

individuals) and businesses and farms of different sizes that is reasonable given the demographics of the savings association's assessment area(s);

(iv) A record of taking appropriate action, as warranted, in response to written complaints, if any, about the savings association's performance in helping to meet the credit needs of its assessment area(s); and

(v) A reasonable geographic distribution of loans given the savings association's assessment area(s).

(2) *Eligibility for an outstanding rating.* A savings association that meets each of the standards for a "satisfactory" rating under this paragraph and exceeds some or all of those standards may warrant consideration for an overall rating of "outstanding." In assessing whether a savings association's performance is "outstanding," the OTS considers the extent to which the savings association exceeds each of the performance standards for a "satisfactory" rating and its performance in making qualified investments and its performance in providing branches and other services and delivery systems that enhance credit availability in its assessment area(s).

(3) *Needs to improve or substantial noncompliance ratings.* A savings association also may receive a rating of "needs to improve" or "substantial noncompliance" depending on the degree to which its performance has failed to meet the standards for a "satisfactory" rating.

(e) *Strategic plan assessment and rating.*

(1) *Satisfactory goals.* The OTS approves as "satisfactory" measurable goals that adequately help to meet the credit needs of the savings association's assessment area(s).

(2) *Outstanding goals.* If the plan identifies a separate group of measurable goals that substantially exceed the levels approved as "satisfactory," the OTS will approve those goals as "outstanding."

(3) *Rating.* The OTS assesses the performance of a savings association operating under an approved plan to determine if the savings association has met its plan goals:

(i) If the savings association substantially achieves its plan goals for a satisfactory rating, the OTS will rate the savings association's performance under the plan as "satisfactory."

(ii) If the savings association exceeds its plan goals for a satisfactory rating and substantially achieves its plan goals for an outstanding rating, the OTS will rate the savings association's performance under the plan as "outstanding."

(iii) If the savings association fails to meet substantially its plan goals for a satisfactory rating, the OTS will rate the savings association as either "needs to improve" or "substantial noncompliance," depending on the extent to which it falls short of its plan goals, unless the savings association elected in its plan to be rated otherwise, as provided in § 25.27(f)(4).

#### Appendix B to Part 563e—CRA Notice

(a) *Notice for main offices and, if an interstate savings association, one branch office in each state.*

#### Community Reinvestment Act Notice

Under the Federal Community Reinvestment Act (CRA), the Office of Thrift Supervision (OTS) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The OTS also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the OTS; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the OTS publishes a nationwide list of the savings associations that are scheduled for CRA examination in that quarter. This list is available from the Regional Director (address). You may send written comments about our performance in helping to meet community credit needs to (name and address of official at savings association) and OTS (address). Your letter, together with any response by us, will be considered by the OTS in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the Regional Director. You may also request from the Regional Director an announcement of our applications covered by the CRA filed with the OTS. We are an affiliate of (name of holding company), a savings and loan holding company. You may request from the Regional Director an announcement of applications covered by the CRA filed by savings and loan holding companies.

(b) *Notice for branch offices.*

#### Community Reinvestment Act Notice

Under the Federal Community Reinvestment Act (CRA), the Office of Thrift Supervision (OTS) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The OTS also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA. You may review today the public section of our most recent CRA evaluation, prepared by the OTS, and a list of services provided at this branch. You may also have access to the following additional information, which we will make available to you at this branch within five calendar days after you make a request to us: (1) A map showing the assessment area containing this branch, which is the area in which the OTS evaluates our CRA performance in this community; (2) information about our branches in this assessment area; (3) a list of services we provide at those locations; (4) data on our lending performance in this assessment area; and (5) copies of all written

comments received by us that specifically relate to our CRA performance in this assessment area, and any responses we have made to those comments. If we are operating under an approved strategic plan, you may also have access to a copy of the plan.

[If you would like to review information about our CRA performance in other communities served by us, the public file for our entire savings association is available at (name of office located in state), located at (address).]

At least 30 days before the beginning of each quarter, the OTS publishes a nationwide list of the savings associations that are scheduled for CRA examination in that quarter. This list is available from the Regional Director (address). You may send written comments about our performance in helping to meet community credit needs to (name and address of official at savings association) and the Regional Director (address). Your letter, together with any response by us, will be considered by the OTS in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the Regional Director. You may also request from the Regional Director an announcement of our applications covered by the CRA filed with the OTS. We are an affiliate of (name of holding company), a savings and loan holding company. You may request from the Regional Director an announcement of applications covered by the CRA filed by savings and loan holding companies.

#### §§ 563e.1, 563e.2, and 563e.8 [Removed]

3. Sections 563e.1, 563e.2, and 563e.8 are removed effective July 1, 1995.

#### §§ 563e.3, 563e.4, 563e.5, 563e.6, and 563e.7 and Subpart D [Removed]

4. Sections 563e.3, 563e.4, 563e.5, 563e.6 and 563e.7, and subpart D, consisting of 563e.51 are removed effective July 1, 1997.

