**Policy 9200: Regulation C: Home Mortgage Disclosure Act**

**Model Policy Revised Date: 1/3/2024**

**Introduction:**

The Home Mortgage Disclosure Act (HMDA) implemented by Regulation C, sets out requirements for the Credit Union to collect, record, report and disclose information about mortgage lending activity. Data collected helps to determine whether the Credit Union is serving the housing needs of the community, to assist public officials in distributing investments to areas where it is needed and to assist in identifying potential discriminatory lending patterns and enforcing antidiscrimination statutes.

**Highlights:**

1. **COVERAGE.** This regulation only applies if the following criteria are met:  
   1. The Credit Union's assets total more than $56 million as of December 31, 2023;
   2. The Credit Union has a home or branch office in a Metropolitan Statistical Area (MSA);
   3. The Credit Union has, in the preceding calendar year, originated at least one home purchase loan (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) or refinancing of a home purchase loan, secured by a first lien on a one-to-four family unit dwelling and meets one of the following conditions:  
      1. The Credit Union is federally insured or regulated;
      2. The home purchase loan is insured, guaranteed, or supplemented by a federal agency; or
      3. The home purchase loan is intended for sale to the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC); **AND**
   4. The Credit Union meets at least one of the following criteria:  
      1. In each of the two preceding calendar years, originated at least 25 closed-end mortgage loans (including refinancings of home purchase loans) that are not otherwise excluded; or
      2. In each of the two preceding calendar years, originated at least 200 open-end lines of credit that are not otherwise excluded.
2. **EXEMPTION GUIDELINES.** If the Credit Union becomes exempt from HMDA reporting requirements (one of the above criteria is no longer met), no reporting is necessary in the next calendar year. If, however, the Credit Union loses its exemption by meeting the above criteria, data collection would begin the following year.
3. **PARTIAL EXEMPTION**. The Credit Union qualifies for a partial exemption, if it originated more than 25 and fewer than 500 closed-end covered loans in each of the two preceding calendar years. The Credit Union is not required to report open-end loans if it originated less than 200 “covered” loans in each of the two preceding calendar years. The partial exemption limits the amount of data points that are HMDA reportable for covered loans.
4. **DEFINITIONS**
   1. **Closed-end mortgage loan** – an extension of credit that is secured by a lien on a dwelling and that is not an open-end line of credit.
   2. **Dwelling** - 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.
   3. **Metropolitan Statistical Area (MSA)** - a metropolitan statistical area as defined by the U.S. Office of Management and Budget.
   4. **Metropolitan Division (MD)** - a metropolitan division of an MSA, as defined by the U.S. Office of Management and Budget.
   5. **Open-end line of credit** – an extension of credit that:
      1. Is secured by a lien on a dwelling; and
      2. Is an open-end credit plan for which the Credit Union reasonably contemplates repeated transactions, the Credit Union 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 (up to any limit set by the Credit Union) is generally made available to the extent that any outstanding balance is repaid.
      3. A business purpose transaction that is exempt from Regulation Z, but otherwise meets the above requirements is an open-end line of credit under the HMDA rules if the extension of credit is secured by a lien on a dwelling and is not otherwise excluded.
5. **COVERED LOANS.** The Credit Union is required to collect data on most dwelling-secured loans including closed-end mortgage loans or open-end lines of credit that are not otherwise excluded. The required data includes:  
   1. **Home Purchase Loans:** loans secured by and made for the purpose of purchasing a residential dwelling. Dwelling is not limited to the principal or other residence of the borrower and includes vacation or second homes and investment properties. Recreational vehicles, including boats, campers, travel trailers and park model recreational vehicles are not considered dwellings (regardless of whether they are used as residences).
   2. **Home Improvement Loans:** 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. Home improvements include improvements both to a dwelling and to the real property on which the dwelling is located such as installation of a swimming pool, construction of a garage or landscaping.
   3. **Refinancing:** 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.
   4. **Commercial or business loans.** Not all transactions that are primarily for business purpose are excluded. Therefore, the credit union must collect, record and report data for dwelling-secured, business purpose loans or refinancings if no other exclusion applies. If the loan is deemed to be primarily for business, commercial or organization purposes under Regulation Z, then the loan or line of credit is also deemed to be primarily for business or commercial purposes under HMDA.
