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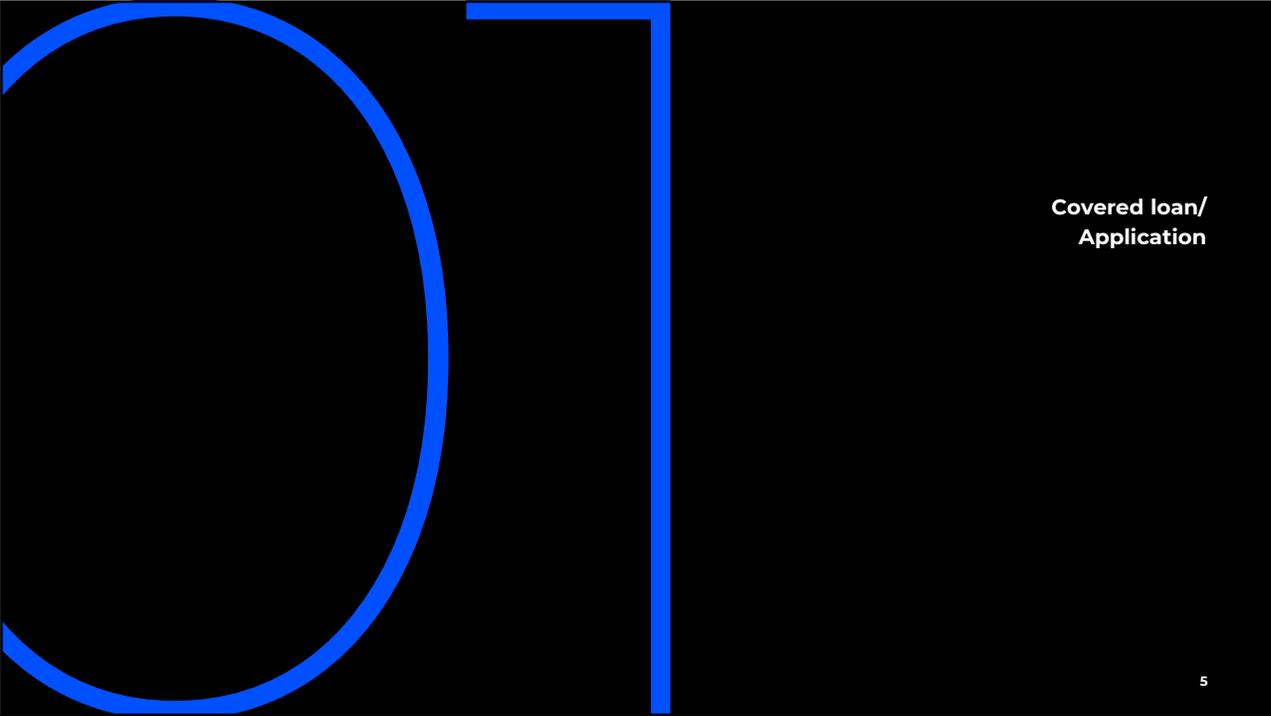


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HMDA transaction testing sample sizes and thresholds

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

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What is a covered loan or application

- An extension of credit that is for a consumer purpose and secured by a lien on a **dwelling**
- An extension of credit secured by a lien on a dwelling made primarily for a **business or commercial purpose** where the funds are to purchase, refinance, or improve a dwelling
- An assumption (written agreement accepting a new borrower in place of an existing borrower as the obligator on an existing debt obligation)
- A purchased covered loan
- However, a transaction that modifies, renews, extends, or amends the terms of an existing debt obligation, but the existing debt obligation is not satisfied and replaced, is **not** a covered loan

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Single family structures

- | | |
|--|---|
| <ul style="list-style-type: none">▪ Dwelling:<ul style="list-style-type: none">▪ Principal residences▪ Second homes▪ Vacation homes▪ Manufactured Homes or other factory-built homes▪ Investment properties▪ Individual condominium units▪ Detached homes▪ Individual cooperative units | <ul style="list-style-type: none">▪ Not a Dwelling:<ul style="list-style-type: none">▪ Transitory residences▪ Recreational vehicles▪ Boats▪ Campers▪ Travel trailers▪ Park model RVs▪ Floating homes▪ Houseboats▪ Mobile homes constructed before June 15, 1976 |
|--|---|

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Multifamily structures

- Dwelling:
 - Apartment buildings or complexes
 - Manufactured home communities
 - Condominium buildings or complexes
 - Cooperative buildings or complexes
- Not a Dwelling:
 - Transitory residences
 - Hotels
 - Hospitals and properties used to provide medical care (such as skilled nursing, rehabilitation, or long-term medical care)
 - College dormitories
 - Recreational vehicle parks

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Example of what is not considered a multifamily dwelling

- 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
 - e.g., Secured by five single family dwellings located in different parts of a town
- 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, is not a loan secured by a multifamily dwelling
 - e.g., Secured by five individual condominiums located in a 100-unit condominium complex

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Question regarding multifamily dwellings

Is an assisted living facility considered a multifamily dwelling?

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Question regarding multifamily dwellings

Yes, assuming it has 5 or more units, 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.

