

DEPARTMENT OF BUSINESS OVERSIGHT*Ensuring a Fair and Secure Financial Services Marketplace for all Californians*

Jan Lynn Owen
Commissioner of Business Oversight
 Los Angeles, California

IN REPLY REFER TO:
 FILE NO: ALPHA

February 28, 2014

RE: 2013 RESIDENTIAL MORTGAGE LOAN REPORT

TO: Residential Mortgage Lenders

The 2013 Residential Mortgage Loan Report required by the Housing Financial Discrimination Act of 1977 more commonly known as the Holden Act (Sections 35814 through 35816, California Health and Safety Code) must be filed by lenders who meet the following criteria.

THIS REPORT MUST BE FILED BY ALL LENDERS:

- Whose assets total \$10 million and less and who regularly make real estate purchase and/or home improvement loans and do not report to a state or federal agency.

OR

- Whose assets total more than \$10 million and who regularly make real estate purchase money and/or home improvement loans and fall under the broad reporting requirements of the Federal Home Mortgage Disclosure Act (Reg. C) as a depository or non-depository financial institution, but elect not to report under the federal program.

AND

- Who make 10 percent or more in qualifying loans. (A lender who makes 10 percent or less of its total loan volume in qualifying loans must provide an explanation of why its loan volume would entitle it to the exception under California Code of Regulations, title 21, section 7121.)

NOTE: Lenders making 10 percent or more in qualifying loans **MUST** report pursuant to the Home Mortgage Disclosure Act of 1975, more commonly known as Regulation C or HMDA or the reporting requirements of the Holden Act. Additional authority is contained in Title 21, Division 3, Chapter 4, beginning with Section 7100, known as the Regulations Pursuant to the Housing Financial Discrimination Act of 1977.

The report is available at ([Link](#)) and is due MARCH 31, 2014.

The completed report or the following completed statement should be sent to Holden.Inquiries@dbo.ca.gov.

Information regarding the report may be obtained by calling 1-866-275-2677 or you may send your questions to Holden.Inquiries@dbo.ca.gov.

1515 K Street, Suite 200
 Sacramento, CA 95814-4052
 (916) 445-2705

One Sansome Street, Suite 600
 San Francisco, CA 94104-4428
 (415) 972-8565

320 West 4th Street, Suite 750
 Los Angeles, CA 90013-2344
 (213) 576-7500

1350 Front Street, Room 2034
 San Diego, CA 92101-3697
 (619) 525-4233

45 Fremont Street, Suite 1700
 San Francisco, CA 94105
 (415) 263-8500

300 S. Spring Street, Suite 15513
 Los Angeles, CA 90013
 (213) 897-2085

7575 Metropolitan Drive, Suite 108
 San Diego, CA 92108
 (619) 682-7227

2013 RESIDENTIAL MORTGAGE LOAN REPORT

COMPLETE THE INFORMATION BELOW IF YOU ARE NOT FILING THE RESIDENTIAL MORTGAGE LOAN REPORT:

If you make loans for the purpose of purchasing or improving 1 to 4 unit residential real property which total 10% of the loans made during the preceding year and are not filing a report with the Department:

COMPANY NAME: _____

LICENSE NUMBER: _____

NMLS NUMBER (If applicable): _____

TELEPHONE NUMBER: _____

Check the proper space

_____ I AM EXEMPT FROM FILING THE RESIDENTIAL MORTGAGE LOAN REPORT WITH THE DEPARTMENT OF BUSINESS OVERSIGHT BECAUSE I AM FILING THE REPORT WITH A FEDERAL AGENCY.

NAME OF AGENCY/
AUTHORITY FOR
FILING: _____

_____ I AM NOT FILING THE RESIDENTIAL MORTGAGE LOAN REPORT BECAUSE I DO NOT MEET THE REPORTING REQUIREMENTS.

EXPLAIN: _____

The above information is true and correct.

By _____
(Signature)

(Date Signed)

(Name of Signatory)

(Title)

THIS PAGE MUST BE SUBMITTED IF A REPORT IS NOT FILED WITH THE DEPARTMENT OF BUSINESS OVERSIGHT. SUBMIT THE FORM TO Holden.Inquiries@dbo.ca.gov.

