements	Interest rate set forth in Closing Disclosure. If a corrected Closing Disclosure was provided to the borrower prior to the end of the reporting period in which final action was taken, the Financial

For an:	Report:
	Institution reports the rate stated in the corrected disclosure. Comment 4(a)(21)-1.
Fixed-rate Covered Loan not subject to Regulation Z's Loan Estimate and Closing Disclosure requirements	Interest rate applicable at loan closing or account opening. Comment 4(a)(21)-1.
Variable-rate Covered Loan subject to Regulation Z's Loan Estimate and Closing Disclosure requirements	Interest rate set forth in Closing Disclosure. If a corrected Closing Disclosure was provided to the borrower prior to the end of the reporting period in which final action was taken, the Financial Institution reports the rate stated in the corrected disclosure. Comment 4(a)(21)-1.
Variable-rate Covered Loan not subject to Regulation Z's Loan Estimate and Closing Disclosure requirements	If rate was known when Financial Institution closed loan or opened account, rate applicable at loan closing or account opening. Comment 4(a)(21)-1. If rate was unknown when Financial Institution closed loan or opened account, the fully-indexed rate based on the index applicable to the Covered Loan at loan closing or account opening. Comment 4(a)(21)-3.

## 5.25 Introductory rate period

For a Covered Loan, a Financial Institution reports the introductory rate period as the number of months from loan closing or account opening until the first date the interest rate may change. 12 CFR 1003.4(a)(26). For example, if an Open-End Line of Credit contains an introductory or “teaser” interest rate for two months after the date of account opening and the interest rate may adjust after that two month period, the Financial Institution reports the number of months as “2.” Comment 4(a)(26)-1. For a Covered Loan that includes an introductory interest rate period measured in a unit of time other than months, the Financial Institution reports the introductory period using an equivalent number of whole months without regard for any remainder. For example, if an Open-End Line of Credit contains an introductory interest rate for 50 days after the date of account opening, after which the interest rate may adjust, the Financial Institution reports the number of months as “1”. A Financial Institution reports “1” for any introductory interest rate period that is less than one whole month. Comment 4(a)(26)-5.

For an Application, a Financial Institution reports the number of months from loan closing or account opening until the first date the interest rate could have changed under the proposed terms. Comment 4(a)(26)-1. If the period until the first date the interest rate could have changed under the proposed terms is measured in a unit of time other than months, the Financial Institution reports the introductory period using an equivalent number of whole months without regard for any remainder. A Financial Institution reports “1” if the introductory interest rate period could have been less than one whole month under the proposed terms. Comment 4(a)(26)-5.

A Financial Institution reports the number of months based on when the first interest rate adjustment may occur, even if an interest rate adjustment is not required to occur at that time and even if the rates that will apply, or the periods for which they will apply, are not known at loan closing or account opening. For example, if a Closed-End Mortgage Loan has a 30-year term and is an adjustable-rate product with an introductory interest rate for the first 60 months, after which the interest rate is permitted but not required to vary, the Financial Institution reports the number of months as “60.” Comment 4(a)(26)-1.

A Financial Institution is not required to report introductory interest rate periods based on preferred rates unless the terms of the legal obligation provide that the preferred rate will expire at a certain defined date. Preferred rates include loan terms that provide that the initial underlying rate is fixed but that it may increase or decrease upon the occurrence of some future event, such as an employee leaving the employ of the Financial Institution, the borrower closing an existing deposit account with the Financial Institution, or the borrower revoking an election to make automated payments. Comment 4(a)(26)-2.

A Financial Institution reports that this data point is not applicable for a fixed rate Covered Loan or an Application for a fixed rate Covered Loan. Comment 4(a)(26)-3.

## 5.26 Rate spread

For Covered Loans that are subject to Regulation Z and for Applications that are approved but not accepted, and that are subject to Regulation Z (other than assumptions, purchased Covered Loans, and Reverse Mortgages), a Financial Institution reports the difference between the Covered

Loan's annual percentage rate (APR) and a comparable transaction's average prime offer rate (APOR) as of the date the Covered Loan's interest rate was set. 12 CFR 1003.4(a)(12)(i).

☞ Where an application or a preapproval request is an Application under Regulation C, but for which no disclosures are required under Regulation Z, the Financial Institution reports that the data is not applicable.

If the Covered Loan is an assumption, Reverse Mortgage, a purchased Covered Loan, or is not subject to Regulation Z, the Financial Institution reports that the data point is not applicable. If an Application does not result in the Financial Institution originating a Covered Loan for a reason other than that the Application was approved but not accepted by the applicant, the Financial Institution reports that the data point is not applicable. Comment 4(a)(12)-7. I

The APOR is an APR that is derived from average interest rates and other loan pricing terms offered to borrowers by a set of creditors for mortgage loans that have low-risk pricing characteristics. 12 CFR 1003.4(a)(12)(ii). The Bureau publishes tables of current and historical APORs by transaction type on the FFIEC's website at <http://www.ffiec.gov/hmda> and on the Bureau's website at <http://www.consumerfinance.gov>. The methodology used to arrive at these APORs is also published on these websites. A Financial Institution may either use the APORs published on these websites or determine APORs itself by employing the methodology published on these websites. A Financial Institution that determines APORs itself, however, is responsible for correctly determining them in accordance with the published methodology. Comments 4(a)(12)-1 and -2.

To determine the reportable rate spread, a Financial Institution can follow these steps:

1. Determine the Covered Loan's or approved but not accepted Application's APR

A Financial Institution may rely on the APR disclosed for the Covered Loan, if it is calculated and disclosed pursuant to Regulation Z (12 CFR 1026.18 or 1026.38 for a Closed-End Mortgage Loan or 12 CFR 1026.6 for an Open-End Line of Credit). If multiple APRs are calculated and disclosed pursuant to 12 CFR 1026.6, a Financial Institution relies on the

APR in effect at the time of account opening. If an Open-End Line of Credit has a variable-rate feature and a fixed-rate feature during the draw period, a Financial Institution relies on the APR in effect at the time of account opening for the variable rate feature. This rate for the variable rate feature would be a discounted initial rate if one is offered under the variable rate feature. Comment 4(a)(12)-3.

If the Financial Institution provides a corrected Truth in Lending disclosure, a corrected Closing Disclosure, or a corrected open-end account opening disclosure under Regulation Z, the Financial Institution relies on the APR disclosed on the corrected disclosure, provided that the corrected disclosure was provided to the borrower prior to the end of the reporting period in which final action is taken. For this purpose, the date the corrected disclosure is provided is the date the disclosure is mailed or delivered to the borrower in person. Comment 4(a)(12)-9.

For an Application (including a preapproval request) that was approved but not accepted, a Financial Institution might have only provided early Regulation Z disclosures, such as a Loan Estimate for a Closed-End Mortgage Loan or disclosures at the time of application under 12 CFR 1026.40 for an Open-End Line of Credit. In such cases where no subsequent disclosures are provided, a Financial Institution may rely on the APR as calculated and disclosed in the Loan Estimate or disclosures at the time of the application under 12 CFR 1026.40, as applicable. Comment 4(a)(12)-8.

## 2. Determine the APOR

### a. Determine the Comparable Transaction

The rate spread is calculated using the APOR for a comparable transaction. Therefore, a Financial Institution must determine what transaction is comparable to the Covered Loan or approved but not accepted Application. To do so, the Financial Institution uses the Covered Loan's or Application's amortization type (*i.e.*, fixed-rate or variable-rate) and loan term. For Open-End Lines of Credit, a Financial Institution must identify the most closely comparable closed-end transaction. Comment 4(a)(12)-4.

For fixed-rate Covered Loans and Applications, the term for identifying the comparable transaction is the transaction's maturity (*i.e.*, the period until the last payment will be due under the Closed-End Mortgage Loan contract or Open-End Line of Credit agreement). If an Open-End Line of Credit has a fixed rate but no definite plan length, a Financial Institution can use a 30-year fixed-rate loan as the most closely comparable closed-end transaction. Financial Institutions may refer to the "Average Prime Offer

Rates-Fixed” table on the FFIEC website when identifying a comparable fixed-rate transaction. Comment 4(a)(12)-4.i.

For variable-rate Covered Loans and Applications, the term for identifying the comparable transaction is the initial, fixed-rate period (*i.e.*, the period until the first scheduled rate adjustment). For example, five years is the relevant term for a variable-rate transaction with a five-year, fixed-rate introductory period that is amortized over thirty years. If an Open-End Line of Credit has a variable rate and an optional, fixed-rate feature, a Financial Institution uses the rate table for variable-rate transactions. Comment 4(a)(12)-4.ii.

When the term to maturity (or, for a variable-rate transaction, the initial fixed-rate period) is not in whole years, the Financial Institution uses the number of whole years closest to the actual loan term (or the initial fixed-rate period). If the actual loan term (or the initial fixed-rate period) is exactly halfway between two whole years, the Financial Institution uses the shorter loan term. The Financial Institution rounds a term shorter than six months to one year, including a term for a variable-rate Covered Loan with no initial, fixed-rate period. Comment 4(a)(12)-4.iii.

Term to Maturity or Initial Fixed-Rate Period	Term for Comparable Transaction
10 years, 3 months	10 years
10 years, 9 months	11 years
10 years, 6 months	10 years
10 years, 6 months, 18 days	11 years
3 months	1 year

If the amortization period is longer than the transaction’s term to maturity (or for an approved but not accepted Application would have been longer than the transaction’s term to maturity), a Financial Institution must use the term to maturity to determine the applicable APOR. Comment 4(a)(12)-4.iv.

**b. Determine the Rate Set Date**

The date used to determine the APOR for a comparable transaction is the date on which the Financial Institution set the interest rate for the final time before final action is taken. Comment 4(a)(12)-5.

If the:	The date used for APOR is the:
Rate was set pursuant to a lock agreement	Date that the agreement fixed the interest rate
Lock agreement was extended, but the rate was not re-set	Date the Financial Institution exercised its discretion in setting the rate for final time before final action is taken
Rate was re-set after the lock agreement was executed, and there was no program change	Date that the Financial Institution exercised its discretion in setting the rate for final time before final action is taken
Rate was re-set after the lock agreement was executed, and there was a program change	Date of the program change, unless the Financial Institution changed the promised rate to the rate that would have been available to the borrower under the new program on the date of the original rate-lock, and the Financial Institution consistently follows that practice or the original lock agreement required that the new program's rate as of the original rate-lock would be available. In that case, the date of the original rate-lock.
Applicant or borrower did not execute a lock agreement	Date on which the Financial Institution set the rate for final time before final action is taken

**Example:** Borrower locks a rate of 2.5 percent on June 1 for a 30-year, variable-rate loan with a 5-year, fixed-rate introductory period. On June 15, the borrower decides to switch to a 30-year, fixed-rate loan, and the rate available to the borrower for that product on June 15 is 4.0 percent. On June 1, the 30-year, fixed-rate loan would have been available to the borrower at a rate of 3.5 percent. Ficus Bank offers the borrower the 3.5 percent rate (*i.e.*, the rate that would have been available to the borrower for the fixed-rate product on June 1, the date of the original rate-lock) because the original agreement so provided or because Ficus Bank consistently follows that practice for borrowers who change loan programs. Ficus Bank should use June 1 as the rate-set date.

If a Financial Institution received an Application from a broker and is responsible for reporting the approved but not accepted Application or resulting Covered Loan, (*e.g.*, because the Financial Institution originated the loan), the rate-set date is the last date the Financial Institution set the rate with the broker, not the date the broker set the borrower's rate. Comment 4(a)(12)-5.

c. Determine the Most Recently Available APOR as of Rate Set Date

A Financial Institution must compare the APR determined in Step 1 to the most recently available APOR that was in effect for the comparable transaction as of the rate-set date. The most recently available rate means the APOR set forth in the applicable table with the most recent effective date as of the date the interest rate was set. A Financial Institution cannot use an APOR before its effective date. Comment 4(a)(12)-6.

3. Determine the Rate Spread

A Financial Institution compares the APOR determined in step 2c, above, to the APR determined in step 1 above. Comment 4(a)(12)-6.



## 5.27 Contractual features

A Financial Institution reports whether the contractual terms include or would have included: (1) a balloon payment; (2) interest-only payments; (3) negative amortization; or (4) contractual terms, other than those listed above, that would allow for payments other than fully amortizing payments. 12 CFR 1003.4(a)(27). The HMDA Rule defines the terms balloon payment, interest-only payments, negative amortization, and fully amortizing payments by reference to Regulation Z, but without regard to whether the Covered Loan is subject to Regulation Z. Comment 4(a)(27). See 12 CFR 1026.18(s)(5)(i) for the definition of balloon payment, 12 CFR 1026.18(s)(7)(iv) for the definition of interest-only payments, and 12 CFR 1026.18(s)(7)(v) for information on when a contractual term would include negative amortization.

**Example:** Ficus Bank originates a business-purpose transaction that is exempt from Regulation Z. The borrower, a corporation, uses the loan proceeds to finance the purchase of a Multifamily Dwelling. The loan is secured by a mortgage on the Multifamily Dwelling. The loan includes a balloon payment, as defined by Regulation Z, 12 CFR 1026.18(s)(5)(i), at the end of the loan term. Even though the borrower is not a natural person, the loan is for a business purpose, and a Multifamily Dwelling is not a “dwelling” under Regulation Z, Ficus Bank reports the business-purpose transaction as having a balloon payment.

## 5.28 Data points for certain loans subject to Regulation Z

### 5.28.1 Total loan costs or total points and fees

For Covered Loans subject to the Ability-to-Repay provisions of Regulation Z, 12 CFR 1026.43, a Financial Institution reports the following:

1. **The amount of total loan costs as disclosed, pursuant to Regulation Z, on Line D of the Closing Cost Details page of the Closing Disclosure.** The Financial Institution

reports the total loan costs if a Closing Disclosure was provided for the Covered Loan. 12 CFR 1003.4(a)(17)(i).

Financial Institutions report that this data point is not applicable for transactions that are not subject to the Ability-to-Repay provisions of Regulation Z, such as Open-End Lines of Credit, Reverse Mortgages, and Covered Loans made primarily for business or commercial purposes. Comment 4(a)(17)(i)-1. For transactions subject to the Ability-to-Repay provisions of Regulation Z for which a Closing Disclosure was not provided, Financial Institutions report that this data point is not applicable. 12 CFR 1003.4(a)(17). Financial Institutions also report that this data point is not applicable for purchased Covered Loans for which Applications were received by the selling entity prior to October 3, 2015. Comment 4(a)(17)(i)-2.

2. **The total points and fees charged in connection with the Covered Loan, calculated pursuant to Regulation Z.** The Financial Institution reports the total points and fees if the Covered Loan is not subject to Regulation Z's Closing Disclosure requirements and is not a purchased Covered Loan. 12 CFR 1003.4(a)(17)(ii).

Financial Institutions report that this data point is not applicable for transactions that are not subject to the Ability-to-Repay provisions of Regulation Z, such as Open-End Lines of Credit, Reverse Mortgages, and Covered Loans made primarily for business or commercial purposes. Comment 4(a)(17)(ii)-1. For transactions subject to the Ability-to-Repay provisions of Regulation Z for which a Closing Disclosure was provided, Financial Institutions report that this data point is not applicable. 12 CFR 1003.4(a)(17). Financial Institutions also report that this data point is not applicable for purchased Covered Loans. Comment 4(a)(17)(ii)-1.

For Covered Loans subject to the total loan cost reporting requirement, if the amount of total loan costs changes because a Financial Institution provides a corrected Closing Disclosure, the Financial Institution reports the amount disclosed in the corrected Closing Disclosure if the corrected Closing Disclosure was provided to the borrower prior to the end of the reporting period in which loan closing occurred. For this purpose, the date the corrected Closing Disclosure was provided to the borrower is the date disclosed as the "Date Issued" on the corrected Closing Disclosure. Comment 4(a)(17)(i)-3.

For Covered Loans subject to the total points and fees reporting requirement, if a Financial

Institution determines that the transaction's total points and fees exceeded the applicable limit and cures the overage pursuant to Regulation Z during the same reporting period in which closing occurred, the Financial Institution reports the revised amount of total points and fees. Comment 4(a)(17)(ii)-2.

**Example:** Ficus Bank is required to submit HMDA data quarterly. It closes a Covered Loan on January 2, 2020, and cures an overage pursuant to Regulation Z on January 9, 2020. Ficus Bank reports the revised amount of total points and fees in both its quarterly LAR submitted for first quarter data by May 30, 2020 and its annual LAR submitted in 2021 for 2020 data.

## 5.28.2 Total borrower-paid origination charges

For Covered Loans subject to the Closing Disclosure requirements of Regulation Z, 12 CFR 1026.19(f), the Financial Institution reports the total of all itemized origination charges that are designated borrower-paid at or before closing. 12 CFR 1003.4(a)(18). This total is disclosed on Line A of the Closing Cost Details page of the Closing Disclosure. For all other transactions, the Financial Institution reports that the data point is not applicable. A Financial Institution reports that the data point does not apply for purchased Covered Loans for which Applications were received by the seller prior to the effective date of the Closing Disclosure requirements of Regulation Z. Comments 4(a)(18)-1 and -2.

If the total amount of borrower-paid origination charges changes because a Financial Institution provides a corrected Closing Disclosure pursuant to Regulation Z prior to the end of the reporting period in which the loan closing occurred, the Financial Institution reports the amount disclosed in the corrected Closing Disclosure. For this purpose, the date the corrected Closing Disclosure was provided to the borrower is the date disclosed as the "Date Issued" on the corrected Closing Disclosure. Comment 4(a)(18)-3.

## 5.28.3 Total discount points

For Covered Loans subject to the Closing Disclosure requirements of Regulation Z, 12 CFR 1026.19(f), a Financial Institution reports the points paid to the creditor to reduce the interest rate. 12 CFR 1003.4(a)(19). This total is disclosed on Line A.01 of the Closing Cost Details page

of the Closing Disclosure. For all other transactions, a Financial Institution reports that the data point is not applicable. A Financial Institution reports that the data point does not apply for purchased Covered Loans for which an Application was received by the seller prior to the effective date of the Closing Disclosure requirements of Regulation Z. Comments 4(a)(19)-1 and -2.

If the total discount points change because a Financial Institution provides a corrected Closing Disclosure pursuant to Regulation Z prior to the end of the reporting period in which the loan closing occurred, the Financial Institution reports the amount disclosed in the corrected Closing Disclosure. For this purpose, the date the corrected Closing Disclosure was provided to the borrower is the date disclosed as the “Date Issued” on the corrected Closing Disclosure. Comment 4(a)(19)-3.

#### 5.28.4 Lender credits

For Covered Loans subject to the Closing Disclosure requirements of Regulation Z, 12 CFR 1026.19(f), the Financial Institution reports the amount of lender credits.

12 CFR 1003.4(a)(20). This total is disclosed in the second row under Line J on the Closing Cost Details page of the Closing Disclosure. For all other transactions, the Financial Institution reports that the data point is not applicable. A Financial Institution reports that the data point does not apply for purchased Covered Loans for which an Application was received by the seller prior to the effective date of the Closing Disclosure requirements of Regulation Z. Comments 4(a)(20)-1 and -2.

If the amount of the lender credits changes because a Financial Institution provides a corrected Closing Disclosure pursuant to Regulation Z prior to the end of the reporting period in which the loan closing occurred, the Financial Institution reports the amount disclosed in the corrected Closing Disclosure. For this purpose, the date the corrected Closing Disclosure was provided to the borrower is the date disclosed as the “Date Issued” on the corrected Closing Disclosure. Comment 4(a)(20)-3.

#### 5.28.5 Prepayment penalty term

For Covered Loans and Applications subject to Regulation Z, other than Reverse Mortgages or purchased Covered Loans, a Financial Institution reports the term of any prepayment penalty. The term is reported in months. 12 CFR 1003.4(a)(22). A Financial Institution may rely on the

definitions and official commentary to Regulation Z, 12 CFR 1026.32(b)(6)(i) or (ii), in determining whether a Covered Loan includes a prepayment penalty. For Covered Loans that are not subject to Regulation Z, Reverse Mortgages, purchased Covered Loans, and Covered Loans or Applications that have no prepayment penalty, the Financial Institution reports that this data point is not applicable.

## 5.28.6 HOEPA status

For a Covered Loan that is subject to the Home Ownership and Equity Protection Act of 1994 (HOEPA), as implemented in Regulation Z, 12 CFR 1026.32, the Financial Institution reports whether or not the Covered Loan is a high-cost mortgage under Regulation Z.

12 CFR 1003.4(a)(13). Generally, a Financial Institution will report whether or not a consumer credit transaction subject to Regulation Z and secured by a principal dwelling (as that term is interpreted under Regulation Z) is a high-cost mortgage. See 12 CFR 1026.32(a) and its official commentary to determine whether a Covered Loan is subject to HOEPA and whether or not it is a high-cost mortgage under Regulation Z. For an Application or a Covered Loan that is not subject to HOEPA, the Financial Institution reports that this data point is not applicable. Comment 4(a)(13).

## 5.29 Transaction indicators

A Financial Institution separately reports whether or not a Covered Loan is or an Application is for:

1. A Reverse Mortgage.<sup>17</sup> 12 CFR 1003.4(a)(36);
2. An Open-End Line of Credit.<sup>18</sup> 12 CFR 1003.4(a)(37); and

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<sup>17</sup> A Reverse Mortgage is a Closed-End Mortgage Loan or Open-End Line of Credit that is a reverse mortgage transaction as defined in Regulation Z, but without regard to whether the loan or line is secured by a principal dwelling. 12 CFR 1003.2(q).

3. A loan made primarily for a business or commercial purpose.<sup>19</sup> 12 CFR 1003.4(a)(38).

## 5.30 Mortgage loan originator identifier

A Financial Institution reports the Nationwide Mortgage Licensing System and Registry identifier (NMLSR ID) for the mortgage loan originator, as defined in Regulation G, 12 CFR Part 1007, or Regulation H, 12 Part 1008, as applicable. 12 CFR 1003.4(a)(34). The NMLSR ID is a unique number or other identifier generally assigned to an individual registered or licensed through NMLSR to provide loan originating services. For more information, see the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, title V of the Housing and Economic Recovery Act of 2008, 12 U.S.C. 5101 *et seq.*, and Regulation G or Regulation H, as applicable. Comment 4(a)(34)-1.

An NMLSR ID for the mortgage loan originator is not required to be reported if the mortgage loan originator is not required to obtain and has not been assigned an NMLSR ID. In those cases, the Financial Institution reports that this data point is not applicable. For example, certain individual mortgage loan originators may not be required to obtain an NMLSR ID for the particular transaction being reported, such as a commercial loan, and may not have an NMLSR ID.

Some mortgage loan originators may have obtained an NMLSR ID even if they are not required to obtain one for the particular transaction. Generally, if a mortgage loan originator has been assigned an NMLSR ID, a Financial Institution reports the mortgage loan originator's NMLSR ID regardless of whether the mortgage loan originator is required to obtain an NMLSR ID for the particular transaction being reported. Comment 4(a)(34)-2. However, there are special rules for certain purchased Covered Loans. If a Financial Institution purchases a Covered Loan that is subject to 12 CFR 1026.36(g) and that was originated prior to January 10, 2014, the

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<sup>18</sup> For more information on whether a Covered Loan is or an Application is for an Open-End Line of Credit, see Section 4.1.1.

<sup>19</sup> If a Covered Loan or Application is deemed to be primarily for a business or commercial purpose under Regulation Z, 12 CFR 1026.3(a) and its official commentary, it is also deemed to be for a business or commercial purpose under the HMDA Rule.

Financial Institution may report that the data point is not applicable or may report the NMLSR ID. If a Financial Institution purchases a Covered Loan that is not subject to 12 CFR 1026.36(g) and that was originated prior to January 1, 2018, the Financial Institution may report that the data point is not applicable or may report the NMLSR ID.

If more than one individual associated with a Covered Loan or Application meets the definition of “mortgage loan originator,” as defined in Regulation G or Regulation H, a Financial Institution reports the NMLSR ID of the individual mortgage loan originator with primary responsibility for the transaction as of the date of action taken. A Financial Institution that establishes and follows a reasonable, written policy for determining which individual mortgage loan originator has primary responsibility for the reported transaction as of the date of action taken complies with this reporting requirement. Comment 4(a)(34)-3.

## 5.31 Type of purchaser

A Financial Institution reports the type of purchaser for a Covered Loan if the Financial Institution: (a) originated the Covered Loan it is reporting and sold it within the same calendar year; or (b) purchased the Covered Loan it is reporting and then sold it within the same calendar year. 12 CFR 1003.4(a)(11). When reporting the type of purchaser, a Financial Institution reports the type of entity that purchased the Covered Loan from the Financial Institution, using one of the following:

1. Fannie Mae.
2. Ginnie Mae.
3. Freddie Mac.
4. Farmer Mac.
5. Private securitizer, which is an entity (other than one of the government-sponsored enterprises listed in 1 through 4 immediately above) that the Financial Institution knows or reasonably believes will securitize the Covered Loan. Knowledge or reasonable belief could, for example, be based on the purchase agreement or other related documents, the Financial Institution’s previous transactions with the purchaser, or the purchaser’s role as a securitizer (such as an investment bank). If the Financial Institution selling the Covered Loan does not know or reasonably believe that the purchaser will securitize the loan, and the seller knows

that the purchaser frequently holds or disposes of loans by means other than securitization, then the Financial Institution reports the Covered Loan as purchased by, as appropriate, one of the other types of purchasers. Comment 4(a)(11)-4.

If the purchaser meets the criteria to be a private securitizer and fits within one of the other reportable categories in 6 through 10 below (including affiliate institution), the Financial Institution reports that the purchaser is a private securitizer. Comment 4(a)(11)-4.

6. Affiliate institution, which means a company that controls, is controlled by, or is under common control with the Financial Institution. The term has the meaning set forth in the Bank Holding Company Act of 1956, 12 U.S.C. 1841 *et seq.* If a purchaser meets the criteria to be an affiliate institution and also fits within one of the other reportable types of purchaser in 7 through 10 below (but not private securitizer above), the Financial Institution reports that the purchaser is an affiliate institution. Comment 4(a)(11)-3.
7. Commercial bank, savings bank, or savings association.
8. Credit union, mortgage company, or finance company. A mortgage company is a nondepository institution that purchases Covered Loans and, typically, originates Covered Loans. Comment 4(a)(11)-5.
9. Life insurance company.
10. Other, which is a purchaser that is not any of the above. A Financial Institution would report the purchaser type of “other” if the purchaser was a bank holding company or thrift holding company that is not a private securitizer and is not an affiliate of the Financial Institution. Comment 4(a)(11)-7.

If a Financial Institution sells some interest or interests in a Covered Loan but retains a majority interest in that Covered Loan, the Financial Institution does not report the sale or type of purchaser (*i.e.*, it reports that this data point is not applicable). Comment 4(a)(11)-1.

If a Financial Institution sells all or a majority interest in the Covered Loan to more than one entity, the Financial Institution reports the type of purchaser based on the entity purchasing the greatest interest in the Covered Loan. Comment 4(a)(11)-1.

Covered Loans “swapped” for mortgage-backed securities are to be treated as sales, and the purchaser is the entity receiving the Covered Loans that are swapped. Comment 4(a)(11)-2.

A Financial Institution reports that this data point is not applicable:



1. If a Financial Institution sells some interest or interests in a Covered Loan but retains a majority interest in the loan;
2. For an Application that is denied, withdrawn, closed for incompleteness, or approved but not accepted; or
3. For a Covered Loan that the Financial Institution does not sell during the same calendar year that it originated or purchased the Covered Loan. Comments 4(a)(11)-1 and -10.

A Financial Institution records that the requirement to report type of purchaser is not applicable if the Financial Institution originated or purchased a Covered Loan and did not sell it during the calendar quarter for which the Financial Institution is recording the data. If the Financial Institution sells the Covered Loan in a subsequent quarter of the same calendar year, the Financial Institution records the type of purchaser on its LAR for the quarter in which the Covered Loan was sold. If a Financial Institution sells the Covered Loan in a succeeding year, the Financial Institution should not record or report the sale. Comment 4(a)(11)-9.

# 6. Recording and reporting

## 6.1 Recording

The HMDA Rule requires a Financial Institution to 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. 12 CFR 1003.4(f). A Financial Institution is not required to record all of its HMDA data for a quarter on a single LAR. Rather, a Financial Institution may record data on a single LAR or may record data on one or more LARs for different branches or different loan types (such as Home Purchase Loans or Home Improvement Loans, or loans on Multifamily Dwellings). Comment 4(f)-1.

Other State or Federal regulations may require a Financial Institution to record its data on a LAR more frequently. Comment 4(f)-2.

Financial Institutions may maintain their quarterly records in electronic or any other format, provided they can make the information available to their regulatory agencies in a timely manner upon request. Comment 4(f)-3.

## 6.2 Reporting

In addition to the required data discussed in Section 5, above, effective January 1, 2019, a Financial Institution must include the following when it submits its HMDA data:

1. Its name;
2. The calendar year and, effective January 1, 2020, if applicable, the calendar quarter to which the data relate (see Section 6.2.2 for information on quarterly reporting);

3. The name and contact information for a person who can be contacted with questions about the submission;
4. The Financial Institution's appropriate Federal agency;
5. The total number of entries in the submission;
6. The Financial Institution's Federal Taxpayer Identification Number (TIN); and
7. The Financial Institution's LEI. 12 CFR 1003.5(a)(3).

If the appropriate Federal agency for a Financial Institution changes, the Financial Institution must identify its new appropriate Federal agency in its annual submission for the year of the change. Comment 5(a)-2. For example, if a Financial Institution's appropriate Federal agency changes in February 2018, it must identify its new appropriate Federal agency beginning with its annual submission of 2018 data by March 1, 2019. For a Financial Institution required to comply with quarterly reporting requirements (see Section 6.2.2), the Financial Institution also must identify its new appropriate Federal agency in its quarterly submission beginning with its submission for the quarter of the change, unless the change occurs during the fourth quarter. For example, if the appropriate Federal agency for a Financial Institution changes during February 2020, the Financial Institution must identify its new appropriate Federal agency beginning with its quarterly submission for the first quarter of 2020. Comment 5(a)-2.

If a Financial Institution obtains a new TIN, it must provide the new TIN in its subsequent data submissions. For example, if two Financial Institutions that previously reported HMDA data merge and the surviving Financial Institution retained its LEI but obtained a new TIN, the surviving Financial Institution reports the new TIN beginning with its next HMDA data submission. Comment 5(a)-5.

A Financial Institution that is a subsidiary of a bank or savings association must complete its own LAR and submit it, directly or through its parent, to the appropriate Federal agency for the subsidiary's parent. 12 CFR 1003.5(a)(2). A Financial Institution is a subsidiary of a bank or savings association (for purposes of reporting HMDA data to the same agency as the parent) if the bank or savings association holds or controls an ownership interest in the Financial Institution that is greater than 50 percent. Comment 5(a)-6.

## 6.2.1 Annual reporting

The HMDA Rule maintains the annual reporting requirement, but requires Financial Institutions to submit data electronically in accordance with the procedures published by the Bureau and posted at <http://www.consumerfinance.gov/hmda>. 12 CFR 1003.5(a)(5).

Under the HMDA Rule, a Financial Institution must submit its annual LAR in electronic format to its appropriate Federal agency by March 1 of the year following the calendar year for which data are collected. Appendix A to Part 1003 (through December 31, 2018); 12 CFR 1003.5(a)(1)(i) (after December 31, 2018). An individual who is an authorized representative of the Financial Institution and who has knowledge regarding the submitted data must certify its accuracy and completeness. Appendix A to Part 1003 (through December 31, 2018); 12 CFR 1003.5(a)(1)(i) (after December 31, 2018).

A Financial Institution must retain a copy of its submitted annual LAR for at least three years. 12 CFR 1003.5(a)(1)(i). Financial Institutions may retain their annual LARs in either paper or electronic form. Comment 5(a)-4.

For more information on reporting under the HMDA Rule or on the electronic submission of data, please see <http://www.consumerfinance.gov/hmda>.

## 6.2.2 Quarterly reporting

The HMDA Rule requires some Financial Institutions to report data on a quarterly basis as well as on an annual basis. The quarterly reporting requirement is effective January 1, 2020. It applies to a Financial Institution that reported at least 60,000 originated Covered Loans and Applications (combined) for the preceding calendar year. The Financial Institution does not count purchased Covered Loans when determining whether the quarterly reporting requirement applies. If quarterly reporting is required, the Financial Institution must report all data required to be recorded for the calendar quarter within 60 calendar days after the end of the calendar quarter. The quarterly reporting requirement does not apply, however, to the fourth quarter of the year. A Financial Institution subject to the quarterly reporting requirement reports its fourth quarter data as part of its annual submission. In its annual submission, a quarterly reporter will resubmit the data previously submitted for the first three calendar quarters of the year, including any corrections to the data, as well as its fourth quarter data. 12 CFR 1003.5(a)(ii).

## 6.3 Disclosure of data

### 6.3.1 Disclosure statement

Effective January 1, 2018, the HMDA Rule changes Regulation C's disclosure statement requirements. The changes apply to data collected in 2017 and later years. Under the HMDA Rule, the FFIEC shall 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.

12 CFR 1003.5(b)(1). No later than three business days (any calendar day other than a Saturday, Sunday, or legal public holiday) 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). 12 CFR 1003.5(b)(2); comment 5(b)-1. A Financial Institution may, but is not required to, use the sample notice in [Attachment C](#) to satisfy the HMDA Rule's disclosure statement requirement. The notice may be made available in paper or electronic form. Comment 5(b)-2.

A Financial Institution must make the notice available to the public for a period of five years.

12 CFR 1003.5(d)(1).

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. 12 CFR 1003.5(d)(2). Even if it provides the disclosure statement, a Financial Institution must comply with the notice requirement.

### 6.3.2 Modified LAR

Effective January 1, 2018, the HMDA Rule changes a Financial Institution's obligations with respect to disclosing its modified LAR. The new requirements apply to data collected in 2017 and later years.

Beginning in 2018, upon request from a member of the public, a Financial Institution must provide a written notice regarding the availability of its modified LAR. The written notice must

clearly convey that the Financial Institution's LAR, as modified by the Bureau to protect borrower and applicant privacy, may be obtained on the Bureau's website at [www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda). 12 CFR 1003.5(c).

A Financial Institution may, but is not required to, use the sample notice in [Attachment C](#) to satisfy the HMDA Rule's modified LAR requirement. Comment 5(c)-2. A Financial Institution may, but is not required to, use the same notice for purposes of this disclosure requirement and the disclosure statement requirement discussed in Section 6.3.1. The notice may be made available in paper or electronic form. Comment 5(c)-1.

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. 12 CFR 1003.5(d)(1). For example, in calendar year 2021, a Financial 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. 12 CFR 1003.5(d)(2). Even if it decides to provide the modified LAR, a Financial Institution must comply with the notice requirement.

### 6.3.3 Posted notices

The HMDA Rule modifies Regulation C's posting requirement. Beginning January 1, 2018, 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. 12 CFR 1003.5(e). A Financial Institution may, but is not required to, use the sample notice in [Attachment C](#) to satisfy this requirement. In any case, the notice must clearly convey that the Financial Institution's HMDA data are available on the Bureau's website at [www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda). Comment 5(e).

### 6.3.4 Aggregated data

The FFIEC will use the annual data submitted pursuant to the HMDA Rule to make available aggregated data for each MSA and MD, showing lending patterns by property location, age of housing stock, and income level, sex, ethnicity, and race. 12 CFR 1003.5(f).

## 7. Enforcement provisions

A violation of Regulation C, both before and after the effective date of the HMDA Rule, is subject to administrative sanctions, including civil money penalties. Compliance can be enforced by the Federal Reserve Board, Federal Deposit Insurance Corporation, the Office of the Comptroller of Currency, the National Credit Union Administration, HUD, or the Bureau.

An error in compiling or recording data for a Covered Loan or Application is not a violation of HMDA or Regulation C if the error was unintentional and occurred despite maintenance of procedures reasonably adapted to avoid such errors. 12 CFR 1003.6(b)(1). However, a Financial Institution that obtains the property-location information for Applications and Covered Loans from third parties is responsible for ensuring that the information reported is correct. An incorrect entry for a census tract number is deemed a bona fide error and is not a violation if the Financial Institution maintains procedures reasonably adapted to avoid such an error. 12 CFR 1003.6(b)(2). Additionally, a census tract error is not a violation of HMDA or Regulation C if the Financial Institution obtained the census tract number from a geocoding tool on the Bureau's website. However, a Financial Institution's failure to provide the correct census tract number because the geocoding tool did not provide any census tract number for the property address is not excused as a bona fide error. Similarly, the failure to enter the correct census tract number because the Financial Institution entered an incorrect property address into the geocoding tool is not excused as a bona fide error. Comment 6(b)-2.

If a Financial Institution makes a good-faith effort to record all data fully and accurately within 30 calendar days after the end of the calendar quarter as required under the HMDA Rule, but some data are inaccurate or incomplete, the inaccuracy or omission is not a violation of HMDA or Regulation C if the Financial Institution corrects or completes the data prior to submitting its annual LAR. 12 CFR 1003.6(c)(1).

If a Financial Institution that is required to submit quarterly data makes a good-faith effort to report all data fully and accurately within 60 calendar days as required under the HMDA Rule,

but some data are inaccurate or incomplete, the inaccuracy or omission is not a violation of HMDA or Regulation C if the Financial Institution corrects or completes the data prior to submitting its annual LAR. 12 CFR 1003.6(c)(2).



# 8. Mergers and acquisitions

## 8.1 Determining coverage

After a merger or acquisition, the surviving or newly formed institution is subject to Regulation C, effective January 1, 2018, if it satisfies the coverage criteria for either a Depository Financial Institution or a Nondepository Financial Institution. See Section 3 for more information on institutional coverage. When determining whether the institution is covered, the surviving or newly formed institution must consider the combined assets, locations, and lending activities of the surviving or newly formed entity and the merged or acquired entities or acquired branches. Comment 2(g)-3.

## 8.2 Reporting responsibility for calendar year of merger or acquisition

The following discusses the applicability of the HMDA Rule during the calendar year of a merger or acquisition:

1. If two institutions that are not subject to Regulation C merge, but the newly formed or surviving institution is subject to Regulation C, no data collection is required for the calendar year of the merger.
2. When a branch office of an institution that is not subject to Regulation C is acquired by another institution that is not subject to Regulation C, and the acquisition results in the acquiring institution becoming subject to Regulation C, no data collection is required for the calendar year of the acquisition.

3. If an institution that is subject to Regulation C and an institution that is not subject to Regulation C merge, and the surviving or newly formed institution is subject to Regulation C, for the calendar year of the merger, data collection is required for Covered Loans and Applications handled in the offices of the institution that was previously subject to Regulation C. For the calendar year of the merger, data collection is optional for Covered Loans and Applications handled in offices of the institution that was not previously subject to Regulation C.
4. When an institution that is subject to Regulation C acquires a branch office of an institution that is not subject to Regulation C, data collection is optional for Covered Loans and Applications handled by the acquired branch office for the calendar year of the acquisition.
5. If an institution that is subject to Regulation C and an institution that is not subject to Regulation C merge and the surviving or newly formed institution is not subject to Regulation C, data collection is required for Covered Loans and Applications handled prior to the merger in the previously covered institution's offices. After the merger date, data collection is optional for Covered Loans and Applications handled in the offices of the institution that was previously covered.
6. When an institution that is not subject to Regulation C acquires a Branch Office of an institution that is subject to Regulation C but that acquisition does not result in the acquiring institution becoming subject to Regulation C, data collection is required for transactions of the acquired Branch Office that take place prior to the acquisition. Data collection by the acquired Branch Office is optional for transactions taking place in the remainder of the calendar year of the acquisition.
7. If two or more institutions that are subject to Regulation C merge and the surviving or newly formed institution is also subject to Regulation C, data collection is required for the entire calendar year of the merger. The surviving or newly formed Financial Institution files either a consolidated submission or separate submissions for that calendar year.
8. When one institution subject to Regulation C acquires a Branch Office of another covered institution, data collection is required for the entire calendar year of the merger. Data for the acquired Branch Office may be submitted by either Financial Institution. Comment 2(g)-4.

## 8.3 Changes to appropriate Federal agency or TIN

Under the HMDA Rule, if the appropriate Federal agency for a Financial Institution changes, the Financial Institution must identify its new appropriate Federal agency in its annual submission for the year of the change. For example, if a Financial Institution's appropriate Federal agency changes in February 2019, it must identify its new appropriate Federal agency beginning with the annual submission of its 2019 data by March 1, 2020. For a Financial Institution required to comply with quarterly reporting requirements, the Financial Institution also must identify its new appropriate Federal agency in its quarterly submissions, beginning with its submission for the quarter of the change, unless the change occurs during the fourth quarter. Comment 5(a)-2. For example, if the appropriate Federal agency for a Financial Institution changes during February 2020, the Financial Institution must identify its new appropriate Federal agency beginning with its quarterly submission for the first quarter of 2020.