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Mixed-use purposes

- Dwelling:
 - Mixed-use property if primary use is residential
 - Properties for long-term housing and related services (such as assisted living for senior citizens or supportive housing for people with disabilities)
 - Properties for long-term housing and medical care if primary use* is residential
- Not a Dwelling:
 - Mixed-use property if primary use is NOT residential
 - Transitory residences
 - Structures originally designed as Dwellings but used exclusively for commercial purposes
 - Properties for long-term housing and medical care if primary use* is not 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.

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Excluded transactions

- Covered loans purchased by a financial institution acting in a **fiduciary capacity** (FI acts as trustee)
- Covered loans secured by a lien on **unimproved land**, unless proceeds of that loan 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
- **Temporary financing** (debt obligation that will be replaced by permanent financing extended to the **same** borrower at a later time)
 - Exception: A spec home is considered temporary financing

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Excluded transactions, continued

- Purchase of an interest in a **pool** of covered loans (MBSs, RMICs, mortgage participation certificates)
- Purchase of covered loans as part of a **merger or acquisition**, or as part of the acquisition of all the assets and liabilities of a branch office
- Covered loan or application with a loan amount of **less than \$500**
- Purchase of a **partial** interest in a covered loan
- Covered loan that is or will be **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 (see Regulation Z commentary for definition of primarily agricultural purpose)

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Excluded transactions, continued

- Covered loan that is or will be made primarily for a business or commercial purpose, unless the covered loan is to **purchase, refinance, or improve a dwelling**
- Covered loan or 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

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What is considered temporary financing?

- Example 1: Ficus Bank extends a six-month loan to a person who uses the loan proceeds to construct a dwelling. Permanent financing has been approved. This loan is temporary financing because it will be “replaced by” separate, permanent financing
- Example 2: 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

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What is considered temporary financing? continued

- Example 3: Ficus Bank extends a twelve-month bridge loan to a person to purchase a dwelling. The person plans to payoff the loan with the proceeds from the sale of their current dwelling. The loan is **not** temporary financing because it is not designed to be “replaced by” separate, permanent financing
- Example 4: Ficus Bank extends a twelve-month bridge loan to a person to purchase a dwelling. The borrower pays off the bridge loan with the funds from the sale of their existing home and then obtains permanent financing for their new home from Ficus Bank or another lender. This is temporary financing because the loan will be replaced by separate, permanent financing.

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Construction-only loan– HMDA FAQ

- 3. My financial institution originated a construction-only loan to a consumer to construct a dwelling. My financial institution determined this loan was not HMDA reportable under 12 CFR § 1003.3(c)(3), because it was designed to be replaced by permanent financing. Later, the consumer unexpectedly decided to modify this loan into permanent financing without any new funds provided and without the construction loan being satisfied and replaced by a new obligation. Should my financial institution report the modified loan?
- No. Because the original construction loan was later modified into permanent financing, without a new extension of credit occurring, the modification is not reportable, under comment 2(d)-2. Further, the original construction loan was designed to be replaced by separate permanent financing, and so it remains excluded from reporting under 12 CFR § 1003.3(c)(3).

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Data points/fields (key data fields in red font)

- Legal Entity Identifier (LEI)
- Universal Loan Identifier
- Application date
- Loan type
- Loan purpose
- Preapproval program
- Construction method
- Occupancy Type
- Loan Amount
- Action taken type
- Action taken date
- Property address
- Property location
 - County
 - Census tract
- Demographic information
 - Ethnicity, race, and sex
 - Visual observation method

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Data points/fields (key data fields in red font), continued

- Age
- Income
- Type of purchaser
- Rate spread
- HOEPA status
- Lien status
- Credit score, and name and version of credit scoring model
- Reasons for denial
- Total loan costs
- Total points and fees
- Total borrower-paid origination charges, discount points, and lender credits
- Interest rate
- Prepayment penalty terms
- Debt-to-income ratio
- Combined loan-to-value ratio

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Data points/fields (key data fields in red font), continued

- **Loan term**
- Introductory rate period
- Non-amortizing contractual features
- **Property value**
- **Manufactured home secured property type** and interest
- **Total units**
- Multifamily affordable housing units
- Application channel
- Mortgage loan originator NMLSR
- **Automated Underwriting System (AUS)**
- **Reverse mortgage**
- **Open-end line of credit**
- **Business or commercial purpose**

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Not applicable to commercial (business purpose) loans

- Preapproval program (2)
- Rate spread (NA)
- HOEPA status (3)
- Total loan costs (NA)
- Total points and fees (NA)
- Total borrower-paid origination charges (NA)
- Discount points (NA)
- Lender credits (NA)
- Prepayment penalty terms (NA)
- Debt-to-income ratio, if DSCR was only used in making the credit decision (NA)
- Mortgage loan originator NMLSR, unless lender has an assigned NMLSR (NA)
- Automated Underwriting System (AUS) and AUS result (6 and 17) if loan to non-natural person
- Reverse mortgage (2)

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Fields not applicable to partially exempt filers

- Universal loan identifier - NULI
- *Application channel - 1111*
- *Initially payable to your FI - 1111*
- Loan term - exempt
- *Reasons for denial (except OCC) - 10*
- *Property address (except state) - Exempt*
- Manufactured home secured property type - 1111
- Manufactured home land property interest - 1111
- Property value - Exempt
- Multifamily affordable units - Exempt
- DTI - Exempt
- Combined LTV - Exempt
- *Credit score/scoring model - 1111*
- *Automated underwriting system/results - 1111*
- Interest rate - Exempt
- Introductory rate period - Exempt
- Rate spread - Exempt
- Non-amortizing features
- *Total loan costs/Points and fees*
- *Non-amortizing features - 1111*
 - *Balloon payment*
 - *Interest only payment*
 - *Negative amortization*
 - *Other non-amortizing features*
- Origination charges - Exempt
- Discount points - Exempt
- Lender credits - Exempt
- Prepayment penalty term - Exempt
- Reverse mortgage - 1111
- Open end line of credit - 1111
- Business or commercial purpose - 1111
- Mortgage loan originator identifier - Exempt

