As we are all busily working on HMDA files (most of us anyway, me included), I wanted to talk about HMDA errors that I see fairly frequently. Most of these are training issues but are important because HMDA fines can be expensive!

**Business/Commercial Purpose Loans**

Make sure that all applications have been captured. I often see LARs with only originated commercial purpose loans. It would be very odd for a financial institution to never have a denial on a commercial loan, or to never have a customer decide not to proceed or to go to another financial institution. Find out what the process is in the commercial departments and make sure that all HMDA reportable applications—not just originated loans - are being captured.

**Geocoding**

From time to time, the wrong property is geocoded. For example, the customer is purchasing a dwelling, but pledging another dwelling as collateral. Make sure that the property being pledged as collateral for the purchase or refinance of a purchase is geocoded. For a home improvement loan or refinance of a home improvement, geocode the property being improved, not the property taken as collateral. Also, if the collateral changes during the application, make sure that the new property is the one reported.

**Government Monitoring Information**

I occasionally encounter situations in which the first applicant is an entity and is properly reported as Not Applicable (4/7/4) for Ethnicity/Race/Gender. However, when there is no co-applicant, financial institutions will sometimes report Not Applicable for the non-existent co-applicant. The correct code to report when there is no co-applicant is 5/8/5 for Ethnicity/Race/Gender; 4/7/4 in the co-applicant fields means that there is a co-applicant and it is an entity.

**Purchaser**

This field is for reporting the type of entity that purchased an originated loan from your financial institution in the calendar year being reported. The most frequent error that I see is reporting a mortgage department of a large bank as a separate mortgage company. Determine if the loans are being purchased by the bank itself or by an affiliate mortgage entity. If the mortgages are being purchased by “XYZ Mortgage, a Division of ABC Bank”, then the purchase code should be 6 -- Commercial bank, savings bank, or savings association.

In many cases, the information on what purchaser code to use can be found in the purchasing entity’s
procedures provided to your financial institution. If that does not help, do a web search to see how the institution lists its entities and affiliates. You can always ask, but check the answer – I have received incorrect answers from the account “rep”. Also, you can look up many but not all entities at this site:


The National Information Center (NIC) site is maintained by the Federal Reserve System. The NIC is a central repository of data about banks and other institutions for which the Federal Reserve has a supervisory, regulatory, or research interest and allows the public to search for detailed information about banking organizations.

**Reporting Loans That Are Not HMDA Reportable**

Over reporting is also an error and your financial institution can be cited for reporting loans that are not subject to HMDA. Make sure staff understands how to make that determination and that the bank has a system of controls to double and triple check. This can occur when the property securing the loan is not a dwelling for HMDA purposes. It also can come up on commercial loans when the property ownership is being transferred from an individual owner or an entity to a new entity. Depending upon when the transfer of ownership took place (prior to closing vs at closing), the loan might not be reportable.

Best of luck with your HMDA submissions!