HMDA Hub

Q&A: Navigating HMDA Compliance

Q1 2025

CrossCheckCompliance

Ask CrossCheck

If you are grappling with a HMDA compliance issue, we invite you to send your query via **Ask CrossCheck**. Our team of HMDA compliance experts are ready to provide the guidance and support you need.

In the following sections, we delve into questions surrounding certain HMDA requirements. These insights aim to clarify ambiguities and support your adherence to regulatory standards.

It is important to maintain meticulous procedures and practices to ensure an accurate LAR filing for your institution. The accuracy of HMDA data remains paramount for conducting realistic fair lending analysis. Effective management of HMDA data demands careful record-keeping, continuous training and vigilant monitoring efforts.

Counteroffers - Offering a Higher Loan Amount After Appraisal

A borrower applies for a loan which is 90% of the estimated value of the home, and the appraisal comes in higher than expected, so we offer a higher loan amount (for LTV reasons) that is 90% of the new value. The borrower accepts the higher loan amount. Is that still a counteroffer even though the amount granted was higher than initially requested?

If an institution makes an offer to lend on terms different from the applicant's initial request, it is considered a counteroffer. It does not matter if the loan amount offered is higher or lower than the original request. In this case, since the offer was accepted, the lender would report the HMDA loan amount as the higher amount that was accepted. If the applicant does not accept the higher loan amount, then the amount initially requested is reported for HMDA.

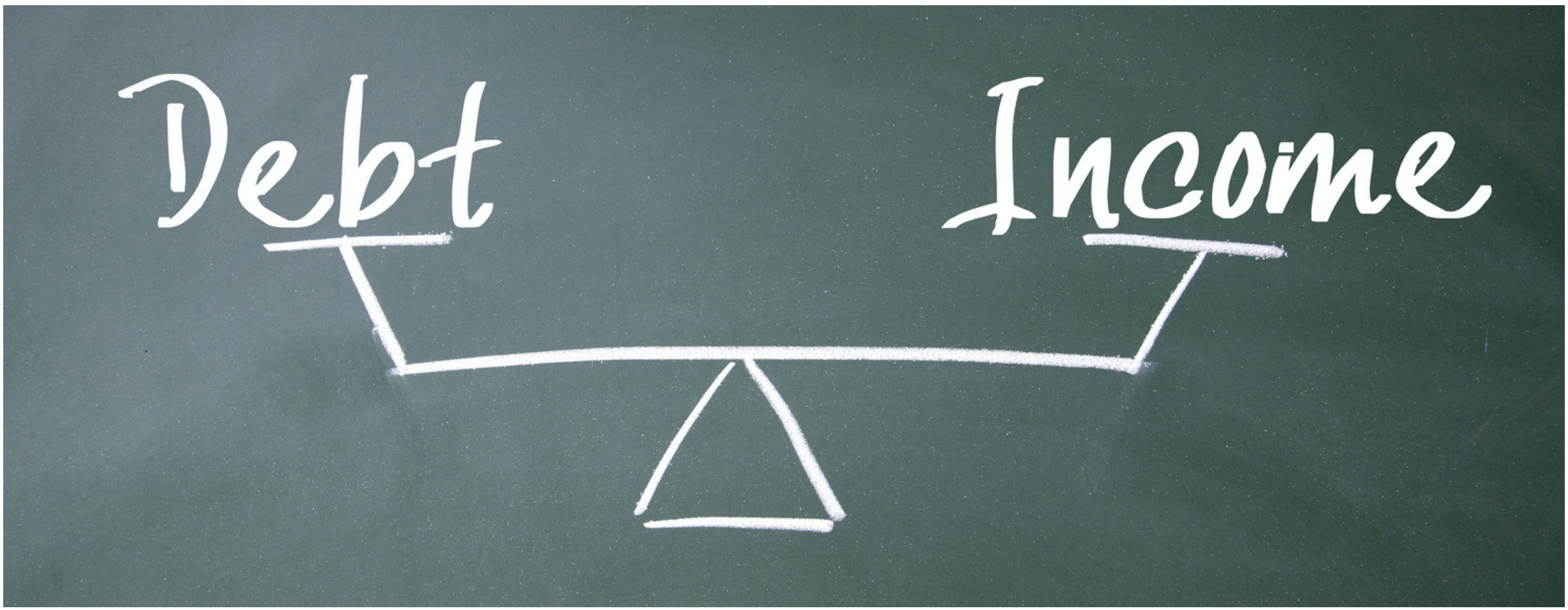
Source: https://www.consumerfinance.gov/rules-policy/regulations/1003/interp-4/#4-a-7-Interp-1