If a Financial Institution obtains a new TIN, it should provide the new number in its subsequent data submission. For example, if two Financial Institutions that previously reported HMDA data merge and the surviving Financial Institution retained its LEI but obtained a new TIN, then the surviving Financial Institution should report the new TIN with its next HMDA data submission. Comment 5(a)-5.

## 8.4 Determining quarterly reporting coverage

In the calendar year of a merger, the HMDA Rule requires a surviving or newly formed Financial Institution to report quarterly, beginning with the first quarterly submission due date after the date of the merger, if when added together the surviving or newly formed Financial Institution and all Financial Institutions that merged reported at least 60,000 originated Covered Loans and Applications for the preceding calendar year. Similarly, in the calendar year of an acquisition, the surviving Financial Institution is required to report quarterly, beginning with the first quarterly submission due date after the date of the acquisition, if when added together the surviving Financial Institution and the acquired Financial Institution(s) or Branch Office(s) reported at least 60,000 originated Covered Loans and Applications for the preceding calendar

year. If a Financial Institution acquires one or more Branch Offices of another Financial Institution but does not acquire the Financial Institution, it is required to count only the originated Covered Loans and Applications for the Branch Offices(s) that it acquired. Comment 5(a)-1.ii.

In the calendar year following a merger or acquisition, the surviving or newly formed Financial Institution is required to comply with the quarterly reporting requirements if a combined total of at least 60,000 originated Covered Loans and Applications is reported for the preceding calendar year by or for the surviving or newly formed Financial Institution and each Financial Institution or Branch Office that merged or was acquired. Comment 5(a)-1.iii.

# 9. Practical implementation and compliance considerations

This section of the guide sets forth some general compliance and practical implementation considerations related to the HMDA Rule. However, it is not a compliance plan and does not include every compliance or implementation issue that an institution may need to consider.

Each institution will need to determine its obligations under the HMDA Rule and the best way for the institution to comply with them. Depending on the institution, compliance could involve preparing or changing policies, procedures, and processes. It could also result in changes to the institution's operations and its relationships with third parties, such as vendors. It could involve additional staffing and training.

Institutions should consult with their legal counsel and compliance officers to understand their obligations under the HMDA Rule and to prepare and implement compliance plans.

## 9.1 Identifying affected institutions, products, departments, and staff

When planning, institutions should first determine if they are likely to be subject to the HMDA Rule and, if so, identify their affected products, departments, and staff. The effects on these products, departments, and staff may vary greatly depending on the institution's size, organizational structure, and the complexity of its operations and systems.

First, an institution should assess whether or not it will be a Financial Institution subject to the HMDA Rule. This assessment can be done by reviewing the HMDA Rule's effective dates and criteria for institutional coverage. It is important to note that the coverage criteria for depository institutions change in 2017, and the coverage criteria for all institutions change effective January 1, 2018. Additionally, the loan-volume threshold criterion for Open-End Lines of Credit changes from 500 to 100 Open-End Lines of Credit effective January 1, 2020. A bank, savings association, or credit union should review both the 2017 and 2018 changes as well as the loan-volume threshold for Open-End Lines of Credit that is effective January 1, 2020. A nondepository institution will need to review only the 2018 changes and the change to the loan-volume threshold for Open-End Lines of Credit. For more information on which institutions are subject to the HMDA Rule, see Section 3 of this guide. An institution can also use the [HMDA Institutional Coverage Charts](#) to help it determine if it is subject to Regulation C, as amended by the HMDA Rule. However, the HMDA Institutional Coverage Charts and this guide are not substitutes for the HMDA Rule.

Second, a Financial Institution must assess which of its products and services involve Covered Loans and reportable activity under the HMDA Rule. For more information on which transactions relate to Covered Loans and reportable activity, see Section 4 of this guide.

It is important to note that the HMDA Rule may not require a Financial Institution to report Open-End Lines of Credit. Initially, a Financial Institution is not required to collect or report information about Open-End Lines of Credit if it originated fewer than 500 Open-End Lines of Credit in either of the preceding two calendar years. Effective January 1, 2020, a Financial Institution is not required to collect or report information about Open-End Lines of Credit if it originated fewer than 100 Open-End Lines of Credit in either of the preceding two calendar years. For more information on Open-End Lines of Credit, Covered Loans, and Excluded Transactions, see Section 4.1 of this guide.

After determining which of its products and services involve transactions that must be reported, a Financial Institution can begin to assess which of its departments, systems, and staff will be affected.

Third, the Financial Institution should determine what information it must report and how it will collect this information. The information that a Financial Institution must report might vary depending on the type of transaction being reported. For example, a Financial Institution may not be required to collect and report the same information for a purchased Covered Loan as

for an originated Covered Loan. It might not be required to report the same information for a business-purpose loan as for a consumer-purpose loan.

After determining what information must be collected and reported for reportable transactions, a Financial Institution can refine its assessment regarding which of its systems, departments, and staff will be affected by the HMDA Rule.

### 9.1.1 Identifying changes to business processes, policies, and systems

The requirements of the HMDA Rule may affect a number of a Financial Institution's business systems, processes, and policies. A review should be conducted of existing business processes, policies, and systems that the Financial Institution, its agents, and other business partners use. Identifying impacts early will allow the Financial Institution to understand what changes will be needed to support ongoing compliance.

When reviewing its existing processes, policies, and systems, a Financial Institution should consider the HMDA Rule's requirement to submit data electronically beginning in 2018. Beginning in 2018, Financial Institutions will not be able to use paper-based submissions for HMDA data. The Bureau has created a web-based tool for submission of HMDA data. Financial Institutions should become familiar with the new web-based submission tool and be able to use it to submit data beginning in 2018. For more information on the web-based submission tool, see <http://www.consumerfinance.gov/hmda/>.

Financial Institutions may need to revise or develop processes and policies to comply with the changes to transactional coverage. For example, a Financial Institution may need to develop new processes and policies to comply with the reporting requirements for Open-End Lines of Credit.

### 9.1.2 Identifying impacts to key service providers or business partners

Financial Institutions should review their arrangements and agreements with third parties engaged for services related to mortgage or other support activities. Close coordination and discussion of implementation plans with these vendors and business partners is critical to

ensure that the services for which they are engaged will continue to support the Financial Institution's business needs and comply with all regulatory and legal obligations.

Third-party relationships may need to be reviewed and adjusted to satisfy requirements for collecting, recording, or reporting required HMDA data, updating compliance and quality control systems and processes, and ensuring record management requirements are in place. If the Financial Institution seeks the assistance of vendors or business partners, it is responsible for understanding the extent of the assistance that they provide. Also, the data collection and reporting requirements in the HMDA Rule reinforce the need to assess current integrations between the Financial Institution's technology platforms and those of its third-party providers to determine what updates are necessary.

Software providers, other vendors, and business partners may offer compliance solutions that can assist with any necessary changes. Identifying these key partners will depend on the Financial Institution's business model. For example, Financial Institutions may find it helpful to coordinate and discuss potential implementation issues with their correspondents, secondary market partners, and technology vendors. In some cases, institutions may need to negotiate revised or new contracts with these parties, or seek a different set of services.

The Bureau expects supervised banks and nonbanks to have an effective process for managing the risks of service provider relationships. For more information, see CFPB Bulletin 2012-03 at [http://files.consumerfinance.gov/f/201204\\_cfpb\\_bulletin\\_service-providers.pdf](http://files.consumerfinance.gov/f/201204_cfpb_bulletin_service-providers.pdf).

## 9.2 Implementation and compliance management support activities

### 9.2.1 Implementation and compliance management

Financial Institutions should develop implementation plans and follow change management procedures to implement the requirements of the HMDA Rule based on an assessment of impacts. The plans should be developed in consultation with, or reviewed by, key stakeholders such as legal, compliance, and information technology departments. Implementation plans should be proactively and clearly communicated to the Board of Directors and senior management.



Policies, procedures, and process maps may need to be updated to reflect the changes made to business processes in response to the requirements of the HMDA Rule. In addition, Financial Institutions' compliance management systems and other risk management supporting activities may need to be adjusted to reflect the requirements of the HMDA Rule.

The HMDA Rule changes the way that HMDA data will be disclosed. These changes will require Financial Institutions to provide new notices and post revised notices. They may also affect policies and procedures. A Financial Institution may, but is not required to, use the model notices in [Attachment C](#). For more information on disclosure requirements, see Section 6.3 of this guide.

The HMDA Rule's changes regarding the collection and reporting of an applicant's ethnicity, race, and sex will require that Financial Institutions revise their collection forms or Application forms. For more information on collecting ethnicity, race, and sex information see Section 5.1 of this guide and appendix B to the HMDA Rule.

When implementing its compliance plan, a Financial Institution should note that many of the HMDA Rule's effective dates are applicable based on when a Financial Institution takes final action, not when it received an Application. For example, a Financial Institution collects the revised data points under the HMDA Rule for Applications on which final action is taken on or after January 1, 2018. Therefore, a Financial Institution may need a way to collect the information related to the revised data points for some Applications received in 2017. However, the HMDA Rule provides a transition provision for the collection of ethnicity, race, and sex information. For Applications received on or after January 1, 2018, a Financial Institution collects the ethnicity, race, and sex information required under the HMDA Rule. See the sample collection form attached as Attachment A.. For Applications received between January 1, 2017 and December 31, 2017, a Financial Institution may use, at its option, the revised collection form with disaggregated ethnic and race categories and subcategories as instructed in the HMDA Rule. Alternatively, for applications received before January 1, 2018, a Financial Institution may collect applicant information using a collection form that applies with the Regulation C requirements in effect prior to January 1, 2018.

## 9.2.2 HMDA responsibilities

A Financial Institution's management should ensure that procedures and systems exist to collect and maintain accurate data for each Covered Loan and Application that the Financial Institution

is responsible for reporting. The individual(s) assigned responsibility for preparing and maintaining the data should understand the regulatory requirements and be provided the resources and tools needed to produce complete and accurate data. Appropriate record entries for a Covered Loan or Application must be made on a LAR within 30 calendar days after the end of the calendar quarter in which the final action occurs (such as origination or purchase of a Covered Loan, or denial or withdrawal of an Application). The data must be submitted on time, and the institution should respond promptly to any questions that may arise during the processing of data submitted. An authorized representative of the Financial Institution with knowledge of the data submitted must certify the accuracy and completeness of the annual data submitted.

### 9.2.3 Staffing and training

To ensure that it can meet its obligations under the HMDA Rule, a Financial Institution should evaluate current staffing levels and relevancy and adequacy of training provided to employees. These employees likely include operations and lending-related staff such as loan officers, processors, compliance, and quality-control staff, as well as others who approve, process, or monitor mortgage loans. Training may also be required for other individuals that the Financial Institution, its agents, or its business partners employ.

Execution of tasks related to the preparation of reports or records are likely performed by compliance personnel of Financial Institutions. For some Financial Institutions, however, the data intake and transcribing stage could involve loan officers or processors whose primary function is to evaluate or process Applications. For example, loan officers may obtain information from applicants and input that information into the reporting system.

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, race, and sex) 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. You may select one or more designations for "Ethnicity" and one or more designations for "Race."

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, race, and sex on the basis of visual observation or surname. If you do not wish to provide some or all of this information, please check below.

**Applicant:**

**Ethnicity:** – Check one or more

- Hispanic or Latino
    - Mexican
    - Puerto Rican
    - Cuban
    - Other Hispanic or Latino – *Print origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on:*
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|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
- Not Hispanic or Latino
  - I do not wish to provide this information

**Race:** – Check one or more

- American Indian or Alaska Native – *Print name of enrolled or principal tribe:*
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|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
- Asian
    - Asian Indian
    - Chinese
    - Filipino
    - Japanese
    - Korean
    - Vietnamese
    - Other Asian – *Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on:*
- |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
- Black or African American
  - Native Hawaiian or Other Pacific Islander
    - Native Hawaiian
    - Guamanian or Chamorro
    - Samoan
    - Other Pacific Islander – *Print race, for example, Fijian, Tongan, and so on:*
- |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
- 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 an application taken in person):**

- Was the ethnicity of the applicant collected on the basis of visual observation or surname?
- Yes
  - No
- Was the race of the applicant collected on the basis of visual observation or surname?
- Yes
  - No
- Was the sex of the applicant collected on the basis of visual observation or surname?
- Yes
  - No

**Co-Applicant:**

**Ethnicity:** – Check one or more

- Hispanic or Latino
    - Mexican
    - Puerto Rican
    - Cuban
    - Other Hispanic or Latino – *Print origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on:*
- |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
- Not Hispanic or Latino
  - I do not wish to provide this information

**Race:** – Check one or more

- American Indian or Alaska Native – *Print name of enrolled or principal tribe:*
- |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
- Asian
    - Asian Indian
    - Chinese
    - Filipino
    - Japanese
    - Korean
    - Vietnamese
    - Other Asian – *Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on:*
- |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
- Black or African American
  - Native Hawaiian or Other Pacific Islander
    - Native Hawaiian
    - Guamanian or Chamorro
    - Samoan
    - Other Pacific Islander – *Print race, for example, Fijian, Tongan, and so on:*
- |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
- White
  - I do not wish to provide this information

**Sex:**

- Female
- Male
- I do not wish to provide this information

- Was the ethnicity of the co-applicant collected on the basis of visual observation or surname?
- Yes
  - No
- Was the race of the co-applicant collected on the basis of visual observation or surname?
- Yes
  - No
- Was the sex of the co-applicant collected on the basis of visual observation or surname?
- Yes
  - No

# ATTACHMENT B:

## Action taken chart

Scenarios	Reportable Action Taken	Reportable Date
<p>Financial Institution made a credit decision approving an Application, including a preapproval request, before loan closing or account opening and that credit decision resulted in a Covered Loan being originated. Comments 4(a)(8)(i)-1.</p> <p>Financial Institution made counteroffer and applicant accepted resulting in a Covered Loan being originated. Comments 4(a)(8)(i)-9 and 4(a)(8)(ii)-5.</p>	<p>Loan originated</p>	<p>Generally, loan closing or account opening date. If applicable, can be: later date of initial funds disbursement; date Financial Institution acquired Covered Loan from the party that initially received the Application; or, for a construction-to-permanent loan, date Covered Loan converts to permanent financing</p>
<p>Financial Institution purchased a Covered Loan after closing or account opening, and Financial Institution did not make a credit decision on the Application prior to closing or account opening. Comments 4(a)(8)(i)-2 and 4(a)(8)(ii)-6.</p> <p>Financial Institution made a credit decision on an Application prior to closing or account opening, but repurchased the Covered Loan from another entity to which the Financial Institution had sold it. Comments 4(a)(8)(i)-2 and 4(a)(8)(ii)-6.</p>	<p>Loan purchased</p>	<p>Date of purchase</p>

Financial Institution made a credit decision approving an Application before loan closing or account opening, all conditions were satisfied, Financial Institution agreed to extend credit, but a Covered Loan was not originated. Comments 4(a)(8)(i)-3, 4(a)(8)(i)-13, and 4(a)(8)(ii)-4.

Financial Institution made a credit decision approving an Application subject to conditions that are solely customary commitment or closing conditions,<sup>20</sup> and the conditions were not all met. Comments 4(a)(8)(i)-13 and 4(a)(8)(ii)-4.

Financial Institution made a credit decision approving an Application, subject solely to outstanding conditions that are customary commitment or closing conditions, but applicant failed to respond or a Covered Loan was not originated. Comments 4(a)(8)(i)-3 and 4(a)(8)(ii)-4.

Application approved but not accepted

Any reasonable date, such as approval date, deadline for accepting offer, or date file was closed

Financial Institution made a credit decision approving an Application, all underwriting and creditworthiness conditions<sup>21</sup> were met, outstanding conditions were solely customary commitment or closing conditions, and applicant expressly withdrew before a Covered Loan was originated. Comments 4(a)(8)(i)-13 and 4(a)(8)(ii)-4.

Covered Loan was originated, but Borrower rescinded after closing and before Financial Institution was required to submit its LAR containing information for the Covered Loan. Comments 4(a)(8)(i)-10 and 4(a)(8)(ii)-4.

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<sup>20</sup> Customary commitment or closing conditions include: a clear-title requirement, an acceptable property survey, acceptable title insurance binder, clear termite inspection, a subordination agreement from another lienholder, and, where the applicant plans to use the proceeds from the sale of one home to purchase another, a settlement statement showing adequate proceeds from the sale. Comment 4(a)(8)(i)-13.ii.

<sup>21</sup> Underwriting or creditworthiness conditions include: conditions that constitute a counter-offer, (such as a demand for a higher down-payment), satisfactory debt-to-income or loan-to-value ratios, a determination of need for private mortgage insurance, a satisfactory appraisal requirement, or verification or confirmation, in whatever form the Financial Institution requires, that the applicant meets underwriting conditions concerning applicant creditworthiness, including documentation or verification of income or assets. Comment 4(a)(8)(i)-13.iii.

Financial Institution denied an Application before applicant withdrew it and before file was closed for incompleteness. Comments 4(a)(8)(i)-4 and 4(a)(8)(ii)-2.

Application denied

Date Application is denied or date notice sent to applicant

Financial Institution provided conditional approval specifying underwriting or creditworthiness conditions that were not all met. Comments 4(a)(8)(i)-13 and 4(a)(8)(ii)-2.

Financial Institution made a counteroffer to lend on different terms than applicant's initial request, and applicant did not accept the counteroffer, declined to proceed, or failed to respond. Comments 4(a)(8)(i)-9 and 4(a)(8)(ii)-2.

Application denied (based on the original terms requested by applicant)

Date Application is denied or date notice sent to applicant

Financial Institution made counteroffer to lend on terms different than applicant's initial request, applicant agreed to proceed with terms of counteroffer, then Financial Institution conditionally approves application subject to underwriting or creditworthiness conditions, and applicant expressly withdraws before satisfying all underwriting and creditworthiness conditions and before the Financial Institution denies the Application or closes the file for incompleteness. Comment 4(a)(8)(i)-9.

Application withdrawn

Date the express withdrawal was received or date shown on the notification form (if written withdrawal)

Application expressly withdrawn by applicant before Financial Institution made a credit decision denying or approving the Application and before file was closed for incompleteness. Comments 4(a)(8)(i)-5 and 4(a)(8)(ii)-3.

Financial Institution provided conditional approval specifying underwriting or creditworthiness conditions, and the Application was expressly withdrawn by the applicant before the applicant satisfied all specified underwriting or creditworthiness conditions and before the Financial Institution denied the loan or closed the file for incompleteness. Comments 4(a)(8)(i)-5 and 4(a)(8)(ii)-3.

Application withdrawn

Date the express withdrawal was received or date shown on the notification form (if written withdrawal)

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Financial Institution approved an Application, subject to underwriting or creditworthiness conditions, sent notice of incompleteness under Regulation B, but the applicant failed to respond within the specified time. Comments 4(a)(8)(i)-13 and 4(a)(8)(ii)-2.

Applicant had not satisfied all underwriting or creditworthiness conditions, Financial Institution sent written notice of incompleteness under Regulation B, and the applicant did not respond to the request for additional information within the period of time specified in the notice. Comments 4(a)(8)(i)-6 and 4(a)(8)(ii)-2.

File closed for incompleteness  
Note: A preapproval request that is closed for incompleteness is not reportable under HMDA

Date file was closed or date notice sent to applicant

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Applicant had not satisfied all underwriting or creditworthiness conditions, Financial Institution sent written notice of incompleteness under Regulation B, the applicant did not respond, then the Financial Institution provided notice of adverse action on basis of incompleteness under Regulation B. Comments 4(a)(8)(i)-6 and 4(a)(8)(ii)-2.

Either file closed for incompleteness or application denied  
Note: A preapproval request that is closed for incompleteness is not reportable under HMDA

Date file was closed, Application was denied (as applicable), or notice sent to applicant

<p>Application was a request for a preapproval under a Preapproval Program, the Financial Institution approved the preapproval request, but the Application did not result in the Financial Institution originating a Covered Loan. Comments 4(a)(8)(i)-8 and 4(a)(8)(ii)-4.</p>	<p>Preapproval request approved but not accepted</p>	<p>Any reasonable date, such as approval date, deadline for accepting offer, or date file was closed</p>
<p>Application was request for a preapproval under Preapproval Program, and the Financial Institution made a credit decision denying the preapproval request. Comments 4(a)(8)(i)-7 and 4(a)(8)(ii)-2.</p>	<p>Preapproval request denied</p>	<p>Date preapproval request was denied or date notice sent to applicant</p>



## ATTACHMENT C:

### Sample notices

**Below is a sample notice that can be provided to members of the public upon request to satisfy § 1003.5(b)(2) and (c). The following language is suggested, but is not required.**

#### 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.

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**Below is a sample posted notice that can be used to satisfy § 1003.5(e) and inform the public of availability of HMDA data. The following language is suggested, but is not required.**

#### 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 Consumer Financial Protection Bureau's Web site ([www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda)).

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# Appendix

## APPENDIX C: Instructions on Collection of Data on Ethnicity, Race, and Sex

Intro

A: Overview of Data Requirements Chart

B: HMDA Small Entity Compliance Guide

**C: Instructions on Collection of Data on Ethnicity, Race, and Sex**

D: Institutional Coverage Chart

E: Transactional Coverage Chart

F: Regulation C

G: Official Interpretations to Regulation C

H: Federal HMDA Reporting Agencies

I: HMDA Poster

The following is a copy of the CFPB's HMDA Collection and Reporting of HMDA Information about Ethnicity and Race chart, a reference tool summarizing the options available for collection and reporting of HMDA Ethnicity and Race data.

**This Chart is not a substitute for Regulation C.** Regulation C and its official interpretations (also known as the commentary) are the definitive sources of information regarding its requirements. Regulation C and its official interpretations are available in [Appendix F](#) and [G](#) of this *Guide* and at [www.consumerfinance.gov/regulatory-implementation/hmda/](http://www.consumerfinance.gov/regulatory-implementation/hmda/).

Effective January 1, 2017

## Collection and Reporting of HMDA Information about Ethnicity and Race

This chart summarizes the options available to financial institutions to collect and report HMDA race and ethnicity information.

[Current Regulation C](#), which implements HMDA, requires certain financial institutions to collect and report information about the ethnicity, race, and sex of applicants for mortgages. Regulation C, as amended by the [2015 HMDA Rule and the 2017 HMDA Rule](#), will generally require financial institutions to permit applicants to self-identify using disaggregated ethnicity and race categories\* beginning January 1, 2018, but which provides a [transition rule](#) for applicant data collected prior to January 1, 2018 where final action is taken on or after January 1, 2018. However, because [Regulation B](#) generally prohibits creditors from asking for information about ethnicity and race unless authorized by law, including by Regulation C, the [Bureau Official Approval Notice](#) issued on September 23, 2016 allows creditors, at their option, at any time from January 1, 2017, through December 31, 2017, to permit applicants to self-identify using the disaggregated ethnicity and race categories\* provided in appendix B to Regulation C, as amended by the 2015 HMDA final rule. Further, on September 20, 2017, the Bureau issued an [amendment to Regulation B](#) (2017 Regulation B Rule) to allow creditors flexibility concerning the collection of applicant ethnicity and race information in certain additional specified circumstances.

Application year	Final action year	Ethnicity and race collection and reporting requirements	Regulatory references
2017	2017	Collect aggregate and report aggregate, OR	<a href="#">Current Regulation C, effective January 1, 2017</a> (12 CFR part 1003, appendices A and B)
2017	2017	Collect disaggregated and report aggregate	<a href="#">Bureau Official Approval Notice</a> (81 FR 66930)
2017	2018	Collect aggregate and report aggregate, OR	<a href="#">Current Regulation C, effective January 1, 2017</a> (12 CFR part 1003, appendices A and B) AND <a href="#">transition rule, effective January 1, 2018</a> (2015 HMDA Final Rule, comment 4(a)(10)(i)-2)
2017	2018	Collect disaggregated and report aggregate, OR	<a href="#">Bureau Official Approval Notice</a> (81 FR 66930) AND <a href="#">transition rule, effective January 1, 2018</a> (2015 HMDA Final Rule, comment 4(a)(10)(i)-2)
2017	2018	Collect disaggregated and report disaggregated	<a href="#">Bureau Official Approval Notice</a> (81 FR 66930)
2018 and beyond	2018 and beyond	Collect disaggregated and report disaggregated, AND	<a href="#">2015 HMDA Rule</a> (80 FR 66127) AND <a href="#">2017 HMDA Rule</a> (82 FR 43088)
2018 and beyond	2018 and beyond	Report whether ethnicity, race, and sex were collected on the basis of visual observation or surname**	<a href="#">2015 HMDA Rule</a> (80 FR 66127) AND <a href="#">2017 HMDA Rule</a> (82 FR 43088)

\*Only an applicant may self-identify using the disaggregated ethnicity and race categories. When a financial institution collects ethnicity, race, and sex on the basis of visual observation or surname for an application taken in person because the applicant chose not to provide the information, the financial institution must select from the aggregate categories.

\*\*Prior to the 2015 HMDA Rule, Regulation C required that the financial institution note the ethnicity, race, and sex on the basis of visual observation if the applicant chose not to furnish the information and the application was made in person, but the financial institution is not required to report that ethnicity, race, and sex were collected on the basis of visual observation. Additionally, the 2017 Regulation B Rule and the 2017 HMDA Rule permit certain creditors, at their option to voluntarily collect and report, respectively, certain ethnicity, race, and sex information about applications for certain mortgage loans.

This chart provides an overview of the ethnicity and race collection and reporting requirements under HMDA, Regulation C, the Bureau's Official Approval Notice, and certain aspects of Regulation B. It does not by itself establish any binding obligations. It is intended only to act as a reference and not as a substitute for the regulation or its official commentary. Always consult the regulation text and official commentary for a complete understanding of the law. Version 2.0, 10/16/2017

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## Appendix

## APPENDIX D: Institutional Coverage Chart

Intro

A: Overview of Data Requirements Chart

B: HMDA Small Entity Compliance Guide

C: Instructions on Collection of Data on Ethnicity, Race, and Sex

**D: Institutional Coverage Chart**

E: Transactional Coverage Chart

F: Regulation C

G: Official Interpretations to Regulation C

H: Federal HMDA Reporting Agencies

I: HMDA Poster

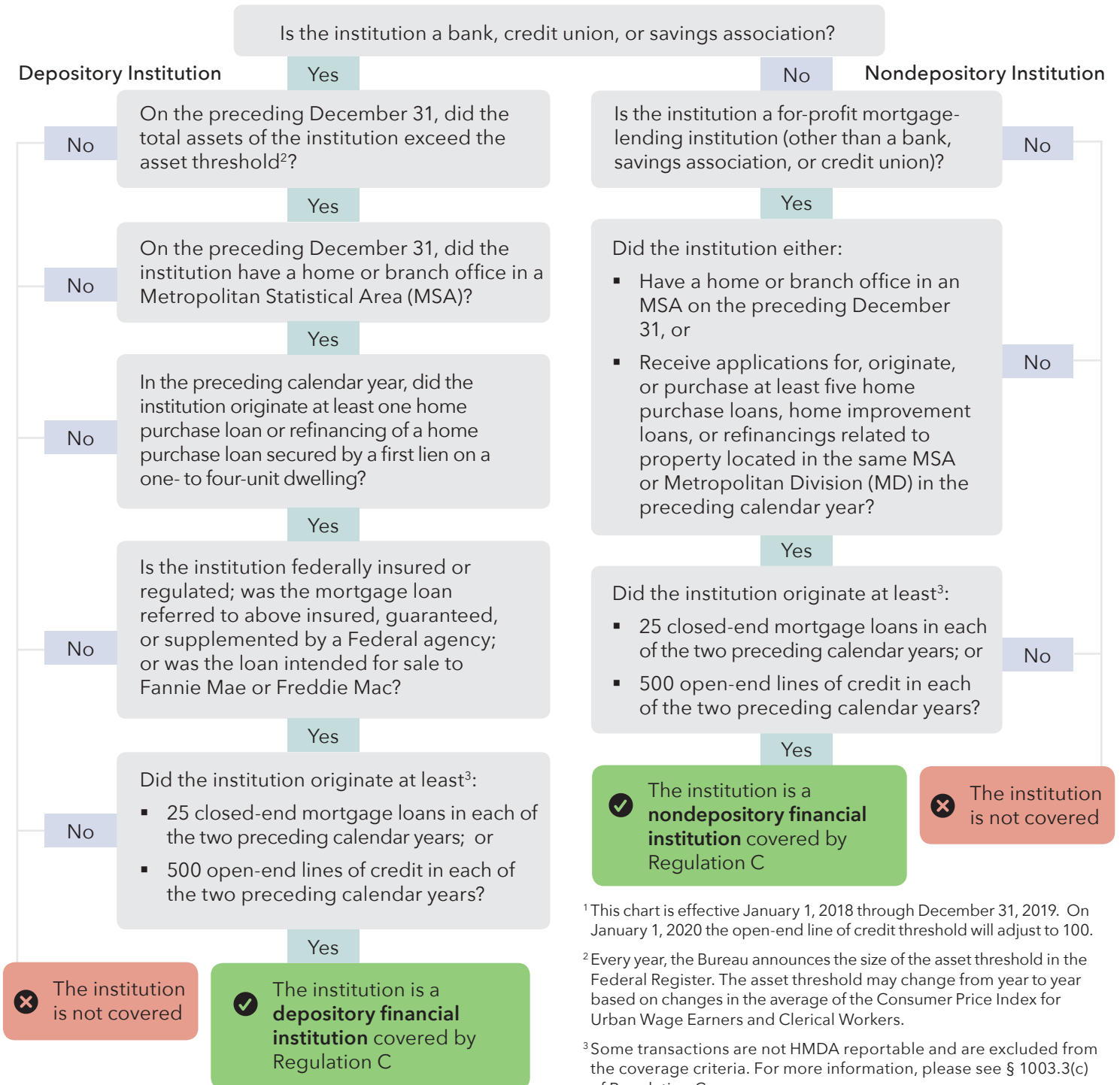
The following is a copy of the CFPB's 2018 HMDA Institutional Coverage Chart, a reference tool illustrating the criteria to help determine whether an institution is covered by Regulation C in 2018 and thereafter.

**This Chart is not a substitute for Regulation C.** Regulation C and its official interpretations (also known as the commentary) are the definitive sources of information regarding its requirements. Regulation C and its official interpretations are available in [Appendix F](#) and [G](#) of this *Guide* and at [www.consumerfinance.gov/regulatory-implementation/hmda/](http://www.consumerfinance.gov/regulatory-implementation/hmda/).

# HMDA institutional coverage

The precise criteria for whether an institution is covered by Regulation C are codified in 12 CFR § 1003.2(g). These criteria are illustrated by the following diagrams.

## Coverage criteria | Effective January 1, 2018 through December 31, 2019<sup>1</sup>



<sup>1</sup>This chart is effective January 1, 2018 through December 31, 2019. On January 1, 2020 the open-end line of credit threshold will adjust to 100.

<sup>2</sup>Every year, the Bureau announces the size of the asset threshold in the Federal Register. The asset threshold may change from year to year based on changes in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers.

<sup>3</sup>Some transactions are not HMDA reportable and are excluded from the coverage criteria. For more information, please see § 1003.3(c) of Regulation C.

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# Appendix

## APPENDIX E: Transactional Coverage Chart

Intro

A: Overview of Data Requirements Chart

B: HMDA Small Entity Compliance Guide

C: Instructions on Collection of Data on Ethnicity, Race, and Sex

D: Institutional Coverage Chart

**E: Transactional Coverage Chart**

F: Regulation C

G: Official Interpretations to Regulation C

H: Federal HMDA Reporting Agencies

I: HMDA Poster

The following is a copy of the CFPB's 2018 HMDA Transactional Coverage Chart, a reference tool illustrating one approach to help determine whether a transaction is reportable under HMDA.

**This Chart is not a substitute for Regulation C.** Regulation C and its official interpretations (also known as the commentary) are the definitive sources of information regarding its requirements. Regulation C and its official interpretations are available in [Appendix F](#) and [G](#) of this *Guide* and at [www.consumerfinance.gov/regulatory-implementation/hmda/](http://www.consumerfinance.gov/regulatory-implementation/hmda/).

# HMDA transactional coverage

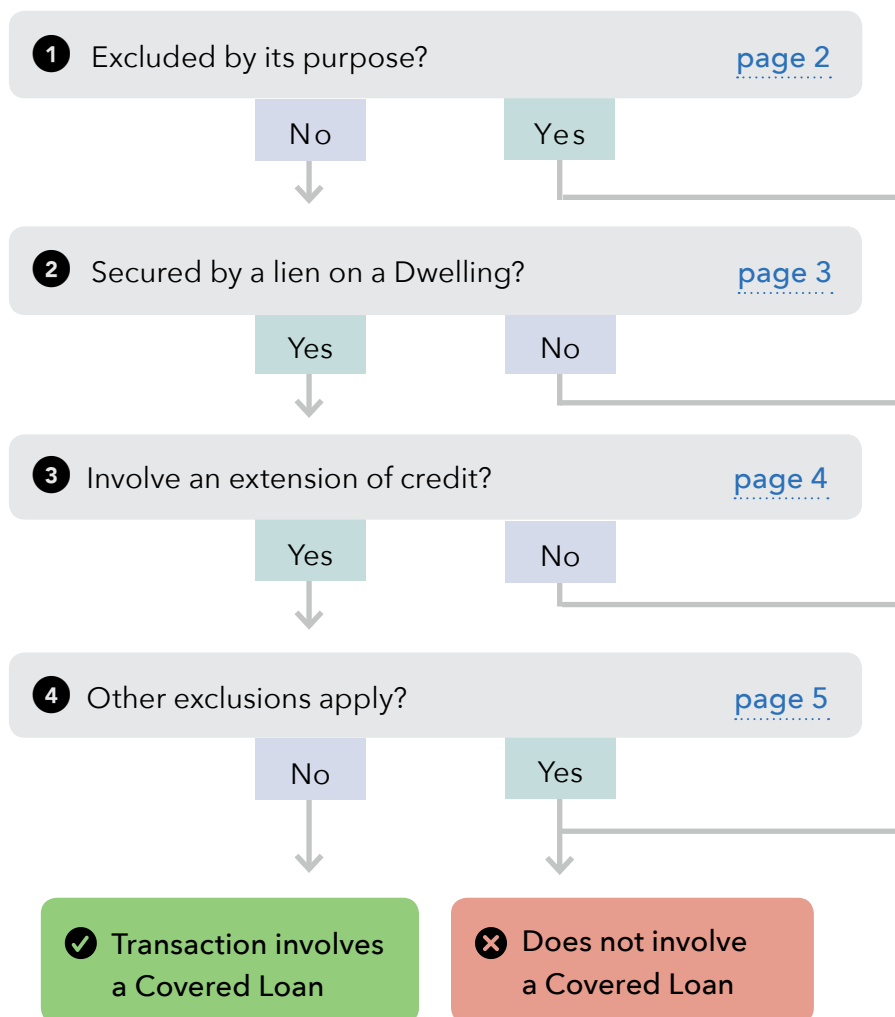


Consumer Financial Protection Bureau

Effective January 1, 2018

Under HMDA and Regulation C, a transaction is reportable only if it is an Application for, an origination of, or a purchase of a Covered Loan. These materials illustrate one approach to help determine whether a transaction involves a Covered Loan. If the transaction involves a Covered Loan, it is reported only if the institution meets the applicable loan-volume thresholds. Terms that are defined in Regulation C are capitalized in this document for ease of reference. Click on the numbers below to view the instructions for each step.

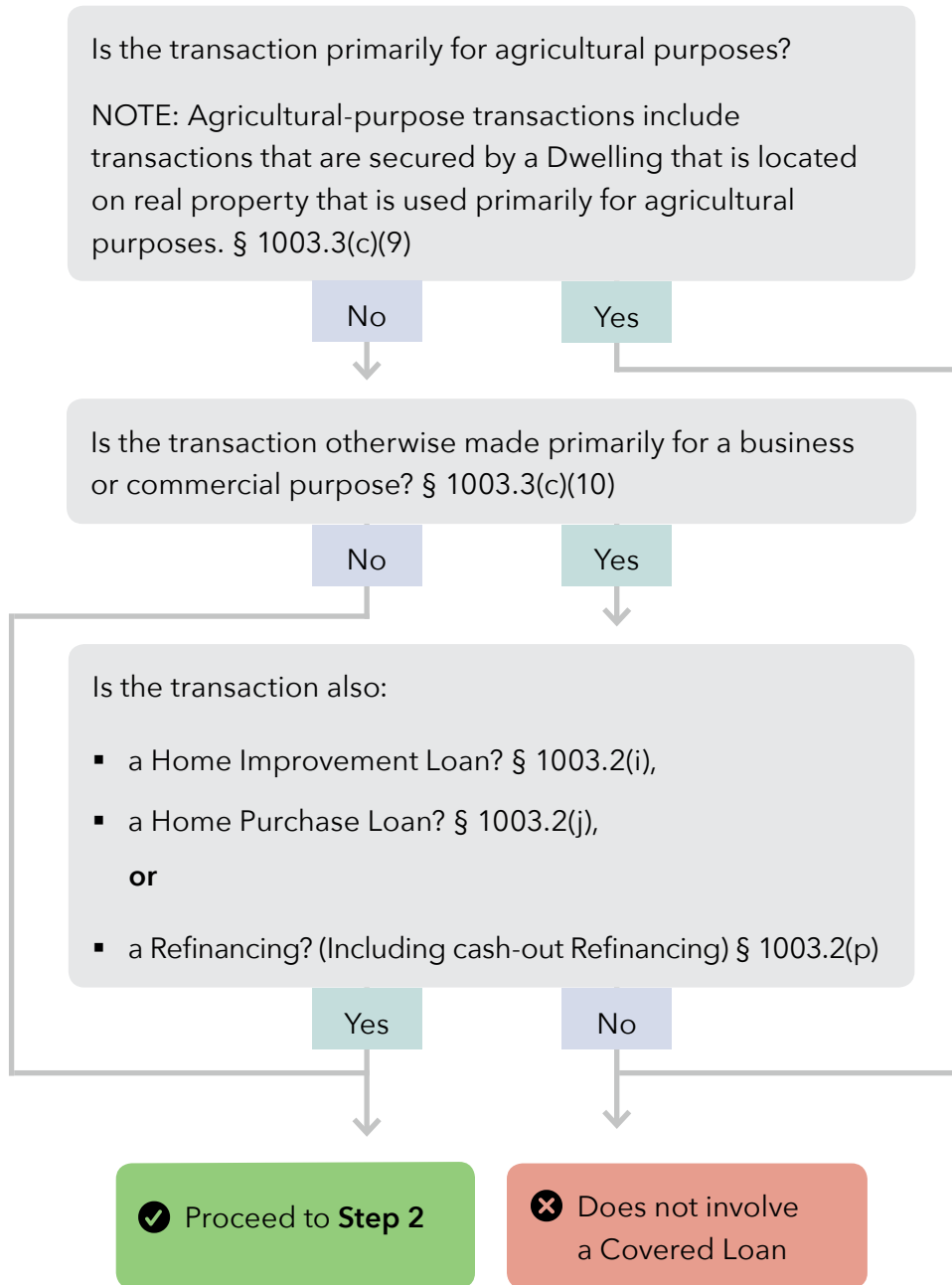
## Does the transaction involve a Covered Loan?



