

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. **10480**
October 7, 1991]

PROPOSED AMENDMENTS TO REGULATION C
Technical Amendments to the Reporting Forms and Instructions
Governing Home Mortgage Disclosures
Comments Invited by October 23

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

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

The Federal Reserve Board has requested public comment on proposed amendments for 1992 to the reporting form and instructions that accompany its regulation governing home mortgage disclosures. Comment should be submitted by October 23.

The proposed amendments are mostly technical and are based on the first year's experience with data collected under the 1989 amendments to the Home Mortgage Disclosure Act. One substantive change calls for financial institutions to begin using 1990 census tract numbers (instead of 1980 numbers) for reporting property location beginning January 1, 1992.

Printed on the following pages is the text of the proposal, which has been reprinted from the *Federal Register* of September 20. Comments thereon should be submitted by October 23, and may be sent to the Board of Governors, as specified in the notice, or to our Compliance Examinations Department.

E. GERALD CORRIGAN,
President.

FEDERAL RESERVE SYSTEM

12 CFR Part 203

[Regulation C; Docket No. R-0736]

Home Mortgage Disclosure

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Proposed rule.

SUMMARY: The Board is publishing for public comment proposed changes to Regulation C (Home Mortgage Disclosure) and to the instructions and reporting forms that financial institutions must use in complying with the annual reporting requirements under the regulation. The major substantive change calls for financial institutions to begin using 1990 census tract numbers (instead of the currently used 1980 census tract numbers) to identify and report property locations beginning on January 1, 1992.

DATES: Comments must be received on or before October 23, 1991. The revised instructions and reporting forms will apply to loan and application data collected by financial institutions beginning January 1, 1992.

ADDRESSES: Comments should refer to Docket No. R-0736 and be sent to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, Washington, DC 20551. They may also be delivered to the guard station in the Eccles Building Courtyard on 20th Street, NW. (between Constitution Avenue and C Street, NW.) between 8:45 a.m. and 5:15 p.m. weekdays. Comments received will be available for inspection and copying by any member of the public in the Freedom of Information Office, room B-1122 of the Eccles Building between 9 a.m. and 5 p.m. weekdays.

FOR FURTHER INFORMATION CONTACT: W. Kurt Schumacher, Staff Attorney, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551, at 202-452-2412; for the

hearing impaired only, contact 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 Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) made a number of significant amendments to HMDA. (Pub. L. 101-73, section 1211, 103 Stat. 183, 524-526.) These changes were reflected in amendments to Regulation C that took effect on January 1, 1990. (See 54 FR 51356, December 15, 1989.) The regulation requires depository and nondepository financial institutions that have over \$10 million in assets and have offices in metropolitan statistical areas (MSAs) to disclose annually their originations and purchases of mortgage and home improvement loans, as well as applications they have received for such loans.

Under appendix A to the regulation, data must be recorded on a "Loan/Application Register" (LAR) that reporting institutions must send to their regulatory agency no later than March 1 following the calendar year for which they are reporting. The Federal Financial Institutions Examination Council (FFIEC) compiles the HMDA data for each institution and then issues annual disclosure statements to the reporting institutions. Within 30 days after receiving their statements from the FFIEC, institutions must make them available to the public for inspection and copying in at least one home or branch office in each MSA. The FFIEC also compiles the HMDA data for all institutions in each MSA and sends aggregate reports to central data depositories located in each MSA.

In processing and reviewing financial institutions' LARs for the 1990 calendar year (which was the first year reflecting the FIRREA amendments to HMDA), the Board and the other regulatory agencies (the Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, Office of Thrift Supervision, National Credit Union Administration, and the Department of Housing and Urban Development) identified the need for certain changes to the instructions and forms used in reporting HMDA data. These revisions

would allow for the more efficient and accurate collection and submission of home mortgage data by financial institutions.

Additionally, the proposal contains one change—relating to census tract numbers—that will have a significant impact on reporting institutions and on the quality of the data disclosed to the public. Currently, institutions report property location using census tract numbers from the 1980 census. The Board is proposing to require that financial institutions report property location using 1990 census tracts for loan applications and transactions that take place beginning January 1, 1992.

Changing to 1990 census tracts will make the HMDA data more useful. Many of the output tables that comprise the disclosure statement rely on population and other characteristics for given census tracts (for example, composition of the tract by residents' race or national origin and income level, and age of housing stock). Because of the changes that have occurred since 1980, use of 1990 census tracts and demographics will produce more accurate and useful data in the HMDA disclosure statements and aggregate reports.

The Board's staff has met with representatives of the Bureau of the Census concerning the availability of materials necessary for financial institutions to change over to using 1990 census tracts: (1) An index of street addresses-census tract numbers, and (2) outline maps to locate any properties not listed on the index. The maps are available now; the index will be available by year-end.

To ensure that institutions covered by HMDA are able to obtain the materials in time to comply beginning January 1992, the HMDA supervisory agencies will work closely with the Bureau of the Census in seeking ways to expedite the distribution of census materials.

The comment period ends on October 23, 1991. Because the proposed changes are technical in nature and for the most part simply provide clarification, and because prompt implementation of any changes in reporting requirements is in the public interest, the Board has set a 30-day 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 desirable to ensure that a final rule is in place as soon as possible to provide guidance to covered lenders.

In accordance with section 3507 of the Paperwork Reduction Act of 1980 (44 U.S.C. Ch. 35; 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) Proposed revisions

This section describes only the more significant proposed changes; others are self-explanatory. To facilitate review by commenters, section (4) contains a complete version—with revisions indicated—of the proposed instructions as found in Appendix A. Section (4) also contains copies of the HMDA transmittal sheet and reporting form, as they would be revised under this proposal.

