



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

3DIVISION OF CONSUMER AND
COMMUNITY AFFAIRS

CA 19-5

April 1, 2019

**TO THE OFFICERS AND MANAGERS IN CHARGE OF CONSUMER AFFAIRS
SECTIONS:**

Applicability to Community Banking Organizations: This guidance applies to all institutions supervised by the Federal Reserve, including those with total consolidated assets of \$10 billion or less.

SUBJECT: Revised Home Mortgage Disclosure Act Examination Procedures

The Federal Reserve has recently developed revised Home Mortgage Disclosure Act (HMDA)¹ examination procedures. These procedures are for use in connection with HMDA data collected since January 1, 2018 pursuant to the Consumer Financial Protection Bureau's (Bureau) October 15, 2015 and August 24, 2017 amendments to Regulation C,² which implements HMDA, and the Economic Growth, Regulatory Relief, and Consumer Protection Act's (EGRRCPA) May 24, 2018 amendments to HMDA.³

- The examination procedures include *Narrative*, *Examination Objectives*, and *Examination Procedures* sections that were recently developed by the Task Force on Consumer Compliance of the Federal Financial Institutions Examination Council.
- Additionally, the examination procedures include *Review of Compliance Management System*, *Examination Conclusions and Wrap-Up*, and *Examination Checklist* sections that were separately developed in consultation with the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC).
- Finally, the examination procedures also incorporate the sampling, verification, and resubmission procedures (FFIEC HMDA Examiner Transaction Testing Guidelines) that

¹ 12 U.S.C. 2801 *et seq.*

² *See* 80 FR 66127 (October 28, 2015); 82 FR 43088 (September 13, 2017); *see also* 12 C.F.R. part 1003.

³ Pub. L. 115-174, 132 Stat. 1296 (2018), section 104(a) (codified at 12 U.S.C. 2803).

were transmitted with CA 17-2, key data fields information that was transmitted with CA 18-9,⁴ and Federal Reserve HMDA sampling and omissions transaction testing procedures.

HMDA and Regulation C require certain depository institutions and for-profit non-depository institutions to collect, record, and report data about originations and purchases of mortgage loans as well as mortgage loan applications that do not result in originations. Section 1094 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) transferred rulemaking authority for HMDA to the Bureau on July 2011; amended HMDA to require collection, recording, and reporting of new data points; and authorized the Bureau to require additional information from covered institutions.⁵

The Bureau's October 2015 and August 2017 final rules modified: (1) the types of institutions that are subject to Regulation C;⁶ (2) the types of transactions that are subject to Regulation C;⁷ (3) the types of data that institutions are required to collect, record, and report pursuant to Regulation C;⁸ and (4) the corresponding processes for reporting and disclosing HMDA data.⁹

Pursuant to the Bureau's amendments to Regulation C, as of January 1, 2018, banks, credit unions, and savings associations are not subject to Regulation C if they do not originate at least 25 covered closed-end mortgage loans in each of the two preceding calendar years or at least 100 covered open-end lines of credit in each of the two preceding calendar years (this

⁴ The key fields are those that the Federal Reserve, the FDIC, and the OCC have determined are most critical to the integrity of analyses of overall HMDA data. Although the FFIEC HMDA Examiner Transaction Testing Guidelines themselves do not establish key fields, they state that supervisory agencies may prioritize designated fields for review.

⁵ Public Law 111-203, 124 Stat. 1376 (2010).

⁶ For background information, *see* the Bureau's 2017 HMDA Institutional Coverage Chart at http://files.consumerfinance.gov/f/201510_cfpb_2017-hmda-institutional-coverage.pdf; and the Bureau's 2018 HMDA Institutional Coverage Chart at https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201709_cfpb_2018-hmda-institutional-coverage.pdf.

⁷ For background information, *see* the Bureau's 2018 HMDA Transactional Coverage Chart at https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201709_cfpb_2018-hmda-transactional-coverage.pdf.

⁸ The amended regulation includes several new data points, many of which were added by the Dodd-Frank Act and some of which were added pursuant to the Bureau's discretionary authority to carry out the purposes of HMDA. The amended regulation also reflects modification of several existing data points. For background information, *see* the Bureau's Reportable HMDA Data: A Regulatory and Reporting Overview Reference Chart for HMDA Data Collected in 2018 at https://files.consumerfinance.gov/f/documents/201710_cfpb_reportable-hmda-data_regulatory-and-reporting-overview-reference-chart.pdf and Reportable HMDA Data: A Regulatory and Reporting Overview Reference Chart for HMDA Data Collected in 2019 at https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_reportable-hmda-data_regulatory-and-reporting-overview-reference-chart-2019.pdf.

