



# HMDA Hub

Q&A: Navigating HMDA Compliance

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# 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.



# Determining loan purpose when the property type is unclear

- ❓ In cases where the borrowers indicated they will be using HELOC funds as a down payment to purchase a “property”, how should the Loan Purpose be reported when we do not have specific knowledge of whether the property is a dwelling?
- ✅ Procedures should require loan officers to identify the type of property being purchased so you can distinguish between dwellings and other types of properties, such as land, or a commercial property. Regulation C defines a home purchase loan as a loan (closed-end loan or open-end line of credit) for the purpose (in whole or in part) to purchase a dwelling. In this case, if there is no information available to determine if the property is a dwelling, report the Loan Purpose as Code 4 - Other, and document the circumstances in the file. Procedures should be updated to ensure the type of property being purchased is understood and documented to prevent this situation from occurring.

**Sources:** <https://www.consumerfinance.gov/rules-policy/regulations/1003/4/#a-3>  
<https://www.consumerfinance.gov/rules-policy/regulations/1003/2/#i>





## HOEPA status for one-time close construction-to-permanent loans



We offer a one-time close, construction-to-permanent loan product. The construction phase is 12 months of interest only payments and then the loan converts to a fixed rate mortgage. At conversion, the borrower has an opportunity to lock in a lower rate, if available. How should we report HOEPA status on these loans - Code 3 - Not Applicable or Code 2 - Not a high-cost mortgage?



Construction-to-permanent loans are subject to Reg. Z 1026.32 and HOEPA status reporting for HMDA. When the creditor discloses the two phases of the loan as a single transaction, a single annual percentage rate, reflecting the appropriate charges from both phases must be calculated for the transaction in accordance with high-cost mortgage guidelines. If the transaction is determined to be a high-cost mortgage, only the permanent phase is subject to the HOEPA requirements of §§ 1026.32 and 1026.34.

Therefore, construction-to-permanent loans are subject to Reg. Z 1026.32 and HOEPA status should be reported as 1 - High-Cost Mortgage or 2 - Not a High-Cost Mortgage depending on whether the loan meets the definition of a high-cost mortgage. Loans exempt from Reg. Z 1026.32, for example construction only loans, are exempt from HOEPA and should report the HOEPA Status code 3 - Not Applicable on the HMDA LAR.



**Sources:** <https://www.consumerfinance.gov/rules-policy/regulations/1003/interp-4/#4-a-13-Interp-1>  
<https://www.consumerfinance.gov/rules-policy/regulations/1026/interp-35/#35-c-2-iv-Interp>





## Selecting the correct NMLSR ID when multiple originators are involved



We have a loan that involved multiple loan originators in the application process. What should we report on our LAR for the NMLSR ID number?



A financial institution must report the NMLSR ID of the mortgage loan originator with **primary** responsibility for the transaction, as of the action taken date. To meet this requirement, your institution should consistently implement a reasonable, written policy to identify the individual holding primary responsibility as of the date of action taken.





## Multifamily Affordable Units – handling single-family transactions

? If a loan is secured by six single-family residences, what do we report for Total Units and Multifamily Affordable Units?

✓ Report the Total Units as 6, since the loan is secured by 6 individual dwelling units.  
Since the loan is not secured by any multifamily dwelling, (a dwelling with 5 or more individual dwelling units), report the number of Multifamily Affordable Units as "NA" - Not Applicable.

**Sources:** <https://www.consumerfinance.gov/rules-policy/regulations/1003/4/#4-a-9-Interp-2>  
<https://www.consumerfinance.gov/rules-policy/regulations/1003/4/#4-a-32-Interp-6>



## Rate spread guidance when required information is unavailable



We purchase HMDA reportable loans but do not always receive the rate set date information needed to calculate the rate spread. What should we use for the rate set date?



Rate spread should be reported as "NA" for purchased loans, as well as any loan application that is denied, withdrawn by applicant, closed for incompleteness, or preapproval request denied.

**Sources:** <https://ffiec.cfpb.gov/tools/rate-spread>





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