Section 203.2 Definitions

203.2(e)(2)

The Board proposes to revise subsection (e)(2) of the definition of a financial institution to clarify that the loan volume used to determine coverage for nondepository mortgage lenders refers to loan origination volume. Thus, the test measures the percentage of an institution's home purchase loan originations against its total loan origination volume—not total loan volume.

Section 203.4 Compilation of Loan Data

203.4(a) Data Format and Itemization

This section would be amended to reflect that home improvement loans may be refinanced, in addition to home purchase loans. (See also the proposed revisions to the instructions at paragraph II.A.1., below.)

Section 203.6 Enforcement

203.6(a) Administrative Enforcement

The Board proposes revising this section to make clear that civil money penalties are part of the administrative sanctions that section 305 of the Home Mortgage Disclosure Act authorizes for violations of HMDA reporting requirements. The FIRREA legislation containing the 1989 amendments to HMDA provides for the use of civil money penalties on a much broader scale than existed previously

Appendix A—Form and Instructions for Loan/Application Register Instructions to Lending Institutions

I. General

A. Who Must File a Report

Paragraph 3. The Board proposes the addition of the word "origination" in paragraph 3 to be consistent with the planned changes to § 203.2(e)(2) discussed above.

C. Format

Paragraph 1. This paragraph would be revised to indicate that financial institutions are expected to submit their LARs in automated format, unless they have fewer than a specified minimum of reported transactions during the calendar year. Among other changes, it would also be amended to specify that where hard copies are permitted, the two copies submitted must be typed, not handwritten.

II. Completion of Register

A. Data To be Reported

Paragraph 1. In conjunction with the proposed changes to § 203.4(a) of the regulation, paragraph 1 would be revised to indicate that certain refinancing of home improvement loans are reportable, as are refinancing of home purchase loans.

Paragraph 2. The Board proposes to add language concerning the treatment of brokered loan applications and applications received through correspondent lenders. Given the frequency of questions received by the regulatory agencies, the Board believes that financial institutions need to be made more aware of their reporting responsibilities for these types of transactions.

B. Data To Be Excluded

Paragraph 1. The Board proposes to amend the parenthetical as shown to provide a more straightforward example of a type of business-related loan that is not to be reported under HMDA.

C. Itemization of Data

1. Application or loan information.

a. Application or loan number.

The Board proposes to revise paragraph 1.a. to bar the use of an applicant's name or social security number as part of the application or loan number field. Lenders are still permitted to use any other letters, numerals, or a combination of the two—up to 25 characters long—as the application or loan number.

b. Date application received. The Board proposes to provide a uniform code of "0" to be used whenever the

correct response is "not applicable." The Board believes that establishing a single code for this and other fields would reduce the errors and the need for corrections that would have to be made on an institution's LAR. The Board solicits comments on this particular item to determine whether the implementation of this type of change would cause an unwarranted disruption of established computer or automated reporting systems.

e. Explanation of purpose codes.

Code 1: Home purchase

Paragraph i. Under this proposed change, a loan secured by a dwelling and made for the purpose of purchasing a second dwelling would be subject to reporting under HMDA. The Board believes that the effect of this change will be minimal, and that the clarification is consistent with the statutory language that refers generally to the reporting of mortgage loans "secured by property" either within or outside an MSA. Paragraph IIC.3. of the instructions ("Property location") has similarly been changed to be consistent with this proposed revision.

Code 2: Home improvement

Paragraph iii. The proposed language in paragraph iii. has been added to address questions regarding the reporting of home equity lines of credit. The proposal makes clear that while normally a home improvement loan must be reflected as a home improvement loan on an institution's records to be reportable, this requirement does not apply in the case of home equity lines of credit. However, for the credit line to be reportable, the lender must have determined that the applicant intends to use at least a portion of the proceeds of a dwelling-secured credit line for home improvement purposes; the lender would report only that portion, not the entire line of credit. Paragraph iii. also makes clear that a lender that reports such originations also must report applications for home equity credit lines that do not result in originations (for example, denials).

Code 3: Refinancings

Paragraph i. Paragraph i. would be revised to incorporate guidance to lenders regarding what is a refinancing (that is, the satisfaction of an existing obligation that is replaced by a new obligation). However, renewals of short-term balloon-payment loans would not be reported—even if they could technically be considered a refinancing.

Paragraph iii. The Board proposes clarifying the reporting instructions in paragraph iii. concerning refinancing. The proposed change instructs lenders

to report the full amount of a refinancing if the outstanding loan balance, plus any new funds earmarked by the consumer for home purchase or home improvement, exceed 50 percent of the total new loan amount requested. Lenders are not to report the refinancing at all if 50 percent or less of the loan proceeds (or the loan amount applied for) are for home purchase or home improvement.

g. Loan amount. Paragraph g. is being revised to specify that loan amounts of less than \$500 should not be reported.

3. Property location.

Paragraph 3. would be revised in line with the proposed change to paragraph 1.e. to cover instances in which a home purchase loan is secured by one dwelling, but made for the purpose of purchasing another dwelling. Generally, the geographic data should be recorded for the property in which the security interest is taken. However, if a home purchase loan is secured by both properties, the institution would report the geographic data for the property being purchased.

c. Census tract and d. Census tract number.

