

TOWNE FAMILY OF COMPANIES

BULLETIN

TO: Our Valued Clients

Date: October 23, 2017

SUBJECT: (HMDA) Home Mortgage Disclosure Act Requirements for 2018

BULLETIN 17-20

***** IMPORTANT NOTICE *****

Beginning January 1, 2018, the HMDA amendment becomes effective. The following are the changes that impact Loan Officers:

- *The requirements with regards to collecting the data still apply, as follows:*
 - You must ask the applicant for their ethnicity, race, and sex but you cannot require the applicant to provide it.
 - You must inform the applicant that Federal law requires this information to be collected in order to protect consumers and to monitor compliance with Federal statutes that prohibit discrimination against applicants on these bases.
 - You must inform the applicant that if the information is not provided where the application is taken in person, you are required to note the information on the basis of visual observation or surname
 - If the applicant does not wish to disclose the Demographic Information on an 'in person,' application, the loan originator must indicate that the ethnicity, race, or sex was collected on the basis of visual observation or surname.
- The New HMDA Rule provided for new categories (aggregated information) and sub-categories (disaggregated information) for Race and ethnicity information collected at application.
 - If you are completing the demographic information based on a visual observation (in-person or video app where applicant(s) did not wish to provide) – then you must complete only the aggregated information.
 - If an applicant is completing the demographic information, the disaggregated information must be self-identified by the Applicant(s) and entered into Encompass in the exact way the Applicant(s) indicated.
- A Demographic Addendum to the 1003, which provides for the new demographic information under the New HMDA Rule, is available for use until the updated 1003 is released sometime in 2018.

Encompass will require the new demographic fields for all applications taken on or after **November 1, 2017**. The completion of Section X of the 1003 and the Demographic Information addendum will be required from this date forward.

Compliance & Operational Training will be provided in the next couple of weeks. Your applicants will likely have questions on how to complete the information, so attendance is imperative.

Below is a copy of the Demographic Information addendum for your review.

Demographic Information Addendum. This section asks about your ethnicity, sex, and race.

Demographic Information of Borrower

The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, federal law requires that we ask applicants for their demographic information (ethnicity, sex, and race) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. **The law provides that we may not discriminate** on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, federal regulations require us to note your ethnicity, sex, and race on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. **Instructions:** You may select one or more "Hispanic or Latino" origins and one or more designations for "Race." If you do not wish to provide some or all of this information, select the applicable check box.

<p>Ethnicity</p> <p><input type="checkbox"/> Hispanic or Latino</p> <p style="padding-left: 20px;"><input type="checkbox"/> Mexican <input type="checkbox"/> Puerto Rican <input type="checkbox"/> Cuban</p> <p style="padding-left: 20px;"><input type="checkbox"/> Other Hispanic or Latino – <i>Enter origin:</i> _____</p> <p style="padding-left: 40px;"><i>Examples: Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, etc.</i></p> <p><input type="checkbox"/> Not Hispanic or Latino</p> <p><input type="checkbox"/> I do not wish to provide this information</p> <p>Sex</p> <p><input type="checkbox"/> Female</p> <p><input type="checkbox"/> Male</p> <p><input type="checkbox"/> I do not wish to provide this information</p>	<p>Race</p> <p><input type="checkbox"/> American Indian or Alaska Native – <i>Enter name of enrolled or principal tribe:</i> _____</p> <p><input type="checkbox"/> Asian</p> <p style="padding-left: 20px;"><input type="checkbox"/> Asian Indian <input type="checkbox"/> Chinese <input type="checkbox"/> Filipino</p> <p style="padding-left: 20px;"><input type="checkbox"/> Japanese <input type="checkbox"/> Korean <input type="checkbox"/> Vietnamese</p> <p style="padding-left: 20px;"><input type="checkbox"/> Other Asian – <i>Enter race:</i> _____</p> <p style="padding-left: 40px;"><i>Examples: Hmong, Laotian, Thai, Pakistani, Cambodian, etc.</i></p> <p><input type="checkbox"/> Black or African American</p> <p><input type="checkbox"/> Native Hawaiian or Other Pacific Islander</p> <p style="padding-left: 20px;"><input type="checkbox"/> Native Hawaiian <input type="checkbox"/> Guamanian or Chamorro <input type="checkbox"/> Samoan</p> <p style="padding-left: 20px;"><input type="checkbox"/> Other Pacific Islander – <i>Enter race:</i> _____</p> <p style="padding-left: 40px;"><i>Examples: Fijian, Tongan, etc.</i></p> <p><input type="checkbox"/> White</p> <p><input type="checkbox"/> I do not wish to provide this information</p>
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To Be Completed by Financial Institution (for application taken in person):

Was the ethnicity of the Borrower collected on the basis of visual observation or surname? NO YES

Was the sex of the Borrower collected on the basis of visual observation or surname? NO YES

Was the race of the Borrower collected on the basis of visual observation or surname? NO YES

The Demographic Information was provided through:

Face-to-Face Interview (*includes Electronic Media w/ Video Component*) Telephone Interview Fax or Mail Email or Internet

If you have any further questions, please contact Compliance.

Thank you,
 Operations Group
Towne Family of Companies