

CRAHMDA

R E P O R T E R

OCTOBER 2003

FFIEC HMDA Data Entry Software, Version 3.00

The FFIEC HMDA Data Entry Software, version 3.00 for calendar year (CY) 2004 data due March 1, 2005, will only be available via download from the FFIEC HMDA web site (<http://www.ffiec.gov/hmda>). Also, the next release of the CRA Data Entry Software will only be available via download from the FFIEC CRA web site (<http://www.ffiec.gov/cra>).

Both the HMDA and CRA software should be available for download in the fourth quarter of 2003. For assistance with the:

- HMDA software, send an e-mail to hmdahelp@frb.gov or call the HMDA Assistance Line at (202) 452-2016.
- CRA software, send an e-mail to crahelp@frb.gov or call the CRA Assistance Line at (202) 872-7584.

New Features

Earlier versions of the HMDA software were designed to update previously released copies of the software; however, given the significant changes to the HMDA file specifications required by amendments to Regulation C, version 3.00 for CY 2004 data will not update previous releases. Version 3.00 also requires that users install the software into a separate directory from previous versions; this will ensure access to prior years' HMDA data.

Users should follow the installation instructions provided within the software. We strongly discourage users from manipulating version 3.00's default directory because it could delete or render prior years of HMDA

Other updates include the availability of 2000 Census income classification for each tract (i.e., low, moderate, middle and upper), and deletion of the performance report from the Reports option. Additionally, the appearance of

We strongly discourage users from manipulating version 3.00's default directory because it could delete or render prior years of HMDA data unreadable.

data unreadable. Also, the software should be installed locally on a hard disk; it is *not* network compatible.

The following data elements have been added to the Transmittal Sheet screen in accordance with Regulation C amendments:

- Parent company (if any) name and address
- Institution's e-mail address (if any exists)

The following data elements have been added to the Loan/Application Register screen in accordance with Regulation C amendments:

- Property Type
- Preapproval
- Ethnicity
- HOEPA Status
- Lien Status
- Rate Spread

the software has been modified to a web-based design; however, the overall operation and functionality of the software has not changed from previous versions of the software. ■

Pre-Submission HMDA Requirement

An institution that chooses to use a vendor's or in-house developed software to collect and report HMDA data can still utilize the benefits of the FFIEC HMDA Data Entry Software in its entirety or the editing and reporting features to meet an important Regulation C pre-submission requirement. Specifically, all data *must* be checked

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CRA Data Quality

After the Federal Reserve Board receives the CRA data, additional data checks are performed with agency assistance. The most common errors that are uncovered generally fall into the four categories below:

- 1. Institutions only report small business and small farm loans going to businesses with revenues less than \$1 million.** All small business and small farm loans must be reported regardless of revenue. Small business and small farm loans are determined by Call Report (or TFR) definitions, which are not based on the revenue of a business, but rather on the origination amount of the loan. So, if an institution made a loan that met RC-C Part II Call definitions and the revenue of the business is greater than \$1 million, that loan must still be reported.
- 2. Institutions incorrectly type in their community development loan information.** Commonly, the amount was *not* entered in 1000s, or identical digits were erroneously typed in for the total number and total amount fields.
- 3. The reported assessment areas either go substantially beyond the borders of an MA or CMA, or multiple assessment areas were reported containing only one tract each.** Please see section _41 of the regulations and the Interagency Q&A for assessment area delineation guidance.
- 4. Institutions only include tracts in their assessment area in which a loan was originated or purchased.** This leads to two potential problems. First, the areas may not necessarily reside within the institution's assessment area; and second, institutions may be neglecting other areas that belong in their assessment areas. Please see section _41 of the regulations for a description of assessment area delineation. ■

Avoid Errors That Could Slow CRA Data Processing

A few of the more prevalent errors that have slowed the loading and processing of CRA data include installing the data entry software on a network rather than a local drive, reporting an incorrect respondent ID, and submitting micro data. Avoid these errors to expedite data processing.

CRA respondent IDs are always 10-digit numbers with leading zeroes and are derived from the different source numbers each agency uses.

The FFIEC CRA Data Entry Software will *not* install properly unless the minimum hardware requirements are met. More importantly, the software is designed to run on local drives only; it is *not* network compatible. We are unable to provide technical support to reporters that install this product on a network.

An invalid respondent ID number can delay the processing of CRA data. CRA respondent IDs are always 10-digit numbers with leading zeroes and are derived from the different source numbers each agency uses. For instance, the:

- FDIC uses its certificate number;
- FRS uses its ID RSSD number;
- OCC uses its charter number; and
- OTS uses its docket number.

