



FEDERAL RESERVE BANK
OF DALLAS

WILLIAM H. WALLACE
FIRST VICE PRESIDENT
AND CHIEF OPERATING OFFICER

DALLAS, TEXAS 75222

October 19, 1989

Circular 89-66

TO: The Chief Executive Officer of all member banks, bank holding companies and others concerned in the Eleventh Federal Reserve District

SUBJECT

Request for public comment on proposed revisions to Regulation C -- Home Mortgage Disclosure

DETAILS

The Board of Governors of the Federal Reserve System is requesting public comment on proposed revisions to its Regulation C (Home Mortgage Disclosure) designed to carry out amendments to the Home Mortgage Disclosure Act (HMDA) that were approved by Congress earlier this year.

Comments should be addressed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. All correspondence should refer to Docket No. R-0674 and must be received by November 3, 1989.

ATTACHMENTS

The Board's press release and the material as published in the Federal Register are attached.

MORE INFORMATION

For further information, please contact Eugene Coy at (214) 744-7480.

Sincerely yours,

A handwritten signature in cursive script that reads "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).

FEDERAL RESERVE press release



For immediate release

October 5, 1989

The Federal Reserve Board today issued proposed revisions to its Regulation C (Home Mortgage Disclosure) designed to carry out amendments to the Home Mortgage Disclosure Act (HMDA) that were approved by Congress earlier this year. Comment is requested by November 3, 1989.

In general, the amendments to HMDA:

1. expand its coverage to include mortgage lenders that are not affiliated with depository institutions or holding companies;
2. require disclosure of data on loan applications and their disposition;
3. require disclosure of the race, sex, and income of borrowers and applicants;
4. require disclosure of the type of purchaser of loans that are sold; and
5. permit institutions to report the reasons for their loan decisions.

Under the revised regulation, institutions would record the required information, on a loan-by-loan basis, using a loan/application register and submit the register to their supervisory agency. The Federal Financial Institutions Examination Council (FFIEC) would then aggregate and cross-tabulate the data



and produce several reports which would be made available to the public by the institution. The Board seeks comment on how to clarify the requirements for the loan/application register and on the output that should be produced by the FFIEC.

Institutions must collect the new data beginning January 1, 1990 and it must be reported in early 1991. Reports for calendar year 1989, which are due on March 31, 1990, are not affected by the revisions.

A copy of the Board's notice is attached.

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Attachment

also be required to report the race, sex and income of mortgage and home improvement loan applicants and borrowers.

The Board is proposing to adopt a "loan/application register" form for HMDA reporting, on which institutions would record the required information for applications completed, loans actually made, and loans purchased. In particular, the Board is seeking public comment on the layout and categories of the loan/application register and on the summary tables that would be produced by the Federal Financial Institutions Examination Council (FFIEC) from the data submitted.

The FIRREA amendments are effective on January 1, 1990, and the first set of reports in the new register format will be due in early 1991. Reports of 1989 loan data, which are due on March 31, 1990, remain subject to the existing provisions of the regulation; and institutions must use the current Form HMDA-1 or HMDA-2 as appropriate.

DATES: Comments must be received on or before November 3, 1989.

ADDRESSES: Comments should be mailed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, Washington, DC 20551, or delivered to the Mail Services courtyard entrance on 20th Street, between C Street and Constitution Avenue, NW., Washington, DC, between 8:45 a.m. and 5:15 p.m. weekdays. Comments should include a reference to Docket No. R-0674. Comments may be inspected in Room B-1122 between 8:45 a.m. and 5:15 p.m. weekdays.

FOR FURTHER INFORMATION CONTACT: Thomas J. Noto or W. Kurt Schumacher, Staff Attorneys, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551, at 202-452-2412 or 202-452-3667; for the hearing impaired only, contact Earnestine Hill or Dorothea Thompson, Telecommunications Device for the Deaf, at 202-452-3544.

SUPPLEMENTARY INFORMATION:

(1) Background

The Board's Regulation C (12 CFR part 203) implements the Home Mortgage Disclosure Act of 1975 (HMDA) (12 U.S.C. 2801 *et seq.*). The regulation currently requires depository institutions, mortgage banking subsidiaries of holding companies, and savings and loan service corporations that have over \$10 million in assets and have offices in metropolitan statistical areas (MSAs) or primary metropolitan statistical areas (PMSAs), to disclose annually their originations and

purchases of mortgage and home improvement loans. Data must be itemized by census tract (or by county, in some instances) and also by type of loan. A disclosure statement covering the data on a calendar-year basis currently must be made available to the public and sent to the institution's federal supervisory agency by March 31 following the calendar year for which the data are compiled.

The Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), which was signed into law on August 9, 1989, made a number of significant amendments to HMDA. (FIRREA, Pub. L. No. 101-73, section 1211, 103 Stat. 183, 524-526 (1989).) First, the coverage of HMDA was expanded to include mortgage lenders that are not affiliated with depository institutions or holding companies. Second, the FIRREA amendments require that institutions report data regarding loan applications; currently, only data regarding loans originated or purchased are reported. Third, the FIRREA amendments require most covered lenders to report the race, sex, and income of mortgage applicants and borrowers; depository institutions with assets under \$30 million are exempt from this particular requirement. Fourth, the FIRREA amendments require that lenders identify the class of purchaser for loans that they sell. Finally, the amendments permit lenders to explain the basis for their lending decisions to their supervisory agency.

The FIRREA amendments apply beginning with calendar year 1990, and data consistent with the new requirements will be due on the reports filed by institutions in early 1991. The FIRREA amendments do not affect the requirements for reports of calendar year 1989 data. The current provisions of Regulation C govern these reports, which are due by March 31, 1990; for these reports, institutions should use Form HMDA-1 or HMDA-2 as appropriate. (The current edition of *A Guide to HMDA Reporting*, published by the FFIEC in January 1989, provides guidance on complying with the current Regulation C and can be used in reporting on the 1989 data. The guide will be rewritten to reflect the FIRREA amendments.)

To implement the FIRREA amendments, the Board is publishing proposed revisions to Regulation C. The proposed revisions provide for a "register" form of reporting. Under the proposed arrangement, lenders would record data on a loan-by-loan and application-by-application basis and submit their registers to their supervisory agency. The Board believes

FEDERAL RESERVE SYSTEM

12 CFR Part 203

[Reg. C; Docket No. R-0674]

RIN 7100-AB04

Home Mortgage Disclosure

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Proposed rule.

SUMMARY: The Board is publishing for public comment a revised Regulation C (Home Mortgage Disclosure). The revised regulation implements amendments to the Home Mortgage Disclosure Act (HMDA) contained in the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA). The FIRREA amendments expand the coverage of HMDA to include mortgage lenders that are not affiliated with depository institutions or holding companies, and require covered institutions to report data regarding mortgage and home improvement loan applications they receive in addition to data regarding loan originations and purchases. Most institutions will now

that institutions would have to maintain detailed information, given the FIRREA requirements, under any reporting arrangement that the Board might adopt. Under the Board's proposal, however, institutions would not have to undertake the additional step and cost of cross-tabulating the data. The register should therefore keep the new reporting burden to a minimum.

The Board is publishing a revised regulation in its entirety in order to facilitate review by commenters. However, the major changes, aside from the expansion in coverage of lenders, affect the data to be collected and the form in which the data will be reported (see § 203.4 of the proposed regulation).

The format for data submission is being developed in consultation with the agencies responsible for enforcing HMDA, namely the Federal Deposit Insurance Corporation (FDIC), the Department of Housing and Urban Development (HUD), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS). Several of these agencies currently require use of a register. It is contemplated that adoption of the register approach under HMDA could lead to elimination of duplicative register requirements, although an agency might collect data, in addition to that required by HMDA, as an addendum to the HMDA register.

The comment period ends on November 3, 1989. Because prompt implementation of the statutory amendments is in the public interest, the Board has set this comment period in place of the 60 days normally called for in the Board's policy statement on rulemaking (44 FR 3957, January 19, 1979). The Board believes an abbreviated comment period is necessary to ensure that a final rule is in place as quickly as possible to provide guidance to covered lenders.