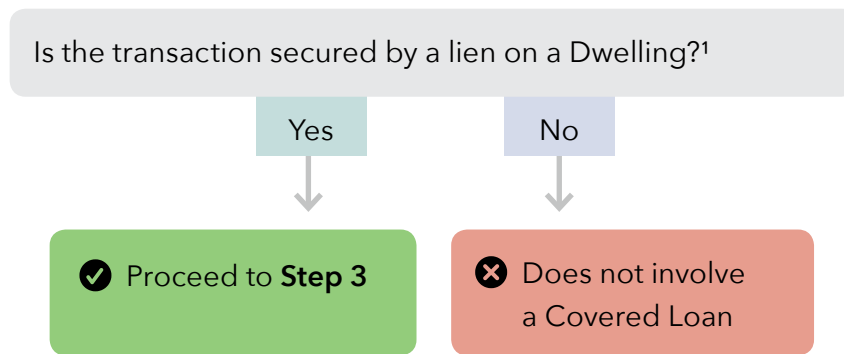
These materials summarize requirements under HMDA and Regulation C and do not themselves establish any binding obligations. They are intended only to act as a reference and not as a substitute for the regulation or its official commentary. Always consult the regulation text and official commentary for a complete understanding of the law. Version 2.0, 9/28/2017



# 1 Is the transaction excluded by its purpose?



## 2 Is the transaction secured by a lien on a Dwelling?<sup>1</sup>

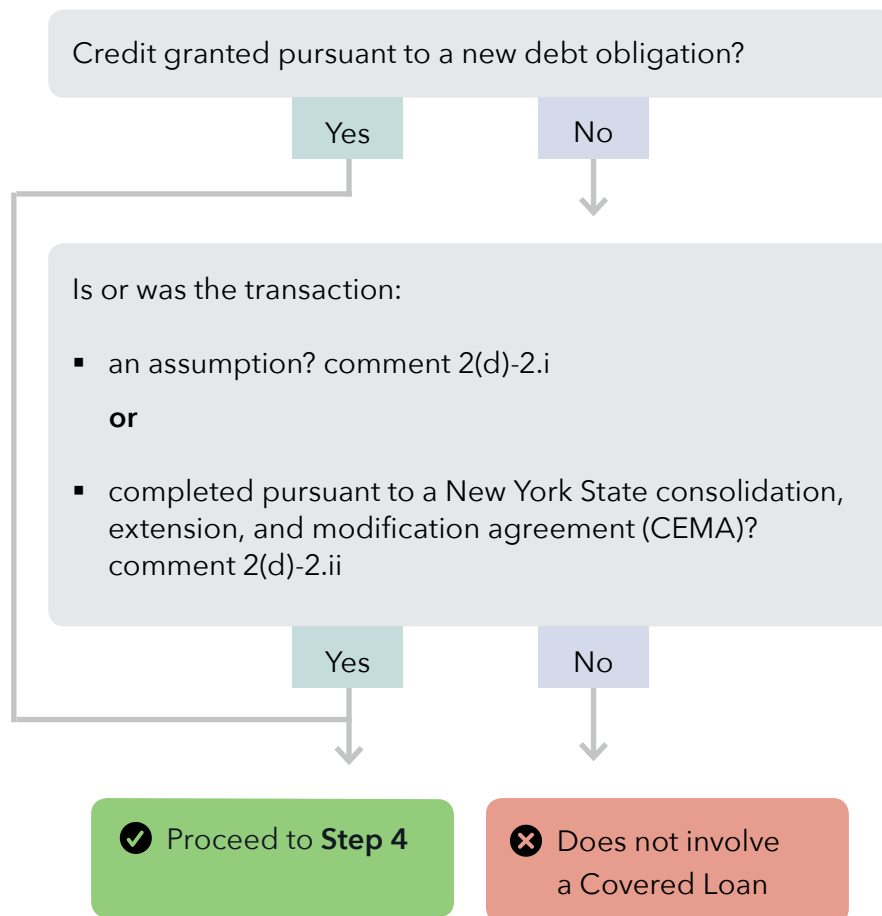


Use the table below to help determine whether the transaction is secured by a lien on a Dwelling.

Single family structures	Multifamily structures	Mixed-use purposes
Dwelling	Dwelling	Dwelling
<ul style="list-style-type: none"> <li>Principal residences</li> <li>Second homes</li> <li>Vacation homes</li> <li>Manufactured Homes or other factory built homes</li> <li>Investment properties</li> <li>Individual condominium units</li> <li>Detached homes</li> <li>Individual cooperative units</li> </ul>	<ul style="list-style-type: none"> <li>Apartment buildings or complexes</li> <li>Manufactured home communities</li> <li>Condominium buildings or complexes</li> <li>Cooperative buildings or complexes</li> </ul>	<ul style="list-style-type: none"> <li>Mixed-use property if primary use is residential</li> <li>Properties for long-term housing and related services (such as assisted living for senior citizens or supportive housing for people with disabilities)</li> <li>Properties for long-term housing and medical care if primary use is residential</li> </ul>
Not a Dwelling	Not a Dwelling	Not a Dwelling
<ul style="list-style-type: none"> <li>Transitory residences</li> <li>Recreational vehicles</li> <li>Boats</li> <li>Campers</li> <li>Travel trailers</li> <li>Park model RVs</li> <li>Floating homes</li> <li>Houseboats</li> <li>Mobile homes constructed before June 15, 1976</li> </ul>	<ul style="list-style-type: none"> <li>Transitory residences</li> <li>Hotels</li> <li>Hospitals and properties used to provide medical care (such as skilled nursing, rehabilitation, or long-term medical care)</li> <li>College dormitories</li> <li>Recreational vehicle parks</li> </ul>	<ul style="list-style-type: none"> <li>Mixed-use property if primary use is not residential</li> <li>Transitory residences</li> <li>Structures originally designed as Dwellings but used exclusively for commercial purposes</li> <li>Properties for long-term housing and medical care if primary use is not residential</li> </ul>

<sup>1</sup>Dwelling means a residential structure, whether or not attached to real property. § 1003.2(f) and comments 2(f)-1 through -5.

### 3 Does the transaction involve an extension of credit?<sup>2</sup>



<sup>2</sup> Generally under Regulation C, an extension of credit refers to the granting of credit only pursuant to a new debt obligation. If the transaction modifies, renews, extends, or amends the terms of an existing debt obligation, but the existing debt obligation is not satisfied and replaced, the transaction is not a new extension of credit, unless it falls within the two exceptions noted above. § 1003.2(d) and (o), and comments 2(d)-2 and 2(o)-2

#### 4 Do other exclusions apply? § 1003.3(c)(1) through (8) and (c)(13)

Is or was the transaction:

- originated or purchased by the Financial Institution acting in a fiduciary capacity?
- secured by a lien on unimproved land?
- temporary financing?
- the purchase of an interest in a pool of otherwise Covered Loans, such as mortgage-participation certificates, mortgage-backed securities, or real estate mortgage investment conduits?
- the purchase solely of the right to service an otherwise Covered Loan?
- a purchase as part of a merger or acquisition, or as part of the acquisition of all of the assets and liabilities of a branch office?
- for a total dollar amount that is less than \$500?
- a purchase of a partial interest in an otherwise Covered Loan?
- to provide new funds in advance of a consolidation agreement completed pursuant to a New York State CEMA where consolidation occurred in the same year as final action on the transaction?

If **NO** to **all**  
of the questions

If **YES** to **any**  
of the questions

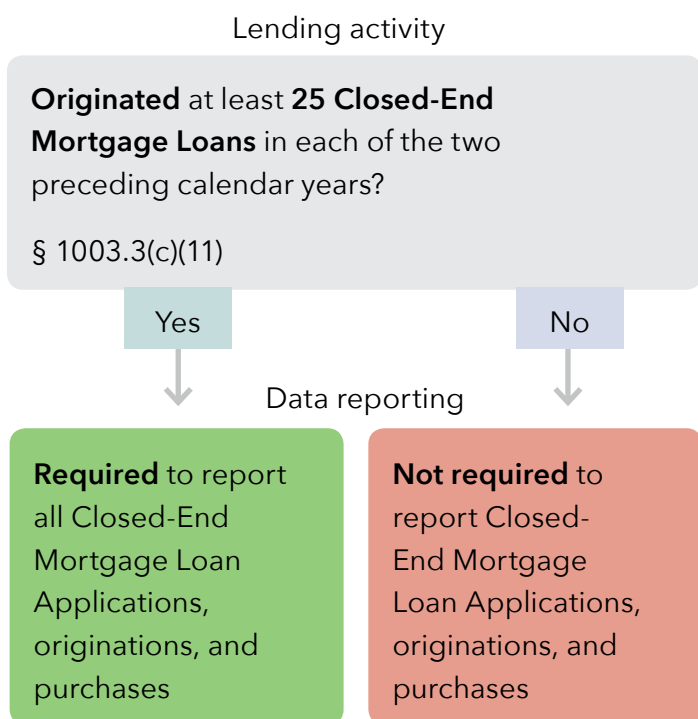
✓ Transaction involves  
a Covered Loan

✗ Does not involve  
a Covered Loan

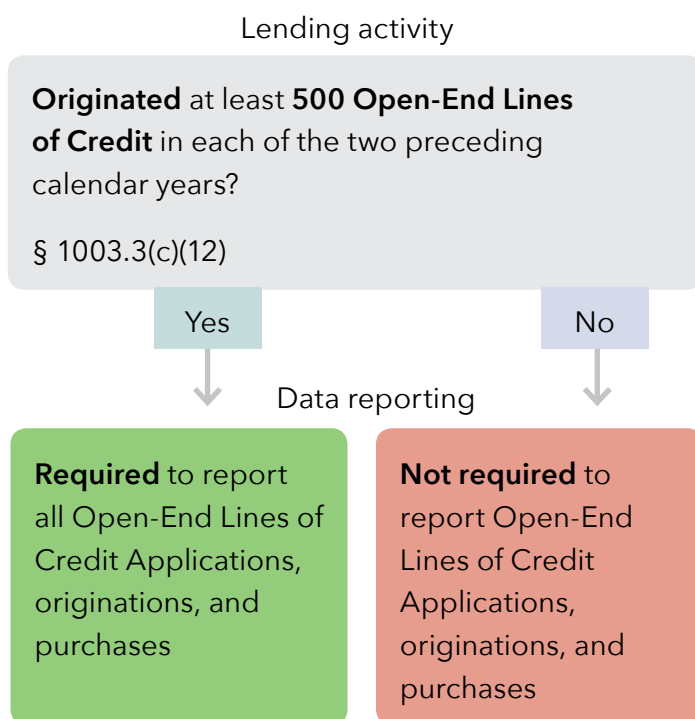
## ✓ Transaction involves a Covered Loan

Regulation C provides different loan-volume reporting thresholds for transactions that involve a Covered Loan depending on whether they involve a Closed-End Mortgage Loan or an Open-End Line of Credit. § 1003.3(c)(11) and (12). Reporting is required if a threshold is met in each of the two preceding calendar years.<sup>3</sup> (See [2018 Institutional Coverage Chart](#) for guidance regarding institutional coverage.)

### Closed-End Mortgage Loan § 1003.2(d)



### Open-End Line of Credit § 1003.2(o)



- Only **originated** Covered Loans count toward the loan-volume thresholds. If a threshold is met, the institution reports all Applications for Covered Loans that it receives, Covered Loans that it originates, and Covered Loans that it purchases for that type of transaction (either Closed-End Mortgage Loan or Open-End Line of Credit, or both, if both thresholds are met).
- Covered consumer and business or commercial purpose originations should be counted together when assessing the individual thresholds for Closed-End Mortgage Loans and Open-End Lines of Credit.
- A financial institution may voluntarily report Closed-End Mortgage Loans or Open-End Lines of Credit that are excluded because the financial institution does not meet the transactional threshold for that type of transaction. However, if it chooses to voluntarily report Closed-End Mortgage Loans or Open-End Lines of Credit, the financial institution must report all such transactions that would otherwise be covered loans for that calendar year.

<sup>3</sup> The threshold for open-end lines of credit is set at 500 for calendar years 2018 and 2019. See the Bureau's August 2017 Final Rule for more information about the temporary threshold increase for open-end lines of credit, available at [consumerfinance.gov/policy-compliance/rulemaking/final-rules/regulation-c-home-mortgage-disclosure-act](https://consumerfinance.gov/policy-compliance/rulemaking/final-rules/regulation-c-home-mortgage-disclosure-act).

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# Appendix

## APPENDIX F: Regulation C

### Intro

### A: Overview of Data Requirements Chart

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The following is a copy of Regulation C. This copy was last updated on January 1, 2018. This appendix is a compilation of material and not an official legal edition of the Code of Federal Regulations or the Federal Register. We have made every effort to ensure the material presented in this tool is accurate, but if you are relying on it for legal research you should consult the official editions of those sources to confirm your findings.

# Regulation C

## § 1003.1 AUTHORITY, PURPOSE, AND SCOPE.

**(a) Authority.** This part, known as Regulation C, is issued by the Bureau of Consumer Financial Protection (Bureau) pursuant to the Home Mortgage Disclosure Act (HMDA) (12 U.S.C. 2801 *et seq.*) as amended. The information-collection requirements have been approved by the U.S. Office of Management and Budget (OMB) under 44 U.S.C. 3501 *et seq.* and have been assigned OMB numbers for institutions reporting data to the Office of the Comptroller of the Currency (1557-0159), the Federal Deposit Insurance Corporation (3064-0046), the Federal Reserve System (7100-0247), the Department of Housing and Urban Development (HUD) (2502-0529), the National Credit Union Administration (3133-0166), and the Bureau of Consumer Financial Protection (3170-0008).

### **(b) Purpose.**

(1) This part implements the Home Mortgage Disclosure Act, which is intended to provide the public with loan data that can be used:

(i) To help determine whether financial institutions are serving the housing needs of their communities;

(ii) To assist public officials in distributing public-sector investment so as to attract private investment to areas where it is needed; and

(iii) To assist in identifying possible discriminatory lending patterns and enforcing antidiscrimination statutes.

(2) Neither the act nor this part is intended to encourage unsound lending practices or the allocation of credit.

**(c) Scope.** This part applies to financial institutions as defined in §1003.2(g). This part requires a financial institution to submit data to the appropriate Federal agency for the financial institution as defined in §1003.5(a)(4), and to disclose certain data to the public, about covered loans for which the financial institution receives applications, or that it originates or purchases, and that are secured by a dwelling located in a State of the United States of America, the District of Columbia, or the Commonwealth of Puerto Rico.

## § 1003.2 DEFINITIONS

In this part:

**(a) Act** means the Home Mortgage Disclosure Act (HMDA) (12 U.S.C. 2801 *et seq.*), as amended.

**(b) Application—**

(1) *In general.* Application means an oral or written request for a covered loan that is made in accordance with procedures used by a financial institution for the type of credit requested.

(2) *Preapproval programs.* 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:

(i) Conditions that require the identification of a suitable property;

(ii) Conditions that require that no material change has occurred in the applicant's financial condition or creditworthiness prior to closing; and

(iii) 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.

**(c) Branch office** means:

(1) Any office of a bank, savings association, or credit union that is considered a branch by the Federal or State supervisory agency applicable to that institution, excluding automated teller machines and other free-standing electronic terminals; and

(2) Any office of a for-profit mortgage-lending institution (other than a bank, savings association, or credit union) that takes applications from the public for covered loans. A for-profit mortgage-lending institution (other than a bank, savings association, or credit union) is also deemed to have a branch office in an MSA or in an MD, if, in the preceding calendar year, it received applications for, originated, or purchased five or more covered loans related to property located in that MSA or MD, respectively.

**(d) Closed-end mortgage loan** means an extension of credit that is secured by a lien on a dwelling and that is not an open-end line of credit under paragraph (o) of this section.

**(e) Covered loan** means a closed-end mortgage loan or an open-end line of credit that is not an excluded transaction under §1003.3(c).

**(f) Dwelling** means a residential structure, whether or not attached to real property. The term includes but is not limited to a detached home, an individual condominium or cooperative unit, a manufactured home or other factory-built home, or a multifamily residential structure or community.



**(g) Financial institution** means a depository financial institution or a nondepository financial institution, where:

(1) *Depository financial institution* means a bank, savings association, or credit union that:

(i) On the preceding December 31 had assets in excess of the asset threshold established and published annually by the Bureau for coverage by the Act, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each twelve month period ending in November, with rounding to the nearest million;

(ii) On the preceding December 31, had a home or branch office in an MSA;

(iii) In the preceding calendar year, 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;

(iv) Meets one or more of the following two criteria:

(A) The institution is federally insured or regulated; or

(B) Any loan referred to in paragraph (g)(1)(iii) of this section was insured, guaranteed, or supplemented by a Federal agency, or was intended by the institution for sale to the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; and

(v) Meets at least one of the following criteria:

(A) In each of the two preceding calendar years, originated at least 25 closed-end mortgage loans that are not excluded from this part pursuant to §1003.3(c)(1) through (10) or (13); or

(B) In each of the two preceding calendar years, originated at least 500 open-end lines of credit that are not excluded from this part pursuant to §1003.3(c)(1) through (10); and

(2) *Nondepository financial institution* means a for-profit mortgage-lending institution (other than a bank, savings association, or credit union) that:

(i) On the preceding December 31, had a home or branch office in an MSA; and

(ii) Meets at least one of the following criteria:

(A) In each of the two preceding calendar years, originated at least 25 closed-end mortgage loans that are not excluded from this part pursuant to §1003.3(c)(1) through (10) or (13); or

(B) In each of the two preceding calendar years, originated at least 500 open-end lines of credit that are not excluded from this part pursuant to §1003.3(c)(1) through (10).

**(h) [Reserved]**

**(i) Home improvement loan** means 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.

**(j) Home purchase loan** means 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.

**(k) Loan/Application Register** means both the record of information required to be collected pursuant to §1003.4 and the record submitted annually or quarterly, as applicable, pursuant to §1003.5(a).

**(l) Manufactured home** means any residential structure as defined under regulations of the U.S. Department of Housing and Urban Development establishing manufactured home construction and safety standards (24 CFR 3280.2). For purposes of §1003.4(a)(5), the term also includes a multifamily dwelling that is a manufactured home community.

**(m) Metropolitan Statistical Area (MSA) and Metropolitan Division (MD).**

(1) *Metropolitan Statistical Area* or *MSA* means a Metropolitan Statistical Area as defined by the U.S. Office of Management and Budget.

(2) *Metropolitan Division (MD)* means a Metropolitan Division of an MSA, as defined by the U.S. Office of Management and Budget.

**(n) Multifamily dwelling** means a dwelling, regardless of construction method, that contains five or more individual dwelling units.

**(o) Open-end line of credit** means an extension of credit that:

(1) Is secured by a lien on a dwelling; and

(2) Is an open-end credit plan as defined in Regulation Z, 12 CFR 1026.2(a)(20), but without regard to whether the credit is consumer credit, as defined in §1026.2(a)(12), is extended by a creditor, as defined in §1026.2(a)(17), or is extended to a consumer, as defined in §1026.2(a)(11).

**(p) Refinancing** means 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.

**(q) Reverse mortgage** means a closed-end mortgage loan or an open-end line of credit that is a reverse mortgage transaction as defined in Regulation Z, 12 CFR 1026.33(a), but without regard to whether the security interest is created in a principal dwelling.

### § 1003.3 EXEMPT INSTITUTIONS AND EXCLUDED TRANSACTIONS.

#### **(a) Exemption based on state law.**

(1) A state-chartered or state-licensed financial institution is exempt from the requirements of this part if the Bureau determines that the institution is subject to a state disclosure law that contains requirements substantially similar to those imposed by this part and that contains adequate provisions for enforcement.

(2) Any state, state-chartered or state-licensed financial institution, or association of such institutions, may apply to the Bureau for an exemption under paragraph (a) of this section.

(3) An institution that is exempt under paragraph (a) of this section shall use the disclosure form required by its state law and shall submit the data required by that law to its state supervisory agency for purposes of aggregation.

**(b) Loss of exemption.** An institution losing a state-law exemption under paragraph (a) of this section shall comply with this part beginning with the calendar year following the year for which it last reported loan data under the state disclosure law.

**(c) Excluded transactions.** The requirements of this part do not apply to:

(1) A closed-end mortgage loan or open-end line of credit originated or purchased by a financial institution acting in a fiduciary capacity;

(2) A closed-end mortgage loan or open-end line of credit secured by a lien on unimproved land;

(3) Temporary financing;

(4) The purchase of an interest in a pool of closed-end mortgage loans or open-end lines of credit;

(5) The purchase solely of the right to service closed-end mortgage loans or open-end lines of credit;

(6) The purchase of closed-end mortgage loans or open-end lines of credit as part of a merger or acquisition, or as part of the acquisition of all of the assets and liabilities of a branch office as defined in §1003.2(c);

(7) A closed-end mortgage loan or open-end line of credit, or an application for a closed-end mortgage loan or open-end line of credit, for which the total dollar amount is less than \$500;

(8) The purchase of a partial interest in a closed-end mortgage loan or open-end line of credit;

(9) A closed-end mortgage loan or open-end line of credit used primarily for agricultural purposes;

(10) A closed-end mortgage loan or open-end line of credit that is or will be made primarily for a business or commercial purpose, unless the closed-end mortgage loan or open-end line of credit is a home improvement loan under §1003.2(i), a home purchase loan under §1003.2(j), or a refinancing under §1003.2(p);

(11) A closed-end mortgage loan, if the financial institution originated fewer than 25 closed-end mortgage loans in either of the two preceding calendar years; a financial institution may collect, record, report, and disclose information, as described in §§1003.4 and 1003.5, for such an excluded closed-end mortgage loan as though it were a covered loan, provided that the financial institution complies with such requirements for all applications for closed-end mortgage loans that it receives, closed-end mortgage loans that it originates, and closed-end mortgage loans that it purchases that otherwise would have been covered loans during the calendar year during which final action is taken on the excluded closed-end mortgage loan;

(12) An open-end line of credit, if the financial institution originated fewer than 500 open-end lines of credit in either of the two preceding calendar years; a financial institution may collect, record, report, and disclose information, as described in §§1003.4 and 1003.5, for such an excluded open-end line of credit as though it were a covered loan, provided that the financial institution complies with such requirements for all applications for open-end lines of credit that it receives, open-end lines of credit that it originates, and open-end lines of credit that it purchases that otherwise would have been covered loans during the calendar year during which final action is taken on the excluded open-end line of credit; or

(13) A transaction that provided or, in the case of an application, proposed to provide new funds to the applicant or borrower in advance of being consolidated in a New York State consolidation, extension, and modification agreement classified as a supplemental mortgage under New York Tax Law section 255; the transaction is excluded only if final action on the consolidation was taken in the same calendar year as final action on the new funds transaction.

#### § 1003.4 COMPILATION OF REPORTABLE DATA.

**(a) Data format and itemization.** A financial institution shall collect data regarding applications for covered loans that it receives, covered loans that it originates, and covered loans that it purchases for each calendar year. A financial institution shall collect data regarding requests under a preapproval program, as defined in §1003.2(b)(2), only if the preapproval request is denied, is approved by the financial institution but not accepted by the applicant, or results in the origination of a home purchase loan. The data collected shall include the following items:

(1)

(i) A universal loan identifier (ULI) for the covered loan or application that can be used to identify and retrieve the covered loan or application file. Except for a purchased covered loan or application described in paragraphs (a)(1)(i)(D) and (E) of this section, the financial institution shall assign and report a ULI that:

(A) Begins with the financial institution's Legal Entity Identifier (LEI) that is issued by:

(1) A utility endorsed by the LEI Regulatory Oversight Committee; or

(2) A utility endorsed or otherwise governed by the Global LEI Foundation (GLEIF) (or any successor of the GLEIF) after the GLEIF assumes operational governance of the global LEI system.

(B) Follows the LEI with up to 23 additional characters to identify the covered loan or application, which:

(1) May be letters, numerals, or a combination of letters and numerals;

(2) Must be unique within the financial institution; and

(3) Must not include any information that could be used to directly identify the applicant or borrower; and

(C) Ends with a two-character check digit, as prescribed in appendix C to this part.

(D) For a purchased covered loan that any financial institution has previously assigned or reported with a ULI under this part, the financial institution that purchases the covered loan must use the ULI that was assigned or previously reported for the covered loan.

(E) For an application that was previously reported with a ULI under this part and that results in an origination during the same calendar year that is reported in a subsequent reporting period pursuant to §1003.5(a)(1)(ii), the financial institution may report the same ULI for the origination that was previously reported for the application.

(ii) Except for purchased covered loans, the date the application was received or the date shown on the application form.

(2) Whether the covered loan is, or in the case of an application would have been, insured by the Federal Housing Administration, guaranteed by the Department of Veterans Affairs, or guaranteed by the Rural Housing Service or the Farm Service Agency.

(3) Whether the covered loan is, or the application is for, a home purchase loan, a home improvement loan, a refinancing, a cash-out refinancing, or for a purpose other than home purchase, home improvement, refinancing, or cash-out refinancing.

(4) Whether the application or covered loan involved a request for a preapproval of a home purchase loan under a preapproval program.

(5) Whether the construction method for the dwelling related to the property identified in paragraph (a)(9) of this section is site-built or a manufactured home.

(6) Whether the property identified in paragraph (a)(9) of this section is or will be used by the applicant or borrower as a principal residence, as a second residence, or as an investment property.

(7) The amount of the covered loan or the amount applied for, as applicable.

(i) For a closed-end mortgage loan, other than a purchased loan, an assumption, or a reverse mortgage, the amount to be repaid as disclosed on the legal obligation. For a purchased closed-end mortgage loan or an assumption of a closed-end mortgage loan, the unpaid principal balance at the time of purchase or assumption.

(ii) For an open-end line of credit, other than a reverse mortgage open-end line of credit, the amount of credit available to the borrower under the terms of the plan.

(iii) For a reverse mortgage, the initial principal limit, as determined pursuant to section 255 of the National Housing Act (12 U.S.C. 1715z-20) and implementing regulations and mortgagee letters issued by the U.S. Department of Housing and Urban Development.

(8) The following information about the financial institution's action:

(i) The action taken by the financial institution, recorded as one of the following:

(A) Whether a covered loan was originated or purchased;

(B) Whether an application for a covered loan that did not result in the origination of a covered loan was approved but not accepted, denied, withdrawn by the applicant, or closed for incompleteness; and

(C) Whether a preapproval request that did not result in the origination of a home purchase loan was denied or approved but not accepted.

(ii) The date of the action taken by the financial institution.

(9) The following information about the location of the property securing the covered loan or, in the case of an application, proposed to secure the covered loan:

(i) The property address; and

(ii) If the property is located in an MSA or MD in which the financial institution has a home or branch office, or if the institution is subject to paragraph (e) of this section, the location of the property by:

(A) State;

(B) County; and

(C) Census tract if the property is located in a county with a population of more than 30,000 according to the most recent decennial census conducted by the U.S. Census Bureau.

(10) The following information about the applicant or borrower:

(i) Ethnicity, race, and sex, and whether this information was collected on the basis of visual observation or surname;

(ii) Age; and

(iii) Except for covered loans or applications for which the credit decision did not consider or would not have considered income, the gross annual income relied on in making the credit decision or, if a credit decision was not made, the gross annual income relied on in processing the application.

(11) The type of entity purchasing a covered loan that the financial institution originates or purchases and then sells within the same calendar year.

(12)

(i) For covered loans and applications that are approved but not accepted, and that are subject to Regulation Z, 12 CFR part 1026, other than assumptions, purchased covered loans, and reverse mortgages, the difference between the covered loan's annual percentage rate and the average prime offer rate for a comparable transaction as of the date the interest rate is set.

(ii) "Average prime offer rate" means an annual percentage rate that is derived from average interest rates and other loan pricing terms currently offered to consumers by a set of creditors for mortgage loans that have low-risk pricing characteristics. The Bureau publishes tables of average prime offer rates by transaction type at least weekly and also publishes the methodology it uses to derive these rates.

- (13) For covered loans subject to the Home Ownership and Equity Protection Act of 1994, as implemented in Regulation Z, 12 CFR 1026.32, whether the covered loan is a high-cost mortgage under Regulation Z, 12 CFR 1026.32(a).
- (14) The lien status (first or subordinate lien) of the property identified under paragraph (a)(9) of this section.
- (15)
- (i) Except for purchased covered loans, the credit score or scores relied on in making the credit decision and the name and version of the scoring model used to generate each credit score.
  - (ii) For purposes of this paragraph (a)(15), “credit score” has the meaning set forth in 15 U.S.C. 1681g(f)(2)(A).
- (16) The principal reason or reasons the financial institution denied the application, if applicable.
- (17) For covered loans subject to Regulation Z, 12 CFR 1026.43(c), the following information:
- (i) If a disclosure is provided for the covered loan pursuant to Regulation Z, 12 CFR 1026.19(f), the amount of total loan costs, as disclosed pursuant to Regulation Z, 12 CFR 1026.38(f)(4); or
  - (ii) If the covered loan is not subject to the disclosure requirements in Regulation Z, 12 CFR 1026.19(f), and is not a purchased covered loan, the total points and fees charged in connection with the covered loan, expressed in dollars and calculated pursuant to Regulation Z, 12 CFR 1026.32(b)(1).
- (18) For covered loans subject to the disclosure requirements in Regulation Z, 12 CFR 1026.19(f), the total of all itemized amounts that are designated borrower-paid at or before closing, as disclosed pursuant to Regulation Z, 12 CFR 1026.38(f)(1).
- (19) For covered loans subject to the disclosure requirements in Regulation Z, 12 CFR 1026.19(f), the points paid to the creditor to reduce the interest rate, expressed in dollars, as described in Regulation Z, 12 CFR 1026.37(f)(1)(i), and disclosed pursuant to Regulation Z, 12 CFR 1026.38(f)(1).
- (20) For covered loans subject to the disclosure requirements in Regulation Z, 12 CFR 1026.19(f), the amount of lender credits, as disclosed pursuant to Regulation Z, 12 CFR 1026.38(h)(3).
- (21) The interest rate applicable to the approved application, or to the covered loan at closing or account opening.



(22) For covered loans or applications subject to Regulation Z, 12 CFR part 1026, other than reverse mortgages or purchased covered loans, the term in months of any prepayment penalty, as defined in Regulation Z, 12 CFR 1026.32(b)(6)(i) or (ii), as applicable.

(23) Except for purchased covered loans, the ratio of the applicant's or borrower's total monthly debt to the total monthly income relied on in making the credit decision.

(24) Except for purchased covered loans, the ratio of the total amount of debt secured by the property to the value of the property relied on in making the credit decision.

(25) The scheduled number of months after which the legal obligation will mature or terminate or would have matured or terminated.

(26) The number of months, or proposed number of months in the case of an application, until the first date the interest rate may change after closing or account opening.

(27) Whether the contractual terms include or would have included any of the following:

(i) A balloon payment as defined in Regulation Z, 12 CFR 1026.18(s)(5)(i);

(ii) Interest-only payments as defined in Regulation Z, 12 CFR 1026.18(s)(7)(iv);

(iii) A contractual term that would cause the covered loan to be a negative amortization loan as defined in Regulation Z, 12 CFR 1026.18(s)(7)(v); or

(iv) Any other contractual term that would allow for payments other than fully amortizing payments, as defined in Regulation Z, 12 CFR 1026.43(b)(2), during the loan term, other than the contractual terms described in this paragraph (a)(27)(i), (ii), and (iii).

(28) The value of the property securing the covered loan or, in the case of an application, proposed to secure the covered loan relied on in making the credit decision.

(29) If the dwelling related to the property identified in paragraph (a)(9) of this section is a manufactured home and not a multifamily dwelling, whether the covered loan is, or in the case of an application would have been, secured by a manufactured home and land, or by a manufactured home and not land.

(30) If the dwelling related to the property identified in paragraph (a)(9) of this section is a manufactured home and not a multifamily dwelling, whether the applicant or borrower:

(i) Owns the land on which it is or will be located or, in the case of an application, did or would have owned the land on which it would have been located, through a direct or indirect ownership interest; or

(ii) Leases or, in the case of an application, leases or would have leased the land through a paid or unpaid leasehold.

(31) The number of individual dwelling units related to the property securing the covered loan or, in the case of an application, proposed to secure the covered loan.

(32) If the property securing the covered loan or, in the case of an application, proposed to secure the covered loan includes a multifamily dwelling, the number of individual dwelling units related to the property that are income-restricted pursuant to Federal, State, or local affordable housing programs.

(33) Except for purchased covered loans, the following information about the application channel of the covered loan or application:

(i) Whether the applicant or borrower submitted the application for the covered loan directly to the financial institution; and

(ii) Whether the obligation arising from the covered loan was, or in the case of an application, would have been initially payable to the financial institution.

(34) For a covered loan or application, the unique identifier assigned by the Nationwide Mortgage Licensing System and Registry for the mortgage loan originator, as defined in Regulation G, 12 CFR 1007.102, or Regulation H, 12 CFR 1008.23, as applicable.

(35)

(i) Except for purchased covered loans, the name of the automated underwriting system used by the financial institution to evaluate the application and the result generated by that automated underwriting system.

(ii) For purposes of this paragraph (a)(35), an “automated underwriting system” means an electronic tool developed by a securitizer, Federal government insurer, or Federal government guarantor of closed-end mortgage loans or open-end lines of credit that provides a result regarding the credit risk of the applicant and whether the covered loan is eligible to be originated, purchased, insured, or guaranteed by that securitizer, Federal government insurer, or Federal government guarantor. A person is a securitizer, Federal government insurer, or Federal government guarantor of closed-end mortgage loans or open-end lines of credit, respectively, if it has ever securitized, provided Federal government insurance, or provided a Federal government guarantee for a closed-end mortgage loan or open-end line of credit.

(36) Whether the covered loan is, or the application is for, a reverse mortgage.

(37) Whether the covered loan is, or the application is for, an open-end line of credit.

(38) Whether the covered loan is, or the application is for a covered loan that will be, made primarily for a business or commercial purpose.

**(b) Collection of data on ethnicity, race, sex, age, and income.**

(1) A financial institution shall collect data about the ethnicity, race, and sex of the applicant or borrower as prescribed in appendix B to this part.

(2) Ethnicity, race, sex, age, and income data may but need not be collected for covered loans purchased by a financial institution.

**(c)-(d) [Reserved]**

**(e) Data reporting for banks and savings associations that are required to report data on small business, small farm, and community development lending under CRA.** Banks and savings associations that are required to report data on small business, small farm, and community development lending under regulations that implement the Community Reinvestment Act of 1977 (12 U.S.C. 2901 *et seq.*) shall also collect the information required by paragraph 4(a)(9) of this section for property located outside MSAs and MDs in which the institution has a home or branch office, or outside any MSA.

**(f) Quarterly recording of data.** A financial institution shall record the data collected pursuant to this section on a loan/application register within 30 calendar days after the end of the calendar quarter in which final action is taken (such as origination or purchase of a covered loan, sale of a covered loan in the same calendar year it is originated or purchased, or denial or withdrawal of an application).

## **§ 1003.5 DISCLOSURE AND REPORTING.**

### **(a) Reporting to agency.**

(1) By March 1 following the calendar year for which the loan data are compiled, a financial institution shall send its complete loan/application register to the agency office specified in appendix A of this part. The institution shall retain a copy for its records for at least three years.

(2) A subsidiary of a bank or savings association shall complete a separate loan/application register. The subsidiary shall submit the register, directly or through its parent, to the same agency as its parent.

### **(b) Disclosure statement.**

(1) The Federal Financial Institutions Examination Council (FFIEC) will make available a disclosure statement based on the data each financial institution submits for the preceding calendar year pursuant to paragraph (a) of this section.

(2) No later than three business days after receiving notice from the FFIEC that a financial institution's disclosure statement is available, the financial institution shall make available to the public upon request at its home office, and each branch office physically located in each MSA and each MD, a written notice that clearly conveys that the institution's disclosure statement may be obtained on the Bureau's Web site at [www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda).

### **(c) Modified loan/application register.**

(1) A financial institution shall make available to the public upon request at its home office, and each branch office physically located in each MSA and each MD, a written notice that clearly conveys that the institution's loan/application register, as modified by the Bureau to protect applicant and borrower privacy, may be obtained on the Bureau's Web site at [www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda).

(2) A financial institution shall make available the notice required by paragraph (c)(1) of this section following the calendar year for which the data are collected.

### **(d) Availability of written notices.**

(1) A financial institution shall make the notice required by paragraph (c) of this section available to the public for a period of three years and the notice required by paragraph (b)(2) of this section available to the public for a period of five years. An institution shall make these notices available during the hours the office is normally open to the public for business.

(2) A financial institution may make available to the public, at its discretion and in addition to the written notices required by paragraphs (b)(2) or (c)(1) of this section, as applicable, its disclosure statement or its loan/application register, as modified by the Bureau to protect

applicant and borrower privacy. A financial institution may impose a reasonable fee for any cost incurred in providing or reproducing these data.

**(e) Posted notice of availability of data.** A financial institution shall post a general notice about the availability of its HMDA data in the lobby of its home office and of each branch office physically located in each MSA and each MD. This notice must clearly convey that the institution's HMDA data is available on the Bureau's Web site at [www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda).

**(f) Aggregated data.** Using data submitted by financial institutions pursuant to paragraph (a) of this section, the FFIEC will make available aggregate data for each MSA and MD, showing lending patterns by property location, age of housing stock, and income level, sex, ethnicity, and race.

#### **§ 1003.6 ENFORCEMENT.**

**(a) Administrative enforcement.** A violation of the Act or this part is subject to administrative sanctions as provided in section 305 of the Act, including the imposition of civil money penalties, where applicable. Compliance is enforced by the agencies listed in section 305 of the Act (12 U.S.C. 2804).

#### **(b) Bona fide errors.**

(1) An error in compiling or recording loan data is not a violation of the act or this part if the error was unintentional and occurred despite the maintenance of procedures reasonably adapted to avoid such errors.

(2) An incorrect entry for a census tract number is deemed a *bona fide* error, and is not a violation of the act or this part, provided that the institution maintains procedures reasonably adapted to avoid such errors.

(3) If an institution makes a good-faith effort to record all data concerning covered transactions fully and accurately within thirty calendar days after the end of each calendar quarter, and some data are nevertheless inaccurate or incomplete, the error or omission is not a violation of the act or this part provided that the institution corrects or completes the information prior to submitting the loan/application register to its regulatory agency.

**APPENDIX A TO PART 1003—FORM AND INSTRUCTIONS FOR COMPLETION OF HMDA  
LOAN/APPLICATION REGISTER**

**Paperwork Reduction Act Notice**

This report is required by law (12 U.S.C. 2801-2810 and 12 CFR 1003). An agency may not conduct or sponsor, and an organization is not required to respond to, a collection of information unless it displays a valid Office of Management and Budget (OMB) Control Number. See 12 CFR 1003.1(a) for the valid OMB Control Numbers applicable to this information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the respective agencies and to OMB, Office of Information and Regulatory Affairs, Paperwork Reduction Project, Washington, DC 20503. Be sure to reference the applicable agency and the OMB Control Number, as found in 12 CFR 1003.1(a), when submitting comments to OMB.

**Transition Requirements for Data Collected in 2017 and Submitted in 2018**

The instructions for completion of the loan/application register in part I of this appendix applies to data collected during the 2017 calendar year and reported in 2018. Part I of this appendix does not apply to data collected pursuant to the amendments to Regulation C effective January 1, 2018.

**I. Instructions for Completion of Loan/Application Register**

**A. Application or Loan Information**

**1. Application or Loan Number.** Enter an identifying loan number that can be used later to retrieve the loan or application file. It can be any number of your institution's choosing (not exceeding 25 characters). You may use letters, numerals, or a combination of both.

**2. Date Application Received.** Enter the date the loan application was received by your institution by month, day, and year. If your institution normally records the date shown on the application form you may use that date instead. Enter "NA" for loans purchased by your institution. For paper submissions only, use numerals in the form MM/DD/YYYY (for example, 01/15/2003). For submissions in electronic form, the proper format is YYYYMMDD.

**3. Type of Loan or Application.** Indicate the type of loan or application by entering the applicable Code from the following:

Code 1—Conventional (any loan other than FHA, VA, FSA, or RHS loans)

Code 2—FHA-insured (Federal Housing Administration)

Code 3—VA-guaranteed (Veterans Administration)

Code 4—FSA/RHS-guaranteed (Farm Service Agency or Rural Housing Service)

**4. Property Type.** Indicate the property type by entering the applicable Code from the following:

Code 1—One-to four-family dwelling (other than manufactured housing)

Code 2—Manufactured housing

Code 3—Multifamily dwelling

a. Use Code 1, not Code 3, for loans on individual condominium or cooperative units.

b. If you cannot determine (despite reasonable efforts to find out) whether the loan or application relates to a manufactured home, use Code 1.

**5. Purpose of Loan or Application.** Indicate the purpose of the loan or application by entering the applicable Code from the following:

Code 1—Home purchase

Code 2—Home improvement

Code 3—Refinancing

a. Do not report a refinancing if, under the loan agreement, you were unconditionally obligated to refinance the obligation, or you were obligated to refinance the obligation subject to conditions within the borrower's control.

**6. Owner Occupancy.** Indicate whether the property to which the loan or loan application relates is to be owner-occupied as a principal residence by entering the applicable Code from the following:

Code 1—Owner-occupied as a principal dwelling

Code 2—Not owner-occupied as a principal dwelling

Code 3—Not applicable

a. For purchased loans, use Code 1 unless the loan documents or application indicate that the property will not be owner-occupied as a principal residence.

b. Use Code 2 for second homes or vacation homes, as well as for rental properties.

c. Use Code 3 if the property to which the loan relates is a multifamily dwelling; is not located in an MSA; or is located in an MSA or an MD in which your institution has neither a home nor a branch office. Alternatively, at your institution's option, you may report the actual occupancy status, using Code 1 or 2 as applicable.

**7. Loan Amount.** Enter the amount of the loan or application. Do not report loans below \$500. Show the amount in thousands, rounding to the nearest thousand (round \$500 up to the next \$1,000). For example, a loan for \$167,300 should be entered as 167 and one for \$15,500 as 16.

- a. For a home purchase loan that you originated, enter the principal amount of the loan.
- b. For a home purchase loan that you purchased, enter the unpaid principal balance of the loan at the time of purchase.
- c. For a home improvement loan, enter the entire amount of the loan—including unpaid finance charges if that is how such loans are recorded on your books—even if only a part of the proceeds is intended for home improvement.
- d. If you opt to report home-equity lines of credit, report only the portion of the line intended for home improvement or home purchase.
- e. For a refinancing, indicate the total amount of the refinancing, including both the amount outstanding on the original loan and any amount of “new money.”
- f. For a loan application that was denied or withdrawn, enter the amount for which the applicant applied.

