



OVERVIEW OF LAWS AND REGULATIONS

Home Mortgage Disclosure Act

Home Mortgage Disclosure Act (Regulation C)

Executive Summary:

The Home Mortgage Disclosure Act (HMDA), as implemented by Regulation C, requires financial institutions to compile and disclose data about home purchase and home improvement loans that they originate or purchase during each calendar year, as well as applications for such loans. Data concerning the refinancing of such home purchase and home improvement loans must also be reported. HMDA currently applies to financial institutions that have a home or branch office in a metropolitan statistical area (MSA) and that have assets of more than a specified dollar amount set by regulation.

Financial institutions must collect and report the following information in an automated, machine-readable format: (1) certain details about each application or loan; (2) geographic data about the dwelling to which the application or loan relates; and (3) the race or national origin, sex, and gross annual income of the applicant or borrower. Each institution subject to HMDA must submit the required data in an OTS approved, automated format that conforms with the HMDA Loan/Application Register (LAR) to OTS by March 1 following the calendar year to which the loan data relate and must make its HMDA - LAR data (in modified form) available to the public upon request.

The data generated by HMDA - LARs is used: (a) to help determine whether financial institutions are serving the housing credit needs of their communities; (b) to aid government officials in distributing federal funds so as to attract private investment to areas where it is needed; and (c) to assist in identifying possible discriminatory lending patterns. The Federal Financial Institutions Examination Council (FFIEC) prepares disclosure statements based on the HMDA - LAR data revealing lending patterns for each institution categorized by location, age of housing stock, income level, sex, and racial characteristics. Institutions must make disclosure statements available to the public in the manner prescribed by the regulation. The FFIEC also combines HMDA data submitted by all reporting institutions and produces aggregate tables for each MSA. Aggregate tables and individual disclosure statements are publicly available at central data depositories located within each MSA.

The FFIEC publishes *A Guide to HMDA Reporting: Getting It Right!* (Guide) to assist institutions in complying with HMDA and Regulation C. It is written to address the needs of management and persons responsible for preparing the HMDA Report. Since the FFIEC updates the Guide periodically, the institution should verify that it has the most current edition.

Business Areas Impacted:

- Residential Lending Units
- Residential Credit Application Processing
- Data Processing



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Highlights:

REQUIREMENTS/RECOMMENDATIONS	TIME FRAME	DOCUMENT, RECORD OR REPORT
<p>General Coverage</p> <p>Determine whether the savings association (and/or any of its mortgage subsidiaries, if applicable) is subject to the requirements of HMDA/Regulation C.</p> <p>Institutions are exempt from reporting requirements for a given year if on the preceding December 31:</p> <ol style="list-style-type: none"> 1. The institution did not have a home or branch office in an MSA; or 2. The institution's total assets were at or below the asset threshold. (1998 threshold = \$29 million) <p>HMDA data need not be reported in a given year if the institution made no first-lien home purchase loans (or refinancings thereof) on one-to-four-family dwellings in the preceding calendar year.</p>	<p>Continuing</p>	<p>Policy Statement</p>
<p>Policy/Procedures</p> <p>Adopt a policy for implementing HMDA and Regulation C. Ensure that comprehensive procedures are in place for collecting and maintaining accurate data of covered loans and applications. Update policies, procedures, and relevant loan manuals as necessary.</p>	<p>Continuing</p>	<p>Policy Statement</p> <p>Written Procedures</p>
<p>Merger, Acquisition, Recharter</p> <p>Ensure that HMDA reporting procedures are reviewed and revised, as appropriate, in the event that a merger or acquisition takes place or an institution is rechartered.</p>	<p>Act promptly upon merger, acquisition, or recharter</p>	<p>HMDA Reporting Procedures</p>



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<p>Collection of Data</p> <p>Compile data on applications for, and originations and purchases of, home-purchase and home-improvement loans (including refinancings of both) for each calendar year. Include the following items:</p> <ol style="list-style-type: none"> 1. Loan or application number and date of application received. 2. Type and purpose of loan. 3. Owner-occupancy status of the property. 4. Amount of loan or application. 5. Type of action taken and the date. 6. Location of property by MSA, state, county, and census tract, if the institution has a home or branch office in that MSA. 7. Race or national origin and sex of the applicant or borrower, and the gross annual income relied upon in processing the application. 8. Type of entity purchasing a loan that the institution originates or purchases and then sells within the same calendar year. 9. Reason(s) for denial of a loan application. <p>The required information must be retained on a loan/application register (LAR) in the format prescribed by Appendix A to Regulation C.</p>	<p>Continuing</p> <p>All transactions must be recorded on the HMDA - LAR not more than 30 calendar days following the calendar quarter in which final action is taken.</p>	<p>HMDA Reporting Procedures</p> <p>Loan Origination Manuals</p> <p>Loan Application Register (LAR) used to record data. (See Appendix A to Regulation C)</p>



