



FEDERAL RESERVE BANK
OF DALLAS

WILLIAM H. WALLACE
FIRST VICE PRESIDENT
AND CHIEF OPERATING OFFICER

DALLAS, TEXAS 75222

June 23, 1989

Circular 89-39

TO: The Chief Executive Officer of
all financial institutions in the
Eleventh Federal Reserve District

SUBJECT

Home Mortgage Disclosure Act

DETAILS

The Federal Financial Institutions Examination Council has announced its approval of a statement on the Home Mortgage Disclosure Act (HMDA). The purpose of the statement is to encourage financial institutions covered by the HMDA to file timely and accurate HMDA reports.

Under the HMDA, the Council is required to make aggregate data on home mortgage lending for a particular year available to the public by December 31 of the following year. Such reports are used by individuals, community organizations and government agencies to evaluate the performance of financial institutions in making mortgage credit available in the communities in which they have offices. The reports, for example, can be used to compare lending among different neighborhoods within a particular metropolitan area and to compare the lending patterns of individual financial institutions with the total for all institutions. The data in the reports also show aggregate lending patterns for various categories, racial characteristics, geographic location, and age of housing stock.

Reports of their mortgage lending by individual financial institutions -- commercial bank, savings institutions, credit unions, and certain mortgage banking companies -- provide the raw data that are used by the council to produce the HMDA aggregation reports. Consequently, the timeliness and accuracy of the reports produced by the Council depend greatly on the timeliness and quality of the individual HMDA reports submitted by the financial institutions.

ENCLOSURES

A copy of the Council's statement is enclosed.

Sincerely yours,

A handwritten signature in cursive script, reading "William H. Wallace".

For additional copies of any circular please contact the Public Affairs Department at (214) 651-6289. Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank (800) 442-7140 (intrastate) and (800) 527-9200 (interstate).



1776 G Street, NW, Suite 701 • Washington, DC 20006

Federal Financial Institutions
Examination Council Statement on the
Home Mortgage Disclosure Act

The Federal Financial Institutions Examination Council's (FFIEC) member agencies are the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, the National Credit Union Administration, and the Office of the Comptroller of the Currency. The FFIEC is issuing this statement to encourage institutions covered by the Home Mortgage Disclosure Act (HMDA or the Act) to adhere to the specific requirements of the Act and Regulation C (12 CFR 203). The agencies are concerned about the number of reporting errors in the HMDA report and the large number of reports received from financial institutions after the March 31 due date.

The FFIEC is required by the Act to make HMDA aggregation tables for the previous year available to the public no later than December 31 of each year. Although the FFIEC has met this goal, there is strong Congressional and public interest in making the aggregation tables available earlier in the year. In the conference report that accompanies the February 1988 amendments to HMDA, the Congress called upon the FFIEC and the agencies to take measures to expedite the availability of the HMDA data. Issuance of this Statement is one of those measures.

Covered institutions are encouraged to develop policies and procedures that will ensure full compliance with the HMDA and Regulation C. It is the agencies' policy to provide institutions with guidance to assist them in providing timely and accurate reports. HMDA compliance will be emphasized in examinations. The agencies will also consider what supervisory and enforcement actions may be appropriate to ensure compliance.

The FFIEC and the agencies have already taken steps to assist covered institutions in improving their performance:

- The FFIEC has issued a manual, entitled A Guide to HMDA Reporting--Getting it Right!, which provides an executive overview for management and an instructional section for persons preparing the HMDA report forms. The guide is being made available by the agencies.

- The FFIEC has developed a reformatted census tract list that identifies the specific census tract numbers for each metropolitan statistical area with codes to indicate small and untraced counties that must be reported by county name. In addition, the list identifies counties with dual census tracts that must be reported by both county name and census tract number. These lists will help prevent reporting errors and are available upon request from each agency.
- A videotape entitled "How to Prepare a HMDA Statement" is being prepared to assist in familiarizing compliance personnel with the requirements of HMDA and Regulation C. This instructive video will be made available upon request from the agencies at a nominal cost. It will assist institutions in preparing calendar year 1989 statements that are due March 31, 1990.

Timely and accurate HMDA reporting is not only required by law, it is essential if the aggregate HMDA data is to be made available to the public at the earliest possible date. A cooperative effort among the agencies and the covered institutions is imperative.

Suggestions on how to help ensure accurate and timely submission of the HMDA disclosure form are invited and encouraged. Suggestions or comments should be forwarded to:

Robert J. Lawrence
Executive Secretary
Federal Financial Institutions Examination Council
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