The Board proposes to require the use of 1990 census data to identify property locations for data that are collected beginning January 1, 1992. The Board believes this action is appropriate given the obsolescence of the currently utilized 1980 census materials, and given the scheduled availability of 1990 materials from the Bureau of the Census in time for the institutions to obtain the updated information for use in 1992. The Board believes switching to the use of more current census materials at this time is necessary to provide greater accuracy and meaning to analyses performed using HMDA data. Paragraphs c. and d. will be revised to reflect this changed requirement.

Note that these two paragraphs have also been revised to require the use of the code "0" instead of "NA" for those instances in which a financial institution is not required to provide the property location. As stated above, the Board specifically requests comment on whether adopting such a change would result in undue burdens to financial institutions in requiring changes to existing formats for automated reporting.

f. Nondepository lenders. Under the proposal, a new paragraph would be added to alert nondepository financial institutions of the need to monitor loan activity within MSAs. The statute and regulation provide that a nondepository mortgage lender is deemed to have a branch office in any MSA where it received five or more loan applications,

or originated or purchased five or more home purchase or home improvement loans, during the *preceding* calendar year. In order for an institution to establish that it is in compliance with this "five or more loan" rule, however, the institution must have kept complete records on the geographic distribution of its lending activity for the previous calendar year. To comply with this rule, nondepository mortgage lenders may find it easier to give the property location data for all loans relating to property located within any MSA.

4. Applicant Information—Race or national origin, sex and income.

e. Income. The Board proposes to amend this paragraph to clarify that institutions must report the total amount of the gross annual income (of the applicant and any co-applicant) that they rely on in making their credit decision. Monthly income or net income figures should not be entered in this column.

5. Type of purchaser.

Paragraph a. The Board proposes to revise this paragraph to address explicitly those cases in which a loan application was not originated—code "0" would be used for situations in which a loan was originated but not sold, and it would also be used where a loan was not originated at all.

6. Reasons for denial.

This paragraph would be revised to state that the reasons for denial column should be left blank if the action taken was anything other than a loan denial. There were indications in the reporting of 1990 data that confusion among some reporters may exist concerning the similarity of certain terms. Code 5 under the "Action Taken" column is entitled "file closed for incompleteness." That code applies only if the financial institution requests additional information from the applicant pursuant to section 202.9(c) of Regulation B, Equal Credit Opportunity (12 CFR 202 *et seq.*) and does not receive the information within the time specified. In this instance, no denial action has been taken by the reporting institution. In contrast, the reason for denial code number 7 is phrased "credit application incomplete." This code applies when the loan application was denied outright by the financial institution because the required credit materials were not complete.

Forms: Loan/Application Register Transmittal Sheet, Loan/Application Register, and Loan/Application Register Code Sheet

In addition to making minor editorial and technical revisions, The Board proposes to change the forms used by

financial institutions in compiling and reporting their HMDA data as follows:

1. Financial institutions would supply their tax identification number on the transmittal sheet that accompanies their data submission. This information will assist the agencies in identifying any duplicate submissions among covered institutions.

2. The Loan/Application Register form has been reformatted to illustrate more clearly the information that lenders must provide. These changes should help reduce data entry errors on the LARs. Text has been added to the top of the form advising reporters that "All columns (except Reasons for Denial) must be completed for each entry. See the instructions for details." This addition will alert financial institutions of the need to consult the instructions before attempting to complete entries on the register, and to leave no columns blank when information is required.

3. Consistent with the revised instructions, the income column under the "Applicant Information" heading has been rephrased "Gross Annual Income in thousands," to avoid a problem that was encountered in the reporting of 1990 data.

4. In accordance with proposed changes in the instructions, the code for all "not applicable" responses has been changed to code "0" on the Loan/Application Register Code Sheet. If adopted, this change should result in easier and more efficient entry of data by financial institutions.

(3) *List of Subjects in 12 CFR Part 203* Banks, Banking, Consumer protection, Federal Reserve System, Home mortgage disclosure, Mortgages, Reporting and recordkeeping requirements.

(4) *Text of proposed revisions.* 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 amend Regulation C, Home Mortgage Disclosure (12 CFR part 203) and revise the forms and instructions thereto (Appendix A to part 203).

Certain conventions have been used to highlight the proposed changes to the regulation and the instructions. New language is shown inside bold-faced arrows, while language that would be deleted is set off with brackets. Because only minor changes to the regulation itself are proposed, the Board is publishing only those regulatory sections that would be affected. A complete copy of the proposed instructions (including the HMDA reporting forms) follows the regulatory

text. The reporting forms appear as they would be adopted under the proposal—they have not been highlighted to show the proposed changes. The materials in appendix B (regarding the form and instructions for data collection on race or national origin and sex) are not being republished, as no changes are being proposed that would modify those items.

PART 203—HOME MORTGAGE DISCLOSURE

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

Authority: 12 U.S.C. 2801–2810.

2. Section 203.2(e) would be revised to read as follows:

§ 203.2 Definitions.

* * * * *

(e) *Financial institution* means:

* * * * *

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

* * * * *

3. Section 203.4(a) introductory text would be revised to read as follows:

§ 203.4 Compilation of loan data.

(a) *Data format and itemization.* A financial institution shall collect data regarding applications for, and originations and purchases of, home purchase ▶and home improvement◀ loans (including refinancings) [and home improvement loans] for each calendar year. These data shall be presented on a register in the format prescribed in Appendix A ▶of this part◀ and shall include the following items:

* * * * *

4. Section 203.6(a) would be revised to read as follows:

§ 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]. ▶act, including the imposition of civil money penalties, where applicable.◀ Compliance is enforced by the agencies listed in Appendix A of this [regulation] ▶part◀.

