



**27 HMDA
Questions
Answered**



What is the HMA loan purpose of this consumer loan request: Applicant is requesting funds to build a house on their property (shed with living quarters). The collateral already does include a dwelling. Would it be a home improvement purpose? Other?



If a new dwelling is being built with the loan proceeds, the loan should be reported as a purchase. Purchase takes precedence over the other HMDA loan purposes and construction of a dwelling is a purchase.



What if the Loan Officer accidentally checks male but the borrower is female? Do I report the truth or what the file shows?



Hi Cathy - report what you have on your application.
(Note from Kathleen: If the LO has stated they made a mistake, I prefer to correct and note the file. Same if the customer changes their mind and requests a change.)



If we have a loan for 6 individual homes should "Multifamily" be NA?



Multifamily residential structures or communities, such as apartment buildings, condominium complexes, cooperative buildings or housing complexes, and manufactured home communities. 12 CFR 1003.2(f); Comments 2(f)-1 and -2.
(Note from Kathleen: I like to explain this to say that if the individual homes are not together in a "community", they are not multifamily. "1003.2(n)-3. Separate dwellings. A covered loan secured by five or more separate dwellings, which are not multifamily dwellings, in more than one location is not a loan secured by a multifamily dwelling.")



What is included if you are a member of HMDA Academy?



The HMDA Academy includes a private Q&A forum with detailed personalized responses to questions to help you analyze the situation and get to the best answer as well as emails and phone calls, if necessary, on complicated topics, plus many charts and other tools on specific topics, and multiple recorded lessons. New lessons and charts are added as needed.



We rely on borrower and co-borrower middle credit scores for decisioning, but price our loan on the lowest of these two numbers. so should I report the middle score for borrower and coborrower OR use the same number for both?



Report the scores used for the credit decision, not the score used for pricing. If you used both middle scores for the decision, report both. If you used the lower, middle or higher middle score for the decision, report the score relied upon. If you averaged the middle scores, report the average middle score and model, or report "Code 7. More than one credit scoring model" if you averaged scores from multiple models. When reporting only one of the middle scores because that is what was relied upon, it can be reported in either the applicant or co-applicant field. (1003.4(a)(15)).



We are reviewing a loan that is Mixed-use; the loan is secured by 5 condos and 38,000 sq ft of commercial space; the sq footage, market value and income would be primarily business purpose; does the fact the residential units are condos (not multi-family) have any bearing on the decision to exclude?



If the condos are located separately from the commercial space, the loan is considered dwelling secured and must be reported for HMDA. If the condos and commercial space are together in a mixed-use property, you determine if the mixed-use property is primarily residential or non-residential based on factors such as square footage or income. Primarily non-residential would not be a dwelling for HMDA. The fact that the dwellings are condos vs a multifamily property has no bearing on the result.



Borrower applied for a cash out and own his house, no mortgage. Proceeds are to do home improvement. Do we report this as home improvement or cash out refinance?



This loan should be reported as home improvement. In order to be a refinance or cash out refinance, there must be a prior dwelling secured loan or line with at least one borrower the same being fully satisfied and replaced. 1003.2(p) A cash-out refinance is a subset of refinance.



My email address and last name has changed since I last submitted. How do I update my new information?



You can change it in HMDA RELIEF here: https://www2.questsoft.com/help/relief/index.htm#t=Setup__Security%2FLicensing.htm. If you need to make any changes with the CFPB, that will need to be done on the Submission Platform.



Income for employee loans is pulling out of our system as NA. Is this acceptable for HMDA?



Yes, you can report employee income as NA for HMDA reporting. (Note from Kathleen: Employee loans MUST be reported with income as NA. It used to be optional, now it is required. 1003.4(a)(10)(iii)-3. "3. Income data - loan to employee. A financial institution complies with § 1003.4(a)(10)(iii) by reporting that the requirement is not applicable for a covered loan to, or an application from, its employee to protect the employee's privacy, even though the institution relied on the employee's income in making the credit decision.")



If we have more than 5 units but none are considered multifamily should this be reported as NA or 0?



5 or more units securing the loan but not a multifamily property or community is reported as NA. 0 would mean that there was a multifamily property, and no units are affordable.



For multiple borrowers, Fannie has changed from lower of the two mid scores to averaging the two mid scores. How should the credit score and model be reported for this?



Report the average score relied upon and the applicable system. If multiple systems produced the scores that were averaged, report Code 7, more than one system. 1003.4(a)(15).



Where is there more guidance for refinances for homes that do not have an existing home?



Refer to the definition of refinance at 1003.2(p) “Refinancing 1. General. Section 1003.2(p) defines a refinancing as a closed-end mortgage loan or an open-end line of credit in which a new, dwelling-secured debt obligation satisfies and replaces an existing, dwelling-secured debt obligation by the same borrower.” A cash-out refinance is a type of refinance and must meet that same definition.



Can you please speak on affordable units and what specifically counts as an income restricted unit?