If assistance is needed to determine the respondent ID, contact the CRA Assistance Line at (202) 872-7584.

Micro data are for internal use by your bank and for your examiners. Micro data submissions are invalid and cannot be loaded and processed. ■

Making Backup Copies of CRA Data

We encourage CRA reporting institutions to make backup copies of the data, which ensures CRA data for any given year are accessible. Back up

the data by selecting "Export" from the CRA Front Page and then selecting "For Other Purpose."

These actions will create a file that includes each individual record inputted into the software. This micro data file is formatted differently from the composite file that is submitted annually to the Federal Reserve Board.

The composite file contains data that have been aggregated at the census

tract level. The composite file is insufficient as a backup because it does not contain individual loan records or any of the optional loan information. If the composite data are imported, the aggregated loan information is ignored. The "For Other Purpose" export option, however, exports all individual records into a single file, which, when imported, is an exact duplication of all data that have been entered into the software. ■

Resubmitting CRA Data

If errors are discovered in your CRA data, resubmit the data with corrected information. The Board accepts resubmissions for the current and previous two activity years.

Make the corrections and follow the same steps for preparing the initial submission (i.e., run the batch edit and export the data via e-mail). Please provide the institution's name, respondent ID, contact name and phone number. Also, indicate that the data file is a COMPLETE RESUBMISSION, noting the activity year of the data.

If the resubmission is received after the databases are closed for the annual disclosure and aggregate report generation, the resubmitted file is processed when the databases reopen after the

public release of the data. A paper copy is then created of the disclosure report reflecting the corrections. The publicly released versions of the disclosure statement found on the Aggregate & Disclosure CD-ROM and the FFIEC CRA web site cannot be updated. ■

Final Transition Rules under Regulation C

HMDA transition rules guide lenders in collecting and reporting home mortgage information on loan applications received prior to Jan. 1, 2004, upon which final action is taken on or after Jan. 1, 2004. The transition rules minimize the institution's reporting burden associated with substantial Regulation C revisions and also provide lenders with a timeframe to revise operational systems for recording necessary information. Overall, lenders must be generally consistent in their data reporting approach for all applications received in 2003 with action taken during 2004. (Review the *Final Transition Rules* document at <http://www.ffiec.gov/hmda/RegC.htm>.)

Transition guidance was not adopted for reporting type of purchaser, Home Ownership and Equity Protection Act (HOEPA) status, or the lien status of applications and originated loans because these data items do not impose a significant burden on lenders to collect and report information available at the time of final action.

The affected data items under the transition rules are as follows:

- **Preapprovals:** Lenders may, but need not, report requests for preapprovals. On applications received before Jan. 1, 2004, lenders can report code 3 (not applicable) in the preapproval field.

- **Manufactured Homes:** Lenders may, but need not, indicate whether an application is related to a manufactured home. They can report property type as one- to four-family (code 1).

- **Home Improvements and Refinancings:** Lenders may continue to

apply the current instead of the revised definitions for home improvement loans and for refinancings.

- **Rate Spread:** Lenders need not report the rate spread for loans in which the rate lock-in date occurs before Jan. 1, 2004.

- **Race and Ethnicity:** Appropriate ethnicity and race codes to report in 2004—on applications received prior to Jan. 1, 2004—are provided in a table format in the transition rules document. ■

What Is the Summary of Q595 Edit Report?

Data in an institution's disclosure statement are aggregated by Metropolitan Area (MA) to assist examiners and the public in determining whether the institution is meeting the credit needs of its community. In order for an institution's disclosure statement to be in compliance with Regulation C and accurately disclose their lending activity, it is imperative that institutions document all MAs where their offices are located.

HMDA processing staff developed the Q595 edit and the accompanying Summary of Q595 Edit Report to identify the differences between previously gathered MA information and the MA data an institution reports. If an institution reports an application/loan where the property is

Institutions *must* respond to the Summary of Q595 Edit Report. Respond by writing "YES" or "NO" in the right hand column for each MA listed. For example, if the institution:

- has an office in the MA, the response is "YES."

- does not have an office in the MA, the response is "NO."

It is essential that we receive the completed Summary of Q595 Edit Report with all blanks completed. The MA(s) with a YES response are added to the institution's MA home or branch office locations. The added MA(s) are included in the institution's updated copy of the Institution Register Summary (IRS), which is faxed to the respondent.

Review the updated IRS. If the IRS statistics are correct and agree with the submitted data, fax a signed confirmation sheet. If the IRS is incorrect, DO NOT return a signed confirmation sheet. Resolve the discrepancies by e-mailing hmdahelp@frb.gov or calling the HMDA Assistance Line at (202) 452-2016. ■

2003 Census Data

The FFIEC released the 2003 Census data CD-ROM product in July 2003, which was created from 2000 Census information. The 2003 Census data are

If an institution reports an application/loan where the property is located outside an MA where the institution has an office, this application/loan is flagged with a Q595 edit.

located outside an MA where the institution has an office, this application/loan is flagged with a Q595 edit.

