

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 81-162

August 11, 1981

REGULATION C

Revision and Simplification

TO ALL MEMBER BANKS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

The Board of Governors of the Federal Reserve System has adopted a revised version of its Regulation C which implements the Home Mortgage Disclosure Act and requires depository institutions with over \$10 million in assets that have offices in standard metropolitan statistical areas to make an annual disclosure of their mortgage lending activity. The Regulation is effective immediately, except that a lobby notice requirement takes effect on September 30, 1981.

Attached is a copy of the Board's press release and a copy of a summary description of the revised Regulation. The complete text of the Federal Register notice, including the regulatory text, can be obtained from this Bank's Department of Communications, Financial and Community Affairs, Ext. 6289.

A copy of the new Regulation pamphlet will be mailed to you as soon as it is received in this Bank.

Questions regarding the revised Regulation C should be directed to this Bank's Legal Department, Ext. 6171.

Sincerely yours,



William H. Wallace
First Vice President

Attachment

FEDERAL RESERVE SYSTEM

[12 CFR Part 203]

[Regulation C; Docket No. R-0350]

HOME MORTGAGE DISCLOSURE

Revision of Regulation C

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board is adopting in final form a revised version of Regulation C. Regulation C implements the Home Mortgage Disclosure Act and requires depository institutions with offices in standard metropolitan statistical areas (SMSAs) to disclose data about their home mortgage and home improvement loans each year. Institutions with less than \$10 million in assets are exempt from coverage.

The revision implements certain amendments to the act made by the Housing and Community Development Act of 1980, and simplifies the regulation generally. The proposed revision was published for comment at 46 FR 11780 (February 10, 1981).

A regulatory analysis has been prepared, to comply both with the expanded rulemaking procedures set forth in the Board's policy statement of January 19, 1979 (44 FR 3957) and with the requirements of the Regulatory Flexibility Act (Pub. L. 96-354). Copies may be obtained from the Consumer Affairs office of any Federal Reserve Bank or from the Board's Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, D. C. 20551.

The Board also adopted mortgage loan disclosure form HMDA-1, whose use will be mandatory for the reporting of 1981 loan data. This form has been submitted to the Office of Management and Budget in accordance with the requirements of the Paperwork Reduction Act. The Board will issue it in final form once the OMB review procedures have been completed.

EFFECTIVE DATES: The regulation takes effect immediately, except that a lobby notice requirement takes effect on September 30, 1981.

FOR FURTHER INFORMATION, CONTACT: John C. Wood, Senior Attorney, or Claudia Yarus, Jesse Filkins, or Lynn Goldfaden, Staff Attorneys, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551 (202-452-3867).

SUPPLEMENTARY INFORMATION: (1) General. Regulation C implements the Home Mortgage Disclosure Act (HMDA), 12 U.S.C. 2801 et seq., and requires depository institutions over \$10 million in assets that have offices in SMSAs to make annual disclosure of their mortgage lending activity. On October 8, 1980, provisions of the Housing and Community Development Act of 1980 (Pub. L. 96-399) amended HMDA and extended it for a five-year period. The amendments require (1) that depository institutions change their data compilation and disclosures from a fiscal to a calendar year basis, beginning with 1980 data; (2) that disclosures be made by census tract and county, rather than by census tract

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and ZIP code; (3) that the Federal Reserve Board prescribe a standard format for disclosures; (4) that disclosure statements be made available at central data repositories in each SMSA; and (5) that aggregate data tables, covering all institutions in each SMSA, be prepared and made available by the Federal Financial Institutions Examination Council (FFIEC). On December 8, 1980, the Board published an amendment to Regulation C to implement calendar year disclosures for 1980 and subsequent years (45 FR 80813).

On February 10, 1981, the Board published a proposed revision of Regulation C to implement the remaining statutory changes (46 FR 11780), and received approximately 225 comments. The Board is now adopting a revised Regulation C in final form.

The Board has also adopted a revised version of the HMDA-1 form. As required by the Paperwork Reduction Act (Pub. L. 96-511), the form must still undergo OMB review. The Board will publish the final version after that review has been completed.