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Fields not applicable to partially exempt filers continued

Color italics – prior slide

Optional reporting – should you choose to report the items in color italics, the rule states you must also report all data required for related fields. (related fields have the same color)

For example, if you choose to report a balloon payment, you'd be required to also report whether it's interest only, has negative amortization or other non-amortizing features.

(ii) If the institution reports any data for the transaction pursuant to § 1003.4(a)(15), (16), (17), (27), (33), or (35), it reports all data that would be required by § 1003.4(a)(15), (16), (17), (27), (33), or (35), respectively, if the transaction were not partially exempt.

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Loan purpose

- 1 – Home purchase
- 31 – Refinancing
- 32 – Cash-out refinancing
- 2 – Home improvement
- 4 – Other purpose
 - Code 4 not used for business or commercial purpose loans
- 5 – Not applicable (covered loans purchased by the financial institution)

NOTE: May rely on the applicant's oral or written statement regarding proposed use of funds

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Loan purpose – home purchase loan examples

- Loan secured by one dwelling and used to purchase another dwelling
- Combined construction-to-permanent loan that is secured by a dwelling
- Permanent loan secured by a dwelling that replaces a construction loan (initial construction, not remodel/rehabilitation)
- Subordinate loan secured by a dwelling that finances some or all of the home purchaser's down payment
- Paying off a contract for deed (may differ based on state law)
- Assumption loan if title is to be acquired at consumption

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Loan purpose – land contracts/contract for deed

- Some transactions completed pursuant to installment sales contracts, depending on the facts and circumstances, may or may not involve extensions of credit rendering the transactions closed-end mortgage loans
- Therefore, whether or not a loan that “refinances” a land contract is reportable as a refinance or a purchase will still depend on whether the land contract was a “dwelling-secured debt obligation,” based on the facts and circumstances

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Loan purpose – refinancing and cash-out refinancing

- Refinancing is a loan in which a new dwelling-secured debt obligation satisfies and replaces an existing dwelling-secured debt obligation by the same borrower
 - Only one borrower needs to be the same on the new and existing transactions
- Cash-out refinancing – if the financial institution considers the loan/application to be a cash-out refinancing when processing the application or setting the terms under its or an investor’s guidelines

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Loan purpose – refinancing and cash-out refinancing, continued

- If the financial institution does not distinguish between a cash-out refinancing and a refinancing under its own guidelines, it sets the terms of all refinancings without regard to the amount of cash received by the borrower at loan closing or account opening, and it does not offer these loan products under investor guidelines, it reports all refinancings as refinancings, not cash-out refinancings

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Loan purpose – home improvement loan

- If the loan is secured by a dwelling and not to purchase or refinance a dwelling (including cash-out) and loan proceeds are used for repair, rehabilitation, remodeling, or improvement of the dwelling or the real property on which the dwelling is located
 - Do not use this code for loans in which the proceeds are solely used to “reimburse” a borrower for repairs they have already completed and paid for
- Mixed use properties (commercial structure which includes a residential dwelling) – report as home improvement if the proceeds are used either to improve the entire property (e.g., replace heating system) or primarily to improve the residential portion of the dwelling

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Loan purpose – other

- If the loan/Application does not fit one of the previous categories
- If the loan/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
- If the applicant did not state purpose and the loan is not a home purchase loan, refinancing, cash-out refinancing, or for home improvement, but is dwelling secured, report other
- e.g., debt consolidation, to purchase a car, to pay divorce expenses, to go on vacation, to pay for a wedding

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Loan purpose

Intent	Loan purpose
Purchase Purchase and refinancing/cash-out Purchase, refinancing/cash-out and home improvement Purchase, refinancing/cash-out, home improvement and other Purchase and home improvement Purchase, home improvement and other Purchase and other	Purchase
Refinancing	Refinancing
Refinancing and home improvement Refinancing, home improvement and other Refinancing and other	Cash out refinancing or refinancing (refinancing if not setting terms / conditions on cash out amount)
Home improvement Home improvement and other	Home improvement
Other (not used for business purpose loans)	Other (not used for business purpose loans)

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Application date

- Date the Application was received or the date on the application form
 - If there is no application in the file or your financial institution does not use an application, where are you documenting the application date in the loan file?
- Be consistent in how the date is reported, such as using one approach within a particular division of the financial institution or for a category of loans

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Application date, continued

- Switched product (from non-HMDA reportable to HMDA reportable) – typically financial institutions report the date the HMDA reportable product was selected
- Counteroffer
 - If the application is reinstated, use the original application date; otherwise start a new application and use the date the new application request was received
- Purchased loans – report NA for loans purchased by the financial institution

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Application date, continued

- After normal banking hours – what date do you use (e.g., next business day)?
- Emailed or faxed applications – date reflected on the received email or fax MICR line or do you use the next business day if received after normal banking hours?
- Internet applications – date the application is submitted to the financial institution or do you use the next business day if received after normal banking hours?
- Preapproval and prequalification requests when the financial institution receives the property address, or when the financial institution received the initial application?

