Supporting Statement for the
Information Collection Requirements Associated with the
Home Mortgage Disclosure Act and
Loan/Application Register required by Regulation C
(FR-HMDA-LAR; OMB No. 7100-0247)

Summary

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, without revision, the data collection requirements of the Home Mortgage Disclosure Act (HMDA), including use of the Loan/Application Register (LAR) required by Regulation C, which implements HMDA.[1] Although the Consumer Financial Protection Bureau (CFPB) is now responsible for issuing HMDA regulations, the Paperwork Reduction Act (PRA) requires the Federal Reserve Board to renew every three years the information collections required of institutions the Federal Reserve Board supervises. The PRA classifies reporting, recordkeeping, or disclosure requirements of a regulation, including the HMDA/LAR, as an information collection.[2]

The Federal Reserve Board accounts for the paperwork burden associated with the regulation only for Federal Reserve Board-supervised institutions.[3] The respondent burden for the 531 Federal Reserve Board-supervised entities is estimated to be 127,652 hours.[4]

Background

HMDA was enacted in 1975 and is implemented by Regulation C. HMDA requires depository and certain for-profit, non-depository institutions to collect, report to regulators, and disclose to the public data about originations and purchases of home mortgage loans (home purchase and refinancing) and home improvement loans, as well as loan applications that do not result in originations (for example, applications that are denied or withdrawn). HMDA was enacted to provide the public with loan data that can be used to: (1) help determine whether financial institutions are serving the housing needs of their communities, (2) assist public officials in distributing public-sector investments so as to attract private investment to areas

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[1] HMDA is codified at 12 U.S.C. §§ 2801-2810; Regulation C is located at 12 CFR Part 1003.
[2] 44 U.S.C. § 3501 et seq. The collection of information under Regulation C (FR-HMDA-LAR) is assigned OMB No. 7100-0247 for purposes of the PRA.
[3] Other federal agencies account for the paperwork burden that Regulation C imposes on the institutions for which they have administrative enforcement authority. These other federal agencies are: the Department of Housing and Urban Development (HUD), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the CFPB.
[4] The Federal Reserve Board accounts for the following types of institutions, except those that are supervised by the CFPB: state member banks, their subsidiaries, subsidiaries of bank holding companies, U.S. branches and agencies of foreign banks (other than federal branches, federal agencies, and insured state branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act (12 U.S.C. 601-604a; 611-631). The CFPB supervises, among other institutions, insured depository institutions with over $10 billion in assets and their affiliates (including affiliates that are themselves depository institutions regardless of asset size and subsidiaries of such affiliates).

where it is needed, and (3) assist in identifying possible discriminatory lending patterns and enforcing anti-discrimination statutes.[5]

On July 21, 2011, rulemaking authority for HMDA was transferred from the Federal Reserve Board to the CFPB under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act). The Dodd-Frank Act also transferred HMDA supervisory and enforcement authority for large depository institutions over $10 billion from the Federal Reserve Board, FDIC, OCC, and NCUA to the CFPB.

Description of Information Collection

Regulation C generally requires a covered lender to report data about:

- Each application or loan, including the application date; the action taken and the date of that action; the loan amount; the loan type (for example, government guaranteed or not) and purpose (for example, home purchase); and, if the loan is sold, the type of purchaser;
- Each applicant or borrower, including ethnicity, race, sex, and income; and
- Each property, including location and occupancy status.

A covered lender generally must record the data on each application and loan and submit the completed LAR to the applicable supervisory agency. The Federal Financial Institutions Examination Council (FFIEC) uses the submitted LAR data to prepare a "public disclosure statement" and provides it to the lender.

Time Schedule for Information Collection

An institution generally must record data on each application and loan within 30 days after the end of the calendar quarter during which the institution took final action. To comply with statutory requirements, each covered lender must submit the completed LAR to the applicable supervisory agency by March 1 of the year following the year covered by the LAR. Institutions that submit incorrect information may be required to correct and resubmit the information.

The FFIEC then prepares a disclosure statement from the data submitted by an institution and provides it to the institution. Within three business days of receiving its statement, the institution must make a copy available at its home office. In addition, within 10 business days of receiving its statement, the institution must either: (1) make the statement available in at least one branch office in every Metropolitan Statistical Area (MSA) and Metropolitan Division (Division) where it has an office or (2) post a notice in at least one branch office per MSA and Division where it has an office stating that the statement is available upon written request. If requested, the lender need only provide the portion of data relating to the MSA or Division for which the request is made. A lender must make each public disclosure statement available to the public for five years.

