

REGULATORY ALERT

NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314

DATE: June 2002 NO: 02-RA-06
TO: All Federally-Insured Credit Unions
SUBJECT: Home Mortgage Disclosure Act – Data Reporting Additions

The Federal Reserve Board (FRB) recently published some proposed and final amendments to Regulation C that will affect certain credit unions, generally those with more than \$32 million in assets, required to report Home Mortgage Disclosure Act (HMDA) data. Credit unions should examine the amendments so they can make any necessary changes in their data reporting process and/or systems. The most significant final amendments are:

- Effective January 1, 2003, HMDA reporters must begin using 2000 census data rather than 1990 census data.
- Effective January 1, 2004, HMDA reporters must begin reporting additional categories of data, such as loan pricing and the difference between the annual percentage rate (APR) and the comparable Treasury security yield.

Final Amendment on Use of 2000 Census Data (effective January 1, 2003)

Many of the output tables that comprise credit unions' HMDA disclosures rely on population and other characteristics for given census tracts. Using the 2000 census tracts and demographics will produce more accurate and useful data.

Final Amendment on Additional Reporting Items (effective January 1, 2004)

The FRB requires reporting of the following data items beginning January 1, 2004:

- The difference between the APR on any originated loan and the yield on a comparable Treasury security, but only when the difference exceeds a specified threshold. The FRB has not set the exact threshold, but is considering a difference of three percentage points for first lien loans and five percentage points for subordinate lien loans.
- Whether a loan is subject to the Home Ownership and Equity Protection Act.
- Whether a loan or application involves a manufactured home.

Other Final Amendments (effective January 1, 2003)

The FRB made other final amendments, including revised definitions of reportable loans, application, home improvement loan, home purchase loan, refinancing, etc.

FRB Request for Comments on Proposed Amendments

The FRB recently requested comment on:

- The appropriate threshold for reporting loans whose APR exceeds the yield on comparable Treasury securities.
- A proposed amendment requiring lenders to ask telephone applicants for their race, ethnicity, and sex. If adopted, the amendment may be made effective January 1, 2003.
- A proposed amendment requiring lenders to report lien status for all loan applications and originated loans. The FRB believes lien status would be useful in interpreting the new loan pricing data required effective January 1, 2004.

Credit unions may access the rule and staff interpretation on the additional reporting items and revised definitions at:

<http://www.federalreserve.gov/boarddocs/press/boardacts/2002/20020207/attachment2.pdf>.

The rule and staff interpretation on the use of 2000 census data are located at: <http://www.federalreserve.gov/boarddocs/press/boardacts/2002/20020502/attachment.pdf>. Credit union officials and responsible staff should review these amendments carefully to ensure compliance with HMDA reporting.

Sincerely,

/S/

Dennis Dollar
Chairman