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Sample

## Section 1 Introduction

[Sample Client] is committed to the highest standards of federal consumer compliance and requires all management, employees, and third-party vendors to follow these policies and adhere to these standards.

### **Goals and Objectives**

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The standards set out in this policy represent minimum requirements based on applicable legal and regulatory guidance and apply throughout [Sample Client]’s operations. These requirements are intended to prevent [Sample Client], its employees, and third-party vendors from violating federal regulations related to mortgage banking and consumer compliance with respect to fair housing and fair lending laws, regulations, and practices.

### **Required Review**

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[Sample Client] requires this policy be reviewed no less than annually. The review will include the compliance of this policy with current law, regulation or directive, the procedural implementation of this policy within the then-current scope of [Sample Client]’s business lines and operations, internal or external audit results received during the previous year, and then-current industry trends or regulatory guidance.

### **Applicability**

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The purpose of this policy is to implement consumer protection mechanisms as required by the United States statutes and related federal regulations administered by the Consumer Financial Protection Bureau (CFPB) and other prudential regulators as identified by the CFPB including the Board of Governors of the Federal Reserve System (FRS), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), and the Office of the Comptroller of the Currency (OCC).

Wherever state or local regulations overlap and are stricter than the requirements set out in this policy, the more conservative approach will be applied. If any applicable laws or prudential regulator requirements conflict with this policy, [Sample Client] must consult with the appropriate legal counsel to resolve the conflict and to set forth [Sample Client]’s policies and procedures for compliance.

## Section 4 Overview

The Home Mortgage Disclosure Act (HMDA) requires certain financial institutions to collect, record, report, and disclose information about their mortgage lending activities. Regulation C implements the HMDA and sets out specific requirements for the collection, recording, reporting, and disclosure of mortgage lending information. The data related requirements in HMDA and Regulation C serve three primary purposes:

- to help determine whether financial institutions are serving the housing needs of their communities;
- to assist public officials in distributing public-sector investment to attract private investment to areas where it is needed; and
- to assist in identifying possible discriminatory lending patterns and enforcing anti-discrimination statutes.

In the years since HMDA was originally enacted, it has evolved from being a statute aimed at monitoring and preventing overt discrimination (such as redlining) to one widely used by the regulators as a fair lending assessment tool.

Each HMDA reporting entity should have a rigorous, documented data collection process and a data quality control program that can withstand scrutiny by [Sample Client]'s prudential regulator and the CFPB.

## Institutional Coverage

An institution is required to comply with Regulation C only if it is a financial institution as that term is defined in Regulation C, 12 CFR 1003.2(g). The definition of financial institution includes both depository and non-depository institutions. The definitions differentiate between banks, savings associations, credit unions and other for-profit mortgage lending institutions.

[Sample Client] is covered by HMDA if the institution meets *all* the criteria listed under the applicable defined institutions below:

### Depository Institution

- On the preceding December 31, had assets more than the asset threshold established and published annually by the CFPB. For 2022, the threshold is assets of \$50 million or less
- On the preceding December 31, had a home or branch office in an MSA
- In the preceding calendar year, originated or refinanced at least one home purchase loan secured by a first lien on a one-to-four family dwelling
- Is federally insured or regulated, or a covered loan was insured, guaranteed or supplemented by a federal agency, or a covered loan was intended for sale by the institution to Fannie Mae or Freddie Mac
- Originated in each of the two preceding calendar years at least:
  - 100 covered closed-end mortgage loans, or
  - 200 covered open-end lines of credit

### Non-Depository Institution

- On the preceding December 31, had a home or branch office in an MSA
- Originated in each of the two preceding calendar years at least:
  - 100 covered closed-end mortgage loans, or
  - 200 covered open-end lines of credit

The below [CFPB HMDA Institutional Coverage Chart](#) provides a visual of the institutional coverage criteria for depository or non-depository institutions effective January 1, 2022.