The information that must be collected is mandated by the Congress. However, the Board does invite comment on the layout of the register and on whether additional or different categories and codes should be used to collect the required information. It also invites comment on the summary tables (discussed under "Aggregated data" below) that would be produced by the FFIEC from data submitted by covered institutions.

In accordance with section 3507 of the Paperwork Reduction Act of 1980, 44 U.S.C. Ch. 35, and 5 CFR 1320.13, the proposed revisions to the reporting form will be reviewed by the Board under the authority delegated to the Board by the Office of Management and Budget after

consideration of the comments received during the public comment period.

(2) Section-by-Section Summary

The proposed changes to each section of the regulation are discussed below.

Section 203.1—Authority, Purpose, and Scope

A new paragraph in § 203.1(b) reflects the purpose of the expanded reporting requirements, stated in the FIRREA amendments, of identifying possible discriminatory lending patterns. Section 203.1 (c) and (d) have been revised to clarify the coverage and scope of the regulation and to set forth the role of the FFIEC in producing reports from data submitted by institutions.

Section 203.2—Definitions

Section 203.2 contains definitions of terms used in the regulation, and has been revised as follows.

Act. The definition of "act" in § 203.2(a) is unchanged.

Application. Under section 1211(c) of the FIRREA amendments, institutions are required to report data for completed loan applications, in addition to data for loans originated or purchased. A definition of "application" has been added as proposed § 203.2(b); succeeding provisions have been renumbered accordingly.

For purposes of coverage, an application results when an institution has collected the information normally obtained in evaluating borrowers for the type of credit requested. This treatment of "application" in the proposed regulation and of "completed application" in the Board's Regulation B (Equal Credit Opportunity) (12 CFR 202.2(f)) are similar. They differ in that the Regulation B definition requires that the institution have received all the information for evaluating applications for the amount and type of credit requested, including such items as credit reports and insurance approvals, while to meet the requirement for Regulation C, the application is to be treated as complete even if institution has not received reports or approvals by secondary market entities, government entities, or private mortgage insurers. (The treatment under Regulation C is in keeping with congressional intent as reflected in the legislative history.) A completed application would also exist for purposes of Regulation C in instances where, though the application is technically incomplete, the lender has a sufficient basis on which to approve or deny the request for credit. In addition, under Regulation B, an institution may in certain instances send the applicant a notice of incompleteness, and if the

applicant fails to respond within a reasonable period stated in the notice, the institution has no further obligation to act on the credit request. (Refer to Regulation B, § 202.9(c)(2).) The Board solicits comment on whether this situation should be deemed a withdrawn application for purposes of HMDA reporting (and identified as such on the register) or whether a separate category (such as "file closed for incompleteness") should be used.

Branch office. The branch office definition has several implications. First, institutions that do not have a home or branch office in an MSA are completely exempt from HMDA. Second, institutions must identify the census tract for loans on property located in any MSA in which the institution has a home or branch office. Third, loan data must be made available to the public at one branch office (or the home office) in each MSA where the institution has a home or branch office. Finally, the institution must post notices in all branch offices located in MSAs to inform the public of the availability of the HMDA data.

Section 203.2(c)(1) of the proposed regulation retains, for depository institutions, the branch office definition currently set forth in § 203.2(b)(1)(i) without substantive change. A branch office for banks, savings and loan associations, and credit unions is an office approved as a branch by a Federal or state supervisory agency.

Just last year, the Congress expanded HMDA coverage to institutions other than depository institutions, namely to mortgage banking subsidiaries of bank and thrift holding companies and to savings and loan service corporations. As discussed in more detail below, the FIRREA amendments further expand the coverage of HMDA to "other lending institutions." For all of these entities, designated as "mortgage lending institutions" in the proposed regulation, the Board proposes to retain the definition of branch office currently in § 203.2(b)(1)(ii), moving it to proposed § 203.2(c)(2). A branch office is any physical office of the institution that receives applications from the public for home purchase or home improvement loans.

In addition, under section 1211(f) of the FIRREA amendments, "other lending institutions"—which is to say any covered institution other than a bank, savings association, or credit union—are deemed to have a branch office in any MSA in which they receive applications for, originate, or purchase five or more home purchase or home improvement loans. Proposed § 203.2(c)(2)

incorporates this rule. The five-or-more-loan rule will apply for purposes of determining coverage and of geographic itemization, but it is contemplated that lending institutions will be required to make disclosure statements available and to post HMDA notices only in those MSAs where they have a physical presence.

Dwelling. In the current regulation, parenthetical material in the definitions of home purchase and home improvement loans indicates what is included in the term "dwelling." Proposed § 203.2(d) adds a definition of "dwelling" that consolidates this material as well as the definition of "state."

FHA, FmHA, and VA loans. The definition of these loans, currently contained in § 203.2(c), has been deleted from § 203.2 of the regulation and placed in the instructions for completing the reporting form (appendix A to the regulation).

Financial institution. Current § 203.2(e) defines the institutions subject to Regulation C as "financial institution[s]," which include depository institutions (banks, savings and loan associations, and credit unions and their majority-owned subsidiaries), mortgage banking subsidiaries of bank and savings and loan holding companies, and savings and loan service corporations.

In the proposed revision to § 203.2(e), the term "financial institution" is defined to refer to all institutions covered by the regulation. Included in the definition are banks, savings and loan associations, and credit unions as well as "mortgage lending institutions" (as discussed below, subsidiaries of depository institutions would fall in the latter category).

Under the current regulation, depository institutions such as banks and savings associations are covered provided they originate "federally related mortgages loans," defined in current § 203.2(d). The term "federally related mortgage loan" is relevant only for determining whether a depository institution is covered by HMDA. Proposed § 203.2(e)(1) combines, in substance, the definition of "financial institution" currently contained in § 203.2(e)(1)(i) and the current definition of "federally related mortgage loan." The Board has found that having separate definitions causes confusion regarding coverage. Accordingly, banks, savings associations, and credit unions are defined as financial institutions under § 203.2(e)(1) if they write home-purchase loans and are federally insured or regulated, or if they write home-purchase loans that are federally

insured or supplemented or will be sold to FNMA, GNMA, or FHLMC. The Board seeks comment on whether this definition could be simplified by providing merely that federally insured institutions making home-purchase loans are covered.

In section 1211(d) of the FIRREA amendments, the Congress expanded the coverage of HMDA to include "other lending institutions." An "other lending institution" is defined in section 1211(e)(2) of the act as "any person engaged for profit in the business of mortgage lending." The proposed regulation refers to these entities as "mortgage lending institutions" in § 203.2(e)(2); the term also covers mortgage banking subsidiaries of bank and savings and loan holding companies and savings and loan service corporations (and, as discussed below, mortgage banking subsidiaries of depository institutions).

An entity is a "mortgage lending institution" under proposed § 203.2(e)(2) if, in the preceding calendar year, 10 percent or more of its loan volume consisted of home purchase loans. This threshold mirrors the rule currently used in § 203.2(e)(1)(ii) to define whether a holding company subsidiary is a "mortgage banking" subsidiary.

Under current § 203.2(e)(2), majority-owned subsidiaries of banks and savings associations are treated as part of their parent institution. Accordingly, data submitted by the parent institution currently include that of the subsidiary and are itemized by census tract only if the loans relate to property in an MSA where the parent has a home or branch office. In light of the definition of "other lending institution" contained in the FIRREA amendments, the Board believes this treatment is no longer appropriate.

Given the statute's five-or-more-loan rule for branch offices, discussed above, to continue the current reporting arrangement for subsidiaries of depository institutions would magnify the difference in treatment accorded to subsidiaries based on corporate structure. A holding company subsidiary would be required to provide census tract information for loans in MSAs where it took applications for, originated, or purchased five or more mortgage loans, while the data of bank subsidiaries, for example, would contain this information only for MSAs in which the parent institution has a physical branch location. The Board believes that a difference in corporate structure does not justify such markedly different results.

Consequently, the Board proposes to treat mortgage lending subsidiaries of

depository institutions as independent corporate entities under the definition of "other lending institution." As such, they will comply with HMDA in their own right as mortgage lending institutions if they meet the 10 percent threshold, under proposed § 203.2(e)(2).

Home improvement and home purchase loans. Institutions are required to report data regarding home improvement and home purchase loans. The definitions of these terms are incorporated in proposed § 203.2(f) and § 203.2(g). With the added definition of "dwelling" in proposed § 203.2(d), the parenthetical references to condominiums, cooperatives, and mobile and manufactured homes have been deleted.