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Application date, continued

- Purchased loans – report NA for loans purchased by the financial institution
- Correspondent application – typically date on the correspondent bank's 1003, but can be date you receive the application or date on application form.
- Wholesale (broker) – date your financial institution received the application from the third party or date on the application form.
 - May document this date by retaining a copy of the receiving email or fax cover with original 1003 to support date received

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Age

- Applicant's or borrower's age, as of the Application date
- Report 9999 – No co-applicant
- Report 8888 – Not applicable:
 - Loans purchased by the financial institution (optional)
 - Applicant or co-applicant is not a natural person

Examples:

Birthdate:	1/15/1970
Application Date:	1/14/2020
Report age <u>of</u> :	49

Birthdate:	1/15/1970
Application Date:	1/15/2020
Report age <u>of</u> :	50

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Demographic information

- Ethnicity – up to five ethnicities reported for applicant and first co-applicant
- Race – up to five reported for applicant and first co-applicant
- Sex reported for applicant and first co-applicant

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Visual observation method

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

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Demographic information, continued

- You must report the ethnicity, race, and sex of an applicant as provided by the applicant, including disaggregated fields
 - e.g., if an applicant selects the “Asian” box, the financial institution reports “Asian” for the race of the applicant
 - e.g., if an applicant selects the “Mexican” box for ethnicity but not “Hispanic or Latino”, the financial institution reports “Mexican” only
- Only an applicant may self-identify as being of a particular subcategory
 - e.g., of a particular American Indian or Alaska Native enrolled or principal tribe

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In-person applications

- In-person application, including electronic application with any video components:
 - Collect ethnicity, race, and sex and report whether the determination was based on visual observation or surname when the applicant does not provide it
 - Cannot use disaggregated ethnic and racial subcategories when collecting data based on visual observation or surname

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Mail, internet, or telephone applications

- If they do not wish to provide the information, the financial institution is **not** required to obtain the information based on visual observation at a later time
- 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 lender in person to complete the application, the lender must request the applicant’s ethnicity, race, and sex when the lender meets with the applicant in person

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Mail, internet, or telephone applications, continued

- If the applicant does not provide the requested information during the in-person meeting, 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

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Demographic information and visual observation method

- Report NA:
 - Loans purchased by the financial institution (optional)
 - Applicant or co-applicant is not a natural person

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Ethnicity, race, and sex – HMDA FAQ

- 2. Should a financial institution correct information provided by the applicant for race or ethnicity when the applicant has entered clearly incorrect or inappropriate information on an application?
- No. Pursuant to Instruction 8 of Appendix B to Regulation C, 12 CFR Part 1003, a financial institution reports the ethnicity and race of the applicant as provided by the applicant. Therefore, a financial institution should not correct the race or ethnicity as reported by the applicant, even if the applicant has entered clearly incorrect or inappropriate information.

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Ethnicity, race, and sex – HMDA FAQ, continued

- 3. Should a financial institution correct spelling or other errors made by the applicant in providing ethnicity and race information in the free form text fields for Other Hispanic or Latino, American Indian or Alaska Native, Other Asian, or Other Pacific Islander?
- No. Instruction 8 of Appendix B to Regulation C, 12 CFR Part 1003 states that a financial institution “must report the ethnicity, race, and sex of an applicant as provided by the applicant.” Therefore, a financial institution should not correct the race or ethnicity as reported by the applicant, even to correct spelling or other errors.

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Ethnicity, race, and sex – HMDA FAQ, continued

- 5. What should a financial institution report for race and ethnicity if an applicant selects “I do not wish to provide this information” and also self-identifies using one or more of the aggregate or disaggregate race or ethnicity categories for an application taken by mail, internet, or telephone?
- In these situations, the financial institution should report the code(s) for the race or ethnicity information, as applicable, provided by the applicant and should not report the code for “Information not provided by the applicant in a mail, internet, or telephone application” (Code 3 for Ethnicity or Code 6 for Race).

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Ethnicity, race, and sex – HMDA FAQ, continued

- 6. Does my financial institution report the ethnicity, race, and sex of a co-signer?
- Whether or not a financial institution reports the ethnicity, race, and sex of a co-signer depends on whether the co-signer is a guarantor or a co-applicant.
 - If the co-signer is considered a guarantor according to the terms of the legal obligation, the financial institution does not report demographic information.
 - If the co-signer is considered a co-applicant, the information is reported.

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Type of purchaser

- 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:
 - 0 – Not applicable
 - 1 – Fannie Mae
 - 2 – Ginnie Mae
 - 3 – Freddie Mac
 - 4 – Farmer Mac
 - 5 – Private securitizer
 - 6 – Commercial bank, savings bank, or savings association
 - 71 – Credit union, mortgage company, or finance company
 - 72 – Life insurance company
 - 8 – Affiliate institution
 - 9 – Other type of purchaser

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Action taken

- 1 – Loan originated
- 2 – Application approved but not accepted
- 3 – Application denied
- 4 – Application withdrawn by applicant
- 5 – File closed for incompleteness
- 6 – Purchased loan (covered loans purchased by the financial institution)
- 7 – Preapproval request denied (not an option for commercial dept)
- 8 – Preapproval request approved but not accepted (not an option for commercial dept)