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<p>Data on Race or National Origin, Sex and Income</p> <p>Information on the race or national origin and sex of the applicant or borrower must be collected in the manner prescribed by Appendix B to Regulation C. If the applicant chooses not to provide this data, the lender must note the information based on visual observation or surname, to the extent possible.</p> <p>Race or national origin, sex, and income data may, but need not be collected for purchased loans.</p>	<p>Continuing</p>	<p>HMDA Reporting Procedures</p> <p>Loan Origination Manual</p> <p>Standard form used to obtain this data (See Appendix B to Regulation C)</p>
<p>Excluded Data</p> <p>The following information should not be reported:</p> <ol style="list-style-type: none"> 1. loans made or purchased in a fiduciary capacity; 2. loans on unimproved land; 3. temporary financing (e.g. bridge or construction loans); 4. the purchase of an interest in a pool of loans (e.g. mortgage participation certificates); or 5. The purchase solely of loan servicing rights. 	<p>Continuing</p>	<p>HMDA Reporting Procedures</p> <p>Loan Origination Manuals</p>



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<p>Data Reporting for Certain Institutions</p> <p>Institutions that have assets of \$250 million or more or that are part of a holding company structure that has \$1 billion or more in banking and thrift assets as of December 31 for each of the preceding two years, must also report the location of property located outside the MSAs in which the institution has a home or branch office, or outside any MSAs.</p>	<p>Continuing</p>	<p>HMDA Reporting Procedures</p> <p>Loan Origination Manual</p>
<p>Reporting Requirements</p> <p>Submit the completed HMDA - LAR to OTS by March 1 following the calendar year for which the loan data is compiled.</p> <p>Retain a copy for the institution's records.</p>	<p>March 1 submission date (covering the prior year's data)</p> <p>Retain copy for at least 3 years.</p>	<p>HMDA Reporting Procedures</p> <p>Written Procedures</p> <p>HMDA - LAR (submitted to OTS in prescribed electronic format)</p>
<p>Modified Loan/Application Register</p> <p>HMDA-LAR must be made available to the public upon request after modifying it to protect the privacy interests of applicants and borrowers by deleting: (1) application or loan number; (2) date application received; and (3) date of action taken.</p> <p>Institutions are strongly encouraged to make the modified LAR available in census tract order, if possible.</p> <p>A modified register need only reflect data relating to the MSA for which the request is made.</p>	<p>Make modified LAR available no later than March 31 for requests on or before March 1 (following the year to which the data relates), and within 30 days for requests made after March 1.</p> <p>The modified LAR must be available to the public for a 3 year period.</p>	<p>HMDA Reporting Procedures</p> <p>Modified HMDA - LAR</p>



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<p>Disclosure Statements</p> <p>The disclosure statement is comprised of a series of tables prepared by the FFIEC based on the institution's HMDA - LAR.</p> <p>The institution must make the statement available to the public for inspection and copying at its home office within 3 business days of receipt from the FFIEC.</p> <p>The institution must also either:</p> <p>a) make the statement available in at least one office in each additional MSA where it has offices within 10 business days of receipt from the FFIEC or</p> <p>b) post the address for sending written requests for the statement in the lobby of each branch office in an MSA where it has offices, and mail or deliver a copy of the statement within 15 calendar days of receipt of a written request.</p>	<p><u>Home Office</u> within 3 business days of receipt.</p> <p><u>Offices in other MSAs</u> within 10 business days after receipt</p> <p><u>Written Requests</u> within 15 calendar days from receipt of request.</p> <p>The disclosure statement must be available to the public for a 5-year period.</p>	<p>Disclosure Statement (prepared by FFIEC)</p>
<p>Lobby Notice</p> <p>The institution must post a general notice about the availability of its HMDA data in the lobby of its home office and of each branch office located in an MSA. Suggested text for the notice can be found at Appendix A to Regulation C.</p>	<p>Continuing</p>	<p>Lobby Poster (See Appendix A to Regulation C for suggested text)</p>
<p>Training</p> <p>Provide training to employees whose duties are impacted by the requirements of the regulation.</p>	<p>Continuing</p>	<p>Training documentation</p>