The Staff Interpretation (Commentary) to 1003.4(a)(32) gives examples and explains:

“1. Affordable housing income restrictions. For purposes of § 1003.4(a)(32), affordable housing income-restricted units are individual dwelling units that have restrictions based on the income level of occupants pursuant to restrictive covenants encumbering the property. “ It goes on to say: “Such restrictions are frequently evidenced by a use agreement, regulatory agreement, land use restriction agreement, housing assistance payments contract, or similar agreement. Rent control or rent stabilization laws, and the acceptance by the owner or manager of a multifamily dwelling of Housing Choice Vouchers (24 CFR part 982) or other similar forms of portable housing assistance that are tied to an occupant and not an individual dwelling unit, are not affordable housing income-restricted dwelling units for purposes of § 1003.4(a)(32).”

These properties are required to set aside all or a portion of the units as affordable housing. It also tells us that tenant specific programs such as HUD Housing Choice vouchers or rent control or rent stabilization do not count because they are specific to the tenant. A voucher can be used in any property with a willing landlord. Rent control and rent stabilization generally allow rent to be increased when the current tenant moves out. The Section 8 housing program referenced as a type of affordable housing is referring to projects built as affordable housing, not the Housing Choice vouchers that used to be called Section 8 vouchers.



I have received multiple loans with the same quality error Q607. Is there a way to clear all of them at the same time and mark them all as verified and ok'd at the same time?



No, unfortunately we do not have a Group Edit for this Quality Error. Since it's so late in the season, there isn't really a need to mark them all as OK in HMDA RELIEF, but we would encourage you to start marking them as OK moving forward. If you are sure you are ok with these edits/errors, there is only one box to check on the CFPB Platform. If you feel you must mark them all as OK, please call Support at 800-575-4632 ext. 2. They may be able to help you export your data to Excel and mark the OK column and reimport.



When entering the AUS results and there is more than one DU or LP must you report them? And say you have 10 AUS results do you list the newest to oldest?



You follow the “decision waterfall” to determine which AUS result to report when you have more than one result from one or more systems. More than one system is reported only when there is no match (such as ran DU and sold loan to Fannie Mae or ran VA and processed as VA) and more than one result is received simultaneously, making it impossible to say which one is the one to report.

Refer to HMDA Academy chart forwarded with these responses and to the Small Entity guide, which gives a good plain English example of how this work. https://files.consumerfinance.gov/f/documents/cfpb_hmda_small-entity-compliance-guide_2021-04.pdf



For non-delegated correspondent loans, what date should the investor use for the origination date when it originates under the other financial (we rendered the decision).



You have a choice in reporting the action date. Refer to Action Date Staff Interpretation, 1003.4(a)(8)-5: For covered loan originations that an institution acquires from a party that initially received the application, the institution reports either the closing or account opening date, or the date the institution acquired the covered loan from the party that initially received the application. If the disbursement of funds takes place on a date later than the closing or account opening date, the institution may use the date of initial disbursement.



If a covered loan is secured by multiple properties, should the “Total Units” be reported as the total number of properties that are taken to secure the covered loan? For example, the bank is taking 3 single family home to secure the loan.



Report all residential units securing the loan. For 3 single family homes taken as collateral, report 3 units. Refer to the chart provided with these responses, which gives a plain English explanation of the Staff Interpretation/Commentary at 1003.4(a)(9)-2.



Since “Mixed commercial/residential use that is primarily residential, etc. ARE NOT DWELLINGS NO MATTER THE PURPOSE OF THE LOAN”, when a loan is secured by a mixed use that is primarily residential; the loan is not secured by a dwelling and therefore not HMDA reportable?



A mixed-use property determined to be primarily residential is a dwelling for HMDA. Refer to 1003.2(f)-4. Therefore, if a mixed-used property is determined to be primarily non-residential, it is not a dwelling for HMDA regardless of loan purpose. This has been confirmed with the CFPB by many parties (including Kathleen).



If buy loan from a HMDA reporter, do we report it again when purchased?



Yes, if you purchase a loan from another institution and it meets the HMDA reporting requirements you would report it as purchased. (Note from Kathleen: If a HMDA reporter buys a dwelling secured loan from any party, including a non-HMDA reporter, that loan must be reported as a loan purchase (action code 6) unless it comes under some HMDA exclusion.)



If a loan gets denied due to DTI of over 100% or CLTV of over 100%, the software gives QS edit. How do you correct that?



QS edits do not have to be corrected if they are not factual errors. They are to help reduce reporting errors. We suggest confirming the data is correct. Any QS edit can be turned off by going to Preferences > HMDA > HMDA Proprietary Data Quality Error Codes > It will either be in the Recommended or Optional Section > uncheck the QS edit > Update.



You said that you can check online to see if an institution is actually regulated by the CFPB, where can you find that information?



<https://www.consumerfinance.gov/compliance/supervision-examinations/institutions/#:~:text=We%20have%20supervisory%20authority%20over,student%20lenders%20of%20all%20sizes.>



Would you consider all investment properties to be primarily business/commercial purpose by default?



All loans secured by investment (rental) properties are not necessarily business purpose.

