

must use to comply with the annual reporting requirements under the regulation. The amendments conform Regulation C to reflect revisions adopted by the Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision to their regulations implementing the Community Reinvestment Act (CRA). Under the joint CRA rule (published elsewhere in today's **Federal Register**), banks or savings associations that report data about their home mortgage lending pursuant to the Home Mortgage Disclosure Act (HMDA)—and that have assets of \$250 million or more, or that are subsidiaries of a holding company with total banking and thrift assets of \$1 billion or more—will collect and report geographic information on loans and loan applications relating to property located outside the Metropolitan Statistical Areas (MSAs) in which the institution has a home or branch office, or outside any MSA. Currently, geographic identification is required only within MSAs where these lenders have a home or branch office. Data will be collected and reported in accordance with the instructions in Regulation C. The agencies believe that these data will provide geographic detail on home mortgage lending that will facilitate more complete CRA assessments for institutions that do not qualify as small banks or thrifts.

DATES: This final rule is effective May 1, 1995. Compliance is mandatory for loan and application data collected beginning January 1, 1996.

FOR FURTHER INFORMATION CONTACT: Jane Jensen Gell or W. Kurt Schumacher, Staff Attorneys, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551, at (202) 452-2412 or (202) 452-3667. For the hearing impaired *only*, contact Dorothea Thompson, Telecommunications Device for the Deaf (TDD), at (202) 452-3544.

SUPPLEMENTARY INFORMATION:

I. 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.*) HMDA requires most mortgage lenders located in metropolitan areas to collect data about their housing-related lending activity. Annually, lenders must report that data to their federal supervisory agencies and disclose the data to the public. The reports and disclosures cover loan originations, applications that do not result in originations (for example, applications that are denied or

withdrawn), and loan purchases. Information reported includes the location of the property to which the loan or application relates; the race or national origin, gender, and gross annual income of the borrower or applicant; and the type of purchaser for loans sold in the secondary market.

II. Summary of Amendment

In October 1994 (59 FR 51232, October 7, 1994), the federal financial regulatory agencies proposed amendments to their CRA regulations requiring banks or savings associations that report data about their home mortgage lending pursuant to HMDA—and that have assets of \$250 million or more, or that are subsidiaries of a holding company with total banking and thrift assets of \$250 million or more—to collect and report geographic information on loans and applications relating to property located in metropolitan areas whether or not the institution has a home or branch office there. They also would report geographic information for property located outside any MSA. (This proposal did not affect the current exemption in § 203.3 of Regulation C for banks and savings associations; institutions whose assets are \$10 million or less remain exempt.) Currently, lenders have the option of collecting this information but are not required to do so. The agencies believed that these data would provide geographic detail on home mortgage lending that would facilitate more complete CRA assessments for institutions that do not qualify as small banks or thrifts.

Commenters were divided on the proposal. Several commenters expressed concern about the administrative burden and costs of complying with the expanded reporting requirements. Many of those commenters asserted that comprehensive, accurate geographic information often is difficult to obtain. Other commenters indicated that the regulatory burden of the expanded reporting requirements would not be significant and noted that the additional data would facilitate a more precise and quantifiable CRA assessment process. Several commenters believed that it would be difficult to comply with the proposed amendment by July 1995 and that half-year data would be of limited usefulness. These commenters suggested that expanded data collection requirements should go into effect on January 1, 1996. A number of commenters addressed the reporting exemption for small banks, with some suggesting that assets should be measured at the level of the financial

institution, not the bank holding company.

The Board believes that the expanded reporting requirements will provide information about lenders' overall mortgage lending activity that will assist in developing a more accurate CRA assessment. The final amendments address concerns expressed by commenters. As required by agency regulations implementing CRA, bank and savings associations that are subsidiaries of a holding company with total banking and thrift assets of \$1 billion or more are covered by the reporting rules; the proposal would have covered such subsidiaries of a holding company with total assets of \$250 million or more. Institutions must collect these data if the bank or savings association had assets of \$250 million or more (or are subsidiaries of a holding company with total banking and thrift assets of \$1 billion or more) for the prior two consecutive years (as of December 31). The data collection requirements go into effect for calendar year 1996, with institutions required to report the data in 1997.

The Board believes that the benefits of this additional information outweigh any additional compliance burdens. Based on the comments received and further analysis, the Board is adopting final amendments to Regulation C. Set forth below is a discussion of the final rule.

Section 203.4—Compilation of Loan Data

Paragraph (e)—Data Reporting Under CRA

The final rule adds a new paragraph to implement revisions to the agencies' CRA regulations. Under the joint CRA rule, banks or savings associations that report data about their home mortgage lending pursuant to HMDA—and have assets of \$250 million or more, or are subsidiaries of a holding company with total banking and thrift assets of \$1 billion or more—will collect and report geographic information for all loans and applications, not just for loans and applications relating to property in MSAs where the institution has a home or branch office. The requirement also applies to property located outside any MSA. The agencies believe that incorporating these reporting requirements in Regulation C will facilitate compliance for lenders.