

# Regulation C - Home Mortgage Disclosure

Effective January 1, 2004

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## SECTION 203.1 Authority, purpose, and scope.

(a) *Authority.* This regulation is issued by the Board of Governors of the Federal Reserve System (“Board”) pursuant to the Home Mortgage Disclosure Act (“HMDA”) (12 U.S.C. 2801 *et seq.*), as amended. The information-collection requirements have been approved by the U.S. Office of Management and Budget (“OMB”) under 44 U.S.C. 3501 *et seq.* and have been assigned OMB numbers for institutions reporting data to the Office of the Comptroller of the Currency (1557-0159), the Federal Deposit Insurance Corporation (3064-0046), the Office of Thrift Supervision (1550-0021), the Federal Reserve System (7100-0247), and the Department of Housing and Urban Development (“HUD”) (2502-0529). A number for the National Credit Union Administration is pending.

(b) *Purpose.*

(1) This regulation implements the Home Mortgage Disclosure Act, which is intended to provide the public with loan data that can be used:

(i) To help determine whether financial institutions are serving the housing needs of their communities;

(ii) To assist public officials in distributing public-sector investment so as to attract private investment to areas where it is needed; and

(iii) To assist in identifying possible discriminatory lending patterns and enforcing antidiscrimination statutes.

(2) Neither the act nor this regulation is intended to encourage unsound lending practices or the allocation of credit.

(c) *Scope.* This regulation applies to certain financial institutions, including banks, savings associations, credit unions, and other mortgage lending institutions, as defined in section 203.2(e). The regulation requires an institution to report data to its supervisory agency about home purchase loans, home improvement loans, and refinancings that it originates or purchases, or for which it receives applications; and to disclose certain data to the public.

## SECTION 203.2 Definitions.

In this regulation:

(a) *Act* means the Home Mortgage Disclosure Act (“HMDA”) (12 U.S.C. 2801 *et seq.*), as amended.

(b) *Application.*

(1) *In general.* Application means an oral or written request for a home purchase loan, a home improvement loan, or a refinancing that is made in accordance with procedures used by a financial institution for the type of credit requested.

(2) *Preapproval programs.* A request for preapproval for a home purchase loan is an application under paragraph (b)(1) of this section if the request is reviewed under a program in which the financial institution, after a comprehensive analysis of the creditworthiness of the applicant, issues a written commitment to the applicant valid for a designated period of time to extend a home purchase loan up to a specified amount. The written commitment may not be subject to conditions other than:

(i) Conditions that require the identification of a suitable property;

(ii) Conditions that require that no material change has occurred in the applicant's financial condition or creditworthiness prior to closing; and

(iii) Limited conditions that are not related to the financial condition or creditworthiness of the applicant that the lender ordinarily attaches to a traditional home mortgage application (such as certification of a clear termite inspection).

(c) *Branch office* means:

(1) Any office of a bank, savings association, or credit union that is approved as a branch by a federal or state supervisory agency, but excludes free-standing electronic terminals such as automated teller machines; and

(2) Any office of a for-profit mortgage-lending institution (other than a bank, savings association, or credit union) that takes applications from the public for home purchase loans, home improvement loans, or refinancings. A for-profit mortgage-lending institution is also deemed to have a branch office in a metropolitan area if, in the preceding calendar year, it received applications for, originated, or purchased five or more home purchase loans, home improvement loans, or refinancings related to property located in that metropolitan area.

(d) *Dwelling* means a residential structure (whether or not attached to real property) located in a state of the United States of America, the District of Columbia, or the Commonwealth of Puerto Rico. The term includes an individual condominium unit, cooperative unit, or mobile or manufactured home.

(e) *Financial institution* means:

(1) A bank, savings association, or credit union that:

(i) On the preceding December 31 had assets in excess of the asset threshold established and published annually by the Board for coverage by the act, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each twelve month period ending in November, with rounding to the nearest million;

(ii) On the preceding December 31, had a home or branch office in a metropolitan area;

(iii) In the preceding calendar year, originated at least one home purchase loan (excluding temporary financing such as a construction loan) or refinancing of a home purchase loan, secured by a first lien on a one- to four-family dwelling; and

(iv) Meets one or more of the following three criteria:

(A) The institution is federally insured or regulated;

(B) The mortgage loan referred to in paragraph (e)(1)(iii) of this section was insured, guaranteed, or supplemented by a federal agency; or

(C) The mortgage loan referred to in paragraph (e)(1)(iii) of this section was intended by the institution for sale to Fannie Mae or Freddie Mac; and

(2) A for-profit mortgage-lending institution (other than a bank, savings association, or credit union) that:

(i) In the preceding calendar year, either:

(A) Originated home purchase loans, including refinancings of home purchase loans, that equaled at least 10 percent of its loan-origination volume, measured in dollars; or

(B) Originated home purchase loans, including refinancings of home purchase loans, that equaled at least \$25 million; and

(ii) On the preceding December 31, had a home or branch office in a metropolitan area; and

(iii) Either:

(A) On the preceding December 31, had total assets of more than \$10 million, counting the assets of any parent corporation; or

(B) In the preceding calendar year, originated at least 100 home purchase loans, including refinancings of home purchase loans.