Dated: April 19, 1995.

By the Office of Thrift Supervision.

**Jonathan L. Fiechter,**

*Acting Director.*

[FR Doc. 95-10503 Filed 5-3-95; 8:45 am]

BILLING CODES 4810-33-P, 6210-01-P, 6714-01-P, 6720-01-P

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## FEDERAL RESERVE SYSTEM

### 12 CFR Part 203

[Regulation C; Docket No. R-0848]

#### Home Mortgage Disclosure

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

**ACTION:** Final rule.

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**SUMMARY:** The Board is publishing a final rule to amend Regulation C (Home Mortgage Disclosure) and the instructions that financial institutions

must use to comply with the annual reporting requirements under the regulation. The amendments conform Regulation C to reflect revisions adopted by the Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision to their regulations implementing the Community Reinvestment Act (CRA). Under the joint CRA rule (published elsewhere in today's **Federal Register**), banks or savings associations that report data about their home mortgage lending pursuant to the Home Mortgage Disclosure Act (HMDA)—and that have assets of \$250 million or more, or that are subsidiaries of a holding company with total banking and thrift assets of \$1 billion or more—will collect and report geographic information on loans and loan applications relating to property located outside the Metropolitan Statistical Areas (MSAs) in which the institution has a home or branch office, or outside any MSA. Currently, geographic identification is required only within MSAs where these lenders have a home or branch office. Data will be collected and reported in accordance with the instructions in Regulation C. The agencies believe that these data will provide geographic detail on home mortgage lending that will facilitate more complete CRA assessments for institutions that do not qualify as small banks or thrifts.

**DATES:** This final rule is effective May 1, 1995. Compliance is mandatory for loan and application data collected beginning January 1, 1996.

**FOR FURTHER INFORMATION CONTACT:** Jane Jensen Gell or W. Kurt Schumacher, Staff Attorneys, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551, at (202) 452-2412 or (202) 452-3667. For the hearing impaired *only*, contact Dorothea Thompson, Telecommunications Device for the Deaf (TDD), at (202) 452-3544.

#### SUPPLEMENTARY INFORMATION:

##### I. Background

The Board's Regulation C (12 CFR Part 203) implements the Home Mortgage Disclosure Act of 1975 (HMDA) (12 U.S.C. 2801 *et seq.*). HMDA requires most mortgage lenders located in metropolitan areas to collect data about their housing-related lending activity. Annually, lenders must report that data to their federal supervisory agencies and disclose the data to the public. The reports and disclosures cover loan originations, applications that do not result in originations (for example, applications that are denied or

withdrawn), and loan purchases. Information reported includes the location of the property to which the loan or application relates; the race or national origin, gender, and gross annual income of the borrower or applicant; and the type of purchaser for loans sold in the secondary market.

##### II. Summary of Amendment

In October 1994 (59 FR 51232, October 7, 1994), the federal financial regulatory agencies proposed amendments to their CRA regulations requiring banks or savings associations that report data about their home mortgage lending pursuant to HMDA—and that have assets of \$250 million or more, or that are subsidiaries of a holding company with total banking and thrift assets of \$250 million or more—to collect and report geographic information on loans and applications relating to property located in metropolitan areas whether or not the institution has a home or branch office there. They also would report geographic information for property located outside any MSA. (This proposal did not affect the current exemption in § 203.3 of Regulation C for banks and savings associations; institutions whose assets are \$10 million or less remain exempt.) Currently, lenders have the option of collecting this information but are not required to do so. The agencies believed that these data would provide geographic detail on home mortgage lending that would facilitate more complete CRA assessments for institutions that do not qualify as small banks or thrifts.

Commenters were divided on the proposal. Several commenters expressed concern about the administrative burden and costs of complying with the expanded reporting requirements. Many of those commenters asserted that comprehensive, accurate geographic information often is difficult to obtain. Other commenters indicated that the regulatory burden of the expanded reporting requirements would not be significant and noted that the additional data would facilitate a more precise and quantifiable CRA assessment process. Several commenters believed that it would be difficult to comply with the proposed amendment by July 1995 and that half-year data would be of limited usefulness. These commenters suggested that expanded data collection requirements should go into effect on January 1, 1996. A number of commenters addressed the reporting exemption for small banks, with some suggesting that assets should be measured at the level of the financial

institution, not the bank holding company.

The Board believes that the expanded reporting requirements will provide information about lenders' overall mortgage lending activity that will assist in developing a more accurate CRA assessment. The final amendments address concerns expressed by commenters. As required by agency regulations implementing CRA, bank and savings associations that are subsidiaries of a holding company with total banking and thrift assets of \$1 billion or more are covered by the reporting rules; the proposal would have covered such subsidiaries of a holding company with total assets of \$250 million or more. Institutions must collect these data if the bank or savings association had assets of \$250 million or more (or are subsidiaries of a holding company with total banking and thrift assets of \$1 billion or more) for the prior two consecutive years (as of December 31). The data collection requirements go into effect for calendar year 1996, with institutions required to report the data in 1997.

