



Home Mortgage Disclosure Act FAQs¹

The questions and answers below pertain to compliance with the Bureau's Home Mortgage Disclosure Act (HMDA) rule and Regulation C, as effective January 1, 2018.

Universal Loan Identifier (ULI) and § 1003.4(a)(1)

QUESTION 1:

How does a financial institution calculate the check digit for the purposes of creating the universal loan identifier (ULI)?

ANSWER (UPDATED 3/19/2018):

[Appendix C to Regulation C, 12 CFR part 1003](#) describes how to generate a check digit and validate a ULI. The procedures require a two-character check digit used to validate the ULI, which is calculated using certain standards established by the International Organization for Standardization (www.iso.org).

The Bureau created a check digit tool that can be used to generate a check digit. The check digit tool can be found at <http://www.consumerfinance.gov/hmda/for-filers>.

For general information on the ULI, see section 5.2 of the [HMDA Small Entity Compliance Guide](#), and [Regulation C, 12 CFR § 1003.4\(a\)\(1\)\(i\)](#).

This is a Compliance Aid issued by the Consumer Financial Protection Bureau. The Bureau published a Policy Statement on Compliance Aids, available at <https://www.consumerfinance.gov/policy-compliance/rulemaking/finalrules/policy-statement-compliance-aids/>, that explains the Bureau's approach to Compliance Aids.

¹ HOME MORTGAGE DISCLOSURE ACT FAQs

QUESTION 2:

Does Regulation C require a financial institution to provide the universal loan identifier (ULI) on loan documents?

ANSWER (UPDATED 3/15/2018):

No. [Regulation C, 12 CFR §§ 1003.4\(a\)](#) and [1003.5\(a\)](#), require a financial institution merely to collect, record, and report a ULI for applications for covered loans that it receives, covered loans that it originates, and covered loans that it purchases for each calendar year. Regulation C does not require the inclusion of the ULI on loan documents themselves.

For general information on the ULI, see section 5.2 of the [HMDA Small Entity Compliance Guide](#) and [12 CFR § 1003.4\(a\)\(1\)\(i\)](#).

Legal Entity Identifier (LEI) and § 1003.4(a)(1)(i)

QUESTION 1:

Where does a financial institution obtain an Legal Entity Identifier (LEI)?

ANSWER (UPDATED 3/15/2018):

The Global LEI Foundation website provides a list of LEI issuing organizations at <https://www.gleif.org/services/lou-services/issue-new-lei>. A financial institution may obtain an LEI, for HMDA reporting purposes, from any one of the issuing organizations listed on the web site.

For general information on the LEI, see section 5.2 of the [HMDA Small Entity Compliance Guide](#), and [Regulation C, 12 CFR §§ 1003.4\(a\)\(1\)\(i\)\(A\)](#), effective January 1, 2018, and [1003.5\(a\)\(3\)\(vii\)](#), effective January 1, 2019.

Ethnicity, Race, and Sex and § 1003.4(a)(10)(i)

QUESTION 1:

When an applicant provides race or ethnicity information over the telephone is it permissible for the person taking the application to skip over

the remaining race and ethnicity-related subcategories (e.g., the “Hispanic or Latino” subcategories)?

ANSWER (UPDATED 3/15/2018):

No. For applications taken by telephone, Instruction 1 of [Appendix B to Regulation C, 12 CFR Part 1003](#) requires a person collecting the race or ethnicity information to orally state the information in the collection form unless the information pertains uniquely to applications taken in writing, for example, the italicized language in the sample data collection form. Instruction 9 of Appendix B to Part 1003 sets forth the aggregate and disaggregate subcategories reflected on the sample data collection form. In this scenario, the financial institution should orally state to the applicant all race and ethnicity categories provided in Appendix B to Part 1003—Form and Instructions for Data Collection on Ethnicity, Race, and Sex.

For general information on the collection and reporting of applicant information, see section 2.4 of the [HMDA Small Entity Compliance Guide](#) and Appendix B to Part 1003—Form and Instructions for Data Collection on Ethnicity, Race, and Sex.

QUESTION 2:

Should a financial institution correct information provided by the applicant for race or ethnicity when the applicant has entered clearly incorrect or inappropriate information on an application?

ANSWER (UPDATED 3/15/2018):

No. Pursuant to Instruction 8 of [Appendix B to Regulation C, 12 CFR Part 1003](#), a financial institution reports the ethnicity and race of the applicant as provided by the applicant. Therefore, a financial institution should not correct the race or ethnicity as reported by the applicant, even if the applicant has entered clearly incorrect or inappropriate information.