- (f) *Home-equity line of credit* means an open-end credit plan secured by a dwelling as defined in Regulation Z (Truth in Lending), 12 CFR part 226.
- (g) *Home improvement loan* means:
- (1) A loan secured by a lien on a dwelling that is for the purpose, in whole or in part, of repairing, rehabilitating, remodeling, or improving a dwelling or the real property on which it is located; and
  - (2) A non-dwelling secured loan that is for the purpose, in whole or in part, of repairing, rehabilitating, remodeling, or improving a dwelling or the real property on which it is located, and that is classified by the financial institution as a home improvement loan.
- (h) *Home purchase loan* means a loan secured by and made for the purpose of purchasing a dwelling.
- (i) *Manufactured home* means any residential structure as defined under regulations of the Department of Housing and Urban Development establishing manufactured home construction and safety standards (24 CFR 3280.2).
- (j) *Metropolitan area* means a metropolitan area as defined by the U.S. Office of Management and Budget.
- (k) *Refinancing* means a new obligation that satisfies and replaces an existing obligation by the same borrower, in which:
- (1) For coverage purposes, the existing obligation is a home purchase loan (as determined by the lender, for example, by reference to available documents; or as stated by the applicant), and both the existing obligation and the new obligation are secured by first liens on dwellings; and
  - (2) For reporting purposes, both the existing obligation and the new obligation are secured by liens on dwellings.

### SECTION 203.3 Exempt institutions.

- (a) *Exemption based on state law.*
- (1) A state-chartered or state-licensed financial institution is exempt from the requirements of this regulation if the Board determines that the institution is subject to a state disclosure law that contains requirements substantially similar to those imposed by this regulation and that contains adequate provisions for enforcement.
  - (2) Any state, state-chartered or state-licensed financial institution, or association of such institutions, may apply to the Board for an exemption under paragraph (a) of this section.
  - (3) An institution that is exempt under paragraph (a) of this section shall use the disclosure form required by its state law and shall submit the data required by that law to its state supervisory agency for purposes of aggregation.

(b) *Loss of exemption.* An institution losing a state-law exemption under paragraph (a) of this section shall comply with this regulation beginning with the calendar year following the year for which it last reported loan data under the state disclosure law.

#### SECTION 203.4 Compilation of loan data.

(a) *Data format and itemization.* A financial institution shall collect data regarding applications for, and originations and purchases of, home purchase loans, home improvement loans, and refinancings for each calendar year. An institution is required to collect data regarding requests under a preapproval program (as defined in section 203.2 (b)) only if the preapproval request is denied or results in the origination of a home purchase loan. All reportable transactions shall be recorded, within thirty calendar days after the end of the calendar quarter in which final action is taken (such as origination or purchase of a loan, or denial or withdrawal of an application), on a register in the format prescribed in Appendix A of this part. The data recorded shall include the following items:

- (1) An identifying number for the loan or loan application, and the date the application was received.
- (2) The type of loan or application.
- (3) The purpose of the loan or application.
- (4) Whether the application is a request for preapproval and whether it resulted in a denial or in an origination.
- (5) The property type to which the loan or application relates.
- (6) The owner-occupancy status of the property to which the loan or application relates.
- (7) The amount of the loan or the amount applied for.
- (8) The type of action taken, and the date.
- (9) The location of the property to which the loan or application relates, by metropolitan area, state, county, and census tract, if the institution has a home or branch office in that metropolitan area.
- (10) The ethnicity, race, and sex of the applicant or borrower, and the gross annual income relied on in processing the application.
- (11) The type of entity purchasing a loan that the institution originates or purchases and then sells within the same calendar year (this information need not be included in quarterly updates).
- (12) For originated loans subject to Regulation Z, 12 CFR part 226, the difference between the loan's annual percentage rate (APR) and the yield on Treasury securities having comparable periods of maturity, if that difference is equal to or greater than 3 percentage points for loans secured by a first lien on a dwelling, or equal to or greater than 5 percentage points for loans secured by a subordinate lien on a dwelling. The lender shall use the yield on Treasury securities as of the 15th day of

the preceding month if the rate is set between the 1st and the 14th day of the month and as of the 15th day of the current month if the rate is set on or after the 15th day, as prescribed in Appendix A to this part.

(13) Whether the loan is subject to the Home Ownership and Equity Protection Act of 1994.

(14) The lien status of the loan or application (first lien, subordinate lien, or not secured by a lien on a dwelling).

(b) *Collection of data on ethnicity, race, sex, and income.*

(1) A financial institution shall collect data about the ethnicity, race, and sex of the applicant or borrower as prescribed in Appendix B of this part.

(2) Ethnicity, race, sex, and income data may but need not be collected for loans purchased by the financial institution.

(c) *Optional data.* A financial institution may report:

(1) The reasons it denied a loan application;

(2) Requests for preapproval that are approved by the institution but not accepted by the applicant; and

(3) Home-equity lines of credit made in whole or in part for the purpose of home improvement or home purchase.

