



CRA / HMDA

[R E P O R T E R]

SEPTEMBER 2000

Census 2000 and CRA/HMDA Data Collection

When reporting CRA and HMDA data, it's important that you use the correct census data. The Office of Management and Budget (OMB) releases census data on a flow basis following each decennial census. For instance, 1990 census data used for CRA and HMDA purposes first became available in 1993.

So, when will the 2000 Census be available and when will you be required to use it to report CRA or HMDA data?

The census information that you need for CRA and HMDA reporting purposes, will be released on a flow basis between June 2001 and September 2003. Until the Census Bureau releases the data, you should continue to use census data from the 1990 Census in completing geographic information on your CRA and HMDA report(s).

Regardless of whether you rely on outside servicers or appraisers to geocode the property location of your loans or whether you use maps obtained from the Census Bureau—the ultimate responsibility for the accuracy of the data and for ensuring that data from the correct census year is used, rests with you. (Note: Even though appraisers may be considered a resource for obtaining the geographic information, some have proven to be unreliable because they often use outdated maps.)

HMDA/CRA reporters are also affected by changes to their metropolitan statistical areas (MSAs) which the OMB continues to revise if geographic boundaries change. Usually, near the end of June every year, the OMB releases a bulletin that updates metropolitan area definitions, sometimes adding

new areas that qualify as metropolitan areas. Even though the new MSA definitions are effective in June of the same year as the OMB Bulletin is released, there is always a seven-month lag before you should use them.

For example, let's say that OMB defines a new MSA in its June 2000 Bulletin. In this case, you will not use the newly-defined MSA on loans collected in your calendar year 2000 report. You will, however, use it when you collect your 2001 CRA or HMDA data. The lag time is given because you will have already collected six months of data on your CRA or HMDA data collection systems. We do not require you to incur burden in revising those loans that may be affected by the new MSA definitions.

ACCEPTABLE MEDIA TYPES FOR CRA AND HMDA SUBMISSIONS TO THE FEDERAL RESERVE

Beginning August 1, 2000 the Board of Governors of the Federal Reserve System (Board) will no longer accept 'reel' tapes for the submission of CRA or HMDA data. Since the Board collects and processes all CRA data regardless of an institution's regulatory agency, CRA data for any year must be transmitted using one of the four acceptable media types.

The Board also collects and processes HMDA data for all institutions regulated by the OCC, FDIC and NCUA. If you are regulated by OCC, FDIC or NCUA and send your HMDA data submission to the Board in Washington, D.C. or if a vendor prepares and sends your HMDA data, it must be transmitted using one of the acceptable media types.

The only acceptable media types for transmitting CRA and HMDA data to the Board are Internet e-mail, PC diskette, CD-ROM or cartridge tape (specifically, IBM or IBM-compatible tapes 3480, 3490 or 3490E). If you are regulated by the FRS and thus transmit your HMDA data to your district Federal Reserve Bank or if you are regulated by the OTS or HUD, follow your regulator's transmission requirements.

The CRA/HMDA file formats can be found on the appropriate Federal Financial Institutions Examination Council (FFIEC) Web site (www.ffiec.gov/cra or www.ffiec.gov/hmda).

HMDA Data Entry and Submission Tips

Accuracy, time and step-savers

- Although you may have less than 25 loans to report, submitting via diskette, CD-ROM or e-mail using the free FFIEC HMDA Data Entry Software will ensure more accurate reporting.
- When you meet the reporting criteria for a particular year, but have no LAR to report for that year, fax a memo indicating this fact by March 1, 2001, to (202) 452-6497. Include your respondent ID number, agency code and institution name.
- When data are submitted via e-mail, diskette, CD-ROM or cartridge, a paper copy of the HMDA report does not have to be mailed.
- When a document is faxed to us—for example, the edit report or confirmation sheet—it is not necessary to also mail the original document.
- When sending a complete resubmission of data, it is not necessary to also send a marked-up edit report of the changes made. That initial edit report will be replaced with a new edit report for the current resubmission.