RESIDENTIAL MORTGAGE LOAN REPORT

Senate Bill 1556 signed into law on September 30, 1987 amended the Housing Financial Discrimination Act of 1977 more commonly known as the Holden Act (Sections 35814 through 35816, California Health and Safety Code) to require DBO licensees who are lenders in certain types of loan transactions to report all activity related to the application of, and loans made to the public for home purchase and/or home improvement purposes. If a DBO licensed lender reports under the provisions of the federal Home Mortgage Disclosure Act, then it is not necessary to report to the DBO.

The State of California Residential Mortgage Loan Report (HDN 1) must be submitted to the DBO by all DBO licensed lenders:

- whose assets total \$10 million and less and who regularly make real estate purchase and/or home improvement loans and do not report to a state or federal agency.

OR

- whose assets total more than \$10 million and who regularly make real estate purchase money and/or home improvement loans and fall under the broad reporting requirements of the federal Home Mortgage Disclosure Act (Reg. C) as a depository or non-depository financial institution, but elect not to report under the federal program.

All lenders making 10% or more in qualifying loans are required to report to the appropriate state or federal agency or provide an explanation of any exemption claimed accompanied by appropriate points and authorities.

"Regularly" is defined to mean at least twelve or more transactions annually during the immediately preceding calendar year that in aggregate total more than \$500,000 in value. Only licensed lenders making 10% or more in qualifying loans during the calendar year are required to report.

This mortgage lending data was to be collected annually beginning January 1, 1990, and reported on the designated HDN 1 by March 31 of each year.

The HDN 1 format requires DBO mortgage lenders located in counties which have been classified as Metropolitan Statistical Areas (MSA's) by the U.S. Bureau of the Census to report all loan activity by MSA number and to further break down this activity per Census Tract within each individual MSA. A separate HDN 1 must be submitted for each MSA where applications are taken and loans made in which the lender has a place of business. As stated, each transaction (application and/or loan) within each MSA must then be itemized by Census Tract in numerical sequence. For all applications received and loans made in MSA's where the lender does not maintain a place of business, the reported information is to be totaled and included in Section 2 of the HDN 1.

For those DBO lenders whose place of business is located in a county that has not been assigned a MSA number, applications and/or loans should be reported in aggregate per county of business locations in Section 1 of the HDN 1. All applications and/or loan activity which occurs outside the county or counties of place of business locations, whether the transactions have occurred in a MSA assigned area or not, will be reported as an aggregate total in Section 2.

In response to the many inquires received by the DBO, the counties have been assigned an MSA by the U.S. Bureau of the Census (2010 Census) and the corresponding MSA numbers are listed below in Figure 1 for your information.

The counties in Figure 2 were not assigned MSA numbers by the U.S. Bureau of the Census in the 2010 Census.

Additional Information regarding MSA and Census tract numbers can be found in A Guide to HMDA Reporting: Getting it Right! at www.ffiec.gov/hmda/guide.htm.

Tips on Common Reporting Errors noted in prior reports. Please consider the following when completing your report:

1. **Census Tract** – Please be sure that the census tract number, NOT the county name is listed. Please also check to make sure that the census tract number is a valid one.
2. **Number of Applications/Loans** – Errors occur when loans are reported and the number of applications is either omitted or is less than the number of loans reported. There must be at least as many applications as there are loans.
3. **Principal Amount** – Show the amount in thousands. A \$100,000 loan would be reported as \$100 and a \$1,100,000 loan would be reported as \$1,100.
4. **MSA** – Please make sure the correct MSA number is listed. Errors occur when valid census tract numbers are listed for a county but the MSA number listed is actually for another county.

If there are questions regarding this information or either form, DBO licensed lenders may contact:

Department of Business Oversight

1-866-275-2677
www.dbo.ca.gov

Figure 1

COUNTY MSA NUMBERS

Alameda	36084	Sacramento	40900
Butte	17020	San Benito	41740
Del Norte	18860	San Bernardino	40140
El Dorado	40900	San Diego	41740
Fresno	23420	San Francisco	41884
Humboldt	21700	San Joaquin	44700
Imperial	20940	San Luis Obispo	42020
Kern	12540	San Mateo	41884
Kings	25260	Santa Barbara	42060
Lake	17340	Santa Clara	41940
Lassen	45000	Santa Cruz	42100
Los Angeles	31084	Shasta	39820
Madera	31460	Solano	46700
Marin	42034	Sonoma	42220
Mendocino	46380	Stanislaus	33700
Merced	32900	Sutter	49700
Monterey	41500	Tehama	39780
Napa	34900	Tulare	47300
Nevada	46020	Tuolumne	43760
Orange	42044	Ventura	37100
Placer	40900	Yolo	40900
Riverside	40140	Yuba	49700

