

Origination Channels

On January 1, 2018, the Official Interpretations (formerly Staff Commentary) is amended to include some examples regarding origination channels when more than one entity is involved in the loan process, and regarding purchased loans. The current “broker rule” provided under the present Commentary ¶1(c)-2, -3, and -4 is removed. The chart below also applies if any of the parties are not defined as a financial institution, such as but not limited to, credit decisions made by state housing agencies.

Applications & Closed Loans (Comment ¶14(a)-2, -3 & -4)

Application Taken by	Credit Decision Made by	Loan Disposition	If Disposition is “Closed” – it was closed in the name of	Reported by Whom?
Institution A	Institution B	Closed & Purchased by Institution B	Institution A	Institution B – as originated (Institution A does not report the loan)
Institution A	Institution B	Denial		Institution B – as a denial (Institution A does not report the application)
Institution A	Institution B	Withdrawn (prior to credit decision)		Institution B – as withdrawn (Institution A does not report the application)
Institution A	Institution A	Closed & sold to Institution B	Institution A	Institution A – originated Institution B – purchased
Institution A	Institution A (with intention to sell to Institution B post-closing)	Denial	Loan was intended to close in name of Institution B	Institution A – as a denial (Institution B does not report the loan)
Institution A	Institution A (using third party u/w criteria from another fin. inst., Fannie or Freddie)	Closed or Denied	Institution A	Institution A – originated or denied (Third Party does not report the application or loan)
Institution A	Institution A (using third party u/w criteria from another fin. inst., Fannie or Freddie)	Approved but Not Accepted		Institution A – approved but not accepted (Third Party does not report the application)
Institution A	Institution A (using third party insurer or guarantor u/w criteria)	Any disposition	Institution A	Institution A reports the loan and disposition (Third Party does not report the application or loan)
Institution A (and submits to Institution B & Institution C for credit decision)	Institution A actually makes the credit decision (acting as agent* for Institution D)	Approved but Not Accepted		Institution D – approved but not accepted (Institution A does not report the application)
Institution A (and submits to Institution B & Institution C for credit decision)	Institution B makes the credit decision and closes the loan	Closed	Institution B	Institution B – originated (Institution A does not report the application)
Institution A (and submits to Institution B & Institution C for credit decision)	Institution C makes the credit decision and denies the loan	Denied		Institution C – as a denial (Institution A does not report the application)
Institution A	Institution B (as agent* for Institution A)	Any disposition	Institution A	Institution A – disposition (Institution B does not report the loan)

*State law determines when acting as an agent