

## **FEDERAL RESERVE SYSTEM**

### **12 CFR Part 203**

**[Regulation C; Docket No. R-1120]**

## **HOME MORTGAGE DISCLOSURE**

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Final rule; technical amendment.

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**SUMMARY:** The Board is publishing amendments to Regulation C (Home Mortgage Disclosure). The amendments require lenders to ask applicants their race or national origin and sex in applications taken by telephone, conforming the telephone application rule to the rule applicable to mail and Internet applications.

**DATES:** The amendments are effective January 1, 2003.

**FOR FURTHER INFORMATION CONTACT:** John C. Wood, Counsel, Kathleen C. Ryan, Senior Attorney, or Dan S. Sokolov, Attorney, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, at (202) 452-3667 or (202) 452-2412. For users of Telecommunications Device for the Deaf (TDD) only, contact (202) 263-4869.

### **SUPPLEMENTARY INFORMATION:**

#### **I. Background**

The Home Mortgage Disclosure Act (HMDA) requires certain depository and for-profit nondepository institutions to collect, report, and publicly disclose data about originations and purchases of home mortgage and home improvement loans. Institutions must also report data about applications that do not result in originations. The Board's Regulation C implements HMDA.

On January 23, 2002, the Board approved a final rule amending Regulation C, effective January 1, 2003. 67 FR 7222, February 15, 2002. The Board subsequently delayed the effective date of the amendments from January 1, 2003, until January 1, 2004. 67 FR 30771, May 8, 2002.

At the same time that the final rule was published, the Board issued a proposed rule for comment on three items related to the final rule: (1) the appropriate thresholds for purposes of reporting pricing data on loan originations; (2) whether lenders should report

lien status; and (3) whether lenders should be required to ask applicants for monitoring information on ethnicity, race, and sex in applications taken entirely by telephone. 67 FR 7252, February 15, 2002.

The Board has issued a final rule, adopting the three proposed items, in a notice published elsewhere in today's Federal Register. For reasons discussed in that notice, the revised rule regarding the collection of monitoring information about ethnicity, race, and sex is effective as of January 1, 2003. Because the final rule published today amends the revised regulation—which does not take effect until January 1, 2004—the Board is publishing a rule with respect to monitoring information, set forth in this notice, to cover the period from January 1, 2003, to December 31, 2003. The rule amends the portions of the current Appendices A and B to Regulation C that set forth instructions for collecting monitoring information in telephone applications.

Thus, for applications taken beginning January 1, 2003, lenders must ask telephone applicants for monitoring information under Appendix A, Paragraph V.D.2, and Appendix B, Paragraph I.B.4., as revised by the Board in this notice. For these applications, lenders must use the race or national origin categories in current Appendix A, Paragraph V.D.3., and in the sample data collection form in current Appendix B. For applications taken on or after January 1, 2004, lenders are required to ask telephone applicants for monitoring information under Appendix A, Paragraph I.D.2., and Appendix B, Paragraph II.A., as revised in the notice published elsewhere in today's Federal Register, using the revised ethnicity and race categories in Appendix A, Paragraphs I.D.3. and 4., and the sample data collection form in Appendix B approved by the Board on January 23, 2002.

### **List of Subjects**

Banks, Banking, 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. Appendix A is amended by revising Paragraph V.D.2.

### **APPENDIX A TO PART 203—FORM AND INSTRUCTIONS FOR COMPLETION OF HMDA LOAN/APPLICATION REGISTER**

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V. Instructions for Completion of Loan/Application Register.

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D. Applicant Information—Race or National Origin, Sex, and Income.

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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 race or national origin 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, Internet or telephone, enter the code for “information not provided by applicant in mail or telephone application” specified in paragraphs 3 and 4 below. (See Appendix B for complete information on the collection of these data in mail, Internet, or telephone applications.)

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3. Appendix B is amended by revising Paragraph I.B.4.

**APPENDIX B TO PART 203—FORM AND INSTRUCTIONS FOR DATA COLLECTION ON RACE OR NATIONAL ORIGIN AND SEX**

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I. Instructions on collection of data on race or national origin and sex.

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B. Procedures.

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4. 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. You need not provide the data when you take an application by mail or telephone or on the Internet, if the applicant fails to

answer. You should indicate whether an application was received by mail, telephone, or the Internet, if it is not otherwise evident on the face of the application.

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By order of the Board of Governors of the Federal Reserve System, acting through the Secretary of the Board under delegated authority, June 21, 2002. \_\_\_\_\_

(signed) Jennifer J. Johnson  
Jennifer J. Johnson  
Secretary of the Board