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Counteroffer

- If the 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, report 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

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Counteroffer, continued

- For example, assume a financial institution makes a counteroffer, the applicant agrees to proceed with the terms of the counteroffer, and financial institution then makes a credit decision approving the application conditional on satisfying underwriting or creditworthiness conditions, and then applicant expressly withdraws before satisfying all underwriting or creditworthiness conditions and before the institution denies the application or closes the file for incompleteness; report the action taken as application withdrawn

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Approved but not accepted vs withdrawn

- Approved but not accepted – only customary commitment or closing conditions remain, if any
- Withdrawn – underwriting or creditworthy conditions remain
 - Lack of response is not necessarily a withdrawn application
 - If the applicant expressly withdraws before satisfying all underwriting and creditworthy conditions, proof of conversations/correspondence should be in the file, such as a file memo

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Approved but not accepted vs withdrawn, continued

- 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

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Approved but not accepted vs withdrawn, continued

- 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 financial institution requires, that the applicant meets underwriting conditions concerning applicant creditworthiness, including documentation or verification of income or assets

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Incomplete file/application

- The financial institution reports that the file was closed for incompleteness if it sent a 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
- If the financial institution provides a notification of adverse action on the basis of incompleteness under Regulation B, 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

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Action taken date

- Originated – settlement or closing date or disbursement date
 - Construction/permanent loans has option to report the date the covered loan converts to the permanent financing
- Purchased loans – date purchased by the financial institution
- Denied and approved not accepted – date action taken by the financial institution or date notice was sent to applicant (includes preapprovals if the preapproval meets the HMDA definition)
- Withdrawn – date the applicant's express withdrawal is received, or the date shown on the notification from the applicant

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Action taken date, continued

- Files closed for incompleteness – date action taken by the financial institution or date notice was sent to applicant
- Construction/Permanent loan – report either closing date or the date converted to permanent financing (most financial institutions report as of the closing date)

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Loan amount

- Enter in dollars
 - e.g., Loan amount of \$110,500, enter 110500 or 110500.00
 - e.g., Loan amount of \$110,500.24, enter 110500.24
- Loan originates (including accepted counteroffers) – report the amount of the loan on the ***promissory note/agreement***
- Loan did not originate (including unaccepted counteroffers, denied, withdrawn, closed for incompleteness) – report the amount ***applied for***
- Loan was approved but not accepted – ***report the amount approved***

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Loan amount, continued

- Counteroffer
 - If accepted – report the amount accepted
 - If not accepted – report the amount initially applied for
- For covered loans purchased by the financial institution or assumptions, report the unpaid principal balance at the time of purchase or assumptions

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Interest rate

- Interest rate for approved application or origination
- Enter, as a percentage, to at least three (3) decimal places. 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. Include or omit decimal place trailing zeros
 - e.g., If the interest rate is 4.125%, enter 4.125
 - e.g., If the interest rate is exactly 4.500%, enter 4.5, 4.50, or 4.500
- Combined construction/permanent loan – report the initial interest rate on the construction phase
- Section 5.24 in the CFPB HMDA Small Entity Guide provides a detailed chart

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Interest rate – Mortgage department transactions

Scenario		Rate to report
Application and pre-approvals that are approved but not accepted	Closing Disclosure was provided	Rate on most recent Closing Disclosure provided
	No Closing Disclosure but Loan Estimate was provided	Rate on most recent Loan Estimate provided
	Loan Estimate was provided but rate lock was executed after Loan Estimated was provided but prior to withdrawal	Rate on rate lock agreement
	No Loan Estimate provided	Rate on application
Originated transaction		Rate on Note/Agreement
Rescinded transaction		Rate on Note/Agreement

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Interest rate – commercial department transactions

Scenario		Rate to report
Applications and pre-approvals that are approved but not accepted	Loan presentation completed	Rate used in loan presentation
	No loan presentation	Rate at time of application
Originated transactions		Rate on Note/Agreement

- Report “NA” for
 - Applications denied, withdrawn, or closed for incompleteness

Partially exempt – enter *Exempt*

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Loan term

- Number of months after which the legal obligation will mature or terminate
 - Report whole months without regard for any remainder
- Enter, in numeral form, the number of months after which the legal obligation will mature or terminate or would have matured or terminated
 - Combined construction/Perm with 12-month construction phase followed by 30-year permanent phase – Loan term is 372 months, enter 372
- Report “NA” for
 - Loan or application without a definite term such as a reverse mortgage

Partially exempt – enter *Exempt*

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Property address

- Address #, pre-directional, street name, street prefixes or suffixes, post-directional, secondary address identifier, city, state, and zip code
- NOTE: Your financial institution's practice may be to only look up the USPS address if the geocoding tools they use do not result in a match

Examples below:

Collateral Address: 936 NE Third Avenue, Grand Rapids, MN 55744
USPS Website: 936 NE 3RD Ave, Grand Rapids, MN 55744

Report as such: Street Address: 936 NE 3RD Ave
 City: Grand Rapids
 State: MN
 Zip Code: 55744

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Multiple properties

- If multiple properties secure the loan (or would have), the financial institution can choose the property for which it reports. Property selected must include a dwelling
- If a single dwelling has more than one postal address, report one of the postal addresses
- Report information that relates to the property for which it has provided the address and location for data points when required to report specific information about property securing or involved with the loan or application
 - ***Construction method, occupancy type, property location/geocoding, lien status, manufactured home secured property type, and loan property interest***