(d) *Excluded data.* A financial institution shall not report:

(1) Loans originated or purchased by the financial institution acting in a fiduciary capacity (such as trustee);

(2) Loans on unimproved land;

(3) Temporary financing (such as bridge or construction loans);

(4) The purchase of an interest in a pool of loans (such as mortgage-participation certificates, mortgage-backed securities, or real estate mortgage investment conduits);

(5) The purchase solely of the right to service loans; or

(6) Loans acquired as part of a merger or acquisition, or as part of the acquisition of all of the assets and liabilities of a branch office as defined in section 203.2(c)(1).

(e) *Data reporting for banks and savings associations that are required to report data on small business, small farm, and community development lending under CRA.* Banks and savings associations that are required to report data on small business, small farm, and community development lending under regulations that implement the Community Reinvestment Act of 1977 (12 U.S.C. 2901 *et seq.*) shall also collect the location of property located outside metropolitan areas in which the institution has a home or branch office, or outside any metropolitan areas.

## SECTION 203.5 Disclosure and reporting.

### (a) *Reporting to agency.*

(1) By March 1 following the calendar year for which the loan data are compiled, a financial institution shall send its complete loan/application register to the agency office specified in Appendix A of this part. The institution shall retain a copy for its records for at least three years.

(2) A subsidiary of a bank or savings association shall complete a separate loan/application register. The subsidiary shall submit the register, directly or through its parent, to the agency that supervises its parent.

### (b) *Public disclosure of statement.*

(1) The Federal Financial Institutions Examination Council (“FFIEC”) will prepare a disclosure statement from the data each financial institution submits.

(2) An institution shall make its disclosure statement (prepared by the FFIEC) available to the public at its home office no later than three business days after receiving it from the FFIEC.

(3) In addition, an institution shall either:

(i) Make its disclosure statement available to the public, within ten business days of receiving it, in at least one branch office in each other metropolitan area where the institution has offices (the disclosure statement need only contain data relating to the metropolitan area where the branch is located); or

(ii) Post the address for sending written requests in the lobby of each branch office in other metropolitan areas where the institution has offices; and mail or deliver a copy of the disclosure statement within fifteen calendar days of receiving a written request (the disclosure statement need only contain data relating to the metropolitan area for which the request is made). Including the address in the general notice required under paragraph (e) of this section satisfies this requirement.

(c) *Public disclosure of modified loan/application register.* A financial institution shall make its loan/application register available to the public after removing the following information regarding each entry: the application or loan number, the date that the application was received, and the date action was taken. An institution shall make its modified register available following the calendar year for which the data are compiled, by March 31 for a request received on or before March 1, and within thirty calendar days for a request received after March 1. The modified register need only contain data relating to the metropolitan area for which the request is made.

(d) *Availability of data.* A financial institution shall make its modified register available to the public for a period of three years and its disclosure statement available for a period of five years. An institution shall make the data available for inspection and copying during the hours the office is normally open to the public for business. It may impose a reasonable fee for any cost incurred in providing or reproducing the data.

(e) *Notice of availability.* A financial institution shall post a general notice about the availability of its HMDA data in the lobby of its home office and of each branch office located in a metropolitan area. An institution shall provide promptly upon request the location of the institution's offices where the statement is available for inspection and copying, or it may include the location in the lobby notice.

(f) *Loan aggregation and central data depositories.* Using the loan data submitted by financial institutions, the FFIEC will produce reports for individual institutions and reports of aggregate data for each metropolitan area, showing lending patterns by property location, age of housing stock, and income level, sex, ethnicity, and race. These reports will be available to the public at central data depositories located in each metropolitan area. A listing of central data depositories can be obtained from the Federal Financial Institutions Examination Council, Washington, D.C. 20006.

## SECTION 203.6 Enforcement.

(a) *Administrative enforcement.* A violation of the act or this regulation is subject to administrative sanctions as provided in section 305 of the act, including the imposition of civil money penalties, where applicable. Compliance is enforced by the agencies listed in section 305(b) of the act (12 U.S.C. 2804(b)).

(b) *Bona fide errors.*

(1) An error in compiling or recording loan data is not a violation of the act or this regulation if the error was unintentional and occurred despite the maintenance of procedures reasonably adapted to avoid such errors.

(2) An incorrect entry for a census tract number is deemed a bona fide error, and is not a violation of the act or this regulation, provided that the institution maintains procedures reasonably adapted to avoid such errors.

(3) If an institution makes a good-faith effort to record all data concerning covered transactions fully and accurately within thirty calendar days after the end of each calendar quarter, and some data are nevertheless inaccurate or incomplete, the error or omission is not a violation of the act or this regulation provided that the institution corrects or completes the information prior to submitting the loan/application register to its regulatory agency.



## Appendix A to Part 203—Form and Instructions for Completion of HMDA Loan/Application Register

### Paperwork Reduction Act Notice

This report is required by law (12 U.S.C. 2801-2810 and 12 CFR 203). An agency may not conduct or sponsor, and an organization is not required to respond to, a collection of information unless it displays a valid Office of Management and Budget (OMB) control number. See 12 CFR 203.1(a) for the valid OMB control numbers, applicable to this information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the respective agencies and to OMB, Office of Information and Regulatory Affairs, Paperwork Reduction Project, Washington, DC 20503. Be sure to reference the applicable agency and the OMB Control Number, as found in 12 CFR 203.1(a), when submitting comments to OMB.

