
Joint Release

**Board of Governors of the Federal Reserve System
Department of Housing and Urban Development
Federal Deposit Insurance Corporation
National Credit Union Administration
Office of the Comptroller of the Currency
Office of Thrift Supervision**

For Immediate Release

April 3, 2006

**Agencies Announce Updated Answers to Frequently Asked
Questions About HMDA Price Data**

The federal bank, credit union, and thrift supervisory agencies, along with the Department of Housing and Urban Development (HUD), today released updated “Answers to Frequently Asked Questions” (FAQs) to aid interpretation of the 2005 home loan data to be disclosed this year under the Home Mortgage Disclosure Act (HMDA).

For the second year in a row, the data will include price information on loans priced above reporting thresholds set by the Federal Reserve Board regulation that implements HMDA, Regulation C. As of March 31, lenders started making these data available to the public upon request in the form of a Loan Application Register, after removing certain information to protect the privacy of applicants and borrowers. Summary statistical reports for each lender and an aggregate report for each Metropolitan Statistical Area will be released in September by the Federal Financial Institutions Examination Council (FFIEC).

Preliminary indications are that the data will show that the proportion of mortgage loans with prices above the HMDA price reporting thresholds increased from 2004 to 2005. The updated FAQs, in newly added Question 27, explain that an increase is expected because of changes in the interest rate environment from 2004 to 2005 – specifically, the narrowing of the difference between short-term interest rates and long-term interest rates (sometimes referred to as a “flattening of the yield curve”). Changes in other factors, such as the business practices of lenders or the risk profiles or borrowing practices of borrowers, also could have affected the proportion of loans reported as higher-priced loans.

The updated FAQs will be posted on each of the agencies’ websites and on the web site of the FFIEC, www.ffiec.gov/hmda.

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HMDA, which was enacted by Congress in 1975, requires most mortgage lenders located in metropolitan areas to collect data about their housing-related lending activity, report the data annually to the government, and make the data publicly available in a modified Loan Application Register.

Initially, HMDA required reporting of the geographic location of originated and purchased home loans. In 1989, Congress expanded HMDA data to include information about denied home loan applications and the race, sex, and income of applicants and borrowers. In 2002, the Federal Reserve Board amended the HMDA regulations to require lenders to report price data for certain higher-priced home mortgage loans, and other new data.

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Attachment

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