## Frequently Asked Questions: Home Mortgage Disclosure Act (HMDA)

The following list of questions and answers about compliance with HMDA addresses:
- Broker transactions
- Credit union service organizations
- Data entry and submission
- Disclosure Statements
- Reference Material and Software

## Broker Transactions

### When is a credit union or CUSOs acting as a broker?
For the purposes of this regulatory alert, a credit union or CUSO that takes and processes a loan application and arranges for another institution to purchase the loan at or after closing is acting as a "broker."  A credit union or CUSO that purchases a loan from a broker at or after closing is acting as an "investor." Depending on the facts, a broker may or may not make a credit decision on an application (and thus it may or may not have HMDA reporting responsibilities).

### Who reports HMDA data for brokered loans?
The party making the credit decision must report HMDA data.

If the broker makes the credit decision based on an investor's loan policies, it reports that decision.  If the investor makes the credit decision, it reports.  For example, if the broker reviews an application, decides the application will meet the investor's approval criteria, and does not obtain the investor's review, the broker has approved the loan, and the broker must report the loan on its HMDA loan application record (LAR) as an approval, even if it forwards the application to the investor for final processing.  The investor reports the loan on its HMDA LAR as a purchase.

If the broker decides an application will not meet the investor's approval criteria, it has denied the loan and the broker must report the loan on its HMDA LAR as a denial.  In this situation, the investor has no HMDA LAR reporting requirement. The investor didn't make a credit decision or purchase a loan.

For additional clarification, consider the following scenarios:

A.  A broker makes credit decisions based on an investor's loan policies but without the investor's review prior to closing, and then forwards approved loans to the investor.

- Broker approved loans.
    - Broker – reports approval on HMDA LAR.

- Investor – reports purchase on HMDA LAR.

- Broker denied loans.
    - Broker – reports denial on HMDA LAR.
    - Investor – no HMDA LAR reporting requirement.

B. A broker forwards all loan applications to the investor for credit decisions.

- Investor approved loans.
    - Broker – no HMDA LAR reporting requirement.
    - Investor – reports approval on HMDA LAR.

- Investor denied loans.
    - Broker – no HMDA LAR reporting requirement.
    - Investor – reports denial on HMDA LAR.

To avoid responsibility for HMDA reporting, the broker must forward all applications to the investor for credit decisions. If the broker makes a decision to deny a loan because it does not meet an investor's criteria or it makes a decision to forward an application because it meets an investor's criteria, it has made a credit decision and must report that application in its HMDA LAR.

In summary, a broker who makes a credit decision on an application reports that decision, regardless of whose loan policies it bases the credit decision on and whose name the loan closes in, as shown in scenario A, above. An investor who makes a credit decision on an application received from a broker reports the decision, the broker does not, as shown in scenario B. above. An investor who purchases a loan from a broker, however, reports it as a purchased loan, regardless of who made the credit decision, as shown in scenario A.

See Appendix D (Official Staff Commentary on Regulation C) in the **Guide to HMDA Reporting, Getting It Right!**, for additional information on reporting brokered loans.


## Credit Union Service Organizations

**Do Credit Union Service Organizations (CUSOs) need to comply with HMDA and how should they report data?**
CUSOs must comply with HMDA data collection and reporting requirements. For purposes of HMDA compliance, a CUSO may be categorized as either a subsidiary or affiliates. Reporting guidance for each category of CUSO follows:

- A CUSO is a credit union subsidiary if it is more than 50% owned by a single credit union. Subsidiary CUSOs use the CUSO's federal tax identification number as the Respondent ID number for identification

purposes when reporting HMDA data.  Subsidiary CUSOs should select NCUA as the applicable regulator (agency code equals 5).  Subsidiary CUSOs do not need to consolidate HMDA data with the "owning" credit union's HMDA data.

- CUSOs that do not qualify as subsidiaries are considered to be affiliates. An affiliate CUSO should report HMDA data using the CUSO federal tax ID number as the Respondent ID number.  Affiliate CUSOs should select HUD as the applicable regulator (agency code equals 7).

## Data Entry and Submission

### How do I complete a loan application register?
Review the *Guide to HMDA Reporting, Getting It Right!* (Guide).  A copy of the Guide can be obtained from the FFEIC web-site, as discussed under Reference Materials and Software.  The Guide contains detailed directions for the completion of loan application registers.

After review of the Guide, you can contact your NCUA regional office or state supervisory authority if you are unable to resolve a specific question.