Under 5 U.S.C. 553(d), the general requirement to delay the effective date of a rule until 30 days or more after its publication does not apply where, as in this case, the rule relieves restrictions. Accordingly, the regulation is effective immediately, with the exception of a lobby notice requirement which becomes effective on September 30, 1981, to allow time for achieving compliance.

(2) Revised regulation. The Board has taken this opportunity to redraft the regulation in a simplified, more concise form, in keeping with the objectives of its Regulatory Improvement Project. The revised regulation is approximately 30 percent shorter than the original version, and should be easier to use and comply with. Some of the principal changes in the revised regulation are as follows. First, disclosures are no longer required at a branch office in the SMSA where the institution's home office is located. A disclosure statement will continue to be available at the home office; it will contain complete data for all SMSAs in which the institution has offices. Second, disclosures at other branch offices are only required to give data about loans on property in the SMSA where the branch is located.

Third, the "total residential mortgage loans" category (that is, the sum of the FHA/FmHA/VA loan category and the conventional loan category) is no longer required. Fourth, geographic breakdowns are to be given in terms of census tracts or counties; ZIP codes are no longer used. Fifth, an institution may use either 1970 or 1980 census tract boundaries in geocoding loans. Sixth, a lobby notice is required regarding the availability of HMDA data. Finally, an institution that has exempt status and that subsequently loses its exemption must begin to compile and report data only, in general, for the calendar year following the loss of exemption (rather than for the preceding year, as in the present regulation).

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[NOTE: The complete text of the Federal Register notice, including the regulatory text, can be obtained from any Federal Reserve Bank or from the Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, D. C. 20551.

FEDERAL RESERVE press release



For immediate release

July 31, 1981

The Federal Reserve Board today adopted a revision and simplification of its Regulation C, which implements the Home Mortgage Disclosure Act.

HMDA requires financial institutions located in standard metropolitan statistical areas (SMSAs) to disclose publicly the location of their residential mortgage loans. Institutions with more than \$10 million in assets are covered.

The Board's action, effective immediately for the most part, followed amendment of the Act by the Congress and extension of its life by five years. The amendments to the Act require (1) compilation and disclosure of mortgage loan data on a calendar (rather than fiscal) year basis; (2) itemization of data by census tract and county (rather than by census tract and ZIP Code); (3) the use of a standard disclosure format to be prescribed by the Federal Reserve; (4) a system of central data repositories in each SMSA, and (5) aggregation of mortgage loan data to cover all institutions in each SMSA.

The Board in November amended Regulation C to implement the changeover to calendar year compilation of the data required by the Act. The Board's further revisions of the regulation implement the other changes in the Act.

At the same time the Board has further revised the regulation -- in keeping with the Board's Regulatory Improvement Project for review and simplification of all of its regulations -- to simplify the language and substance of Regulation C, to focus disclosure requirements on those that are most useful and that can be provided at reasonable cost, and to make the regulation more concise. The revised regulation is nearly a third shorter than the existing regulation.

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The principal revisions of Regulation C:

--Require depository institutions to report the location of property on which they make mortgage or home improvement loans, and related data, to their primary federal regulators. The data will be forwarded to the Federal Reserve for compilation and aggregation. To this end the Board has prepared a standard reporting form, which will be supplied to lenders in the near future.

--Require covered institutions, effective September 30, 1981, to display a notice in their lobby that information about the institution's mortgage lending is available. The Board will furnish such a notice upon request.

--Permit the use of either 1970 or 1980 census tracts as a basis for reporting, pending full availability of 1980 census tract maps from the Census Bureau.

--Permit most institutions that have been exempt (on grounds of size or location) but which lose their exemption, to begin compiling data for the year following the year in which the exemption is lost (rather than for the year preceding the loss).

--Require disclosures of conventional loans and of FHA, FmHA (Farmers Home Administration) and VA loans, but not (as previously required) the sum of the conventional and other types of loans.

--Avoid duplicate reporting of loans by a branch and a head office of a lending institution located in the same SMSA.

--Limit reports by branch offices to data on loans made on property in the SMSA where the branch is located.

Attached is a summary description of the revised Regulation C. The full official notice of the Board's action may be obtained from the Board's Division of Consumer and Community Affairs (202-452-2412), or from any Federal Reserve Bank or Branch Bank.

Attachment