DTI and Income Reporting for Borrowers with $0 Income

In instances where a borrower has $0 income and is denied, our Loan Origination System will calculate a Debt-to-Income (DTI) ratio only if there is an amount in the income field. Should we report a placeholder value for income so the DTI ratio will calculate, or should we report "0" for Income and "0" for DTI Ratio?

In these instances, report Income as "0" and DTI Ratio as "NA" since the DTI is not able to be calculated, and your underwriters are not relying on DTI to underwrite the loan. For HMDA reporting purposes, If a credit decision is made without relying on DTI, report "NA" on the HMDA LAR.

Source: https://www.consumerfinance.gov/rules-policy/regulations/1003/interp-4/#4-a-23-Interp-4



Determining the Rate-Lock Date When a Rate-Lock Expires or Changes

If a rate is set for the customer by means of a rate-lock agreement that subsequently expires prior to origination, what is the rate set date?

The rate-lock date is the date on which the lender last used discretion to either change or not change the rate. If the rate is extended or relocked, report the date on which the rate was extended or relocked.

Source: https://www.consumerfinance.gov/rules-policy/regulations/1003/interp-4/#4-a-12-Interp-5-i

Temporary Financing and HMDA

A lender extends a 12-month loan to a borrower for the construction of a primary residence. The applicant plans to renew the loan at the end of the term with the same lender. Is that scenario a HMDA-reportable loan?

No. A construction loan, even if it is renewed one or more times before separate permanent financing is obtained, is considered temporary and not HMDA-reportable.

Sources: https://www.consumerfinance.gov/rules-policy/regulations/1003/interp-3/#3-c-3-Interp-2

Reporting Credit Scores on the LAR When No Score is Returned

A loan officer pulls credit on an applicant and each of the three credit bureaus returns no score due to insufficient credit information for the applicant. How should the credit score and credit score models be reported on the LAR?

Since the credit score was not a factor in the credit decision, the Credit Score and Credit Scoring Model fields should be reported as Code 8888 and Code 9, respectively, for Not Applicable.

A common error in cases like this is to report 7777 for the Credit Score. Code 7777 is only used when a Credit Score is not reflected with a numerical value, such as “Meets the Threshold."

Source: https://www.consumerfinance.gov/rules-policy/regulations/1003/4/#4-a-15-Interp-3

Contact Us

CrossCheck Compliance LLC is a nationwide regulatory compliance and risk management consulting firm focused on providing regulatory compliance, internal audit, fair lending, loan review, due diligence, and litigation support services for the financial services industry. The firm's professionals have deep regulatory understanding and operations experience to develop effective compliance strategies and deliver high impact outcomes for clients.

810 W Washington Blvd
Chicago, IL 60607

312-346-4600

Submit a HMDA question

crosscheckcompliance.com

Follow us on LinkedIn!

CrossCheckCompliance

Meet the Experts

CrossCheckCompliance

Heidi Wier, CMCP
Managing Director
hwier@croscheckcompliance.com
Learn more

Rebecca Escario, CAMS
Managing Director
rescario@crosscheckcompliance.com
Learn more

Ryan Addabbo
Director
raddabbo@crosscheckcompliance.com
Learn more

CrossCheckCompliance

LEGAL DISCLAIMER

The information contained in this HMDA Hub publication is provided for general industry information purposes only on the subject matters covered as of the date of publication and is not intended to be legal, regulatory or strategic advice for a specific institution or create a contractual relationship. CrossCheck Compliance LLC is not a law firm, use of the information contained in this HMDA Hub publication does not create an attorney-client relationship. CrossCheck accepts no liability for the accuracy or completeness of any information nor any reliance placed on the information provided. Note further that messages sent in connection with this publication may not be treated as confidential or privileged.