

HMDA HUDDLE

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

JANUARY 2023





The annual submission deadline for 2022 HMDA LARs is quickly approaching. There is much information to get right: Which NMLSR ID to report? How to determine certain loan purposes? Reporting income on a withdrawn or CFI application? Total Loan Costs or Total Points and Fees? We have done the research.

In the First Quarter issue of **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: Our mortgage department is making a first-lien, secured home purchase loan for \$250,000 and a separate second-lien, secured home purchase loan, which will be used toward the down payment on the home and home improvements. What purpose should we record for the second-lien loan?



A: In this case, both loans will be reported as “home purchase” for Loan Purpose. Any loan that is for the purpose, in whole or in part, of purchasing a dwelling is reported as a home purchase loan. Therefore, the LAR may contain two loans to the same borrower reported as home purchase loans on the same property.

Q:

How should we report the NMLSR ID number when more than one loan originator participates in the application process?

A:

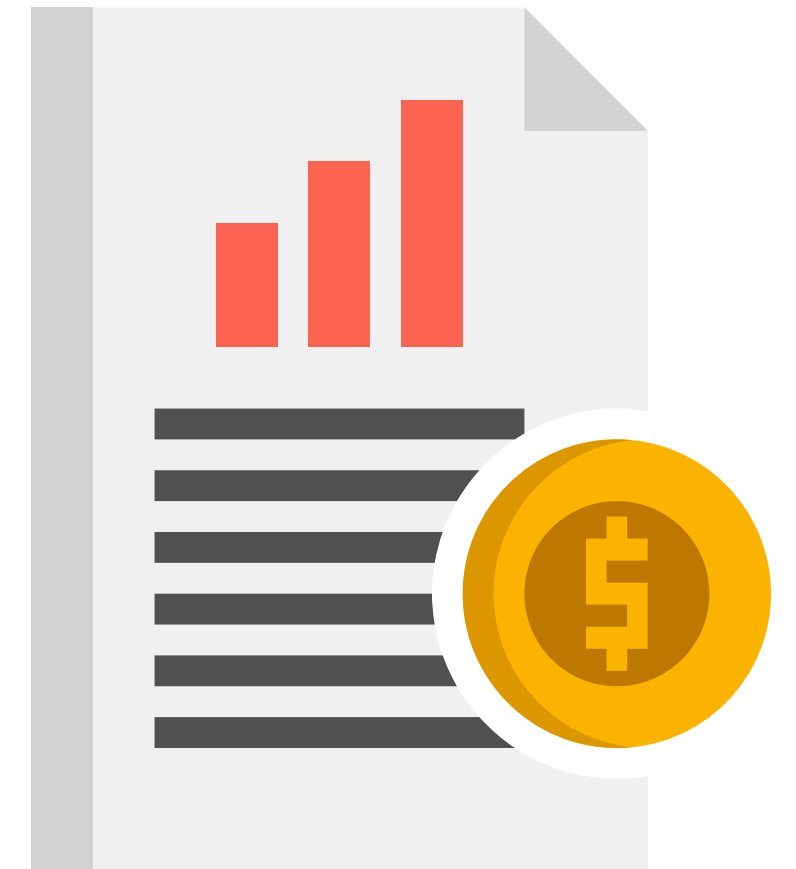
If more than one individual associated with a Covered Loan or Application meets the definition of “mortgage loan originator,” as defined in Regulation G or Regulation H, a Financial Institution reports the NMLSR ID of the individual mortgage loan originator with primary responsibility for the transaction, as of the date of action taken. To comply with this reporting requirement, look to your institution to maintain a reasonable, written policy to determine which mortgage loan officer has primary responsibility.



Source: www.consumerfinance.gov/rules-policy/regulations/1003/4/#a-33

Q: For an application withdrawn or closed for incompleteness, should we report NA for income because we had neither verified income nor made a credit decision relying on a specified income amount?

A: Even if income was not verified before the application was withdrawn or closed for incompleteness, an amount must be reported. Regulators instruct lenders to report the gross annual income relied on in making the credit decision. However, if a credit decision was not made (a condition for applications to be reported as Withdrawn or Closed for Incompleteness), lenders should report the gross annual income they considered at the time the application was withdrawn or closed.



Q: Are there instances where an institution would report both Total Loan Costs and Total Points and Fees for a loan?

A: A value must always be reported for both fields, Total Loan Costs and Total Points and Fees – but one of those values will always be “NA.” The other field will contain a numerical value, even if it is “0.” Neither field would be left blank. Generally, report an amount for Total Loan Costs when the TILA-RESPA Integrated Disclosure (TRID), or Final Closing Disclosure, is required. For HMDA reportable loans where TRID requirements do not apply, such as a mobile home loan with no land, the Total Points and Fees field should contain a value, and the Total Loan Costs should be reported as “NA.”



Q: How do we apply rounding when reporting the age of an applicant and co-applicant?

A: A lender should report the applicants' age, as of the Application Date, as the number of **whole years** derived from the date of birth shown on the Application form. Therefore, even if an applicant is 46 years old and one day away from turning 47, the age will be reported as 46. Be certain to use the date of birth on the Application form and use a consistent standard for determining the Application Date to properly calculate and record this field.





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