6. **COVERED TRANSACTIONS.** The following transactions require the collection of loan data:  
   1. Applications – an oral or written request for a covered loan that is made in accordance with procedures the Credit Union uses for the type of credit requested. A preapproval request is an application if the request is for a home purchase loan, not secured by a multi-family dwelling, not for an open-end line of credit or for a reverse mortgage; and reviewed under a preapproval program;
   2. Originations; and
   3. Loan purchases
7. **REPORTED INFORMATION.** The following information must be reported if the Credit Union does not qualify for a partial exemption:  
   1. The Credit Union’s Legal Entity Identifier
   2. A Universal Loan Identifier
   3. The date the application was received
   4. The type of loan or application (conventional, FHA insured, VA guaranteed, FSA/RHS guaranteed)
   5. The purpose of the loan or application (purchase, home improvement, refinancing)
   6. Preapproval (if the loan was initiated as a request for a preapproval under a preapproval program)
   7. Construction Method (whether dwelling is site-built or a manufactured home)
   8. Occupancy Type (principal residence, second residence, investment property)
   9. Loan amount
   10. The Credit Union’s action taken on the application (application progress, loan origination, or purchased loan) and date of action taken
   11. Property address (address of property securing the loan)
   12. Property location (if the property is located in a MSA or Metropolitan Division where the Credit Union has a home or branch office, the location by State, County, Census Tract)
   13. The ethnicity, race, and sex of the applicant or borrower, (and if information was collected by visual observation or surname)
   14. Age
   15. Income
   16. The type of entity that purchased the loan
   17. Rate Spread between the annual percentage rate (APR) and the average prime rate offer for a comparable transaction
   18. Whether the loan is subject to the Home Ownership and Equity Protection Act (HOEPA)
   19. Lien status (secured by a first or subordinate lien)
   20. Credit Score (credit score(s) relied on and the name and version of the credit scoring model)
   21. Reason for Denial
   22. Total Loan Costs or Total Points and Fees (either total loan costs, or total points and fees charged)
   23. Origination Charges (total borrower paid origination charges)
   24. Discount Points (points paid to the Credit Union to reduce the interest rate)
   25. Lender Credits
   26. Interest Rate
   27. Prepayment Penalty Term (term in months of any prepayment penalty)
   28. Debt-to-Income Ratio
   29. Combined Loan-to-Value Ratio
   30. Loan Term
   31. Introductory Rate Period (number of months until the first date the interest rate may change)
   32. Non-Amortizing Features (balloon payment, interest-only payments, negative amortization, etc.)
   33. Property Value
   34. Manufactured Home Secured Property Type (whether loan is secured by a manufactured home and land or a manufactured home and not land)
   35. Manufactured Home Land Property Interest (ownership or leasehold interest in the land where the manufactured home is located)
   36. Total Units (number of individual dwelling units related to the property)
   37. Multifamily Affordable Units (number of units related to property that are income-restricted under federal, state, or local affordable housing programs)
   38. Application Channel (submission of Application and Initially Payable to the Credit Union)
   39. Mortgage Loan Originator NMLSR Identifier
   40. Automated Underwriting System (name of the automated underwriting system used by the Credit Union to evaluate the application and the result generated by the system)
   41. Reverse Mortgage
   42. Open End Line of Credit
   43. Business or Commercial Purpose
8. **REPORTED INFORMATION FOR PARTIAL EXEMPTION.** The following information must be reported if the Credit Union qualifies for a partial exemption.
   1. Date the application was received.
   2. Type of loan or application (conventional, FHA insured, VA guaranteed, FSA/RHS guaranteed).
   3. Purpose of the loan or application (purchase, home improvement, refinancing, etc.).
   4. Preapproval (if the loan was initiated as a request for a preapproval under a preapproval program).
   5. Construction method (whether the dwelling is site-built or a manufactured home).
   6. Owner-occupancy status of the property to which the loan or application relates (principal residence, second residence, investment property, etc.).
   7. Amount of the loan or the amount applied for.
   8. Type of action taken, and the date.
   9. Location of the property (if the property is located in a MSA or Metropolitan Division where the credit union has a home or branch office, the location by State, County, Census Tract).
   10. Ethnicity, race, and sex of the applicant or borrower (and if the information was collected by visual observation or surname).
   11. Age.
   12. Income (the gross annual income relied on in processing the application).
   13. Type of entity that purchased the loan.
   14. Whether the loan is subject to the Home Ownership and Equity Protection Act (HOEPA).
