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NEW SUBMISSION REQUIREMENTS – DEMOGRAPHIC INFORMATION ADDENDUM

PURPOSE

The purpose of this bulletin is to announce new submission requirements pertaining to the Demographic Information Addendum.

IMPLEMENTATION

New Government Monitoring Information (GMI) collection and reporting requirements go into effect on January 1, 2018. Beginning with applications taken on or after that date, the new Demographic Information Addendum must be accurately completed or the loan application will not be accepted. Incomplete, outdated, or inaccurate GMI data is not acceptable.

In addition, LHFS will not accept an application taken on or after January 1, 2018, if it does not contain the Demographic Information Addendum, as the information collected on the 1009 form is no longer sufficient.

GMI COLLECTION

The Government Monitoring Information (GMI) requirements under the Home Mortgage Disclosure Act (HMDA) require that all lenders obtain information regarding a borrower's sex, race and ethnicity. Lenders and brokers must obtain information from each borrower, and accurately input this information into loan operating systems (LOS).

Presume that ANY AND ALL information the borrower provides is "accurate". Do not correct or change the spelling of any GMI provided on any applications submitted by internet, email, mail or fax. Enter the letters EXACTLY as typed.

SEX

Borrowers can select

- Female, and/or,
- Male, or,
- I do not wish to provide this information.

If the borrower provides a response for sex, do not change the information. A selection of "Female" AND "Male" is acceptable.

NOTE: If the application is taken in person and the borrower declines to provide a response for sex, the **LOAN OFFICER MUST** guess the sex based on visual observation or surname. The Loan Officer may only select "Female" OR "Male", NOT both.



ETHNICITY

There are three “aggregate” categories (categories that combine several sub-categories) and four new “disaggregate” categories (individual sub-categories combine within those aggregate categories):

- **Aggregate categories:** These include “Hispanic or Latino,” “Not Hispanic or Latino,” and “I do not wish to furnish this information.”
- **Disaggregate categories:** These include “Mexican,” “Puerto Rican,” “Cuban,” “Other Hispanic or Latino,” and a free-form field for the borrower to enter his or her ethnicity.

Borrower can select multiple aggregate and disaggregate options. They can also select a disaggregate category or provide a free-form response without selecting an aggregate category.

NOTE: If the application is taken in person and the borrower declines to provide a response for Ethnicity, the **LOAN OFFICER** MUST guess their ethnicity based on visual observation or surname. The Loan Officer cannot select any disaggregate categories or enter anything in the Other free-form field. The only two options are “Hispanic or Latino” or “Not Hispanic or Latino”.

RACE

There are 12 new “disaggregated” categories (individual categories that comprise the larger “aggregate category) in the Race section, including three new free-form fields. These new subcategories are in addition to the five existing aggregate categories.

Borrowers can select multiple race fields. They can also select a disaggregate category, or complete a free-form field, without selecting an aggregate category.

NOTE: If the application is taken in person and the borrower declines to respond for race the **LOAN OFFICER** MUST GUESS the race based on visual observation or surname. The Loan Officer cannot select any disaggregate categories, or enter text into the free-form field. The only options are “American Indian or Alaska Native,” “Asian,” “Black or African American,” “Native Hawaiian or Other Pacific Islander,” or “White.”

VISUAL OBSERVATION DATA POINTS

This section applies when the application is taken face-to-face. The Loan Officer must complete all three questions if the GMI data was collected in a face-to-face interview. Otherwise, leave all three questions blank.

- Click **Yes** if the borrower or co-borrower did not provide the GMI, and it was guessed on the basis of visual observation or surname.
- Click **No** if the borrower provided the information for that item in a face-to-face interview.



PHONE

When taking an application by phone, the Loan Officer must first read the GMI Disclosure aloud to each applicant before asking for any race, sex, or ethnic information.

FAX, MAIL, OR EMAIL/INTERNET APPLICATIONS

If the application is received by mail or email/Internet, DO NOT guess or change any of the borrower's responses. This information MUST NOT be collected by visual observation or surname. The Loan Officer must contact the borrower to obtain any missing information, if left blank. Do not contact the borrower for a response if they indicated they did not wish to provide a GMI selection.

IN-PERSON INTERVIEWS

"In-person interviews" include face-to-face interviews, Skype (with camera on), FaceTime, and any other video call. In-person interviews are the only situation when the Loan Officer must select GMI on the basis of visual observation or surname, if the borrower declines to provide the information

- **Face-to-Face:** Direct the borrower to the GMI Disclosure section of the application, and request that they review it. Read the disclosure out loud, if the borrower requests you to.
- **Video Call:** If the LO completes the application during a video call or other form of in-person interview, other than a face-to-face meeting, the LO must read the GMI Disclosure to the applicant.
- **No Response Visual Observation/Surname Requirements:** An in-person/video interview is the ONLY time an LO can make a visual observation regarding a person's sex, ethnicity or race if the borrower does not provide the information.

If the borrower provides a partial response, the LO can only use visual observation and surname to guess the information they did NOT provide.

RESOURCES

- [CFPB](#)
- [Demographic Information Addendum](#)
- [Demographic Information Addendum guidelines](#)
- [Training courses available](#)

Note: This information is not intended to be relied upon as legal advice. Please consult with your compliance team or counsel regarding these changes. This notice is only intended to provide the information required per LHFS's process.

For more information, contact your Account Executive