**8. Request for Preapproval of a Home Purchase Loan.** Indicate whether the application or loan involved a request for preapproval of a home purchase loan by entering the applicable Code from the following:

Code 1—Preapproval requested

Code 2—Preapproval not requested

Code 3—Not applicable

- a. Enter Code 2 if your institution has a covered preapproval program but the applicant does not request a preapproval.
- b. Enter Code 3 if your institution does not have a preapproval program as defined in §1003.2.
- c. Enter Code 3 for applications or loans for home improvement or refinancing, and for purchased loans.

## **B. Action Taken**

**1. Type of Action.** Indicate the type of action taken on the application or loan by using one of the following Codes.

Code 1—Loan originated

Code 2—Application approved but not accepted

Code 3—Application denied



Code 4—Application withdrawn

Code 5—File closed for incompleteness

Code 6—Loan purchased by your institution

Code 7—Preapproval request denied

Code 8—Preapproval request approved but not accepted (optional reporting)

- a. Use Code 1 for a loan that is originated, including one resulting from a request for preapproval.
- b. For a counteroffer (your offer to the applicant to make the loan on different terms or in a different amount from the terms or amount applied for), use Code 1 if the applicant accepts. Use Code 3 if the applicant turns down the counteroffer or does not respond.
- c. Use Code 2 when the application is approved but the applicant (or the loan broker or correspondent) fails to respond to your notification of approval or your commitment letter within the specified time. Do not use this Code for a preapproval request.
- d. Use Code 4 only when the application is expressly withdrawn by the applicant before a credit decision is made. Do not use Code 4 if a request for preapproval is withdrawn; preapproval requests that are withdrawn are not reported under HMDA.
- e. Use Code 5 if you sent a written notice of incompleteness under §1002.9(c)(2) of Regulation B (Equal Credit Opportunity) and the applicant did not respond to your request for additional information within the period of time specified in your notice. Do not use this Code for requests for preapproval that are incomplete; these preapproval requests are not reported under HMDA.

**2. Date of Action.** For paper submissions only, enter the date by month, day, and year, using numerals in the form MM/DD/YYYY (for example, 02/22/2003). For submissions in electronic form, the proper format is YYYYMMDD.

- a. For loans originated, enter the settlement or closing date.
- b. For loans purchased, enter the date of purchase by your institution.
- c. For applications and preapprovals denied, applications and preapprovals approved but not accepted by the applicant, and files closed for incompleteness, enter the date that the action was taken by your institution or the date the notice was sent to the applicant.
- d. For applications withdrawn, enter the date you received the applicant's express withdrawal, or enter the date shown on the notification from the applicant, in the case of a written withdrawal.

e. For preapprovals that lead to a loan origination, enter the date of the origination.

### **C. Property Location**

Except as otherwise provided, enter in these columns the applicable Codes for the MSA, or the MD if the MSA is divided into MDs, state, county, and census tract to indicate the location of the property to which a loan relates.

**1. MSA or Metropolitan Division.**—For each loan or loan application, enter the MSA, or the MD number if the MSA is divided into MDs. MSA and MD boundaries are defined by OMB; use the boundaries that were in effect on January 1 of the calendar year for which you are reporting. A listing of MSAs and MDs is available from the appropriate Federal agency to which you report data or the FFIEC.

**2. State and County.** Use the Federal Information Processing Standard (FIPS) two-digit numerical code for the state and the three-digit numerical code for the county. These codes are available from the appropriate Federal agency to which you report data or the FFIEC.

**3. Census Tract.**—Indicate the census tract where the property is located. Notwithstanding paragraph 6, if the property is located in a county with a population of 30,000 or less in the 2000 Census, enter “NA” (even if the population has increased above 30,000 since 2000), or enter the census tract number. County population data can be obtained from the U.S. Census Bureau.

**4. Census Tract Number.**—For the census tract number, consult the resources provided by the U.S. Census Bureau or the FFIEC.

**5. Property Located Outside MSAs or Metropolitan Divisions.**—For loans on property located outside the MSAs and MDs in which an institution has a home or branch office, or for property located outside of any MSA or MD, the institution may choose one of the following two options. Under option one, the institution may enter the MSA or MD, state and county codes and the census tract number; and if the property is not located in any MSA or MD, the institution may enter “NA” in the MSA or MD column. (Codes exist for all states and counties and numbers exist for all census tracts.) Under this first option, the codes and census tract number must accurately identify the property location. Under the second option, which is not available if paragraph 6 applies, an institution may enter “NA” in all four columns, whether or not the codes or numbers exist for the property location.

**6. Data Reporting for Banks and Savings Associations Required To Report Data on Small Business, Small Farm, and Community Development Lending Under the CRA Regulations.**—If your institution is a bank or savings association that is required to report data under the regulations that implement the CRA, you must enter the property location on your HMDA/LAR even if the property is outside the MSAs or MDs in which you have a home or branch office, or is not located in any MSA.

**7. Requests for Preapproval.** Notwithstanding paragraphs 1 through 6, if the application is a request for preapproval that is denied or that is approved but not accepted by the applicant, you may enter “NA” in all four columns.

#### **D. Applicant Information—Ethnicity, Race, Sex, and Income**

Appendix B contains instructions for the collection of data on ethnicity, race, and sex, and also contains a sample form for data collection.

**1. Applicability.** Report this information for loans that you originate as well as for applications that do not result in an origination.

a. You need not collect or report this information for loans purchased. If you choose not to report this information, use the Codes for “not applicable.”

b. If the borrower or applicant is not a natural person (a corporation or partnership, for example), use the Codes for “not applicable.”

**2. Mail, Internet, or Telephone Applications.**—All loan applications, including applications taken by mail, internet, or telephone must use a collection form similar to that shown in appendix B regarding ethnicity, race, and sex. For applications taken by telephone, the information in the collection form must be stated orally by the lender, except for information that pertains uniquely to applications taken in writing. If the applicant does not provide these data in an application taken by mail or telephone or on the internet, enter the Code for “information not provided by applicant in mail, internet, or telephone application” specified in paragraphs I.D.3., 4., and 5. of this appendix. (See appendix B for complete information on the collection of these data in mail, Internet, or telephone applications.)

**3. Ethnicity of Borrower or Applicant.** Use the following Codes to indicate the ethnicity of the applicant or borrower under column “A” and of any co-applicant or co-borrower under column “CA.”

Code 1—Hispanic or Latino

Code 2—Not Hispanic or Latino

Code 3—Information not provided by applicant in mail, internet, or telephone application

Code 4—Not applicable

Code 5—No co-applicant

**4. Race of Borrower or Applicant.** Use the following Codes to indicate the race of the applicant or borrower under column “A” and of any co-applicant or co-borrower under column “CA.”

Code 1—American Indian or Alaska Native

Code 2—Asian

Code 3—Black or African American

Code 4—Native Hawaiian or Other Pacific Islander

Code 5—White

Code 6—Information not provided by applicant in mail, internet, or telephone application

Code 7—Not applicable

Code 8—No co-applicant

a. If an applicant selects more than one racial designation, enter all Codes corresponding to the applicant's selections.

b. Use Code 4 (for ethnicity) and Code 7 (for race) for “not applicable” only when the applicant or co-applicant is not a natural person or when applicant or co-applicant information is unavailable because the loan has been purchased by your institution.

c. If there is more than one co-applicant, provide the required information only for the first co-applicant listed on the application form. If there are no co-applicants or co-borrowers, use Code 5 (for ethnicity) and Code 8 (for race) for “no co-applicant” in the co-applicant column.

**5. Sex of Borrower or Applicant.** Use the following Codes to indicate the sex of the applicant or borrower under column “A” and of any co-applicant or co-borrower under column “CA.”

Code 1—Male

Code 2—Female

Code 3—Information not provided by applicant in mail, internet, or telephone application

Code 4—Not applicable

Code 5—No co-applicant or co-borrower

a. Use Code 4 for “not applicable” only when the applicant or co-applicant is not a natural person or when applicant or co-applicant information is unavailable because the loan has been purchased by your institution.

b. If there is more than one co-applicant, provide the required information only for the first co-applicant listed on the application form. If there are no co-applicants or co-borrowers, use Code 5 for “no co-applicant” in the co-applicant column.

**6. Income.** Enter the gross annual income that your institution relied on in making the credit decision.

- a. Round all dollar amounts to the nearest thousand (round \$500 up to the next \$1,000), and show in thousands. For example, report \$35,500 as 36.
- b. For loans on multifamily dwellings, enter "NA."
- c. If no income information is asked for or relied on in the credit decision, enter "NA."
- d. If the applicant or co-applicant is not a natural person or the applicant or co-applicant information is unavailable because the loan has been purchased by your institution, enter "NA."

### **E. Type of Purchaser**

Enter the applicable Code to indicate whether a loan that your institution originated or purchased was then sold to a secondary market entity within the same calendar year:

Code 0—Loan was not originated or was not sold in calendar year covered by register

Code 1—Fannie Mae

Code 2—Ginnie Mae

Code 3—Freddie Mac

Code 4—Farmer Mac

Code 5—Private securitization

Code 6—Commercial bank, savings bank, or savings association

Code 7—Life insurance company, credit union, mortgage bank, or finance company

Code 8—Affiliate institution

Code 9—Other type of purchaser

- a. Use Code 0 for applications that were denied, withdrawn, or approved but not accepted by the applicant; and for files closed for incompleteness.
- b. Use Code 0 if you originated or purchased a loan and did not sell it during that same calendar year. If you sell the loan in a succeeding year, you need not report the sale.
- c. Use Code 2 if you conditionally assign a loan to Ginnie Mae in connection with a mortgage-backed security transaction.
- d. Use Code 8 for loans sold to an institution affiliated with you, such as your subsidiary or a subsidiary of your parent corporation.

## **F. Reasons for Denial**

1. You may report the reason for denial, and you may indicate up to three reasons, using the following Codes. Leave this column blank if the “action taken” on the application is not a denial. For example, do not complete this column if the application was withdrawn or the file was closed for incompleteness.

Code 1—Debt-to-income ratio

Code 2—Employment history

Code 3—Credit history

Code 4—Collateral

Code 5—Insufficient cash (downpayment, closing costs)

Code 6—Unverifiable information

Code 7—Credit application incomplete

Code 8—Mortgage insurance denied

Code 9—Other

2. If your institution uses the model form for adverse action contained in appendix C to Regulation B (Form C-1, Sample Notification Form), use the foregoing Codes as follows:

a. Code 1 for: Income insufficient for amount of credit requested, and Excessive obligations in relation to income.

b. Code 2 for: Temporary or irregular employment, and Length of employment.

c. Code 3 for: Insufficient number of credit references provided; Unacceptable type of credit references provided; No credit file; Limited credit experience; Poor credit performance with us; Delinquent past or present credit obligations with others; Garnishment, attachment, foreclosure, repossession, collection action, or judgment; and Bankruptcy.

d. Code 4 for: Value or type of collateral not sufficient.

e. Code 6 for: Unable to verify credit references; Unable to verify employment; Unable to verify income; and Unable to verify residence.

f. Code 7 for: Credit application incomplete.

g. Code 9 for: Length of residence; Temporary residence; and Other reasons specified on notice.

## G. Pricing-Related Data

### 1. Rate Spread.

- a. For a home-purchase loan, a refinancing, or a dwelling-secured home improvement loan that you originated, report the spread between the annual percentage rate (APR) and the average prime offer rate for a comparable transaction if the spread is equal to or greater than 1.5 percentage points for first-lien loans or 3.5 percentage points for subordinate-lien loans. To determine whether the rate spread meets this threshold, use the average prime offer rate in effect for the type of transaction as of the date the interest rate was set, and use the APR for the loan, as calculated and disclosed to the consumer under §§1026.6 or 1026.18, as applicable, of Regulation Z (12 CFR part 1026). Current and historic average prime offer rates are set forth in the tables published on the FFIEC's Web site (<http://www.ffiec.gov/hmda>) entitled "Average Prime Offer Rates-Fixed" and "Average Prime Offer Rates-Adjustable." Use the most recently available average prime offer rate. "Most recently available" means the average prime offer rate set forth in the applicable table with the most recent effective date as of the date the interest rate was set. Do not use an average prime offer rate before its effective date.
- b. If the loan is not subject to Regulation Z, or is a home improvement loan that is not dwelling-secured, or is a loan that you purchased, enter "NA."
- c. Enter "NA" in the case of an application that does not result in a loan origination.
- d. Enter the rate spread to two decimal places, and use a leading zero. For example, enter 03.29. If the difference between the APR and the average prime offer rate is a figure with more than two decimal places, round the figure or truncate the digits beyond two decimal places.
- e. If the difference between the APR and the average prime offer rate is less than 1.5 percentage points for a first-lien loan and less than 3.5 percentage points for a subordinate-lien loan, enter "NA."

**2. Date the interest rate was set.** The relevant date to use to determine the average prime offer rate for a comparable transaction is the date on which the loan's interest rate was set by the financial institution for the final time before closing. If an interest rate is set pursuant to a "lock-in" agreement between the lender and the borrower, then the date on which the agreement fixes the interest rate is the date the rate was set. If a rate is re-set after a lock-in agreement is executed (for example, because the borrower exercises a float-down option or the agreement expires), then the relevant date is the date the rate is re-set for the final time before closing. If no lock-in agreement is executed, then the relevant date is the date on which the institution sets the rate for the final time before closing.

### **3. HOEPA Status.**

a. For a loan that you originated or purchased that is subject to the Home Ownership and Equity Protection Act of 1994 (HOEPA), as implemented in Regulation Z (12 CFR 1026.32), because the APR or the points and fees on the loan exceed the HOEPA triggers, enter Code 1.

b. Enter Code 2 in all other cases. For example, enter Code 2 for a loan that you originated or purchased that is not subject to the requirements of HOEPA for any reason; also enter Code 2 in the case of an application that does not result in a loan origination.

### **H. Lien Status**

Use the following Codes for loans that you originate and for applications that do not result in an origination:

Code 1—Secured by a first lien.

Code 2—Secured by a subordinate lien.

Code 3—Not secured by a lien.

Code 4—Not applicable (purchased loan).

a. Use Codes 1 through 3 for loans that you originate, as well as for applications that do not result in an origination (applications that are approved but not accepted, denied, withdrawn, or closed for incompleteness).

b. Use Code 4 for loans that you purchase.



## II. Appropriate Federal Agencies for HMDA Reporting

A. A financial institution shall submit its loan/application register in electronic format to the appropriate Federal agency at the address identified by such agency. The appropriate Federal agency for a financial institution is determined pursuant to section 304(h)(2) of the Home Mortgage Disclosure Act (12 U.S.C. 2803(h)(2)) or, with respect to a financial institution subject to the Bureau's supervisory authority under section 1025(a) of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5515(a)), is the Bureau.

B. Procedures for the submission of the loan/application register are available at [www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda).

C. An authorized representative of the financial institution with knowledge of the data submitted shall certify to the accuracy and completeness of the data submitted.

Form FR HMDA-LAR  
OMB Nos. 1557-0159 (OCC), 3064-0045  
(FDC), 7103-0247 (FRB), 2502-0529 (HUD),  
3133-0186 (NCUA), and 3170-0066 (CFPB).

### LOAN/APPLICATION REGISTER TRANSMITTAL SHEET

You must complete this transmittal sheet (please type or print) and attach it to the Loan/Application Register, required by the Home Mortgage Disclosure Act, that you submit to your supervisory agency.

Reporter's Identification Number	Agency Code	Reporter's Tax Identification Number	Total the entries contained in attached Loan/Application Register
_____	_____	_____	_____

The Loan/Application Register that is attached covers activity during the year \_\_\_\_\_ and contains a total of \_\_\_\_\_ pages.

Enter the name and address of your institution. The disclosure statement that is produced by the Federal Financial Institutions Examination Council will be mailed to the address you supply below:

\_\_\_\_\_  
Name of Institute

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, State, ZIP

Enter the name and address of any parent company:

\_\_\_\_\_  
Name of Parent Company

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, State, ZIP

Enter the name, telephone number, facsimile number, and e-mail address of a person who may be contacted about questions regarding your register:

\_\_\_\_\_  
Name

( ) \_\_\_\_\_  
Telephone Number

( ) \_\_\_\_\_  
Facsimile Number

\_\_\_\_\_  
E-Mail Address

An officer of your institution must complete the following section.

I certify to the accuracy of the data contained in this register.

\_\_\_\_\_  
Name of Officer

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



# LOAN/APPLICATION REGISTER CODE SHEET

Use the following codes to complete the Loan/Application Register. The instructions to the HMDA-LAR explain the proper use of each code.

## Application or Loan Information

- Loan Type:**  
 1— Conventional (any loan other than FHA, VA, FSA, or RHS loans)  
 2— FHA-insured (Federal Housing Administration)  
 3— VA-guaranteed (Veterans Administration)  
 4— FSA/RHS (Farm Services Agency or Rural Housing Service)

- Property Type:**  
 1— One to four-family (other than manufactured housing)  
 2— Manufactured housing  
 3— Multifamily

### Purpose of Loan:

- 1— Home purchase  
 2— Home improvement  
 3— Refinancing

### Owner-Occupancy:

- 1— Owner-occupied as a principal dwelling  
 2— Not owner-occupied  
 3— Not applicable

### Preapproval (home purchase loans only):

- 1— Preapproval was requested  
 2— Preapproval was not requested  
 3— Not applicable

### Action Taken:

- 1— Loan originated  
 2— Application approved but not accepted  
 3— Application denied by financial institution  
 4— Application withdrawn by applicant  
 5— File closed for incompleteness  
 6— Loan purchased by financial institution

- 7— Preapproval request denied by financial institution  
 8— Preapproval request approved but not accepted (optional reporting)

## Applicant Information

### Ethnicity:

- 1— Hispanic or Latino  
 2— Not Hispanic or Latino  
 3— Information not provided by applicant in mail, internet, or telephone application  
 4— Not applicable (see App. A, I.D.)  
 5— No co-applicant

### Race:

- 1— American Indian or Alaska Native  
 2— Asian  
 3— Black or African American  
 4— Native Hawaiian or Other Pacific Islander  
 5— White  
 6— Information not provided by applicant in mail, internet, or telephone application  
 7— Not applicable (see App. A, I.D.)  
 8— No co-applicant

### Sex:

- 1— Male  
 2— Female  
 3— Information not provided by applicant in mail, internet, or telephone application  
 4— Not applicable (see App. A, I.D.)  
 5— No co-applicant

## Type of Purchaser

- 0— Loan was not originated or was not sold in calendar year covered by register

- 1— Fannie Mae  
 2— Freddie Mac  
 3— Freddie Mac  
 4— Farmer Mac  
 5— Private securitization  
 6— Commercial bank, savings bank or savings association  
 7— Life insurance company, credit union, mortgage bank, or finance company  
 8— Affiliate institution  
 9— Other type of purchaser

## Reasons for Denial (optional reporting)

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

## Other Data

HOEPA Status (only for loans originated or purchased):

- 1— HOEPA loan  
 2— Not a HOEPA loan

Lien Status (only for applications and originations):

- 1— Secured by a first lien  
 2— Secured by a subordinate lien  
 3— Not secured by a lien  
 4— Not applicable (purchased loans)

## **APPENDIX B TO PART 1003—FORM AND INSTRUCTIONS FOR DATA COLLECTION ON ETHNICITY, RACE, AND SEX**

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 below for model language.)

1. 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. For applications taken by telephone, you must state the information in the collection form orally, except for that information which pertains uniquely to applications taken in writing, for example, the italicized language in the sample data collection form.
2. 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.
3. If you accept an application through electronic media with a video component, you must treat the application as taken in person. If you accept an application through electronic media without a video component (for example, facsimile), you must treat the application as accepted by mail.
4. For purposes of §1003.4(a)(10)(i), if a covered loan or application includes a guarantor, you do not report the guarantor's ethnicity, race, and sex.
5. 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.
6. When you purchase a covered loan and you choose not to report the applicant's or co-applicant's ethnicity, race, and sex, you must report that the requirement is not applicable.
7. You must report that the requirement to report the applicant's or co-applicant's ethnicity, race, and sex is not applicable when the applicant or co-applicant is not a natural person (for example, a corporation, partnership, or trust). For example, for a transaction involving a trust, you must report that the requirement to report the applicant's ethnicity, race, and sex is not applicable if the trust is the applicant. On the other hand, if the applicant is a natural person, and is the beneficiary of a trust, you must report the applicant's ethnicity, race, and sex.

8. You must report the ethnicity, race, and sex of an applicant as provided by the applicant. For example, if an applicant selects the “Asian” box the institution reports “Asian” for the race 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. An applicant may select an ethnicity or race subcategory even if the applicant does not select an aggregate ethnicity or aggregate race category. For example, if an applicant selects only the “Mexican” box, the institution reports “Mexican” for the ethnicity of the applicant but does not also report “Hispanic or Latino.”

9. 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 below.

i. *Ethnicity—Aggregate categories and subcategories.* There are two aggregate ethnicity categories: Hispanic or Latino; and Not Hispanic or Latino. The Hispanic or Latino category has four subcategories: Mexican; Puerto Rican; Cuban; and Other Hispanic or Latino. You must report every aggregate ethnicity category selected by the applicant. If the applicant also selects one or more ethnicity subcategories, you must report each ethnicity subcategory selected by the applicant, except that you must not report more than a total of five aggregate ethnicity categories and ethnicity subcategories combined. For example, if the applicant selects both aggregate ethnicity categories and also selects all four ethnicity subcategories, you must report Hispanic or Latino, Not Hispanic or Latino, and any three, at your option, of the four ethnicity subcategories selected by the applicant. To determine how to report the Other Hispanic or Latino ethnicity subcategory for purposes of the five-ethnicity maximum, see paragraph 9.ii below.

ii. *Ethnicity—Other subcategories.* An applicant may select the Other Hispanic or Latino ethnicity subcategory, an applicant may provide a particular Hispanic or Latino ethnicity not listed in the standard subcategories, or an applicant may do both. If the applicant provides only a particular Hispanic or Latino ethnicity in the space provided, you are permitted, but are not required, to report Other Hispanic or Latino in addition to reporting the particular Hispanic or Latino ethnicity provided by the applicant. For example, if an applicant provides only “Dominican,” you should report “Dominican.” You are permitted, but not required, to report Other Hispanic or Latino as well. If an applicant selects the Other Hispanic or Latino ethnicity subcategory and also provides a particular Hispanic or Latino ethnicity not listed in the standard subcategories, you must report both the selection of Other Hispanic or Latino and the additional information provided by the applicant, subject to the five-ethnicity maximum. For purposes of the maximum of five reportable ethnicity categories and ethnicity subcategories combined, as set forth in paragraph 9.i, the Other Hispanic or Latino subcategory and additional information provided by the applicant together constitute only one selection. For example, if the applicant selects Other

Hispanic or Latino and enters “Dominican” in the space provided, Other Hispanic or Latino and “Dominican” are considered one selection. Similarly, if the applicant only enters “Dominican” in the space provided and you report both “Dominican” and Other Hispanic or Latino as permitted by this paragraph 9.ii, the reported items together are considered one selection.

iii. *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. 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. For example, if the applicant selects all five aggregate race categories and also selects some race subcategories, you report only the five aggregate race categories. On the other hand, if the applicant selects the White, Asian, and Native Hawaiian or Other Pacific Islander aggregate race categories, and the applicant also selects the Korean, Vietnamese, and Samoan race subcategories, you must report White, Asian, Native Hawaiian or Other Pacific Islander, and any two, at your option, of the three race subcategories selected by the applicant. In this example, you must report White, Asian, and Native Hawaiian or Other Pacific Islander, and in addition you must report (at your option) either Korean and Vietnamese, Korean and Samoan, or Vietnamese and Samoan. To determine how to report an Other race subcategory and the American Indian or Alaska Native category for purposes of the five-race maximum, see paragraphs 9.iv and 9.v below.

iv. *Race—Other subcategories.* An applicant may select the Other Asian race subcategory or the Other Pacific Islander race subcategory, an applicant may provide a particular Asian race or Pacific Islander race not listed in the standard subcategories, or an applicant may do both. If the applicant provides only a particular Asian race or Pacific Islander race in the space provided, you are permitted, but are not required, to report Other Asian or Other Pacific Islander, as applicable, in addition to reporting the particular Asian race or Pacific Islander race provided by the applicant. For example, if an applicant provides only “Hmong,” you should report “Hmong.” You are permitted, but not required, to report Other Asian as well. If an applicant selects the Other Asian race or the Other Pacific Islander race subcategory and provides a particular Asian race or Pacific Islander race not listed in the standard subcategories, 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. For purposes of the maximum of five reportable race categories and race subcategories combined, as set forth in paragraph 9.iii, the Other race subcategory and additional information provided by the applicant together constitute only one selection. Thus, using the same facts in the example offered in paragraph 9.iii above,

if the applicant also selects Other Asian and enters “Thai” in the space provided, Other Asian and Thai are considered one selection. Similarly, if the applicant enters only “Thai” in the space provided and you report both “Thai” and Other Asian as permitted by this paragraph 9.iv, the reported items together are considered one selection. In the same example, you must report any two (at your option) of the four race subcategories selected by the applicant, Korean, Vietnamese, Other Asian-Thai, and Samoan, in addition to the three aggregate race categories selected by the applicant.

v. *Race—American Indian or Alaska Native category.* An applicant may select the American Indian or Alaska Native race category, an applicant may provide a particular American Indian or Alaska Native enrolled or principal tribe, or an applicant may do both. If the applicant provides only a particular American Indian or Alaska Native enrolled or principal tribe in the space provided, you are permitted, but are not required, to report American Indian or Alaska Native in addition to reporting the particular American Indian or Alaska Native enrolled or principal tribe provided by the applicant. For example, if an applicant provides only “Navajo,” you should report “Navajo.” You are permitted, but not required, to report American Indian or Alaska Native as well. If an applicant selects the American Indian or Alaska Native race category and also provides a particular American Indian or Alaska Native enrolled or principal tribe, you must report both the selection of American Indian or Alaska Native and the additional information provided by the applicant. For purposes of the maximum of five reportable race categories and race subcategories combined, as set forth in paragraph 9.iii, the American Indian or Alaska Native category and additional information provided by the applicant together constitute only one selection.

10. 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. You must report whether the applicant's ethnicity, race, and sex was collected 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).

11. 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.”

12. 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.

13. 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.

**SAMPLE DATA COLLECTION FORM  
DEMOGRAPHIC INFORMATION OF APPLICANT AND CO-APPLICANT**

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, race, and sex) 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. You may select one or more designations for "Ethnicity" and one or more designations for "Race."

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, race, and sex on the basis of visual observation or surname. If you do not wish to provide some or all of this information, please check below.

**Applicant:**

**Ethnicity:** - Check one or more

- Hispanic or Latino
  - Mexican
  - Puerto Rican
  - Cuban
  - Other Hispanic or Latino - Print origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spanish, and so on.

Not Hispanic or Latino

I do not wish to provide this information.

**Race:** - Check one or more

American Indian or Alaska Native - Print name of enrolled or principal tribe.

American Indian or Alaska Native - Print name of enrolled or principal tribe.

- Asian
  - Asian Indian
  - Chinese
  - Filipino
  - Japanese
  - Korean
  - Vietnamese
  - Other Asian - Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.

Asian

Black or African American

Native Hawaiian or Other Pacific Islander

- Native Hawaiian
- Guamanian or Chamorro
- Samoan
- Other Pacific Islander - Print race, for example, Fijian, Tongan, and so on.

Native Hawaiian or Other Pacific Islander

White

I do not wish to provide this information.

**Sex:**

Female

Male

I do not wish to provide this information.

**Co-Applicant:**

**Ethnicity:** - Check one or more

- Hispanic or Latino
  - Mexican
  - Puerto Rican
  - Cuban
  - Other Hispanic or Latino - Print origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spanish, and so on.

Not Hispanic or Latino

I do not wish to provide this information.

**Race:** - Check one or more

American Indian or Alaska Native - Print name of enrolled or principal tribe.

American Indian or Alaska Native - Print name of enrolled or principal tribe.

- Asian
  - Asian Indian
  - Chinese
  - Filipino
  - Japanese
  - Korean
  - Vietnamese
  - Other Asian - Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.

Asian

Black or African American

Native Hawaiian or Other Pacific Islander

- Native Hawaiian
- Guamanian or Chamorro
- Samoan
- Other Pacific Islander - Print race, for example, Fijian, Tongan, and so on.

Native Hawaiian or Other Pacific Islander

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 an application taken in person):**

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

- Yes
- No

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

- Yes
- No

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

- Yes
- No

Was the ethnicity of the co-applicant collected on the basis of visual observation or surname?

- Yes
- No

Was the race of the co-applicant collected on the basis of visual observation or surname?

- Yes
- No

Was the sex of the co-applicant collected on the basis of visual observation or surname?

- Yes
- No



## **APPENDIX C TO PART 1003—PROCEDURES FOR GENERATING A CHECK DIGIT AND VALIDATING A ULI**

The check digit for the Universal Loan Identifier (ULI) pursuant to §1003.4(a)(1)(i)(C) is calculated using the ISO/IEC 7064, MOD 97-10 as it appears on the International Standard ISO/IEC 7064:2003, which is published by the International Organization for Standardization (ISO).

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### **Generating a Check Digit**

*Step 1:* Starting with the leftmost character in the string that consists of the combination of the Legal Entity Identifier (LEI) pursuant to §1003.4(a)(1)(i)(A) and the additional characters identifying the covered loan or application pursuant to §1003.4(a)(1)(i)(B), replace each alphabetic character with numbers in accordance with Table I below to obtain all numeric values in the string.

### **Table I—Alphabetic to Numeric Conversion Table**

The alphabetic characters are not case-sensitive and each letter, whether it is capitalized or in lower-case, is equal to the same value as each letter illustrates in the conversion table. For example, A and a are each equal to 10.

A = 10

B = 11

C = 12

D = 13

E = 14

F = 15

G = 16

H = 17

I = 18

J = 19

K = 20

L = 21

M = 22

N = 23

O = 24

P = 25

Q = 26

R = 27

S = 28

T = 29

U = 30

V = 31

W = 32

X = 33

Y = 34

Z = 35

A = 10	H = 17	O = 24	V = 31
B = 11	I = 18	P = 25	W = 32
C = 12	J = 19	Q = 26	X = 33
D = 13	K = 20	R = 27	Y = 34
E = 14	L = 21	S = 28	Z = 35
F = 15	M = 22	T = 29	
G = 16	N = 23	U = 30	

*Step 2:* After converting the combined string of characters to all numeric values, append two zeros to the rightmost positions.

*Step 3:* Apply the mathematical function  $\text{mod} = (n,97)$  where  $n$  = the number obtained in step 2 above and 97 is the divisor.

Alternatively, to calculate without using the modulus operator, divide the numbers in step 2 above by 97. Truncate the remainder to three digits and multiply it by 97. Round the result to the nearest whole number.

*Step 4:* Subtract the result in step 3 from 98. If the result is one digit, add a leading 0 to make it two digits.

*Step 5:* The two digits in the result from step 4 is the check digit. Append the resulting check digit to the rightmost position in the combined string of characters described in step 1 above to generate the ULI.

### **Example**

For example, assume the LEI for a financial institution is 10Bx939c5543TqA1144M and the financial institution assigned the following string of characters to identify the covered loan: 999143X. The combined string of characters is 10Bx939c5543TqA1144M999143X.

*Step 1:* Starting with the leftmost character in the combined string of characters, replace each alphabetic character with numbers in accordance with Table I above to obtain all numeric values in the string. The result is 10113393912554329261011442299914333.

*Step 2:* Append two zeros to the rightmost positions in the combined string. The result is 1011339391255432926101144229991433300.

*Step 3:* Apply the mathematical function  $\text{mod} = (n,97)$  where  $n$  = the number obtained in step 2 above and 97 is the divisor. The result is 60.

Alternatively, to calculate without using the modulus operator, divide the numbers in step 2 above by 97. The result is 1042617929129312294946332267952920.618556701030928. Truncate the remainder to three digits, which is .618, and multiply it by 97. The result is 59.946. Round this result to the nearest whole number, which is 60.

*Step 4:* Subtract the result in step 3 from 98. The result is 38.

*Step 5:* The two digits in the result from step 4 is the check digit. Append the check digit to the rightmost positions in the combined string of characters that consists of the LEI and the string of characters assigned by the financial institution to identify the covered loan to obtain the ULI. In this example, the ULI would be 10Bx939c5543TqA1144M999143X38.

## **Validating A ULI**

To determine whether the ULI contains a transcription error using the check digit calculation, the procedures are described below.

*Step 1:* Starting with the leftmost character in the ULI, replace each alphabetic character with numbers in accordance with Table I above to obtain all numeric values in the string.

*Step 2:* Apply the mathematical function  $\text{mod}=(n,97)$  where  $n$ =the number obtained in step 1 above and 97 is the divisor.

*Step 3:* If the result is 1, the ULI does not contain transcription errors.

## **Example**

For example, the ULI assigned to a covered loan is 10Bx939c5543TqA1144M999143X38.

*Step 1:* Starting with the leftmost character in the ULI, replace each alphabetic character with numbers in accordance with Table I above to obtain all numeric values in the string. The result is 1011339391255432926101144229991433338.

*Step 2:* Apply the mathematical function  $\text{mod}=(n,97)$  where  $n$  is the number obtained in step 1 above and 97 is the divisor.

*Step 3:* The result is 1. The ULI does not contain transcription errors.

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# Appendix

## APPENDIX G: Official Interpretation to Regulation C

Intro

A: Overview of Data  
Requirements Chart

B: HMDA Small Entity  
Compliance Guide

C: Instructions on  
Collection of Data on  
Ethnicity, Race, and Sex

D: Institutional  
Coverage Chart

E: Transactional  
Coverage Chart

F: Regulation C

**G: Official  
Interpretations to  
Regulation C**

H: Federal HMDA  
Reporting Agencies

I: HMDA Poster

The following is a copy of the commentary to Regulation C. This copy was last updated on January 1, 2018. This appendix is a compilation of material and not an official legal edition of the Code of Federal Regulations or the Federal Register. We have made every effort to ensure the material presented in this tool is accurate, but if you are relying on it for legal research you should consult the official editions of those sources to confirm your findings.

# Supplement I to Part 1003—Official Interpretations

## INTRODUCTION

1. *Status.* The commentary in this supplement is the vehicle by which the Bureau of Consumer Financial Protection issues formal interpretations of Regulation C (12 CFR part 1003).

## SECTION 1003.2—DEFINITIONS

### 2(B) APPLICATION

1. *Consistency with Regulation B.* Bureau interpretations that appear in the official commentary to Regulation B (Equal Credit Opportunity Act, 12 CFR part 1002, Supplement I) are generally applicable to the definition of application under Regulation C. However, under Regulation C the definition of an application does not include prequalification requests.

2. *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 loan 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 loan/application register, even though these requests may constitute applications under Regulation B for purposes of adverse action notices.

3. *Requests for preapproval.* To be a preapproval program as defined in §1003.2(b)(2), the written commitment issued under the program must result from a comprehensive review of the creditworthiness of the applicant, including such verification of income, resources, and other matters as is typically done by the institution as part of its normal credit evaluation program. In addition to conditions involving the identification of a suitable property and verification that no material change has occurred in the applicant's financial condition or creditworthiness, the written commitment may be subject only to other conditions (unrelated to the financial condition or creditworthiness of the applicant) that the lender ordinarily attaches to a traditional home mortgage application approval. These conditions are limited to conditions such as requiring an acceptable title insurance binder or a certificate indicating clear termite inspection, and, in the case where the applicant plans to use the proceeds from the sale of the applicant's present home to purchase a new home, a settlement statement showing adequate proceeds from the sale of the present home. Regardless of its name, a program that satisfies the definition of a preapproval program in §1003.2(b)(2) is a preapproval program for purposes of Regulation C. Conversely, a program that a financial institution describes as a "preapproval program" that does not satisfy the requirements of §1003.2(b)(2) is not a preapproval program for purposes of Regulation C. If a financial institution does not regularly use the procedures specified in §1003.2(b)(2), but instead considers requests for preapprovals on an ad hoc basis, the financial

institution need not treat ad hoc requests as part of a preapproval program for purposes of Regulation C. A financial institution should, however, be generally consistent in following uniform procedures for considering such ad hoc requests.

## **2(C) BRANCH OFFICE**

### **Paragraph 2(c)(1)**

1. *Credit unions.* For purposes of Regulation C, a “branch” of a credit union is any office where member accounts are established or loans are made, whether or not the office has been approved as a branch by a Federal or State agency. (See 12 U.S.C. 1752.)

2. *Bank, savings association, or credit unions.* A branch office of a bank, savings association, or credit union does not include a loan-production office if the loan-production office is not considered a branch by the Federal or State supervisory authority applicable to that institution. A branch office also does not include the office of an affiliate or of a third party, such as a third-party broker.

### **Paragraph 2(c)(2)**

1. *General.* A branch office of a for-profit mortgage lending institution, other than a bank savings association or credit union, does not include the office of an affiliate or of a third party, such as a third-party broker.

## **2(D) CLOSED-END MORTGAGE LOAN**

1. *Dwelling-secured.* Section 1003.2(d) defines a closed-end mortgage loan as an extension of credit that is secured by a lien on a dwelling and that is not an open-end line of credit under §1003.2(o). Thus, for example, a loan to purchase a dwelling and secured only by a personal guarantee is not a closed-end mortgage loan because it is not dwelling-secured.

2. *Extension of credit.* Under §1003.2(d), a dwelling-secured loan is not a closed-end mortgage loan unless it involves an extension of credit. For example, some transactions completed pursuant to installment sales contracts, such as some land contracts, depending on the facts and circumstances, may or may not involve extensions of credit rendering the transactions closed-end mortgage loans. In general, extension of credit under §1003.2(d) refers to the granting of credit only pursuant to a new debt obligation. Thus, except as described in comments 2(d)-2.i and .ii, if a transaction modifies, renews, extends, or amends the terms of an existing debt obligation, but the existing debt obligation is not satisfied and replaced, the transaction is not a closed-end mortgage loan under §1003.2(d) because there has been no new extension of credit. The phrase extension of credit thus is defined differently under Regulation C than under Regulation B, 12 CFR part 1002.

i. *Assumptions.* For purposes of Regulation C, an assumption is a transaction in which an institution enters into a written agreement accepting a new borrower in place of an existing borrower as the obligor on an existing debt obligation. For purposes of Regulation C, assumptions include successor-in-interest transactions, in which an individual succeeds the

prior owner as the property owner and then assumes the existing debt secured by the property. Under §1003.2(d), assumptions are extensions of credit even if the new borrower merely assumes the existing debt obligation and no new debt obligation is created. See also comment 2(j)-5.

ii. *New York State consolidation, extension, and modification agreements.* A transaction completed pursuant to a New York State consolidation, extension, and modification agreement and classified as a supplemental mortgage under New York Tax Law section 255, such that the borrower owes reduced or no mortgage recording taxes, is an extension of credit under §1003.2(d). Comments 2(i)-1, 2(j)-5, and 2(p)-2 clarify whether such transactions are home improvement loans, home purchase loans, or refinancings, respectively. Section 1003.3(c)(13) provides an exclusion from the reporting requirement for a preliminary transaction providing or, in the case of an application, proposing to provide new funds to the borrower in advance of being consolidated within the same calendar year into a supplemental mortgage under New York Tax Law section 255. See comment 3(c)(13)-1 concerning how to report a supplemental mortgage under New York Tax Law section 255 in this situation.

## **2(F) DWELLING**

1. *General.* The definition of a dwelling is not limited to the principal or other residence of the applicant or borrower, and thus includes vacation or second homes and investment properties.

2. *Multifamily residential structures and communities.* A dwelling also includes a multifamily residential structure or community such as an apartment, condominium, cooperative building or housing complex, or a manufactured home community. A loan related to a manufactured home community is secured by a dwelling for purposes of §1003.2(f) even if it is not secured by any individual manufactured homes, but only by the land that constitutes the manufactured home community including sites for manufactured homes. However, a loan related to a multifamily residential structure or community that is not a manufactured home community is not secured by a dwelling for purposes of §1003.2(f) if it is not secured by any individual dwelling units and is, for example, instead secured only by property that only includes common areas, or is secured only by an assignment of rents or dues.

3. *Exclusions.* Recreational vehicles, including boats, campers, travel trailers, and park model recreational vehicles, are not considered dwellings for purposes of §1003.2(f), regardless of whether they are used as residences. Houseboats, floating homes, and mobile homes constructed before June 15, 1976, are also excluded, regardless of whether they are used as residences. Also excluded are transitory residences such as hotels, hospitals, college dormitories, and recreational vehicle parks, and structures originally designed as dwellings but used exclusively for commercial purposes, such as homes converted to daycare facilities or professional offices.

4. *Mixed-use properties.* A property used for both residential and commercial purposes, such as a building containing apartment units and retail space, is a dwelling if the property's primary use



is residential. An institution may use any reasonable standard to determine the primary use of the property, such as by square footage or by the income generated. An institution may select the standard to apply on a case-by-case basis.