For example, Bank A has one office located in MA 6161-Philadelphia, PA-NJ. An applicant completes a loan application for Bank A on a home located in MA 5000-Miami, FL. This application/loan will be flagged with a Q595 edit, and it will be included in the Summary of Q595 Edit Report.

available in three media types: CD-ROM, the web, and cartridge tape (for 2003 only).

Specifically, the CD-ROM features demographic, housing and income delineations for areas throughout the United States and Puerto Rico. In addition, it contains additional fields that are unavailable in the web-based version. Using the CD-ROM, users can export data and customize tables.

Other FFIEC Census products that can be created from the CD-ROM include:

- Census Tract Listing,
- Census Geography Only,
- Counties Located in Non-Metro Areas Listing, and the
- HUD Estimated Metropolitan Area Median Family Income Listing.

To view the fields that are available on the CD-ROM, please visit: http://www.ffiec.gov/hmda/products_filespecs.htm#Census. For more information regarding these products, or to place an order, visit <http://www.ffiec.gov/hmda/pdf/order.pdf>. ■

OMB Redefines Statistical Areas

The Office of Management and Budget (OMB) adopted final standards for Metropolitan and Micropolitan Statistical Areas in 2000, and on June 6, 2003, it issued a list of these areas, showing new Metropolitan Statistical Areas and revisions to existing areas. In some cases, Metropolitan Statistical Areas were divided into Metropolitan Divisions. Visit <http://www.whitehouse.gov/omb/bulletins/b03-04.html> for more information about OMB's actions.

FFIEC decided that the newly adopted Metropolitan Statistical Areas/Metropolitan Divisions (MSA/MD) would be used in place of the Metropolitan Areas (MA) beginning Jan. 1, 2004, for both HMDA and CRA reporting. (Micropolitan Statistical Areas are not relevant to HMDA or CRA.)

When determining whether an institution must begin collecting HMDA data beginning Jan. 1, 2004, an institution looks to Dec. 31, 2003, and responds to the reporting criteria questions. If an institution had a home or branch office in one of the newly defined Metropolitan Statistical Areas or Metropolitan Divisions and met all other reporting criteria as of Dec. 31, 2003, the institution is required to begin collecting HMDA data beginning Jan. 1, 2004.

Note that if an institution had offices in Micropolitan Statistical Areas *only* as of Dec. 31, 2003, it is not subject to HMDA reporting. For more information on this topic, review page ii, 2004 HMDA Edits on the FFIEC web site (<http://www.ffiec.gov/hmda/pdf/edit2004.pdf>). ■

State-of-the-Art Technology Paves the Way for the Future

The FFIEC Geocoding System, which is a web-based application, facilitates the collecting and reporting of geocoding information on mortgage, business and farm loans as required by Regulations C and BB. This innovative tool also can assist institutions in

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assessing whether the credit needs of their communities are met and in reducing the occurrences of geocoding validity errors.

Basic changes to the 2003 Geocoding System include:

- renaming Metropolitan Statistical Area (MSA) to Metropolitan Area (MA),
- assigning census tract numbers to the entire United States, and
- eliminating Block Numbering Areas (BNAs).

Input a valid street address, city and state, or valid street address and zip code into the system. After entering a valid combination into the system, it automatically retrieves the metropolitan area (MA)/state/county/census tract combination. When the system cannot find an address, it provides a mapping feature that displays an area street map based on the street address/zip code or street address/city/state combinations that were entered.

The system also provides demographic information including income, population and housing data based on the 1990 and 2000 Census. These files combine the Census data, OMB's MA boundary definitions and HUD Median Family Incomes.

When using the FFIEC Geocoding System, be sure to select the correct activity calendar year (CY). For:

- CY 2003 data and forward, tract definitions are based on the 2000 Census;
- CY 2002 and pre-2002 data, tract definitions are based on the 1990 Census.

Remember, it is the institution's responsibility to exhaust all available resources in obtaining valid property location information. The FFIEC Geocoding System is one source for determining geographic information. There are several other tools that can be used to geocode data. (See pages

13-17 of the 2003 *A Guide to HMDA Reporting: Getting it Right!*) For more information on maps and other resources, contact the U.S. Census Bureau at (301) 457-4100 or visit <http://www.census.gov>. ■

Internet E-mail: The Best Submission Method

As a result of heightened security measures, all of the Federal Reserve Board's incoming mail is subject to screening. These inspections can be damaging, and during the processing of 2002 CRA and HMDA data we received several hundred damaged diskettes and CD-ROMs. We, therefore, strongly recommend that institutions transmit CRA and HMDA data—including

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FFIEC Reporting RESOURCES

The following is a list of the more popular FFIEC reporting publications and filing resources available on the FFIEC HMDA and CRA web sites.