Metropolitan statistical area. Institutions are required to specify the location of the property to which a loan relates if the property is located in a Metropolitan Statistical Area (MSA) in which the institution has a home or a branch office. The definition of MSA in proposed § 203.2(j) is unchanged.

State. The definition of "state," currently contained in § 203.2(i), has been eliminated as unnecessary in light of its inclusion in the proposed definition of "dwelling."

Section 203.3—Exempt Institutions

Section 203.3 excludes from the coverage of the regulation small institutions, institutions that do not have offices in MSAs, and institutions that have been granted an exemption because they are subject to a similar state law. A new § 203.3(c)(2) has been added to provide that institutions which become subject to HMDA during the course of a given year—for example, by exceeding the 10 percent threshold for coverage as a "mortgage lending institution"—shall report data beginning with the following calendar year. Current § 203.2(c)(2) has been redesignated § 203.3(c)(3).

Section 203.4—Compilation of Loan Data

Section 203.4 sets forth the requirements for reporting of loan data and has been revised extensively. The FIRREA amendments require institutions to report data on all loan applications, not merely on originations and purchases of loans as is currently the case. The FIRREA amendments also require reporting of data of the race, sex, and income of applicants and borrowers, in addition to the geographic information that is currently required. In view of this increase in the data to be reported, the Board believes the cross-tabulated reporting format currently in

use is impractical. The Board is proposing, instead, a register form of reporting.

Currently, institutions report data in a summary format, cross-tabulated by census tract and type of loan, and reflect the number and dollar amount of loans in five loan categories. For loans in MSAs where the institution has a home or a branch office, these data are subtalled separately for each census tract in which loans are originated or purchased. If this summary format were to be rented, multiple reporting forms would be needed to capture all the data called for by the FIRREA amendments. Institutions would use one form to report loan originations, applications denied, and applications withdrawn within each census tract for the five loan categories. Another form would be required for data on loan purchases. Still another would identify the type of purchaser of loans that are sold. Finally, three sets of multiple forms—one page for each of the five loan categories—would be required for cross-tabulating the data on race, sex, and income with type of loan.

In reviewing the options, the Board has determined that continuing the cross-tabulated form of reporting currently in use would be extremely confusing and burdensome for reporting institutions. In the Conference Report to the FIRREA amendments, the Congress gave the Board flexibility to establish a reporting format that will maximize the utility of the data while minimizing, to the extent possible, the reporting burden for covered institutions. (H.R. Rep. No. 101-222, 101st Cong., 1st Sess. 459). Accordingly, the Board is proposing in § 203.4 that institutions report by means of a loan/application register, using a form like that set forth in appendix A of the proposed regulation. Under this arrangement, institutions would record data on a loan-by-loan and application-by-application basis and would submit the completed register to their supervisory agency. The FFIEC would produce individual reports for each institution and aggregate tables for each MSA using the data from the registers (see the discussions below under "Aggregated data").

The Board believes that the register approach presents a number of advantages. Institutions would collect the detailed information called for by the FIRREA amendments, but would not have to undertake the additional step of preparing cross-tabulated HMDA reports. The Board believes that a register is therefore easier and less costly for institutions to complete. In addition, many institutions are already

familiar with the register format since they have complied with similar requirements of the OTS, the OCC, and the FDIC. These agencies are undertaking to review their current requirements to determine the extent to which the register called for by Regulation C could serve as a substitute for the ones they now require. And while the supervisory agencies would incur significant added costs in entering the increased amount of data that would be submitted, the burden on covered institutions would be eased. The reporting of raw data also would permit the FFIEC to produce reports based on a variety of different breakdowns of the data. The specific requirements for the register and the summary tables that the FFIEC would produce are discussed below in the sections on appendix A and "Aggregated data."

Proposed § 203.4(a) contains, among other things, a requirement that institutions collect data on the race and sex of applicants, and proposed § 203.4(b)(1) tells how race and sex information may be collected.

Section 203.13 of the Board's Regulation B (Equal Credit Opportunity) requires that data about race or national origin and sex be collected on applications for loans to finance the purchase of a principal residence; § 202.5(d) of Regulation B generally prohibits lenders from requesting it in other circumstances. One exception, under § 202.5(b)(2), is that lenders are permitted to request the information if they are required to do so by a Federal regulation. With the addition of § 203.4(b)(1) to Regulation C, lenders must collect this information for home improvement loans and home purchase loans on property not intended as the borrower's principal residence—loans not covered by § 202.13—without violating Regulation B. A form and instructions for collecting data on race and sex is contained in appendix B of the proposed regulation.

The FIRREA amendments require the reporting of data on race, sex, and income for applications and originations but not purchased loans. Depository institutions with assets of \$30 million or less are not required to report this information. Proposed § 203.4(b)(2) provides for optional reporting of these data for loan purchases and by depository institutions with assets of \$30 million or less. Under the FIRREA amendments, mortgage lending institutions do not qualify for the \$30 million exception and hence must include data on race, sex, and income for all applications and loan

originations, though not for purchased loans.

A new § 203.4(c) has been added to implement section 1211(b) of the FIRREA amendments, which permits institutions, at their option, to report reasons for their loan decisions. Proposed § 203.4(c) authorizes optional reporting of such data. Current § 203.4(c), relating to excluded data, has been redesignated § 203.4(d).

Proposed § 203.4(d) relates to data that is not to be reported. Two changes have been made to this provision. First, the Board proposes to eliminate the rule that mortgage banking subsidiaries of bank and savings and loan holding companies are not to report FHA loans, currently contained in § 203.4(c)(2). Data on FHA loans by these institutions was originally collected by HUD outside of HMDA. Now that HUD is a direct participant in the implementation of HMDA, it appears appropriate to collect and disclose these data on the HMDA reports. Dropping the current provision will also result in a uniform rule for reporting of these loans by all institutions and avoid confusion. Otherwise, data would be incomplete as to lending by nondepository institutions, a result that is inconsistent with the congressional intent reflected in the FIRREA amendments.

The exclusion for refinancings between the original parties, currently contained in § 203.4(c)(1)(iii), has been deleted. The Board proposes that refinancings of home purchase loans be treated as home purchase or home improvement loans, as applicable, even when they involve the original borrower and original lender. The Board has found that the exclusion of refinancings between original parties has been a source of confusion. While refinancings between original parties may not technically result in new money being disbursed into the community, the Board believes that these transactions do provide an indication of an institution's willingness to meet credit need. Accordingly, the current exclusion has been deleted and refinancings between the original parties, if they otherwise meet the definition of home purchase or home improvement loans, would be reported in full under the proposed regulation.

Section 203.5—Disclosure and Reporting

Section 203.5 sets the rules for making loan data available at offices of an institution and reporting the data to supervisory agencies. The Board proposes to require that institutions submit registers for a given calendar year to their supervisory agency by the

following February 15. Currently, disclosure statements are due by March 31. An earlier reporting date is necessary to ensure that disclosure statements can be prepared by the FFIEC in a timely fashion. The Board also believes an earlier date is reasonable given that minimal processing on the part of institutions will be required. Also, the register format will not require institutions to cross-tabulate loan and application information for the entire calendar year in order to prepare their HMDA submissions, as is presently the case.

Section 203.5 of the proposed regulation also provides that institutions make available disclosure statements within 15 business days after receiving them from the FFIEC. As discussed below, the FFIEC will be producing the disclosure statements from the registers that are submitted and will provide those statements to the reporting institutions. The Board considered whether the registers themselves should be disclosed to the public. Currently, those agencies that require registers do not make the registers public, due to privacy and other concerns, and the Board proposes to follow this approach in Regulation C.

Other provisions in § 203.5, such as those concerning notices and times of availability, are unchanged.

Section 203.6—Enforcement

Section 203.6 sets forth rules relating to administrative enforcement and bona fide errors. The provisions of this section are essentially unchanged.

Appendix A—Forms and Instructions

Appendix A contains the loan/application register and instructions for its completion. Institutions must use the prescribed format but are not required to use the form itself. An institution may, for example, choose to produce a computer printout of its register instead. Due to the volume of data being submitted, the Board encourages covered institutions to develop computer programs that will enable them to submit the data in machine-readable format. The Board plans to publish standards to facilitate electronic submission when it publishes the amended regulation in final form.