### I. Instructions for Completion of Loan/Application Register

#### A. *Application or Loan Information.*

##### 1. *Application or Loan Number.*

a. Enter an identifying loan number that can be used later to retrieve the loan or application file. It can be any number of your institution's choosing (not exceeding 25 characters). You may use letters, numerals, or a combination of both.

##### 2. *Date Application Received.*

a. Enter the date the loan application was received by your institution by month, day, and year. If your institution normally records the date shown on the application form you may use that date instead. Enter "NA" for loans purchased by your institution. For paper submissions only, use numerals in the form MM/DD/CCYY (for example, 01/15/2003). For submissions in electronic form, the proper format is CCYYMMDD.

3. *Type of Loan or Application.* Indicate the type of loan or application by entering the applicable code from the following:

Code 1—Conventional (any loan other than FHA, VA, FSA, or RHS loans)

Code 2—FHA-insured (Federal Housing Administration)

Code 3—VA-guaranteed (Veterans Administration)

Code 4—FSA/RHS-guaranteed (Farm Service Agency or Rural Housing Service)

4. *Property Type.* Indicate the property type by entering the applicable code from the following:

Code 1—One- to four-family dwelling (other than manufactured housing)

Code 2—Manufactured housing

Code 3—Multifamily dwelling

- a. Use Code 1, not Code 3, for loans on individual condominium or cooperative units.
- b. If you cannot determine (despite reasonable efforts to find out) whether the loan or application relates to a manufactured home, use Code 1.

5. *Purpose of Loan or Application.* Indicate the purpose of the loan or application by entering the applicable code from the following:

Code 1—Home purchase

Code 2—Home improvement

Code 3—Refinancing

- a. Do not report a refinancing if, under the loan agreement, you were unconditionally obligated to refinance the obligation, or you were obligated to refinance the obligation subject to conditions within the borrower's control.

6. *Owner Occupancy.* Indicate whether the property to which the loan or loan application relates is to be owner-occupied as a principal residence by entering the applicable code from the following:

Code 1—Owner-occupied as a principal dwelling

Code 2—Not owner-occupied as a principal dwelling

Code 3—Not applicable

- a. For purchased loans, use Code 1 unless the loan documents or application indicate that the property will not be owner-occupied as a principal residence.
- b. Use Code 2 for second homes or vacation homes, as well as for rental properties.
- c. Use Code 3 if the property to which the loan relates is a multifamily dwelling; is not located in a metropolitan area; or is located in a metropolitan area in which your institution has neither a home nor a branch office. Alternatively, at your institution's option, you may report the actual occupancy status, using Code 1 or 2 as applicable.

7. *Loan Amount.* Enter the amount of the loan or application. Do not report loans below \$500. Show the amount in thousands, rounding to the nearest thousand (round \$500 up to the next \$1,000). For example, a loan for \$167,300 should be entered as 167 and one for \$15,500 as 16.

- a. For a home purchase loan that you originated, enter the principal amount of the loan.
- b. For a home purchase loan that you purchased, enter the unpaid principal balance of the loan at the time of purchase.
- c. For a home improvement loan, enter the entire amount of the loan—including unpaid finance charges if that is how such loans are recorded on your books—even if only a part of the proceeds is intended for home improvement.

- d. If you opt to report home-equity lines of credit, report only the portion of the line intended for home improvement or home purchase.
  - e. For refinancings, indicate the total amount of the refinancing, including both the amount outstanding on the original loan and any amount of “new money.”
  - f. For a loan application that was denied or withdrawn, enter the amount applied for.
8. *Request for Preapproval.* Indicate whether the application or loan involved a request for preapproval of a home purchase loan by entering the applicable code from the following:

Code 1—Preapproval requested

Code 2—Preapproval not requested

Code 3—Not applicable

- a. Enter Code 2 if your institution has a covered preapproval program but the applicant does not request a preapproval.
- b. Enter Code 3 if your institution does not have a preapproval program as defined in section 203.2(b).
- c. Enter Code 3 for applications or loans for home improvement or refinancing, and for purchased loans.

B. *Action Taken.*

1. *Type of Action.* Indicate the type of action taken on the application or loan by using one of the following codes.

Code 1—Loan originated

Code 2—Application approved but not accepted

Code 3—Application denied

Code 4—Application withdrawn

Code 5—File closed for incompleteness

Code 6—Loan purchased by your institution

Code 7—Preapproval request denied

Code 8—Preapproval request approved but not accepted (optional reporting)

- a. Use Code 1 for a loan that is originated, including one resulting from a request for preapproval.
- b. For a counteroffer (your offer to the applicant to make the loan on different terms or in a different amount from the terms or amount applied for), use Code 1 if the applicant accepts. Use Code 3 if the applicant turns down the counteroffer or does not respond.
- c. Use Code 2 when the application is approved but the applicant (or the loan broker or correspondent) fails to respond to your notification of approval or your

commitment letter within the specified time. Do not use this code for a preapproval request.

d. Use Code 4 only when the application is expressly withdrawn by the applicant before a credit decision is made. Do not use Code 4 if a request for preapproval is withdrawn; preapproval requests that are withdrawn are not reported under HMDA.

e. Use Code 5 if you sent a written notice of incompleteness under section 202.9(c)(2) of Regulation B (Equal Credit Opportunity) and the applicant did not respond to your request for additional information within the period of time specified in your notice. Do not use this code for requests for preapproval that are incomplete; these preapproval requests are not reported under HMDA.

