



Your Easiest Path
to Mortgage Lending™

Mod Corr Partner Announcement

“Striving to be the Best...not the biggest.”

Issue Date 11/17/17

Effective Date As Noted

MCPA 2017-010

Amended HMDA LAR 2018

Purpose

- New HMDA requirements effective January 1, 2018. Among the changes are:
- ✓ LEI (Legal Entity Identifier)
 - ✓ ULI (Universal Loan Identifier) with each loan
 - ✓ MSI's LEI and ULI will be used for all loans closed on and after Jan. 1, 2018
 - ✓ Requires Demographic Addendum for each loan with an application date of January 1, 2018 and after

Background

LEI facts

- ✓ The Consumer Financial Protection Bureau's *Small Entity Compliance Guide*:
 - Defines LEI as a “unique, 20 digit alphanumeric identifier issued by an utility endorsed by the LEI Regulatory Oversight Committee or endorsed or otherwise governed by the Global LEI Foundation or a successor organization”
 - Directs financial institutions to the Global LEI Foundation website to obtain an LEI
- ✓ Beginning January 1, 2018, the HMDA final rule requires the:
 - Financial Institution that makes the credit decision on a loan to create and assign a ULI for the loan
 - ULI to begin with the financial institution's LEI (refer to the HMDA final rule for complete ULI requirements)

LEI/ULI and MSI

- ✓ MSI's LEI and ULI will be used for all loans Closed on and after January 1, 2018 per the amended HMDA LAR 2018 requirement stating the Financial Institution that makes the credit decision on the loan must create and assign the ULI to be used.
- ✓ In order to meet our HMDA reporting obligations MSI will require our TPO partners to provide all necessary and applicable HMDA information for the HMDA LAR 2018 relating to:
 - Information about applicants, borrowers, and underwriting process (age, credit score, Debt to Income (DTI) denial reasons, application channel, race, ethnicity, gender)
 - Information about the property securing the loan (construction method, property value, lien priority, number of individual dwelling units, and manufactured and multifamily housing data)
 - Information about the features of the loan (pricing data, loan term, interest rate, introductory rate period, non-amortizing features, and type of loan)
 - Unique identifiers (Universal loan identifier, property address, loan originator identifier, and legal entity identifier for the institution)

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Demographic information Addendum

The following will be required with all applications dated January 1, 2018 and after:

- ✓ Demographic information Addendum must be attached to 1003
- ✓ Applicants can select and write in whatever they want for Ethnicity, Sex and Race. Applicants are self-identifying including any written in sub-category. Please note as a lender you can **NOT** correct an applicant’s self-identification information (including misspellings) nor can you complete any information** (see “Face to Face” bullet).
- ✓ Applicants **ONLY** can select “I do not wish to provide this information”
 - Exception: During a Telephone interview, at borrower(s) request
- ✓ Applications taken in person **and** the applicant does not wish to provide information, the Loan officer is required to complete the following boxes:
 - “To be completed by Financial Institution”
 - “The Demographic information was provided through”
- ✓ If Face to Face** and do not wish to provide
 - Loan Officer is to select the Aggregate (category) not Disaggregate (sub-category) of Ethnicity, Sex and Race
- ✓ A Financial Institution may **NOT** select an Aggregate (category) when an applicant only selects one of the Disaggregate (sub-category) choices

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

The Demographic Information was provided through:

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

Effective Date As noted

Questions If you have questions, contact your Account Executive.

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