



FEDERAL RESERVE BANK OF DALLAS

2200 N. PEARL ST.
DALLAS, TX 75201-2272

December 28, 2005

Notice 05-79

TO: The Chief Executive Officer of each
financial institution and others concerned
in the Eleventh Federal Reserve District

SUBJECT

Asset-Size Exemption Threshold Under Regulation C
(Home Mortgage Disclosure)

DETAILS

The Board of Governors has published its annual notice of the asset-size exemption threshold for depository institutions under Regulation C, which interprets the Home Mortgage Disclosure Act.

The asset-size exemption for depository institutions will increase \$1 million to a level of \$35 million based on the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers for the 12-month period ending in November 2005. Thus, depository institutions with assets of \$35 million or less as of December 31, 2005, are exempt from data collection in 2006.

This adjustment is effective January 1, 2006.

ATTACHMENT

A copy of the Board's notice as it appears on pages 75718–19, Vol. 70, No. 244 of the *Federal Register* dated December 21, 2005, is attached.

MORE INFORMATION

For more information, please contact Diane van Gelder, (214) 922-6282, Banking Supervision Department. Previous Federal Reserve Bank notices are available on our web site at www.dallasfed.org/banking/notices/index.html or by contacting the Public Affairs Department at (214) 922-5254.

FEDERAL RESERVE SYSTEM**12 CFR Part 203****[Regulation C; Docket No. R-1245]****Home Mortgage Disclosure****AGENCY:** Board of Governors of the Federal Reserve System.**ACTION:** Final rule; staff commentary.

SUMMARY: The Board is publishing a final rule amending the staff commentary that interprets the requirements of Regulation C (Home Mortgage Disclosure). The staff commentary is amended to increase the asset-size exemption threshold for depository institutions based on the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers. The adjustment from \$34 million to \$35 million reflects the increase of that index by 3.51 percent during the twelve-month period ending in November 2005. Thus, depository institutions with assets of \$35 million or less as of December 31, 2005, are exempt from data collection in 2006.

DATES: Effective January 1, 2006.

FOR FURTHER INFORMATION CONTACT: John C. Wood, Kathleen C. Ryan, or Dan S. Sokolov, Counsels, Division of Consumer and Community Affairs, at (202) 452-3667; for users of Telecommunications Device for the Deaf (TDD) only, contact (202) 263-4869.

SUPPLEMENTARY INFORMATION: The Home Mortgage Disclosure Act (HMDA; 12 U.S.C. 2801 *et seq.*) requires most mortgage lenders located in metropolitan areas to collect data about their housing-related lending activity. Annually, lenders must report that data to their federal supervisory agencies and make the data available to the public. The Board's Regulation C (12 CFR part 203) implements HMDA.

Provisions of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (codified at 12 U.S.C.

2808(b)) amended HMDA to expand the exemption for small depository institutions. Prior to 1997, HMDA exempted depository institutions with assets totaling \$10 million or less, as of the preceding year-end. The statutory amendment increased the asset-size exemption threshold by requiring a one-time adjustment of the \$10 million figure based on the percentage by which the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPIW) for 1996 exceeded the CPIW for 1975, and provided for annual adjustments thereafter based on the annual percentage increase in the CPIW. The one-time adjustment increased the exemption threshold to \$28 million for 1997 data collection.

Section 203.2(e)(1)(i) of Regulation C provides that the Board will adjust the threshold based on the year-to-year change in the average of the CPIW, not seasonally adjusted, for each twelve-month period ending in November, rounded to the nearest million. Pursuant to this section, the Board has adjusted the threshold annually, as appropriate. In 2005, the Board raised the threshold to \$34 million.

During the period ending November 2005, the CPIW increased by 3.51 percent. As a result, the exemption threshold is raised to \$35 million. Thus, depository institutions with assets of \$35 million or less as of December 31, 2005, are exempt from data collection in 2006. An institution's exemption from collecting data in 2006 does not affect its responsibility to report the data it was required to collect in 2005.

Final Rule

Under the Administrative Procedure Act, notice and opportunity for public comment are not required if the Board finds that notice and public comment are unnecessary. 5 U.S.C. 553(b)(3)(B). The amendment in this notice is technical. Comment 2(e)-2 to section 203.2 of the regulation is amended to implement the increase in the exemption threshold. This amendment merely applies the formula established by Regulation C for determining adjustments to the exemption threshold. For these reasons, the Board has determined that publishing a notice of proposed rulemaking and providing opportunity for public comment are unnecessary. Therefore, the amendment is adopted in final form.

List of Subjects in 12 CFR Part 203

Banks, Banking, Federal Reserve System, Mortgages, Reporting and recordkeeping requirements.

■ For the reasons set forth in the preamble, the Board amends 12 CFR part 203 as follows:

PART 203—HOME MORTGAGE DISCLOSURE (REGULATION C)

■ 1. The authority citation for part 203 continues to read as follows:

Authority: 12 U.S.C. 2801–2810.

■ 2. In Supplement I to part 203, under section 203.2 Definitions, *2(e) Financial Institution*, paragraph 2. is revised.

SUPPLEMENT I to PART 203—STAFF COMMENTARY

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§ 203.2 Definitions.

2(e) Financial Institution

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2. *Adjustment of exemption threshold for depository institutions.* For data collection in 2006, the asset-size exemption threshold is \$35 million. Depository institutions with assets at or below \$35 million are exempt from collecting data for 2006.

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By order of the Board of Governors of the Federal Reserve System, acting through the Director of the Division of Consumer and Community Affairs under delegated authority, December 15, 2005.

Jennifer J. Johnson,
Secretary of the Board.

[FR Doc. E5–7579 Filed 12–20–05; 8:45 am]

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