* * * * *

5. Appendix A to part 203 would be revised to read as follows:

Appendix A to Part 203—Form and Instructions for Loan/Application Register Loan/Application Register Form

Public reporting burden for [this] collection of ▶this◀ information is estimated to vary from 10 to 750 hours per response, with an average of 120 hours per response, including time to gather and maintain the data needed and 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.

Instructions to Lending Institutions

I. General

A. Who Must File A Report

1. Subject to some exceptions that are discussed below, banks, savings associations, credit unions, and other mortgage lending institutions must complete a register listing data about loan applications received, loans originated, and loans purchased if on the preceding December 31 the institution:

- had assets of more than \$10 million, and
- had a home or a branch office in a "metropolitan statistical area" or a "primary metropolitan statistical area" (both are 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 million, you must complete a register that lists the home purchase and home improvement loans that you originate or purchase during ▶the next◀ calendar year [1990], and also lists applications that did not result in an origination.

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

3. You need not complete a register—even if the tests for asset size and location are met—if your institution is a for-profit mortgage lender (other than a bank, savings association, or credit union) and the home purchase loans that you originated in the preceding year came to less than 10 percent of your total loan ▶origination◀ volume, measured in dollars.

4. If you are a for-profit mortgage lender (other than a bank, savings association, or credit union) the asset test is based on the combined assets of your institution and any parent corporation.

5. If you are the subsidiary of a bank or savings association you must complete a separate register for your institution and submit it, directly or through your parent, to the agency that supervises your parent.

B. Institutions Exempted From HMDA

Institutions that are specifically 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. The layout must conform exactly, however, to that of this register, including the order of columns, column headings, etc. Or you may submit the data in machine-readable form (see paragraph D.2. below).]

▶1. Institutions are expected to submit data to their supervisory agencies in a machine-readable form (unless fewer than 70 records are to be reported). The format must conform exactly to the form FR HMDA-LAR, including the order of columns, column headings, etc. Contact your federal supervisory agency for information regarding procedures and technical specifications for automated data submission. An institution that submits its register in non-automated form must send two copies that are typed or computer printed and that use the format of the loan/application register; you are not required to use the form itself.◀ Each page must be numbered, and the total number of pages must be given (for example, "Page 1 of 3").

2. The required data are to be entered in the register for each loan origination, each application acted [upon during the calendar year, and each loan purchased] ▶on, and each loan purchased during the calendar year◀. Your institution [will have to] ▶should◀ decide on the procedure it wants to follow—▶for example,◀ whether to begin entering the required data when an application is received, or to enter the data when final action is taken (such as when a loan goes to closing or an application is denied). Keep in mind that an application is to be reported in the calendar year when final action is taken. Loan originations are to be reported in the year they go to closing; do not report applications for loans that have been approved but [that] have not gone to closing at year-end.

3. Your institution may [use] ▶collect the data on◀ separate registers at different branches, or separate registers for different loan types (such as for home purchase or home improvement loans, or for loans on multifamily dwellings). [But] ▶However,◀ you must submit [the registers] ▶all of the data◀ to your supervisory agency in one ▶complete◀ package, with the prescribed transmittal sheet; and an officer of your institution must certify to the accuracy of the data.

4. Entries need *not* be grouped by MSA, or chronologically, or by census tract numbers, or in any other particular order. But make sure the application or loan numbers (discussed under paragraph II.C1.a.▶,◀ below) are unique. [If separate registers are being maintained in various branches, your institution could add a letter code to identify

different branches, or assign series of numbers to each branch, to avoid duplicate numbers.]

[5. Number each page of your report, indicating the total number of pages (for example, "Page 1 of 25").]

D. Submission of Report; Release of Disclosure Statements

1. You must submit the register to the office specified by your federal supervisory agency no later than March 1 following the calendar year for which the data are compiled. A list of the agencies appears at the end of these instructions.

[2. Institutions are encouraged to submit data in machine-readable form. Contact your federal supervisory agency for information regarding electronic submission.]

[3. If you submit your register in hard copy, you must send two copies.]

[4.] ▶ 2. ◀ The FFIEC (Federal Financial Institutions Examination Council) will prepare a disclosure statement from the data [that] you submit. Your disclosure statement will be returned to [you at] the address [that you indicate] ▶ indicated ◀ on the transmittal sheet. When you receive that disclosure statement you must make a copy available for inspection by the public within 30 calendar days. You must make it available at your home office and, if you have physical branch offices in other MSAs, at one branch office in each of those MSAs. (Your agency can provide you with HMDA posters that you can use to inform the public of the availability of your disclosure statement.)

II. Completion of Register

A. Data To Be [shown] ▶ reported ◀

1. [Show] ▶ Report ◀ the data on home purchase and home improvement loans that you originated (or that were originated in your name) and loans that you purchased during the calendar year covered by the report. Report these data even if the loans were subsequently sold. Include refinancings of home purchase ▶ and home improvement ◀ loans.

2. For these same types of loans, [show] ▶ report ◀ the data for applications that did not result in originations—for example, applications that your institution denied or that the applicant withdrew during the calendar year covered by the report. ▶ In the case of brokered loan applications or applications forwarded to you through a correspondent, show the data for all loans denied by your institution whether or not they would have closed in your institution's name. ◀ Include applications that were received in the previous calendar year but not acted upon until the calendar year covered by the ▶ current ◀ register.