For general information on the collection and reporting of applicant information, see section 2.4 of the [HMDA Small Entity Compliance Guide](#) and Appendix B to Part 1003—Form and Instructions for Data Collection on Ethnicity, Race, and Sex.

QUESTION 3:

Should a financial institution correct spelling or other errors made by the applicant in providing ethnicity and race information in the free form text

fields for Other Hispanic or Latino, American Indian or Alaska Native, Other Asian, or Other Pacific Islander?

ANSWER (UPDATED 3/15/2018):

No. Instruction 8 of [Appendix B to Regulation C, 12 CFR Part 1003](#) states that a financial institution “must report the ethnicity, race, and sex of an applicant as provided by the applicant.” Therefore, a financial institution should not correct the race or ethnicity as reported by the applicant, even to correct spelling or other errors.

For general information on the collection and reporting of applicant information, see section 2.4 of the [HMDA Small Entity Compliance Guide](#) and Appendix B to Part 1003—Form and Instructions for Data Collection on Ethnicity, Race, and Sex.

QUESTION 4:

What should a financial institution report for race or ethnicity when the information provided on a written application is illegible?

ANSWER (UPDATED 3/15/2018):

Instruction 8 of [Appendix B to Regulation C, 12 CFR Part 1003](#) states that a financial institution “must report the ethnicity, race, and sex of an applicant as provided by the applicant.” The rule does not address illegibility. Issues associated with illegible applicant information may be addressed by a financial institution’s compliance management system.

For general information on the collection and reporting of applicant information, see section 2.4 of the [HMDA Small Entity Compliance Guide](#) and Appendix B to Part 1003—Form and Instructions for Data Collection on Ethnicity, Race, and Sex.

QUESTION 5:

What should a financial institution report for race and ethnicity if an applicant selects “I do not wish to provide this information” and also self identifies using one or more of the aggregate or disaggregate race or ethnicity categories for an application taken by mail, internet, or telephone?

ANSWER (UPDATED 3/15/2018):

In these situations, the financial institution should report the code(s) for the race or ethnicity information, as applicable, provided by the applicant and should not report the code for

“Information not provided by the applicant in a mail, internet, or telephone application” (Code 3 for Ethnicity or Code 6 for Race).

Instruction 13 of [Appendix B to Regulation C, 12 CFR Part 1003](#) provides that “if an applicant provides partial or complete information on ethnicity, race, and sex and also checks the ‘I do not wish to provide this information’ box on an application that is taken by mail or on the internet, or makes that selection when applying by telephone, you must report the information on race, ethnicity, and sex that was provided by the applicant.” Thus, when an applicant’s race or ethnicity information is provided by mail, internet, or telephone, the financial institution reports only the race or ethnicity information, as applicable, provided by the applicant, and the financial institution should not report the code for “Information not provided by the applicant in a mail, internet, or telephone application.”

If, however, the applicant checks only the “I do not wish to provide this information” box and does not provide other race or ethnicity information on an application that is taken by mail or on the internet, or makes that selection when applying by telephone, then Instruction 11 of Appendix B to Part 1003 provides that the financial institution must report the code for “information not provided by applicant in mail, internet, or telephone application.”

For general information on the collection and reporting of applicant information, see section 2.4 of the [HMDA Small Entity Compliance Guide](#) and Appendix B to Part 1003—Form and Instructions for Data Collection on Ethnicity, Race, and Sex.

QUESTION 6:

Does my financial institution report the ethnicity, race, and sex of a co-signer?

ANSWER (UPDATED 11/14/2018):

Whether or not a financial institution reports the ethnicity, race, and sex of a co-signer depends on whether the co-signer is a guarantor or a co-applicant. For a guarantor, [Instruction 4 to Appendix B to Regulation C, 12 CFR part 1003](#) states that if a loan or application includes a guarantor, a financial institution does not report the guarantor’s ethnicity, race, and sex.

Therefore, if the co-signer is a guarantor according to the terms of the legal obligation as interpreted under applicable law, a financial institution does not report the co-signer’s ethnicity, race, and sex. For a co-applicant, [Instruction 5 to Appendix B](#) requires that a financial institution report the co-applicant’s ethnicity, race, and sex.

QUESTION 7:

If a natural person applicant submits a mail, internet, or telephone application under Regulation C but does not provide race, ethnicity, or sex information, what should the financial institution report regarding whether this information was collected on the basis of visual observation or surname?

