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To: Clients and Friends

From: David F. Dulock

Subject: HMDA Regulation C Final Rule Amends Permanent Institutional and Transactional Coverage Thresholds

In the May 12, 2020, *Federal Register* (85 FR 28364, [click here](#)), the Consumer Financial Protection Bureau (CFPB) issued a final rule amending Regulation C (12 CFR part 1003), which implements the Home Mortgage Disclosure Act (HMDA).

The final rule permanently increases the institutional and transactional coverage thresholds for reporting data about closed-end mortgage loans from 25 to 100 closed-end mortgage loans effective July 1, 2020. (See the amended §§1003.2(g)(1)(v)(A) and (g)(2)(ii)(A) for the institutional coverage threshold for depository and nondepository financial institutions, respectively, and the amended §1003.3(c)(11) for the transactional coverage threshold attached to this memorandum.)

The final rule also amends §1003.3(c)(11) and comment 3(c)(11)-2 so that institutions have the option to report closed-end data collected in 2020 if they (1) meet the definition of financial institution as of January 1, 2020 but are newly excluded on July 1, 2020 by the increase in the closed-end threshold, and (2) report closed-end data for the full calendar year.

The final rule also sets the permanent institutional and transactional coverage thresholds for reporting data about open-end lines of credit at 200 open-end lines of credit effective January 1, 2022, upon the expiration of the current temporary thresholds of 500 open-end lines of credit. (See the amended §§1003.2(g)(1)(v)(B) and (g)(2)(ii)(B) for the institutional coverage threshold for depository and nondepository financial institutions, respectively, and the amended §1003.3(c)(12) for the transactional coverage threshold attached to this memorandum.)

This final rule is effective on July 1, 2020, except for the amendments to §1003.2 in amendatory instruction 5, the amendments to §1003.3 in amendatory instruction 6, and the amendments to supplement I to part 1003 in amendatory instruction 7, which are effective on January 1, 2022.

This memorandum does not summarize or otherwise address all the amendments to Regulation C made by the final rule. Therefore, we advise that you review the entirety of the final rule and its preamble by clicking on the hyperlink located in the first paragraph of this memorandum.

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Effective July 1, 2020, §1003.2 is amended by revising paragraphs (g)(1)(v)(A) and (g)(2)(ii)(A) to read as follows:

§1003.2 Definitions.

* * * * *

(g) * * *(*Financial institution*)

(1) * * *(*Depository financial institution*)

(v) * * *

(A) In *each* of the two preceding calendar years, originated at least 100 closed-end mortgage loans that are not excluded from this part pursuant to §1003.3(c)(1) through (10) or (c)(13); or

* * * * *

(2) * * *(*Nondepository financial institution*)

(ii) * * *

(A) In *each* of the two preceding calendar years, originated at least 100 closed-end mortgage loans that are not excluded from this part pursuant to §1003.3(c)(1) through (10) or (c)(13); or

* * * * *

Effective July 1, 2020, §1003.3 is amended by revising paragraph (c)(11) to read as follows:

§1003.3 Exempt institutions and excluded and partially exempt transactions.

* * * * *

(c) * * *(*Excluded transactions*)

(11) A closed-end mortgage loan, if the financial institution originated fewer than 100 closed-end mortgage loans in *either* of the two preceding calendar years; a financial institution (including, for purposes of information collected in 2020, an institution that was a financial institution as of January 1, 2020) may collect, record, report, and disclose information, as described in §§1003.4 and 1003.5, for such an excluded closed-end mortgage loan as though it were a covered loan, provided that the financial institution complies with such requirements for all applications for closed-end mortgage loans that it receives, closed-end mortgage loans that it originates, and closed-end mortgage loans that it purchases that otherwise would have been covered loans during the calendar year during which final action is taken on the excluded closed-end mortgage loan;

Effective January 1, 2022, §1003.2 is amended by revising paragraphs (g)(1)(v)(B) and (g)(2)(ii)(B) to read as follows:

§1003.2 Definitions.

* * * * *

(g) * * *(*Financial institution*)

(1) * * *(*Depository financial institution*)

(v) * * *

(B) In *each* of the two preceding calendar years, originated at least 200 open-end lines of credit that are not excluded from this part pursuant to §1003.3(c)(1) through (10); and

* * * * *

(2) * * *(*Nondepository financial institution*)

(ii) * * *

(B) In *each* of the two preceding calendar years, originated at least 200 open-end lines of credit that are not excluded from this part pursuant to §1003.3(c)(1) through (10).

Effective January 1, 2022, §1003.3 is amended by revising paragraphs (c)(11) and (c)(12) to read as follows:

§1003.3 Exempt institutions and excluded and partially exempt transactions.

* * * * *

(c) * * *(*Excluded transactions*)

(11) A closed-end mortgage loan, if the financial institution originated fewer than 100 closed-end mortgage loans in *either* of the two preceding calendar years; a financial institution may collect, record, report, and disclose information, as described in §§1003.4 and 1003.5, for such an excluded closed-end mortgage loan as though it were a covered loan, provided that the financial institution complies with such requirements for all applications for closed-end mortgage loans that it receives, closed-end mortgage loans that it originates, and closed-end mortgage loans that it purchases that otherwise would have been covered loans during the calendar year during which final action is taken on the excluded closed-end mortgage loan;

(12) An open-end line of credit, if the financial institution originated fewer than 200 open-end lines of credit in *either* of the two preceding calendar years; a financial institution may collect, record, report, and disclose information, as described in §§1003.4 and 1003.5, for such an excluded open-end line of credit as though it were a covered loan, provided that the financial institution complies with such requirements for all applications for open-end lines of credit that it receives, open-end lines of credit that it originates, and open-end lines of credit that it purchases that otherwise would have been covered loans during the calendar year during which final action is taken on the excluded open-end line of credit; or