Figure 2

Alpine	Amador
Calaveras	Colusa
Contra Costa	Glenn
Inyo	Mariposa
Modoc	Mono
Plumas	Sierra
Siskiyou	Trinity

RESIDENTIAL MORTGAGE LOAN REPORT INFORMATION

HDN 1A

WHO MUST FILE

1. This form must be filed by lenders that:
 - a) Regularly make qualifying loans on 1 to 4 unit residential real estate property which total at least 10% of the loans made during the preceding calendar year.
 - b) have total assets of 10 million dollars and less; and
 - c) who do not report to a federal or state regulatory agency as provided by the Home Mortgage Disclosure Act of 1975.

WHEN AND WHERE TO FILE

1. The lender must send the loan report to the office of its state enforcement agency no later than March 31st following the calendar year for which the loan data is compiled. Forms should be sent to the following email address: Holden.Inquiries@dbo.ca.gov.
2. The lender also must make its loan report available for examination by the public no later than March 31st of each year.

INSTRUCTIONS FOR COMPLETION OF FORM

Data to be shown

1. The lender must show the data on residential purchase and home improvement loan applications and loans that were originated during the calendar year covered by the report.
2. Data for each category on the statement must show the number of applications taken, the number made and the total dollar amount of loans made.

3. Dollar amounts are to be rounded to the nearest thousand (\$500 will be rounded up), and show in terms of thousands.

Data to be Excluded

1. Do not report loans that, although secured by real estate, are made for purposes other than the purchase of residential real estate or home improvement (for example, a loan secured by residential real property for the purpose of financing education, a vacation or business operations.)
2. Also exclude from the report: construction loans and other temporary financing; loans made by the lender acting in a fiduciary capacity (by the lender's trust department, for example); loans on unimproved land; and refinancing of loans originated by the lender that involved no increase in the outstanding principal (providing the parties to the loan remain the same).

Geographic Itemization (Grouping of loan data by MSA, census tract or county; and outside-MSA)

1. Loan data is to be reported separately for each MSA in which the lender has a home or branch office. A separate page must be used for each MSA (See item #4 below for treatment of loans on property outside such MSAs). The lender must use the MSA boundaries as defined by the U.S. Department of Commerce on January 1 of the calendar year for which the loan data is compiled.
2. Loan data on property within an MSA shall be further itemized in Section 1 by the census tract in which the property is located except that the loan data shall be itemized by the county instead of the census tract when the property to which the loan is related is located in a county that has not been assigned an MSA.
3. To determine census tract numbers and MSA boundaries, the lender should consult the Census Bureau's census tract outline maps.
4. For loans secured by properties located outside MSAs in which the reporting lender has a home or branch office, the

loan data should be listed as an aggregate sum in Section 2 of the form; no geographic itemization is necessary.

5. If duplicate census tract numbers are encountered in an MSA, the lender must indicate the county name in addition to the census tract.

Type of Loan Itemization (Itemization of each geographic grouping into loan categories)

Column A – FHA, FmHA and VA loans on 1 to 4 unit dwellings. This category includes loans that are secured by liens (both first and junior liens) and that are made for the purpose of purchasing residential real property and that have FHA, FmHA and VA insurance or guarantee. It includes refinancings (see Item #2 under *Data to be Excluded*). It may include, at a lender's option, first lien loans for home improvement purposes if the lender normally classifies first lien loans as purchase loans. It does not include FHA Title I loans, which are to be entered in column C.

Column B – Other home purchase loans (conventional loans) on 1 to 4 unit dwellings. This category includes loans secured by liens (both first and junior liens) and made for the purpose of purchasing residential real property, other than FHA, FmHA and VA loans. It includes refinancings (see item #2 under *Data to be Excluded*). It may include, at a lender's option, first lien loans for home improvement purposes if the lender normally classifies first lien loans as purchase loans.

Column C – Home improvement loans on 1 to 4 unit dwellings. This category is limited to any loan, including a refinancing, that is to be used for repairing, rehabilitation or remodeling a residential dwelling and that is recorded on the lender's books as a home improvement loan.

Column D – Non-occupant loans on 1 to 4 unit dwellings. This is an addendum category for reporting those home purchase and home improvement loans on 1 to 4 unit dwellings (recorded in columns A, B and C) that were made to a borrower who did not at the time of the loan application, intend to use the property as a principal dwelling.

