

FEDERAL RESERVE BANK
OF NEW YORK

Circular No. 8285
February 24, 1978

HOME MORTGAGE DISCLOSURE
New Jersey Exemption from Requirements of the Home Mortgage Disclosure
Act of 1975 and Regulation C

*To All Institutions Subject to the Home Mortgage Disclosure Act of 1975,
and Others Concerned, in the Second Federal Reserve District:*

Following is the text of a statement issued February 16 by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System today granted an exemption from the requirements of the Federal Home Mortgage Disclosure Act to State banks that are subject to a substantially similar New Jersey law.

The Federal act requires depositories subject to it to disclose the geographic location of the total number and dollar amount of purchase money mortgage loans and home improvement loans they originate or purchase during a year. The act also authorizes the Board to exempt State-chartered financial institutions subject to a State law that is substantially similar, including adequate provisions for enforcement.

The Board determined that the New Jersey law meets these standards.

The Board has previously exempted certain classes of State-chartered institutions in California, Illinois, Massachusetts and New York.

Printed on the reverse side is the text of the Board of Governor's Order, effective April 1, 1978, approving the exemption for New Jersey. Questions regarding this matter may be directed to our Consumer Affairs Division (Tel. No. 212-791-5919).

PAUL A. VOLCKER,
President.

(Over)

[Reg. C; Docket No. R-0130]
ORDER APPROVING EXEMPTION APPLICATION UNDER HOME MORTGAGE
DISCLOSURE ACT OF 1975
New Jersey

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final order of exemption.

SUMMARY: The Board hereby exempts from the disclosure requirements of the Home Mortgage Disclosure Act of 1975 and its implementing Regulation C all New Jersey chartered depository institutions which are subject to the New Jersey Home Mortgage Disclosure Act.

EFFECTIVE DATE: April 1, 1978.

FOR FURTHER INFORMATION CONTACT: Anne Geary, Chief Staff Attorney, Division of Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551 (202-452-2761).

On November 16, 1977, the Board issued notice of an application by United Jersey Banks for exemption from the disclosure requirements of the Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2801-2809), as implemented by Regulation C (12 CFR 203). The application was filed pursuant to section 306(b) of the Federal act (12 U.S.C. 2805(b) and §203.3(a)(3) and the Supplement of Regulation C) and was based upon the requirements of the New Jersey Home Mortgage Disclosure Act (N.J.S.A. 17:16F-1 to 17:16F-11) and the implementing regulations of the New Jersey Department of Banking (N.J.A.C. 3:1-9). The applicant, a bank holding company operating six New Jersey chartered banks, claimed that the New Jersey act and regulations impose requirements substantially similar to those imposed by the Federal act and regulation and that they include adequate provision for enforcement of those requirements.

Notice of the application on which interested persons were invited to submit comments, was published in the *Federal Register* on November 22, 1977 (42 FR 59913). The Board has received one comment, from the Federal Reserve Bank of New York, which recommended that the exemption be granted.

In reviewing applications, the Board is directed to consider two primary factors (12 U.S.C. 2805(c)). First, the Board must determine whether the State's laws impose disclosure requirements which are substantially similar to those imposed by the Federal act. Second, the Board must consider whether State law contains adequate provisions for enforcement of those requirements.

Examination of the New Jersey act and regulations indicates that they impose substantially the same dis-

closure requirements as the Federal act and regulation. The Board notes that the New Jersey law requires disclosure of additional information, including data on rejected loan applications. The State law also requires depository institutions to provide information on a loan-by-loan basis, rather than in a summary form, as required by the Federal act. The State Department of Banking will then classify this information in disclosure statements which will be returned to the institutions and made available to the public. However, the Board determined that these differences do not affect the substantial similarity between the State and Federal laws with respect to those requirements imposed by the Federal act.

With regard to enforcement, the New Jersey act provides for the issuance of cease and desist orders and the imposition of monetary penalties in appropriate cases for violation of its provisions. The Commissioner of Banking is authorized to conduct investigations into alleged violations, including hearing and subpoena powers.

On the basis of the record, the Board finds that the New Jersey act imposes disclosure requirements that are substantially similar to those imposed under the Federal act and that the New Jersey act contains adequate provision for enforcement of those requirements. Therefore, pursuant to section 306(b) of the Federal act and §203.3(a) and the Supplement of Regulation C, the Board hereby approves the application, effective April 1, 1978. All New Jersey chartered depository institutions which are subject to the New Jersey Home Mortgage Disclosure Act and the implementing regulations of the New Jersey Department of Banking are hereby exempted from the data compilation and disclosure requirements of the Home Mortgage Disclosure Act, as implemented by §§203.4 and 203.5 of Regulation C. This determination is subject to the provisions of paragraph (e) of the Supplement to Regulation C. Pursuant to that paragraph, the Board reserves the right to revoke any exemption if at any time it determines that applicable State law in fact does not impose requirements that are substantially similar to those imposed under the Home Mortgage Disclosure Act or that such law does not contain adequate provision for enforcement. As required by subparagraph (b)(4) of the Supplement, the applicant undertakes to inform the Board of any change in the State law or regulation within 30 days of such change.

By order of the Board of Governors, February 15, 1978.