B. Data To Be Excluded

Do not report the following loans or applications for loans: 1. Loans that, although secured by real estate, are made for purposes other than home purchase, home improvement, or refinancing (for example, do not report a loan secured by residential real property for purposes of financing college tuition, a vacation, or ▶ goods for ◀ business [operations]) ▶ inventory ◀;

2. Loans received in a fiduciary capacity (for example, by your trust department);

3. Loans on unimproved land;
4. Construction or bridge loans and other temporary financing;
5. The purchase of an interest in a pool of loans (such as mortgage-participation certificates); or
6. The purchase solely of the right to service loans.

C. Itemization of Data

Your loan/application register must include the following:

1. Application or loan information.
 - a. Application or loan number. Enter an identifying number [or code] that can be used later to retrieve the loan or application file. It can be any number of your choosing (not exceeding 25 characters). You may use letters, numerals, or a combination of both. ▶ Do not use the applicant's or borrower's name or social security number. ◀ [But make] ▶ Make ◀ sure that all numbers are unique within your institution. If your register contains data for branch offices, for example, you could use [codes] ▶ a letter or a numerical code ◀ to identify the loans or applications of [particular] ▶ different ◀ branches, or could assign ▶ a ◀ certain series of numbers to particular branches to avoid duplicate numbers.
 - b. Date application received. Enter the date the loan application was received by your institution by month, day, and year, using numerals ▶ in the form MM/DD/YY ◀ (for example, [02/28/90] ▶ 01/15/92 ◀). [Or, if] ▶ If ◀ your institution normally records the date shown on the application form, you may use that date. Enter ["NA"] ▶ the code 0 ◀ for loans purchased by your institution.
 - c. Type. Indicate the type of loan (or loan application) by entering the applicable code from the following:
 - 1—Conventional (any loan other than FHA, VA or FmHA loans)
 - 2—FHA-insured (Federal Housing Administration)
 - 3—VA-guaranteed (Veterans Administration)
 - 4—FmHA-insured (Farmers Home Administration)
 - d. Purpose. Indicate the purpose of the loan or application by entering the applicable code from the following:
 - 1—Home purchase (one-to-four family)
 - 2—Home improvement (one-to-four family)
 - 3—Refinancing (home purchase ▶ or home improvement, ◀ one-to-four family)
 - 4—Multifamily dwelling (home purchase, home improvement, and refinancings)
 - e. Explanation of purpose codes.

- Code 1: Home Purchase

- i. This code applies to loans [made], and to applications for loans, ▶ made ◀ for the purpose of purchasing a residential dwelling for one to four families, if the loan is ▶ to be ◀ secured by [a lien] ▶ the dwelling being purchased or by another dwelling ◀.
- 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.

Code 2: Home Improvement

- i. Code 2 applies to loans and applications for loans that (1) the borrowers have said will be used for repairing, rehabilitating, or remodeling one-to-four family residential dwellings, and (2) are recorded on your books as home improvement loans.
- ii. Report both secured and unsecured loans.
- iii. At your option, you may [record] ▶ report ◀ a home equity line of credit as a home improvement loan if the borrower or applicant indicates at the time of application or when the account is opened that some portion of the proceeds will be used for home improvement ▶ (even if the credit line is not recorded on your institution's books as a home improvement loan). See Paragraph g.iii. "Loan Amount," below, for further instructions. If you choose to report originations of home equity lines of credit, you must also report applications for such loans that did not result in originations. ◀. [(For such credit lines, under "Amount" in paragraph g. 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: Refinancings

- i. Use this code [Only] for refinancings ▶ (and applications for refinancings) ◀ of home purchase ▶ or home improvement ◀ loans on one-to-four family residential dwellings. ▶ (A refinancing involves the satisfaction of an existing obligation that is replaced by a new obligation undertaken by the same borrower—but do not report renewals of short-term balloon-payment loans.) ◀
- ii. Use this code whether or not you were the original creditor on the loan being refinanced, and whether or not the refinancing [results in] ▶ involves ◀ an increase in the outstanding principal.
- iii. Report the full amount of a refinancing if [more than 50 percent of the loan proceeds] ▶ the amount outstanding on the original loan, plus the amount of new money that ◀ is for home purchase or home improvement ▶ purposes (if any), is greater than 50 percent of the total new loan amount. Do not report a transaction if 50 percent or less of the loan proceeds or the amount applied for is for home purchase or home improvement ◀. [You may treat the amount that is equivalent to the unpaid principal of the original loan as being for home purchase].

Code 4: Multifamily Dwelling

- i. Use this code for loans and loan applications on dwellings for five or more families, including home purchase loans, refinancings, and loans for repairing, rehabilitation, and remodeling purposes.
- ii. Do not use this code for loans on individual condominiums or cooperative units; use codes 1, 2, or 3 for such loans, as applicable.
- f. ▶ Owner ◀ Occupancy. Use the applicable code to indicate whether the property to which the loan or loan application relates is to be owner-occupied as a principal dwelling.
 - 1—Owner-occupied as a principal dwelling
 - 2—Not owner-occupied
 - [3] ▶ 0 ◀—Not applicable.