[5] 12 CFR 1003.1(b).

Each institution must retain its completed LAR for three years and during that period it must make its LAR available to the public after redacting certain information to protect the privacy of its applicants and borrowers.

Justification

The FFIEC combines the HMDA/LAR data submitted by all reporting institutions and produces aggregate data for each MSA; this information is publicly available.[6] Supervisory agencies, state and local public officials, and members of the public use data from the disclosure statements produced by the FFIEC to aid in the enforcement of the Community Reinvestment Act, the Equal Credit Opportunity Act, and the Fair Housing Act; to aid in identifying areas for residential redevelopment and rehabilitation; and to evaluate the extent to which mortgage lenders are serving local housing needs.

Legal Status

The Federal Reserve Board's Legal Division has determined that section 304(j) of HMDA, which requires the CFPB to prescribe by regulation the form of a LAR that must be maintained by lending institutions, is mandatory for covered institutions. Regulation C implements this statutory provision and requires that reports be sent to the appropriate federal banking agency. HMDA requires that the LAR be made available to the public in the form prescribed by the CFPB. The CFPB is authorized to require certain deletions from the LAR information to protect the privacy of applicants and to protect depository institutions from liability under Federal or state privacy law. The deleted information is exempt from disclosure under that provision of HMDA and pursuant to Exemption 6 of the Freedom of Information Act.

Consultation Outside the Agency

On April 18, 2014 the Federal Reserve published a notice in the *Federal Register* (79 FR 21926) requesting public comment for 60 days on this proposal. The comment period for this notice expired on June 17, 2014. The Federal Reserve did not receive any comments. A final notice was published in the *Federal Register* on July 18, 2014 (79 FR 42010).

Sensitive Questions

Institutions must generally request that applicants for covered loans provide information about their sex, race, and ethnicity. For applications taken in person, the institution must generally infer the information based on visual observation and surname if an applicant declines to provide the information. The purpose of collecting this information is to assist in identifying possible discriminatory lending patterns and enforcing anti-discrimination statutes.

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[6] The disclosure statements and aggregate data are produced by the Federal Reserve Board on behalf of the FFIEC.

Estimate of Respondent Burden

In March 2013, 514 Federal Reserve-supervised banks submitted LARs identifying 334,024 loans and applications for 2012. Of those 514 banks, 345 had assets of less than $500 million and were responsible for 80,145 loan records received. In addition to the 514 banks, 17 Federal Reserve-supervised mortgage subsidiaries accounted for 133,126 loan records submitted for 2012. Six of the mortgage subsidiaries had assets of less than $500 million and reported 7,615 records.

The reporting, recordkeeping, and disclosure burden for this information collection is estimated to vary from 12 to 12,000 hours per respondent per year, with an average of 242 hours for state member banks and an average of 192 hours for mortgage banking subsidiaries of state member banks. This estimated burden includes time to gather and maintain the data needed, review the instructions, and complete the register. The current total annual burden for entities supervised by the Federal Reserve is estimated to be 127,652 hours. The reporting, recordkeeping, and disclosure requirements represent less than 1 percent of total Federal Reserve System paperwork burden.

	Number of respondents[7]	*Estimated annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
State member banks	514	1	242	124,388
Mortgage subsidiaries of state member banks	17	1	192	3,264
Total				127,652

The total annual cost to Federal Reserve respondents is estimated to be $6,497,487.[8]

Estimate of Cost to the Federal Reserve System

The total annual cost to the federal agencies responsible for this data collection is estimated to be $3.1 million. The estimate includes, among other things, processing the information generated by the collection, producing a disclosure statement for each institution, and producing aggregate data for each MSA. This cost is allocated among the member agencies

[7] Respondents with less than $500 million in total assets: 345 SMBs and 6 mortgage subsidiaries. Small entities as defined by the Small Business Administration: www.sba.gov/contractingopportunities/officials/size/table/index.html.

[8] Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at $18, 45% Financial Managers at $61, 15% Lawyers at $63, and 10% Chief Executives at $86). Hourly rate for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2013, www.bls.gov/news.release/ocwage.nr0.htm Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/

of the FFIEC and HUD based on the time spent by analysts and computers working on the data relating to the respective agencies' regulated institutions. The cost allocated to the Federal Reserve is $522,073.