The following is a summary of the information that would be provided on the register and the number of characters to be allotted for each data item. The instructions contained in proposed Appendix A provide guidance

on the requirements for the register and answer more detailed questions.

Application or loan number. A unique number identifying the application or transaction. For FHA loans, it must be the FHA case number; otherwise any number the institution chooses to use. (25 characters)

Date of application. For applications, the date the application was submitted by year, month, and day. (6 characters)

Application or loan information. Codes indicating the type of loan, the purpose of the loan, and whether the property is owner-occupied, plus the amount of the loan (or the amount applied for) in thousands of dollars. (1 character each for type, purpose, and occupancy status; 5 characters for amount)

Action taken and date. A code indicating whether the entry relates to an approved, rejected, or withdrawn application, or to a loan purchase. Also, the date the action occurred. (1 character for action taken; 4 characters for month and day)

Location of the property. For loans written on property in MSAs where the institution has a home or branch office, the location of the property. (4 characters for MSA, 2 for state, 3 for county, and 6 for census tract)

Applicant characteristics. A code indicating the race and sex of the applicant and any coapplicant, and the income relied upon in thousands of dollars. This section need not be completed (by any institution) for loan purchases; and it need not be completed by any bank, savings and loan or credit union with \$30 million or less in assets. (1 character each for race and sex of applicant and of coapplicant; 4 characters for income)

Type of purchaser. For loans that are sold, a code indicating the class of purchaser. (1 character)

Reason for denial. Up to two codes indicating the reasons for denial. This information is optional. (2 characters)

The Board is interested in receiving public comment on whether the number of reasons for denial should be expanded to be more specific, perhaps along the lines of the reasons identified in the model forms for adverse action contained in Regulation B.

Appendix B—Form and Instructions for Data Collection on Race and Sex

Appendix B of the current regulation prescribes the supervisory agencies to which institutions must submit their reports. This material has been incorporated into the instructions to the

reporting form, in appendix A. Independent mortgage lending institutions will submit their registers to HUD while subsidiaries of depository institutions or their holding companies will submit their registers to the FDIC, Federal Reserve, or OTS.

Proposed appendix B contains a form that can be used to collect data on race and sex, and instructions for its use. It is identical to the form prescribed in Regulation B for data collection related to applications for home purchase loans, except for the added reference to HMDA.

(3) *Aggregated data.* The FFIEC (with support from each of the federal regulators with HMDA responsibilities) aggregates the loan data received from all reporting institutions in each MSA. The FFIEC also produces tables for each MSA showing lending patterns according to demographic characteristics such as income level and age of housing stock. These tables, together with disclosure statements of the individual institutions, are sent to central data depositories in each MSA, where they are available to the public.

Under the Board's proposal, the FFIEC would generate disclosure statements from the register data submitted by institutions. These statements (in the form of summary tables) would be provided to the institutions, which would in turn make them available to the public. The FFIEC expects that these statements would be provided to institutions by October following submission of the register data on February 15. This timetable is dictated by the large volume of data to be processed. The supervisory agencies and the FFIEC will take appropriate steps, however, to ensure that both the individual disclosure statements and the aggregate tables become available to the public as early as possible. Reporting institutions will be encouraged, for example, to submit data in machine-readable form to facilitate earlier availability.

The FFIEC plans to produce summary tables annually for each institution, to show lending activity in each MSA for which the institution reports data. In addition, aggregate tables based on loan data from all covered institutions would be prepared for each MSA and sent to central data depositories. The Board emphasizes that these tables would be prepared by the FFIEC from register data submitted, and not by individual institutions.

Loan Applications and Originations
(Loans made or applied for in 19__)

Name of Institution: _____

MSA: _____

Section 1 -- Loans on property located in MSA/PMSA where institution has a home or branch office

CENSUS TRACT AND DISPOSITION	Loans on 1-to-4 Family Dwellings						Loans on Multifamily Dwellings for 5 or More Families (home purchase and home improvement)	Nonoccupant Loans on 1-to-4 Family Dwellings from columns A, B and C		
	Home Purchase Loans				Home Improvement Loans					
	FHA, FmHA, and VA		Conventional							
	A		B		C					D
No. of Loans	Amount (\$000's)	No. of Loans	Amount (\$000's)	No. of Loans	Amount (\$000's)	No. of Loans	Amount (\$000's)	No. of Loans	Amount (\$000's)	
Census tract: _____										
Loans										
Applications denied										
Applications withdrawn										
Census tract: _____										
Loans										
Applications denied										
Applications withdrawn										
Census tract: _____										
Loans										
Applications denied										
Applications withdrawn										
Census tract: _____										
Loans										
Applications denied										
Applications withdrawn										
MSA/PMSA TOTAL										

Sample Table 1
To be produced by FFIEC

Section 2 -- Loans on property not located in MSAs/PMSAs where institution has home or branch offices

Loans										
Applications denied										
Applications withdrawn										

Loan Purchases
(Loans purchased in 19__)

Name of Institution: _____

MSA: _____

Section 1 -- Loans on property located in MSA/PMSA where institution has a home or branch office

CENSUS TRACT (in numerical order)	Loans on 1-to-4 Family Dwellings						Loans on Multifamily Dwellings for 5 or More Families (home purchase and home improvement)	Nonoccupant Loans on 1-to-4 Family Dwellings from columns A, B and C	
	Home Purchase Loans				Home Improvement Loans				
	FHA, FmHA, and VA		Conventional						
	A		B		C				
No. of Loans	Amount (\$000's)	No. of Loans	Amount (\$000's)	No. of Loans	Amount (\$000's)	No. of Loans	Amount (\$000's)	No. of Loans	Amount (\$000's)
MSA/PMSA TOTAL									

Sample Table 2
To be produced by FFIEC

Section 2 -- Loans on property not located in MSAs/PMSAs where institution has home or branch offices

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Loans Sold
(Loans sold in 19__)

Name of Institution: _____

TYPE OF PURCHASER	Number of Loans	Total Dollar Amount (Thousands)
Federal National Mortgage Association		
Government National Mortgage Association		
Federal Home Loan Mortgage Corporation	<div data-bbox="834 475 1451 826" data-label="Text"> <p align="center">Sample Table 3 To be produced by FFIEC</p> </div>	
Farmer's Home Administration		
Commercial Bank		
Savings Bank or Savings and Loan Association		
Life Insurance Company		
Other Purchasers		

Disposition of Loan Applications
Conventional Home Purchase Loans

Financial Institution: _____

MSA: _____

APPLICANT CHARACTERISTICS	Applications Received		Loans Granted			Applications Denied			Applications Withdrawn		
	(#)	(\$)	(#)	(%)	(\$)	(#)	(%)	(\$)	(#)	(%)	(\$)
Race of Applicants											
American Indian/Alaskan Native											
Asian/Pacific Islander											
Black											
Hispanic											
White											
Other											
Joint											
Sex of Applicants											
Male											
Female											
Joint											
Income of Applicants											
0-19,999											
20,000-29,999											
30,000-49,999											
50,000 or more											

Sample Table 4
To be produced by FFIEC

Disposition of Loan Applications
Conventional Home Purchase Loans

Financial Institution: _____

MSA: _____

INCOME AND RACE	Applications Received		Loans Granted			Applications Denied			Applications Withdrawn		
	(#)	(\$)	(#)	(%)	(\$)	(#)	(%)	(\$)	(#)	(%)	(\$)
0-19,999											
American Indian/Alaskan Native											
Asian/Pacific Islander											
Black											
Hispanic											
White											
Other											
Joint											
20,000-29,999											
American Indian/Alaskan Native											
Asian/Pacific Islander											
Black											
Hispanic											
White											
Other											
Joint											
30,000-49,999											
American Indian/Alaskan Native											
Asian/Pacific Islander											
Black											
Hispanic											
White											
Other											
Joint											
50,000 or more											
American Indian/Alaskan Native											
Asian/Pacific Islander											
Black											
Hispanic											
White											
Other											
Joint											