⁹ For background information, *see* the Bureau's HMDA Rule Key Dates Timeline at https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201709_cfpb_hmda-key-dates-timeline.pdf.

threshold has been temporarily raised, through calendar years 2018 and 2019, to 500 covered open-end lines of credit).¹⁰

Additionally, the Bureau issued an August 31, 2018 interpretive and procedural rule to implement and clarify the EGRRCPA amendments to HMDA, which provide partial exemptions for some insured depository institutions and insured credit unions from certain HMDA requirements.¹¹ The partial exemptions are generally available to insured depository institutions and insured credit unions: (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. For closed-end mortgage loans or open-end lines of credit subject to the partial exemptions, those institutions are exempt from the collection, recording, and reporting requirements for some, but not all, of the data points specified in current Regulation C. Among other information, the interpretive and procedural rule clarifies that only loans and lines of credit that are subject to HMDA reporting requirements count toward the thresholds for the partial exemptions and clarifies which Regulation C data points are covered by the partial exemptions.

With regard to HMDA data collected prior to January 1, 2018, Reserve Banks will continue to examine financial institutions pursuant to the interagency HMDA examination procedures transmitted with CA 09-10 and the HMDA sampling and resubmission procedures transmitted with CA 04-4.¹² Additionally, examiners are reminded that, pursuant to the Bureau's amendments to Regulation C, from January 1, 2017 through December 31, 2017 banks, credit unions, and savings associations were not subject to Regulation C if they did not originate 25 home purchase loans, including refinancings of home purchase loans, in each of the two preceding calendar years.¹³

¹⁰ Specifically, the August 2017 amendments to Regulation C increased, for a period of two years, the threshold for collecting and reporting data with respect to open-end lines of credit so that financial institutions originating fewer than 500 open-end lines of credit in either of the preceding two years are not required to begin collecting such data until January 1, 2020. The Bureau has not made the threshold increase for open-end lines of credit permanent at this time. Absent further action by the Bureau, effective January 1, 2020, the open-end lines of credit threshold will be restored to 100 open-end lines of credit, and creditors originating between 100 and 499 open-end lines of credit in each of the preceding two years will also need to begin collecting and reporting HMDA data on open-end lines of credit. In December 2017, the Bureau announced that it intends to, through rulemaking, reconsider elements of amended Regulation C, to include its institutional and transactional coverage tests and discretionary data points. See <https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-public-statement-home-mortgage-disclosure-act-compliance/>.

¹¹ 83 FR 45325 (September 7, 2018).

¹² Likewise, CA 06-3, CA 04-11, and CA 93-2 continue to apply with regard to HMDA data collected prior to January 1, 2018. For additional information on key HMDA dates and implementation, see the Bureau's HMDA Rule Key Dates Timeline, *supra* note 9.

¹³ See the Bureau's 2017 HMDA Institutional Coverage Chart, *supra* note 6.

If you have any questions, please contact Amal Patel, Counsel, at (202) 912-7879, or Meghan Karellas, Senior Supervisory Consumer Financial Services Analyst, at (202) 736-5536. In addition, questions may be sent via the Board's public website.¹⁴

Sincerely,

Carol A. Evans
Associate Director

Attachment:

- Revised Home Mortgage Disclosure Act Examination Procedures

Cross-references:

- CA 19-4 "Revised 'A Guide to HMDA Reporting: Getting It Right!'" (April 1, 2019)
- CA 18-9 "Revised Designated Home Mortgage Disclosure Act Key Data Fields" (December 7, 2018)
- CA 18-6 "Statement on the Implementation of the Economic Growth, Regulatory Relief, and Consumer Protection Act Amendments to the Home Mortgage Disclosure Act" (July 5, 2018)
- CA 18-2 "Revised 'A Guide to HMDA Reporting: Getting It Right!'" (March 6, 2018)
- CA 17-4 "Expectations for Supervised Institutions Regarding Amended Regulation C" (December 21, 2017)
- CA 17-2 "Revised Interagency Home Mortgage Disclosure Act Sampling, Verification, and Resubmission Procedures" (August 22, 2017)
- CA 09-10 "Revised Interagency Examination Procedures for the Home Mortgage Disclosure Act" (October 1, 2009)
- CA 06-3 "Extension of Provisional HMDA Data Sampling Procedures" (January 1, 2006)
- CA 04-11 "HMDA Data Collection and Reporting" (December 10, 2004)
- CA 04-4 "Revised HMDA Examination, Sampling and Resubmission Procedures and Notification of Availability of HMDA Questions and Answers" (June 30, 2004)
- CA 93-2 "Guidance on Coverage of the Home Mortgage Disclosure Act (HMDA) to Certain Foreign Banking Organizations (FBOs)" (March 3, 1993)

¹⁴ See <http://www.federalreserve.gov/apps/contactus/feedback.aspx>.