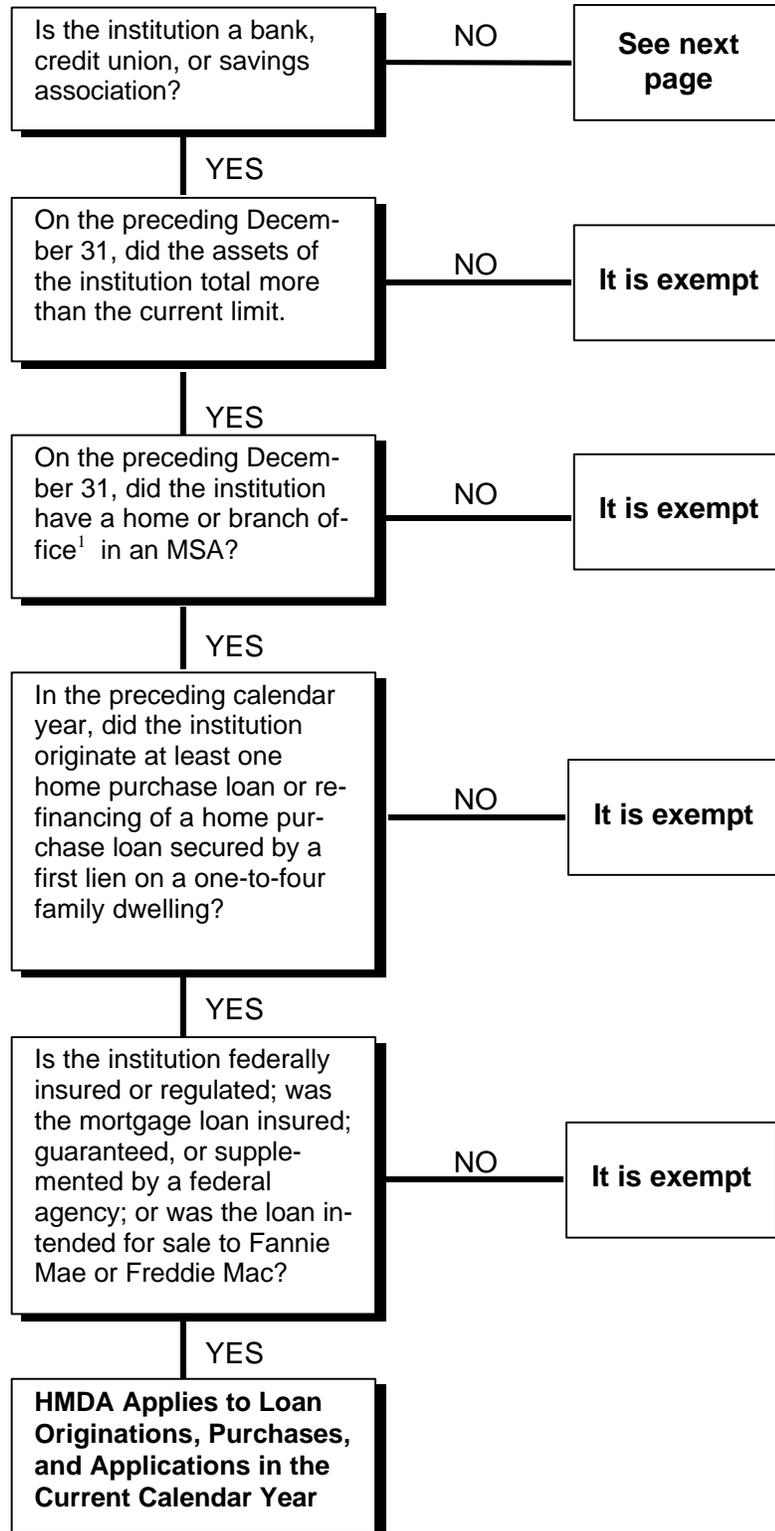
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<p>Monitoring and Internal Review</p> <p>Periodically monitor the collection of data for the HMDA - LAR to ensure that affected mortgage applications and loans are being properly recorded within the prescribed time frames.</p> <p>Conduct an internal review at least annually to assess overall compliance with the regulation and conformity of the institution s practices with its policies and procedures.</p>	Continuing	Internal Review Procedures/Reports



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Coverage Criteria for Depository Institutions

