
Home Mortgage Disclosure Act - Regulation C

Revised Date: 12/20/2013

Introduction:

The Home Mortgage Disclosure Act (HMDA), implemented by Regulation C, provides the members with loan data that can be used to help determine whether the Credit Union is serving the housing needs of the community and to assist public officials in distributing investments to areas where it is needed.

Highlights:

1. **COVERAGE.** This regulation only applies if the following criteria are met:
 - A. The Credit Union's assets total more than \$42 million as of December 31, 2012;
 - B. The Credit Union has a home or branch office in a Metropolitan Statistical Area;
AND
 - C. The Credit Union has, in the preceding calendar year, originated at least one first-lien home purchase loan (includes refinancing) on a one-to-four family dwelling and does not meet one of the following conditions:
 - i. The Credit Union is federally insured or regulated;
 - ii. The mortgage loan is insured, guaranteed or supplemented by a federal agency; or
 - iii. The loan is intended for sale to the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC).
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. **COVERED LOANS.** The Credit Union is required to collect data on the following loans:
 - A. **Home Purchase Loans:** loans secured by and made for the purpose of purchasing a residential dwelling, regardless of whether it is attached to real property (examples: free standing house, condominium, mobile home or manufactured home). Farm loans, as well as loans for boats, vehicles, and campers are **not**

covered.

- B. **Home Improvement Loans:** loans that are either: (1) secured by a dwelling and made for the purpose, in whole or in part, of repairing, rehabilitating, remodeling, or improving the dwelling or the real property on which the dwelling is located; or (2) not secured a dwelling but classified as a home improvement loan by the Credit Union on its books.
 - C. **Refinancing:** when a borrower satisfies an existing loan by undertaking a new loan, the existing loan is a home purchase loan, and both the existing obligation and the new obligation are secured by liens on dwellings.
 - D. **Home Equity Loans (Optional).** Home equity loans for purchases or improvements may be reported at the option of the Credit Union. However, if the Credit Union chooses to report these loans, it must also report applications, including those that do not result in a loan. The Credit Union need only report the amount given for home purchase/improvement purposes.
4. **COVERED TRANSACTIONS.** The following transactions require the collection of loan data:
- A. Applications;
 - B. Originations; and
 - C. Loan purchases
5. **REPORTED INFORMATION.** The following information must be reported:
- A. An identifying number for the loan or loan application, and the date the application was received.
 - B. The type of loan or application (conventional, FHA insured, VA guaranteed, FSA/RHS guaranteed) .
 - C. Property Type (manufactured housing, multifamily dwelling, or one-to-four family dwelling).
 - D. The purpose of the loan or application (purchase, home improvement, refinancing).
 - E. Occupancy (if the home is a principal dwelling).
 - F. Loan amount (reported in thousands).

- G. Preapproval (if the loan was initiated as a request for a preapproval).
- H. The Credit Union's action taken on the application (application progress, loan origination, or purchased loan) and date of action taken.
- I. Property location (MSA or Metropolitan Division, State, County, Census Tract, Census Tract number).
- J. The ethnicity, race, and sex of the applicant or borrower, and the gross annual income relied on in processing the application.
 - i. For applications taken by telephone, the Internet, or mailed in, loan applicants must be advised that requesting information about ethnicity, race, and sex is mandated by the federal government to assist in the enforcement of fair lending laws. In addition, applicants must be advised that the lenders are prohibited from discriminating on the basis of the information provided, or on the basis of the applicant's choosing to provide or not provide the information.
 - ii. If the applicant does not provide the information, credit unions must enter the code for "information not provided by applicant in mail or telephone application."
 - iii. There are two instances where the Credit Union is not required to collect information on ethnicity, race, sex and income:
 - a. When the Credit Union's assets are \$41 million or less; and
 - b. For loans purchased by the Credit Union.
- K. The type of entity purchasing a loan that the institution originates or purchases and then sells within the same calendar year (this information need not be included in quarterly updates).
- L. Reason for denial of a loan.
- M. Rate Spread between the annual percentage rate (APR) and the average prime rate offer for a comparable transaction if the spread is equal to or greater than 1.5 percentage points of first lien loans and 3.5 percentage points for subordinate lien loans
- N. Date the interest rate was set.
- O. Whether the loan is subject to the Home Ownership and Equity Protection Act (HOEPA).