Submit your data by e-mail

Did you know that e-mail submission of HMDA data is becoming a popular choice by institutions? In 2000, 30 percent of reporters chose to e-mail their 1999 data submissions to their regulators. Why? Submitting data via e-mail is secure, easy to do and saves resources when compared to other methods of data submission.

The FFIEC HMDA Data Entry Software enables you to export your

data to a temporary file that will be created in a subdirectory. This temporary file can then be attached to an e-mail message and sent directly to your regulator. The file, `hmdaencr.enc`, is an encrypted file and cannot be read until it is decrypted by the agency handling your data processing. All submissions must be encrypted using the FFIEC data entry software to ensure the privacy of your data. Only submissions that have been encrypted using the FFIEC's software will be accepted.

As with any data submission, data submitted via e-mail must be complete and error-free before being accepted by your regulator. Use the FFIEC software's export option To Regulatory Agency via Internet e-mail to create the encrypted file (`hmdaencr.enc`). If you use the default directories for HMDA, the encrypted file can be found in the following path: `c:\hmdaw\int\hmdaencr.enc`. Remember that the path to find the encrypted file may be different if you have changed your destination directory during installation. And be sure to only attach the file with the `.enc` extension to your e-mail message! See the software Help topic regarding Internet submission for more information.

If you use a vendor package or an in-house application to submit HMDA data, you can still submit the data via the Internet using the FFIEC software to secure your file. The Internet Submission software, used for data encryption, is included with the HMDA program group. If your application has created a properly formatted data file (`hmda.dat`), launch the Internet submission feature and follow the data encryption process. You can click Help for further assistance.

Once your e-mail submission is received, an e-mail message will be sent to you acknowledging receipt by your regulator. It is important to remember that one e-mail submission can save you the cost of overnight delivery and the worry that your

data has been received in a timely manner. In addition, attaching a file to an e-mail message saves the cost of multiple disks or the task of cutting a CD-ROM for submission.

Data encryption and the Internet e-mail submission option are also available to CRA reporters. See the CRA Data Entry Software for further details.

Type of Purchaser

Do not confuse the action taken of "purchased" (Code 6) with the "type of purchaser" column. Reporting an action taken of "purchased" on a loan means that you bought the loan from another entity. You should use the "type of purchaser" column on the HMDA Loan Application Register (LAR) to indicate whether you sold a loan to a secondary market entity. You may sell loans that you originate or loans that you purchase from another entity. The sale generally occurs in the same calendar year of the data reported on the register.

If you sell an originated or purchased loan in a succeeding year, do not report the loan sale on that year's register. You also should not go back and update the "type of purchaser" column on the register for the year in which the loan was originated or purchased. In this case, the sale never gets reported to the regulator.

If your institution purchases an interest in a loan pool (such as a mortgage-participation certificate, a mortgage-backed security or a real estate mortgage investment conduit), you have purchased an interest in a security that is not reported under HMDA.

Do you securitize your mortgage loans; that is, group your mortgage loans and sell an interest in the loan pool to investors, thereby entitling the investors to a cash flow from the mortgage repayment? If so, you are selling securities backed by home mortgage loans, and the sale is *not* reported. However, if you "swap"

loans for mortgage-backed securities, you *are* selling loans. In this case, you would enter the type of entity receiving the loans that are swapped under the “type of purchaser” column on your HMDA register.

It is only valid to report the value zero (0) in the “type of purchaser” column in the following situations:

- When the loan was originated but *not* sold in the calendar year covered by the register;
- When the loan was purchased from another entity but *not* sold in the calendar year covered by the register; or
- When the application was denied, withdrawn or approved but not accepted by the applicant; or for files closed for incompleteness.

FFIEC HMDA Software to be Distributed to OTS-Regulated Institutions

The Office of Thrift Supervision (OTS) joined other agencies to make available the free FFIEC HMDA Data Entry Software to their reporting institutions. The software is scheduled to be mailed within the next month to OTS-regulated institutions. These institutions can use this software to submit their 2000 HMDA data via Internet e-mail, diskette or CD-ROM.

