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**To:** Clients and Friends

**From:** David F. Dulock

**Subject:** Regulation C (HMDA) Amendments

In the September 13, 2017, issue of the *Federal Register* (82 FR 43088, [click here](#)) the CFPB published a final rule amending its 2015 HMDA (Regulation C) Final Rule to: (i) make technical corrections and clarify certain requirements; (ii) temporarily increase the threshold for collecting and reporting data about open-end lines of credit for a period of two years so that financial institutions originating fewer than 500 open-end lines of credit in either of the preceding two years would not be required to begin collecting such data until January 1, 2020; and (iii) adopt a new reporting exclusion.

The following summary of the final rule is from the preamble to the final rule and is edited for clarity and brevity.

- The final rule is effective on January 1, 2018, except that the amendments to §1003.5 in amendatory instruction 8, the amendments to §1003.6 in amendatory instruction 9, and the amendments to supplement I to part 1003 in amendatory instruction 10 are effective on January 1, 2019; and the amendments to §1003.2 in amendatory instruction 11, the amendments to §1003.3 in amendatory instruction 12, the amendments to §1003.5 in amendatory instruction 13, the amendments to §1003.6 in amendatory instruction 14, and the amendments to supplement I to part 1003 in amendatory instruction 15 are effective on January 1, 2020. (*See pages 43145 and 46 for these amendatory instructions.*)
- The final rule temporarily increases the open-end threshold to 500 or more open-end lines of credit for two years (calendar years 2018 and 2019). In addition, the final rule corrects a drafting error by clarifying both the open-end and closed-end thresholds so that only financial institutions that meet the threshold for two years in a row are required to collect data in the following calendar years. With these amendments, financial institutions that originated between 100 and 499 open-end lines of credit in either of the two preceding calendar years will not be required to begin collecting data on their open-end lending before January 1, 2020.
- The final rule establishes transition rules for two data points, loan purpose and the unique identifier for the loan originator. The transition rules require, in the case of loan purpose, or permit, in the case of the unique identifier for the loan originator, financial institutions to report not applicable for these data points when reporting certain loans that they purchased and that were originated before certain regulatory requirements took effect.
- The final rule also makes additional amendments to clarify certain key terms, such as multifamily dwelling, temporary financing, and automated underwriting system, and to create a new reporting exception for certain transactions associated with New York State consolidation, extension, and modification agreements.

- The final rule establishes that a financial institution would not violate Regulation C by reporting an incorrect census tract for a particular property if the financial institution obtained the incorrect census tract number from the geocoding tool on the CFPB's Web site, provided that the financial institution entered an accurate property address into the tool and the tool returned a census tract for the address entered.
- The final rule also makes certain technical corrections that include, for example, a change to the calculation of the check digit under §1003.4(a)(1)(i) and replacement of the word "income" with the correct word "age" in comment 4(a)(10)(ii)–3.

The above summary only provides a general overview of the amendments and corrections made by the final rule to the 2015 HMDA (Regulation C) Final Rule and you are advised to read the entirety of the final rule by clicking on the hyperlink "[click here](#)" in the opening paragraph of this memorandum.

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