



New HMDA Rules: Part 2 - Operations Systems, Audit & Reporting Implications (Webinar)

March 20, 2017 ☐ 3:30pm - 5:00pm

The CFPB released a final HMDA rule October 2015 and all covered institutions will be impacted by the sweeping rules that become effective in 2018. **Why worry now?** All dwelling secured consumer purpose loan *applications*, both closed and open end, will be reported with final action dates on or after January 1, 2018. Business purpose loans that are dwelling secured will continue to be reported if they are for purchase, improvement or refinance, but business purpose open end lines for those purposes will also be reported, so there is a significant impact in commercial lending along with the expanded fields. Regulators allowed a long implementation time because the changes are *complex and processing and system changes will be extensive*.

What are the impacts and important changes? Part 2 of this series will provide a road map for the unique concerns for operations, data systems, audit scope, and implications of reporting dozens of new data fields. Only five of the current HMDA fields are unchanged. More data means more potential errors, increased monitoring and review, and greater fair lending scrutiny. You'll learn practical tips for developing a strategy that will help you develop a strong project plan "road map" and work effectively with the "inside" team of operational staff and audit as well as the "outside" team of vendors that will develop software and data collection tools.

What Will be Covered:

- Tips to prepare for five potential "surprises" in the new rules:
 - **What resources are needed?** Key questions about management support, staffing, technology, and impact of operational changes.
 - **What are the key changes in data reporting and analysis?** Potential surprises include applications that begin in one year but final action occurs in the next year; potential "disconnects" when regulators compare different years of data.
 - **What are the concerns about operational process decisions?** Loan decisions may be made differently for in-house loans than secondary market loans that use AUS (Automated Underwriting Systems).
 - **Who are the new "players"?** New lines of business will be reported for home equity lines and commercial lending lines for covered purposes. These changes will require revised audit procedures.
 - **What happens next?** Expanded data fields will impact the strategic plan if an "incomplete" story results in fair lending challenges and closer data integrity by regulators.
- Expanded reporting challenges for the "self-identified" race and ethnicity fields and tips for operational monitoring.
- Suggestions to audit several "problem areas" such as reporting denial reasons, correct income, property types, and more.
- Five strategy steps to prepare for the changes
 - Highlights of the original rule and "pain points" in operations, audit, and reporting
 - Current technology review
 - Compare current data to modified fields and develop a matrix to identify system limitations
 - Review the current CFPB resources, like the filing instructions for HMDA data collected in 2018. Learn about a new term -"FIG" – Filing Instruction Guide.
 - Develop a game plan for additional training, policy & procedure changes, and project plan assignments.

BONUS TOOLS:

- HMDA Key Dates timeline & coverage charts
- HMDA Worksheets and flowchart
- Road Map "template" for an implementation plan for operations and audit
- Review of CFPB Implementation updates

*New HMDA Rules: Part 1: Prepare for Important Changes was held February 21, 2017.

Who Will Benefit

This informative session is designed for lenders, personal bankers, loan assistants and processors, loan operations staff, compliance officers, fair lending officers, and auditors.

Webinar Speaker



Susan Costonis is a compliance consultant and trainer. Her 37 year career in banking and training began with 20 years at First National Bank, in Fort Collins, CO. Susan has been a bank compliance consultant or compliance officer in Louisiana since 1998. During her career, Susan has successfully managed compliance programs and exams for institutions supervised by the OCC, FDIC, and Federal Reserve. She is a Certified Regulatory Compliance Manager and completed the ABA Graduate Compliance School.