Note that a new version of the software is completed each year.

The new releases will enable OTS institutions to collect and report future years of HMDA data as specified in the software.

CRA Data Entry Tips

Small business and small farm loan data

The CRA regulation requires collection and reporting of small business and small farm loan origination and purchases. In the small business and small farm loan categories, you are only required to collect and report the commercial loans that are captured in Schedule RC-C, Part II of the Consolidated Reports of Conditions and Income (Call Report) or Schedule SB of the Thrift Financial Reports (TFR). These schedules include: small business loans with original amounts of \$1 million or less and small farm loans with original amounts of \$500,000 or less. The original amount of the loan—*not* the annual revenue of a business or farm—determines whether a loan is classified as a small business or small farm loan. To find more information about the Call Report, access www.fdic.gov/regulations/resources/call/index.html or to obtain TFR information, access www.ots.treas.gov/tfrpage.html.

Defining assessment areas

Generally speaking, your institution’s assessment area should include one or more metropolitan statistical areas (MSAs) or one or more contiguous political subdivisions, such as counties or cities. You should include the geographies in which your main office, branches and deposit-taking ATMs are located, as well as the surrounding areas where your institution has originated or purchased a substantial amount of its loans [Section 41 (c)(2) of the CRA regulation].

When you are inputting small business and small farm loan information, you need to provide MSA/state/county/Census tract-BNA information to indicate the location of the loan. This information—provided in the loan data entry screens—is *not* your assessment area; it is only the loan’s location. Your assessment area(s) is defined separately in the assessment area screen of the data entry software.

Optional loan categories

The loan categories denoted by an asterisk on the *Front Page* of the software are optional. When you export to the Federal Reserve Board, these loans are *not* included in your submission (*except for the consortium/third party category; they will be included*). These optional loan categories are provided in the software for your convenience.

If you would like to collect consumer or other loan information for consideration during a lending test, you can use this software to maintain these data. The optional loan data may be exported for your examiners’ use by selecting Export, For Other Purposes.

If your institution opts to maintain data for loans in a particular consumer loan category, remember you must input data for *all* loans originated or purchased within that category.



INTERAGENCY QUESTIONS AND ANSWERS REGARDING CRA

On April 28, 2000, a new Interagency Questions and Answers Regarding Community Reinvestment publication was released. Two new questions and answers, proposed in 1999, have been adopted and are included in this recent addition. The new Interagency Questions and Answers also contains four revised questions and answers.

CRA data reporters should review the Interagency Questions and Answers to ensure accurate reporting of data. To obtain a copy, visit the FFIEC’s CRA Web site at www.ffiec.gov/cra/qa/default.htm.

Q & A

Q. The Institution Register Summary (IRS) report generated by the FFIEC HMDA Data Entry Software lists our institution's loans per MSA differently than the IRS in the HMDA Edit Report. How can I reconcile them?

A. The FFIEC HMDA Data Entry Software's IRS report will list loans according to the MSA codes reported on the loan application register, or as MSA NA. All loans with MSA codes will be listed on the IRS under that MSA code (and corresponding MSA name) regardless of whether or not you have an office in those MSAs. Those loans that your institution reported as 'NA' in the MSA will be listed as MSA NA with the name [UNKNOWN MSA].

The HMDA Edit Report's IRS lists only those MSA codes where your institution has an office and has reported loan activity in the MSAs. For loans that were made in MSAs where your institution does not have a home or branch office, the loans will be summed under 'MSA Not Available,' even though the loans may have valid MSA codes, or you reported MSA as NA, or input an invalid MSA code.

To reconcile the two IRS reports, simply add up those loans on the FFIEC HMDA Data Entry Software's IRS report that were made in both non-office MSAs and MSAs listed as NA. This number should equal the 'MSA Not Available' summation on the HMDA Edit Report's IRS report.

Q. Are nursing homes, dormitories, fraternity/sorority houses, assisted living and retirement homes to be reported on HMDA?

