



FEDERAL RESERVE BANK  
OF DALLAS

January 6, 2000

DALLAS, TEXAS  
75265-5906

**Notice 2000-02**

**TO:** The Chief Executive Officer of each  
financial institution and others concerned  
in the Eleventh Federal Reserve District

**SUBJECT**

**Final Rule Amending the  
Staff Commentary to Regulation C  
(Home Mortgage Disclosure)**

**DETAILS**

The Board of Governors of the Federal Reserve System has published 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 present adjustment reflects changes for the twelve-month period ending in November 1999. During this period, the index increased by 2.1 percent. As a result, the threshold has been increased to \$30 million. Thus, depository institutions with assets of \$30 million or less as of December 31, 1999, are exempt from data collection in 2000.

**ATTACHMENT**

A copy of the Board's notice as it appears on pages 70991-92, Vol. 64, No. 243 of the *Federal Register* dated December 20, 1999, is attached.

**MORE INFORMATION**

For more information, please contact Eugene Coy, (214) 922-6201, in the Banking Supervision Department. For additional copies of this Bank's notice, contact the Public Affairs Department at (214) 922-5254 or access our web site at <http://www.dallasfed.org/banking/notices/index.html> and select the link for "District Notices."

**FEDERAL RESERVE SYSTEM****12 CFR Part 203****[Regulation C; Docket No. R-1093]****Home Mortgage Disclosure****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 present adjustment reflects changes for the twelve-month period ending in November 2000. During this period, the index increased by 3.4 percent; as a result, the threshold is increased to \$31 million. Thus, depository institutions with assets of \$31 million or less as of December 31, 2000, are exempt from data collection in 2001.

**EFFECTIVE DATE:** January 1, 2001. This rule applies to all data collection in 2001.

**FOR FURTHER INFORMATION CONTACT:** Kathleen C. Ryan, Senior Attorney, Division of Consumer and Community Affairs, at (202) 452-3667; for users of Telecommunications Device for the Deaf (TDD) only, contact Janice Simms at (202) 872-4984.

**SUPPLEMENTARY INFORMATION:** The Home Mortgage Disclosure Act (HMDA; 12 U.S.C. 2801 *et seq.*) requires most mortgage lenders located in metropolitan 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 (codified at 12 U.S.C. 2808(b)) 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 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 provided for 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.

Section 203.3(a)(1)(ii) of Regulation C 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. Pursuant to this section, the Board raised the threshold to \$30 million for 1999 data collection, and kept it at that level for data collection in 2000.

During the period ending November 2000, the CPIW increased by 3.4 percent. As a result, the threshold is increased to \$31 million. Thus, depository institutions with assets of \$31 million or less as of December 31, 2000, are exempt from data collection in 2001. An institution's exemption from collecting data in 2001 does not affect its responsibility to report the data it was required to collect in 2000.

The Board is amending comment 3(a)-2 of the staff commentary to implement the increase in the exemption threshold. Under the Administrative Procedure Act, 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). Regulation C establishes the 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 are unnecessary and would be contrary to the public interest. Therefore, the amendment is adopted in final form.

**List of Subjects in 12 CFR Part 203**

Banks, Banking, 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*, paragraph 2 is revised to read as follows:

**Supplement I to Part 203—Staff Commentary**

\* \* \* \* \*

## Section 203.3 Exempt Institutions

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

\* \* \* \* \*

2. *Adjustment of exemption threshold for depository institutions.* For data collection in 2001, the asset-size exemption threshold is \$31 million. Depository institutions with assets at or below \$31 million are exempt from collecting data for 2001.

\* \* \* \* \*

By order of the Board of Governors of the Federal Reserve System, acting through the Director of the Division of Consumer and Community Affairs under delegated authority, December 19, 2000.

**Jennifer J. Johnson,**  
*Secretary of the Board.*

[FR Doc. 00-32749 Filed 12-21-00; 8:45 am]

**BILLING CODE 6210-01-P**

(6) Financing for the proposed investment from the public sector or community development organizations or the receipt of Federal low-income housing tax credits by the project in which the investment is made (directly or through a fund that invests in such projects).

**§ 24.4 [Amended]**

4. In § 24.4, paragraph (a) is amended by adding "pursuant to § 24.5(b)" after the phrase "by written approval of the bank's proposed investment(s)".

5. In § 24.5:

A. Paragraphs (a)(1) and (a)(3)(iii) are revised;

B. Paragraph (a)(3)(v) is amended by adding the word "and" at the end of the paragraph;

C. Paragraph (a)(3)(vi) is amended by removing the term "; and" and adding a period in its place at the end of the sentence;

D. Paragraph (a)(3)(vii) is removed;

E. A new paragraph (a)(5) is added; and

F. Paragraphs (b)(1) and (b)(2)(iii) are revised.

The revisions and addition read as follows:

**§ 24.5 Public welfare investment self-certification and prior approval procedures.**

(a) \* \* \*

(1) Subject to § 24.4(a), an eligible bank may make an investment without prior notification to, or approval by, the OCC if the bank follows the self-certification procedures prescribed in this section.