CRA

CRA Aggregate & Disclosure Reports
<http://www.ffiec.gov/cra>

Interagency Questions & Answers
<http://www.ffiec.gov/cra/qnadoc.htm>

FFIEC CRA Data Entry Software
<http://www.ffiec.gov/crahmdacf/default2.cfm>

FFIEC Geocoding System
<http://www.ffiec.gov/geocode/default.htm>

How to File
<http://www.ffiec.gov/cra/howtofile.htm>

Where to Submit
<http://www.ffiec.gov/cra/submit.htm>

HMDA

A Guide to HMDA Reporting,
(edition effective Jan. 1, 2003, applies to the collection and reporting of 2003 HMDA data only)
<http://www.ffiec.gov/hmda/guide.htm>

HMDA Aggregate and Disclosure Reports
<http://www.ffiec.gov/hmda>

**Regulation C, Staff Commentary
and Transition Rules**
<http://www.ffiec.gov/hmda/RegC.htm>

FFIEC HMDA Data Entry Software
<http://www.ffiec.gov/crahmdacf/default2.cfm>

FFIEC Geocoding System
<http://www.ffiec.gov/geocode/default.htm>

FFIEC Rate Spread Calculator -
(for use beginning with 2004 HMDA data)
<http://www.ffiec.gov/ratespread/default.aspx>

How to File
<http://www.ffiec.gov/hmda/howtofile.htm>

Where to Submit
<http://www.ffiec.gov/hmda/submit.htm>

Frequently Asked Questions (FAQs)
<http://www.ffiec.gov/hmda/faq.htm>

ALERT: 2004 CRA & HMDA Data Entry Software Distribution

Beginning with the 2004 versions, which will be available during fourth quarter 2003, the method for obtaining the FFIEC CRA and HMDA Data Entry Software will be to download it from the FFIEC web site. The reporting resources on the FFIEC web site list the respective software links.

Need Assistance?

For further assistance with CRA and HMDA, visit the following web sites, send an e-mail, or call the phone numbers listed below:

CRA	HMDA
http://www.ffiec.gov/cra	http://www.ffiec.gov/hmda
crahelp@frb.gov	hmdahelp@frb.gov
(202) 872-7584	(202) 452-2016

prior to submission using the respective year's FFIEC edits (<http://www.ffiec.gov/hmda/edits.htm>).

The FFIEC software has been designed to include editing and reporting features to help you verify, complete and analyze your HMDA data prior to submission. The "Import" feature will accept a "hmda.dat" file from non-FFIEC software; however, it must meet the HMDA file specifications published on the FFIEC web site (<http://www.ffiec.gov/hmda/fileformats.htm>). After the file has been successfully imported into the software, the editing and reporting features can be utilized. The "Export to Regulatory Agency via Internet E-mail" feature will create a validity-free encrypted file that can be transmitted via Internet e-mail. Please view the FFIEC HMDA web site to obtain your agency's e-mail submission address (<http://www.ffiec.gov/hmda/submit.htm>). ■

CY 2003 submissions, due March 1, 2004—via Internet e-mail. Securely prepare CRA and HMDA data for Internet submission by utilizing the FFIEC Data Entry Software. Download a free copy of the software from the FFIEC web site (<http://www.ffiec.gov/crahmdacf/default2.cfm>). ■

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FFIEC Rate Spread Calculator
Released June 2003 on the FFIEC HMDA Web Site

The FFIEC has developed a rate spread calculator to assist HMDA reporting institutions with the new Regulation C requirements for reporting Rate Spread data effective for 2004 HMDA data and forward (<http://www.ffiec.gov/ratespread>). The rate spread is the spread between the

Annual Percentage Rate (APR) and the comparable Treasury security for loan originations where the APR exceeds the applicable rate by a percentage specified by Regulation C.

The reporting requirement applies to originations of: home-purchase loans, home-improvement loans that are dwelling-secured, and refinancings. To expedite collection, a batch rate spread calculator computes the rate spread on multiple Loan/Application Registers (LARs). Prior to utilizing the calculator, we strongly recommend users review the Help files (<http://www.ffiec.gov/ratespread/Help.aspx>) for instructions that will assist in reporting accurate rate spreads. ■

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 data entry software, regulatory issues 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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