A. Nursing homes, dormitories and sorority/fraternity houses are viewed as

temporary housing and are not HMDA-reportable since they were *not* built for permanent residency. In addition, a nursing home is more like a hospital in that it provides medical care, which is usually constant and extensive.

Assisted living and retirement homes are viewed as dwellings that individuals reside in permanently and are HMDA-reportable. In fact, in most cases the "home place" has been sold by the individuals who choose these homes as their new "permanent" dwellings.

Q. Are construction-to-permanent loans reportable under HMDA?

A. Yes, a combined construction/permanent loan *and* the permanent financing that replaces a construction-only loan are HMDA-reportable. When reporting these types of loans, the purpose should be for home purchase of a one-to four-family dwelling or of a multifamily dwelling. Construction-only loans, which are considered "temporary financing" under Regulation C, are not HMDA-reportable.

Q. What is acceptable collateral for a home purchase loan under HMDA? Also, if another residential dwelling besides the property being purchased is offered as collateral, what property location should I report?

A. A home purchase loan must be secured by the dwelling being purchased or by another residential dwelling. Home purchase loans, although secured by non-residential collateral, are not HMDA-reportable.

For home purchase loans 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.

Q. I work in a large institution where different areas specialize in tracking different loan types. How do I merge all of this information into one submission?

A. The data entry software contains a feature called Branch Site setup. This feature is most often used by large institutions to collect data from their various branches. However, this feature can also be used internally to collect and centralize data being stored on different computers.

First, install the software at each terminal where the data will be collected. To set up a Branch Site, click on the *Utilities* function from the main menu. Click *HMDA* or *CRA Configuration Options* and, under the *General* tab, activate the Branch Site feature and assign a four-character prefix. When your data collection is complete, the data can be exported to the home office and then imported into the central system.

Q. When is the CRA reporting deadline, what media types can I use and where do I send my data?

A. The reporting deadline for 2000 CRA data is March 1, 2001.

CRA respondents are encouraged to send their data via the Internet. E-mail a properly encrypted CRA file (using the FFIEC software only, Internet e-mail export feature) to:

crasub@frb.gov

Other media types that you can use to send your CRA data are diskette, CD-ROM or cartridge tape. Send your CRA data to:

Attention: CRA Processing
Federal Reserve Board, Suite 5000
1709 New York Ave., N.W.
Washington, D.C. 20006

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BULLETIN BOARD

FFIEC REPORTING RESOURCES

Below is a brief list of FFIEC reporting publications and filing resources available on the FFIEC HMDA and CRA Web sites.

HMDA

FFIEC Geocoding/Mapping System
www.ffiec.gov/geocode

A Guide to HMDA Reporting
www.ffiec.gov/hmda/guide.pdf

Guide Updates

1999 update---

www.ffiec.gov/hmda/99guide.pdf

2000 update--

www.ffiec.gov/hmda/2000guide.pdf

Staff Commentary to Regulation C
www.ffiec.gov/hmda/comm.pdf

How to File

www.ffiec.gov/hmda/howtfile.htm

CRA

FFIEC Geocoding/Mapping System
www.ffiec.gov/geocode

FFIEC Interagency Q & A's
www.ffiec.gov/cra/qa/default.htm

How to File

www.ffiec.gov/cra/howtfile/default.htm

MAPPING FEATURE IS ADDED TO FFIEC GEOCODING SYSTEM

We improved the FFIEC Geocoding System by including a MAP feature that allows you to open a map via your Internet browser and determine the property location geocoding information (MSA/state/county/Census tract-BNA). Begin by inputting some basic address information on the FFIEC Geocoding/Mapping System. If the system can locate the street address, the geocoding information will be identified and shown on the screen. If the address is not found by the geocoding system, you can click on the 'map' button, which enables you to determine the property location based on known landmarks without resorting to a paper map. We expect that this mapping feature, along with the ability to drill down into different areas for familiar landmarks, will be most helpful in locating geocoding data for new developments that may not be included yet in the system's geocoding information. (Note that you can also click on a 'census demographic' button to obtain the standard geographic information about a particular census tract, including income, population and housing data.) Check out this new feature at the following Web address: www.ffiec.gov/geocode.

