



Broker Bulletin: 2017-01

Home Mortgage Disclosure Act – Collection of Demographic Information December 11, 2017

Overview

In 2015, the Consumer Financial Protection Bureau (CFPB) published a final rule (the 2015 HMDA Rule) amending the rules regarding reporting of data under the Home Mortgage Disclosure Act (HMDA). Most provisions of the 2015 HMDA Rule go into effect on **January 1, 2018** and apply to data collected in 2018 and reported in 2019 or later years.

HMDA reporting is required on home equity lines of credit (HELOCs) under the 2015 HMDA Rule. Among other things, the 2015 HMDA Rule changes the requirements regarding what transactions require the collection of race, sex, and ethnicity information (Demographic Information) and what information you are required to collect.

For loans subject to the 2015 HMDA Rule, this bulletin explains:

- When you should begin collecting Demographic Information
- What transactions require collection of Demographic Information
- What applicants you need to collect Demographic Information from; and
- What Demographic Information you need to collect;

When You Should Begin Collecting New Demographic Information

TCF must report Demographic Information under the 2015 HMDA Rule on any application for a HELOC loan if TCF takes final action on the application on or after January 1, 2018. That means that TCF must report Demographic Information under the 2015 HMDA Rule for any of the following actions taken on or after January 1, 2018:

- Loan originated
- Application approved but not accepted
- Application denied
- Application withdrawn by applicant
- File closed for incompleteness

You should begin collecting Demographic Information well before January 1,



2018 in order to ensure that any applications you send to TCF prior to January 1, 2018 for which final action is taken on or after January 1, 2018 contain the required Demographic Information. TCF will not permit a loan to close on or after January 1, 2018 without the required Demographic Information. Beginning on January 1, 2018, TCF will not accept an application without the required Demographic Information.

If TCF takes final action on an application before January 1, 2018, TCF will not report Demographic Information even if you provide it to TCF.

What Transactions Require Collection of Demographic Information

The 2015 HMDA Rule generally adopts a dwelling secured standard for determining when collection of Demographic Information is required. The attached flow chart illustrates when you must collect Demographic Information.

What Applicants Do You need to Collect Demographic Information From

If you are required to collect Demographic Information, you must collect it from all applicants, up to a total of six applicants and provide it to TCF. TCF will report the information on a maximum of two applicants, the primary applicant and co-borrower (second applicant).

What Demographic Information Do You Need to Collect

The 2015 HMDA Rule modifies the requirements for collecting and reporting Demographic Information and requires that the applicant's age be collected and reported.

You must:

- Offer the applicant the option of selecting more than one ethnicity and race; and
- Permit the applicant to self-identify using both the primary categories and subcategories.

In some cases, you must permit the applicant to provide additional information. For example, the applicant must be permitted to provide an ethnicity subcategory other than one of the subcategories provided by the federal government.

The applicant may self-identify using as many race and ethnicity categories and subcategories as they choose. An applicant is not required to select an aggregate race or ethnicity category as a precondition to selecting one of the race or ethnicity subcategories. For example, an applicant could choose to select the Japanese subcategory for race without selecting the Asian primary category for race.



Under the current rules, if an application is taken face to face and the applicant chooses not to provide race/sex/ethnicity information, the Loan Originator must collect the information on the basis of visual observation or surname. This rule has not changed, except the Loan Originator may **NOT** collect the racial and ethnic subcategories on the basis of visual observation or surname.

See below for an example of the Demographic Information Addendum to be used for collection of Demographic Information under the 2015 HMDA Rule.

| | |
|--|--|
| Ethnicity <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Mexican <input type="checkbox"/> Puerto Rican <input type="checkbox"/> Cuban <input type="checkbox"/> Other Hispanic or Latino – Enter origin: _____ <i>Examples: Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, etc.</i> <input type="checkbox"/> Not Hispanic or Latino <input type="checkbox"/> I do not wish to provide this information | Race <input type="checkbox"/> American Indian or Alaska Native – Enter name of enrolled or principal tribe: _____ <input type="checkbox"/> Asian <input type="checkbox"/> Asian Indian <input type="checkbox"/> Chinese <input type="checkbox"/> Filipino <input type="checkbox"/> Japanese <input type="checkbox"/> Korean <input type="checkbox"/> Vietnamese <input type="checkbox"/> Other Asian – Enter race: _____ <i>Examples: Hmong, Laotian, Thai, Pakistani, Cambodian, etc.</i> <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> Native Hawaiian <input type="checkbox"/> Guamanian or Chamorro <input type="checkbox"/> Samoan <input type="checkbox"/> Other Pacific Islander – Enter race: _____ <i>Examples: Fijian, Tongan, etc.</i> <input type="checkbox"/> White <input type="checkbox"/> I do not wish to provide this information |
| To Be Completed by Financial Institution (for application taken in person): Was the ethnicity of the Borrower collected on the basis of visual observation or surname? <input type="radio"/> NO <input type="radio"/> YES Was the sex of the Borrower collected on the basis of visual observation or surname? <input type="radio"/> NO <input type="radio"/> YES Was the race of the Borrower collected on the basis of visual observation or surname? <input type="radio"/> NO <input type="radio"/> YES | |
| The Demographic Information was provided through: <input type="checkbox"/> Face-to-Face Interview (includes Electronic Media w/ Video Component) <input type="checkbox"/> Telephone Interview <input type="checkbox"/> Fax or Mail <input type="checkbox"/> Email or Internet | |



HMDA FLOW CHART