Code 3: Refinancings

- i. Use this code [Only] for refinancings ▶ (and applications for refinancings) ◀ of home purchase ▶ or home improvement ◀ loans on one-to-four family residential dwellings. ▶ (A refinancing involves the satisfaction of an existing obligation that is replaced by a new obligation undertaken by the same borrower—but do not report renewals of short-term balloon-payment loans.) ◀
- ii. Use this code whether or not you were the original creditor on the loan being refinanced, and whether or not the refinancing [results in] ▶ involves ◀ an increase in the outstanding principal.
- iii. Report the full amount of a refinancing if [more than 50 percent of the loan proceeds] ▶ the amount outstanding on the original loan, plus the amount of new money that ◀ is for home purchase or home improvement ▶ purposes (if any), is greater than 50 percent of the total new loan amount. Do not report a transaction if 50 percent or less of the loan proceeds or the amount applied for is for home purchase or home improvement ◀. [You may treat the amount that is equivalent to the unpaid principal of the original loan as being for home purchase].

Code 4: Multifamily Dwelling

- i. Use this code for loans and loan applications on dwellings for five or more families, including home purchase loans, refinancings, and loans for repairing, rehabilitation, and remodeling purposes.
- ii. Do not use this code for loans on individual condominiums or cooperative units; use codes 1, 2, or 3 for such loans, as applicable.
- f. ▶ Owner ◀ Occupancy. Use the applicable code to indicate whether the property to which the loan or loan application relates is to be owner-occupied as a principal dwelling.
 - 1—Owner-occupied as a principal dwelling
 - 2—Not owner-occupied
 - [3] ▶ 0 ◀—Not applicable.

i. Use code 2 or loans on second homes or vacation homes, as well as on rental properties.

ii. Use code 2 only for nonoccupant loans or applications for nonoccupant loans, related to one-to-four family dwellings (including individual condominium or cooperative units).

iii. Use code [3] 0 if the property to which the loan relates is a multifamily dwelling; is not located in an MSA; or is located in an MSA in which your institution has neither a home nor a branch office.

iv. For purchased loans, you may assume that the property will be owner-occupied as a principal dwelling (code 1) unless the loan documents or application contain information to the contrary.

g. Loan Amount. Enter the amount of the loan or application. Round to the nearest thousand (\$500 should be rounded up to the next \$1,000). Do not report loans below \$500. Show in terms of thousands; for example, a loan for \$167,300 should be entered as 167 and one for \$15,605 as 16.

i. For home purchase loans that you originate, ["amount"] "Loan Amount" means the original principal amount of the loan. For home purchase loans that you purchase, ["amount"] "Loan 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 lines of credit secured by home equity, include 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 only in the year the line is established.

iv. For a loan application that was denied or withdrawn, enter the amount applied for.

v. If you offered to lend less than the applicant applied for, enter the amount of the loan if the offer was accepted by the applicant. If the offer was not accepted, enter the amount initially applied for.

2. Action taken. Indicate the type of action taken on the application or loan by using one of the following codes:

1—Loan originated

2—Application approved but not accepted by applicant

3—Application denied

4—Application withdrawn

5—File closed for incompleteness

6—Loan purchased by your institution

a. Type of action taken. Do not report any loan application still pending at the end of the calendar year. You will report that application in your register for the year final action is taken.

i. Use code 2 where an application has been approved by you, but where the applicant fails to respond to your notification of approval or your commitment letter within the specified time.

ii. Use code 4 only when an application has been expressly withdrawn by the applicant before a credit decision was made.

iii. Use code 5 if you sent a written notice of incompleteness under section [202.9(c)] 202.9(c)(2) of Regulation B (Equal Credit

Opportunity) and if the applicant failed to respond to your request for additional information within the period of time specified in your notice.

b. Date of action taken. Enter the date by month, day, and year, using numerals in the form MM/DD/YY (for example, [02/28/90] 02/22/92).

i. For loans originated, enter the settlement or closing date. For loans purchased, enter the date of purchase by your institution.

ii. For applications denied, applications approved but not accepted by the applicant, and files closed for incompleteness, enter the date that the action was taken by your institution or the date the notice was sent to the applicant.

iii. For applications withdrawn, enter the date that you received the applicant's express withdrawal; or you may enter the date shown on the notification from the applicant, in the case of a written withdrawal.

3. Property location. In these columns [you will] enter the applicable codes for the MSA, state, county, and census tract [locations] for the property to which a loan relates. For home purchase loans secured by one dwelling, but made for the purpose of purchasing another dwelling, report the property location data on the property in which the security interest is to be taken. If the home purchase loan is secured by more than one property, however, report the location data for the property being purchased. (See paragraph [e.] 3.e. below for treatment of loans on property outside the MSAs in which you have offices.)

a. MSA. For each loan or loan application, indicate the location of the property by the MSA number. 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 [You must use the Federal Information Processing Standard (FIPS) two-digit numerical code for the state and the three-digit numerical code for the county. These codes are available from your regional supervisory agency or the FFIEC. Use only these established codes.] Do not use the abbreviations used by the U.S. Postal Service.

c. Census tract. Indicate the census tract [in which] where the property is located.

i. Enter the code ["NA"] 0 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).

ii. If the property is located in a county with a population of 30,000 or less in the [1980] 1990 census, enter ["NA"] the code 0 or enter the census tract number. To determine population, use the Census Bureau's [PC80-1-A] 1990 CPH-2 population series even if the population has increased above 30,000 since [1980] 1990.

d. Census tract number. To determine the census tract number, consult the U.S. Census Bureau's Census Tract + Street Index, and for addresses not listed in the index, the Census Bureau's census tract outline maps.

