



RESEARCH AND INFORMATION SERVICES
Reports on Regulatory and Operational Issues
from the Ohio Credit Union League

To: All Member Credit Unions #06-1

From: Dave Shoup
Director, Research & Information

Date: January 24, 2006

Subject: **Compliance with HMDA Data Collection/
Reminder of Reporting Deadline of March 1, 2006**

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R&I Update Manual**
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This update modifies R&I Update #05-2 regarding the Home Mortgage Disclosure Act (HMDA) and is intended to:

1. Remind credit unions of their annual reporting requirements under the Home Mortgage Disclosure Act (HMDA). ***A large number of credit unions in Ohio and nationally came under close scrutiny in 2005 and were assessed penalties for not meeting the annual March 1 reporting deadline.*** Penalties for noncompliance can be very severe.
2. Alert credit unions of how to properly respond to public requests for HMDA data. Recently, there has been an increase in the number of requests for this data. It is important that credit unions respond properly and fully according to the regulations.

HMDA ANNUAL MARCH 1 REPORTING DEADLINE (A FIRM DEADLINE)

The Home Mortgage Disclosure Act was enacted by Congress in 1975 and is implemented by Regulation C. This regulation provides loan data to the public that can be used to assist:

- in determining whether financial institutions are serving the housing needs of their communities;
- public officials in distributing public-sector investments so as to attract private investment to areas where it is needed; and
- in identifying possible discriminatory lending practices.

HMDA/Regulation C applies to all financial institutions including credit unions.

The following questions should be answered to determine if your credit union is required to collect and report HMDA data for 2005 (Reporting deadline: March 1, 2006):

1. Did total credit union assets exceed \$35 million as of December 31, 2005? (Every December, the Federal Reserve Board announces the threshold for the following year in the Federal Register)
2. Did the credit union have a home or branch office in a metropolitan statistical area (MSA) on December 31, 2005?
3. During the previous year, did the credit union originate at least one home purchase loan secured by a first lien on a 1-to-4 family dwelling, or refinance such?
4. Is the credit union federally insured; or the loan originated is federally insured or guaranteed, or intended to be sold to Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)?

If the answer to all of the above four questions is “YES”, then HMDA data collection and reporting requirements apply. Credit unions required to report 2005 calendar year data must meet the March 1, 2006 filing deadline.

NOTE: The March 1 deadline is firm. Early submission by mid-February is strongly recommended by the regulators (to allow time to notify the credit union of any possible errors or omissions and for resubmission before the March 1 deadline). NCUA may assess civil money penalties against late filers...and indeed have recently assessed penalties on credit unions in 2005.

For complete information on HMDA, including a summary, compliance checklist, FAQs, and links to additional resources, go to www.ohiocreditunions.org and click on “***InfoSight***,” the League’s on-line compliance manual. Go to the “Loans and Leasing” information channel. Or, contact your League’s Research & Information Department at (800) 486-2917.

PROPERLY RESPONDING TO REQUESTS FOR HMDA/LAR INFORMATION UNDER HMDA AND REGULATION C

Using the loan data submitted by all financial institutions, the Federal Financial Institutions Examination Council (FFIEC) creates aggregate disclosure reports for each MSA and makes these reports available to the public at central data depositories located in each MSA (usually libraries or planning agencies designated by the FFIEC). The FFIEC also prepares a

disclosure statement for each reporting institution from the credit union's HMDA Loan Application Register (LAR) and sends this statement to the credit union.

Over the past year, credit unions in various states have been receiving letters from ACORN (Association of Community Organizations for Reform Now) requesting data filed by credit unions under HMDA. (You can learn about ACORN at www.acorn.org). Below are questions and answers to assist you in properly responding to such requests.

What information must be provided to the public?

The credit union must make available to the public, including organizations like ACORN, copies of its:

- (1) *HMDA/LAR (Loan/Application Register)* data, which has been modified to protect the privacy of applicants and borrowers, and
- (2) *FFIEC (Federal Financial Institutions Examination Council)* disclosure statement.

Specific details of this information to be provided are as follows:

1. Modified Loan/Application Register

- The credit union **must** delete the following information to protect privacy interests of applicants and borrowers:
 1. Application or loan number.
 2. Date application was received.
 3. Date action was taken.
- The credit union may make the modified LAR available in paper or automated format.
- The modified LAR must be available upon request to the public within 30 days.
- The modified LAR need only contain the data relating to the MSA (Metropolitan Statistical Area) for which a request is made.
- The modified LAR must be available for three years.
- **The credit union must make the data available for inspection and copying during the hours the office is normally open for business and may impose a reasonable fee for any cost incurred in providing or reproducing the data.**

*2. FFIEC Disclosure Statement **(This statement has not been requested by ACORN in its letters to credit unions, but it could be requested by other parties.)***

Using data from the LARs, the FFIEC prepares and sends to each reporting institution a series of tables that comprise the disclosure statement for that institution.

- The disclosure statement must be available to the public at the credit union's home office within 3 business days after receiving it.
- The disclosure statement must be available to the public:

- (a) Within 10 business days of receiving it in at least one branch office in each additional MSA where the credit union has offices; OR
- (b) The credit union must post the address for sending written requests for the disclosure statement in the lobby of each branch office in an MSA where the credit union has offices, and mail or deliver a copy of the statement within 15 calendar days of receiving a written request. If the address is included in the lobby notice, this satisfies this requirement.

- The disclosure statement may be made available in paper form, or if the person requesting agrees, in automated form.
- The disclosure statement must be available for 5 years.

In the specific case of ACORN’s request for HMDA data, how should our credit union respond?

Credit unions are only required to make its HMDA data available to the public at the credit union’s physical offices during its normal business hours and are not required under HMDA (Section 205.3) to send it - electronically or in paper format (However, if your credit union has elected in the past to post the address for mailing a request, the disclosure must be mailed or delivered within fifteen days of receipt of a request).

In the case of ACORN’s request for HMDA data, CUNA has recommended that since ACORN is a very influential public advocacy group, the credit union may wish to send ACCESS either an electronic or paper copy of its LAR, after removing the confidential information outlined above. If you receive any request to provide HMDA data in any other format or in content that you are not required to report, please contact the Ohio Credit Union League for advice concerning the correct response.

Finally, credit unions should only provide the information actually requested.

ADDITIONAL ASSISTANCE

If you have questions, please contact Barb Latz or Dave Shoup at the League’s Research & Information Department at (800) 486-2917.

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