



Home Mortgage Act – Regulation C

The Home Mortgage Disclosure Act (HMDA) was enacted by Congress in 1974 and implemented by the Federal Reserve Board as Regulation C. The regulation was promulgated by concerns that there were credit shortages in certain urban neighborhoods. Congress found that some financial institutions failed in their responsibilities to provide adequate home financing to qualified applicants on reasonable terms and conditions. Therefore, one purpose for this regulation is to provide the public with information regarding financial institutions' record of assisting in the credit needs of the neighborhoods and communities in which they are located. Another purpose to HMDA is to aid public officials in targeting public investments to attract investments from the private sector. The regulation through the various amendments requires lending institutions to collect and disclose data regarding the applicants and their characteristics. The HMDA regulation thereby allows for the public to determine possible discriminatory lending patterns and assists in enforcing anti-discriminatory statutes.

Through this regulation the regulatory agencies have the authority to review a lender's mortgage loan record to determine any discriminatory practices against classes of individuals and/or within particular areas within the communities served by the lender. The following types of mortgage loans are subject to coverage under HMDA: (1) home purchase loans for any residential dwelling, including a condominium unit, mobile home, manufactured home, or multi-family dwelling; (2) home improvement loans made for the purpose of repairing, rehabilitating or remodeling a dwelling; and, (3) the refinancing of a home previously covered by HMDA.

In order to evaluate lending practices, financial depository institutions are required to collect certain data from applicants. All required HMDA data is found on the Real Estate Loan Application Form 1003 in the government monitoring information section, which specifically requests the applicant to provide information regarding national origin, race and sex. The regulation allows the option to the loan applicant to furnish the data concerning national origin, race and sex. However, the regulation does require the applicant to document his/her choice when information will not be voluntarily provided.