Sample Table 5
To be produced by FFIEC

Disposition of Loan Applications
Conventional Home Purchase Loans

Financial Institution: _____

MSA: _____

INCOME AND SEX	Applications Received		Loans Granted			Applications Denied			Applications Withdrawn		
	(#)	(\$)	(#)	(%)	(\$)	(#)	(%)	(\$)	(#)	(%)	(\$)
0-19,999											
Male											
Female											
Joint											
20,000-29,999											
Male											
Female											
Joint											
30,000-49,999											
Male											
Female											
Joint											
50,000 or more											
Male											
Female											
Joint											

Sample Table 6
To be produced by FFIEC

Disposition of Loan Applications
Conventional Home Purchase Loans

Financial Institution: _____

MSA: _____

TYPE OF CENSUS TRACT	Applications Received		Loans Granted			Applications Denied			Applications Withdrawn		
	(#)	(\$)	(#)	(%)	(\$)	(#)	(%)	(\$)	(#)	(%)	(\$)
Racial Composition											
Less than 15% minority											
15-29% minority											
30-49% minority											
50-64% minority											
65-79% minority											
80-100% minority											
Income Characteristics											
Low or moderate income											
Middle income											
Upper income											
Income and Racial Composition											
Low income, less than 15% minority											
15-29% minority											
30-49% minority											
50-64% minority											
65-79% minority											
80-100% minority											
Middle income, less than 15% minority											
15-29% minority											
30-49% minority											
50-64% minority											
65-79% minority											
80-100% minority											
Upper income, less than 15% minority											
15-29% minority											
30-49% minority											
50-64% minority											
65-79% minority											
80-100% minority											
All other tracts											
Small county											

Sample Table 7
To be produced by FFIEC

Sample Tables 1 and 2 are similar to the current HMDA-1 Part A (Originations) and HMDA-1 Part B (Purchases) forms. Sample Table 1 would show the disposition of loan applications (granted, denied, or withdrawn) by loan category within each census tract. Sample Table 2 would show loans purchased by loan category within each census tract. These two tables would be produced for each MSA in which the institution has offices.

Under section 1211(b) of the FIRREA amendments, institutions are required to identify the class of purchaser of loans that are sold. Using these data from registers, the FIRREA plans to produce a report similar to that set forth as Sample Table 3. This sample table would indicate, for all loans sold by the institution, the number and dollar amount sold by class of purchaser. The table would reflect activity by the institution in all MSAs, and the classes would cover all major categories of purchasers.

The FIRREA also plans to produce four other tables to reflect the data on race, sex, and income that must be reported under section 1211(a) of the FIRREA amendments—Sample Tables 4, 5, 6, and 7. The FIRREA would prepare these tables for each loan category. Sample Table 4 would show disposition of applications by the race, sex and income of applicants or borrowers. Disposition categories would include the total number and dollar amount of applications received, loans granted, applications denied, and applications withdrawn. Sample Table 5 would show the disposition of applications broken down by the income and by the race of the applicant or borrower. Sample Table 6 would show disposition of applications by the income and sex of the applicant or borrower. Sample Table 7 would show the disposition of applications within groups of census tracts, categorized by their race and income characteristics.

(4) *Effective dates.* The FIRREA amendments apply to applications received, and loans originated or purchased, on or after January 1, 1990. Under the Board's proposal, institutions will be required to report data for calendar year 1990 in the revised format by February 15, 1991. The current requirements of Regulation C apply to reports of data for calendar year 1989; accordingly, institutions will use current forms HMDA-1 or HMDA-2, as appropriate, for the reports that are due on March 31, 1990.

(5) *Economic impact statement.* The Board's Division of Research and Statistics has prepared an economic impact statement on the revisions to

Regulation C. A copy of the analysis may be obtained from Publications Services, Board of Governors of the Federal Reserve System, Washington, DC 20551, at 202-452-3245.

List of Subjects in 12 CFR Part 203

Banks, Banking, Consumer protection, Federal Reserve System, Home mortgage disclosure, Mortgages, Reporting and recordkeeping requirements.

For the reasons set forth in this notice and pursuant to the Board's authority under section 305(a) of the Home Mortgage Disclosure Act (12 U.S.C. 2804(a)), the Board proposes to revise 12 CFR part 203 as follows:

PART 203—HOME MORTGAGE DISCLOSURE

Sec.	
203.1	Authority, purpose, and scope.
203.2	Definitions.
203.3	Exempt institutions.
203.4	Compilation of loan data.
203.5	Disclosure and reporting.
203.6	Enforcement.

Appendix A—Form and Instructions for Loan/Application Register

Appendix B—Form and Instructions for Data Collection on Race and Sex

Authority: 12 U.S.C. 2801-2810.

§ 203.1 Authority, purpose and scope.

(a) *Authority.* This regulation is issued by the Board of Governors of the Federal Reserve System ("Board") pursuant to the Home Mortgage Disclosure Act (12 U.S.C. 2801 *et seq.*), as amended. The information-collection requirements have been approved by the U.S. Office of Management and Budget under 44 U.S.C. 3501 *et seq.* and have been assigned OMB No. 7100-0090.

(b) *Purpose.* (1) This regulation implements the Home Mortgage Disclosure Act, which is intended to provide the public with loan data that can be used:

- (i) To help determine whether financial institutions are serving the housing needs of their communities;
- (ii) To assist public officials in distributing public-sector investments so as to attract private investment to areas where it is needed; and
- (iii) To assist in identifying possible discriminatory lending patterns and enforcing antidiscrimination statutes.

(2) Neither the act nor this regulation is intended to encourage unsound lending practices or the allocation of credit.

(c) *Scope.* This regulation applies to any financial institution that had assets of more than \$10,000,000 and had a home or branch office in a metropolitan

statistical area (MSA) on December 31 of the year preceding. The regulation requires the institution to report data to its supervisory agency about home-purchase and home-improvement loans it originates, purchases, or for which it receives applications, and to disclose certain data to the public. "Financial institution" includes a bank, savings association, credit union, or other mortgage lending institution, as defined in § 203.2(e).

(d) *Loan aggregation and central data depositories.* Using the loan data submitted by financial institutions, the Federal Financial Institutions Examination Council will prepare disclosure statements for individual institutions and will aggregate loan data for each MSA, showing lending patterns by location, age of housing stock, income level, sex and racial characteristics. Loan data are available to the public at central data depositories located in each MSA. A listing of central data depositories can be obtained from the Federal Financial Institutions Examination Council, Washington, DC 20006.

§ 203.2 Definitions.

In this regulation:

(a) *Act* means the Home Mortgage Disclosure Act (12 U.S.C. 2801 *et seq.*), as amended.

(b) *Application* means a completed application for a home-purchase or a home-improvement loan that contains information the financial institution regularly obtains in evaluating applications for the amount and type of credit requested.

(c) *Branch office* means: (1) Any office of a bank, savings association, or credit union that is approved as a branch by a federal or state supervisory agency, but excludes free-standing electronic terminals such as automated teller machines; and

(2) Any office of a mortgage lending institution (other than a bank, savings association, or credit union) that takes applications from the public for home-purchase or home-improvement loans. A mortgage lending institution is also deemed to have a branch office in an MSA if, in the preceding calendar year, it received applications for, originated, or purchased five or more home-purchase or home-improvement loans on property located in that MSA.

(d) *Dwelling* means a residential structure (whether or not it is attached to real property) located in a state of the United States of America, the District of Columbia, or the Commonwealth of Puerto Rico. The term includes an individual condominium unit,

cooperative unit, or mobile or manufactured home.

(e) *Financial institution* means: (1) A bank, savings association, or credit union that originated in the preceding calendar year a home-purchase loan (other than temporary financing such as a construction loan) secured by a first lien on a one-to-four family dwelling if:

- (i) The institution is federally insured or regulated; or
- (ii) The loan is insured, guaranteed, or supplemented by any Federal agency; or
- (iii) The institution intended to sell the loan to the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation;

(2) A for-profit mortgage lending institution (other than a bank, savings association, or credit union) whose home-purchase loans equaled or exceeded ten percent of its loan volume, measured in dollars, in the preceding calendar year.

(f) *Home-improvement loan* means any loan that: (1) Is stated by the borrower (at the time of the loan application) to be for the purpose of repairing, rehabilitating, or remodeling a dwelling; and

(2) Is classified by the financial institution as a home-improvement loan.