\* \* \* \* \*

(3) \* \* \*

(iii) The type of investment (equity or debt), the investment activity listed in § 24.3(a) that the investment primarily supports, and a brief description of the particular investment;

\* \* \* \* \*

(5) Notwithstanding the provisions of this section, a bank may not self-certify an investment if:

(i) The investment involves properties carried on the bank's books as "other real estate owned"; or

(ii) The OCC determines, in published guidance, that the investment is inappropriate for self-certification.

(b) \* \* \*

(1) If a national bank does not meet the requirements for self-certification set forth in this part, the bank must submit a proposal for an investment to the Director, Community Development Division, Office of the Comptroller of the Currency, Washington, DC 20219.

(2) \* \* \*

(iii) The type of investment (equity or debt), the investment activity listed in

§ 24.3(a) that the investment primarily supports, and a description of the particular investment;

\* \* \* \* \*

6. In § 24.6:

A. The section heading and paragraph (a) introductory text are revised;

B. Paragraphs (a)(5) and (a)(8) are revised;

C. Paragraph (a)(9) is redesignated as paragraph (a)(10);

D. A new paragraph (a)(9) is added; and

E. Paragraph (b) is removed and reserved.

The revisions and addition read as follows:

**§ 24.6 Examples of qualifying public welfare investments.**

(a) Investments that primarily support the following types of activities are examples of investments that meet the requirements of § 24.3(a):

\* \* \* \* \*

(5) Investments in a project that qualifies for the Federal low-income housing tax credit;

\* \* \* \* \*

(8) Investments of a type approved by the Federal Reserve Board under 12 CFR 208.22 for state member banks that are consistent with the requirements of § 24.3;

(9) Investments in a community development financial institution, as defined in 12 U.S.C. 4702(5); and

\* \* \* \* \*

Dated: December 10, 1999.

**John D. Hawke, Jr.,**

*Comptroller of the Currency.*

[FR Doc. 99-32635 Filed 12-17-99; 8:45 am]

**BILLING CODE 4810-33-P**

**FEDERAL RESERVE SYSTEM**

**12 CFR Part 203**

**[Regulation C; Docket No. R-1053]**

**Home Mortgage Disclosure**

**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 present adjustment reflects changes for the

twelve-month period ending in November 1999. During this period, the index increased by 2.1 percent; as a result, the threshold is increased to \$30 million. Thus, depository institutions with assets of \$30 million or less as of December 31, 1999, are exempt from data collection in 2000.

**EFFECTIVE DATE:** January 1, 2000. This rule applies to all data collection in 2000.

**FOR FURTHER INFORMATION CONTACT:** James H. Mann, Staff Attorney, Division of Consumer and Community Affairs, at (202) 452-2412; for users of Telecommunications Device for the Deaf (TDD) only, contact Diane Jenkins at (202) 452-3544.

**SUPPLEMENTARY INFORMATION:** 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 (codified at 12 U.S.C. 2808(b)) 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 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 provided for 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.

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. Pursuant to this section, the Board raised the threshold to \$29 million for 1998 data collection, and kept it at that level for data collection in 1999.

During the period ending in November 1999, the CPIW increased by 2.1 percent. As a result, the new threshold is increased to \$30 million. Thus, depository institutions with assets of \$30 million or less as of December 31,

1999, are exempt from data collection in 2000. An institution's exemption from collecting data in 2000 does not affect its responsibility to report the data it was required to collect in 1999.

The Board is amending Comment 3(a)-2 of the staff commentary to implement the increase in the exemption threshold. Under the Administrative Procedure Act, 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). Regulation C establishes the 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 are unnecessary and would be contrary to the public interest. Therefore, the amendment is adopted in final form.

**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—HOME MORTGAGE DISCLOSURE (REGULATION C)**

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*, paragraph 2 is revised to read as follows:

**Supplement I to Part 203—Staff Commentary**

\* \* \* \* \*

**Section 203.3—Exempt Institutions**

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

\* \* \* \* \*

2. *Adjustment of exemption threshold for depository institutions.* For data collection in 2000, the asset-size exemption threshold is \$30 million. Depository institutions with

assets at or below \$30 million are exempt from collecting data for 2000.

\* \* \* \* \*

By order of the Board of Governors of the Federal Reserve System, acting through the Director of the Division of Consumer and Community Affairs under delegated authority, December 13, 1999.

Dated: December 13, 1999.

**Dolores S. Smith,**

*Director, Division of Consumer and Community Affairs.*

[FR Doc. 99-32827 Filed 12-17-99; 8:45 am]

**BILLING CODE 6210-01-P**