The Board believes that the benefits of this additional information outweigh any additional compliance burdens. Based on the comments received and further analysis, the Board is adopting final amendments to Regulation C. Set forth below is a discussion of the final rule.

#### *Section 203.4—Compilation of Loan Data*

##### Paragraph (e)—Data Reporting Under CRA

The final rule adds a new paragraph to implement revisions to the agencies' CRA regulations. Under the joint CRA rule, banks or savings associations that report data about their home mortgage lending pursuant to HMDA—and have assets of \$250 million or more, or are subsidiaries of a holding company with total banking and thrift assets of \$1 billion or more—will collect and report geographic information for all loans and applications, not just for loans and applications relating to property in MSAs where the institution has a home or branch office. The requirement also applies to property located outside any MSA. The agencies believe that incorporating these reporting requirements in Regulation C will facilitate compliance for lenders.

*Appendix A—Form and Instructions for Completion of HMDA Loan/Application Register*

V. Instructions for Completion of Loan/Application Register

C. Property Location

The Board is adding a new paragraph to conform Regulation C to the CRA reporting requirements for banks and savings associations with assets of \$250 million or more and banks and savings associations that are subsidiaries of a holding company with total banking and thrift assets of \$1 billion or more.

**III. Regulatory Flexibility Analysis**

The Board's Office of the Secretary has prepared an economic impact analysis of the amendments to Regulation C. A copy of the analysis may be obtained from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, or by telephone at (202) 452-3245.

**IV. Paperwork Reduction Act**

In accordance with section 3507 of the Paperwork Reduction Act of 1980 (44 U.S.C. Ch. 35; 5 CFR 1320.13), the amended information collection has been reviewed by the Board under the authority delegated to the Board by the Office of Management and Budget after consideration of comments received during the public comment period.

The collection of information in this rule is in 12 CFR 203.4. This additional information will provide geographic detail on home mortgage lending that will facilitate more complete CRA assessments for institutions that do not qualify as small banks or thrifts.

The estimated annual burden per respondent varies from 10 to 10,000 hours, depending on individual circumstances, with an estimated average of 200 hours. The revision is expected to affect about 5 percent of the

loans reported by large state members banks, adding approximately 5 minutes, on average, to the time required to complete the report. There will be an estimated 507 state member bank reporters, averaging 202 hours and an estimated 84 mortgage banking subsidiaries, averaging 160 hours.

**List of Subjects in 12 CFR Part 203**

Banks, banking, Consumer protection, Federal Reserve System, Mortgages, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, the Board amends 12 CFR part 203 to read as set forth below:

**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. Section 203.4 is amended by adding a new paragraph (e) to read as follows:

**§ 203.4 Compilation of loan data.**

\* \* \* \* \*

(e) *Data reporting under CRA for banks and savings associations with total assets of \$250 million or more and banks and savings associations that are subsidiaries of a holding company whose total banking and thrift assets are \$1 billion or more.* As required by agency regulations that implement the Community Reinvestment Act, banks and savings associations that had total assets of \$250 million or more (or are subsidiaries of a holding company with total banking and thrift assets of \$1 billion or more) as of December 31 for each of the immediately preceding two years, shall also collect the location of property located outside the MSAs in which the institution has a home or branch office, or outside any MSAs.

3. Appendix A to Part 203 is amended by revising the introductory text of

paragraph V.C. and by adding a new paragraph V.C.7. to read as follows:

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

\* \* \* \* \*

V. \* \* \*

*C. Property Location*

In these columns enter the applicable codes for the MSA, state, county, and census tract for the property to which a loan relates. For home purchase loans secured by one dwelling, but made for the purpose of purchasing another dwelling, report the property location for the property in which the security interest is to be taken. If the home purchase loan is secured by more than one property, report the location data for the property being purchased. (See paragraphs 5., 6., and 7. of paragraph V.C. of this appendix for treatment of loans on property outside the MSAs in which you have offices.)

\* \* \* \* \*

*7. Data Reporting Under CRA for Banks and Savings Associations With Total Assets of \$250 Million or More and Banks and Savings Associations That Are Subsidiaries of a Holding Company Whose Total Banking and Thrift Assets Are \$1 Billion or More*

If you are a bank or savings association with total assets of \$250 million or more as of December 31 for each of the immediately preceding two years, you must also enter the location of property located outside the MSAs in which you have a home or branch office, or outside any MSA. You must also enter this information if you are a bank or savings association that is a subsidiary of a holding company with total banking and thrift assets of \$1 billion or more as of December 31 for each of the immediately preceding two years.

\* \* \* \* \*

By order of the Board of Governors of the Federal Reserve System, April 24, 1995.

**Jennifer J. Johnson,**

*Deputy Secretary of the Board.*

[FR Doc. 95-10475 Filed 5-3-95; 8:45 am]

BILLING CODE 6210-01-P