

FEDERAL RESERVE SYSTEM

12 CFR PART 203

[Regulation C; Docket No. R-0993]

Home Mortgage Disclosure

AGENCY: Board of Governors of the Federal Reserve System.

AGENCY: Final rule; staff commentary.

SUMMARY: The Board is publishing revisions to its staff commentary that interprets the requirements of Regulation C (Home Mortgage Disclosure). The Board is required to adjust annually 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 reflects changes for the twelve-month period ending in November. In 1998, depository institutions with assets totaling \$29 million or less are not required to collect data.

DATES: Effective date. This rule is effective January 1, 1998.

Applicability date. This rule applies to all data collection in 1998.

FOR FURTHER INFORMATION CONTACT: Pamela C. Morris, Staff Attorney, Division of Consumer and Community Affairs, at (202) 452-3667; for users of Telecommunications Device for the Deaf (TDD) only, contact Diane Jenkins at (202) 452-3544.

SUPPLEMENTARY INFORMATION:

I. Background

The Home Mortgage Disclosure Act (HMDA; 12 U.S.C. 2801 et seq.) requires most mortgage lenders located in metropolitan statistical areas to collect data about their housing-related lending activity. Annually, lenders must file reports with their federal supervisory agencies and make disclosures 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 (Pub. L. 104-208, 110 Stat. 3009) amended HMDA to modify the exemption threshold for small depository institutions. Until 1997, HMDA exempted depository institutions with assets of \$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 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.

To implement the statutory amendment, the Board published an interim rule in January 1997. (62 FR 3603, Jan. 24, 1997). The interim rule was made final in May. (62 FR 28620, May 27, 1997; correction at 62 FR 62339, June 19, 1997). Section 203.3(a)(1)(ii) 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. During the period ending in November 1997, the Consumer Price Index for Urban Wage Earners and Clerical Workers increased by 2.4%. As a result, the new threshold is \$29 million. Thus, depository institutions with assets of \$29 million or less as of December 31, 1997 are exempt from data collection in 1998. An institution's exemption from collecting data in 1998 does not affect its responsibility to report the 1997 data if it was required to collect it.

The Board is adopting this amendment to the staff commentary to implement the annual change in the exemption threshold. The Administrative Procedure Act provides that notice and opportunity for public comment are not required if an agency finds that notice and public

comment are unnecessary or would be contrary to the public interest. 5 U.S.C. § 553(b)(B). Regulation C establishes a formula (adopted by the Board after notice and comment) for determining the annual adjustment, if any, to the exemption threshold. The Board's amendment to the staff commentary, which merely applies the formula, is technical and not subject to interpretation. For these reasons, the Board has determined that publishing a notice of proposed rulemaking for public comment for the following amendment is unnecessary. Therefore, the Board has adopted this amendment, establishing a new threshold, in final form. This rule is effective as of January 1, 1998, so that institutions that are no longer covered can avoid collecting data unnecessarily.

II. Section Analysis

Section 203.3 -- Exempt Institutions

Comments 3(a)-2 and 3(a)-3 have been redesignated as comments 3(a)-3 and 3(a)-4, respectively, and a new comment 3(a)-2 has been added to specify the exemption threshold, which is adjusted annually each December. Depository institutions with assets that are at or below the threshold as of December 31, 1997, need not collect the HMDA data for 1998.

List of Subjects in 12 CFR Part 203

Banks, banking, Consumer protection, 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 203.3 - Exempt Institutions, under 3(a) Exemption based on location, asset size, or number of home-purchase loans, paragraphs 2 and 3 are redesignated as paragraphs 3 and 4, respectively; and a new paragraph 2 is added to read as follows:

SUPPLEMENT I TO PART 203 -- STAFF COMMENTARY

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Section 203.3 -- Exempt Institutions

3(a) Exemption based on location, asset size, or number of home-purchase loans.

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2. Adjustment of exemption threshold for depository institutions. For data collection in 1998, the asset-size exemption threshold is \$29 million. Depository institutions with assets at or below \$29 million are exempt from collecting data for 1998.

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By order of the Board of Governors of the Federal Reserve System, December 12, 1997.

/signed/

William W. Wiles,
Secretary of the Board.