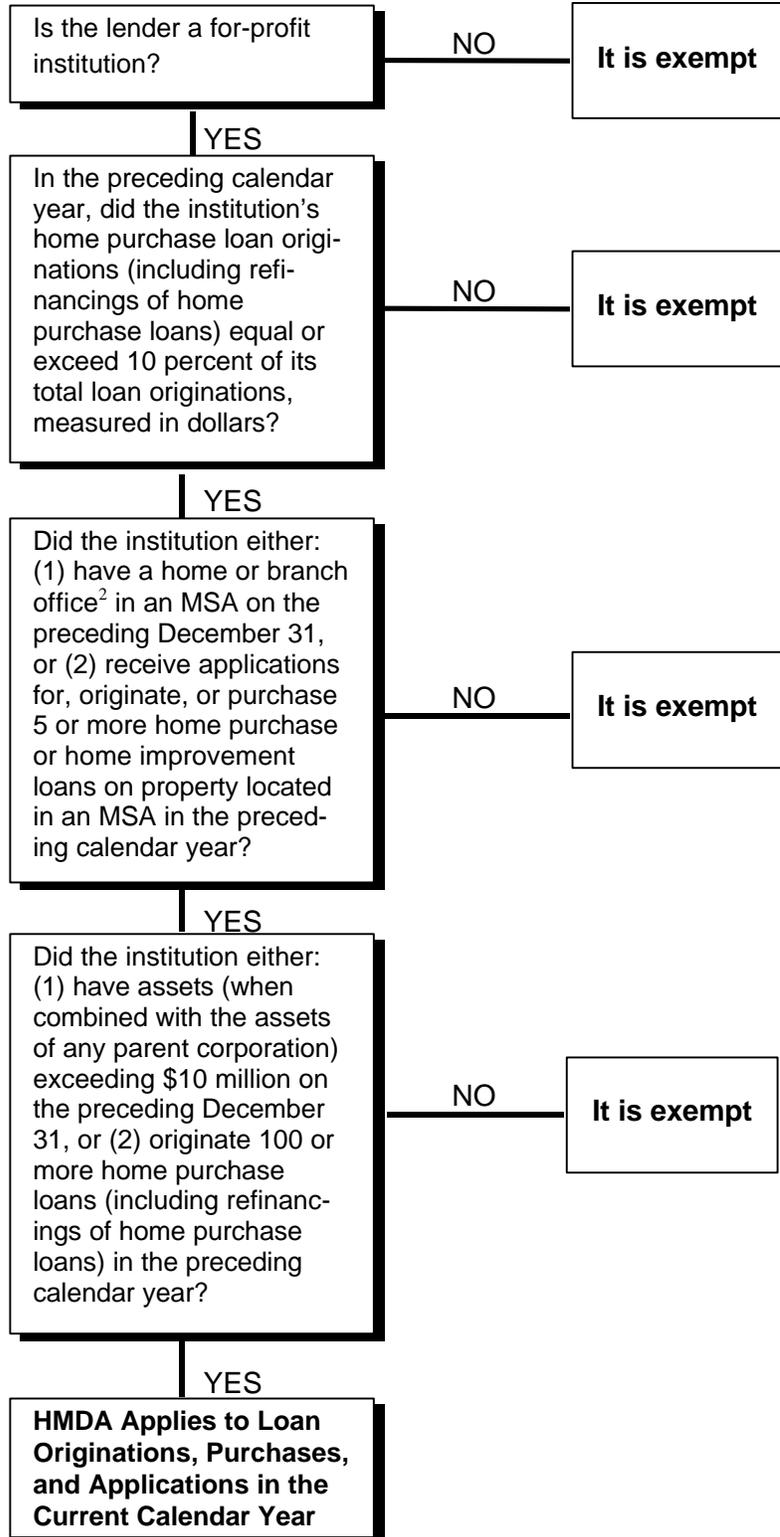


¹ For depository institutions, a branch office is an office approved as a branch by a supervisory agency (except that a branch office of a credit union is any office where member accounts are established or loans are made, whether or not the office has been approved as a branch by a federal or state agency). A branch office does not include offices of affiliates or other third parties such as loan brokers, or other offices where loan applications are merely taken; nor does it include ATMs or other electronic terminals.



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Coverage Criteria for Other Mortgage Lending Institutions



² For other mortgage lending institutions, a branch office is any office of the institution that takes applications from the public for home purchase or home improvement loans. It does not include offices of affiliates or other third parties such as loan brokers.