Revised HMDA Rule Published

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http://www.kaybeescomplianceinsights.com/revised-hmda-rule-published/

The CFPB published revisions to HMDA yesterday, August 24th, 2017.

Open End Threshold Increase is Official

The revisions include the temporary increase in the open end volume threshold (from 100 in each of the two prior years to 500). The temporary increase in the open end volume threshold (from 100 in each of the two prior years to 500) is now official for two years while the Bureau studies the issue to arrive at the best threshold. You must meet the threshold in each of the two years prior to the reporting year in order to be required to report - so that will be 2016 and 2017 to measure volume for 2018 reporting. If you miss the threshold in one of the two prior years, you are not required to report. Voluntary reporting is allowed and will be helpfult to institutions that hover around the threshold and could otherwise stop and start reporting.

Multifamily - Multiple 1 to 4 Family Properties Will NOT Be Treated as Multifamily!

Yahoo is all I can say. The CFPB has done a turnaround, thank goodness, and decided that 5 or more 1 to 4 family homes taken as collateral will NOT be treated as a loan secured by a multifamily property. This is a relief as it presented a number of problems, particularly CRA reporting, let alone training. Their comment in the analysis section states:

"After careful consideration of all the comments received, the Bureau now believes that it is not appropriate to add language to comment 2(f)–2 providing that a loan secured by five or more separate dwellings in more than one location is a loan secured by a multifamily dwelling. To ensure clarity and facilitate compliance, the Bureau is now changing the language proposed in the April 2017 HMDA Proposal to provide explicitly that such a loan is not secured by a multifamily dwelling. The Bureau is also altering the example provided to clarify that the multilocation loan described in the example should not be reported as secured by a multifamily dwelling."

Revisions to Appendix B on Reporting Demographic Data

Applicants can select whatever they want; the financial institution is limited to reporting 5 ethnicities and 5 races per applicant. An applicant can select both Hispanic or Latino and Not Hispanic or Latino. A person can certainly have mixed ethnicity and will be able to report that if they wish.

There is updated information on how to report when an applicant selects a subcategory but no aggregate race or ethnicity, or writes in a race or ethnicity but does not select "Other".

This chart will walk you through the demographic changes.

Voluntary Reporting of Geocoding

The rule now says that an institution can voluntarily report geocoding outside of MSAs where they have an office and regardless of county population. This is a good clarification; the current rule allows this and many institutions have geocoding automated and picking out applications not to report is extra work (and open up the data for more errors). Additionally, for penetration analysis, you need to know where applications and loans are located, so you need the geocoding data.

We will be issuing more detail on the revisions (there are other changes) and offering training and other resources as we enter this final run up to January 1, 2018.

You can find the revised rule, and an Executive Summary of the changes, at this link.

The 2018 FIG has also been revised and is available here.