2. *Date of Action.* For paper submissions only, enter the date by month, day, and year, using numerals in the form MM/DD/CCYY (for example, 02/22/2003). For submissions in electronic form, the proper format is CCYYMMDD.

a. For loans originated, enter the settlement or closing date.

b. For loans purchased, enter the date of purchase by your institution.

c. For applications and preapprovals denied, applications and preapprovals approved but not accepted by the applicant, and files closed for incompleteness, enter the date that the action was taken by your institution or the date the notice was sent to the applicant.

d. For applications withdrawn, enter the date you received the applicant's express withdrawal, or enter the date shown on the notification from the applicant, in the case of a written withdrawal.

e. For preapprovals that lead to a loan origination, enter the date of the origination.

C. *Property Location.* Except as otherwise provided, enter in these columns the applicable codes for the metropolitan area, state, county, and census tract to indicate the location of the property to which a loan relates.

1. *Metropolitan Area.* For each loan or loan application, enter the metropolitan area number. Metropolitan area boundaries are defined by OMB; use the boundaries that were in effect on January 1 of the calendar year for which you are reporting. A listing of metropolitan areas is available from your supervisory agency or the FFIEC.

2. *State and County.* Use the Federal Information Processing Standard (FIPS) two-digit numerical code for the state and the three-digit numerical code for the county. These codes are available from your supervisory agency or the FFIEC.

3. *Census Tract.* Indicate the census tract where the property is located. Notwithstanding paragraph 6, if the property is located in a county with a population of 30,000 or less in the 2000 census (as determined by the Census Bureau's 2000

CPH-2 population series)<sup>[1]</sup>, enter “NA”(even if the population has increased above 30,000 since 2000), or enter the census tract number.

4. *Census Tract Number.* For the census tract number, consult the U.S. Census Bureau's Census Tract/Street Index for 2000; for addresses not listed in the index, consult the Census Bureau's census tract outline maps. Use the maps from the Census Bureau's 2000 CPH-3 series, or equivalent 2000 census data from the Census Bureau (such as the Census TIGER/Line file) or from a private publisher.<sup>[2]</sup>

5. *Property Located Outside Metropolitan Area.* For loans on property located outside the metropolitan areas in which an institution has a home or branch office, or for property located outside of any metropolitan area, the institution may choose one of the following two options. Under option one, the institution may enter the metropolitan area, state and county codes and the census tract number; and if the property is not located in any metropolitan area, it may enter “NA” in the metropolitan area column. (Codes exist for all states and counties and numbers exist for all census tracts.) Under this first option, the codes and census tract number must accurately identify the property location. Under the second option, which is not available if paragraph 6 applies, an institution may enter “NA” in all four columns, whether or not the codes or numbers exist for the property location.

6. *Data Reporting for Banks and Savings Associations Required to Report Data on Small Business, Small Farm, and Community Development Lending Under the CRA Regulations.* If your institution is a bank or savings association that is required to report data under the regulations that implement the CRA, you must enter the property location on your HMDA/LAR even if the property is outside metropolitan areas in which you have a home or branch office, or is not located in any metropolitan area.

7. *Requests for Preapproval.* Notwithstanding paragraphs 1 through 6, if the application is a request for preapproval that is denied or that is approved but not accepted by the applicant, you may enter “NA” in all four columns.

D. *Applicant Information—Ethnicity, Race, Sex, and Income.* Appendix B contains instructions for the collection of data on ethnicity, race, and sex, and also contains a sample form for data collection.

1. *Applicability.* Report this information for loans that you originate as well as for applications that do not result in an origination.

a. You need not collect or report this information for loans purchased. If you choose not to, use the codes for “not applicable.”

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<sup>[1]</sup> There is no Census Bureau data series by the name “CPH-2.” County population data can be found in Table 1 of PCH-1 Summary Population and Housing Characteristics (available at <http://www.census.gov/>) and other Census Bureau products.

<sup>[2]</sup> There are no Census Bureau products by the name “Census Tract/Street Index for 2000” or “2000 CPH-3.” The Census Bureau’s American FactFinder has a street address lookup resource. See FFIEC, *A Guide to HMDA Reporting—Getting It Right!* (2003 ed.) at page 13. For a description of tract outline maps available from the Census Bureau, see the Guide at pages 14-15.

