

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

April 12, 2006

**BANKING SUPERVISION AND REGULATION:
ANSWERS TO FREQUENTLY ASKED
QUESTIONS ABOUT HMDA**

To State Member Banks, Bank
Holding Companies, U.S. Branches
and Agencies of Foreign Banks,
and Others Concerned,
in the Twelfth Federal Reserve District

Updated Answers to Frequently Asked Questions About HMDA Price Data

The federal bank, credit union, and thrift supervisory agencies, along with the Department of Housing and Urban Development (HUD), have released updated "Answers to Frequently Asked Questions" (FAQs) to aid interpretation of the 2005 home loan data to be disclosed this year under the Home Mortgage Disclosure Act (HMDA).

HMDA, which was enacted by Congress in 1975, requires most mortgage lenders located in metropolitan areas to collect data about their housing-related lending activity; report the data annually to the government; and finally, make the data publicly available in a modified Loan Application Register.

Initially, HMDA required reporting of the geographic location of originated and purchased home loans. In 1989, Congress expanded HMDA data to include information about denied home loan applications, race, sex, and income of applicants and borrowers. In 2002, the Federal Reserve Board amended the HMDA regulations to require lenders to report price data for certain higher-priced home mortgage loans and other new data.

For the second year in a row, the data will include price information on loans priced above reporting thresholds set forth by Regulation C, which implements HMDA. Preliminary data indicated that the proportion of mortgage loans with prices above the HMDA price reporting thresholds increased from 2004 to 2005. The updated FAQs explain that an increase is expected because of changes in the interest rate environment from 2004 to 2005, but more specifically, the narrowing of the difference between short-term interest rates and long-term interest rates.

The updated FAQs will be posted on each of the agencies' web sites and on the web site of the Federal Financial Institutions Examination Council (FFIEC).

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>.

For additional information about the updated answers to frequently asked questions about HMDA, please contact our Banking Supervision and Regulation Department at (415) 974-3028.

FEDERAL RESERVE BANK OF SAN FRANCISCO

Attachment: [Frequently Asked Questions About HMDA](#)