

Home Mortgage Disclosure Act (HMDA) Requirements and Recommended Practices

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The Home Mortgage Disclosure Act (HMDA), implemented by Regulation C, was enacted by Congress in 1975. Its primary goals are to promote transparency, determine whether financial institutions (“institution”) are meeting the housing credit needs of their communities and assist in identifying potential discriminatory lending patterns. Regulation C sets out specific requirements for the collection, recording, reporting, and disclosure of mortgage lending information. The reporting requirements are incredibly detailed and examinations allow very few errors before an institution may be required to correct and resubmit past data. HMDA violations can also lead to civil money penalties and/or consent orders from examining agencies.

Coverage and Data Reporting Requirements

Coverage is based on prior year’s origination volumes, asset size, and location of the institution’s home and retail offices. If the rule is applicable to the institution, it must collect, report, and disclose detailed data about home lending activity via a Loan Application Registration (LAR). The institution must submit its HMDA data to its appropriate Federal agency by March 1 following the calendar year for which it collected the data and requires electronic submission of the data.

The regulation generally applies to consumer-purpose, closed-end loans and open-ended lines of credit that are secured by a dwelling. There are exclusions from coverage if the dwelling type is exempted. There are extremely specific rules on whether business/agricultural transactions are reportable and there are also certain other transaction types that are specifically excluded under the regulation.

At application, HMDA requires lenders to collect certain data related to general loan information, property information, applicant information, and institutional identifiers. There are numerous data points to report for each transaction.

Partial Reporting Exemption

For partial reporting eligible institutions, reporting still may be required, but the burden of reporting all data points may be reduced via a partial exemption. The exemption is based on loan volume and a satisfactory examination history under the Community Reinvestment Act. Partial exemption applies to an eligible institution’s applications for, originations of, and purchases of, closed-end mortgage loans, if the institution originated fewer than 500 closed-end mortgage loans in each of the two preceding calendar years. Also, a partial exemption applies to an eligible institution’s applications for, originations of, and purchases of open-ended lines of credit, if the institution originated fewer than 500 open-ended lines of credit in each of the two preceding calendar years. The partial exemption for closed-end mortgage loans and the partial

exemption for open-end lines of credit operate independently of one another. Thus, in a given calendar year, an eligible institution may be able to rely on one partial exemption but not the other.

If a Covered Loan or Application is covered by a partial exemption, the institution is required to collect, record, and report fewer data points than that of non-eligible institutions, which lessens the burden and decreases the risk of reporting errors.

Data Disclosure

When HMDA data is submitted and released publicly each year, some information is modified to protect applicant privacy. HMDA data is primarily located on the FFIEC's HMDA Platform (<https://ffiec.cfbp.gov/data-publication/modified-lar>) which provides annual LAR data. The HMDA data can be used by regulators or others that may have an interest in your lending activity. Since this information becomes publicly available and the data is used as a screening tool for other regulations such as the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act, accurate reporting is of utmost importance.

Implications and Recommended Practices

HMDA compliance requires strong internal controls and specialized knowledge which may or may not be available at all institutions. Lack of these can result in data inaccuracies or inconsistencies, missing data, and discrepancies between the HMDA data and the underlying records.

Violations can also lead to a complete review of past data and resubmission of past LARs, which can be quite time consuming and costly. HMDA continues to be a critical regulation, and we see no end in sight.

Here are some recommended practices to ensure your HMDA process to minimize your HMDA risks and ensure compliance:

- **Board and Senior Management Responsibilities.** Ensure adequate oversight and the necessary internal resources to ensure compliance. Ensure all applicable employees understand the importance of accurate reporting.
- **Policy/Procedures.** Create a HMDA policy and detailed procedures to ensure responsible employees can easily access the HMDA requirements.
- **Training.** Provide necessary training to everyone associated with the data collection and reporting process.
- **Expertise and Staffing.** Ensure there is a knowledgeable person(s) to ensure HMDA compliance. Ensure adequate staffing for HMDA reporting.

- Internal Controls. Ensure application data collection is well documented and have a thorough review process to ensure data was entered to the LAR correctly.
- Internal Audit/HMDA Date Point Scrub. Perform a review of your current processes/procedures, internal controls, and a detailed review of your data points by a third party.

At Snodgrass, we specialize in the HMDA regulatory and data point/control requirements. We can provide simple tips to help quickly detect potential errors. We provide both internal audits and can perform a complete scrub of your HMDA data points. If you feel you are at risk for noncompliance with HMDA requirements, please contact us if you would like to see how we can help you maintain compliance with this regulation.

About the Author



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With more than 20 years of banking and audit experience, including leadership roles at PNC Bank and Sovereign Bank, Frank brings depth, perspective, and steady guidance to financial institutions navigating complex regulatory challenges. His highly valued expertise strengthens internal controls, protects institutions, and helps clients move forward with confidence.

About S. R. Snodgrass

Founded in 1946, S.R. Snodgrass is a privately held, multi-faceted public accounting and consulting firm, known for innovative tax, assurance, technology, and financial advisory services for financial institutions, nonprofits, and businesses of all kinds. The firm has worked with more than 175 financial institutions in 16 states and employs more than 90 professionals. The firm is ranked among the country's top 300 public accounting firms according to Inside Public Accounting's 2025 list. <https://insidepublicaccounting.com/ipa-top-500-firms/>