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Property location

- Location of the property securing the loan or proposed to secure a loan, by state, county, and census tract (for the Property Address listed on the HMDA LAR)
- County – Enter the five-digit Federal Information Processing Standards (FIPS) numerical code for the county; no commas
 - e.g., Enter 06037 for FIPS code for Los Angeles County, CA
- Census Tract – Enter the 11-digit census tract number as defined by the U.S. Census Bureau; no decimals
 - e.g., Enter 06037264000 for census tract within Los Angeles County, CA

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Property location, continued

- Enter NA (or voluntarily report) for:
 - 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
 - If the site of a manufactured home has not been identified
 - Property is not located in an MSA or MD in which the financial institution has a home or branch office and the financial institution is not required to report data on small business, small farm, and community development lending under CRA regulation
 - Census tract only – if the property is located in a county with a population of 30,000 or less according to the most recent decennial census

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Property location, continued

- Manual mapping
 - If property is identified but lacks physical address, the lender is responsible for manually mapping the property on the FFIEC website and including a supporting map in the file. See [Appendix C](#) of HMDA Manual for mapping instructions. Example of when this would be needed is as follows:
 - **TBD construction property when housing number has not yet been assigned**
 - **Hunting shack or cabin where property does not have address or fire number**
 - **Property only has identifying number such as parcel or legal description**

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Occupancy type

- 1 – Principal residence
 - Includes dwelling that will become the borrower’s principal residence within a year or upon the completion of construction
- 2 – Second residence
 - Occupy for a portion of the year and rents for the remainder of the year
 - Occupies property near employment on weekdays, but returns to principal residence on weekends

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Occupancy type, continued

- 3 – Investment property
 - Non owner-occupied rental property
 - Does not occupy, does not generate income by renting, but intends to generate income by selling the property
 - **e.g., Applicant purchases a home for their older parents who will occupy the dwelling as their primary residence**
 - Corporation uses the property for long-term residence of its employees
- If there are multiple properties taken as collateral, disclose the occupancy of the collateral listed as the Property Address on the LAR

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Total units

- Enter, in numeral form, the number of individual dwelling units related to the property securing the loan or, in the case of an application, proposed to secure the covered loan
 - Includes all units that secure the loan, so this includes cross collateralized properties
 - Examples:
 - **Collateral is five (5) individual dwelling units; report as “5”**
 - **Collateral is one duplex (2 units); report as “2”**
 - **Collateral is one duplex (2 units) that is cross collateralized with an apartment building (6 units); report as “8”**

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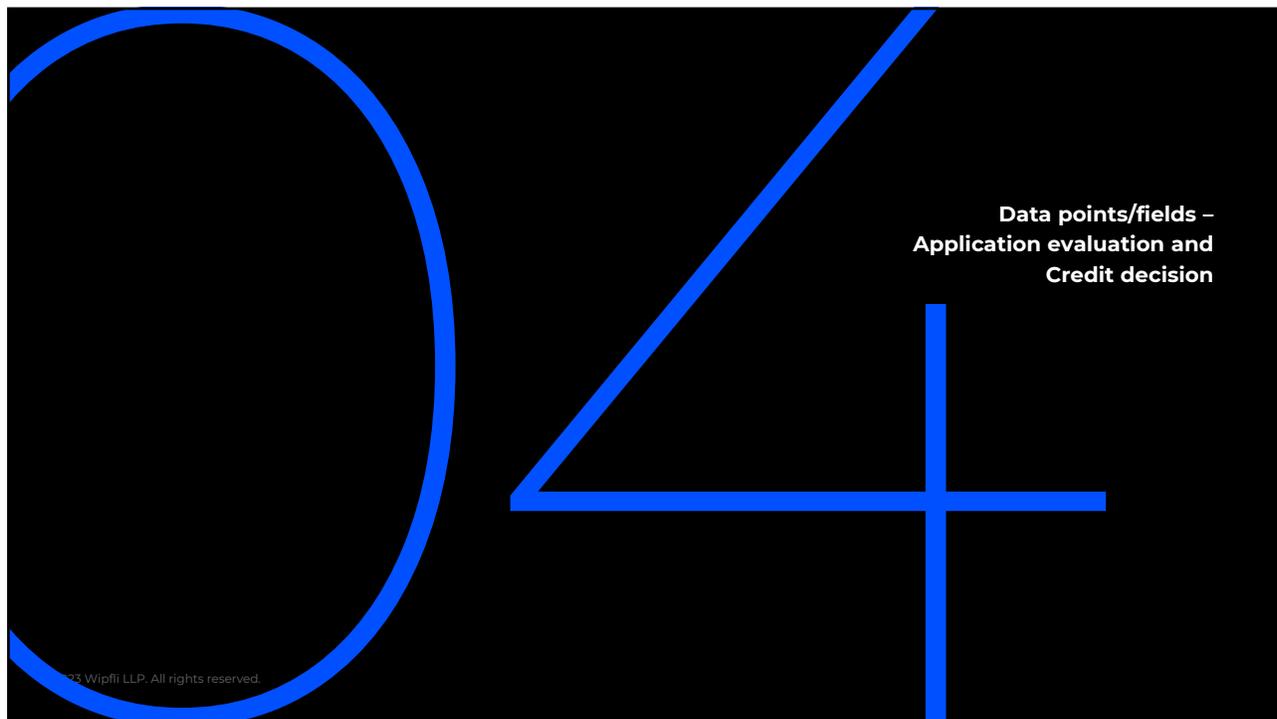
Total units, continued