- b. If the borrower or applicant is not a natural person (a corporation or partnership, for example), use the codes for “not applicable.”
2. *Mail, Internet, or Telephone Applications.* All loan applications, including applications taken by mail, Internet, or telephone, must use a collection form similar to that shown in Appendix B regarding ethnicity, race, and sex. For applications taken by telephone, the information in the collection form must be stated orally by the lender, except for information that pertains uniquely to applications taken in writing. If the applicant does not provide these data in an application taken by mail or telephone or on the Internet, enter the code for “information not provided by applicant in mail, Internet, or telephone application” specified in paragraphs I.D.3., 4., and 5. (See Appendix B for complete information on the collection of these data in mail, Internet, or telephone applications.)
3. *Ethnicity of Borrower or Applicant.* Use the following codes to indicate the ethnicity of the applicant or borrower under column “A” and of any co-applicant or co-borrower under column “CA”.
- Code 1—Hispanic or Latino
  - Code 2—Not Hispanic or Latino
  - Code 3—Information not provided by applicant in mail, Internet, or telephone application
  - Code 4—Not applicable
  - Code 5—No co-applicant
4. *Race of Borrower or Applicant.* Use the following codes to indicate the race of the applicant or borrower under column “A” and of any co-applicant or co-borrower under column “CA”.
- Code 1—American Indian or Alaska Native
  - Code 2—Asian
  - Code 3—Black or African American
  - Code 4—Native Hawaiian or Other Pacific Islander
  - Code 5—White
  - Code 6—Information not provided by applicant in mail, Internet, or telephone application
  - Code 7—Not applicable
  - Code 8—No co-applicant
- a. If an applicant selects more than one racial designation, enter all codes corresponding to the applicant's selections.
- b. Use Code 4 (for ethnicity) and Code 7 (for race) for “not applicable” only when the applicant or co-applicant is not a natural person or when applicant or co-

applicant information is unavailable because the loan has been purchased by your institution.

c. If there is more than one co-applicant, provide the required information only for the first co-applicant listed on the application form. If there are no co-applicants or co-borrowers, use Code 5 (for ethnicity) and Code 8 (for race) for “no co-applicant” in the co-applicant column.

5. *Sex of Borrower or Applicant.* Use the following codes to indicate the sex of the applicant or borrower under column “A” and of any co-applicant or co-borrower under column “CA”.

Code 1—Male

Code 2—Female

Code 3—Information not provided by applicant in mail, Internet, or telephone application

Code 4—Not applicable

Code 5—No co-applicant or co-borrower

a. Use Code 4 for “not applicable” only when the applicant or co-applicant is not a natural person or when applicant or co-applicant information is unavailable because the loan has been purchased by your institution.

b. If there is more than one co-applicant, provide the required information only for the first co-applicant listed on the application form. If there are no co-applicants or co-borrowers, use Code 5 for “no co-applicant” in the co-applicant column.

6. *Income.* Enter the gross annual income that your institution relied on in making the credit decision.

a. Round all dollar amounts to the nearest thousand (round \$500 up to the next \$1,000), and show in thousands. For example, report \$35,500 as 36.

b. For loans on multifamily dwellings, enter “NA.”

c. If no income information is asked for or relied on in the credit decision, enter “NA.”

d. If the applicant or co-applicant is not a natural person or the applicant or co-applicant information is unavailable because the loan has been purchased by your institution, enter “NA.”

E. *Type of Purchaser.* Enter the applicable code to indicate whether a loan that your institution originated or purchased was then sold to a secondary market entity within the same calendar year:

Code 0—Loan was not originated or was not sold in calendar year covered by register

Code 1—Fannie Mae

Code 2—Ginnie Mae

Code 3—Freddie Mac

Code 4—Farmer Mac

Code 5—Private securitization

Code 6—Commercial bank, savings bank or savings association

Code 7—Life insurance company, credit union, mortgage bank, or finance company

Code 8—Affiliate institution

Code 9—Other type of purchaser

- a. Use Code 0 for applications that were denied, withdrawn, or approved but not accepted by the applicant; and for files closed for incompleteness.
- b. Use Code 0 if you originated or purchased a loan and did not sell it during that same calendar year. If you sell the loan in a succeeding year, you need not report the sale.
- c. Use Code 2 if you conditionally assign a loan to Ginnie Mae in connection with a mortgage-backed security transaction.
- d. Use Code 8 for loans sold to an institution affiliated with you, such as your subsidiary or a subsidiary of your parent corporation.

F. *Reasons for Denial.*

1. You may report the reason for denial, and you may indicate up to three reasons, using the following codes. Leave this column blank if the “action taken” on the application is not a denial. For example, do not complete this column if the application was withdrawn or the file was closed for incompleteness.

Code 1—Debt-to-income ratio

Code 2—Employment history

Code 3—Credit history

Code 4—Collateral

Code 5—Insufficient cash (downpayment, closing costs)

Code 6—Unverifiable information

Code 7—Credit application incomplete

Code 8—Mortgage insurance denied

Code 9—Other

2. If your institution uses the model form for adverse action contained in the Appendix to Regulation B (Form C-1 in Appendix C, Sample Notification Form), use the foregoing codes as follows:



- a. Code 1 for: Income insufficient for amount of credit requested, and Excessive obligations in relation to income.
- b. Code 2 for: Temporary or irregular employment, and Length of employment.
- c. Code 3 for: Insufficient number of credit references provided; Unacceptable type of credit references provided; No credit file; Limited credit experience; Poor credit performance with us; Delinquent past or present credit obligations with others; Garnishment, attachment, foreclosure, repossession, collection action, or judgment; and Bankruptcy.
- d. Code 4 for: Value or type of collateral not sufficient.
- e. Code 6 for: Unable to verify credit references; Unable to verify employment; Unable to verify income; and Unable to verify residence.
- f. Code 7 for: Credit application incomplete.
- g. Code 9 for: Length of residence; Temporary residence; and Other reasons specified on notice.