5. *Properties with service and medical components.* For purposes of §1003.2(f), a property used for both long-term housing and to provide related services, such as assisted living for senior citizens or supportive housing for persons with disabilities, is a dwelling and does not have a non-residential purpose merely because the property is used for both housing and to provide services. However, transitory residences that are used to provide such services are not dwellings. See comment 2(f)-3. Properties that are used to provide medical care, such as skilled nursing, rehabilitation, or long-term medical care, also are not dwellings. See comment 2(f)-3. If a property that is used for both long-term housing and to provide related services also is used to provide medical care, the property is a dwelling if its primary use is residential. An institution may use any reasonable standard to determine the property's primary use, such as by square footage, income generated, or number of beds or units allocated for each use. An institution may select the standard to apply on a case-by-case basis.

## **2(G) FINANCIAL INSTITUTION**

1. *Preceding calendar year and preceding December 31.* The definition of financial institution refers both to the preceding calendar year and the preceding December 31. These terms refer to the calendar year and the December 31 preceding the current calendar year. For example, in 2019, the preceding calendar year is 2018 and the preceding December 31 is December 31, 2018. Accordingly, in 2019, Financial Institution A satisfies the asset-size threshold described in §1003.2(g)(1)(i) if its assets exceeded the threshold specified in comment 2(g)-2 on December 31, 2018. Likewise, in 2020, Financial Institution A does not meet the loan-volume test described in §1003.2(g)(1)(v)(A) if it originated fewer than 25 closed-end mortgage loans during either 2018 or 2019.

2. *Adjustment of exemption threshold for banks, savings associations, and credit unions.* For data collection in 2018, the asset-size exemption threshold is \$45 million. Banks, savings associations, and credit unions with assets at or below \$45 million as of December 31, 2017, are exempt from collecting data for 2018.

3. *Merger or acquisition—coverage of surviving or newly formed institution.* After a merger or acquisition, the surviving or newly formed institution is a financial institution under §1003.2(g) if it, considering the combined assets, location, and lending activity of the surviving or newly formed institution and the merged or acquired institutions or acquired branches, satisfies the criteria included in §1003.2(g). For example, A and B merge. The surviving or newly formed institution meets the loan threshold described in §1003.2(g)(1)(v)(B) if the surviving or newly formed institution, A, and B originated a combined total of at least 500 open-end lines of credit in each of the two preceding calendar years. Likewise, the surviving or newly formed institution meets the asset-size threshold in §1003.2(g)(1)(i) if its assets and the combined assets of A and B on December 31 of the preceding calendar year exceeded the threshold described in

§1003.2(g)(1)(i). Comment 2(g)-4 discusses a financial institution's responsibilities during the calendar year of a merger.

4. *Merger or acquisition—coverage for calendar year of merger or acquisition.* The scenarios described below illustrate a financial institution's responsibilities for the calendar year of a merger or acquisition. For purposes of these illustrations, a “covered institution” means a financial institution, as defined in §1003.2(g), that is not exempt from reporting under §1003.3(a), and “an institution that is not covered” means either an institution that is not a financial institution, as defined in §1003.2(g), or an institution that is exempt from reporting under §1003.3(a).

i. Two institutions that are not covered merge. The surviving or newly formed institution meets all of the requirements necessary to be a covered institution. No data collection is required for the calendar year of the merger (even though the merger creates an institution that meets all of the requirements necessary to be a covered institution). When a branch office of an institution that is not covered is acquired by another institution that is not covered, and the acquisition results in a covered institution, no data collection is required for the calendar year of the acquisition.

ii. A covered institution and an institution that is not covered merge. The covered institution is the surviving institution, or a new covered institution is formed. For the calendar year of the merger, data collection is required for covered loans and applications handled in the offices of the merged institution that was previously covered and is optional for covered loans and applications handled in offices of the merged institution that was previously not covered. When a covered institution acquires a branch office of an institution that is not covered, data collection is optional for covered loans and applications handled by the acquired branch office for the calendar year of the acquisition.

iii. A covered institution and an institution that is not covered merge. The institution that is not covered is the surviving institution, or a new institution that is not covered is formed. For the calendar year of the merger, data collection is required for covered loans and applications handled in offices of the previously covered institution that took place prior to the merger. After the merger date, data collection is optional for covered loans and applications handled in the offices of the institution that was previously covered. When an institution remains not covered after acquiring a branch office of a covered institution, data collection is required for transactions of the acquired branch office that take place prior to the acquisition. Data collection by the acquired branch office is optional for transactions taking place in the remainder of the calendar year after the acquisition.

iv. Two covered institutions merge. The surviving or newly formed institution is a covered institution. Data collection is required for the entire calendar year of the merger. The surviving or newly formed institution files either a consolidated submission or separate submissions for that calendar year. When a covered institution acquires a branch office of a covered institution, data collection is required for the entire calendar year of the merger. Data for the acquired branch office may be submitted by either institution.

5. *Originations.* Whether an institution is a financial institution depends in part on whether the institution originated at least 25 closed-end mortgage loans in each of the two preceding calendar years or at least 500 open-end lines of credit in each of the two preceding calendar years. Comments 4(a)-2 through -4 discuss whether activities with respect to a particular closed-end mortgage loan or open-end line of credit constitute an origination for purposes of §1003.2(g).

6. *Branches of foreign banks—treated as banks.* A Federal branch or a State-licensed or insured branch of a foreign bank that meets the definition of a “bank” under section 3(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(a)) is a bank for the purposes of §1003.2(g).

7. *Branches and offices of foreign banks and other entities—treated as nondepository financial institutions.* A Federal agency, State-licensed agency, State-licensed uninsured branch of a foreign bank, commercial lending company owned or controlled by a foreign bank, or entity operating under section 25 or 25A of the Federal Reserve Act, 12 U.S.C. 601 and 611 (Edge Act and agreement corporations) may not meet the definition of “bank” under the Federal Deposit Insurance Act and may thereby fail to satisfy the definition of a depository financial institution under §1003.2(g)(1). An entity is nonetheless a financial institution if it meets the definition of nondepository financial institution under §1003.2(g)(2).

## **2(i) HOME IMPROVEMENT LOAN**

1. *General.* Section 1003.2(i) defines a home improvement loan as 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. For example, a closed-end mortgage loan obtained to repair a dwelling by replacing a roof is a home improvement loan under §1003.2(i). A loan or line of credit is a home improvement loan even if only a part of the purpose is for repairing, rehabilitating, remodeling, or improving a dwelling. For example, an open-end line of credit obtained in part to remodel a kitchen and in part to pay college tuition is a home improvement loan under §1003.2(i). Similarly, for example, a loan that is completed pursuant to a New York State consolidation, extension, and modification agreement and that is classified as a supplemental mortgage under New York Tax Law section 255, such that the borrower owes reduced or no mortgage recording taxes, is a home improvement loan if any of the loan's funds are for home improvement purposes. See also comment 2(d)-2.ii.

2. *Improvements to real property.* Home improvements include improvements both to a dwelling and to the real property on which the dwelling is located (for example, installation of a swimming pool, construction of a garage, or landscaping).

3. *Commercial and other loans.* A home improvement loan may include a closed-end mortgage loan or an open-end line of credit originated outside an institution's residential mortgage lending division, such as a loan or line of credit to improve an apartment building originated in the commercial loan department.

4. *Mixed-use property.* A closed-end mortgage loan or an open-end line of credit to improve a multifamily dwelling used for residential and commercial purposes (for example, a building containing apartment units and retail space), or the real property on which such a dwelling is located, is a home improvement loan if the loan's proceeds are used either to improve the entire property (for example, to replace the heating system), or if the proceeds are used primarily to improve the residential portion of the property. An institution may use any reasonable standard to determine the primary use of the loan proceeds. An institution may select the standard to apply on a case-by-case basis. See comment 3(c)(10)-3.ii for guidance on loans to improve primarily the commercial portion of a dwelling other than a multifamily dwelling.

5. *Multiple-purpose loans.* A closed-end mortgage loan or an open-end line of credit may be used for multiple purposes. For example, a closed-end mortgage loan that is a home improvement loan under §1003.2(i) may also be a refinancing under §1003.2(p) if the transaction is a cash-out refinancing and the funds will be used to improve a home. Such a transaction is a multiple-purpose loan. Comment 4(a)(3)-3 provides details about how to report multiple-purpose covered loans.

6. *Statement of borrower.* In determining whether a closed-end mortgage loan or an open-end line of credit, or an application for a closed-end mortgage loan or an open-end line of credit, is for home improvement purposes, an institution may rely on the applicant's or borrower's stated purpose(s) for the loan or line of credit at the time the application is received or the credit decision is made. An institution need not confirm that the borrower actually uses any of the funds for the stated purpose(s).

## **2(J) HOME PURCHASE LOAN**

1. *Multiple properties.* A home purchase loan includes a closed-end mortgage loan or an open-end line of credit secured by one dwelling and used to purchase another dwelling. For example, if a person obtains a home-equity loan or a reverse mortgage secured by dwelling A to purchase dwelling B, the home-equity loan or the reverse mortgage is a home purchase loan under §1003.2(j).

2. *Commercial and other loans.* A home purchase loan may include a closed-end mortgage loan or an open-end line of credit originated outside an institution's residential mortgage lending division, such as a loan or line of credit to purchase an apartment building originated in the commercial loan department.

3. *Construction and permanent financing.* A home purchase loan includes both a combined construction/permanent loan or line of credit, and the separate permanent financing that replaces a construction-only loan or line of credit for the same borrower at a later time. A home purchase loan does not include a construction-only loan or line of credit that is designed to be replaced by separate permanent financing extended by any financial institution to the same borrower at a later time or that is extended to a person exclusively to construct a dwelling for sale, which are excluded from Regulation C as temporary financing under §1003.3(c)(3).

Comments 3(c)(3)-1 and -2 provide additional details about transactions that are excluded as temporary financing.

4. *Second mortgages that finance the downpayments on first mortgages.* If an institution making a first mortgage loan to a home purchaser also makes a second mortgage loan or line of credit to the same purchaser to finance part or all of the home purchaser's downpayment, both the first mortgage loan and the second mortgage loan or line of credit are home purchase loans.

5. *Assumptions.* Under §1003.2(j), an assumption is a home purchase loan when an institution enters into a written agreement accepting a new borrower as the obligor on an existing obligation to finance the new borrower's purchase of the dwelling securing the existing obligation, if the resulting obligation is a closed-end mortgage loan or an open-end line of credit. A transaction in which borrower B finances the purchase of borrower A's dwelling by assuming borrower A's existing debt obligation and that is completed pursuant to a New York State consolidation, extension, and modification agreement and is classified as a supplemental mortgage under New York Tax Law section 255, such that the borrower owes reduced or no mortgage recording taxes, is an assumption and a home purchase loan. See comment 2(d)-2.ii. On the other hand, a transaction in which borrower B, a successor-in-interest, assumes borrower A's existing debt obligation only after acquiring title to borrower A's dwelling is not a home purchase loan because borrower B did not assume the debt obligation for the purpose of purchasing a dwelling. See §1003.4(a)(3) and comment 4(a)(3)-4 for guidance about how to report covered loans that are not home improvement loans, home purchase loans, or refinancings.

6. *Multiple-purpose loans.* A closed-end mortgage loan or an open-end line of credit may be used for multiple purposes. For example, a closed-end mortgage loan that is a home purchase loan under §1003.2(j) may also be a home improvement loan under §1003.2(i) and a refinancing under §1003.2(p) if the transaction is a cash-out refinancing and the funds will be used to purchase and improve a dwelling. Such a transaction is a multiple-purpose loan. Comment 4(a)(3)-3 provides details about how to report multiple-purpose covered loans.

## **2(L) MANUFACTURED HOME**

1. *Definition of a manufactured home.* The definition in §1003.2(l) refers to the Federal building code for manufactured housing established by the U.S. Department of Housing and Urban Development (HUD) (24 CFR part 3280.2). Modular or other factory-built homes that do not meet the HUD code standards are not manufactured homes for purposes of §1003.2(l). Recreational vehicles are excluded from the HUD code standards pursuant to 24 CFR 3282.8(g) and are also excluded from the definition of dwelling for purposes of §1003.2(f). See comment 2(f)-3.

2. *Identification.* A manufactured home will generally bear a data plate affixed in a permanent manner near the main electrical panel or other readily accessible and visible location noting its compliance with the Federal Manufactured Home Construction and Safety Standards in force at the time of manufacture and providing other information about its manufacture pursuant to 24

CFR 3280.5. A manufactured home will generally also bear a HUD Certification Label pursuant to 24 CFR 3280.11.

## **2(M) METROPOLITAN STATISTICAL AREA (MSA) OR METROPOLITAN DIVISION (MD).**

1. *Use of terms “Metropolitan Statistical Area (MSA)” and “Metropolitan Division (MD).”* The U.S. Office of Management and Budget (OMB) defines Metropolitan Statistical Areas (MSAs) and Metropolitan Divisions (MDs) to provide nationally consistent definitions for collecting, tabulating, and publishing Federal statistics for a set of geographic areas. For all purposes under Regulation C, if an MSA is divided by OMB into MDs, the appropriate geographic unit to be used is the MD; if an MSA is not so divided by OMB into MDs, the appropriate geographic unit to be used is the MSA.

## **2(N) MULTIFAMILY DWELLING**

1. *Multifamily residential structures.* The definition of dwelling in §1003.2(f) includes multifamily residential structures and the corresponding commentary provides guidance on when such residential structures are included in that definition. See comments 2(f)-2 through -5.

2. *Special reporting requirements for multifamily dwellings.* The definition of multifamily dwelling in §1003.2(n) includes a dwelling, regardless of construction method, that contains five or more individual dwelling units. Covered loans secured by a multifamily dwelling are subject to additional reporting requirements under §1003.4(a)(32), but are not subject to reporting requirements under §1003.4(a)(4), (10)(iii), (23), (29), or (30).

3. *Separate dwellings.* A covered loan secured by five or more separate dwellings, which are not multifamily dwellings, in more than one location is not a loan secured by a multifamily dwelling. For example, assume a landlord uses a covered loan to improve five or more dwellings, each with one individual dwelling unit, located in different parts of a town, and the loan is secured by those properties. The covered loan is not secured by a multifamily dwelling as defined by §1003.2(n). Likewise, a covered loan secured by five or more separate dwellings that are located within a multifamily dwelling, but which is not secured by the entire multifamily dwelling (e.g., an entire apartment building or housing complex), is not secured by a multifamily dwelling as defined by §1003.2(n). For example, assume that an investor purchases 10 individual unit condominiums in a 100-unit condominium complex using a covered loan. The covered loan would not be secured by a multifamily dwelling as defined by §1003.2(n). In both of these situations, a financial institution reporting a covered loan or application secured by these separate dwellings would not be subject to the additional reporting requirements for covered loans secured by or applications proposed to be secured by multifamily dwellings under §1003.4(a)(32). However, a financial institution would report the information required by §1003.4(a)(4), (a)(10)(iii), and (a)(23), (29), and (30), which is not applicable to covered loans secured by and applications proposed to be secured by multifamily dwellings. See comment 2(n)-2. In addition, in both of these situations, the financial institution reports the number of individual dwelling units securing the covered loan or proposed to secure a covered loan as required by §1003.4(a)(31). See comment 4(a)(31)-3.

## **2(o) OPEN-END LINE OF CREDIT**

1. *General.* Section 1003.2(o) defines an open-end line of credit as an extension of credit that is secured by a lien on a dwelling and that is an open-end credit plan as defined in Regulation Z, 12 CFR 1026.2(a)(20), but without regard to whether the credit is consumer credit, as defined in §1026.2(a)(12), is extended by a creditor, as defined in §1026.2(a)(17), or is extended to a consumer, as defined in §1026.2(a)(11). Aside from these distinctions, institutions may rely on 12 CFR 1026.2(a)(20) and its related commentary in determining whether a transaction is an open-end line of credit under §1003.2(o). For example, assume a business-purpose transaction that is exempt from Regulation Z pursuant to §1026.3(a)(1) but that otherwise is open-end credit under Regulation Z §1026.2(a)(20). The business-purpose transaction is an open-end line of credit under Regulation C, provided the other requirements of §1003.2(o) are met. Similarly, assume a transaction in which the person extending open-end credit is a financial institution under §1003.2(g) but is not a creditor under Regulation Z, §1026.2(a)(17). In this example, the transaction is an open-end line of credit under Regulation C, provided the other requirements of §1003.2(o) are met.

2. *Extension of credit.* Extension of credit has the same meaning under §1003.2(o) as under §1003.2(d) and comment 2(d)-2. Thus, for example, a renewal of an open-end line of credit is not an extension of credit under §1003.2(o) and is not covered by Regulation C unless the existing debt obligation is satisfied and replaced. Likewise, under §1003.2(o), each draw on an open-end line of credit is not an extension of credit.

## **2(p) REFINANCING**

1. *General.* Section 1003.2(p) defines a refinancing as 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. Except as described in comment 2(p)-2, whether a refinancing has occurred is determined by reference to whether, based on the parties' contract and applicable law, the original debt obligation has been satisfied or replaced by a new debt obligation. Whether the original lien is satisfied is irrelevant. For example:

- i. A new closed-end mortgage loan that satisfies and replaces one or more existing closed-end mortgage loans is a refinancing under §1003.2(p).
- ii. A new open-end line of credit that satisfies and replaces an existing closed-end mortgage loan is a refinancing under §1003.2(p).
- iii. Except as described in comment 2(p)-2, a new debt obligation that renews or modifies the terms of, but that does not satisfy and replace, an existing debt obligation, is not a refinancing under §1003.2(p).

2. *New York State consolidation, extension, and modification agreements.* Where a transaction is completed pursuant to a New York State consolidation, extension, and modification

agreement and is classified as a supplemental mortgage under New York Tax Law section §255, such that the borrower owes reduced or no mortgage recording taxes, and where, but for the agreement, the transaction would have met the definition of a refinancing under §1003.2(p), the transaction is considered a refinancing under §1003.2(p). See also comment 2(d)-2.ii.

3. *Existing debt obligation.* A closed-end mortgage loan or an open-end line of credit that satisfies and replaces one or more existing debt obligations is not a refinancing under §1003.2(p) unless the existing debt obligation (or obligations) also was secured by a dwelling. For example, assume that a borrower has an existing \$30,000 closed-end mortgage loan and obtains a new \$50,000 closed-end mortgage loan that satisfies and replaces the existing \$30,000 loan. The new \$50,000 loan is a refinancing under §1003.2(p). However, if the borrower obtains a new \$50,000 closed-end mortgage loan that satisfies and replaces an existing \$30,000 loan secured only by a personal guarantee, the new \$50,000 loan is not a refinancing under §1003.2(p). See §1003.4(a)(3) and related commentary for guidance about how to report the loan purpose of such transactions, if they are not otherwise excluded under §1003.3(c).

4. *Same borrower.* Section 1003.2(p) provides that, even if all of the other requirements of §1003.2(p) are met, a closed-end mortgage loan or an open-end line of credit is not a refinancing unless the same borrower undertakes both the existing and the new obligation(s). Under §1003.2(p), the “same borrower” undertakes both the existing and the new obligation(s) even if only one borrower is the same on both obligations. For example, assume that an existing closed-end mortgage loan (obligation X) is satisfied and replaced by a new closed-end mortgage loan (obligation Y). If borrowers A and B both are obligated on obligation X, and only borrower B is obligated on obligation Y, then obligation Y is a refinancing under §1003.2(p), assuming the other requirements of §1003.2(p) are met, because borrower B is obligated on both transactions. On the other hand, if only borrower A is obligated on obligation X, and only borrower B is obligated on obligation Y, then obligation Y is not a refinancing under §1003.2(p). For example, assume that two spouses are divorcing. If both spouses are obligated on obligation X, but only one spouse is obligated on obligation Y, then obligation Y is a refinancing under §1003.2(p), assuming the other requirements of §1003.2(p) are met. On the other hand, if only spouse A is obligated on obligation X, and only spouse B is obligated on obligation Y, then obligation Y is not a refinancing under §1003.2(p). See §1003.4(a)(3) and related commentary for guidance about how to report the loan purpose of such transactions, if they are not otherwise excluded under §1003.3(c).

5. *Two or more debt obligations.* Section 1003.2(p) provides that, to be a refinancing, a new debt obligation must satisfy and replace an existing debt obligation. Where two or more new obligations replace an existing obligation, each new obligation is a refinancing if, taken together, the new obligations satisfy the existing obligation. Similarly, where one new obligation replaces two or more existing obligations, the new obligation is a refinancing if it satisfies each of the existing obligations.

6. *Multiple-purpose loans.* A closed-end mortgage loan or an open-end line of credit may be used for multiple purposes. For example, a closed-end mortgage loan that is a refinancing



under §1003.2(p) may also be a home improvement loan under §1003.2(i) and be used for other purposes if the refinancing is a cash-out refinancing and the funds will be used both for home improvement and to pay college tuition. Such a transaction is a multiple-purpose loan. Comment 4(a)(3)-3 provides details about how to report multiple-purpose covered loans.

## SECTION 1003.3—EXEMPT INSTITUTIONS AND EXCLUDED TRANSACTIONS

### 3(C) EXCLUDED TRANSACTIONS

#### Paragraph 3(c)(1)

1. *Financial institution acting in a fiduciary capacity.* Section 1003.3(c)(1) provides that a closed-end mortgage loan or an open-end line of credit originated or purchased by a financial institution acting in a fiduciary capacity is an excluded transaction. A financial institution acts in a fiduciary capacity if, for example, the financial institution acts as a trustee.

#### Paragraph 3(c)(2)

1. *Loan or line of credit secured by a lien on unimproved land.* Section 1003.3(c)(2) provides that a closed-end mortgage loan or an open-end line of credit secured by a lien on unimproved land is an excluded transaction. A loan or line of credit is secured by a lien on unimproved land if the loan or line of credit is secured by vacant or unimproved property, unless the institution knows, based on information that it receives from the applicant or borrower at the time the application is received or the credit decision is made, that the proceeds of that loan or credit line will be used within two years after closing or account opening to construct a dwelling on, or to purchase a dwelling to be placed on, the land. A loan or line of credit that is not excludable under §1003.3(c)(2) nevertheless may be excluded, for example, as temporary financing under §1003.3(c)(3).

#### Paragraph 3(c)(3)

1. *Temporary financing.* Section 1003.3(c)(3) provides that closed-end mortgage loans or open-end lines of credit obtained for temporary financing are excluded transactions. A loan or line of credit is considered temporary financing and excluded under §1003.3(c)(3) if the loan or line of credit is designed to be replaced by separate permanent financing extended by any financial institution to the same borrower at a later time. For example:

- i. Lender A extends credit in the form of a bridge or swing loan to finance a borrower's down payment on a home purchase. The borrower pays off the bridge or swing loan with funds from the sale of his or her existing home and obtains permanent financing for his or her new home from Lender A or from another lender. The bridge or swing loan is excluded as temporary financing under §1003.3(c)(3).
- ii. Lender A extends credit to a borrower to finance construction of a dwelling. The borrower will obtain a new extension of credit for permanent financing for the dwelling, either from Lender A or from another lender, and either through a refinancing of the initial construction

loan or a separate loan. The initial construction loan is excluded as temporary financing under §1003.3(c)(3).

iii. Assume the same scenario as in comment 3(c)(3)-1.ii, except that the initial construction loan is, or may be, renewed one or more times before the separate permanent financing is obtained. The initial construction loan, including any renewal thereof, is excluded as temporary financing under §1003.3(c)(3).

iv. Lender A extends credit to finance construction of a dwelling. The loan automatically will convert to permanent financing extended to the same borrower with Lender A once the construction phase is complete. Under §1003.3(c)(3), the loan is not designed to be replaced by separate permanent financing extended to the same borrower, and therefore the temporary financing exclusion does not apply. See *also* comment 2(j)-3.

v. Lender A originates a loan with a nine-month term to enable an investor to purchase a home, renovate it, and re-sell it before the term expires. Under §1003.3(c)(3), the loan is not designed to be replaced by separate permanent financing extended to the same borrower, and therefore the temporary financing exclusion does not apply. Such a transaction is not temporary financing under §1003.3(c)(3) merely because its term is short.

2. *Loan or line of credit to construct a dwelling for sale.* A construction-only loan or line of credit is considered temporary financing and excluded under §1003.3(c)(3) if the loan or line of credit is extended to a person exclusively to construct a dwelling for sale. See comment 3(c)(3)-1.ii through .iv for examples of the reporting requirement for construction loans that are not extended to a person exclusively to construct a dwelling for sale.

#### **Paragraph 3(c)(4)**

1. *Purchase of an interest in a pool of loans.* Section 1003.3(c)(4) provides that the purchase of an interest in a pool of closed-end mortgage loans or open-end lines of credit is an excluded transaction. The purchase of an interest in a pool of loans or lines of credit includes, for example, mortgage-participation certificates, mortgage-backed securities, or real estate mortgage investment conduits.

#### **Paragraph 3(c)(6)**

1. *Mergers and acquisitions.* Section 1003.3(c)(6) provides that the purchase of closed-end mortgage loans or open-end lines of credit as part of a merger or acquisition, or as part of the acquisition of all of the assets and liabilities of a branch office, are excluded transactions. If a financial institution acquires loans or lines of credit in bulk from another institution (for example, from the receiver for a failed institution), but no merger or acquisition of an institution, or acquisition of a branch office, is involved and no other exclusion applies, the acquired loans or lines of credit are covered loans and are reported as described in comment 4(a)-1.iii.

### **Paragraph 3(c)(8)**

1. *Partial interest.* Section 1003.3(c)(8) provides that the purchase of a partial interest in a closed-end mortgage loan or an open-end line of credit is an excluded transaction. If an institution acquires only a partial interest in a loan or line of credit, the institution does not report the transaction even if the institution participated in the underwriting and origination of the loan or line of credit. If an institution acquires a 100 percent interest in a loan or line of credit, the transaction is not excluded under §1003.3(c)(8).

### **Paragraph 3(c)(9)**

1. *Loan or line of credit used primarily for agricultural purposes.* Section 1003.3(c)(9) provides that an institution does not report a closed-end mortgage loan or an open-end line of credit used primarily for agricultural purposes. A loan or line of credit is used primarily for agricultural purposes if its funds will be used primarily for agricultural purposes, or if the loan or line of credit is secured by a dwelling that is located on real property that is used primarily for agricultural purposes (e.g., a farm). An institution may refer to comment 3(a)-8 in the official interpretations of Regulation Z, 12 CFR part 1026, supplement I, for guidance on what is an agricultural purpose. An institution may use any reasonable standard to determine the primary use of the property. An institution may select the standard to apply on a case-by-case basis.

### **Paragraph 3(c)(10)**

1. *General.* Section 1003.3(c)(10) provides a special rule for reporting a closed-end mortgage loan or an open-end line of credit that is or will be made primarily for a business or commercial purpose. If an institution determines that a closed-end mortgage loan or an open-end line of credit primarily is for a business or commercial purpose, then the loan or line of credit is a covered loan only if it is a home improvement loan under §1003.2(i), a home purchase loan under §1003.2(j), or a refinancing under §1003.2(p) and no other exclusion applies. Section 1003.3(c)(10) does not categorically exclude all business- or commercial-purpose loans and lines of credit from coverage.

2. *Primary purpose.* An institution must determine in each case if a closed-end mortgage loan or an open-end line of credit primarily is for a business or commercial purpose. If a closed-end mortgage loan or an open-end line of credit is deemed to be primarily for a business, commercial, or organizational purpose under Regulation Z, 12 CFR 1026.3(a) and its related commentary, then the loan or line of credit also is deemed to be primarily for a business or commercial purpose under §1003.3(c)(10).

3. *Examples—covered business- or commercial-purpose transactions.* The following are examples of closed-end mortgage loans and open-end lines of credit that are not excluded from reporting under §1003.3(c)(10) because, although they primarily are for a business or commercial purpose, they also meet the definition of a home improvement loan under §1003.2(i), a home purchase loan under §1003.2(j), or a refinancing under §1003.2(p):

- i. A closed-end mortgage loan or an open-end line of credit to purchase or to improve a multifamily dwelling or a single-family investment property, or a refinancing of a closed-end

mortgage loan or an open-end line of credit secured by a multifamily dwelling or a single-family investment property;

ii. A closed-end mortgage loan or an open-end line of credit to improve a doctor's office or a daycare center that is located in a dwelling other than a multifamily dwelling; and

iii. A closed-end mortgage loan or an open-end line of credit to a corporation, if the funds from the loan or line of credit will be used to purchase or to improve a dwelling, or if the transaction is a refinancing.

4. *Examples—excluded business- or commercial-purpose transactions.* The following are examples of closed-end mortgage loans and open-end lines of credit that are not covered loans because they primarily are for a business or commercial purpose, but they do not meet the definition of a home improvement loan under §1003.2(i), a home purchase loan under §1003.2(j), or a refinancing under §1003.2(p):

i. A closed-end mortgage loan or an open-end line of credit whose funds will be used primarily to improve or expand a business, for example to renovate a family restaurant that is not located in a dwelling, or to purchase a warehouse, business equipment, or inventory;

ii. A closed-end mortgage loan or an open-end line of credit to a corporation whose funds will be used primarily for business purposes, such as to purchase inventory; and

iii. A closed-end mortgage loan or an open-end line of credit whose funds will be used primarily for business or commercial purposes other than home purchase, home improvement, or refinancing, even if the loan or line of credit is cross-collateralized by a covered loan.

### **Paragraph 3(c)(11)**

1. *General.* Section 1003.3(c)(11) provides that a closed-end mortgage loan is an excluded transaction if a financial institution originated fewer than 25 closed-end mortgage loans in either of the two preceding calendar years. For example, assume that a bank is a financial institution in 2018 under §1003.2(g) because it originated 600 open-end lines of credit in 2016, 650 open-end lines of credit in 2017, and met all of the other requirements under §1003.2(g)(1). Also assume that the bank originated 10 and 20 closed-end mortgage loans in 2016 and 2017, respectively. The open-end lines of credit that the bank originated or purchased, or for which it received applications, during 2018 are covered loans and must be reported, unless they otherwise are excluded transactions under §1003.3(c). However, the closed-end mortgage loans that the bank originated or purchased, or for which it received applications, during 2018 are excluded transactions under §1003.3(c)(11) and need not be reported. See comments 4(a)-2 through -4 for guidance about the activities that constitute an origination.

2. *Optional reporting.* A financial institution may report applications for, originations of, or purchases of closed-end mortgage loans that are excluded transactions because the financial institution originated fewer than 25 closed-end mortgage loans in either of the two preceding

calendar years. However, a financial institution that chooses to report such excluded applications for, originations of, or purchases of closed-end mortgage loans must report all such applications for closed-end mortgage loans that it receives, closed-end mortgage loans that it originates, and closed-end mortgage loans that it purchases that otherwise would be covered loans for a given calendar year. Note that applications which remain pending at the end of a calendar year are not reported, as described in comment 4(a)(8)(i)-14.

### **Paragraph 3(c)(12)**

1. *General.* Section 1003.3(c)(12) provides that an open-end line of credit is an excluded transaction if a financial institution originated fewer than 500 open-end lines of credit in either of the two preceding calendar years. For example, assume that a bank is a financial institution in 2018 under §1003.2(g) because it originated 50 closed-end mortgage loans in 2016, 75 closed-end mortgage loans in 2017, and met all of the other requirements under §1003.2(g)(1). Also assume that the bank originated 75 and 85 open-end lines of credit in 2016 and 2017, respectively. The closed-end mortgage loans that the bank originated or purchased, or for which it received applications, during 2018 are covered loans and must be reported, unless they otherwise are excluded transactions under §1003.3(c). However, the open-end lines of credit that the bank originated or purchased, or for which it received applications, during 2018 are excluded transactions under §1003.3(c)(12) and need not be reported. See comments 4(a)-2 through -4 for guidance about the activities that constitute an origination.

2. *Optional reporting.* A financial institution may report applications for, originations of, or purchases of open-end lines of credit that are excluded transactions because the financial institution originated fewer than 500 open-end lines of credit in either of the two preceding calendar years. However, a financial institution that chooses to report such excluded applications for, originations of, or purchases of open-end lines of credit must report all such applications for open-end lines of credit on which it receives, open-end lines of credit that it originates, and open-end lines of credit that it purchases that otherwise would be covered loans for a given calendar year. Note that applications which remain pending at the end of a calendar year are not reported, as described in comment 4(a)(8)(i)-14.

### **Paragraph 3(c)(13)**

1. *New funds extended before consolidation.* Section 1003.3(c)(13) provides an exclusion for a transaction that provided or, in the case of an application, proposed to provide new funds to the borrower in advance of being consolidated in a New York State consolidation, extension, and modification agreement classified as a supplemental mortgage under New York Tax Law section 255 (New York CEMA) and for which final action is taken on both transactions within the same calendar year. The excluded transaction provides or proposes to provide funds that are not part of any existing debt obligation of the borrower and that are then consolidated or proposed to be consolidated with an existing debt obligation or obligations as part of the supplemental mortgage. The new funds are reported only insofar as they form part of the total amount of the reported New York CEMA, and not as a separate amount. This exclusion applies only if, at the time the transaction that provided new funds was originated, the financial institution intended to consolidate the loan into a New York CEMA. If a New York CEMA that

consolidates an excluded preliminary transaction is carried out in a transaction involving an assumption, the financial institution reports the New York CEMA and does not report the preliminary transaction separately. The §1003.3(c)(13) exclusion does not apply to similar preliminary transactions that provide or propose to provide new funds to be consolidated not pursuant to New York Tax Law section 255 but under some other law in a transaction that is not an extension of credit. For example, assume a financial institution extends new funds to a consumer in a preliminary transaction that is then consolidated as part of a consolidation, extension and modification agreement pursuant to the law of a State other than New York. If the preliminary extension of new funds is a covered loan, it must be reported. If the consolidation, extension and modification agreement pursuant to the law of a State other than New York is not an extension of credit pursuant to Regulation C, it may not be reported. For discussion of how to report a cash-out refinancing, see comment 4(a)(3)-2.

## **SECTION 1003.4—COMPILATION OF REPORTABLE DATA**

### **4(A) DATA FORMAT AND ITEMIZATION**

1. *General.* Section 1003.4(a) describes a financial institution's obligation to collect data on applications it received, on covered loans that it originated, and on covered loans that it purchased during the calendar year covered by the loan/application register.

i. A financial institution reports these data even if the covered loans were subsequently sold by the institution.

ii. A financial institution reports data for applications that did not result in an origination but on which actions were taken—for example, an application that the institution denied, that it approved but that was not accepted, that it closed for incompleteness, or that the applicant withdrew during the calendar year covered by the loan/application register. A financial institution is required to report data regarding requests under a preapproval program (as defined in §1003.2(b)(2)) only if the preapproval request is denied, results in the origination of a home purchase loan, or was approved but not accepted.

iii. If a financial institution acquires covered loans in bulk from another institution (for example, from the receiver for a failed institution), but no merger or acquisition of an institution, or acquisition of a branch office, is involved, the acquiring financial institution reports the covered loans as purchased loans.

iv. A financial institution reports the data for an application on the loan/application register for the calendar year during which the application was acted upon even if the institution received the application in a previous calendar year.

2. *Originations and applications involving more than one institution.* Section 1003.4(a) requires a financial institution to collect certain information regarding applications for covered loans that it receives and regarding covered loans that it originates. The following provides guidance on how to report originations and applications involving more than one institution. The discussion below assumes that all of the parties are financial institutions as defined by §1003.2(g). The same

principles apply if any of the parties is not a financial institution. Comment 4(a)-3 provides examples of transactions involving more than one institution, and comment 4(a)-4 discusses how to report actions taken by agents.

i. Only one financial institution reports each originated covered loan as an origination. If more than one institution was involved in the origination of a covered loan, the financial institution that made the credit decision approving the application before closing or account opening reports the loan as an origination. It is not relevant whether the loan closed or, in the case of an application, would have closed in the institution's name. If more than one institution approved an application prior to closing or account opening and one of those institutions purchased the loan after closing, the institution that purchased the loan after closing reports the loan as an origination. If a financial institution reports a transaction as an origination, it reports all of the information required for originations, even if the covered loan was not initially payable to the financial institution that is reporting the covered loan as an origination.

ii. In the case of an application for a covered loan that did not result in an origination, a financial institution reports the action it took on that application if it made a credit decision on the application or was reviewing the application when the application was withdrawn or closed for incompleteness. It is not relevant whether the financial institution received the application from the applicant or from another institution, such as a broker, or whether another financial institution also reviewed and reported an action taken on the same application.

3. *Examples—originations and applications involving more than one institution.* The following scenarios illustrate how an institution reports a particular application or covered loan. The illustrations assume that all of the parties are financial institutions as defined by §1003.2(g). However, the same principles apply if any of the parties is not a financial institution.

i. Financial Institution A received an application for a covered loan from an applicant and forwarded that application to Financial Institution B. Financial Institution B reviewed the application and approved the loan prior to closing. The loan closed in Financial Institution A's name. Financial Institution B purchased the loan from Financial Institution A after closing. Financial Institution B was not acting as Financial Institution A's agent. Since Financial Institution B made the credit decision prior to closing, Financial Institution B reports the transaction as an origination, not as a purchase. Financial Institution A does not report the transaction.

ii. Financial Institution A received an application for a covered loan from an applicant and forwarded that application to Financial Institution B. Financial Institution B reviewed the application before the loan would have closed, but the application did not result in an origination because Financial Institution B denied the application. Financial Institution B was not acting as Financial Institution A's agent. Since Financial Institution B made the credit decision, Financial Institution B reports the application as a denial. Financial Institution A does not report the application. If, under the same facts, the application was withdrawn

before Financial Institution B made a credit decision, Financial Institution B would report the application as withdrawn and Financial Institution A would not report the application.

iii. Financial Institution A received an application for a covered loan from an applicant and approved the application before closing the loan in its name. Financial Institution A was not acting as Financial Institution B's agent. Financial Institution B purchased the covered loan from Financial Institution A. Financial Institution B did not review the application before closing. Financial Institution A reports the loan as an origination. Financial Institution B reports the loan as a purchase.

iv. Financial Institution A received an application for a covered loan from an applicant. If approved, the loan would have closed in Financial Institution B's name. Financial Institution A denied the application without sending it to Financial Institution B for approval. Financial Institution A was not acting as Financial Institution B's agent. Since Financial Institution A made the credit decision before the loan would have closed, Financial Institution A reports the application. Financial Institution B does not report the application.

v. Financial Institution A reviewed an application and made the credit decision to approve a covered loan using the underwriting criteria provided by a third party (e.g., another financial institution, Fannie Mae, or Freddie Mac). The third party did not review the application and did not make a credit decision prior to closing. Financial Institution A was not acting as the third party's agent. Financial Institution A reports the application or origination. If the third party purchased the loan and is subject to Regulation C, the third party reports the loan as a purchase whether or not the third party reviewed the loan after closing. Assume the same facts, except that Financial Institution A approved the application, and the applicant chose not to accept the loan from Financial Institution A. Financial Institution A reports the application as approved but not accepted and the third party, assuming the third party is subject to Regulation C, does not report the application.

vi. Financial Institution A reviewed and made the credit decision on an application based on the criteria of a third-party insurer or guarantor (for example, a government or private insurer or guarantor). Financial Institution A reports the action taken on the application.

vii. Financial Institution A received an application for a covered loan and forwarded it to Financial Institutions B and C. Financial Institution A made a credit decision, acting as Financial Institution D's agent, and approved the application. The applicant did not accept the loan from Financial Institution D. Financial Institution D reports the application as approved but not accepted. Financial Institution A does not report the application. Financial Institution B made a credit decision, approving the application, the applicant accepted the offer of credit from Financial Institution B, and credit was extended. Financial Institution B reports the origination. Financial Institution C made a credit decision and denied the application. Financial Institution C reports the application as denied.

4. *Agents.* If a financial institution made the credit decision on a covered loan or application through the actions of an agent, the institution reports the application or origination. State law determines whether one party is the agent of another. For example, acting as Financial



Institution A's agent, Financial Institution B approved an application prior to closing and a covered loan was originated. Financial Institution A reports the loan as an origination.

