

FEDERAL RESERVE SYSTEM

12 CFR Part 203

Regulation C; Docket No. [R-1033]

Home Mortgage Disclosure (Regulation C)

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 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. During this period, the index increased by 1.3%; as a result, the threshold remains at \$29 million. Thus, depository institutions with assets of \$29 million or less as of December 31, 1998 are exempt from data collection in 1999.

EFFECTIVE DATE: January 1, 1999. This rule applies to all data collection in 1999.

FOR FURTHER INFORMATION CONTACT: Pamela Morris Blumenthal, 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 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 annual adjustments based on the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPIW).

The statutory amendment is implemented in section 203.3(a)(1)(ii), which 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. For 1998 data collection, the exemption threshold was \$29 million. During the period ending in November 1998, the CPIW increased by 1.3%. As a result, the new threshold remains at \$29 million. Thus, depository institutions with assets of \$29 million or less as of December 31, 1998 are exempt from data collection in 1999. An institution's exemption from collecting data in 1999 does not affect its responsibility to report the 1998 data it was required to collect.

The Board is adopting this amendment to the staff commentary to implement the fact that the exemption threshold remains at \$29 million for data collected in 1999. The Administrative Procedure Act provides that notice and opportunity for public comment are not required if the

Board finds that notice and public comment are unnecessary or would be contrary to the public interest. 5 U.S.C. ' 553(b)(B). The Board believes such a finding is appropriate in this case. Regulation C establishes a formula for determining adjustments to the exemption threshold, if any, and the amendment to the staff commentary merely applies the formula. This amendment is technical and not subject to interpretation. For these reasons, the Board has determined that publishing a notice of proposed rulemaking and providing opportunity for public comment for the following amendment is unnecessary and would be contrary to the public interest. Therefore, the amendment is adopted in final form.

II. Section by Section Analysis

Section 203.3 -- Exempt Institutions

Comment 3(a)-2 has been revised to provide that depository institutions with assets that are at or below the threshold as of December 31, 1998 need not collect data for 1999.

List of Subjects in 12 CFR Part 203

Banks, banking, Consumer protection, Federal Reserve System, Mortgages, Reporting and recordkeeping requirements.

Text of Revisions

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

PART 203 BHOME 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 **B**Exempt Institutions, under 3(a)

Exemption based on location, asset size, or number of home-purchase loans, paragraph 2 is

revised to read as follows:

SUPPLEMENT I TO PART 203 B STAFF COMMENTARY

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Section 203.3 **B** 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 1999, the asset-size exemption threshold is \$29 million. Depository institutions with assets at or below \$29 million are exempt from collecting data for 1999.

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By order of the Board of Governors of the Federal Reserve System, acting through the Secretary of the Board under delegated authority, December 17, 1998.

Jennifer J. Johnson
Secretary of the Board.
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