A loan secured by an investment property is not necessarily business purpose. A business purpose loan to purchase or improve any dwelling (which technically should be rental properties for business purpose) is HMDA reportable. A business purpose refinance or cash out refinance secured by any dwelling, even personal residence, is HMDA reportable; this could be a refinance of any business purpose term loan or line of credit.

Alternatively, a consumer purpose loan, such as one to finance educational or medical expenses, could be secured by a rental property and be HMDA reportable as Other.



Was that a typo on the slide that said “mixed commercial/residential primarily residential” is not a dwelling?



It should say that a “primarily non-residential” mixed use property is not a dwelling for HMDA purposes. A mixed-use property determined to be primarily residential is a dwelling for HMDA. Refer to 1003.2(f)-4. Therefore, if a mixed-used property is determined to be primarily non-residential, it is not a dwelling for HMDA regardless of loan purpose. This has been confirmed with the CFPB by many parties (including Kathleen.)



Can you please explain again if commercial specs loans are reportable? These would be construction loans that are being financed for builder and will be sold after completion. Auditors have pervious told us these were reportable.



Yes, builder loans that exclusively finance dwellings to be sold are excluded provided the financing is exclusively to construct such dwellings. Exclusively is not defined but discussions with the CFPB indicate a strict interpretation. Be sure to refer to the CFPB HMDA FAQs at <https://www.consumerfinance.gov/compliance/compliance-resources/mortgage-resources/hmda-reporting-requirements/home-mortgage-disclosure-act-faqs/#multiple-data-points> and review the section on construction loans. You will see that a loan to a builder that funds land purchase with a dwelling to be demolished, as well as construction of new dwellings to be sold loses the builder exclusion.



Hello, after updating errors in LOS discovered using HMDA RELIEF and you complete a new import and have duplicates at that point is there a way to overwrite old loans and keep only the new data rather than going loan by loan and picking correct data?



Yes, you can do a merge import to update records already in HMDA RELIEF. Here is a link with more information on how to do that in HMDA RELIEF. https://www2.questsoft.com/help/relief/index.htm#t=HMDA_RELIEF%2FImport__Export%2FImporting_a_Merge_File.htm



Can you explain again why you would use one submission platform vs. the other? Which would you say is “best practice” to use, assuming you could use either?



If you are comfortable with the accuracy of your data and have access to a browser on the same server where HMDA RELIEF is installed, the CFPB Submission Platform is just fine. The HMDA RELIEF Submission Platform simply allows for real time error viewing and is also used by customers who can't access a browser during submission.



We have a Home Equity loan application where the applicant will be using the loan proceeds to pay down, but not payoff and close out an existing HELOC on the subject property. The borrowers will subordinate the existing HELOC to the new HE Loan. The proceeds of the new HE Loan will be used for Home Improvement in addition to paying down the balance on the existing HELOC. Is the loan purpose Home Improvement, because the existing HELOC lien is not being replaced with the new HE Loan, or is the purpose Refinancing, since the proceeds are being used to pay down the HELOC and used for home improvement?



This loan is not a refinance because the HELOC is merely being reduced and not fully satisfied and replaced (closed out for no further use). This loan will therefore be reported as a home improvement loan.



We have a question on HMDA scrubbing for manufactured home communities. How do you report a loan when the collateral for the loan is only the manufactured home pads & land, but not the actual homes? How do you report the manufactured home property type; Manufactured Land Property Interest and number of units? Do you have any guidance on this besides the HMDA Getting it Right Guide?



Each pad is a dwelling for HMDA whether or not the pads have dwellings on them also securing the loan. See detail below. For the land questions (1003.4(a)(29) and 1003.4(a)(30), report NA when the collateral is a manufactured home community. See the sections of the regulation and the related specific comments below providing this instruction

Manufactured home community: property type for pads: 1003.4(a)(5)-2. Multifamily dwelling. For a covered loan or an application for a covered loan related to a multifamily dwelling, the financial institution should report the construction method as site-built unless the multifamily dwelling is a manufactured home community, in which case the financial institution should report the construction method as manufactured home.

1003.4(a)(29) (Secured by land or no land): If the dwelling related to the property identified in paragraph (a)(9) of this section is a manufactured home and not a multifamily dwelling, whether the covered loan is, or in the case of an application would have been, secured by a manufactured home and land, or by a manufactured home and not land.

Comment: 1003.4(a)(29)-2: Manufactured home community. A manufactured home community that is a multifamily dwelling is not considered a manufactured home for purposes of § 1003.4(a)(29).

1003.4(a)(30) Land Owned or Leased: If the dwelling related to the property identified in paragraph (a)(9) of this section is a manufactured home and not a multifamily dwelling, whether the applicant or borrower:

(i) Owns the land on which it is or will be located or, in the case of an application, did or would have owned the land on which it would have been located, through a direct or indirect ownership interest; or

(ii) Leases or, in the case of an application, leases or would have leased the land through a paid or unpaid leasehold.

Comment: 1003.4(a)(30)-4: Manufactured home community. A manufactured home community that is a multifamily dwelling is not considered a manufactured home for purposes of § 1003.4(a)(30).

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