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Sample

Section 1 General

1.1 Statement of Purpose

[Sample Client] designed these policies and procedures to safeguard its legal responsibility to comply with applicable residential lending laws and regulations. The [board of directors](#) and senior management, through a sound [Compliance Management System](#), ensure the integration of these policies and procedures into the overall framework for product design, delivery and administration across the residential lending origination and service life cycle. Management and employees utilize these policies and procedures to guide their daily responsibilities to effect mitigation of regulatory compliance risk within their job roles.

1.2 Objective

The guidance in this guide applies throughout [Sample Client]'s operations with the objective to mitigate regulatory risk and consumer harm within the standards of [Sample Client]'s compliance program. [Sample Client] requires employees, contractors, and [third-party vendors](#) to comply with these policies and procedures.

1.3 State Law and Agency Guidelines

Federal law may alter, affect, or preempt state laws that are inconsistent with the federal law. Preemption applies only to the extent of the inconsistency. A state law is not inconsistent if it is more protective of a consumer. Wherever state law or local regulations overlap and provide greater consumer protections than federal law or the requirements set out in this guide, [Sample Client] will comply with the more protective law or regulation and will consult with the appropriate legal counsel to set forth [Sample Client]'s policies and procedures for compliance.

In some instances, agencies may overlay guidelines that expand upon the requirements of federal law. [Sample Client] must be cognizant of agency guidelines and incorporate those guidelines into [Sample Client]'s policies and procedures.

Section 2 Summary

The Home Mortgage Disclosure Act (HMDA) and its implementing Regulation C require certain financial institutions to collect, record, report, and disclose information about their mortgage lending activities.

The loan data required by HMDA serves the following primary purposes:

- Help determine whether financial institutions are serving the housing needs of their communities
- Assist public officials in distributing public-sector investment to attract private investment to areas where it is needed
- Assist in identifying possible discriminatory lending patterns and enforcing anti-discrimination statutes

An institution subject to HMDA must comply with the following loan data requirements:

- Collect information regarding applications for covered loans received, originated, and purchased for each calendar year
- Record the collected data on a [loan/application register \(LAR\)](#) in the same calendar year a loan is originated or purchased, or an application is denied or withdrawn
- Report data by submitting its certified annual LAR in electronic format to the Consumer Financial Protection Bureau (CFPB) by March 1 following the calendar year for which data is collected and recorded
- Make available to the public a written notice of the availability on the CFPB website of its disclosure statement and its modified LAR

The data collection, recording, reporting and disclosure requirements of HMDA are not intended to encourage unsound lending practices or the allocation of credit.

Section 3 Requirements

HMDA requires institutions to collect, record, report, and disclose information about mortgage lending activities.

Collecting Data

[Sample Client] must collect specified data regarding applications for [covered loans](#) it receives, originates, and purchases for each calendar year.

Recording Data

[Sample Client] must record the collected data on a [loan/application register \(LAR\)](#) within 30 calendar days after the end of the calendar quarter in which final action is taken, such as origination or purchase of a covered loan, sale of a covered loan in the same calendar year it is originated or purchased, or denial or withdrawal of an application.

Reporting Data

By March 1 following the calendar year for which data are collected and recorded, [Sample Client] must submit its certified annual LAR in electronic format to the Consumer Financial Protection Bureau (CFPB) through its HMDA Filing Platform.

If [Sample Client] is a financial institution that reports at least 60,000 covered loans and applications, combined, excluding purchased covered loans for the preceding calendar year, [Sample Client] is subject to quarterly reporting requirements of data within 60 calendar days after the end of each calendar quarter except the fourth quarter data which is submitted in the annual submission.

Disclosing Data

Based on the data [Sample Client] submits for the preceding calendar year, the Federal Financial Institutions Examination Council (FFIEC) provides a disclosure statement that [Sample Client] must make available. The disclosure must clearly convey that [Sample Client]'s disclosure statement may be obtained on the CFPB website at www.consumerfinance.gov/hmda. [Sample Client] must also make available to the public upon request a written notice that [Sample Client]'s modified LAR may be obtained on the CFPB website.

Section 4 Origination Compliance

4.1 Data Collection

[Sample Client] must assess whether it is subject to HMDA and its data collection and reporting requirements. [Sample Client] must perform the assessment annually to assess its institutional coverage and transactional coverage status and must ensure compliance with the two-year lookback test in the institutional coverage assessment. In addition, there are ongoing revisions to [MSAs](#) and census tract definitions which could cause [Sample Client] to become a covered institution, or become exempt from HMDA, such as the following:

- Newly created MSAs
- Changes in MSA boundaries
- Counties moving into or out of MSAs

If [Sample Client] is a covered institution, [Sample Client] must collect data to record on its HMDA [LAR](#). Employees must collect data based on the information used to make the credit decision for each reportable loan or application.

Data collected includes information such as the ethnicity, race, gender, and gross income of mortgage applicants and borrowers, collateral property type, occupancy, and location, loan attributes and pricing information, and whether the loan is subject to the Home Ownership and Equity Protection Act (HOEPA). The HMDA LAR consists of 110 data fields, although not all fields apply to all loan applications.

[Sample Client] must collect data according to the instructions prescribed in [Appendix B to 12 CFR 1003](#) and [Filing Instructions Guide for HMDA Data Collected in 2023](#).

4.1.1 Geocoding

Not only is MSA data used as part of the process of assessing whether [Sample Client] is subject to HMDA, but it is collected because it is included in the data that is reportable under HMDA. Due to periodic changes made to MSA, city, county, or census tract boundaries, [Sample Client] uses [geocoding](#) to obtain current data. Geocoding can be performed manually on individual addresses or can be completed in batch or real time using software available from various vendors or the [FFIEC Geocoding System](#). The geocoding/mapping dataset applied to property addresses should coincide with the reporting year in which the HMDA records are reported.

Geocoding data is optional for loans on properties located outside a MSA or [Metropolitan Division \(MD\)](#) in which [Sample Client] has a home or branch office, or outside any MSA,

Section 5 Servicing Compliance

The requirements of HMDA apply not only during origination, but also can apply during servicing if [Sample Client] is subject to HMDA.

5.1 Purchased Covered Loans

HMDA requirements include collecting and reporting data about [covered loans](#) that [Sample Client] purchases. Examples include repurchases and bulk acquisitions of covered loans from another institution.

Repurchases

A purchased loan includes the repurchase of a covered loan, regardless of whether [Sample Client] chose to repurchase the covered loan or was required to repurchase the covered loan because of a contractual obligation and regardless of whether the repurchase occurs within the same calendar year the covered loan was originated or in a different calendar year.

Bulk Acquisitions

If [Sample Client] acquires covered loans in bulk from another institution, such as from the receiver for a failed institution, but no merger or acquisition of an institution, or acquisition of a branch office, is involved, [Sample Client] must report the covered loans as purchased loans. [Sample Client] must report the data on the [LAR](#) for the calendar year during which the application was acted upon even if the application was received in a previous calendar year.

A purchase does not include a temporary transfer of a covered loan to an interim funder or warehouse creditor as part of an interim funding agreement under which the originating financial institution is obligated to repurchase the covered loan for sale to a subsequent investor.

5.2 Data Requirements

[Sample Client] must follow the same requirements for purchased covered loans as for originated loans except purchased loans are not subject to some HMDA reporting requirements.

[Sample Client] must follow the guidance in the FFIEC publication [A Guide to HMDA Reporting: Getting It Right!](#) for specific rules for reporting “Not Applicable” or “Exempt” for certain data fields in the LAR for purchased covered loans.