



OCC BULLETIN

Comptroller of the Currency
Administrator of National Banks

Subject: Home Mortgage Disclosure Act
(Regulation C) Description: Final Rule

TO: Chief Executive Officers and Compliance Officers of All National Banks,
Department and Division Heads, and All Examining Personnel

The Board of Governors of the Federal Reserve System (Board) published a final rule on May 28, 2003, that adopts revisions to the official staff commentary to Regulation C, which implements the Home Mortgage Disclosure Act (HMDA). The amendments relate to the substantial revisions to Regulation C promulgated by the Board in 2002 and provide transition rules for applications received before January 1, 2004, on which final action is taken on or after January 1, 2004. The rule became effective June 27, 2003.

Under the transition rules, lenders: (1) do not have to indicate whether an application or loan involved a request for preapproval or is related to a manufactured home and (2), at their option, may continue to apply the current definitions of a home improvement loan and a refinancing. Additionally, the revised rules apply to reporting applicants' race and ethnicity to account for the changed categories. No transition rules are provided for reporting the purchaser type, using a rate spread, considering whether a loan is subject to the Homeownership and Equity Protection Act (HOEPA), and applying the lien status of applications and originated loans because information about these items is available at the time of final action.

The transition rules affect the following specific HMDA LAR data elements:

- *Property type*—The 2002 revisions added a new field “property type,” which requires lenders to identify applications and loans that involve manufactured housing. Under the revised rule, lenders need not indicate whether an application received before January 1, 2004, involved manufactured housing, and may report the property type as “one- to four-family.” Previously, lenders had to report in the “loan purpose” field whether an application or loan involves a “one- to four-family” or a multifamily dwelling; and manufactured homes were reported as “one- to four-family” dwellings.
- *Purpose of loan—home improvement and refinancing*—For applications received before January 1, 2004, but for which final action is taken on or after January 1, 2004,

- lenders may continue to apply the current definitions. However, lenders, at their option, may apply the revised definitions to applications received before January 1, 2004.
- *Preapproval*—The 2002 revisions require lenders to report information on requests for preapproval that are denied, whether or not they eventually result in a traditional loan application. For applications received before January 1, 2004, the transition rules allow lenders to use the code for “not applicable” in the preapproval field on the HMDA/LAR. Previously, requests for preapproval were reported only if the request was approved and resulted in a traditional loan application.
- *Application information*—The 2002 revisions affected some changes to the requirement to collect information about an applicant’s ethnicity and race, along with changes in corresponding codes that must be used on the HMDA/LAR in 2004. Under the transition rules, lenders are to report monitoring data collected during 2003 on the 2004 LAR in accordance with the revised regulation.
- *Type of purchaser*—The revised regulation requires lenders to report the type of entity that purchases a loan that the lender originates or purchases and then sells within the same calendar year. In 2002, the Board revised the list of the types of purchasers and applicable codes. Because the lender’s determination as to type of purchaser is made when the loan is sold, the Board concluded that a transition rule was not necessary.
- *Other data*—The 2002 revisions require lenders to collect and report new data items under “other data” on the 2004 LAR. Due to timing issues involved in these data collection and reporting requirements, lenders are advised to modify their procedures in 2003 to ensure that they retain the rate lock date for loans that may be consummated after December 31, 2003.

A copy of the final rule is attached. You may direct questions to your supervisory office or the Compliance Division at (202) 874-4428, or the Community and Consumer Law Division at (202) 874-5750.

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Attachment: [68 FR 31589](#)