(g) *Home-purchase loan* means any loan secured by and made for the purpose of purchasing, or refinancing the purchase of, a dwelling.

(h) *Metropolitan statistical area* or *MSA* means a metropolitan statistical area or a primary metropolitan statistical area, as defined by the U.S. Office of Management and Budget.

203.3 Exempt institutions.

(a) *Exemption based on asset size or location.* A financial institution is exempt from the requirements of this regulation for a given calendar year if on the preceding December 31:

- (1) Its total assets were \$10,000,000 or less; or
- (2) It had neither a home office nor a branch office in an MSA.

(b) *Exemption based on state law.* (1) A state-chartered financial institution is exempt from the requirements of this regulation if the Board determines that the institution is subject to a state disclosure law that contains requirements substantially similar to those imposed by this regulation and contains adequate provisions for enforcement.

(2) Any state, state-chartered financial institution, or association of such institutions may apply to the Board for an exemption under this paragraph.

(3) An institution that is exempt under this paragraph shall submit the data

required by the state disclosure law to its state supervisory agency, for purpose of aggregation.

(c) *Loss of exemption.* (1) An institution losing an exemption that was based on asset size or location under paragraph (a) of this section shall comply with this regulation beginning with the calendar year following the year in which it lost its exemption.

(2) An institution losing an exemption that was based on § 203.2(e)(1) or (2) shall comply with this regulation beginning with the calendar year following the year in which it lost its exemption.

(3) An institution losing an exemption that was based on state law under paragraph (b) of this section shall comply with this regulation beginning with the calendar year following the year for which it last reported loan data under the state disclosure law.

§ 203.4 Compilation of loan data.

(a) *Data format and itemization.* A financial institution shall compile data regarding applications for, originations of, and purchases of home-purchase and home-improvement loans for each calendar year. These data shall be presented on a loan-by-loan basis in the loan/application register format prescribed in appendix A. The institution shall include the following:

- (1) A number for the loan or loan application, and the date of application.
- (2) The type and purpose of the loan.
- (3) The owner-occupancy status of the property to which the loan relates.
- (4) The amount of the loan or application.
- (5) The type of action taken, and the date.
- (6) The location of the property to which the loan relates, by MSA, state, county, and census tract, if the institution has a home or a branch office in that MSA.
- (7) The race and sex of the applicant or borrower, and the income relied upon in processing the loan application.
- (8) The type of entity purchasing a loan that was originated or purchased and then sold by the institution within the same calendar year.

(b) *Collection of data on race, sex, and income.* (1) Questions regarding the race and sex of the applicant or borrower may be listed on the loan application or on a separate form. If the applicant or borrower chooses not to provide the information, the lender shall obtain the data, to the extent possible, on the basis of visual observation or surname.

(2) Race, sex, and income data need not be reported for:

(i) Loans purchased by the financial institution; or

(ii) Applications received, or loans originated, by a bank, savings association, or credit union with assets on the preceding December 31 of \$30,000,000 or less.

(c) *Optional data.* A financial institution may include in the loan/application register the reason it denied a loan application.

(d) *Excluded data.* A financial institution shall not report:

- (1) Loans originated or purchased by the financial institution acting in a fiduciary capacity (such as trustee);
- (2) Loans on unimproved land;
- (3) Temporary financing (such as bridge or construction loans);
- (4) The purchase of an interest in a pool of mortgage loans (such as mortgage-participation certificates); or
- (5) The purchase solely of the right to service loans.

§ 203.5 Disclosure and reporting.

(a) *Reporting requirements.* By February 15 following the calendar year for which the loan data are compiled, a financial institution shall send two copies of its loan/application register to the agency office specified in appendix A of this regulation.

(b) *Disclosure to public.* A financial institution shall make its mortgage loan disclosure statements (to be prepared by the Federal Financial Institutions Examination Council) available to the public no later than 15 business days after the statements are received by the institution from its supervisory agency. The financial institution shall make these statements available to the public for a period of five years.

(c) *Availability of disclosure statements.* A financial institution shall make the disclosure statements available at its home office. If it has branch offices in other MSAs, it shall also make statements available in at least one branch office in each of those MSAs; the statements at branch offices need only contain data relating to property in the MSA where that branch office is located. The institution shall make the disclosure statements available for inspection and copying during the hours the office is normally open to the public for business. An institution that provides photocopying facilities may impose a reasonable charge for this service.

(d) *Notice of availability.* A financial institution shall post a general notice about the availability of its disclosure statements in the lobbies of its home office and any branch offices located in an MSA. Upon request, it shall promptly

provide the location of the institution's offices where the statements are available. At its option, an institution may include the location in its notice.

§ 203.6 Enforcement.

(a) *Administrative enforcement.* A violation of the act or this regulation is subject to administrative sanctions as provided in section 305 of the act. Compliance is enforced by the agencies listed in appendix A of this regulation.

(b) *Bona fide errors.* An error in compiling or recording loan data is not a violation of the act or this regulation if it was unintentional and occurred despite the maintenance of procedures reasonably adapted to avoid such errors.

Appendix A—Form and Instructions for Loan/Application Register

I. Loan/Application Register Form

Public reporting burden for this collection of information is estimated to vary from 4 to 100 hours per response, with an average of 30 hours per response, including time to gather and maintain the data needed to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Secretary, Board of Governors of the Federal Reserve System, Washington, DC 20551; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503.

II. Instructions to Lending Institutions

A. Who Must Use This Form

(1) Banks, savings associations, credit unions, and other mortgage lending institutions must complete this loan/application register to list data about loan applications received and loans originated and purchased for a calendar year if on the preceding December 31 the institution:

- (a) Had assets of more than \$10,000,000, and
- (b) Had a home or a branch office in a metropolitan statistical area or a primary metropolitan statistical area (both referred to in these instructions by the term MSA).

Example: If on December 31, 1989, you had a home or a branch office in an MSA and your assets exceeded \$10,000,000, you must complete a register listing all home-purchase and home-improvement loans you originate or purchase during calendar year 1990, and listing also any applications you receive on which final action was taken by year-end 1990.

(2) However, if your institution is a bank, savings association or credit union, you need not complete a register—even if the tests for asset size and location are met—if you made no first-lien mortgage loans on one-to-four family dwellings in the preceding calendar year.

(3) If your institution is a for-profit mortgage lender (other than a bank, savings association, or credit union), you need not

complete a register if your home-purchase loan originations in the preceding year totalled less than 10 percent of your loan volume, measured in dollars.

(4) You must complete a separate loan/application register even if you are a subsidiary of an institution that is also required to complete a register.

B. Who Must Use Other Forms

Institutions that have been exempted by the Federal Reserve Board from complying with Federal law because they are covered by a similar state law on mortgage-loan disclosures must use the disclosure form required by their state law.

C. Format

(1) You must use the format of this loan/application register, but you are not required to use the form itself. For example, you may produce a computer printout instead. But you must give all the identifying information asked for at the top of the form, use the prescribed column headings, provide the signature of a certifying officer, etc.

(2) If your register is more than one page, number the pages.

(3) At the top of the first page, type or print the name and telephone number of the office for your institution who will be certifying to the accuracy of the data, the name of your institution, and the mailing address. Your supervisory agency will use this name and address to send completed disclosure statements to your institution.

D. Submission of Register; Release of Disclosure Statements

(1) If you submit data in hard copy, you must send two copies of your loan/application register to the office specified by your Federal supervisory agency no later than February 15 following the calendar year for which the data are compiled. A list of agencies appears at the end of these instructions.

(2) If you submit your register in machine-readable form, you must obtain the required specifications from your regulatory agency.

(3) Submit only one report for each institution. The report may consist of separate registers from your individual branch offices. However, be certain that the loan numbers discussed under paragraph F(1) are unique within your institution (for example, you could use a letter or number code for different branches to avoid the possibility of duplicate loan numbers).

(4) The first page of the register must be signed by an officer of your institution, certifying to the accuracy of the data.

(5) The Federal Financial Institutions Examination Council will prepare disclosure statements from the data that you submit and will send you, through your supervisory agency, a copy for your institution to make available to the public. You must make these statements available for inspection by the public at your home office (and, if you have branch offices in other MSAs, at one branch office in each of these MSAs) within 15 business days of receiving them.