You must use the maps from the Census Bureau's [PHC80-2 series for the 1980 census] 1990 CPH-3 series, or equivalent [1980] 1990 census data from the Census Bureau (such as [GBF/DIME files]) the Census TIGER/Line File or from a private publisher. [You will continue to use the maps in the 1980 series until you are advised differently by your supervisory agency, 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), you may [either] enter [the code "NA" in] the MSA, state, county, and census tract [columns] numbers or enter the [data] code 0 in each of these columns. [Keep in mind that if you are a for-profit mortgage lending institution (other than a bank, savings association, or credit union) and (1) you received five or more loan applications or (2) originated or purchased five or more home purchase or home improvement loans in an MSA in the preceding year, you must complete these columns because you are considered to have a branch office in that MSA, whether or not you have a physical office there.]

f. Nondepository lenders. If you are a for-profit mortgage lending institution (other than a bank, savings association, or credit union), and in the preceding calendar year you received applications for, or originated or purchased, loans for home purchase or home improvement adding up to a total of five or more for a given MSA, you are deemed to have a branch office in that MSA, whether or not you have a physical office there. As a result, you will have to complete these columns for any transactions in that MSA. Because you must keep complete records about lending within MSAs in the current calendar year so as to report data accurately the following year, to comply with this rule, you may find it easier routinely to enter the geographic information for any property located within any MSA.

4. Applicant Information—Race or national origin, sex, and income. Appendix B of Regulation C contains instructions for the collection of data on race or national origin and sex, and also contains a sample form for data collection. You may also use the form that you use to obtain data on race or national origin and sex under section 202.13 of Regulation B.

a. Applicability. You must report this information concerning applicants for loans that you originate and applications that you receive.

i. You need not collect or report this information for loans purchased; if you choose not to, enter the [appropriate] code 0, as specified in the lists under paragraphs [c.] 4.c., d., and e. below for "not applicable."

ii. If your institution is a bank, savings association, or credit union that had assets of \$30 million or less on the preceding December 31, you may—but need not—collect and report these data. If you choose not to, enter the [appropriate codes] code 0, as specified in the lists under paragraphs [c.] 4.c., d., and e. below for "not applicable."

iii. If the borrower or applicant is not a natural person (a corporation or partnership, for example), use the [appropriate] code ▶0◀ under paragraphs [c.] ▶4.c.◀ d., and e. below for 11not applicable."

b. Telephone and mail applications. Any [application forms] ▶loan applications◀ mailed to applicants must contain a collection form similar to that shown in Appendix B, and you must record ▶on your register◀ the data on race or national origin and sex if the applicant provides it. If the applicant chooses not to provide the data, enter the applicable code [number] for "information not provided by applicant in mail or telephone application" under paragraphs [c.] ▶4.c.◀ and d. below.

c. Race or national origin 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. ▶If there are no co-applicants or co-borrowers, entered the code 0 for "not applicable" in the co-applicant column:◀

- 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 in mail or telephone application
[8] ▶0◀—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:] ▶form. If there are no co-applicants or co-borrowers, enter the code 0 for "not applicable:"◀

- 1—Male
- 2—Female

3—Information not provided by applicant in mail or telephone application
[4] ▶0◀—Not applicable

e. Income. Enter the ▶gross annual◀ income that your institution relied upon in making the credit decision.

i. Round all dollar amounts to the nearest thousand (round \$500 up to the next \$1,000), and show in terms of thousands. For example, \$35,550 should be reported as 36.

ii. For loans on multifamily dwellings, enter ["NA."] ▶0◀

iii. If no income is asked for or relied on in the credit decision (such as in "no income verification" type loans), enter ["NA."] ▶0.◀

5. Type of purchaser. [For loans] ▶Enter the applicable code to indicate whether a loan that your institution◀ originated or purchased [and] ▶was◀ then sold ▶to a secondary market entity◀ within the same calendar year [, enter the applicable code to indicate the secondary market entity]:

[0—Loan was not sold in calendar year covered by register]

- 1—FNMA (Federal National Mortgage Association)
 - 2—GNMA (Government National Mortgage Association)
 - 3—FHLMC (Federal Home Loan Mortgage Corporation)
 - 4—FmHA (Farmers Home Administration)
 - 5—Commercial bank
 - 6—Savings bank or savings association
 - 7—Life insurance company
 - 8—Affiliate institution
 - 9—Other type of purchaser
- ▶0—Loan was not sold in calendar year covered by register/loan not originated◀

[a. If you originated or purchased a loan and did not sell the loan that same calendar year, enter code 0.]

[b.] ▶a.◀ If you sell a loan in a succeeding year, you need not report the sale.

[c.] ▶b.◀ If you conditionally assign a loan to GNMA in connection with a mortgage-backed security transaction, use code 2.

[d.] ▶c.◀ Loans "swapped" for mortgage-backed securities are to be treated as sales; enter the type of entity receiving the loans that are swapped as the purchaser.

[e.] ▶d.◀ Use code 8 for loans sold in the same year to an institution affiliated with you, such as a subsidiary or a parent corporation.