#### 5. *Purchased loans.*

i. A financial institution is required to collect data regarding covered loans it purchases. For purposes of §1003.4(a), a purchase includes a repurchase of a covered loan, regardless of whether the institution chose to repurchase the covered loan or was required to repurchase the covered loan because of a contractual obligation and regardless of whether the repurchase occurs within the same calendar year that the covered loan was originated or in a different calendar year. For example, assume that Financial Institution A originates or purchases a covered loan and then sells it to Financial Institution B, who later requires Financial Institution A to repurchase the covered loan pursuant to the relevant contractual obligations. Financial Institution B reports the purchase from Financial Institution A, assuming it is a financial institution as defined under §1003.2(g). Financial Institution A reports the repurchase from Financial Institution B as a purchase.

ii. In contrast, for purposes of §1003.4(a), a purchase does not include a temporary transfer of a covered loan to an interim funder or warehouse creditor as part of an interim funding agreement under which the originating financial institution is obligated to repurchase the covered loan for sale to a subsequent investor. Such agreements, often referred to as “repurchase agreements,” are sometimes employed as functional equivalents of warehouse lines of credit. Under these agreements, the interim funder or warehouse creditor acquires legal title to the covered loan, subject to an obligation of the originating institution to repurchase at a future date, rather than taking a security interest in the covered loan as under the terms of a more conventional warehouse line of credit. To illustrate, assume Financial Institution A has an interim funding agreement with Financial Institution B to enable Financial Institution B to originate loans. Assume further that Financial Institution B originates a covered loan and that, pursuant to this agreement, Financial Institution A takes a temporary transfer of the covered loan until Financial Institution B arranges for the sale of the covered loan to a subsequent investor and that Financial Institution B repurchases the covered loan to enable it to complete the sale to the subsequent investor (alternatively, Financial Institution A may transfer the covered loan directly to the subsequent investor at Financial Institution B's direction, pursuant to the interim funding agreement). The subsequent investor could be, for example, a financial institution or other entity that intends to hold the loan in portfolio, a GSE or other securitizer, or a financial institution or other entity that intends to package and sell multiple loans to a GSE or other securitizer. In this example, the temporary transfer of the covered loan from Financial Institution B to Financial Institution A is not a purchase, and any subsequent transfer back to Financial Institution B for delivery to the subsequent investor is not a purchase, for purposes of §1003.4(a). Financial Institution B reports the origination of the covered loan as well as its sale to the subsequent investor. If the subsequent investor is a financial institution under §1003.2(g), it reports a purchase of the covered loan pursuant to §1003.4(a), regardless of whether it acquired the covered loan from Financial Institution B or directly from Financial Institution A.

### **Paragraph 4(a)(1)(i)**

1. *ULI—uniqueness.* Section 1003.4(a)(1)(i)(B)(2) requires a financial institution that assigns a universal loan identifier (ULI) to each covered loan or application (except as provided in §1003.4(a)(1)(i)(D) and (E)) to ensure that the character sequence it assigns is unique within the institution and used only for the covered loan or application. A financial institution should assign only one ULI to any particular covered loan or application, and each ULI should correspond to a single application and ensuing loan in the case that the application is approved and a loan is originated. A financial institution may use a ULI that was reported previously to refer only to the same loan or application for which the ULI was used previously or a loan that ensues from an application for which the ULI was used previously. A financial institution may not report an application for a covered loan in 2030 using the same ULI that was reported for a covered loan that was originated in 2020. Similarly, refinancings or applications for refinancing should be assigned a different ULI than the loan that is being refinanced. A financial institution with multiple branches must ensure that its branches do not use the same ULI to refer to multiple covered loans or applications.

2. *ULI—privacy.* Section 1003.4(a)(1)(i)(B)(3) prohibits a financial institution from including information that could be used to directly identify the applicant or borrower in the identifier that it assigns for the application or covered loan of the applicant or borrower. Information that could be used to directly identify the applicant or borrower includes, but is not limited to, the applicant's or borrower's name, date of birth, Social Security number, official government-issued driver's license or identification number, alien registration number, government passport number, or employer or taxpayer identification number.

3. *ULI—purchased covered loan.* If a financial institution has previously assigned a covered loan with a ULI or reported a covered loan with a ULI under this part, a financial institution that purchases that covered loan must report the same ULI that was previously assigned or reported. For example, if a loan origination previously was reported under this part with a ULI, the financial institution that purchases the covered loan would report the purchase of the covered loan using the same ULI. A financial institution that purchases a covered loan must use the ULI that was assigned by the financial institution that originated the covered loan. A financial institution that purchases a covered loan assigns a ULI and records and submits it in its loan/application register pursuant to §1003.5(a)(1) if the covered loan was not assigned a ULI by the financial institution that originated the loan because, for example, the loan was originated prior to January 1, 2018, or the loan was originated by an institution not required to report under this part.

4. *ULI—reinstated or reconsidered application.* A financial institution may not use a ULI previously reported if it reinstates or reconsiders an application that was reported in a prior calendar year. For example, if a financial institution reports a denied application in its annual 2020 data submission, pursuant to §1003.5(a)(1), but then reconsiders the application, resulting in an origination in 2021, the financial institution reports a denied application under the original ULI in its annual 2020 data submission and an origination with a different ULI in its annual 2021 data submission, pursuant to §1003.5(a)(1).

5. *ULI—check digit.* Section 1003.4(a)(1)(i)(C) requires that the two right-most characters in the ULI represent the check digit. Appendix C prescribes the requirements for generating a check digit and validating a ULI.

#### **Paragraph 4(a)(1)(ii)**

1. *Application date—consistency.* Section 1003.4(a)(1)(ii) requires that, in reporting the date of application, a financial institution report the date it received the application, as defined under §1003.2(b), or the date shown on the application form. Although a financial institution need not choose the same approach for its entire HMDA submission, it should be generally consistent (such as by routinely using one approach within a particular division of the institution or for a category of loans). If the financial institution chooses to report the date shown on the application form and the institution retains multiple versions of the application form, the institution reports the date shown on the first application form satisfying the application definition provided under §1003.2(b).

2. *Application date—indirect application.* For an application that was not submitted directly to the financial institution, the institution may report the date the application was received by the party that initially received the application, the date the application was received by the institution, or the date shown on the application form. Although an institution need not choose the same approach for its entire HMDA submission, it should be generally consistent (such as by routinely using one approach within a particular division of the institution or for a category of loans).

3. *Application date—reinstated application.* If, within the same calendar year, an applicant asks a financial institution to reinstate a counteroffer that the applicant previously did not accept (or asks the institution to reconsider an application that was denied, withdrawn, or closed for incompleteness), the institution may treat that request as the continuation of the earlier transaction using the same ULI or as a new transaction with a new ULI. If the institution treats the request for reinstatement or reconsideration as a new transaction, it reports the date of the request as the application date. If the institution does not treat the request for reinstatement or reconsideration as a new transaction, it reports the original application date.

#### **Paragraph 4(a)(2)**

1. *Loan type—general.* If a covered loan is not, or in the case of an application would not have been, insured by the Federal Housing Administration, guaranteed by the Department of Veterans Affairs, or guaranteed by the Rural Housing Service or the Farm Service Agency, an institution complies with §1003.4(a)(2) by reporting the covered loan as not insured or guaranteed by the Federal Housing Administration, Department of Veterans Affairs, Rural Housing Service, or Farm Service Agency.

#### **Paragraph 4(a)(3)**

1. *Purpose—statement of applicant.* A financial institution may rely on the oral or written statement of an applicant regarding the proposed use of covered loan proceeds. For example, a lender could use a check-box or a purpose line on a loan application to determine whether the applicant intends to use covered loan proceeds for home improvement purposes. If an applicant

provides no statement as to the proposed use of covered loan proceeds and the covered loan is not a home purchase loan, cash-out refinancing, or refinancing, a financial institution reports the covered loan as for a purpose other than home purchase, home improvement, refinancing, or cash-out refinancing for purposes of §1003.4(a)(3).

*2. Purpose—refinancing and cash-out refinancing.* Section 1003.4(a)(3) requires a financial institution to report whether a covered loan is, or an application is for, a refinancing or a cash-out refinancing. A financial institution reports a covered loan or an application as a cash-out refinancing if it is a refinancing as defined by §1003.2(p) and the institution considered it to be a cash-out refinancing in processing the application or setting the terms (such as the interest rate or origination charges) under its guidelines or an investor's guidelines. For example:

i. Assume a financial institution considers an application for 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. Assume also that under the investor's guidelines, the applicant qualifies for the loan product and the financial institution approves the application, originates the covered loan, and sets the terms of the covered loan consistent with the loan product. In this example, the financial institution would report the covered loan as a cash-out refinancing for purposes of §1003.4(a)(3).

ii. Assume a financial institution does not consider an application for a covered loan to be a cash-out refinancing under its own guidelines because the amount of cash received by the borrower does not exceed a certain threshold. Assume also that the institution approves the application, originates the covered loan, and sets the terms of the covered loan consistent with its own guidelines applicable to refinancings other than cash-out refinancings. In this example, the financial institution would report the covered loan as a refinancing for purposes of §1003.4(a)(3).

iii. Assume a financial institution does not distinguish between a cash-out refinancing and a refinancing under its own guidelines, and sets the terms of all refinancings without regard to the amount of cash received by the borrower at closing or account opening, and does not offer loan products under investor guidelines. In this example, the financial institution reports all covered loans and applications for covered loans that are defined by §1003.2(p) as refinancings for purposes of §1003.4(a)(3).

*3. Purpose—multiple-purpose loan.* Section 1003.4(a)(3) requires a financial institution to report the purpose of a covered loan or application. If a covered loan is a home purchase loan as well as a home improvement loan, a refinancing, or a cash-out refinancing, an institution complies with §1003.4(a)(3) by reporting the loan as a home purchase loan. If a covered loan is a home improvement loan as well as a refinancing or cash-out refinancing, but the covered loan is not a home purchase loan, an institution complies with §1003.4(a)(3) by reporting the covered loan as a refinancing or a cash-out refinancing, as appropriate. If a covered loan is a refinancing or cash-out refinancing as well as for another purpose, such as for the purpose of paying educational expenses, but the covered loan is not a home purchase loan, an institution complies with §1003.4(a)(3) by reporting the covered loan as a refinancing or a cash-out refinancing, as

appropriate. See comment 4(a)(3)-2. If a covered loan is a home improvement loan as well as for another purpose, but the covered loan is not a home purchase loan, a refinancing, or cash-out refinancing, an institution complies with §1003.4(a)(3) by reporting the covered loan as a home improvement loan. See comment 2(i)-1.

4. *Purpose—other.* If a covered loan is not, or an application is not for, a home purchase loan, a home improvement loan, a refinancing, or a cash-out refinancing, a financial institution complies with §1003.4(a)(3) by reporting the covered loan or application as for a purpose other than home purchase, home improvement, refinancing, or cash-out refinancing. For example, if a covered loan is for the purpose of paying educational expenses, the financial institution complies with §1003.4(a)(3) by reporting the covered loan as for a purpose other than home purchase, home improvement, refinancing, or cash-out refinancing. Section 1003.4(a)(3) also requires an institution to report a covered loan or application as for a purpose other than home purchase, home improvement, refinancing, or cash-out refinancing if it is a refinancing but, under the terms of the agreement, the financial institution was unconditionally obligated to refinance the obligation subject to conditions within the borrower's control.

5. *Purpose—business or commercial purpose loans.* If a covered loan primarily is for a business or commercial purpose as described in §1003.3(c)(10) and comment 3(c)(10)-2 and is a home purchase loan, home improvement loan, or a refinancing, §1003.4(a)(3) requires the financial institution to report the applicable loan purpose. If a loan primarily is for a business or commercial purpose but is not a home purchase loan, home improvement loan, or a refinancing, the loan is an excluded transaction under §1003.3(c)(10).

6. *Purpose—purchased loans.* For purchased covered loans where origination took place prior to January 1, 2018, a financial institution complies with §1003.4(a)(3) by reporting that the requirement is not applicable.

#### **Paragraph 4(a)(4)**

1. *Request under a preapproval program.* Section 1003.4(a)(4) requires a financial institution to report whether an application or covered loan involved a request for a preapproval of a home purchase loan under a preapproval program as defined by §1003.2(b)(2). If an application or covered loan did not involve a request for a preapproval of a home purchase loan under a preapproval program as defined by §1003.2(b)(2), a financial institution complies with §1003.4(a)(4) by reporting that the application or covered loan did not involve such a request, regardless of whether the institution has such a program and the applicant did not apply through that program or the institution does not have a preapproval program as defined by §1003.2(b)(2).

2. *Scope of requirement.* A financial institution reports that the application or covered loan did not involve a preapproval request for a purchased covered loan; an application or covered loan for any purpose other than a home purchase loan; an application for a home purchase loan or a covered loan that is a home purchase loan secured by a multifamily dwelling; an application or covered loan that is an open-end line of credit or a reverse mortgage; or an application that is denied, withdrawn by the applicant, or closed for incompleteness.

#### **Paragraph 4(a)(5)**

1. *Modular homes and prefabricated components.* Covered loans or applications related to modular homes should be reported with a construction method of site-built, regardless of whether they are on-frame or off-frame modular homes. Modular homes comply with local or other recognized buildings codes rather than standards established by the National Manufactured Housing Construction and Safety Standards Act, 42 U.S.C. 5401 *et seq.* Modular homes are not required to have HUD Certification Labels under 24 CFR 3280.11 or data plates under 24 CFR 3280.5. Modular homes may have a certification from a State licensing agency that documents compliance with State or other applicable building codes. On-frame modular homes are constructed on permanent metal chassis similar to those used in manufactured homes. The chassis are not removed on site and are secured to the foundation. Off-frame modular homes typically have floor construction similar to the construction of other site-built homes, and the construction typically includes wooden floor joists and does not include permanent metal chassis. Dwellings built using prefabricated components assembled at the dwelling's permanent site should also be reported with a construction method of site-built.

2. *Multifamily dwelling.* For a covered loan or an application for a covered loan related to a multifamily dwelling, the financial institution should report the construction method as site-built unless the multifamily dwelling is a manufactured home community, in which case the financial institution should report the construction method as manufactured home.

3. *Multiple properties.* See comment 4(a)(9)-2 regarding transactions involving multiple properties with more than one property taken as security.

#### **Paragraph 4(a)(6)**

1. *Multiple properties.* See comment 4(a)(9)-2 regarding transactions involving multiple properties with more than one property taken as security.

2. *Principal residence.* Section 1003.4(a)(6) requires a financial institution to identify whether the property to which the covered loan or application relates is or will be used as a residence that the applicant or borrower physically occupies and uses, or will occupy and use, as his or her principal residence. For purposes of §1003.4(a)(6), an applicant or borrower can have only one principal residence at a time. Thus, a vacation or other second home would not be a principal residence. However, if an applicant or borrower buys or builds a new dwelling that will become the applicant's or borrower's principal residence within a year or upon the completion of construction, the new dwelling is considered the principal residence for purposes of applying this definition to a particular transaction.

3. *Second residences.* Section 1003.4(a)(6) requires a financial institution to identify whether the property to which the loan or application relates is or will be used as a second residence. For purposes of §1003.4(a)(6), a property is a second residence of an applicant or borrower if the property is or will be occupied by the applicant or borrower for a portion of the year and is not the applicant's or borrower's principal residence. For example, if a person purchases a property, occupies the property for a portion of the year, and rents the property for the remainder of the year, the property is a second residence for purposes of §1003.4(a)(6). Similarly, if a couple

occupies a property near their place of employment on weekdays, but the couple returns to their principal residence on weekends, the property near the couple's place of employment is a second residence for purposes of §1003.4(a)(6).

4. *Investment properties.* Section 1003.4(a)(6) requires a financial institution to identify whether the property to which the covered loan or application relates is or will be used as an investment property. For purposes of §1003.4(a)(6), a property is an investment property if the borrower does not, or the applicant will not, occupy the property. For example, if a person purchases a property, does not occupy the property, and generates income by renting the property, the property is an investment property for purposes of §1003.4(a)(6). Similarly, if a person purchases a property, does not occupy the property, and does not generate income by renting the property, but intends to generate income by selling the property, the property is an investment property for purposes of §1003.4(a)(6). Section 1003.4(a)(6) requires a financial institution to identify a property as an investment property if the borrower or applicant does not or will not occupy the property, even if the borrower or applicant does not consider the property as owned for investment purposes. For example, if a corporation purchases a property that is a dwelling under §1003.2(f), that it does not occupy, but that is for the long-term residential use of its employees, the property is an investment property for purposes of §1003.4(a)(6), even if the corporation considers the property as owned for business purposes rather than investment purposes, does not generate income by renting the property, and does not intend to generate income by selling the property at some point in time. If the property is for transitory use by employees, the property would not be considered a dwelling under §1003.2(f). See comment 2(f)-3.

5. *Purchased covered loans.* For purchased covered loans, a financial institution may report principal residence unless the loan documents or application indicate that the property will not be occupied as a principal residence.

#### **Paragraph 4(a)(7)**

1. *Covered loan amount—counteroffer.* If an applicant accepts a counteroffer for an amount different from the amount for which the applicant applied, the financial institution reports the covered loan amount granted. If an applicant does not accept a counteroffer or fails to respond, the institution reports the amount initially requested.

2. *Covered loan amount—application approved but not accepted or preapproval request approved but not accepted.* A financial institution reports the covered loan amount that was approved.

3. *Covered loan amount—preapproval request denied, application denied, closed for incompleteness or withdrawn.* For a preapproval request that was denied, and for an application that was denied, closed for incompleteness, or withdrawn, a financial institution reports the amount for which the applicant applied.

4. *Covered loan amount—multiple-purpose loan.* A financial institution reports the entire amount of the covered loan, even if only a part of the proceeds is intended for home purchase, home improvement, or refinancing.
5. *Covered loan amount—closed-end mortgage loan.* For a closed-end mortgage loan, other than a purchased loan, an assumption, or a reverse mortgage, a financial institution reports the amount to be repaid as disclosed on the legal obligation. For a purchased closed-end mortgage loan or an assumption of a closed-end mortgage loan, a financial institution reports the unpaid principal balance at the time of purchase or assumption.
6. *Covered loan amount—open-end line of credit.* For an open-end line of credit, a financial institution reports the entire amount of credit available to the borrower under the terms of the open-end plan, including a purchased open-end line of credit and an assumption of an open-end line of credit, but not for a reverse mortgage open-end line of credit.
7. *Covered loan amount—refinancing.* For a refinancing, a financial institution reports the amount of credit extended under the terms of the new debt obligation.
8. *Covered loan amount—home improvement loan.* A financial institution reports the entire amount of a home improvement loan, even if only a part of the proceeds is intended for home improvement.
9. *Covered loan amount—non-federally insured reverse mortgage.* A financial institution reports the initial principal limit of a non-federally insured reverse mortgage as set forth in §1003.4(a)(7)(iii).

#### **Paragraph 4(a)(8)(i)**

1. *Action taken—covered loan originated.* A financial institution reports that the covered loan was originated if the financial institution made a credit decision approving the application before closing or account opening and that credit decision results in an extension of credit. The same is true for an application that began as a request for a preapproval that subsequently results in a covered loan being originated. See comments 4(a)-2 through -4 for guidance on transactions in which more than one institution is involved.
2. *Action taken—covered loan purchased.* A financial institution reports that the covered loan was purchased if the covered loan was purchased by the financial institution after closing or account opening and the financial institution did not make a credit decision on the application prior to closing or account opening, or if the financial institution did make a credit decision on the application prior to closing or account opening, but is repurchasing the loan from another entity that the loan was sold to. See comment 4(a)-5. See comments 4(a)-2 through -4 for guidance on transactions in which more than one financial institution is involved.
3. *Action taken—application approved but not accepted.* A financial institution reports application approved but not accepted if the financial institution made a credit decision approving the application before closing or account opening, subject solely to outstanding



conditions that are customary commitment or closing conditions, but the applicant or the party that initially received the application fails to respond to the financial institution's approval within the specified time, or the closed-end mortgage loan was not otherwise consummated or the account was not otherwise opened. See comment 4(a)(8)(i)-13.

4. *Action taken—application denied.* A financial institution reports that the application was denied if it made a credit decision denying the application before an applicant withdraws the application or the file is closed for incompleteness. See comments 4(a)-2 through -4 for guidance on transactions in which more than one institution is involved.

5. *Action taken—application withdrawn.* A financial institution reports that the application was withdrawn when the application is expressly withdrawn by the applicant before the financial institution makes a credit decision denying the application, before the financial institution makes a credit decision approving the application, or before the file is closed for incompleteness. A financial institution also reports application withdrawn if the financial institution provides a conditional approval specifying underwriting or creditworthiness conditions, pursuant to comment 4(a)(8)(i)-13, and the application is expressly withdrawn by the applicant before the applicant satisfies all specified underwriting or creditworthiness conditions. A preapproval request that is withdrawn is not reportable under HMDA. See §1003.4(a).

6. *Action taken—file closed for incompleteness.* A financial institution reports that the file was closed for incompleteness if the financial institution sent a written notice of incompleteness under Regulation B, 12 CFR 1002.9(c)(2), and the applicant did not respond to the request for additional information within the period of time specified in the notice before the applicant satisfies all underwriting or creditworthiness conditions. See comment 4(a)(8)(i)-13. If a financial institution then provides a notification of adverse action on the basis of incompleteness under Regulation B, 12 CFR 1002.9(c)(1)(i), the financial institution may report the action taken as either file closed for incompleteness or application denied. A preapproval request that is closed for incompleteness is not reportable under HMDA. See §1003.4(a) and comment 4(a)-1.ii.

7. *Action taken—preapproval request denied.* A financial institution reports that the preapproval request was denied if the application was a request for a preapproval under a preapproval program as defined in §1003.2(b)(2) and the institution made a credit decision denying the preapproval request.

8. *Action taken—preapproval request approved but not accepted.* A financial institution reports that the preapproval request was approved but not accepted if the application was a request for a preapproval under a preapproval program as defined in §1003.2(b)(2) and the institution made a credit decision approving the preapproval request but the application did not result in a covered loan originated by the financial institution.

9. *Action taken—counteroffers.* If a financial institution makes a counteroffer to lend on terms different from the applicant's initial request (for example, for a shorter loan maturity, with a different interest rate, or in a different amount) and the applicant declines to proceed with the counteroffer or fails to respond, the institution reports the action taken as a denial on the original terms requested by the applicant. If the applicant agrees to proceed with consideration of the

financial institution's counteroffer, the financial institution reports the action taken as the disposition of the application based on the terms of the counteroffer. For example, assume a financial institution makes a counteroffer, the applicant agrees to proceed with the terms of the counteroffer, and the financial institution then makes a credit decision approving the application conditional on satisfying underwriting or creditworthiness conditions, and the applicant expressly withdraws before satisfying all underwriting or creditworthiness conditions and before the institution denies the application or closes the file for incompleteness. The financial institution reports that the action taken as application withdrawn in accordance with comment 4(a)(8)(i)-13.i. Similarly, assume a financial institution makes a counteroffer, the applicant agrees to proceed with consideration of the counteroffer, and the financial institution provides a conditional approval stating the conditions to be met to originate the counteroffer. The financial institution reports the action taken on the application in accordance with comment 4(a)(8)(i)-13 regarding conditional approvals.

10. *Action taken—rescinded transactions.* If a borrower rescinds a transaction after closing and before a financial institution is required to submit its loan/application register containing the information for the transaction under §1003.5(a), the institution reports the transaction as an application that was approved but not accepted.

11. *Action taken—purchased covered loans.* An institution reports the covered loans that it purchased during the calendar year. An institution does not report the covered loans that it declined to purchase, unless, as discussed in comments 4(a)-2 through -4, the institution reviewed the application prior to closing, in which case it reports the application or covered loan according to comments 4(a)-2 through -4.

12. *Action taken—repurchased covered loans.* See comment 4(a)-5 regarding reporting requirements when a covered loan is repurchased by the originating financial institution.

13. *Action taken—conditional approvals.* If an institution issues an approval other than a commitment pursuant to a preapproval program as defined under §1003.2(b)(2), and that approval is subject to the applicant meeting certain conditions, the institution reports the action taken as provided below dependent on whether the conditions are solely customary commitment or closing conditions or if the conditions include any underwriting or creditworthiness conditions.

i. *Action taken examples.* If the approval is conditioned on satisfying underwriting or creditworthiness conditions and they are not met, the institution reports the action taken as a denial. If, however, the conditions involve submitting additional information about underwriting or creditworthiness that the institution needs to make the credit decision, and the institution has sent a written notice of incompleteness under Regulation B, 12 CFR 1002.9(c)(2), and the applicant did not respond within the period of time specified in the notice, the institution reports the action taken as file closed for incompleteness. See comment 4(a)(8)(i)-6. If the conditions are solely customary commitment or closing conditions and the conditions are not met, the institution reports the action taken as approved but not accepted. If all the conditions (underwriting, creditworthiness, or customary

commitment or closing conditions) are satisfied and the institution agrees to extend credit but the covered loan is not originated, the institution reports the action taken as application approved but not accepted. If the applicant expressly withdraws before satisfying all underwriting or creditworthiness conditions and before the institution denies the application or closes the file for incompleteness, the institution reports the action taken as application withdrawn. If all underwriting and creditworthiness conditions have been met, and the outstanding conditions are solely customary commitment or closing conditions and the applicant expressly withdraws before the covered loan is originated, the institution reports the action taken as application approved but not accepted.

ii. *Customary commitment or closing conditions.* Customary commitment or closing conditions include, for example: a clear-title requirement, an acceptable property survey, acceptable title insurance binder, clear termite inspection, a subordination agreement from another lienholder, and, where the applicant plans to use the proceeds from the sale of one home to purchase another, a settlement statement showing adequate proceeds from the sale.

iii. *Underwriting or creditworthiness conditions.* Underwriting or creditworthiness conditions include, for example: conditions that constitute a counter-offer, such as a demand for a higher down-payment; satisfactory debt-to-income or loan-to-value ratios, a determination of need for private mortgage insurance, or a satisfactory appraisal requirement; or verification or confirmation, in whatever form the institution requires, that the applicant meets underwriting conditions concerning applicant creditworthiness, including documentation or verification of income or assets.

14. *Action taken—pending applications.* An institution does not report any covered loan application still pending at the end of the calendar year; it reports that application on its loan/application register for the year in which final action is taken.

#### **Paragraph 4(a)(8)(ii)**

1. *Action taken date—general.* A financial institution reports the date of the action taken.

2. *Action taken date—applications denied and files closed for incompleteness.* For applications, including requests for a preapproval, that are denied or for files closed for incompleteness, the financial institution reports either the date the action was taken or the date the notice was sent to the applicant.

3. *Action taken date—application withdrawn.* For applications withdrawn, the financial institution may report the date the express withdrawal was received or the date shown on the notification form in the case of a written withdrawal.

4. *Action taken date—approved but not accepted.* For a covered loan approved by an institution but not accepted by the applicant, the institution reports any reasonable date, such as the approval date, the deadline for accepting the offer, or the date the file was closed. Although an institution need not choose the same approach for its entire HMDA submission, it should be

generally consistent (such as by routinely using one approach within a particular division of the institution or for a category of covered loans).

5. *Action taken date—originations.* For covered loan originations, including a preapproval request that leads to an origination by the financial institution, an institution generally reports the closing or account opening date. For covered loan originations that an institution acquires from a party that initially received the application, the institution reports either the closing or account opening date, or the date the institution acquired the covered loan from the party that initially received the application. If the disbursement of funds takes place on a date later than the closing or account opening date, the institution may use the date of initial disbursement. For a construction/permanent covered loan, the institution reports either the closing or account opening date, or the date the covered loan converts to the permanent financing. Although an institution need not choose the same approach for its entire HMDA submission, it should be generally consistent (such as by routinely using one approach within a particular division of the institution or for a category of covered loans). Notwithstanding this flexibility regarding the use of the closing or account opening date in connection with reporting the date action was taken, the institution must report the origination as occurring in the year in which the origination goes to closing or the account is opened.

6. *Action taken date—loan purchased.* For covered loans purchased, a financial institution reports the date of purchase.

#### **Paragraph 4(a)(9)**

1. *Multiple properties with one property taken as security.* If a covered loan is related to more than one property, but only one property is taken as security (or, in the case of an application, proposed to be taken as security), a financial institution reports the information required by §1003.4(a)(9) for the property taken as or proposed to be taken as security. A financial institution does not report the information required by §1003.4(a)(9) for the property or properties related to the loan that are not taken as or proposed to be taken as security. For example, if a covered loan is secured by property A, and the proceeds are used to purchase or rehabilitate (or to refinance home purchase or home improvement loans related to) property B, the institution reports the information required by §1003.4(a)(9) for property A and does not report the information required by §1003.4(a)(9) for property B.

2. *Multiple properties with more than one property taken as security.* If more than one property is taken or, in the case of an application, proposed to be taken as security for a single covered loan, a financial institution reports the covered loan or application in a single entry on its loan/application register and provides the information required by §1003.4(a)(9) for one of the properties taken as security that contains a dwelling. A financial institution does not report information about the other properties taken as security. If an institution is required to report specific information about the property identified in §1003.4(a)(9), the institution reports the information that relates to the property identified in §1003.4(a)(9). For example, Financial Institution A originated a covered loan that is secured by both property A and property B, each of which contains a dwelling. Financial Institution A reports the loan as one entry on its loan/application register, reporting the information required by §1003.4(a)(9) for either property

A or property B. If Financial Institution A elects to report the information required by §1003.4(a)(9) about property A, Financial Institution A also reports the information required by §1003.4(a)(5), (6), (14), (29), and (30) related to property A. For aspects of the entries that do not refer to the property identified in §1003.4(a)(9) (*i.e.*, §1003.4(a)(1) through (4), (7), (8), (10) through (13), (15) through (28), (31) through (38)), Financial Institution A reports the information applicable to the covered loan or application and not information that relates only to the property identified in §1003.4(a)(9).

3. *Multifamily dwellings.* A single multifamily dwelling may have more than one postal address. For example, three apartment buildings, each with a different street address, comprise a single multifamily dwelling that secures a covered loan. For the purposes of §1003.4(a)(9), a financial institution reports the information required by §1003.4(a)(9) in the same manner described in comment 4(a)(9)-2.

4. *Loans purchased from another institution.* The requirement to report the property location information required by §1003.4(a)(9) applies not only to applications and originations but also to purchased covered loans.

5. *Manufactured home.* If the site of a manufactured home has not been identified, a financial institution complies by reporting that the information required by §1003.4(a)(9) is not applicable.

#### **Paragraph 4(a)(9)(i)**

1. *General.* Section 1003.4(a)(9)(i) requires a financial institution to report the property address of the location of the property securing a covered loan or, in the case of an application, proposed to secure a covered loan. The address should correspond to the property identified on the legal obligation related to the covered loan. For applications that did not result in an origination, the address should correspond to the location of the property proposed to secure the loan as identified by the applicant. For example, assume a loan is secured by a property located at 123 Main Street, and the applicant's or borrower's mailing address is a post office box. The financial institution should not report the post office box, and should report 123 Main Street.

2. *Property address—format.* A financial institution complies with the requirements in §1003.4(a)(9)(i) by reporting the following information about the physical location of the property securing the loan.

i. *Street address.* When reporting the street address of the property, a financial institution complies by including, as applicable, the primary address number, the predirectional, the street name, street prefixes and/or suffixes, the postdirectional, the secondary address identifier, and the secondary address, as applicable. For example, 100 N Main ST Apt 1.

ii. *City name.* A financial institution complies by reporting the name of the city in which the property is located.

iii. *State name.* A financial institution complies by reporting the two letter State code for the State in which the property is located, using the U.S. Postal Service official State abbreviations.

iv. *Zip Code.* A financial institution complies by reporting the five or nine digit Zip Code in which the property is located.

3. *Property address—not applicable.* A financial institution complies with §1003.4(a)(9)(i) by reporting that the requirement is not applicable if the property address of the property securing the covered loan is not known. For example, if the property did not have a property address at closing or if the applicant did not provide the property address of the property to the financial institution before the application was denied, withdrawn, or closed for incompleteness, the financial institution complies with §1003.4(a)(9)(i) by reporting that the requirement is not applicable.

#### **Paragraph 4(a)(9)(ii)**

1. *Optional reporting.* Section 1003.4(a)(9)(ii) requires a financial institution to report the State, county, and census tract of the property securing the covered loan or, in the case of an application, proposed to secure the covered loan if the property is located in an MSA or MD in which the financial institution has a home or branch office or if the institution is subject to §1003.4(e). Section 1003.4(a)(9)(ii)(C) further limits the requirement to report census tract to covered loans secured by or applications proposed to be secured by properties located in counties with a population of more than 30,000 according to the most recent decennial census conducted by the U.S. Census Bureau. For transactions for which State, county, or census tract reporting is not required under §1003.4(a)(9)(ii) or (e), financial institutions may report that the requirement is not applicable, or they may voluntarily report the State, county, or census tract information.

#### **Paragraph 4(a)(9)(ii)(A)**

1. *Applications—State not provided.* When reporting an application, a financial institution complies with §1003.4(a)(9)(ii)(A) by reporting that the requirement is not applicable if the State in which the property is located was not known before the application was denied, withdrawn, or closed for incompleteness.

#### **Paragraph 4(a)(9)(ii)(B)**

1. *General.* A financial institution complies by reporting the five-digit Federal Information Processing Standards (FIPS) numerical county code.

2. *Applications—county not provided.* When reporting an application, a financial institution complies with §1003.4(a)(9)(ii)(B) by reporting that the requirement is not applicable if the county in which the property is located was not known before the application was denied, withdrawn, or closed for incompleteness.

### **Paragraph 4(a)(9)(ii)(C)**

1. *General.* Census tract numbers are defined by the U.S. Census Bureau. A financial institution complies with §1003.4(a)(9)(ii)(C) if it uses the boundaries and codes in effect on January 1 of the calendar year covered by the loan/application register that it is reporting.

2. *Applications—census tract not provided.* When reporting an application, a financial institution complies with §1003.4(a)(9)(ii)(C) by reporting that the requirement is not applicable if the census tract in which the property is located was not known before the application was denied, withdrawn, or closed for incompleteness.

### **Paragraph 4(a)(10)(i)**

1. *Applicant data—general.* Refer to appendix B to this part for instructions on collection of an applicant's ethnicity, race, and sex.

2. *Transition rule for applicant data collected prior to January 1, 2018.* If a financial institution receives an application prior to January 1, 2018, but final action is taken on or after January 1, 2018, the financial institution complies with §1003.4(a)(10)(i) and (b) if it collects the information in accordance with the requirements in effect at the time the information was collected. For example, if a financial institution receives an application on November 15, 2017, collects the applicant's ethnicity, race, and sex in accordance with the instructions in effect on that date, and takes final action on the application on January 5, 2018, the financial institution has complied with the requirements of §1003.4(a)(10)(i) and (b), even though those instructions changed after the information was collected but before the date of final action. However, if, in this example, the financial institution collected the applicant's ethnicity, race, and sex on or after January 1, 2018, §1003.4(a)(10)(i) and (b) requires the financial institution to collect the information in accordance with the amended instructions.

### **Paragraph 4(a)(10)(ii)**

1. *Applicant data—completion by financial institution.* A financial institution complies with §1003.4(a)(10)(ii) by reporting the applicant's age, as of the application date under §1003.4(a)(1)(ii), as the number of whole years derived from the date of birth as shown on the application form. For example, if an applicant provides a date of birth of 01/15/1970 on the application form that the financial institution receives on 01/14/2015, the institution reports 44 as the applicant's age.

2. *Applicant data—co-applicant.* If there are no co-applicants, the financial institution reports that there is no co-applicant. If there is more than one co-applicant, the financial institution reports the age only for the first co-applicant listed on the application form. A co-applicant may provide an absent co-applicant's age on behalf of the absent co-applicant.

3. *Applicant data—purchased loan.* A financial institution complies with §1003.4(a)(10)(ii) by reporting that the requirement is not applicable when reporting a purchased loan for which the institution chooses not to report the age.

4. *Applicant data—non-natural person.* A financial institution complies with §1003.4(a)(10)(ii) by reporting that the requirement is not applicable if the applicant or co-applicant is not a natural person (for example, a corporation, partnership, or trust). For example, for a transaction involving a trust, a financial institution reports that the requirement to report the applicant's age is not applicable if the trust is the applicant. On the other hand, if the applicant is a natural person, and is the beneficiary of a trust, a financial institution reports the applicant's age.

5. *Applicant data—guarantor.* For purposes of §1003.4(a)(10)(ii), if a covered loan or application includes a guarantor, a financial institution does not report the guarantor's age.

#### **Paragraph 4(a)(10)(iii)**

1. *Income data—income relied on.* When a financial institution evaluates income as part of a credit decision, it reports the gross annual income relied on in making the credit decision. For example, if an institution relies on an applicant's salary to compute a debt-to-income ratio but also relies on the applicant's annual bonus to evaluate creditworthiness, the institution reports the salary and the bonus to the extent relied upon. If an institution relies on only a portion of an applicant's income in its determination, it does not report that portion of income not relied on. For example, if an institution, pursuant to lender and investor guidelines, does not rely on an applicant's commission income because it has been earned for less than 12 months, the institution does not include the applicant's commission income in the income reported. Likewise, if an institution relies on the verified gross income of the applicant in making the credit decision, then the institution reports the verified gross income. Similarly, if an institution relies on the income of a cosigner to evaluate creditworthiness, the institution includes the cosigner's income to the extent relied upon. An institution, however, does not include the income of a guarantor who is only secondarily liable.

2. *Income data—co-applicant.* If two persons jointly apply for a covered loan and both list income on the application, but the financial institution relies on the income of only one applicant in evaluating creditworthiness, the institution reports only the income relied on.

3. *Income data—loan to employee.* A financial institution complies with §1003.4(a)(10)(iii) by reporting that the requirement is not applicable for a covered loan to, or an application from, its employee to protect the employee's privacy, even though the institution relied on the employee's income in making the credit decision.

4. *Income data—assets.* A financial institution does not include as income amounts considered in making a credit decision based on factors that an institution relies on in addition to income, such as amounts derived from underwriting calculations of the potential annuitization or depletion of an applicant's remaining assets. Actual distributions from retirement accounts or other assets that are relied on by the financial institution as income should be reported as income. The interpretation of income in this paragraph does not affect §1003.4(a)(23), which requires, except for purchased covered loans, the collection of the ratio of the applicant's or borrower's total monthly debt to the total monthly income relied on in making the credit decision.



5. *Income data—credit decision not made.* Section 1003.4(a)(10)(iii) requires a financial institution to report the gross annual income relied on in processing the application if a credit decision was not made. For example, assume an institution received an application that included an applicant's self-reported income, but the application was withdrawn before a credit decision that would have considered income was made. The financial institution reports the income information relied on in processing the application at the time that the application was withdrawn or the file was closed for incompleteness.

6. *Income data—credit decision not requiring consideration of income.* A financial institution complies with §1003.4(a)(10)(iii) by reporting that the requirement is not applicable if the application did not or would not have required a credit decision that considered income under the financial institution's policies and procedures. For example, if the financial institution's policies and procedures do not consider income for a streamlined refinance program, the institution reports that the requirement is not applicable, even if the institution received income information from the applicant.

7. *Income data—non-natural person.* A financial institution reports that the requirement is not applicable when the applicant or co-applicant is not a natural person (e.g., a corporation, partnership, or trust). For example, for a transaction involving a trust, a financial institution reports that the requirement to report income data is not applicable if the trust is the applicant. On the other hand, if the applicant is a natural person, and is the beneficiary of a trust, a financial institution is required to report the information described in §1003.4(a)(10)(iii).

8. *Income data—multifamily properties.* A financial institution complies with §1003.4(a)(10)(iii) by reporting that the requirement is not applicable when the covered loan is secured by, or application is proposed to be secured by, a multifamily dwelling.

9. *Income data—purchased loans.* A financial institution complies with §1003.4(a)(10)(iii) by reporting that the requirement is not applicable when reporting a purchased covered loan for which the institution chooses not to report the income.

10. *Income data—rounding.* A financial institution complies by reporting the dollar amount of the income in thousands, rounded to the nearest thousand (\$500 rounds up to the next \$1,000). For example, \$35,500 is reported as 36.

#### **Paragraph 4(a)(11)**

1. *Type of purchaser—loan-participation interests sold to more than one entity.* A financial institution that originates a covered loan, and then sells it to more than one entity, reports the “type of purchaser” based on the entity purchasing the greatest interest, if any. For purposes of §1003.4(a)(11), if a financial institution sells some interest or interests in a covered loan but retains a majority interest in that loan, it does not report the sale.

2. *Type of purchaser—swapped covered loans.* Covered loans “swapped” for mortgage-backed securities are to be treated as sales; the purchaser is the entity receiving the covered loans that are swapped.

3. *Type of purchaser—affiliate institution.* For purposes of complying with §1003.4(a)(11), the term “affiliate” means any company that controls, is controlled by, or is under common control with, another company, as set forth in the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*).

4. *Type of purchaser—private securitizations.* A financial institution that knows or reasonably believes that the covered loan it is selling will be securitized by the entity purchasing the covered loan, other than by one of the government-sponsored enterprises, reports the purchasing entity type as a private securitizer regardless of the type or affiliation of the purchasing entity. Knowledge or reasonable belief could, for example, be based on the purchase agreement or other related documents, the financial institution's previous transactions with the purchaser, or the purchaser's role as a securitizer (such as an investment bank). If a financial institution selling a covered loan does not know or reasonably believe that the purchaser will securitize the loan, and the seller knows that the purchaser frequently holds or disposes of loans by means other than securitization, then the financial institution should report the covered loan as purchased by, as appropriate, a commercial bank, savings bank, savings association, life insurance company, credit union, mortgage company, finance company, affiliate institution, or other type of purchaser.

5. *Type of purchaser—mortgage company.* For purposes of complying with §1003.4(a)(11), a mortgage company means a nondepository institution that purchases covered loans and typically originates such loans. A mortgage company might be an affiliate or a subsidiary of a bank holding company or thrift holding company, or it might be an independent mortgage company. Regardless, a financial institution reports the purchasing entity type as a mortgage company, unless the mortgage company is an affiliate of the seller institution, in which case the seller institution should report the loan as purchased by an affiliate institution.