ANSWER (UPDATED 3/6/2020):

[Regulation C, 12 CFR § 1003.4\(a\)\(10\)\(i\)](#), requires that a [financial institution](#) collect the ethnicity, race, and sex of a natural person applicant or borrower, and collect whether this information was collected on the basis of visual observation or surname. Where a natural person applicant does not provide ethnicity, race, or sex information for a mail, internet, or telephone application, and a financial institution does not have an opportunity to collect this information during an in person meeting during the application process, the financial institution may report either that the information was not collected on the basis of visual observation or surname (code 2) or that the requirement to report this data field is not applicable (code 3).

For consistency of data across all HMDA reporting financial institutions, the Bureau suggests, but does not require, that financial institutions use code 2.

[Appendix B](#) to Part 1003 provides instructions and a sample form for data collection on ethnicity, race, and sex.

Discount points and § 1003.4(a)(19)

QUESTION 1:

When collecting and reporting discount points, does a financial institution collect and report the total combined discount points paid by the borrower, seller, and any third party?

ANSWER (UPDATED 8/28/2019):

Yes, section 1003.4(a)(19) provides that for covered loans subject to the disclosure requirements in Regulation Z, 12 CFR 1026.19(f), a financial institution reports the points paid to the creditor to reduce the interest rate, expressed in dollars, as described in Regulation Z, 12 CFR 1026.37(f)(1)(i), and disclosed pursuant to Regulation Z, 12 CFR 1026.38(f)(1). For covered loans subject to this requirement, a financial institution reports the total discount points

paid to the creditor to reduce the interest rate regardless of which party paid the points. This total is the sum of all amounts disclosed on Line A.01 of the Closing Cost Details page of the Closing Disclosure.

For example, if both the borrower and seller paid discount points to the creditor to reduce the interest rate on a covered loan, a financial institution reports on its HMDA Loan/Application Register the sum of the amounts paid by the borrower and seller, as disclosed on Line A.01 of the Closing Cost Details page of the Closing Disclosure.

For general information about HMDA reporting of discount points, see section 5.28.3 of the [HMDA Small Entity Compliance Guide](#).

Multiple data points

QUESTION 1:

Are financial institutions required to report the credit score, DTI and CLTV relied on in making a credit decision when such data is not the dispositive factor?

ANSWER (UPDATED 7/28/2020):

Yes. Credit underwriting data such as credit score, debt-to-income ratio (DTI), and combined loan-to-value ratio (CLTV) must be reported if they were a factor relied on in making a credit decision—even if the data was not the dispositive factor. For purposes of Regulation C, it does not matter whether the application is approved or denied; if certain data was relied on in making a credit decision, such data must be reported.

For example, if the credit score was relied on in making a credit decision, the credit score must be reported. If the financial institution denied the application because the application did not satisfy one or more underwriting requirements other than the credit score, the financial institution is still required to report the credit score relied on. Comment 4(a)(15)-1. The same analysis applies to the reporting of CLTV and DTI. Comments 4(a)(24)-2 and 4(a)(23)-2.

For general information on the collection and reporting of HMDA data, see section 5 of the [HMDA Small Entity Compliance Guide](#).

QUESTION 2:

When income and property value are factors in the credit decision, though not the dispositive factor, should such data points be reported?

ANSWER (UPDATED 7/28/2020):

Yes. When a credit decision is made, 12 CFR §§ 1003.4(a)(10)(iii) and 4(a)(28) require reporting of the data “relied on in making the credit decision.” Hence, if these data are relied on in making a credit decision, such data must be reported. There is no requirement in Regulation C for either of these data points to be the dispositive factor in order to be reported.

Specifically, Comment 4(a)(10)(iii)-1 explains that when a financial institution evaluates income as part of a credit decision, it must report the gross annual income relied on in making the credit decision. For example, if an institution relies on the verified gross income of an applicant to make a credit decision, the institution is required to report the verified gross income. The comment does not state that verified gross annual income must be dispositive in the credit decision. Comment 4(a)(10)(iii)-1. Comment 4(a)(28)-1 provides a similar narrative for property value.

Income and property value apply the relied-on standard in a similar way to credit score, DTI, and CLTV and should therefore be reported if relied on in making a credit decision. See Comments 4(a)(10)(iii)-1, 4(a)(15)-1, 4(a)(23)-2, 4(a)(24)-1 and 4(a)(28)-1.

For general information on the collection and reporting of HMDA data, see section 5 of the [HMDA Small Entity Compliance Guide](#).