E. Data to Be Shown

(1) Show the data on home-purchase and home-improvement loans that you originated or purchased during the calendar year

covered by the report. Report this data even if the loans were subsequently sold.

(2) Show data for applications received that your institution denied, or that the applicant withdrew, by the end of the calendar year. Report the required data even if the loan application was received in a preceding year, as long as the disposition was made during the year for which you are reporting.

F. Itemization of Data to be Shown

Your loan/application register must include the following.

(1) *Application or loan number.* If the loan is to be FHA insured, you must enter the FHA case number. Otherwise, you may enter any number not exceeding 25 characters (letters or numerals, or a combination of both) that would allow retrieval of the loan or application file to which the number refers. Make sure that loan or application numbers are unique within your institution. If your report contains data for branch offices, for example, you could add codes to identify the loans or applications of particular branches.

(2) *Date of application.* Enter the date the loan was applied for by year, month and day. For example, January 31, 1990, would be shown as "90-01-31." Enter "NA" for loans purchased by your institution.

(3) *Application or loan information.*—(a) *Type.* Indicate the type of loan (or application for a loan), by entering the applicable code, as follows:

- 1—Conventional (any loan other than FHA, VA or FmHA loans)
- 2—FHA (Federal Housing Administration) insured
- 3—VA (Veterans Administration) guaranteed
- 4—FmHA (Farmers Home Administration) insured

(b) *Purpose of loan.* Indicate the purpose of the loan by entering the applicable code as follows:

- 1—Home purchase (one-to-four family)
- 2—Home improvement (one-to-four family)
- 3—Multifamily dwelling (both purchase and improvement)

(c) *Explanation of loan purpose*—Code 1: *Home-purchase.*

(i) This code applies to loans made, or applications received, for the purpose of purchasing a residential dwelling for one-to-four families if the loan is secured by a lien.

(ii) At your option, you may use code 1 for loans that are made for home-improvement purposes but are secured by a first lien, if you normally classify such first-lien loans as home-purchase loans.

(iii) Use code 1 for refinancings of home-purchase loans on one-to-four family residential dwellings.

Code 2: *Home-improvement.* (i) Code 2 applies to loans and applications for loans that:

- (A) The borrowers have said are to be used for repairing, rehabilitating, or remodeling one-to-four family residential dwellings, and;
- (B) Are recorded on your books as home-improvement loans.

(ii) You must report both secured and unsecured loans.

(iii) At your option, you may use code 2 for home-equity lines of credit if the borrower or

applicant indicates at the time of application or when the account is opened that a portion of the proceeds will be used for home-improvement. For such lines, under "Amount of loan" in paragraph (e) below, enter only that portion of the line which the borrower or applicant indicates will be for home-improvement purposes. Report only in the year the line is established.

Code 3: Multifamily dwelling. (i) This code applies to loans and applications on dwellings for five or more families, including home-purchase and home-improvement loans, and refinancings.

(ii) Do not use this code for loans or individual condominium or cooperative units; use codes 1 or 2 for such loans, as applicable.

(d) Occupancy. Use the applicable code to indicate whether the property to which the loan or loan application relates is to be owner-occupied:

- 1—Owner-occupied
- 2—Not owner-occupied
- 3—Not applicable

(i) Code 2 ("not owner-occupied") applies to home-purchase or home-improvement loans or applications on one-to-four family dwellings, located within an MSA in which your institution has a home or a branch office, that were made to borrowers or received from applicants who indicated at the time of the loan application that they did not intend to use the property as a principal dwelling.

(ii) Use code 3 ("not applicable") if you cannot determine from the loan documents whether the property is to be owner-occupied, or if the property to which the loan relates:

- (A) Is not located in an MSA, or is located in an MSA in which your institution has neither a home nor a branch office; or
- (B) Is a multifamily dwelling.

(e) Amount of loan. Enter the amount of the loan or application. Round all dollar amounts to the nearest thousand (\$500 should be rounded up to \$1,000), and show in terms of thousands.

(i) For home-purchase loans that you originate "amount" means the original principal amount of the loan. For home-purchase loans that you purchase, "amount" means the unpaid principal balance of the loan at the time of purchase.

(ii) For home-improvement loans (both originations and purchases), you may include unpaid finance charges in the "amount" if that is how you record such loans on your books.

(iii) For home-equity lines of credit you may include in the amount only that portion of the line indicated by the applicant or borrower at the time the application is made or when the account is opened as being for the purpose of home-improvement. Report the line only in the year it is established.

(iv) In the case of a loan application that is denied or withdrawn, enter the amount of the loan applied for.

(4) Action taken. By using the following codes, indicate the type of action taken on the application or loan by the end of the calendar year for which you are reporting:

- 1—Loan granted
- 2—Application denied
- 3—Application withdrawn

4—Loan purchased by your institution

(a) Type. (i) Do not report any loan application that is still pending at the end of the calendar year for which you are reporting; instead, report it in the year a decision is made.

(ii) Indicate as withdrawn any application that the applicant has expressly withdrawn, or that meets the conditions specified in § 202.9(f) of Regulation B. Do not indicate as withdrawn any applications that are incomplete but do not meet the above conditions.

(b) Date. Enter the date (by month and day only) of approval, denial, or withdrawal of the loan application, or purchase of the loan, as applicable. For example, a loan application that was approved on January 31, 1990, would be entered as "01-31." (Because the register will only contain information for a given calendar year, you will not enter the year in this column.)

(5) Property location. In these columns you will enter the applicable codes for the MSA, state and county, and census tract locations for the property to which a loan relates.

(a) MSA. For each loan or application for a loan, indicate the location of the property by the MSA number, if you have a home or branch office in that MSA. (See paragraph (e) below for treatment of loans on property outside MSAs in which you have offices.) If you are a mortgage lending institution, you are also deemed to have a branch office in an MSA if in the previous year you received applications for, originated, or purchased five or more home-purchase or home-improvement loans on property located in that MSA. Enter only the MSA number, not the MSA name. MSA boundaries are defined by the U.S. Office of Management and Budget; use the boundaries that were in effect on January 1 of the calendar year for which you are reporting.

(b) State and county. Use the two-digit (state) and three-digit (county) numerical codes available from your regional supervisory agency. Use only these established codes. Do not use the standard U.S. Postal Service abbreviations for states.

(c) Census tract. Indicate the census tract in which the property is located. Enter the code "NA" if the property is located in an area not divided into census tracts on the U.S. Census Bureau's census-tract outline maps (see paragraph (d) below). You may enter either the tract number or the code "NA" if the property is located in a county that had a population of 30,000 or less in the 1980 census.

To determine population, use the Census Bureau's PC80-1-A population series even if the population has increased above 30,000 since 1980.

(d) Census tract maps. To determine the census tract number, consult the U.S. Census Bureau's census tract outline maps. You must use the maps of the appropriate MSAs in the Census Bureau's PHC80-2 series for the 1980 census, or equivalent census data from the Census Bureau (such as GBF/DIME files) or from a private publisher. Use the maps in the 1980 series even if more current maps are available.

(e) Outside-MSA. For loans on property located outside the MSAs in which you have

a home or branch office (or outside any MSA), enter the code "NA" in the MSA, state, county, and census tract columns. However, remember that if you are a mortgage lending institution (other than a bank, savings association, or credit union) and you received five or more loan applications or originated or purchased five or more home-purchase loans in an MSA, you are deemed to have a branch office in that MSA, whether or not you have an actual building there.

(6) Race, sex and income. (See Appendix B of Regulation C for information on the collection of race and sex data, and for a sample data collection form.)

(a) You must report this information for loans originated and applications received by your institution only where the borrower or applicant is a natural person (and not a corporation or partnership, for example). Moreover, if your institution is a bank, savings association, or credit union with assets of \$30,000,000 or less on the preceding December 31, you may but need not report information on race, sex and income. In addition, the reporting of this information is not required for loans purchased by your institution. If you are not reporting this information, enter the code numbers specified in the lists in paragraphs (c) and (d) below for "not applicable," and enter "NA" under income in paragraph (e).

(b) Race and sex data is not required for applications you receive by telephone or mail; however, you must enter this information if it is given to you. If this information is not obtained by you for telephone or mail applications, enter the code number for the appropriate "information not provided by applicant" code from the lists provided in paragraphs (c) and (d) below.