### How often does my credit union need to update its loan application register (LAR) and report HMDA data?
HMDA requires quarterly updates of the LAR.  Once final action is taken on a transaction, it must be appropriately recorded on a LAR within 30 days after the end of a calendar quarter.  Credit unions should be able to produce a current LAR at the request of federal or state examiners.

Following the end of a calendar year, a credit union submits its LAR to the Federal Reserve Board processing center by March 1st.  Credit unions must submit a LAR that contains all records for the calendar year.

### How does a credit union submit its HMDA data?
Following the end of a calendar year, a credit union submits its LAR to the Federal Reserve Board processing center no later than March 1st using the following email address:  hmdasub@frb.gov.

Internet e-mail is the preferred method for transmitting LAR information.  Your file must be properly encrypted using the FFIEC data entry software encryption utility before transmission.  Non-email transmissions may be delayed due to FRB security protocols.  Acceptable transmission methods are listed at: http://www.ffiec.gov/hmda/contactNCUA.htm

Early submission by mid-February is strongly recommended.  If a data file does not load successfully, it will not be marked as received by the FRB.

**When is HMDA data considered to be received by the FRB?**
Data are considered to be successfully received by the FRB once the file has been opened and loaded onto the FRB mainframe. When data are successfully loaded, the FRB will confirm receipt of the file by faxing or emailing a list of potential data errors. Credit unions should retain a dated copy of this receipt. If a credit union does not receive a filing receipt from the FRB, it is the credit union's responsibility to follow up with the FRB.

To ensure data can be successfully read by the FRB, a credit union should use the edit check feature contained in the HMDA data entry software prior to submitting transmission data.

**What is NCUA policy concerning late HMDA data?**
Credit unions must provide a readable file to the FRB, which processes HMDA data on behalf of NCUA, by the March 1st deadline. Late submission of HMDA data is not acceptable. Following data collection, the FRB will provide NCUA with a list of credit unions that did not meet the March 1st filing deadline. NCUA may assess civil money penalties against late filers.

When assessing civil money penalties against late filers, NCUA will consider exceptional circumstances. A credit union's first time to collect and file HMDA data is not an exceptional circumstance.

**Who do I contact with other questions about submitting HMDA data?**
Questions concerning HMDA software, data receipt confirmations, data edits, and other issues related to the submission of HMDA data can be sent to the FRB via email at hmdahelp@frb.gov.

**Disclosure Statements**

**How can a credit union obtain its disclosure statement?**
In August or September after the collection and analysis of HMDA data, disclosure statements become available for download from the FFIEC web site. Disclosure statements are no longer mailed in CD-Rom or paper format to credit unions.

It is the responsibility of reporting credit unions to check the FFIEC web site, download their disclosure statements, and display the statements within three business days of availability. Publication of the FFIEC press release that announces the availability of disclosure statements is equivalent to receipt of disclosure statements for purposes of compliance with HMDA.

Disclosure statements are available on the FFIEC web site at:
http://www.ffiec.gov/hmdaadwebreport/diswelcome.aspx.

## Reference Materials and Software

**Is there a new version of the *Guide to HMDA Reporting, Getting It Right!*?**
The *Guide to HMDA Reporting, Getting It Right!* (Guide) summarizes management's responsibilities for the collection and report of HMDA information. The most recent hard copy of the Guide was published in December 2003. The electronic version of the Guide has since been updated with changes in metropolitan statistical codes and other edits.

Updated versions of the Guide will no longer be printed and distributed in a paper format. You may obtain an electronic copy of the Guide from the FFIEC web site at: http://www.ffiec.gov/hmda/guide.htm.

**Where is the Question and Answer section that used to be contained in the *Guide to HMDA Reporting, Getting It Right! (Guide)*?**
The Guide no longer contains a "Question and Answer" section. This supplementary information is now posted on the FFIEC web site at: http://www.ffiec.gov/hmda/faq.htm. The FFIEC updates these questions and answers several times each year. Credit unions are responsible for being aware of changes in HMDA guidance and the release of updated materials.

**Is the data entry software available for calendar year 2006?**
The FFIEC HMDA Data Entry Software, version 3.20, may be downloaded and is available on the FFIEC web site at: http://www.ffiec.gov/crahmdacf/default2.cfm. This software may be used for the submission of 2004, 2005, and/or 2006 calendar year HMDA data.

Please note the FFIEC HMDA Data Entry Software is not network compatible, and the FFIEC does not support installation to a network. The software should be installed locally on a hard disk. The software is only available through download; disks will not be sent to HMDA reporters.