Construction and Construction/Permanent Transactions

QUESTION 1:

My financial institution originated a loan to a builder to construct a dwelling for sale. The proceeds of the loan will be used to buy a house, demolish it, and rebuild a house for sale immediately after closing. Is this transaction excluded from HMDA reporting?

ANSWER (UPDATED 11/14/2018):

No. In the scenario described, part of the loan will be used for purchasing a dwelling in addition to constructing a dwelling for sale. Therefore, the transaction described above is not excluded

from HMDA and should be reported as a home purchase loan. A construction-only loan or line of credit is considered temporary financing and excluded from collection and reporting requirements under [comment 3\(c\)\(3\)-2](#) if the loan or line of credit is extended to a person *exclusively to construct a dwelling for sale*. [Comment 3\(c\)\(3\)-2 to Regulation C, 12 CFR § 1003.3\(c\)\(3\)](#).

QUESTION 2:

My financial institution originated a construction only loan to a builder exclusively to construct a dwelling for sale. My financial institution determined this loan was not HMDA reportable, as it was considered temporary financing under comment 3(c)(3)-2. After origination of the loan and construction of the house, the builder has not been able to find a buyer for the home, and would like to replace the first loan with a permanent loan and rent out the house.

Is either the first or the second loan HMDA reportable?

ANSWER (UPDATED 11/14/2018):

In regard to the first loan, the fact that the house was not sold after construction, and permanent financing was unexpectedly obtained, does not render the construction-only loan reportable. However, the financial institution must report the second loan as a home purchase loan because it is permanent financing that replaces a construction-only loan under [comment 2\(j\)-3](#).

QUESTION 3:

My financial institution originated a construction only loan to a consumer to construct a dwelling. My financial institution determined this loan was not HMDA reportable under 12 CFR § 1003.3(c)(3), because it was designed to be replaced by permanent financing. Later, the consumer unexpectedly decided to modify this loan into permanent financing, without any new funds provided and without the construction loan being satisfied and replaced by a new obligation.

Should my financial institution report the modified loan?

ANSWER (UPDATED 11/14/2018):

No. Because the original construction loan was later modified into permanent financing, without a new extension of credit occurring, the modification is not reportable, under [comment 2\(d\)-2](#). Further, the original construction loan was designed to be replaced by separate permanent financing, and so it remains excluded from reporting under [12 CFR § 1003.3\(c\)\(3\)](#).

QUESTION 4:

For a combined construction/permanent loan or application, how does a financial institution report the loan term?

ANSWER (UPDATED 4/24/2019):

[Regulation C, 12 CFR § 1003.4\(a\)\(25\)](#), requires that a financial institution report the scheduled number of months after which the legal obligation will mature or terminate or would have matured or terminated.

For combined construction/permanent loans based on a single legal obligation, a financial institution reports the full loan term of the legal obligation. 12 CFR § 1003.4(a)(25). For example, if the legal obligation for such a combined construction/permanent loan includes a one-year construction phase and a 30 year permanent phase, the reportable loan term would be 31 years (372 months). Note that the financial institution reports the scheduled number of months after which the legal obligation will mature or terminate (or would have matured or terminated) without regard to whether the construction and permanent phases of such a combined construction/permanent loan are disclosed separately pursuant to Regulation Z, 12 CFR § 1026.17(c)(6)(ii).

For construction and permanent loans where the construction loan is a separate transaction, the financial institution reports only the loan term of the permanent loan. Because the separate construction loan is designed to be replaced by permanent financing, it is excluded as temporary financing under § 1003.3(c)(3).

For general information about the loan term data point, see section 5.9 of the [HMDA Small Entity Compliance Guide](#).

QUESTION 5:

For a combined construction/permanent loan, how does a financial institution report whether the loan or application involves non-amortizing features?

ANSWER (UPDATED 4/24/2019):

[Regulation C, 12 CFR § 1003.4\(a\)\(27\)](#), requires that a financial institution report whether the contractual terms of the loan include or would have included certain non-amortizing features.

For combined construction/permanent loans based on a single legal obligation, a financial institution reports whether the contractual terms of the construction phase, the permanent phase, or both include or would have included contractual features that allow payments other than fully amortizing payments (as defined in Regulation Z, 12 CFR § 1026.43(b)(2)). The financial institution reports this information without regard to whether the construction and permanent phases of such a combined transaction are disclosed separately pursuant to Regulation Z, 12 CFR § 1026.17(c)(6)(ii).