6. *Purchases by subsidiaries.* A financial institution that sells a covered loan to its subsidiary that is a commercial bank, savings bank, or savings association, should report the covered loan as purchased by a commercial bank, savings bank, or savings association. A financial institution that sells a covered loan to its subsidiary that is a life insurance company, should report the covered loan as purchased by a life insurance company. A financial institution that sells a covered loan to its subsidiary that is a credit union, mortgage company, or finance company, should report the covered loan as purchased by a credit union, mortgage company, or finance company. If the subsidiary that purchases the covered loan is not a commercial bank, savings bank, savings association, life insurance company, credit union, mortgage company, or finance company, the seller institution should report the loan as purchased by other type of purchaser. The financial institution should report the covered loan as purchased by an affiliate institution when the subsidiary is an affiliate of the seller institution.

7. *Type of purchaser—bank holding company or thrift holding company.* When a financial institution sells a covered loan to a bank holding company or thrift holding company (rather than to one of its subsidiaries), it should report the loan as purchased by other type of purchaser, unless the bank holding company or thrift holding company is an affiliate of the seller institution, in which case the seller institution should report the loan as purchased by an affiliate institution.

8. *Repurchased covered loans.* See comment 4(a)-5 regarding reporting requirements when a covered loan is repurchased by the originating financial institution.

9. *Type of purchaser—quarterly recording.* For purposes of recording the type of purchaser within 30 calendar days after the end of the calendar quarter pursuant to §1003.4(f), a financial institution records that the requirement is not applicable if the institution originated or purchased a covered loan and did not sell it during the calendar quarter for which the institution is recording the data. If the financial institution sells the covered loan in a subsequent quarter of the same calendar year, the financial institution records the type of purchaser on its loan/application register for the quarter in which the covered loan was sold. If a financial institution sells the covered loan in a succeeding year, the financial institution should not record the sale.

10. *Type of purchaser—not applicable.* A financial institution reports that the requirement is not applicable for applications that were denied, withdrawn, closed for incompleteness or approved but not accepted by the applicant; and for preapproval requests that were denied or approved but not accepted by the applicant. A financial institution also reports that the requirement is not applicable if the institution originated or purchased a covered loan and did not sell it during that same calendar year.

#### **Paragraph 4(a)(12)**

1. *Average prime offer rate.* Average prime offer rates are annual percentage rates derived from average interest rates and other loan pricing terms offered to borrowers by a set of creditors for mortgage loans that have low-risk pricing characteristics. Other loan pricing terms may include commonly used indices, margins, and initial fixed-rate periods for variable-rate transactions. Relevant pricing characteristics may include a consumer's credit history and transaction characteristics such as the loan-to-value ratio, owner-occupant status, and purpose of the transaction. To obtain average prime offer rates, the Bureau uses creditor data by transaction type.

2. *Bureau tables.* The Bureau publishes tables of current and historic average prime offer rates by transaction type on the FFIEC's Web site (<http://www.ffiec.gov/hmda>) and the Bureau's Web site (<https://www.consumerfinance.gov>). The Bureau calculates an annual percentage rate, consistent with Regulation Z (see 12 CFR 1026.22 and 12 CFR part 1026, appendix J), for each transaction type for which pricing terms are available from the creditor data described in comment 4(a)(12)-1. The Bureau uses loan pricing terms available in the creditor data and other information to estimate annual percentage rates for other types of transactions for which the creditor data are limited or not available. The Bureau publishes on the FFIEC's Web site and the Bureau's Web site the methodology it uses to arrive at these estimates. A financial institution may either use the average prime offer rates published by the Bureau or determine average prime offer rates itself by employing the methodology published on the FFIEC's Web site and the Bureau's Web site. A financial institution that determines average prime offer rates itself, however, is responsible for correctly determining the rates in accordance with the published methodology.

3. *Rate spread calculation—annual percentage rate.* The requirements of §1003.4(a)(12)(i) refer to the covered loan's annual percentage rate. For closed-end mortgage loans, a financial institution complies with §1003.4(a)(12)(i) by relying on the annual percentage rate for the covered loan, as calculated and disclosed pursuant to Regulation Z, 12 CFR 1026.18 or 1026.38. For open-end lines of credit, a financial institution complies with §1003.4(a)(12)(i) by relying on the annual percentage rate for the covered loan, as calculated and disclosed pursuant to Regulation Z, 12 CFR 1026.6. If multiple annual percentage rates are calculated and disclosed pursuant to Regulation Z, 12 CFR 1026.6, a financial institution relies on the annual percentage rate in effect at the time of account opening. If an open-end line of credit has a variable-rate feature and a fixed-rate and -term payment option during the draw period, a financial institution relies on the annual percentage rate in effect at the time of account opening under the variable-rate feature, which would be a discounted initial rate if one is offered under the variable-rate feature. See comment 4(a)(12)-8 for guidance regarding the annual percentage rate a financial institution relies on in the case of an application or preapproval request that was approved but not accepted.

4. *Rate spread calculation—comparable transaction.* The rate spread calculation in §1003.4(a)(12)(i) is defined by reference to a comparable transaction, which is determined according to the covered loan's amortization type (*i.e.*, fixed- or variable-rate) and loan term. For covered loans that are open-end lines of credit, §1003.4(a)(12)(i) requires a financial institution to identify the most closely comparable closed-end transaction. The tables of average prime offer rates published by the Bureau (see comment 4(a)(12)-2) provide additional detail about how to identify the comparable transaction.

i. *Fixed-rate transactions.* For fixed-rate covered loans, the term for identifying the comparable transaction is the transaction's maturity (*i.e.*, the period until the last payment will be due under the closed-end mortgage loan contract or open-end line of credit agreement). If an open-end credit plan has a fixed rate but no definite plan length, a financial institution complies with §1003.4(a)(12)(i) by using a 30-year fixed-rate loan as the most closely comparable closed-end transaction. Financial institutions may refer to the table on the FFIEC Web site entitled "Average Prime Offer Rates-Fixed" when identifying a comparable fixed-rate transaction.

ii. *Variable-rate transactions.* For variable-rate covered loans, the term for identifying the comparable transaction is the initial, fixed-rate period (*i.e.*, the period until the first scheduled rate adjustment). For example, five years is the relevant term for a variable-rate transaction with a five-year, fixed-rate introductory period that is amortized over thirty years. Financial institutions may refer to the table on the FFIEC Web site entitled "Average Prime Offer Rates-Variable" when identifying a comparable variable-rate transaction. If an open-end line of credit has a variable rate and an optional, fixed-rate feature, a financial institution uses the rate table for variable-rate transactions.

iii. *Term not in whole years.* When a covered loan's term to maturity (or, for a variable-rate transaction, the initial fixed-rate period) is not in whole years, the financial institution uses the number of whole years closest to the actual loan term or, if the actual loan term is

exactly halfway between two whole years, by using the shorter loan term. For example, for a loan term of ten years and three months, the relevant term is ten years; for a loan term of ten years and nine months, the relevant term is 11 years; for a loan term of ten years and six months, the relevant term is ten years. If a loan term includes an odd number of days, in addition to an odd number of months, the financial institution rounds to the nearest whole month, or rounds down if the number of odd days is exactly halfway between two months. The financial institution rounds to one year any covered loan with a term shorter than six months, including variable-rate covered loans with no initial, fixed-rate periods. For example, if an open-end covered loan has a rate that varies according to an index plus a margin, with no introductory, fixed-rate period, the transaction term is one year.

*iv. Amortization period longer than loan term.* If the amortization period of a covered loan is longer than the term of the transaction to maturity, §1003.4(a)(12)(i) requires a financial institution to use the loan term to determine the applicable average prime offer rate. For example, assume a financial institution originates a closed-end, fixed-rate loan that has a term to maturity of five years and a thirty-year amortization period that results in a balloon payment. The financial institution complies with §1003.4(a)(12)(i) by using the five-year loan term.

5. *Rate-set date.* The relevant date to use to determine the average prime offer rate for a comparable transaction is the date on which the interest rate was set by the financial institution for the final time before final action is taken (*i.e.*, the application was approved but not accepted or the covered loan was originated).

*i. Rate-lock agreement.* If an interest rate is set pursuant to a “lock-in” agreement between the financial institution and the borrower, then the date on which the agreement fixes the interest rate is the date the rate was set. Except as provided in comment 4(a)(12)-5.ii, if a rate is reset after a lock-in agreement is executed (for example, because the borrower exercises a float-down option or the agreement expires), then the relevant date is the date the financial institution exercises discretion in setting the rate for the final time before final action is taken. The same rule applies when a rate-lock agreement is extended and the rate is reset at the same rate, regardless of whether market rates have increased, decreased, or remained the same since the initial rate was set. If no lock-in agreement is executed, then the relevant date is the date on which the institution sets the rate for the final time before final action is taken.

*ii. Change in loan program.* If a financial institution issues a rate-lock commitment under one loan program, the borrower subsequently changes to another program that is subject to different pricing terms, and the financial institution changes the rate promised to the borrower under the rate-lock commitment accordingly, the rate-set date is the date of the program change. However, if the financial institution changes the promised rate to the rate that would have been available to the borrower under the new program on the date of the original rate-lock commitment, then that is the date the rate is set, provided the financial institution consistently follows that practice in all such cases or the original rate-lock agreement so provided. For example, assume that a borrower locks a rate of 2.5 percent on

June 1 for a 30-year, variable-rate loan with a five-year, fixed-rate introductory period. On June 15, the borrower decides to switch to a 30-year, fixed-rate loan, and the rate available to the borrower for that product on June 15 is 4.0 percent. On June 1, the 30-year, fixed-rate loan would have been available to the borrower at a rate of 3.5 percent. If the financial institution offers the borrower the 3.5 percent rate (*i.e.*, the rate that would have been available to the borrower for the fixed-rate product on June 1, the date of the original rate-lock) because the original agreement so provided or because the financial institution consistently follows that practice for borrowers who change loan programs, then the financial institution should use June 1 as the rate-set date. In all other cases, the financial institution should use June 15 as the rate-set date.

iii. *Brokered loans.* When a financial institution has reporting responsibility for an application for a covered loan that it received from a broker, as discussed in comment 4(a)-2 (*e.g.*, because the financial institution makes a credit decision prior to closing or account opening), the rate-set date is the last date the financial institution set the rate with the broker, not the date the broker set the borrower's rate.

6. *Compare the annual percentage rate to the average prime offer rate.* Section 1003.4(a)(12)(i) requires a financial institution to compare the covered loan's annual percentage rate to the most recently available average prime offer rate that was in effect for the comparable transaction as of the rate-set date. For purposes of §1003.4(a)(12)(i), the most recently available rate means the average prime offer rate set forth in the applicable table with the most recent effective date as of the date the interest rate was set. However, §1003.4(a)(12)(i) does not permit a financial institution to use an average prime offer rate before its effective date.

7. *Rate spread—not applicable.* If the covered loan is an assumption, reverse mortgage, a purchased loan, or is not subject to Regulation Z, 12 CFR part 1026, a financial institution complies with §1003.4(a)(12) by reporting that the requirement is not applicable. If the application did not result in an origination for a reason other than the application was approved but not accepted by the applicant, a financial institution complies with §1003.4(a)(12) by reporting that the requirement is not applicable.

8. *Application or preapproval request approved but not accepted.* In the case of an application or preapproval request that was approved but not accepted, §1003.4(a)(12) requires a financial institution to report the applicable rate spread. In such cases, the financial institution would provide early disclosures under Regulation Z, 12 CFR 1026.18 or 1026.37 (for closed-end mortgage loans), or 1026.40 (for open-end lines of credit), but might never provide any subsequent disclosures. In such cases where no subsequent disclosures are provided, a financial institution complies with §1003.4(a)(12)(i) by relying on the annual percentage rate for the application or preapproval request, as calculated and disclosed pursuant to Regulation Z, 12 CFR 1026.18 or 1026.37 (for closed-end mortgage loans), or 1026.40 (for open-end lines of credit), as applicable. For transactions subject to Regulation C for which no disclosures under Regulation Z are required, a financial institution complies with §1003.4(a)(12)(i) by reporting that the requirement is not applicable.

9. *Corrected disclosures.* In the case of a covered loan or an application that was approved but not accepted, if the annual percentage rate changes because a financial institution provides a corrected version of the disclosures required under Regulation Z, 12 CFR 1026.19(a), pursuant to 12 CFR 1026.19(a)(2), under 12 CFR 1026.19(f), pursuant to 12 CFR 1026.19(f)(2), or under 12 CFR 1026.6(a), the financial institution complies with §1003.4(a)(12)(i) by comparing the corrected and disclosed annual percentage rate to the most recently available average prime offer rate that was in effect for a comparable transaction as of the rate-set date, provided that the corrected disclosure was provided to the borrower prior to the end of the reporting period in which final action is taken. For purposes of §1003.4(a)(12), the date the corrected disclosure was provided to the borrower is the date the disclosure was mailed or delivered to the borrower in person; the financial institution's method of delivery does not affect the date provided. For example, where a financial institution provides a corrected version of the disclosures required under 12 CFR 1026.19(f), pursuant to 12 CFR 1026.19(f)(2), the date provided is the date disclosed pursuant to Regulation Z, 12 CFR 1026.38(a)(3)(i). The provision of a corrected disclosure does not affect how a financial institution determines the rate-set date. See comment 4(a)(12)-5. For example, in the case of a financial institution's annual loan/application register submission made pursuant to §1003.5(a)(1), if the financial institution provides a corrected disclosure to the borrower pursuant to Regulation Z, 12 CFR 1026.19(f)(2)(v), that reflects a corrected annual percentage rate, the financial institution reports the difference between the corrected annual percentage rate and the most recently available average prime offer rate that was in effect for a comparable transaction as of the rate-set date if the corrected disclosure was provided to the borrower prior to the end of the calendar year in which final action is taken.

#### **Paragraph 4(a)(13)**

1. *HOEPA status—not applicable.* If the covered loan is not subject to the Home Ownership and Equity Protection Act of 1994, as implemented in Regulation Z, 12 CFR 1026.32, a financial institution complies with §1003.4(a)(13) by reporting that the requirement is not applicable. If an application did not result in an origination, a financial institution complies with §1003.4(a)(13) by reporting that the requirement is not applicable.

#### **Paragraph 4(a)(14)**

1. *Determining lien status for applications and covered loans originated and purchased.*

i. Financial institutions are required to report lien status for covered loans they originate and purchase and applications that do not result in originations (preapproval requests that are approved but not accepted, preapproval requests that are denied, applications that are approved but not accepted, denied, withdrawn, or closed for incompleteness). For covered loans purchased by a financial institution, lien status is determined by reference to the best information readily available to the financial institution at the time of purchase. For covered loans that a financial institution originates and applications that do not result in originations, lien status is determined by reference to the best information readily available to the financial institution at the time final action is taken and to the financial institution's own procedures. Thus, financial institutions may rely on the title search they routinely perform as part of their underwriting procedures—for example, for home purchase loans. Regulation C

does not require financial institutions to perform title searches solely to comply with HMDA reporting requirements. Financial institutions may rely on other information that is readily available to them at the time final action is taken and that they reasonably believe is accurate, such as the applicant's statement on the application or the applicant's credit report. For example, where the applicant indicates on the application that there is a mortgage on the property or where the applicant's credit report shows that the applicant has a mortgage—and that mortgage will not be paid off as part of the transaction—the financial institution may assume that the loan it originates is secured by a subordinate lien. If the same application did not result in an origination—for example, because the application was denied or withdrawn—the financial institution would report the application as an application for a subordinate-lien loan.

ii. Financial institutions may also consider their established procedures when determining lien status for applications that do not result in originations. For example, assume an applicant applies to a financial institution to refinance a \$100,000 first mortgage; the applicant also has an open-end line of credit for \$20,000. If the financial institution's practice in such a case is to ensure that it will have first-lien position—through a subordination agreement with the holder of the lien securing the open-end line of credit—then the financial institution should report the application as an application for a first-lien covered loan.

2. *Multiple properties.* See comment 4(a)(9)-2 regarding transactions involving multiple properties with more than one property taken as security.

#### **Paragraph 4(a)(15)**

1. *Credit score—relied on.* Except for purchased covered loans, §1003.4(a)(15) requires a financial institution to report the credit score or scores relied on in making the credit decision and information about the scoring model used to generate each score. A financial institution relies on a credit score in making the credit decision if the credit score was a factor in the credit decision even if it was not a dispositive factor. For example, if a credit score is one of multiple factors in a financial institution's credit decision, the financial institution has relied on the credit score even if the financial institution denies the application because one or more underwriting requirements other than the credit score are not satisfied.

2. *Credit score—multiple credit scores.* When a financial institution obtains or creates two or more credit scores for a single applicant or borrower but relies on only one score in making the credit decision (for example, by relying on the lowest, highest, most recent, or average of all of the scores), the financial institution complies with §1003.4(a)(15) by reporting that credit score and information about the scoring model used. When a financial institution uses more than one credit scoring model and combines the scores into a composite credit score that it relies on, the financial institution reports that score and reports that more than one credit scoring model was used. When a financial institution obtains or creates two or more credit scores for an applicant or borrower and relies on multiple scores for the applicant or borrower in making the credit decision (for example, by relying on a scoring grid that considers each of the scores obtained or created for the applicant or borrower without combining the scores into a composite score), §1003.4(a)(15) requires the financial institution to report one of the credit scores for the



applicant or borrower that was relied on in making the credit decision. In choosing which credit score to report in this circumstance, a financial institution need not use the same approach for its entire HMDA submission, but it should be generally consistent (such as by routinely using one approach within a particular division of the institution or for a category of covered loans). In instances such as these, the financial institution should report the name and version of the credit scoring model for the score reported.

3. *Credit score—multiple applicants or borrowers.* In a transaction involving two or more applicants or borrowers for whom the financial institution obtains or creates a single credit score and relies on that credit score in making the credit decision for the transaction, the institution complies with §1003.4(a)(15) by reporting that credit score for the applicant and reporting that the requirement is not applicable for the first co-applicant or, at the financial institution's discretion, by reporting that credit score for the first co-applicant and reporting that the requirement is not applicable for the applicant. Otherwise, a financial institution complies with §1003.4(a)(15) by reporting a credit score for the applicant that it relied on in making the credit decision, if any, and a credit score for the first co-applicant that it relied on in making the credit decision, if any. To illustrate, assume a transaction involves one applicant and one co-applicant and that the financial institution obtains or creates two credit scores for the applicant and two credit scores for the co-applicant. Assume further that the financial institution relies on a single credit score that is the lowest, highest, most recent, or average of all of the credit scores obtained or created to make the credit decision for the transaction. The financial institution complies with §1003.4(a)(15) by reporting that credit score and information about the scoring model used for the applicant and reporting that the requirement is not applicable for the first co-applicant or, at the financial institution's discretion, by reporting the data for the first co-applicant and reporting that the requirement is not applicable for the applicant. Alternatively, assume a transaction involves one applicant and one co-applicant and that the financial institution obtains or creates three credit scores for the applicant and three credit scores for the co-applicant. Assume further that the financial institution relies on the middle credit score for the applicant and the middle credit score for the co-applicant to make the credit decision for the transaction. The financial institution complies with §1003.4(a)(15) by reporting both the middle score for the applicant and the middle score for the co-applicant.

4. *Transactions for which no credit decision was made.* If a file was closed for incompleteness or the application was withdrawn before a credit decision was made, the financial institution complies with §1003.4(a)(15) by reporting that the requirement is not applicable, even if the financial institution had obtained or created a credit score for the applicant or co-applicant. For example, if a file is closed for incompleteness and is so reported in accordance with §1003.4(a)(8), the financial institution complies with §1003.4(a)(15) by reporting that the requirement is not applicable, even if the financial institution had obtained or created a credit score for the applicant or co-applicant. Similarly, if an application was withdrawn by the applicant before a credit decision was made and is so reported in accordance with §1003.4(a)(8), the financial institution complies with §1003.4(a)(15) by reporting that the requirement is not applicable, even if the financial institution had obtained or created a credit score for the applicant or co-applicant.

5. *Transactions for which no credit score was relied on.* If a financial institution makes a credit decision without relying on a credit score for the applicant or borrower, the financial institution complies with §1003.4(a)(15) by reporting that the requirement is not applicable.

6. *Purchased covered loan.* A financial institution complies with §1003.4(a)(15) by reporting that the requirement is not applicable when the covered loan is a purchased covered loan.

7. *Non-natural person.* When the applicant and co-applicant, if applicable, are not natural persons, a financial institution complies with §1003.4(a)(15) by reporting that the requirement is not applicable.

#### **Paragraph 4(a)(16)**

1. *Reason for denial—general.* A financial institution complies with §1003.4(a)(16) by reporting the principal reason or reasons it denied the application, indicating up to four reasons. The financial institution should report only the principal reason or reasons it denied the application, even if there are fewer than four reasons. For example, if a financial institution denies the application because of the applicant's credit history and debt-to-income ratio, the financial institution need only report these two principal reasons. The reasons reported must be specific and accurately describe the principal reason or reasons the financial institution denied the application.

2. *Reason for denial—preapproval request denied.* Section 1003.4(a)(16) requires a financial institution to report the principal reason or reasons it denied the application. A request for a preapproval under a preapproval program as defined by §1003.2(b)(2) is an application. If a financial institution denies a preapproval request, the financial institution complies with §1003.4(a)(16) by reporting the reason or reasons it denied the preapproval request.

3. *Reason for denial—adverse action model form or similar form.* If a financial institution chooses to provide the applicant the reason or reasons it denied the application using the model form contained in appendix C to Regulation B (Form C-1, Sample Notice of Action Taken and Statement of Reasons) or a similar form, §1003.4(a)(16) requires the financial institution to report the reason or reasons that were specified on the form by the financial institution, which includes reporting the “Other” reason or reasons that were specified on the form by the financial institution, if applicable. If a financial institution chooses to provide a disclosure of the applicant's right to a statement of specific reasons using the model form contained in appendix C to Regulation B (Form C-5, Sample Disclosure of Right to Request Specific Reasons for Credit Denial) or a similar form, or chooses to provide the denial reason or reasons orally under Regulation B, 12 CFR 1002.9(a)(2)(ii), the financial institution complies with §1003.4(a)(16) by entering the principal reason or reasons it denied the application.

4. *Reason for denial—not applicable.* A financial institution complies with §1003.4(a)(16) by reporting that the requirement is not applicable if the action taken on the application, pursuant to §1003.4(a)(8), is not a denial. For example, a financial institution complies with §1003.4(a)(16) by reporting that the requirement is not applicable if the loan is originated or purchased by the financial institution, or the application or preapproval request was approved but not accepted, or

the application was withdrawn before a credit decision was made, or the file was closed for incompleteness.

#### **Paragraph 4(a)(17)(i)**

1. *Total loan costs—**not applicable**.* Section 1003.4(a)(17)(i) does not require financial institutions to report the total loan costs for applications, or for transactions not subject to Regulation Z, 12 CFR 1026.43(c), and 12 CFR 1026.19(f), such as open-end lines of credit, reverse mortgages, or loans or lines of credit made primarily for business or commercial purposes. In these cases, a financial institution complies with §1003.4(a)(17)(i) by reporting that the requirement is not applicable to the transaction.

2. *Purchased loans—**applications received prior to the integrated disclosure effective date**.* For purchased covered loans subject to this reporting requirement for which applications were received by the selling entity prior to the effective date of Regulation Z, 12 CFR 1026.19(f), a financial institution complies with §1003.4(a)(17)(i) by reporting that the requirement is not applicable to the transaction.

3. *Corrected disclosures.* If the amount of total loan costs changes because a financial institution provides a corrected version of the disclosures required under Regulation Z, 12 CFR 1026.19(f), pursuant to 12 CFR 1026.19(f)(2), the financial institution complies with §1003.4(a)(17)(i) by reporting the corrected amount, provided that the corrected disclosure was provided to the borrower prior to the end of the reporting period in which closing occurs. For purposes of §1003.4(a)(17)(i), the date the corrected disclosure was provided to the borrower is the date disclosed pursuant to Regulation Z, 12 CFR 1026.38(a)(3)(i). For example, in the case of a financial institution's annual loan/application register submission made pursuant to §1003.5(a)(1), if the financial institution provides a corrected disclosure to the borrower to reflect a refund made pursuant to Regulation Z, 12 CFR 1026.19(f)(2)(v), the financial institution reports the corrected amount of total loan costs only if the corrected disclosure was provided to the borrower prior to the end of the calendar year in which closing occurs.

#### **Paragraph 4(a)(17)(ii)**

1. *Total points and fees—**not applicable**.* Section 1003.4(a)(17)(ii) does not require financial institutions to report the total points and fees for transactions not subject to Regulation Z, 12 CFR 1026.43(c), such as open-end lines of credit, reverse mortgages, or loans or lines of credit made primarily for business or commercial purposes, or for applications or purchased covered loans. In these cases, a financial institution complies with §1003.4(a)(17)(ii) by reporting that the requirement is not applicable to the transaction.

2. *Total points and fees cure mechanism.* For covered loans subject to this reporting requirement, if a financial institution determines that the transaction's total points and fees exceeded the applicable limit and cures the overage pursuant to Regulation Z, 12 CFR 1026.43(e)(3)(iii) and (iv), a financial institution complies with §1003.4(a)(17)(ii) by reporting the correct amount of total points and fees, provided that the cure was effected during the same reporting period in which closing occurred. For example, in the case of a financial institution's quarterly submission, the financial institution reports the revised amount of total points and fees

only if it cured the overage prior to the end of the quarter in which closing occurred. The financial institution does not report the revised amount of total points and fees in its quarterly submission if it cured the overage after the end of the quarter, even if the cure was effected prior to the deadline for timely submission of the financial institution's quarterly data. However, the financial institution reports the revised amount of total points and fees on its annual loan/application register.

#### **Paragraph 4(a)(18)**

1. *Origination charges—not applicable.* Section 1003.4(a)(18) does not require financial institutions to report the total borrower-paid origination charges for applications, or for transactions not subject to Regulation Z, 12 CFR 1026.19(f), such as open-end lines of credit, reverse mortgages, or loans or lines of credit made primarily for business or commercial purposes. In these cases, a financial institution complies with §1003.4(a)(18) by reporting that the requirement is not applicable to the transaction.

2. *Purchased loans—applications received prior to the integrated disclosure effective date.* For purchased covered loans subject to this reporting requirement for which applications were received by the selling entity prior to the effective date of Regulation Z, 12 CFR 1026.19(f), a financial institution complies with §1003.4(a)(18) by reporting that the requirement is not applicable to the transaction.

3. *Corrected disclosures.* If the total amount of borrower-paid origination charges changes because a financial institution provides a corrected version of the disclosures required under Regulation Z, 12 CFR 1026.19(f), pursuant to 12 CFR 1026.19(f)(2), the financial institution complies with §1003.4(a)(18) by reporting the corrected amount, provided that the corrected disclosure was provided to the borrower prior to the end of the reporting period in which closing occurs. For purposes of §1003.4(a)(18), the date the corrected disclosure was provided to the borrower is the date disclosed pursuant to Regulation Z, 12 CFR 1026.38(a)(3)(i). For example, in the case of a financial institution's annual loan/application register submission made pursuant to §1003.5(a)(1), if the financial institution provides a corrected disclosure to the borrower to reflect a refund made pursuant to Regulation Z, 12 CFR 1026.19(f)(2)(v), the financial institution reports the corrected amount of borrower-paid origination charges only if the corrected disclosure was provided to the borrower prior to the end of the calendar year in which closing occurs.

#### **Paragraph 4(a)(19)**

1. *Discount points—not applicable.* Section 1003.4(a)(19) does not require financial institutions to report the discount points for applications, or for transactions not subject to Regulation Z, 12 CFR 1026.19(f), such as open-end lines of credit, reverse mortgages, or loans or lines of credit made primarily for business or commercial purposes. In these cases, a financial institution complies with §1003.4(a)(19) by reporting that the requirement is not applicable to the transaction.

2. *Purchased loans—applications received prior to the integrated disclosure effective date.* For purchased covered loans subject to this reporting requirement for which applications were

received by the selling entity prior to the effective date of Regulation Z, 12 CFR 1026.19(f), a financial institution complies with §1003.4(a)(19) by reporting that the requirement is not applicable to the transaction.

3. *Corrected disclosures.* If the amount of discount points changes because a financial institution provides a corrected version of the disclosures required under Regulation Z, 12 CFR 1026.19(f), pursuant to 12 CFR 1026.19(f)(2), the financial institution complies with §1003.4(a)(19) by reporting the corrected amount, provided that the corrected disclosure was provided to the borrower prior to the end of the reporting period in which closing occurs. For purposes of §1003.4(a)(19), the date the corrected disclosure was provided to the borrower is the date disclosed pursuant to Regulation Z, 12 CFR 1026.38(a)(3)(i). For example, in the case of a financial institution's annual loan/application register submission made pursuant to §1003.5(a)(1), if the financial institution provides a corrected disclosure to the borrower to reflect a refund made pursuant to Regulation Z, 12 CFR 1026.19(f)(2)(v), the financial institution reports the corrected amount of discount points only if the corrected disclosure was provided to the borrower prior to the end of the calendar year in which closing occurs.

#### **Paragraph 4(a)(20)**

1. *Lender credits—not applicable.* Section 1003.4(a)(20) does not require financial institutions to report lender credits for applications, or for transactions not subject to Regulation Z, 12 CFR 1026.19(f), such as open-end lines of credit, reverse mortgages, or loans or lines of credit made primarily for business or commercial purposes. In these cases, a financial institution complies with §1003.4(a)(20) by reporting that the requirement is not applicable to the transaction.

2. *Purchased loans—applications received prior to the integrated disclosure effective date.* For purchased covered loans subject to this reporting requirement for which applications were received by the selling entity prior to the effective date of Regulation Z, 12 CFR 1026.19(f), a financial institution complies with §1003.4(a)(20) by reporting that the requirement is not applicable to the transaction.

3. *Corrected disclosures.* If the amount of lender credits changes because a financial institution provides a corrected version of the disclosures required under Regulation Z, 12 CFR 1026.19(f), pursuant to 12 CFR 1026.19(f)(2), the financial institution complies with §1003.4(a)(20) by reporting the corrected amount, provided that the corrected disclosure was provided to the borrower prior to the end of the reporting period in which closing occurs. For purposes of §1003.4(a)(20), the date the corrected disclosure was provided to the borrower is the date disclosed pursuant to Regulation Z, 12 CFR 1026.38(a)(3)(i). For example, in the case of a financial institution's annual loan/application register submission made pursuant to §1003.5(a)(1), if the financial institution provides a corrected disclosure to the borrower to reflect a refund made pursuant to Regulation Z, 12 CFR 1026.19(f)(2)(v), the financial institution reports the corrected amount of lender credits only if the corrected disclosure was provided to the borrower prior to the end of the calendar year in which closing occurs.

## **Paragraph 4(a)(21)**

1. *Interest rate—disclosures.* Section 1003.4(a)(21) requires a financial institution to identify the interest rate applicable to the approved application, or to the covered loan at closing or account opening. For covered loans or applications subject to the integrated mortgage disclosure requirements of Regulation Z, 12 CFR 1026.19(e) and (f), a financial institution complies with §1003.4(a)(21) by reporting the interest rate disclosed on the applicable disclosure. For covered loans or approved applications for which disclosures were provided pursuant to both the early and the final disclosure requirements in Regulation Z, 12 CFR 1026.19(e) and (f), a financial institution reports the interest rate disclosed pursuant to 12 CFR 1026.19(f). A financial institution may rely on the definitions and commentary to the sections of Regulation Z relevant to the disclosure of the interest rate pursuant to 12 CFR 1026.19(e) or (f). If a financial institution provides a revised or corrected version of the disclosures required under Regulation Z, 12 CFR 1026.19(e) or (f), pursuant to 12 CFR 1026.19(e)(3)(iv) or (f)(2), as applicable, the financial institution complies with §1003.4(a)(21) by reporting the interest rate on the revised or corrected disclosure, provided that the revised or corrected disclosure was provided to the borrower prior to the end of the reporting period in which final action is taken. For purposes of §1003.4(a)(21), the date the revised or corrected disclosure was provided to the borrower is the date disclosed pursuant to Regulation Z, 12 CFR 1026.37(a)(4) or 1026.38(a)(3)(i), as applicable.

2. *Applications.* In the case of an application, §1003.4(a)(21) requires a financial institution to report the applicable interest rate only if the application has been approved by the financial institution but not accepted by the borrower. In such cases, a financial institution reports the interest rate applicable at the time that the application was approved by the financial institution. A financial institution may report the interest rate appearing on the disclosure provided pursuant to 12 CFR 1026.19(e) or (f) if such disclosure accurately reflects the interest rate at the time the application was approved. For applications that have been denied or withdrawn, or files closed for incompleteness, a financial institution reports that no interest rate was applicable to the application.

3. *Adjustable rate—interest rate unknown.* Except as provided in comment 4(a)(21)-1, for adjustable-rate covered loans or applications, if the interest rate is unknown at the time that the application was approved, or at closing or account opening, a financial institution reports the fully-indexed rate based on the index applicable to the covered loan or application. For purposes of §1003.4(a)(21), the fully-indexed rate is the index value and margin at the time that the application was approved, or, for covered loans, at closing or account opening.

## **Paragraph 4(a)(22)**

1. *Prepayment penalty term—not applicable.* Section 1003.4(a)(22) does not require financial institutions to report the term of any prepayment penalty for transactions not subject to Regulation Z, 12 CFR part 1026, such as loans or lines of credit made primarily for business or commercial purposes, or for reverse mortgages or purchased covered loans. In these cases, a financial institution complies with §1003.4(a)(22) by reporting that the requirement is not applicable to the transaction.

2. *Transactions for which no prepayment penalty exists.* For covered loans or applications that have no prepayment penalty, a financial institution complies with §1003.4(a)(22) by reporting that the requirement is not applicable to the transaction. A financial institution may rely on the definitions and commentary to Regulation Z, 12 CFR 1026.32(b)(6)(i) or (ii) in determining whether the terms of a transaction contain a prepayment penalty.

#### **Paragraph 4(a)(23)**

1. *General.* For covered loans that are not purchased covered loans, §1003.4(a)(23) requires a financial institution to report the ratio of the applicant's or borrower's total monthly debt to total monthly income (debt-to-income ratio) relied on in making the credit decision. For example, if a financial institution calculated the applicant's or borrower's debt-to-income ratio twice—once according to the financial institution's own requirements and once according to the requirements of a secondary market investor—and the financial institution relied on the debt-to-income ratio calculated according to the secondary market investor's requirements in making the credit decision, §1003.4(a)(23) requires the financial institution to report the debt-to-income ratio calculated according to the requirements of the secondary market investor.

2. *Transactions for which a debt-to-income ratio was one of multiple factors.* A financial institution relies on the ratio of the applicant's or borrower's total monthly debt to total monthly income (debt-to-income ratio) in making the credit decision if the debt-to-income ratio was a factor in the credit decision even if it was not a dispositive factor. For example, if the debt-to-income ratio was one of multiple factors in a financial institution's credit decision, the financial institution has relied on the debt-to-income ratio and complies with §1003.4(a)(23) by reporting the debt-to-income ratio, even if the financial institution denied the application because one or more underwriting requirements other than the debt-to-income ratio were not satisfied.

3. *Transactions for which no credit decision was made.* If a file was closed for incompleteness, or if an application was withdrawn before a credit decision was made, a financial institution complies with §1003.4(a)(23) by reporting that the requirement is not applicable, even if the financial institution had calculated the ratio of the applicant's total monthly debt to total monthly income (debt-to-income ratio). For example, if a file was closed for incompleteness and was so reported in accordance with §1003.4(a)(8), the financial institution complies with §1003.4(a)(23) by reporting that the requirement is not applicable, even if the financial institution had calculated the applicant's debt-to-income ratio. Similarly, if an application was withdrawn by the applicant before a credit decision was made, the financial institution complies with §1003.4(a)(23) by reporting that the requirement is not applicable, even if the financial institution had calculated the applicant's debt-to-income ratio.

4. *Transactions for which no debt-to-income ratio was relied on.* Section 1003.4(a)(23) does not require a financial institution to calculate the ratio of an applicant's or borrower's total monthly debt to total monthly income (debt-to-income ratio), nor does it require a financial institution to rely on an applicant's or borrower's debt-to-income ratio in making a credit decision. If a financial institution made a credit decision without relying on the applicant's or borrower's debt-to-income ratio, the financial institution complies with §1003.4(a)(23) by reporting that the

requirement is not applicable since no debt-to-income ratio was relied on in connection with the credit decision.

5. *Non-natural person.* A financial institution complies with §1003.4(a)(23) by reporting that the requirement is not applicable when the applicant and co-applicant, if applicable, are not natural persons.

6. *Multifamily dwellings.* A financial institution complies with §1003.4(a)(23) by reporting that the requirement is not applicable for a covered loan secured by, or an application proposed to be secured by, a multifamily dwelling.

7. *Purchased covered loans.* A financial institution complies with §1003.4(a)(23) by reporting that the requirement is not applicable when reporting a purchased covered loan.

#### **Paragraph 4(a)(24)**

1. *General.* Section 1003.4(a)(24) requires a financial institution to report, except for purchased covered loans, the ratio of the total amount of debt secured by the property to the value of the property (combined loan-to-value ratio) relied on in making the credit decision. For example, if a financial institution calculated a combined loan-to-value ratio twice—once according to the financial institution's own requirements and once according to the requirements of a secondary market investor—and the financial institution relied on the combined loan-to-value ratio calculated according to the secondary market investor's requirements in making the credit decision, §1003.4(a)(24) requires the financial institution to report the combined loan-to-value ratio calculated according to the requirements of the secondary market investor.

2. *Transactions for which a combined loan-to-value ratio was one of multiple factors.* A financial institution relies on the ratio of the total amount of debt secured by the property to the value of the property (combined loan-to-value ratio) in making the credit decision if the combined loan-to-value ratio was a factor in the credit decision, even if it was not a dispositive factor. For example, if the combined loan-to-value ratio is one of multiple factors in a financial institution's credit decision, the financial institution has relied on the combined loan-to-value ratio and complies with §1003.4(a)(24) by reporting the combined loan-to-value ratio, even if the financial institution denies the application because one or more underwriting requirements other than the combined loan-to-value ratio are not satisfied.

3. *Transactions for which no credit decision was made.* If a file was closed for incompleteness, or if an application was withdrawn before a credit decision was made, a financial institution complies with §1003.4(a)(24) by reporting that the requirement is not applicable, even if the financial institution had calculated the ratio of the total amount of debt secured by the property to the value of the property (combined loan-to-value ratio). For example, if a file is closed for incompleteness and is so reported in accordance with §1003.4(a)(8), the financial institution complies with §1003.4(a)(24) by reporting that the requirement is not applicable, even if the financial institution had calculated a combined loan-to-value ratio. Similarly, if an application was withdrawn by the applicant before a credit decision was made and is so reported in accordance with §1003.4(a)(8), the financial institution complies with §1003.4(a)(24) by reporting that the



requirement is not applicable, even if the financial institution had calculated a combined loan-to-value ratio.

4. *Transactions for which no combined loan-to-value ratio was relied on.* Section 1003.4(a)(24) does not require a financial institution to calculate the ratio of the total amount of debt secured by the property to the value of the property (combined loan-to-value ratio), nor does it require a financial institution to rely on a combined loan-to-value ratio in making a credit decision. If a financial institution makes a credit decision without relying on a combined loan-to-value ratio, the financial institution complies with §1003.4(a)(24) by reporting that the requirement is not applicable since no combined loan-to-value ratio was relied on in making the credit decision.

5. *Purchased covered loan.* A financial institution complies with §1003.4(a)(24) by reporting that the requirement is not applicable when the covered loan is a purchased covered loan.

6. *Property.* A financial institution reports the combined loan-to-value ratio relied on in making the credit decision, regardless of which property or properties it used in the combined loan-to-value ratio calculation. The property used in the combined loan-to-value ratio calculation does not need to be the property identified in §1003.4(a)(9) and may include more than one property and non-real property. For example, if a financial institution originated a covered loan for the purchase of a multifamily dwelling, the loan was secured by the multifamily dwelling and by non-real property, such as securities, and the financial institution used the multifamily dwelling and the non-real property to calculate the combined loan-to-value ratio that it relied on in making the credit decision, §1003.4(a)(24) requires the financial institution to report the relied upon ratio. Section 1003.4(a)(24) does not require a financial institution to use a particular combined loan-to-value ratio calculation method but instead requires financial institutions to report the combined loan-to-value ratio relied on in making the credit decision.

#### **Paragraph 4(a)(25)**

1. *Amortization and maturity.* For a fully amortizing covered loan, the number of months after which the legal obligation matures is the number of months in the amortization schedule, ending with the final payment. Some covered loans do not fully amortize during the maturity term, such as covered loans with a balloon payment; such loans should still be reported using the maturity term rather than the amortization term, even in the case of covered loans that mature before fully amortizing but have reset options. For example, a 30-year fully amortizing covered loan would be reported with a term of “360,” while a five year balloon covered loan would be reported with a loan term of “60.”