- P. Lien status (secured by a first lien, secured by a subordinate lien, not secured by a lien).
 - Q. **Optional:** the reasons for a denial (up to three reasons may be listed), requests for pre-approval that are approved by the Credit Union but not accepted by the applicant, and home equity lines of credit made in whole or in part for the purpose of home improvement or purchase.
6. **INFORMATION EXEMPT FROM REPORTING.** The following transactions do **not** have to be reported:
- A. Loans on unimproved land;
 - B. Loans made or purchased in a fiduciary capacity;
 - C. Temporary financing (example: bridge loans);
 - D. Purchases of solely service rights to loans;
 - E. Purchase of an interest in a pool of mortgage loans, such as a real estate mortgage investment conduit (REMIC), mortgage participation certificate, or mortgage-backed security;
 - F. Prequalification (as opposed to pre-approval) requests for mortgage loans;
 - G. Loans that, though secured by residential real estate, are not made for home purchase, home improvement, or refinancing (examples: tuition, vacation, or business inventory); and
 - H. The acquisition of only a partial interest in a home purchase or home improvement loan, even if the Credit Union participated in the underwriting and origination of the loan (example: consortium loans).
7. **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 and each loan originated or purchased. The HMDA-LAR is the form used to report the collected data each calendar year.
- A. LARs must be updated within 30 days after the end of each calendar quarter.
8. **TIMING.** The HMDA report must be made to NCUA by March 1 of the following calendar year.
9. **INFORMATION REQUIRED TO BE PROVIDED TO THE PUBLIC.** The Credit Union must make a modified HMDA-LAR and its Federal Financial Institutions Examination Council (FFIEC) disclosure statement available to the public. These

documents may be submitted in either a paper or automated form.

A. **Modified HMDA-LARs.** In order to protect the privacy interest of applicants and borrowers, the (1) application or loan number; (2) date the application was received; and date the action was taken on the application must be deleted. These documents must be made available to the public within **30 days** of request, and must remain available for public inspection for **3 years**. The Credit Union may impose a reasonable fee for any cost incurred in providing or reproducing the requested information.

B. **FFIEC Disclosure Statements.** Based on HMDA-LARS, FFIEC creates aggregate disclosure reports for each MSA and makes them available to the public. These statements must be made available to the public within **3 business days** after receipt, and must remain available to the public for **5 years**. If the Credit Union has a branch located in another MSA, the Credit Union has two options to make the disclosures public:

- i. Make the statement available in at least one office in each MSA within **10 business days** of receipt from the FFIEC; or
- ii. Send a copy of the statement upon written request within **15 calendar days** of receipt of the request. If this option is chosen, the Credit Union must post the address for requesting copies in each branch office in an MSA, and may charge a reasonable fee to cover the costs incurred.

10. **REQUIRED LOBBY NOTICE.** The Credit Union must place in the lobby of its main office and any branch within the MSA indicating the availability of its HMDA data. Upon request, credit unions must promptly disclose the locations where the modified LARs and disclosure statements are located. Regulation C provides the following suggested language:

HOME MORTGAGE DISCLOSURE STATEMENT

“The HMDA data about our residential mortgage lending are available for review. The data show geographic distribution of loans and applications; ethnicity, race, gender and income of applicants and borrowers; and information about loan approvals (and if reported, denials). Inquire at this office regarding where HMDA data may be inspected.”

11.

12. If the Credit Union makes this information available upon request (instead of at branch offices), the following sentence may be added to the notice: “To receive a copy of this information, please submit a written request to (list address here).”

13. **MERGERS, RECHARTERS & LOAN PURCHASES.** The following events may have an effect on data collection and reporting requirements:

- A. ***Two exempt credit unions merge creating a credit union with an asset size large enough to be covered under the act.*** The credit union need not report in the year of the merger, but must begin data collection and reporting in the next calendar year.
- B. ***One covered credit union and one exempt credit union merge – covered credit union survives.*** The (surviving) credit union must report for that credit union's transactions. The credit union has the option whether to report the transactions of the absorbed (exempt) credit union for the year prior to the merger.
- C. ***One covered credit union and one exempt – the exempt credit union survives.*** Information for the covered credit union must be reported for the year prior to the merger, with optional reporting thereafter.
- D. ***Two covered credit unions merge.*** A consolidated report may be submitted, or two separate reports may be filed.
- E. ***A covered credit union is re-chartered.*** Reports must be filed with the credit union's new supervisory agency beginning with the year of the change.
- F. ***A covered credit union purchases HMDA loans from another institution.*** The purchasing credit union must report these as “purchased loans”.