- When secured by a manufactured home community, 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
- When secured by a condominium or cooperative complex, report the total number of individual dwelling units securing the loan/Application
- Secured guarantees – include the units held under the agreement

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Income

- If credit decision is made, gross annual income relied on in making the credit decision
- If credit decision was not made, the gross annual income relied on in processing the application
 - For applications that are withdrawn or closed for incompleteness before a credit decision is made where the financial institution would have taken income into consideration, the income information relied on in processing the application at the time action was taken is reported

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Income, continued

- Do not include as income amounts considered in making a credit decision based on factors relied on in addition to income, such as amounts derived from underwriting calculations of the potential annuitization or depletion of an applicant’s remaining assets
- The Filing Instruction Guide (FIG) does not include any language that would bar a financial institution from reporting an applicant’s gross annual income as “0” or even a negative number when that is the accurate figure that it relied on

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Income, continued

Examples:

Gross annual income:	-\$36,499.00
Report on LAR as:	-36
Gross annual income:	\$36,000.00
Report on LAR as:	36
Gross annual income:	\$36,501.00
Report on LAR as:	37

- Report NA:
 - Income was not or would not have been considered in the credit decision
 - Applicant or co-applicant is not a natural person
 - Loan or application secured by a multifamily dwelling
 - Loans purchased by the financial institution (optional)
 - Employee loan/Application
 - Streamline refinance if not considered in the credit decision

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Income and property value – HMDA FAQ

- 2. When income and property value are factors in the credit decision, though not the dispositive factor, should such data points be reported?
- Yes. When a credit decision is made, sections 1003.4(a)(10)(iii) and 1003.4(a)(28) require reporting of the data “relied on in making the credit decision.” Hence, if these data are relied on in making a credit decision, such data must be reported. There is no requirement in Regulation C for either of these data points to be the dispositive factor in order to be reported.

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Credit score and model name & version

- Do not report for guarantor
- Credit score(s) relied on and the name and version of the credit scoring model
 - Individual applicant; two or more scores obtained; Financial institution relied on one score; report credit score and model relied on in making the credit decision
 - Individual applicant; multiple scores obtained and relied on; report one score and model
 - Individual applicant; two or more scores obtained and combined into composite; report composite credit score and that more than one model was used

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Credit score and model name & version, continued

- Multiple applicants; relied on a single credit score; report for either the applicant or the first co-applicant and report “8888” for the other
- Multiple applicants; relied on separate credit score for each applicant; report the credit score used for both the applicant and the co-applicant
- Not included in regulation or HMDA Getting it Right Guide:
 - **Multiple applicants; relied on average median credit score (average of middle credit score for each applicant); report the average median credit score for the applicant and report “8888” for the other**

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Credit score and model name & version, continued

- Report “7777” if financial institution relied on a credit score that is not a number (e.g., a credit score of “Meets Threshold”)
 - Do not report “7777” if the credit scoring model that produces numeric credit scores returns a result stating that the credit score could not be determined
- Report “9999” for no co-applicant
- **Partially exempt – Enter 1111**

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Credit score and model name & version, continued

- To report not applicable, report “8888” for Credit Score and “9” for Name and Version of Credit Scoring Model
 - Financial Institution purchased covered loan
 - If loan is withdrawn or closed for incompleteness and no credit decision was made
 - Applicant or co-applicant is not a natural person
 - Credit decision was made without relying on the credit score

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Credit score and model name and version, continued

Applicant's credit score	Co-applicant's credit score	Credit score used in making credit decision	Report on the LAR
807	809	807 and 809	807 and 809
400	802	400	400 and 8888
807	680	680	8888 and 680
Eligible	No co-applicant	Did not use score in making credit decision	7777 and 9999
807	No co-applicant	N/A – withdrawn or incomplete application	8888 and 8888

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Name and version of credit scoring model

- Reference the section of the credit bureau disclosing the score(s) to determine which model to report on the LAR. See example below:

Item #	Product Score	Factor Information
1	BEACON 5.0 [806]	Factor: 00030, 00024, 00008, 00005 <ul style="list-style-type: none"> • 00030 TIME SINCE MOST RECENT ACCOUNT OPENING IS TOO SHORT • 00024 NO RECENT REVOLVING BALANCES • 00008 TOO MANY INQUIRIES LAST 12 MONTHS • 00005 TOO MANY ACCOUNTS WITH BALANCES

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Credit score, DTI, CLTV – HMDA FAQ

- 1. Are financial institutions required to report the credit score, DTI, and CLTV relied on in making a credit decision when such data is not the dispositive factor?
- Yes. Credit underwriting data such as credit score, debt-to-income ratio (DTI), and combined loan-to-value ratio (CLTV) must be reported if they were a factor relied on in making a credit decision—even if the data was not the dispositive factor. For purposes of Regulation C, it does not matter whether the application is approved or denied; if certain data was relied on in making a credit decision, such data must be reported.

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Credit score, DTI, CLTV – HMDA FAQ, continued

- For example, if the credit score was relied on in making a credit decision, the credit score must be reported. If the financial institution denied the application because the application did not satisfy one or more underwriting requirements other than the credit score, the financial institution is still required to report the credit score relied on. Comment 4(a)(15)-1. The same analysis applies to the reporting of CLTV and DTI. Comment 4(a)(24)-2 and 4(a)(23)-2.