   15. Lien status of the loan or application (first lien or subordinate lien).
   16. Total units (number of individual dwelling units related to the property).
   17. Credit Union’s Legal Entity Identifier.
   18. Either a Universal Loan Identifier (optional) or Non-Universal Loan Identifier
9. **EXCLUDED TRANSACTIONS.** The following transactions do **not** have to be reported:  
   1. Closed-end mortgage loans or open end-lines of credit that are secured by a lien on unimproved land;
   2. Closed-end mortgage loans or open-end lines of credit that the Credit Union originated or purchased in a fiduciary capacity;
   3. Closed-end mortgage loans or open-end lines of credit for temporary financing (example: bridge loans);
   4. Purchase of solely the right to service rights closed-end mortgage loans or open-end lines of credit;
   5. Purchase of an interest in a pool of closed-end mortgage loans or open-end lines of credit, such as a real estate mortgage investment conduit (REMIC), mortgage-participation certificates, or mortgage-backed securities;
   6. Purchase of a closed-end mortgage loan or 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.
   7. A closed-end mortgage loan or an open-end line of credit, or an application for either, for which the total dollar amount is less than $500.
   8. The purchase of a partial interest in a closed-end mortgage or an open-end line of credit;
   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 loan is secured by a Dwelling that is located on real property that is 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 business or commercial purposes, unless it is a home improvement loan, a home purchase loan or a refinancing; and
   11. A closed-end mortgage loan or an open-end line of credit if the Credit Union originated fewer than 25 and 200, respectively in the preceding calendar years and is subsequently not a covered under the HMDA rules.
10. **REPORTING THE DATA COLLECTED.** Throughout the calendar year, the Credit Union must maintain a loan/application register (LAR) to record data about each application received for covered loans and each loan originated or purchased. If applicable, the Credit Union will also collect data regarding requests under a preapproval program (only if the preapproval is denied, not accepted by the applicant or results in the origination of a home purchase loan). The HMDA-LAR is the form used to report the collected data each calendar year.  
    1. LARs must be updated within 30 days after the end of each calendar quarter in which final action is taken.
11. **TIMING.** The HMDA report must be made electronically to the CFPB by March 1 of the following calendar year.
12. **INFORMATION REQUIRED TO BE PROVIDED TO THE PUBLIC.** The Credit Union will make available a disclosure statement based on HMDA data submitted the preceding calendar year, no later than 3 business days after receiving notice from the FFIEC that the Credit Union’s disclosure statement is available.  
    1. **Modified HMDA-LARs.** The Credit Union will make available to the public (following the calendar year for which the data is collected) upon request at its main office, and each branch office physically located in each MSA and each MD, written notice that clearly conveys that the Credit Union’s LAR, as modified by the CFPB to protect applicant and borrower privacy, may be obtained on the CFPS’s website. This notice will be made available to the public for a period of three years.
    2. **FFIEC Disclosure Statements.** No later than 3 business days after receiving notice from the FFIEC that the Credit Union’s disclosure statement is available, the Credit Union shall make available to the public upon request at its main office, and each branch office physically located in each MSA and each MD, a written notice that clearly conveys that the Credit Union’s disclosure statement may be obtained on the CFPB’s website. This notice will be available to the public for a period of five years.
    3. **WRITTEN NOTICE.**The Credit Union uses the following written notice:  
         
       “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.”  
       1. The Credit Union may impose a reasonable fee for any cost incurred in providing or reproducing the required HMDA data.
       2. The Credit Union will make notices available during hours the office is normally open to the public for business.
13. **NON-UNIVERSAL LOAN IDENTIFIER.**   
    1. The Credit Union may report a non-universal loan identifier if they qualify for the partial exemption. The non-universal loan identifier:  
       1. Is composed of up to 22 characters;
       2. Uses letters, numerals or a combination of both;
       3. Is unique within the Credit Union; and
       4. Does not include any information that could be used to directly identify the applicant or the borrower.
    2. If utilized, the Credit Union only assigns one non-universal identifier to any covered loan or application.
14. **REQUIRED LOBBY NOTICE.** The Credit Union must place in the lobby of its main office and of each branch physically located in each MSA and each MD. The notice must clearly convey that the Credit Union’s HMDA data is available on the CFPB’s website. The Credit Union uses the following notice:

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