

# HMDA HUDDLE

**QUESTIONS AND ANSWERS**  
**TACKLING THE INTRICACIES OF HMDA**

**APRIL 2023**



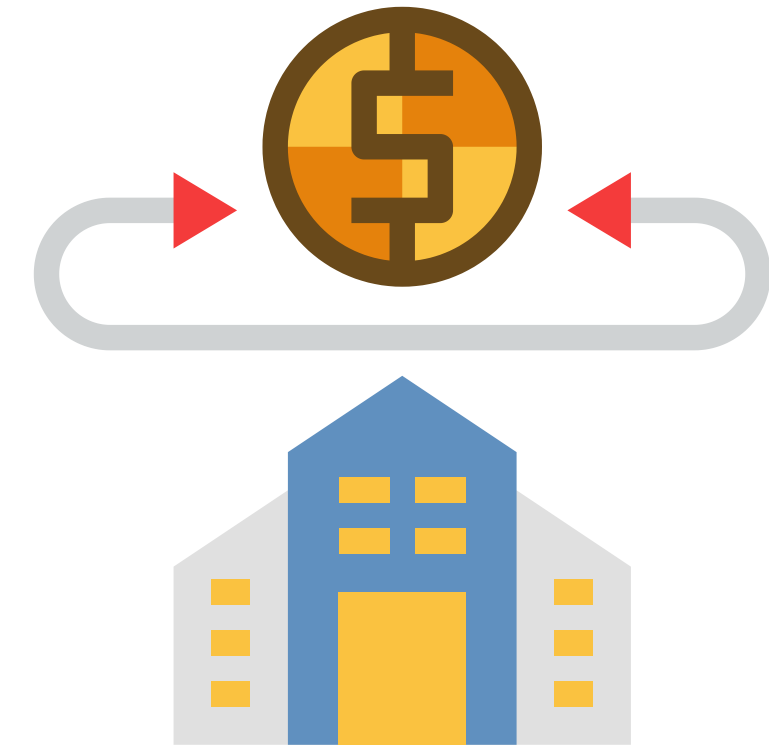


Congratulations on making it through another challenging “HMDA Season!” Each year is a reminder of the significant and ongoing effort needed year-round in order to get your HMDA filing right. Tolerance for errors is low even though opportunities for misreporting are high.

In this issue of the HMDA Huddle, we present questions that highlight nuances and misinterpretations of the HMDA guidance, along with the answers that will help you get it right.

ADI Consulting assists a wide variety of lender clients with HMDA LAR audits and quality control throughout the year, including preparing for standard submissions, resubmissions, and regulatory examinations. Please subscribe to [ADI Insights](#) to automatically receive quarterly updates.

**Q:** Even though the Application and Underwriting documents clearly showed many of our reported loans as refinancings, the examiners asserted many of these applications and loans should have been reported as “Other” purposes. How can that be correct?



**A:** Remember that HMDA specifically defines “**refinancing**” to mean “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.**” Each of these characteristics must be in place for a loan to be reported as a refinancing. A debt consolidation loan that satisfies debt previously unsecured does not meet the definition. Many loans referred to as refinancings generally in the lending industry do not meet HMDA’s definition of “refinancing.”

**Q:** Our borrower checked “I do not wish to provide” on each of the boxes requesting information on Ethnicity, Race, and Sex. However, the borrower also checked a box under each category to describe these characteristics. We cannot report both; which answer should we report?



**A:** Report only the descriptive information for the borrower’s Ethnicity, Race and Sex and disregard the “I do not wish to provide” box, since the information was ultimately provided by the borrower.

**Q:** We receive many applications by telephone. When it comes to collection of Ethnicity, Race, and Sex, do we really need to read the whole form to the applicant, or can we cut to the chase and collect the pertinent information?

**A:** HMDA requires the person collecting the information to orally state the information in the collection form (unless the information pertains uniquely to applications taken in writing). Therefore, all relevant information in the Form must be read over the telephone to the applicant, including the purpose of collecting the information and each category and sub-category listed.



**Q:** Our commercial loan department extended a HMDA-reportable loan secured by a multi-family residential rental property. The loan was also secured by machinery and equipment owned by the borrowing entity. Would we only report the dwelling-related collateral?



**A:** HMDA requires reporting of the value of the property securing the loan relied on in making the credit decision. If the machinery and equipment was relied on in calculating the CLTV, then its value should be included in the reported property value. HMDA does not exclude non-real estate property from the property value field.

**Q:** Has there been a recent change to the threshold for reporting data about closed-end mortgage loans, or is it still 100 loans?

**A:** On September 23, 2022, the threshold for reporting data about closed-end mortgage loans was re-established at 25 (vacating the July 2020 increased threshold of 100). Therefore, an institution that originated at least 25 closed-end mortgage loans in each of the two preceding calendar years (assuming other reporting conditions are met) should report HMDA data.





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