

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

December 31, 2004

**BANKING SUPERVISION AND REGULATION:  
REGULATION C AND  
DISPOSAL OF CONSUMER INFORMATION**

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

**Annual Notice of Asset-Sized Exemption Threshold for Depository Institutions (R-1219)**

The Federal Reserve Board has published its annual notice of the asset-size exemption threshold for depository institutions under Regulation C, which implements the Home Mortgage Disclosure Act (HMDA).

The asset-size exemption for depository institutions will increase \$1 million to a level of \$34 million based on the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers for the twelve-month period ending in November 2004. As a result, depository institutions with assets of \$34 million or less as of December 31, 2004, are exempt from data collection in 2005. An institution's exemption from collecting data in 2005 does not affect its responsibility to report the data it was required to collect in 2004.

The adjustment is effective January 1, 2005.

HMDA and the Board's Regulation C require most depository institutions and certain for-profit, non-depository institutions to collect, report, and disclose data about applications for, and originations and purchases of, home mortgage loans, home improvement loans, and refinancings. Data reported include the type, purpose, and amount of the loan; the race, ethnicity, sex, and income of the loan applicant; and the location of the property. The purposes of HMDA include helping to determine whether financial institutions are serving the housing needs of their communities and assisting in fair lending enforcement.

**Agencies Announce Final Rules on Disposal of Consumer Information (R-1199)**

The federal bank and thrift regulatory agencies have announced interagency final rules to require financial institutions to adopt measures for properly disposing of consumer information derived from credit reports.

Current law requires financial institutions to protect customer information by implementing information security programs. The final rules require institutions to make modest adjustments to their information security programs to include measures for the proper disposal of consumer information. They also add a new definition of "consumer information."

The agencies' final rules implement section 216 of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act) and include this new statutory requirement in the *Interagency Guidelines Establishing Standards for Safeguarding Customer Information* (retitled the *Interagency Guidelines Establishing Standards for Information Security*), which were adopted in 2001.

The final rules will take effect on July 1, 2005.

**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 annual adjustment and final rules on disposal of consumer information, please contact our Banking Supervision and Regulation Department at (415) 974-3028.

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Attachments: [Docket R-1219](#)  
[Docket R-1199](#)