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Debt-to-income ratio

- 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
 - e.g., If the relied upon debt-to-income ratio is 42.95, enter 42.95, not 43; if, however, your institution rounded the ratio up to 43% and relied on the rounded-up number, enter 43
- When multiple decisions are made throughout the process, use the final DTI calculated

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Debt-to-Income ratio, continued

- Report “NA” for
 - Financial institution purchased covered loans
 - Files where no credit decision was made, such as files closed for incompleteness, or if an application was withdrawn before a credit decision was made
 - Transaction for which the credit decision was made without relying on debt-to-income ratio, such as business or commercial purpose loans that rely on Debt Service Coverage Ratio (DSCR)
 - When applicant and co-applicant are not natural persons
 - Secured by or to be secured by a multifamily dwelling

Partially exempt – enter *Exempt*

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Combined Loan-to-Value (CLTV) ratio

- Ratio of the total amount of debt that is secured by the property to the value of the property that was relied on when making the credit decision
- The property used in the CLTV ratio calculation does not need to be the property identified in in the Property Address and may include more than one property and non-real property
- Report the CLTV ratio relied on in making the credit decision

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Combined Loan-to-Value (CLTV) ratio, continued

- For example, if the loan was 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 multifamily dwelling and the non-real property were used to calculate the CLTV ratio relied on in making the credit decision, report that ratio

1-4 family dwelling	\$200,000
Bare Land Parcel X	\$40,000
Inventory	\$25,000
Certificates of Deposits	\$100,000
<u>Commercial RE</u>	<u>\$500,000</u>
Total Collateral Value:	\$865,000
Loan Amount:	\$450,000
CLTV documented in file:	52.023%
Report on LAR:	52.023

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Combined Loan-to-Value (CLTV) ratio, continued

- Report "NA" for
 - Financial institution purchased covered loan
 - Files where no credit decision was made, such as files closed for incompleteness, or if an application was withdrawn before a credit decision was made
 - Transaction for which the credit decision was made without relying on CLTV
- Partially exempt – enter *Exempt***

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Property value

- Value of the property(ies) relied on in making the credit decision 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
 - e.g., If the property value is \$350,500, enter 350500

1-4 family dwelling	\$200,000
Bare land parcel X	\$40,000
Inventory	\$25,000
Certificate of Deposit	\$100,000
<hr/>	
Total Collateral Value:	\$365,000
Loan amount	\$200,000
CLTV documented in file	54.795%
Report on LAR:	365000

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Property value, continued

- Report "NA" for
 - Transactions for which no credit decision was made
 - Transactions for which the credit decision was made without relying on property value
- Partially exempt – enter *Exempt***

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Preapproval program

- A preapproval request is an application under Regulation C if the request is:
 - For a **home purchase** loan,
 - **No property identified at the time of application**
 - Not secured by a multifamily dwelling,
 - Not for an open-end LOC or for a reverse mortgage, and
 - Reviewed under a preapproval program

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Preapproval program, continued

- A preapproval program for purposes of Regulation C is a program in which the financial institution:
 - 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
 - Issues a written commitment that
 - **Is for a home purchase loan**
 - **Is valid for a designated period of time and up to a specified amount**
 - **Is subject only to specifically permitted conditions**

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What are the permitted conditions of a preapproval?

- The written commitment issued as part of the preapproval program can be subject to only the following types of conditions:
 - Conditions that require the identification of a suitable property
 - Conditions that require that no material change occur regarding the applicant's financial condition or creditworthiness prior to closing
 - Limited conditions that are not related to the applicant's financial condition or creditworthiness and that the financial institution ordinarily attaches to a traditional home mortgage application
 - **e.g., acceptable title insurance binder, certificate indicating clear termite inspection, settlement statement showing adequate proceeds from the sale of the present home, etc.**

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Rate spread

- Difference between the annual percentage rate and the average prime offer rate for a comparable transaction
- Report for covered loans, including open-end lines of credit and approved but not accepted applications (including preapprovals) where early Regulation Z disclosures were issued
- Enter, as a percentage, to at least three (3) decimal places. 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 either be included or omitted

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Rate spread, continued

- For approved but not accepted, use APR from early disclosures and the APOR from the date on which the interest rate was set by the financial institution for the final time (prior to approved but not accepted action taken) and for open-end lines of credit, use the APR from the early disclosures.
- But if no disclosures were provided, approved and not accepted within 3 business days, report n/a

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Rate lock-in agreement

- If an interest rate is set pursuant to a “lock-in” agreement, then the date on which the agreement fixes the interest rate is the date the rate was set
- Except when there’s a loan program change, 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
- If a rate-lock commitment is issued 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

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Rate set date – no lock agreement (EXAMPLE ONLY)

Scenario	APOR date
No exceptions to policy, use the later of the two options:	Date application was received, or If rate was set later than the application date, use the date the loan’s interest rate was set for the final time before loan origination/closing. Clearly document when and why interest rate was set after application date either on the application or on the approval document. e.g., Rate changed at the time the product change occurred
Exceptions to policy (see approval document)	Date of last approval email for exception

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“It takes less time to do a thing right than to explain why
you did it wrong.”

- Longfellow

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Questions?

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