PUBLIC DISCLOSURE OF 1999 CRA DATA

On July 26, 2000, the Federal Financial Institutions Examination Council (FFIEC) released the 1999 CRA Aggregate and Disclosure Reports on CD-ROM. The CD-ROM contains CRA data for each institution reporting under CRA in 1999. Institutions should make their disclosure statements on this CD-ROM available to the public within three business days of receipt. You can also find the aggregate and disclosure report data on the FFIEC Web site (www.ffiec.gov).

1999 HMDA DISCLOSURE STATEMENTS

The HMDA Disclosure Statements for individual lenders were mailed by June 26, 2000. Institutions were to have a copy of these statements available for public inspection within 10 business days of receiving them. If your institution has not received its HMDA Disclosure Statement, contact the HMDA assistance line at (202) 452-2016.

DISCLOSURE STATEMENTS: PAPER OR PLASTIC? DISCLOSURE STATEMENTS TO BE DISTRIBUTED ON CD-ROM

Beginning next year, paper copies of the HMDA Disclosure Statements will no longer be mailed to reporters. Instead, the 2000 statements will be distributed on CD-ROM and will also be available on the FFIEC Web site. The CD-ROM, which will be available in summer 2001, will provide institutions with their own disclosure statement as well as the disclosure statements for all HMDA reporters. In addition, the 2000 statements will be available on the FFIEC Web site in August 2001.

Currently, the HMDA information for 1997-1999 is available on the FFIEC Web site, www.ffiec.gov/hmda_rpt/dis_1999.htm.

NEED ASSISTANCE?

For further assistance with HMDA or CRA, visit these Web sites or call the phone numbers listed below:

HMDA

www.ffiec.gov/hmda
(202) 452-2016

CRA

www.ffiec.gov/cra
(202) 872-7584

Q. When is the HMDA reporting deadline, what media types can I use and where do I send my data?

A. The reporting deadline for 2000 HMDA data is March 1, 2001. HMDA respondents are encouraged to send their data via the Internet. E-mail a properly encrypted HMDA file (using the FFIEC software only Internet e-mail export feature) to the appropriate e-mail address given below:

FDIC-, OCC- or NCUA-regulated institutions:

hmdasub@frb.gov

OTS-regulated institutions:

hmda@ots.treas.gov

All institutions regulated by the Federal Reserve System should contact

the Federal Reserve Bank in their area for the proper e-mail address.

HUD-regulated institutions should contact their regulatory agency at (202) 755-7530 for the proper e-mail address.

(FRS-, OTS- or HUD-regulated institutions should not send e-mail submissions to the Federal Reserve Board because we cannot process them.)

Other media types that you can use to send your HMDA data are diskette, CD-ROM or cartridge tape. Select the appropriate address below for mailing:

FDIC-, OCC- or NCUA-regulated institutions:

Attention: (Input regulator's name)
HMDA Processing
Federal Reserve Board, Suite 5000
1709 New York Ave., N.W.
Washington, D.C. 20006

OTS-regulated institutions:

Attention: HMDA Report
Office of Thrift Supervision
1700 G St., N.W.
Washington, D.C. 20552

HUD-regulated institutions:

Attention: HMDA Processing
Department of Housing and
Urban Development
Room B-133 (Plaza 3119)
451 Seventh St., S.W.
Washington, D.C. 20410

FRS-regulated institutions:

Contact the Federal Reserve Bank
in your area for the proper mailing
address.

This newsletter is designed to aid CRA and HMDA lenders in the collection and reporting of their data. The publication provides assistance, guidance and information on various topics, including Census 2000 information, acceptable submission media types and frequently asked questions. The articles in the *CRA/HMDA Reporter* are written by staff at the Federal Reserve Board and the Federal Reserve Bank of St. Louis.



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BULK RATE
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