▶e. If you originated or purchased a loan and did not sell it during that same calendar year, enter the code 0. Also use code 0 for applications that were denied, withdrawn, or approved but not accepted by the applicant; and when files were closed for incompleteness.◀

6. Reasons for denial. You need not enter the reasons for the denial of an application. But if you wish to do so, you may indicate up to three reasons by using the following codes:

- 1—Debt-to-income ratio
- 2—Employment history
- 3—Credit history
- 4—Collateral
- 5—Insufficient cash (downpayment, closing costs)
- 6—Unverifiable information
- 7—Credit application incomplete
- 8—Mortgage insurance denied
- 9—Other

▶Leave this column blank if the "action taken" on the application is not a denial. For example, do not complete this column if the application was withdrawn or the file was closed for incompleteness.◀ If your institution uses the model form for adverse action supplied in the appendix to Regulation B (Form C-1 in Appendix C, Sample Notification Form, which offers some 20 reasons for denial), the following list shows which codes to use.

a. [Use code] ▶Code◀ 1 for: Income insufficient for amount of credit requested, and Excessive obligations in relation to income.

b. [Use code] ▶Code◀ 2 for: Temporary or irregular employment, and Length of employment.

c. [Use code] ▶Code◀ 3 for: Insufficient number of credit references provided; Unacceptable type of credit references provided; No credit file; Limited credit experience; Poor credit performance with us; Delinquent past or present credit obligation with others; Garnishment, attachment, foreclosure, repossession, collection action, or judgment, and Bankruptcy.

d. [Use code] ▶Code◀ 4 for: Value or type of Collateral not sufficient.

e. [Use code] ▶Code◀ 6 for: Unable to verify credit references, Unable to verify employment, Unable to verify income, and Unable to verify residence.

f. [Use code] ▶Code◀ 7 for: Credit application incomplete.

g. [Use code] ▶Code◀ 9 for: Length of residence, Temporary residence, and Other.

III. Federal supervisory agencies

Send your loan/application register and direct any questions to the office of your federal supervisory agency specified below. If you are the ▶nondepository◀ subsidiary of a bank, savings association, or credit union, send the register to the supervisory agency for your parent institution.

▶1.◀ National banks and their subsidiaries. District office of the Office of the Comptroller of the Currency [serving the district in which] ▶supervising◀ the national bank [or subsidiary is located].

▶2.◀ 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 ▶; the Federal Reserve Bank specified by the Board of Governors for institutions other than state member banks◀.

▶3.◀ 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.

▶4.◀ 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. [To the District] ▶Regional◀ or other office specified by the Office of Thrift Supervision.

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

▶6.◀ Other depository institutions. Regional Director of the Federal Deposit Insurance Corporation for the region in which the institution is located.

▶7.◀ Other mortgage lending institutions. Assistant Secretary for Housing, HMDA Reporting—Room 9233, U.S. Department of Housing and Urban Development, 451 7th Street, SW. Washington, DC 20410.

BILLING CODE 6210-01-M

LOAN/APPLICATION REGISTER

TRANSMITTAL SHEET

You must complete this transmittal sheet (please type or print) and attach it to the Loan/Application Register, required by the Home Mortgage Disclosure Act, that you submit to your supervisory agency.

Reporter's Identification Number Agency Code Reporter's Tax Identification Number

The Loan/Application Register that is attached covers activity during 19 ____ and contains a total of ____ pages.

Enter the name and address of your institution. The disclosure statement that is produced by the Federal Financial Institutions Examination Council will be mailed to the address you supply below:

Name

Address

City, State, ZIP

Enter the name and telephone number of a person who may be contacted if questions arise regarding your report:

Name () _____
Telephone Number

If your institution is a subsidiary of another institution or corporation, enter the name of your parent:

Name

Address

City, State, ZIP

Enter the name and address of your supervisory agency (or your parent's supervisory agency):

Name

Address

City, State, ZIP

An officer of your institution must complete the following section.

I certify to the accuracy of this report.

LOAN/APPLICATION REGISTER CODE SHEET

Use the following codes to complete the Loan/Application Register. The instructions explain the proper use of each code.

Application or Loan Information

Type:

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

Purpose:

- 1 -- Home purchase (one-to-four family)
- 2 -- Home improvement (one-to-four family)
- 3 -- Refinancing (home purchase or home improvement, one-to-four family)
- 4 -- Multifamily dwelling (home purchase, home improvement, and refinancings)

Owner-Occupancy:

- 1 -- Owner-occupied as a principal dwelling
- 2 -- Not owner-occupied
- 0 -- Not applicable

Action Taken:

- 1 -- Loan originated
- 2 -- Application approved but not accepted by applicant
- 3 -- Application denied by financial institution
- 4 -- Application withdrawn by applicant
- 5 -- File closed for incompleteness
- 6 -- Loan purchased by your institution

BILLING CODE 6210-01-C

Applicant Information

Race or National Origin:

- 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 in mail or telephone application
- 0 -- Not applicable

Sex:

- 1 -- Male
- 2 -- Female
- 3 -- Information not provided by applicant in mail or telephone application
- 0 -- Not applicable

Type of Purchaser

- 1 -- FNMA (Federal National Mortgage Association)
- 2 -- GNMA (Government National Mortgage Association)
- 3 -- FHLMC (Federal Home Loan Mortgage Corporation)
- 4 -- FmHA (Farmers Home Administration)
- 5 -- Commercial Bank
- 6 -- Savings Bank or Savings Association
- 7 -- Life Insurance Company
- 8 -- Affiliate institution
- 9 -- Other type of purchaser
- 0 -- Loan was not sold in calendar year covered by register/loan not originated

Reasons for Denial (optional)

- 1 -- Debt-to-income ratio
- 2 -- Employment history
- 3 -- Credit history
- 4 -- Collateral
- 5 -- Insufficient cash (downpayment, closing costs)
- 6 -- Unverifiable information
- 7 -- Credit application incomplete
- 8 -- Mortgage insurance denied
- 9 -- Other

By order of the Board of Governors of the
Federal Reserve System, September 17, 1991.

William W. Wiles,
Secretary of the Board.

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