G. *Pricing-Related Data.*

1. *Rate Spread.*

- a. For a home purchase loan, a refinancing, or a dwelling-secured home improvement loan that you originated, report the spread between the annual percentage rate (APR) and the applicable Treasury yield if the spread is equal to or greater than 3 percentage points for first-lien loans or 5 percentage points for subordinate-lien loans. To determine whether the rate spread meets this threshold, use the Treasury yield for securities of a comparable period of maturity as of the 15th day of a given month, depending on when the interest rate was set, and use the APR for the loan, as calculated and disclosed to the consumer under section 226.6 or 226.18 of Regulation Z (12 CFR part 226). Use the 15th day of a given month for any loan on which the interest rate was set on or after that 15th day through the 14th day of the next month. (For example, if the rate is set on September 17, 2004, use the Treasury yield as of September 15, 2004; if the interest rate is set on September 3, 2004, use the Treasury yield as of August 15, 2004). To determine the applicable Treasury security yield, the financial institution must use the table published on the FFIEC's web site (<http://www.ffiec.gov/hmda>) entitled "Treasury Securities of Comparable Maturity under Regulation C."
- b. If the loan is not subject to Regulation Z, or is a home improvement loan that is not dwelling-secured, or is a loan that you purchased, enter "NA."
- c. Enter "NA" in the case of an application that does not result in a loan origination.
- d. Enter the rate spread to two decimal places, and use a leading zero. For example, enter 03.29. If the difference between the APR and the Treasury yield is a figure with more than two decimal places, round the figure or truncate the digits beyond two decimal places.

- e. If the difference between the APR and the Treasury yield is less than 3 percentage points for a first-lien loan and less than 5 percentage points for a subordinate-lien loan, enter “NA.”
2. *Date the Interest Rate was Set.* The relevant date to use to determine the Treasury yield is the date on which the loan's interest rate was set by the financial institution for the final time before closing. If an interest rate is set pursuant to a “lock-in” agreement between the lender and the borrower, then the date on which the agreement fixes the interest rate is the date the rate was set. If a rate is re-set after a lock-in agreement is executed (for example, because the borrower exercises a float-down option or the agreement expires), then the relevant date is the date the rate is re-set for the final time before closing. If no lock-in agreement is executed, then the relevant date is the date on which the institution sets the rate for the final time before closing.
3. *HOEPA Status.*
  - a. For a loan that you originated or purchased that is subject to the Home Ownership and Equity Protection Act of 1994 (HOEPA), as implemented in Regulation Z (12 CFR 226.32), because the APR or the points and fees on the loan exceed the HOEPA triggers, enter Code 1.
  - b. Enter Code 2 in all other cases. For example, enter Code 2 for a loan that you originated or purchased that is not subject to the requirements of HOEPA for any reason; also enter Code 2 in the case of an application that does not result in a loan origination.

#### H. *Lien Status.*

Use the following codes for loans that you originate and for applications that do not result in an origination:

Code 1—Secured by a first lien.

Code 2—Secured by a subordinate lien.

Code 3—Not secured by a lien.

Code 4—Not applicable (purchased loan).

- a. Use Codes 1 through 3 for loans that you originate, as well as for applications that do not result in an origination (applications that are approved but not accepted, denied, withdrawn, or closed for incompleteness).
- b. Use Code 4 for loans that you purchase.

## II. Federal Supervisory Agencies

A. You are strongly encouraged to submit your loan/application register via Internet e-mail. If you elect to use this method of transmission and your institution is regulated by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration, or the Office of Thrift Supervision, then you should submit your institution's files to the Internet e-mail address dedicated to that purpose by the Federal Reserve Board, which can be found on the web

site of the FFIEC. If your institution is regulated by one of the foregoing agencies and you elect to submit your data by regular mail, then use the following address:

HMDA

Federal Reserve Board

Attention: HMDA Processing,

(insert name of your institution's regulatory agency)

20th & Constitution Ave, NW

MS N502

Washington, DC 20551-0001

B. If your institution is regulated by the Federal Reserve System, you should use the Internet e-mail or regular mail address of your District bank indicated on the web site of the FFIEC. If your institution is regulated by the Department of Housing and Urban Development, then you should use the Internet e-mail or regular mail address indicated on the web site of the FFIEC.





# LOAN/APPLICATION REGISTER CODE SHEET

Use the following codes to complete the Loan/Application Register. The instructions to the HMDA-LAR explain the proper use of each code.