2. *Non-monthly repayment periods.* If a covered loan or application includes a schedule with repayment periods measured in a unit of time other than months, the financial institution should report the covered loan or application term using an equivalent number of whole months without regard for any remainder.

3. *Purchased loans.* For a covered loan that was purchased, a financial institution reports the number of months after which the legal obligation matures as measured from the covered loan's origination.

4. *Open-end line of credit.* For an open-end line of credit with a definite term, a financial institution reports the number of months from origination until the account termination date, including both the draw and repayment period.

5. *Loan or application without a definite term.* For a covered loan or application without a definite term, such as a reverse mortgage, a financial institution complies with §1003.4(a)(25) by reporting that the requirement is not applicable.

#### **Paragraph 4(a)(26)**

1. *Types of introductory rates.* Section 1003.4(a)(26) requires a financial institution to report the number of months, or proposed number of months in the case of an application, from closing or account opening until the first date the interest rate may change. For example, assume an open-end line of credit contains an introductory or “teaser” interest rate for two months after the date of account opening, after which the interest rate may adjust. In this example, the financial institution complies with §1003.4(a)(26) by reporting the number of months as “2.” Section 1003.4(a)(26) requires a financial institution to report the number of months based on when the first interest rate adjustment may occur, even if an interest rate adjustment is not required to occur at that time and even if the rates that will apply, or the periods for which they will apply, are not known at closing or account opening. For example, if a closed-end mortgage loan with a 30-year term has an adjustable-rate product with an introductory interest rate for the first 60 months, after which the interest rate is permitted, but not required to vary, according to the terms of an index rate, the financial institution complies with §1003.4(a)(26) by reporting the number of months as “60.” Similarly, if a closed-end mortgage loan with a 30-year term is a step-rate product with an introductory interest rate for the first 24 months, after which the interest rate will increase to a different known interest rate for the next 36 months, the financial institution complies with §1003.4(a)(26) by reporting the number of months as “24.”

2. *Preferred rates.* Section 1003.4(a)(26) does not require reporting of introductory interest rate periods based on preferred rates unless the terms of the legal obligation provide that the preferred rate will expire at a certain defined date. Preferred rates include terms of the legal obligation that provide that the initial underlying rate is fixed but that it may increase or decrease upon the occurrence of some future event, such as an employee leaving the employ of the financial institution, the borrower closing an existing deposit account with the financial institution, or the borrower revoking an election to make automated payments. In these cases, because it is not known at the time of closing or account opening whether the future event will occur, and if so, when it will occur, §1003.4(a)(26) does not require reporting of an introductory interest rate period.

3. *Loan or application with a fixed rate.* A financial institution complies with §1003.4(a)(26) by reporting that the requirement is not applicable for a covered loan with a fixed rate or an application for a covered loan with a fixed rate.

4. *Purchased loan.* A financial institution complies with §1003.4(a)(26) by reporting that requirement is not applicable when the covered loan is a purchased covered loan with a fixed rate.

5. *Non-monthly introductory periods.* If a covered loan or application includes an introductory interest rate period measured in a unit of time other than months, the financial institution complies with §1003.4(a)(26) by reporting the introductory interest rate period for the covered loan or application using an equivalent number of whole months without regard for any remainder. For example, assume an open-end line of credit contains an introductory interest rate for 50 days after the date of account opening, after which the interest rate may adjust. In this example, the financial institution complies with §1003.4(a)(26) by reporting the number of months as “1.” The financial institution must report one month for any introductory interest rate period that totals less than one whole month.

#### **Paragraph 4(a)(27)**

1. *General.* Section 1003.4(a)(27) requires reporting of contractual features that would allow payments other than fully amortizing payments. Section 1003.4(a)(27) defines the contractual features by reference to Regulation Z, 12 CFR part 1026, but without regard to whether the covered loan is consumer credit, as defined in §1026.2(a)(12), is extended by a creditor, as defined in §1026.2(a)(17), or is extended to a consumer, as defined in §1026.2(a)(11), and without regard to whether the property is a dwelling as defined in §1026.2(a)(19). For example, assume that a financial institution originates a business-purpose transaction that is exempt from Regulation Z pursuant to 12 CFR 1026.3(a)(1), to finance the purchase of a multifamily dwelling, and that there is a balloon payment, as defined by Regulation Z, 12 CFR 1026.18(s)(5)(i), at the end of the loan term. The multifamily dwelling is a dwelling under §1003.2(f), but not under Regulation Z, 12 CFR 1026.2(a)(19). In this example, the financial institution should report the business-purpose transaction as having a balloon payment under §1003.4(a)(27)(i), assuming the other requirements of this part are met. Aside from these distinctions, financial institutions may rely on the definitions and related commentary provided in the appropriate sections of Regulation Z referenced in §1003.4(a)(27) of this part in determining whether the contractual feature should be reported.

#### **Paragraph 4(a)(28).**

1. *General.* A financial institution reports the property value relied on in making the credit decision. For example, if the institution relies on an appraisal or other valuation for the property in calculating the loan-to-value ratio, it reports that value; if the institution relies on the purchase price of the property in calculating the loan-to-value ratio, it reports that value.

2. *Multiple property values.* When a financial institution obtains two or more valuations of the property securing or proposed to secure the covered loan, the financial institution complies with §1003.4(a)(28) by reporting the value relied on in making the credit decision. For example, when a financial institution obtains an appraisal, an automated valuation model report, and a broker price opinion with different values for the property, it reports the value relied on in making the credit decision. Section §1003.4(a)(28) does not require a financial institution to use a particular property valuation method, but instead requires a financial institution to report the valuation relied on in making the credit decision.

3. *Transactions for which no credit decision was made.* If a file was closed for incompleteness or the application was withdrawn before a credit decision was made, the financial institution complies with §1003.4(a)(28) by reporting that the requirement is not applicable, even if the financial institution had obtained a property value. For example, if a file is closed for incompleteness and is so reported in accordance with §1003.4(a)(8), the financial institution complies with §1003.4(a)(28) by reporting that the requirement is not applicable, even if the financial institution had obtained a property value. Similarly, if an application was withdrawn by the applicant before a credit decision was made and is so reported in accordance with §1003.4(a)(8), the financial institution complies with §1003.4(a)(28) by reporting that the requirement is not applicable, even if the financial institution had obtained a property value.

4. *Transactions for which no property value was relied on.* Section 1003.4(a)(28) does not require a financial institution to obtain a property valuation, nor does it require a financial institution to rely on a property value in making a credit decision. If a financial institution makes a credit decision without relying on a property value, the financial institution complies with §1003.4(a)(28) by reporting that the requirement is not applicable since no property value was relied on in making the credit decision.

#### **Paragraph 4(a)(29)**

1. *Classification under State law.* A financial institution should report a covered loan that is or would have been secured only by a manufactured home but not the land on which it is sited as secured by a manufactured home and not land, even if the manufactured home is considered real property under applicable State law.

2. *Manufactured home community.* A manufactured home community that is a multifamily dwelling is not considered a manufactured home for purposes of §1003.4(a)(29).

3. *Multiple properties.* See comment 4(a)(9)-2 regarding transactions involving multiple properties with more than one property taken as security.

4. *Scope of requirement.* A financial institution reports that the requirement is not applicable for a covered loan where the dwelling related to the property identified in §1003.4(a)(9) is not a manufactured home.

#### **Paragraph 4(a)(30)**

1. *Indirect land ownership.* Indirect land ownership can occur 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 holds the underlying land of the manufactured home community. In such communities, the applicant or borrower may still have a lease and pay rent for the lot on which his or her manufactured home is or will be located, but the property interest type for such an arrangement should be reported as indirect ownership if the applicant is or will be a member of the cooperative that owns the underlying land of the manufactured home community. If an applicant resides or will reside in such a community but is not a member, the property interest type should be reported as a paid leasehold.

2. *Leasehold interest.* A leasehold interest could be formalized in a lease with a defined term and specified rent payments, or could arise as a tenancy at will through permission of a land owner without any written, formal arrangement. For example, assume a borrower will locate the manufactured home in a manufactured home community, has a written lease for a lot in that park, and the lease specifies rent payments. In this example, a financial institution complies with §1003.4(a)(30) by reporting a paid leasehold. However, if instead the borrower will locate the manufactured home on land owned by a family member without a written lease and with no agreement as to rent payments, a financial institution complies with §1003.4(a)(30) by reporting an unpaid leasehold.

3. *Multiple properties.* See comment 4(a)(9)-2 regarding transactions involving multiple properties with more than one property taken as security.

4. *Manufactured home community.* A manufactured home community that is a multifamily dwelling is not considered a manufactured home for purposes of §1003.4(a)(30).

5. *Direct ownership.* An applicant or borrower has a direct ownership interest in the land on which the dwelling is or is to be located when it has a more than possessory real property ownership interest in the land such as fee simple ownership.

6. *Scope of requirement.* A financial institution reports that the requirement is not applicable for a covered loan where the dwelling related to the property identified in §1003.4(a)(9) is not a manufactured home.

#### **Paragraph 4(a)(31)**

1. *Multiple properties.* See comment 4(a)(9)-2 regarding transactions involving multiple properties with more than one property taken as security.

2. *Manufactured home community.* For an application or covered loan secured by a manufactured home community, the financial institution should include in the number of individual dwelling units the total number of manufactured home sites that secure the loan and are available for occupancy, regardless of whether the sites are currently occupied or have manufactured homes currently attached. A financial institution may include in the number of individual dwelling units other units such as recreational vehicle pads, manager apartments, rental apartments, site-built homes or other rentable space that are ancillary to the operation of the secured property if it considers such units under its underwriting guidelines or the guidelines of an investor, or if it tracks the number of such units for its own internal purposes. For a loan secured by a single manufactured home that is or will be located in a manufactured home community, the financial institution should report one individual dwelling unit.

3. *Condominium and cooperative projects.* For a covered loan secured by a condominium or cooperative property, the financial institution reports the total number of individual dwelling units securing the covered loan or proposed to secure the covered loan in the case of an application. For example:

i. Assume that a loan is secured by the entirety of a cooperative property. The financial institution would report the number of individual dwelling units in the cooperative property.

ii. Assume that a covered loan is secured by 30 individual dwelling units in a condominium property that contains 100 individual dwelling units and that the loan is not exempt from Regulation C under §1003.3(c)(3). The financial institution reports 30 individual dwelling units.

4. *Best information available.* A financial institution may rely on the best information readily available to the financial institution at the time final action is taken and on the financial institution's own procedures in reporting the information required by §1003.4(a)(31). Information readily available could include, for example, information provided by an applicant that the financial institution reasonably believes, information contained in a property valuation or inspection, or information obtained from public records.

#### **Paragraph 4(a)(32)**

1. *Affordable housing income restrictions.* For purposes of §1003.4(a)(32), affordable housing income-restricted units are individual dwelling units that have restrictions based on the income level of occupants pursuant to restrictive covenants encumbering the property. Such income levels are frequently expressed as a percentage of area median income by household size as established by the U.S. Department of Housing and Urban Development or another agency responsible for implementing the applicable affordable housing program. Such restrictions are frequently part of compliance with programs that provide public funds, special tax treatment, or density bonuses to encourage development or preservation of affordable housing. Such restrictions are frequently evidenced by a use agreement, regulatory agreement, land use restriction agreement, housing assistance payments contract, or similar agreement. Rent control or rent stabilization laws, and the acceptance by the owner or manager of a multifamily dwelling of Housing Choice Vouchers (24 CFR part 982) or other similar forms of portable housing assistance that are tied to an occupant and not an individual dwelling unit, are not affordable housing income-restricted dwelling units for purposes of §1003.4(a)(32).

2. *Federal affordable housing sources.* Examples of Federal programs and funding sources that may result in individual dwelling units that are reportable under §1003.4(a)(32) include, but are not limited to:

i. Affordable housing programs pursuant to Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f);

ii. Public housing (42 U.S.C. 1437a(b)(6));

iii. The HOME Investment Partnerships program (24 CFR part 92);

iv. The Community Development Block Grant program (24 CFR part 570);

v. Multifamily tax subsidy project funding through tax-exempt bonds or tax credits (26 U.S.C. 42; 26 U.S.C. 142(d));

- vi. Project-based vouchers (24 CFR part 983);
- vii. Federal Home Loan Bank affordable housing program funding (12 CFR part 1291); and
- viii. Rural Housing Service multifamily housing loans and grants (7 CFR part 3560).

3. *State and local government affordable housing sources.* Examples of State and local sources that may result in individual dwelling units that are reportable under §1003.4(a)(32) include, but are not limited to: State or local administration of Federal funds or programs; State or local funding programs for affordable housing or rental assistance, including programs operated by independent public authorities; inclusionary zoning laws; and tax abatement or tax increment financing contingent on affordable housing requirements.

4. *Multiple properties.* See comment 4(a)(9)-2 regarding transactions involving multiple properties with more than one property taken as security.

5. *Best information available.* A financial institution may rely on the best information readily available to the financial institution at the time final action is taken and on the financial institution's own procedures in reporting the information required by §1003.4(a)(32). Information readily available could include, for example, information provided by an applicant that the financial institution reasonably believes, information contained in a property valuation or inspection, or information obtained from public records.

6. *Scope of requirement.* A financial institution reports that the requirement is not applicable if the property securing the covered loan or, in the case of an application, proposed to secure the covered loan is not a multifamily dwelling.

#### **Paragraph 4(a)(33)**

1. *Agents.* If a financial institution is reporting actions taken by its agent consistent with comment 4(a)-4, the agent is not considered the financial institution for the purposes of §1003.4(a)(33). For example, assume that an applicant submitted an application to Financial Institution A, and Financial Institution A made the credit decision acting as Financial Institution B's agent under State law. A covered loan was originated and the obligation arising from a covered loan was initially payable to Financial Institution A. Financial Institution B purchased the loan. Financial Institution B reports the origination and not the purchase, and indicates that the application was not submitted directly to the financial institution and that the transaction was not initially payable to the financial institution.

#### **Paragraph 4(a)(33)(i)**

1. *General.* Section 4(a)(33)(i) requires a financial institution to indicate whether the applicant or borrower submitted the application directly to the financial institution that is reporting the covered loan or application. The following scenarios demonstrate whether an application was submitted directly to the financial institution that is reporting the covered loan or application.

i. The application was submitted directly to the financial institution if the mortgage loan originator identified pursuant to §1003.4(a)(34) was an employee of the reporting financial institution when the originator performed the origination activities for the covered loan or application that is being reported.

ii. The application was also submitted directly to the financial institution reporting the covered loan or application if the reporting financial institution directed the applicant to a third-party agent (e.g., a credit union service organization) that performed loan origination activities on behalf of the financial institution and did not assist the applicant with applying for covered loans with other institutions.

iii. If an applicant contacted and completed an application with a broker or correspondent that forwarded the application to a financial institution for approval, an application was not submitted to the financial institution.

#### **Paragraph 4(a)(33)(ii)**

1. *General.* Section 1003.4(a)(33)(ii) requires financial institutions to report whether the obligation arising from a covered loan was or, in the case of an application, would have been initially payable to the institution. An obligation is initially payable to the institution if the obligation is initially payable either on the face of the note or contract to the financial institution that is reporting the covered loan or application. For example, if a financial institution reported an origination of a covered loan that it approved prior to closing, that closed in the name of a third-party, such as a correspondent lender, and that the financial institution purchased after closing, the covered loan was not initially payable to the financial institution.

2. *Applications.* A financial institution complies with §1003.4(a)(33)(ii) by reporting that the requirement is not applicable if the institution had not determined whether the covered loan would have been initially payable to the institution reporting the application when the application was withdrawn, denied, or closed for incompleteness.

#### **Paragraph 4(a)(34)**

1. *NMLSR ID.* Section 1003.4(a)(34) requires a financial institution to report the Nationwide Mortgage Licensing System and Registry unique identifier (NMLSR ID) for the mortgage loan originator, as defined in Regulation G, 12 CFR 1007.102, or Regulation H, 12 CFR 1008.23, as applicable. The NMLSR ID is a unique number or other identifier generally assigned to individuals registered or licensed through NMLSR to provide loan originating services. For more information, see the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, title V of the Housing and Economic Recovery Act of 2008 (S.A.F.E. Act), 12 U.S.C. 5101 *et seq.*, and its implementing regulations (12 CFR part 1007 and 12 CFR part 1008).

2. *Mortgage loan originator without NMLSR ID.* An NMLSR ID for the mortgage loan originator is not required by §1003.4(a)(34) to be reported by a financial institution if the mortgage loan originator is not required to obtain and has not been assigned an NMLSR ID. For example, certain individual mortgage loan originators may not be required to obtain an NMLSR ID for the particular transaction being reported by the financial institution, such as a commercial loan.



However, some mortgage loan originators may have obtained an NMLSR ID even if they are not required to obtain one for that particular transaction. If a mortgage loan originator has been assigned an NMLSR ID, a financial institution complies with §1003.4(a)(34) by reporting the mortgage loan originator's NMLSR ID regardless of whether the mortgage loan originator is required to obtain an NMLSR ID for the particular transaction being reported by the financial institution. In the event that the mortgage loan originator is not required to obtain and has not been assigned an NMLSR ID, a financial institution complies with §1003.4(a)(34) by reporting that the requirement is not applicable.

3. *Multiple mortgage loan originators.* If more than one individual associated with a covered loan or application meets the definition of a mortgage loan originator, as defined in Regulation G, 12 CFR 1007.102, or Regulation H, 12 CFR 1008.23, a financial institution complies with §1003.4(a)(34) by reporting the NMLSR ID of the individual mortgage loan originator with primary responsibility for the transaction as of the date of action taken pursuant to §1003.4(a)(8)(ii). A financial institution that establishes and follows a reasonable, written policy for determining which individual mortgage loan originator has primary responsibility for the reported transaction as of the date of action taken complies with §1003.4(a)(34).

4. *Purchased loans.* If a financial institution purchases a covered loan that satisfies the coverage criteria of Regulation Z, 12 CFR 1026.36(g), and that was originated prior to January 10, 2014, the financial institution complies with §1003.4(a)(34) by reporting that the requirement is not applicable. In addition, if a financial institution purchases a covered loan that does not satisfy the coverage criteria of Regulation Z, 12 CFR 1026.36(g), and that was originated prior to January 1, 2018, the financial institution complies with §1003.4(a)(34) by reporting that the requirement is not applicable. Purchasers of both such types of covered loans may report the NMLSR ID.

#### **Paragraph 4(a)(35)**

1. *Automated underwriting system data—general.* A financial institution complies with §1003.4(a)(35) by reporting, except for purchased covered loans, the name of the automated underwriting system (AUS) used by the financial institution to evaluate the application and the result generated by that AUS. The following scenarios illustrate when a financial institution reports the name of the AUS used by the financial institution to evaluate the application and the result generated by that AUS.

i. A financial institution that uses an AUS, as defined in §1003.4(a)(35)(ii), to evaluate an application, must report the name of the AUS used by the financial institution to evaluate the application and the result generated by that system, regardless of whether the AUS was used in its underwriting process. For example, if a financial institution uses an AUS to evaluate an application prior to submitting the application through its underwriting process, the financial institution complies with §1003.4(a)(35) by reporting the name of the AUS it used to evaluate the application and the result generated by that system.

ii. A financial institution that uses an AUS, as defined in §1003.4(a)(35)(ii), to evaluate an application, must report the name of the AUS it used to evaluate the application and the

result generated by that system, regardless of whether the financial institution intends to hold the covered loan in its portfolio or sell the covered loan. For example, if a financial institution uses an AUS developed by a securitizer to evaluate an application and intends to sell the covered loan to that securitizer but ultimately does not sell the covered loan and instead holds the covered loan in its portfolio, the financial institution complies with §1003.4(a)(35) by reporting the name of the securitizer's AUS that the institution used to evaluate the application and the result generated by that system. Similarly, if a financial institution uses an AUS developed by a securitizer to evaluate an application to determine whether to originate the covered loan but does not intend to sell the covered loan to that securitizer and instead holds the covered loan in its portfolio, the financial institution complies with §1003.4(a)(35) by reporting the name of the securitizer's AUS that the institution used to evaluate the application and the result generated by that system.

iii. A financial institution that uses an AUS, as defined in §1003.4(a)(35)(ii), that is developed by a securitizer to evaluate an application, must report the name of the AUS it used to evaluate the application and the result generated by that system, regardless of whether the securitizer intends to hold the covered loan it purchased from the financial institution in its portfolio or securitize the covered loan. For example, if a financial institution uses an AUS developed by a securitizer to evaluate an application and the financial institution sells the covered loan to that securitizer but the securitizer holds the covered loan it purchased in its portfolio, the financial institution complies with §1003.4(a)(35) by reporting the name of the securitizer's AUS that the institution used to evaluate the application and the result generated by that system.

iv. A financial institution, which is also a securitizer, that uses its own AUS, as defined in §1003.4(a)(35)(ii), to evaluate an application, must report the name of the AUS it used to evaluate the application and the result generated by that system, regardless of whether the financial institution intends to hold the covered loan it originates in its portfolio, purchase the covered loan, or securitize the covered loan. For example, if a financial institution, which is also a securitizer, has developed its own AUS and uses that AUS to evaluate an application that it intends to originate and hold in its portfolio and not purchase or securitize the covered loan, the financial institution complies with §1003.4(a)(35) by reporting the name of its AUS that it used to evaluate the application and the result generated by that system.

*2. Definition of automated underwriting system.* A financial institution must report the information required by §1003.4(a)(35)(i) if the financial institution uses an automated underwriting system (AUS), as defined in §1003.4(a)(35)(ii), to evaluate an application. To be covered by the definition in §1003.4(a)(35)(ii), a system must be an electronic tool that has been developed by a securitizer, Federal government insurer, or a Federal government guarantor of closed-end mortgage loans or open-end lines of credit. A person is a securitizer, Federal government insurer, or Federal government guarantor of closed-end mortgage loans or open-end lines of credit, respectively, if it has securitized, provided Federal government insurance, or provided a Federal government guarantee for a closed-end mortgage loan or open-end line of credit at any point in time. A person may be a securitizer, Federal government insurer, or Federal government guarantor of closed-end mortgage loans or open-end lines of credit, respectively,

for purposes of §1003.4(a)(35) even if it is not actively securitizing, insuring, or guaranteeing closed-end mortgage loans or open-end lines of credit at the time a financial institution uses the AUS to evaluate an application. Where the person that developed the electronic tool has never been a securitizer, Federal government insurer, or Federal government guarantor of closed-end mortgage loans or open-end lines of credit, respectively, at the time a financial institution uses the tool to evaluate an application, the financial institution complies with §1003.4(a)(35) by reporting that the requirement is not applicable because an AUS was not used to evaluate the application. If a financial institution has developed its own proprietary system that it uses to evaluate an application and the financial institution is also a securitizer, then the financial institution complies with §1003.4(a)(35) by reporting the name of that system and the result generated by that system. On the other hand, if a financial institution has developed its own proprietary system that it uses to evaluate an application and the financial institution is not a securitizer, then the financial institution is not required by §1003.4(a)(35) to report the use of that system and the result generated by that system. In addition, for an AUS to be covered by the definition in §1003.4(a)(35)(ii), the system must provide a result regarding both the credit risk of the applicant and the eligibility of the covered loan to be originated, purchased, insured, or guaranteed by the securitizer, Federal government insurer, or Federal government guarantor that developed the system being used to evaluate the application. For example, if a system is an electronic tool that provides a determination of the eligibility of the covered loan to be originated, purchased, insured, or guaranteed by the securitizer, Federal government insurer, or Federal government guarantor that developed the system being used by a financial institution to evaluate the application, but the system does not also provide an assessment of the creditworthiness of the applicant—such as an evaluation of the applicant's income, debt, and credit history—then that system does not qualify as an AUS, as defined in §1003.4(a)(35)(ii). A financial institution that uses a system that is not an AUS, as defined in §1003.4(a)(35)(ii), to evaluate an application does not report the information required by §1003.4(a)(35)(i).

*3. Reporting automated underwriting system data—multiple results.* When a financial institution uses one or more automated underwriting systems (AUS) to evaluate the application and the system or systems generate two or more results, the financial institution complies with §1003.4(a)(35) by reporting, except for purchased covered loans, the name of the AUS used by the financial institution to evaluate the application and the result generated by that AUS as determined by the following principles. To determine what AUS (or AUSs) and result (or results) to report under §1003.4(a)(35), a financial institution follows each of the principles that is applicable to the application in question, in the order in which they are set forth below.

i. If a financial institution obtains two or more AUS results and the AUS generating one of those results corresponds to the loan type reported pursuant to §1003.4(a)(2), the financial institution complies with §1003.4(a)(35) by reporting that AUS name and result. For example, if a financial institution evaluates an application using the Federal Housing Administration's (FHA) Technology Open to Approved Lenders (TOTAL) Scorecard and subsequently evaluates the application with an AUS used to determine eligibility for a non-FHA loan, but ultimately originates an FHA loan, the financial institution complies with §1003.4(a)(35) by reporting TOTAL Scorecard and the result generated by that system. If a financial institution obtains two or more AUS results and more than one of those AUS results

is generated by a system that corresponds to the loan type reported pursuant to §1003.4(a)(2), the financial institution identifies which AUS result should be reported by following the principle set forth below in comment 4(a)(35)-3.ii.

ii. If a financial institution obtains two or more AUS results and the AUS generating one of those results corresponds to the purchaser, insurer, or guarantor, if any, the financial institution complies with §1003.4(a)(35) by reporting that AUS name and result. For example, if a financial institution evaluates an application with the AUS of Securitizer A and subsequently evaluates the application with the AUS of Securitizer B, but the financial institution ultimately originates a covered loan that it sells within the same calendar year to Securitizer A, the financial institution complies with §1003.4(a)(35) by reporting the name of Securitizer A's AUS and the result generated by that system. If a financial institution obtains two or more AUS results and more than one of those AUS results is generated by a system that corresponds to the purchaser, insurer, or guarantor, if any, the financial institution identifies which AUS result should be reported by following the principle set forth below in comment 4(a)(35)-3.iii.

iii. If a financial institution obtains two or more AUS results and none of the systems generating those results correspond to the purchaser, insurer, or guarantor, if any, or the financial institution is following this principle because more than one AUS result is generated by a system that corresponds to either the loan type or the purchaser, insurer, or guarantor, the financial institution complies with §1003.4(a)(35) by reporting the AUS result generated closest in time to the credit decision and the name of the AUS that generated that result. For example, if a financial institution evaluates an application with the AUS of Securitizer A, subsequently again evaluates the application with Securitizer A's AUS, the financial institution complies with §1003.4(a)(35) by reporting the name of Securitizer A's AUS and the second AUS result. Similarly, if a financial institution obtains a result from an AUS that requires the financial institution to underwrite the loan manually, but the financial institution subsequently processes the application through a different AUS that also generates a result, the financial institution complies with §1003.4(a)(35) by reporting the name of the second AUS that it used to evaluate the application and the AUS result generated by that system.

iv. If a financial institution obtains two or more AUS results at the same time and the principles in comment 4(a)(35)-3.i through .iii do not apply, the financial institution complies with §1003.4(a)(35) by reporting the name of all of the AUSs used by the financial institution to evaluate the application and the results generated by each of those systems. For example, if a financial institution simultaneously evaluates an application with the AUS of Securitizer A and the AUS of Securitizer B, the financial institution complies with §1003.4(a)(35) by reporting the name of both Securitizer A's AUS and Securitizer B's AUS and the results generated by each of those systems. In any event, however, the financial institution does not report more than five AUSs and five results. If more than five AUSs and five results meet the criteria in this principle, the financial institution complies with §1003.4(a)(35) by choosing any five among them to report.

4. *Transactions for which an automated underwriting system was not used to evaluate the application.* Section 1003.4(a)(35) does not require a financial institution to evaluate an application using an automated underwriting system (AUS), as defined in §1003.4(a)(35)(ii). For example, if a financial institution only manually underwrites an application and does not use an AUS to evaluate the application, the financial institution complies with §1003.4(a)(35) by reporting that the requirement is not applicable since an AUS was not used to evaluate the application.

5. *Purchased covered loan.* A financial institution complies with §1003.4(a)(35) by reporting that the requirement is not applicable when the covered loan is a purchased covered loan.

6. *Non-natural person.* When the applicant and co-applicant, if applicable, are not natural persons, a financial institution complies with §1003.4(a)(35) by reporting that the requirement is not applicable.

7. *Determination of securitizer, Federal government insurer, or Federal government guarantor.* Section 1003.4(a)(35)(ii) provides that an “automated underwriting system” means an electronic tool developed by a securitizer, Federal government insurer, or Federal government guarantor of closed-end mortgage loans or open-end lines of credit that provides a result regarding the credit risk of the applicant and whether the covered loan is eligible to be originated, purchased, insured, or guaranteed by that securitizer, Federal government insurer, or Federal government guarantor. A person is a securitizer, Federal government insurer, or Federal government guarantor of closed-end mortgage loans or open-end lines of credit, respectively, if it has ever securitized, insured, or guaranteed a closed-end mortgage loan or open-end line of credit. If a financial institution knows or reasonably believes that the system it is using to evaluate an application is an electronic tool that has been developed by a securitizer, Federal government insurer, or Federal government guarantor of closed-end mortgage loans or open-end lines of credit, then the financial institution complies with §1003.4(a)(35) by reporting the name of that system and the result generated by that system. Knowledge or reasonable belief could, for example, be based on a sales agreement or other related documents, the financial institution's previous transactions or relationship with the developer of the electronic tool, or representations made by the developer of the electronic tool demonstrating that the developer of the electronic tool is a securitizer, Federal government insurer, or Federal government guarantor of closed-end mortgage loans or open-end lines of credit. If a financial institution does not know or reasonably believe that the system it is using to evaluate an application is an electronic tool that has been developed by a securitizer, Federal government insurer, or Federal government guarantor of closed-end mortgage loans or open-end lines of credit, the financial institution complies with §1003.4(a)(35) by reporting that the requirement is not applicable, provided that the financial institution maintains procedures reasonably adapted to determine whether the electronic tool it is using to evaluate an application meets the definition in §1003.4(a)(35)(ii). Reasonably adapted procedures include attempting to determine with reasonable frequency, such as annually, whether the developer of the electronic tool is a securitizer, Federal government insurer, or Federal government guarantor of closed-end mortgage loans or open-end lines of credit. For example:

i. In the course of renewing an annual sales agreement the developer of the electronic tool represents to the financial institution that it has never been a securitizer, Federal government insurer, or Federal government guarantor of closed-end mortgage loans or open-end lines of credit. On this basis, the financial institution does not know or reasonably believe that the system it is using to evaluate an application is an electronic tool that has been developed by a securitizer, Federal government insurer, or Federal government guarantor of closed-end mortgage loans or open-end lines of credit and complies with §1003.4(a)(35) by reporting that the requirement is not applicable.

ii. Based on their previous transactions a financial institution is aware that the developer of the electronic tool it is using to evaluate an application has securitized a closed-end mortgage loan or open-end line of credit in the past. On this basis, the financial institution knows or reasonably believes that the developer of the electronic tool is a securitizer and complies with §1003.4(a)(35) by reporting the name of that system and the result generated by that system.

#### **Paragraph 4(a)(37)**

1. *Open-end line of credit.* Section 1003.4(a)(37) requires a financial institution to identify whether the covered loan or the application is for an open-end line of credit. See comments 2(o)-1 and -2 for a discussion of open-end line of credit and extension of credit.

#### **Paragraph 4(a)(38)**

1. *Primary purpose.* Section 1003.4(a)(38) requires a financial institution to identify whether the covered loan is, or the application is for a covered loan that will be, made primarily for a business or commercial purpose. See comment 3(c)(10)-2 for a discussion of how to determine the primary purpose of the transaction and the standard applicable to financial institution's determination of the primary purpose of the transaction. See comments 3(c)(10)-3 and -4 for examples of excluded and reportable business- or commercial-purpose transactions.

#### **4(F) QUARTERLY RECORDING OF DATA**

1. *General.* Section 1003.4(f) requires a financial institution to record the data collected pursuant to §1003.4 on a loan/application register within 30 calendar days after the end of the calendar quarter in which final action is taken. Section 1003.4(f) does not require a financial institution to record data on a single loan/application register on a quarterly basis. Rather, for purposes of §1003.4(f), a financial institution may record data on a single loan/application register or separately for different branches or different loan types (such as home purchase or home improvement loans, or loans on multifamily dwellings).

2. *Agency requirements.* Certain State or Federal regulations may require a financial institution to record its data more frequently than is required under Regulation C.

3. *Form of quarterly records.* A financial institution may maintain the records required by §1003.4(f) in electronic or any other format, provided the institution can make the information available to its regulatory agency in a timely manner upon request.

## SECTION 1003.5—DISCLOSURE AND REPORTING

### 5(A) REPORTING TO AGENCY

1. [Reserved]

2. [Reserved]

3. [Reserved]

4. [Reserved]

5. *Change in appropriate Federal agency.* If the appropriate Federal agency for a covered institution changes (as a consequence of a merger or a change in the institution's charter, for example), the institution must report data to the new appropriate Federal agency beginning with the year of the change.

6. *Subsidiaries.* An institution is a subsidiary of a bank or savings association (for purposes of reporting HMDA data to the same agency as the parent) if the bank or savings association holds or controls an ownership interest that is greater than 50 percent of the institution.

7. *Transmittal sheet—additional data submissions.* If an additional data submission becomes necessary (for example, because the institution discovers that data were omitted from the initial submission, or because revisions are called for), that submission must be accompanied by a transmittal sheet.

8. *Transmittal sheet—revisions or deletions.* If a data submission involves revisions or deletions of previously submitted data, it must state the total of all line entries contained in that submission, including both those representing revisions or deletions of previously submitted entries, and those that are being resubmitted unchanged or are being submitted for the first time. Depository institutions must provide a list of the MSAs or Metropolitan Divisions in which they have home or branch offices.

### 5(B) DISCLOSURE STATEMENT

1. *Business day.* For purposes of §1003.5(b), a business day is any calendar day other than a Saturday, Sunday, or legal public holiday.

2. *Format of notice.* A financial institution may make the written notice required under §1003.5(b)(2) available in paper or electronic form.

3. *Notice—suggested text.* A financial institution may use any text that meets the requirements of §1003.5(b)(2). The following language is suggested but is not required:

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.*

4. *Combined notice.* A financial institution may use the same notice to satisfy the requirements of both §1003.5(b)(2) and §1003.5(c).

#### **5(C) MODIFIED LOAN/APPLICATION REGISTER**

1. *Format of notice.* A financial institution may make the written notice required under §1003.5(c)(1) available in paper or electronic form.

2. *Notice—suggested text.* A financial institution may use any text that meets the requirements of §1003.5(c)(1). The following language is suggested but is not required:

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.*

3. *Combined notice.* A financial institution may use the same notice to satisfy the requirements of both §1003.5(c) and §1003.5(b)(2).

#### **5(E) POSTED NOTICE OF AVAILABILITY OF DATA**

1. *Posted notice—suggested text.* A financial institution may post any text that meets the requirements of §1003.5(e). The Bureau or other appropriate Federal agency for a financial institution may provide a notice that the institution can post to inform the public of the availability of its HMDA data, or an institution may create its own notice. The following language is suggested but is not required:

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 Consumer Financial Protection Bureau's Web site ([www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda)).*



## SECTION 1003.6—ENFORCEMENT

### 6(B) BONA FIDE ERRORS

1. *Bona fide error—information from third parties.* An institution that obtains the property-location information for applications and loans from third parties (such as appraisers or vendors of “geocoding” services) is responsible for ensuring that the information reported on its HMDA/LAR is correct.

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# Appendix

## APPENDIX H: Federal HMDA Reporting Agencies

Intro

A: Overview of Data  
Requirements Chart

B: HMDA Small Entity  
Compliance Guide

C: Instructions on  
Collection of Data on  
Ethnicity, Race, and Sex

D: Institutional Coverage  
Chart

E: Transactional  
Coverage Chart

F: Regulation C

G: Official Interpretations  
to Regulation C

**H: Federal HMDA  
Reporting Agencies**

I: HMDA Poster

Below is the location of information on submitting data, inquiring about technical aspects of data submission, and seeking guidance about compliance with HMDA, as implemented by Regulation C. Additionally, the addresses and telephone numbers for the Federal HMDA reporting agencies are included.

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## Submission of Data

The Federal HMDA reporting agencies have agreed that, beginning on January 1, 2018, all HMDA filers will file their HMDA data with the CFPB. The CFPB will process the HMDA data for the Federal HMDA reporting agencies and the FFIEC, and prepare and make available data products to the general public on behalf of the FFIEC and the Federal HMDA reporting agencies.

HMDA Filers will use the HMDA Platform, created by the CFPB, to upload their HMDA LARs, review edits, certify the accuracy and completeness of the data, and submit data. The HMDA Platform will streamline the HMDA submission process and reduce burden on HMDA filers.

The HMDA Platform is available at: <https://ffiec.cfpb.gov>

## Questions about Compliance and Technical Questions about Submission

All institutions may direct technical questions about automated submissions by filling out the HMDA Inquiry form: [hmdahelp.consumerfinance.gov](http://hmdahelp.consumerfinance.gov) or e-mailing [HMDAHELP@cfpb.gov](mailto:HMDAHELP@cfpb.gov).

Institutions may also contact their Federal HMDA reporting agency using the contact information below.

## CFPB HMDA Guidance

For all institutions with total assets of greater than \$10 billion and their affiliates. CFPB HMDA Guidance can be found at: [www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance/hmda-implementation/](http://www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance/hmda-implementation/).

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*Direct compliance questions to the CFPB:*

Consumer Financial Protection Bureau

Attn: Office of Regulations

1700 G Street NW

Washington, DC 20552

*Or online at:*

[reginquiries.consumerfinance.gov](https://reginquiries.consumerfinance.gov)

### Office of the Comptroller of the Currency

For any of the following that are not being handled by the CFPB: national banks and their subsidiaries and federal branches and federal agencies of foreign banks, and federal savings associations and their subsidiaries

*Direct compliance questions to the OCC:*

Office of the Comptroller of the Currency

Constitution Center

400 7th Street SW, Suite 3E-218

Washington, DC 20219

### Federal Deposit Insurance Corporation

For any of the following that are not being handled by the CFPB: nonmember insured banks (except for federal savings banks) and their subsidiaries, insured state branches of foreign banks that are supervised by the FDIC, and other depository institutions, state-chartered savings associations and their subsidiaries

*Direct compliance questions to the FDIC:*

Federal Deposit Insurance Corporation

550 17th Street NW

Washington, DC 20429

*Or email:*

[SupervisoryPolicy@fdic.gov](mailto:SupervisoryPolicy@fdic.gov)

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## National Credit Union Administration

For credit unions that are not being handled by the CFPB

*Direct HMDA questions to the NCUA:*

National Credit Union Administration

1775 Duke Street

Alexandria, VA 22314-3428

703.518.1140

## Federal Reserve System

For any of the following that are not being handled by the CFPB: state member banks of the Federal Reserve System, their subsidiaries, subsidiaries of bank holding companies, branches and agencies of foreign banks (other than federal branches, federal agencies, and insured state branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act, subsidiaries of savings and loan holding companies

*Direct compliance questions to:*

Federal Reserve System

20th Street and Constitution Avenue NW

Washington, DC 20551

## U.S. Department of Housing and Urban Development

For other mortgage lending situations:

U.S. Department of Housing and Urban Development

451 7th Street SW

Washington, DC 20410

Telephone: (202) 708-1112

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# Appendix

## APPENDIX I: HMDA Poster

Intro

A: Overview of Data Requirements Chart

B: HMDA Small Entity Compliance Guide

C: Instructions on Collection of Data on Ethnicity, Race, and Sex

D: Institutional Coverage Chart

E: Transactional Coverage Chart

F: Regulation C

G: Official Interpretations to Regulation C

H: Federal HMDA Reporting Agencies

**I: HMDA Poster**

The following is a copy of the HMDA poster wording suggested, but not required, in Comment 5(e)-1 of Regulation C.

**This Appendix is not a substitute for Regulation C.**

Regulation C and its official interpretations (also known as the commentary) are the definitive sources of information regarding its requirements. Regulation C and its official interpretations are available in [Appendix F](#) and [G](#) of this *Guide* and at [www.consumerfinance.gov/regulatory-implementation/hmda/](http://www.consumerfinance.gov/regulatory-implementation/hmda/).

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Regulation C requires a financial institution to post a general notice about the availability of HMDA data in the lobby of its home office and of each branch office physically located in each MSA and each MD. This notice must clearly convey that the institution's HMDA data is available on the Bureau's Web site at [www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda).

Comment 5(e)-1 suggests, but does not require, the wording below. A financial institution may use an enlarged copy of the notice.

## HOME MORTGAGE DISCLOSURE ACT NOTICE

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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 Consumer Financial Protection Bureau's Web site ([www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda)).