(c) Race of borrower or applicant. Use the following codes to indicate the race or national origin of the applicant or borrower under column "A" and of any co-applicant or co-borrower under column "CA." If there is more than one co-applicant, provide this information only for the first co-applicant listed on the application form.

- 1—American Indian or Alaskan Native
- 2—Asian or Pacific Islander
- 3—Black
- 4—Hispanic
- 5—White
- 6—Other
- 7—Information not provided by applicant; application made by mail or telephone
- 8—Not applicable

(d) Sex of borrower or applicant. Use the following codes to indicate the sex of the applicant or borrower under column "A," and of any co-applicant or co-borrower under column "CA." If there is more than one co-applicant, provide this information only for the first co-applicant listed on the application form:

- 1—Male
- 2—Female
- 3—Information not provided by applicant; application made by mail or telephone
- 4—Not applicable

(e) Income. Enter the annual income that your institution relied upon in processing the

loan application. Round all dollar amounts to the nearest thousand (\$500 should be rounded up to \$1,000), and show in terms of thousands.

(7) *Type of purchaser of loan.* For loan originations and purchases, indicate the class of purchaser of the loan by use of one of the following codes:

- 1—Loan has not been sold within calendar year
- 2—FNMA (Federal National Mortgage Association)
- 3—GNMA (Government National Mortgage Association)
- 4—FHLMC (Federal Home Loan Mortgage Corporation)
- 5—FmHA (Farmers Home Administration)
- 6—Commercial Bank
- 7—Savings Bank or Savings Association
- 8—Life Insurance Company
- 9—Other type of purchaser

Use codes 2 through 9 to identify the class of purchaser only when you either originated or purchased a loan and then sold it within the same calendar year. If you originated or purchased a loan and did not sell the loan that same calendar year, enter code 1 instead. If you sell a loan in a year following the year in which it was originated or purchased, you need not report the sale.

(8) *Reason for denial.* At your option, you may enter up to two reasons a loan application was denied, using the following codes:

- 1—Income
- 2—Collateral
- 3—Credit history

- 4—Employment history
- 5—Other

G. Data to be Excluded

Do not report the following:

- (1) Loans or applications for loans that, although secured by real estate, are made for purposes other than for home-purchase or home-improvement (for example, do not report a loan secured by residential real property for purposes of financing education, a vacation, or business operations);
- (2) Loans made or applications for loans received in a fiduciary capacity (for example, by your trust department);
- (3) Loans or applications for loans on unimproved land;
- (4) Construction loans and applications, and other temporary financing loans and applications;
- (5) The purchase of an interest in a pool of mortgage loans (such as mortgage-participation certificates); or
- (6) The purchase solely of the right to service loans.

III. Where to send your register

Send your loan/application registers and direct any questions to the office of your federal supervisory agency specified below. If you are the subsidiary of a bank, savings association, or credit union, send the register to the supervisory agency for your parent institution. Your agency can provide you with HMDA posters that you can use to inform the public of the availability of your disclosure statements.

National banks and their subsidiaries.
District office of the Office of the Comptroller

of the Currency serving the district in which the national bank or subsidiary is located.

State member banks of the Federal Reserve System, their subsidiaries, and subsidiaries of bank holding companies. Federal Reserve Bank serving the district in which the state member bank or subsidiary is located.

Nonmember insured banks (except for federal savings banks) and their subsidiaries. Regional Director of the Federal Deposit Insurance Corporation for the region in which the bank or subsidiary is located.

Savings Institutions Insured Under the Savings Association Insurance Fund of the FDIC, Federally-chartered Savings Banks Insured Under the Bank Insurance Fund of the FDIC (But Not Including State-chartered Savings Banks Insured Under the Bank Insurance Fund), their subsidiaries, and subsidiaries of savings institution holding companies. District Director of the Office of Thrift Supervision for the district in which the institution is located.

Credit unions. National Credit Union Administration, Office of Examination and Insurance, 1776 G Street, NW., Washington, DC 20456.

Other Depository institutions. Regional Director of the Federal Deposit Insurance Corporation for the region in which the institution is located.

Other mortgage lending institutions. Regional office of the Secretary of Housing and Urban Development for the region in which the institution is located.

BILLING CODE 6210-01-M

Loan/Application Register

(Activity during 19__)

Name and address of institution: _____ Control Number: _____

Application or Loan Number	Date of Application	Application or Loan Information				Action Taken		Property Location				Applicant Information			Type of Purchaser of Loan	Reason for Denial (Optional)			
		Type	Purpose	Occupancy	Amount (\$000's)	Type	Date	MSA	State	County	Tract	Race		Sex			Income (\$000's)		
												A	CA	A				CA	

Sample Loan/Application Register
To be completed by Financial Institutions

Name of Certifying Officer: _____ Signature: _____ Phone: _____

Application or Loan Information

Type:

- 1 -- Conventional
- 2 -- FHA
- 3 -- VA
- 4 -- FmHA

Purpose:

- 1 -- Home purchase (one-to four family)
- 2 -- Home improvement one-to-four family)
- 3 -- Multifamily dwelling (both purchase and improvement

Occupancy:

- 1 -- Owner-occupied
- 2 -- Not owner-occupied
- 3 -- Not applicable

Action Taken

- 1 -- Loan granted
- 2 -- Application denied
- 3 -- Application withdrawn
- 4 -- Loan purchased by institution

BILLING CODE 6210-01-C

Codes for Loan/Application Register

Applicant Information

Race:

- 1 -- American Indian or Alaskan Native
- 2 -- Asian or Pacific Islander
- 3 -- Black
- 4 -- Hispanic
- 5 -- White
- 6 -- Other
- 7 -- Information not provided (mail or telephone)
- 8 -- Not applicable or information not required

Sex:

- 1 -- Male
- 2 -- Female
- 3 -- Information not provided (mail or telephone application)
- 4 -- Not applicable

Type of Purchaser of Loan

- 1 -- Loan not sold within calender year
- 2 -- FNMA
- 3 -- GNMA
- 4 -- FHLMC
- 5 -- FmHA
- 6 -- Commercial bank
- 7 -- Savings Bank or Savings and loan Association
- 8 -- Life insurance company
- 9 -- Other type of purchaser

Reasons for Denial

- 1 -- Income
- 2 -- Collateral
- 3 -- Credit history
- 4 -- Employment history
- 5 -- Mortgage insurance not available
- 6 -- Other

Appendix B—Form and Instructions for Data Collection on Race and Sex

(a) Instructions on Collection of Data on Race and Sex

You may list questions regarding the race and sex of the applicant on your loan application form, or on a separate form that refers to the application (see the sample form below for recommended language). You must ask for this information, but cannot require the applicant to provide it.

If the applicant chooses not to provide the information, note this fact on the form, and note the data, to the extent possible, on the basis of visual observation or surname.

Inform the applicant that the Federal government is requesting this information in order to monitor compliance with Federal statutes that prohibit lenders from discriminating against applicants on these bases. Inform the applicant that if the information is not provided, you are required

to note the data on the basis of visual observation or surname.

If an application is made entirely by telephone, you need not request this information. Additionally, you need not provide the data when you take an application by mail, if the applicant fails to answer these questions on the application form. If it is not otherwise evident on the face of an application, you should indicate whether it was received by mail or telephone.

(b) Sample Race and Sex Data Collection Form

(b) Sample race and sex data collection form

INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the federal government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a lender may neither discriminate on the basis of this information, nor on whether you choose to furnish it. However, if you choose not to furnish the information, under federal regulations the lender is required to note race or national origin and sex on the basis of visual observation or surname. If you do not wish to furnish the information, please check below.

BORROWER:

I do not wish to furnish this information

RACE OR American Indian, Alaskan Native Asian, Pacific Islander

NATIONAL Black Hispanic White

ORIGIN Other (specify) _____

SEX Female Male

CO-BORROWER:

I do not wish to furnish this information

RACE OR American Indian, Alaskan Native Asian, Pacific Islander

NATIONAL Black Hispanic White

ORIGIN Other (specify) _____

SEX Female Male

By order of the Board of Governors of the Federal Reserve System, October 3, 1989.

William W. Wiles,
Secretary of the Board.