For example, assume a financial institution originates a combined construction/permanent loan based on a single legal obligation and the construction phase has interest-only payments (as defined in Regulation Z, 12 CFR § 1026.18(s)(7)(iv)). Also assume the financial institution discloses the construction and permanent phases of the loan separately pursuant to Regulation Z, 12 CFR § 1026.17(c)(6)(ii). In this situation, the financial institution reports that the loan includes interest-only payments. This is because there are interest-only payments in at least one phase of the construction/permanent loan. It does not matter that the financial institution chose to disclose separately for each phase, as the transaction is still based on a single legal obligation.

For construction and permanent loans where the construction loan is a separate transaction that is designed to be replaced by permanent financing, the financial institution reports only the non-amortizing features that are included in the contractual terms of the permanent loan, because the separate construction loan is excluded as temporary financing under § 1003.3(c)(3).

For general information about the non-amortizing features data point, see section 5.27 of the [HMDA Small Entity Compliance Guide](#).

QUESTION 6:

For a combined construction/permanent loan with an interest rate that changes from the construction to the permanent phase, what does a financial institution report for the interest rate under Regulation C, 12 CFR § 1003.4(a)(21)?

ANSWER (UPDATED 4/24/2019):

[Regulation C, 12 CFR § 1003.4\(a\)\(21\)](#), requires that a financial institution report the interest rate applicable to the approved application, or to the covered loan at closing or account opening.

For combined construction/permanent loans based on a single legal obligation, the construction phase is not excluded as temporary financing, so the interest rate that applies at closing or account opening is the initial interest rate for the construction phase.

For example, assume a combined construction/permanent loan is based on a single legal obligation with a 6% interest rate for the construction phase and a 4% interest rate for the permanent phase. Regardless of whether the financial institution uses combined or separate disclosures pursuant to Regulation Z, 12 CFR § 1026.17(c)(6)(ii), the financial institution reports 6% for the interest rate under § 1003.4(a)(21).

Further, [comment 4\(a\)\(21\)-1](#) explains that for covered loans or applications subject to the disclosure requirements of Regulation Z, 12 CFR § 1026.19(e) and (f), a financial institution complies with § 1003.4(a)(21) by reporting the interest rate disclosed on the applicable disclosure. For covered loans or approved applications for which disclosures were provided pursuant to both the early and the final disclosure requirements in § 1026.19(e) and (f), a financial institution reports the interest rate disclosed pursuant to § 1026.19(f). A financial institution may rely on the definitions and commentary to the sections of Regulation Z relevant to the disclosure of the interest rate pursuant to § 1026.19(e) or (f). Thus, for the example above, the financial institution reports the interest rate disclosed on the Closing Disclosure for the transaction, if combined disclosures are used, or the Closing Disclosure for the construction phase, if separate disclosures are used pursuant to Regulation Z, 12 CFR § 1026.17(c)(6)(ii).

For construction and permanent loans where the construction loan is a separate transaction designed to be replaced by permanent financing, the financial institution reports only the initial interest rate of the permanent loan.

For general information about the interest rate data point, see section 5.24 of the [HMDA Small Entity Compliance Guide](#).

QUESTION 7:

For a combined construction/permanent loan, how does a financial institution comply with the requirement to report the first date the interest rate may change?

ANSWER (UPDATED 4/24/2019):

[Regulation C, 12 CFR § 1003.4\(a\)\(26\)](#), requires that a financial institution report the number of months, or proposed number of months in the case of an application, until the first date the interest rate may change after closing or account opening. Note that § 1003.4(a)(26) provides a single standard for reporting that does not depend on loan type or loan purpose and that applies regardless of how the interest rate adjustment that may occur is characterized.

For combined construction/permanent loans based on a single legal obligation, the construction phase is not excluded as temporary financing, so the financial institution reports the number of months, or proposed number of months, until the first date the interest rate may change after closing or account opening regardless of whether the construction and permanent phases of the loan are disclosed separately pursuant to Regulation Z, 12 CFR § 1026.17(c)(6)(ii).

If the interest rate may first change during the construction phase, the financial institution reports the number of months, or proposed number of months, after the closing or account opening until the date that the interest rate may first change. If the interest rate may first change during the permanent phase, the financial institution reports the number of months, or proposed number of months, after closing or account opening until the date that the interest rate may first change, which includes the number of months in the construction phase and any months in the permanent phase that occur before the interest rate may first change.

For construction and permanent loans where the construction loan is a separate transaction designed to be replaced by permanent financing, the financial institution reports the number of months until the interest rate may change in the permanent loan only, because the construction loan is excluded as temporary financing under § 1003.3(c)(3).

For general information about the introductory rate period data point, see section 5.25 of the [HMDA Small Entity Compliance Guide](#).