Regulatory Compliance Bulletin

CALIFORNIA BANKERS ASSOCIATION
A DIVISION OF THE WESTERN BANKERS ASSOCIATION

July 13, 2018

Agencies Acknowledge Exemptions to Certain HMDA Reporting Requirements for Small Lenders

On July 5, 2018 the Federal Reserve, the OCC and the FDIC each issued statements acknowledging partial exemptions from HMDA data reporting requirements that are set forth in the recently-enacted Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155).

The exemptions apply to insured depository institutions (1) for closed-end mortgage loans, if the institution originated fewer than 500 closed-end mortgage loans in each of the two preceding calendar years, and (2) for open-end lines of credit, if the institution originated fewer than 500 open-end lines of credit in each of the two preceding calendar years.

Institutions falling into either of these two categories are exempt from reporting the information required by 12 USC §2803(b)(5)[i] and (b) (6).[ii]

Institutions entitled to this exemption should continue to use the current form of Loan/Application Registers (LARs). If the institution does not report information for a certain data field due to an exemption, the institution will enter an exemption code for the field, to be specified by the Bureau of Consumer Finance Protection in a revised 2018 Filing Instructions Guide.

Notwithstanding the foregoing, institutions that received a rating of "needs to improve record of meeting community credit needs" during each of its two most recent CRA examinations, or a rating of "substantial noncompliance in meeting community credit needs" on its most recent CRA examination.

The information contained in this CBA Regulatory Compliance Bulletin is not intended to constitute, and should not be received as, legal advice. Please consult with your counsel for more detailed information applicable to your institution.

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[i] Section 2803(b)(5) requires reporting of the number and dollar amount of mortgage loans grouped according to measurements of:

(A) the total points and fees payable at origination in connection with the mortgage as determined by the Bureau . . . .;

(B) the difference between the annual percentage rate associated with the loan and a benchmark rate or rates for all loans;

(C) the term in months of any prepayment penalty or other fee or charge payable on repayment of some portion of principal or the entire principal in advance of scheduled payments; and

(D) such other information as the Bureau may require.

[ii] Section 2803(b)(6) requires reporting of the number and dollar amount of mortgage loans and completed applications grouped according to measurements of:

(A) the value of the real property pledged or proposed to be pledged as collateral;

(B) the actual or proposed term in months of any introductory period after which the rate of interest may change;

(C) the presence of contractual terms or proposed contractual terms that would allow the mortgagor or applicant to make payments other than fully amortizing payments during any portion of the loan term;

(D) the actual or proposed term in months of the mortgage loan;

(E) the channel through which application was made, including retail, broker, and other relevant categories;

(F) as the Bureau may determine to be appropriate, a unique identifier that identifies the loan originator as set forth in section 5102 of this title;

(G) as the Bureau may determine to be appropriate, a universal loan identifier;

(H) as the Bureau may determine to be appropriate, the parcel number that corresponds to the real property pledged or proposed to be pledged as collateral;

(I) the credit score of mortgage applicants and mortgagors, in such form as the Bureau may prescribe; and

(J) such other information as the Bureau may require.