## Application or Loan Information

### Loan Type:

- 1—Conventional (any loan other than FHA, VA, FSA, or RHS loans)
- 2—FHA-insured (Federal Housing Administration)
- 3—VA-guaranteed (Veterans Administration)
- 4—FSA/RHS (Farm Service Agency or Rural Housing Service)

### Property Type:

- 1—One to four-family (other than manufactured housing)
- 2—Manufactured housing
- 3—Multifamily

### Purpose of Loan:

- 1—Home purchase
- 2—Home improvement
- 3—Refinancing

### Owner-Occupancy:

- 1—Owner-occupied as a principal dwelling
- 2—Not owner-occupied
- 3—Not applicable

### Preapproval (home purchase loans only):

- 1—Preapproval was requested
- 2—Preapproval was not requested
- 3—Not applicable

### Action Taken:

- 1—Loan originated
- 2—Application approved but not accepted
- 3—Application denied by financial institution
- 4—Application withdrawn by applicant
- 5—File closed for incompleteness
- 6—Loan purchased by financial institution

7—Preapproval request denied by financial institution

8—Preapproval request approved but not accepted (optional reporting)

## Applicant Information

### Ethnicity:

- 1—Hispanic or Latino
- 2—Not Hispanic or Latino
- 3—Information not provided by applicant in mail, Internet, or telephone application
- 4—Not applicable (see App. A, I.D.)
- 5—No co-applicant

### Race:

- 1—American Indian or Alaska Native
- 2—Asian
- 3—Black or African American
- 4—Native Hawaiian or Other Pacific Islander
- 5—White
- 6—Information not provided by applicant in mail, Internet, or telephone application
- 7—Not applicable (see App. A, I.D.)
- 8—No co-applicant

### Sex:

- 1—Male
- 2—Female
- 3—Information not provided by applicant in mail, Internet, or telephone application
- 4—Not applicable (see App. A, I.D.)
- 5—No co-applicant

## Type of Purchaser

- 0—Loan was not originated or was not sold in calendar year covered by register

1—Fannie Mae

2—Ginnie Mae

3—Freddie Mac

4—Farmer Mac

5—Private securitization

6—Commercial bank, savings bank or savings association

7—Life insurance company, credit union, mortgage bank, or finance company

8—Affiliate institution

9—Other type of purchaser

## Reasons for Denial (optional reporting)

1—Debt-to-income ratio

2—Employment history

3—Credit history

4—Collateral

5—Insufficient cash (downpayment, closing costs)

6—Unverifiable information

7—Credit application incomplete

8—Mortgage insurance denied

9—Other

## Other Data

HOEPA Status (only for loans originated or purchased):

1—HOEPA loan

2—Not a HOEPA loan

Lien Status (only for applications and originations):

1—Secured by a first lien

2—Secured by a subordinate lien

3—Not secured by a lien

4—Not applicable (purchased loans)

## Appendix B to part 203—Form and Instructions for Data Collection on Ethnicity, Race, and Sex

### I. Instructions on Collection of Data on Ethnicity, Race, and Sex

You may list questions regarding the ethnicity, race, and sex of the applicant on your loan application form, or on a separate form that refers to the application. (See the sample form below for model language.)

### II. Procedures

- A. You must ask the applicant for this information (but you cannot require the applicant to provide it) whether the application is taken in person, by mail or telephone, or on the Internet. For applications taken by telephone, the information in the collection form must be stated orally by the lender, except for that information which pertains uniquely to applications taken in writing.
- B. Inform the applicant that the federal government requests this information in order to monitor compliance with federal statutes that prohibit lenders from discriminating against applicants on these bases. Inform the applicant that if the information is not provided where the application is taken in person, you are required to note the data on the basis of visual observation or surname.
- C. You must offer the applicant the option of selecting one or more racial designations.
- D. If the applicant chooses not to provide the information for an application taken in person, note this fact on the form and then note the applicant's ethnicity, race, and sex on the basis of visual observation and surname, to the extent possible.
- E. If the applicant declines to answer these questions or fails to provide the information on an application taken by mail or telephone or on the Internet, the data need not be provided. In such a case, indicate that the application was received by mail, telephone, or Internet, if it is not otherwise evident on the face of the application.

# SAMPLE DATA-COLLECTION FORM

## INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the federal government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. You may select one or more designations for "Race." The law provides that a lender may not dis-

criminate on the basis of this information, or on whether you choose to furnish it. However, if you choose not to furnish the information and you have made this application in person, under federal regulations the lender is required to note ethnicity, race, and sex on the basis of visual observation or surname. If you do not wish to furnish the information, please check below.

### APPLICANT:

I do not wish to furnish this information

Ethnicity:

- Hispanic or Latino
- Not Hispanic or Latino

Race:

- American Indian or Alaska Native
- Asian
- Black or African American
- Native Hawaiian or Other Pacific Islander
- White

Sex:

- Female
- Male

### CO-APPLICANT:

I do not wish to furnish this information

Ethnicity:

- Hispanic or Latino
- Not Hispanic or Latino

Race:

- American Indian or Alaska Native
- Asian
- Black or African American
- Native Hawaiian or Other Pacific Islander
- White

Sex:

- Female
- Male