

FEDERAL RESERVE BANK OF SAN FRANCISCO
101 MARKET STREET, SAN FRANCISCO, CALIFORNIA 94105

June 26, 2002

**BANKING SUPERVISION AND REGULATION:
REGULATION C REVISIONS**

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

Amendments to Regulation C (R-1120)

The Federal Reserve Board has published revisions to its Regulation C, which implements the Home Mortgage Disclosure Act (HMDA). Please see our letter requesting comment dated February 14, 2002.

Data collected under Regulation C are used to help determine whether financial institutions are serving the housing needs of their communities and to assist in enforcing the fair lending laws.

The amendments discuss the following:

- Set the thresholds for determining the loans for which financial institutions must report loan pricing data, as required under a final rule approved on January 23, 2002. Institutions will report the rate spread (between the annual percentage rate on a loan and the yield on comparable Treasury securities) if the spread equals or exceeds 3 percentage points for first-lien loans, and 5 percentage points for subordinate-lien loans.
- Require lenders to report the lien status of applications and originated loans.
- Require lenders to ask applicants their ethnicity, race, and sex in applications taken by telephone.

Compliance with the amendments relating to the thresholds and lien status is mandatory on January 1, 2004. The amendment requiring lenders to ask telephone applicants for monitoring information is effective for applications taken beginning January 1, 2003.

E-Notification

The Federal Reserve Bank of San Francisco will notify you by e-mail of new Banking Supervision and Regulation circular letters recently posted on the Twelfth District Federal Reserve Bank web site. We will e-mail you a summary of the letter as well as a link to the full text of the letter and its attachments for you to view and print. To subscribe to this free service, simply visit our web site at <http://www.frbsf.org/banking/> and click on the E-Notification logo.

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>. Paper copies of the Docket

R-1120 are available from our Corporate Services Department. To request copies to be sent by mail, please call (415) 974-2060.

For additional information about the Regulation C amendments, please contact our Banking Supervision and Regulation Department at (415) 974-3329.

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