

# Rules and Regulations

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## FEDERAL RESERVE SYSTEM

### 12 CFR Part 203

[Regulation C; Docket No. R-1590]

RIN 7100 AE-92

#### Home Mortgage Disclosure

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Final rule.

**SUMMARY:** The Board of Governors of the Federal Reserve System (Board) is repealing its Regulation C, which was issued to implement the Home Mortgage Disclosure Act (HMDA). Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) transferred rulemaking authority for a number of consumer financial protection laws, including HMDA, from the Board to the Bureau of Consumer Financial Protection (Bureau). HMDA requires covered financial institutions to collect and report loan data in connection with residential mortgage applications and loans. Although the Board retains authority to issue some consumer financial protection rules, all rulemaking authority under HMDA concerning mortgage loan transactions was transferred to the Bureau. In December 2011, the Bureau published an interim final rule establishing its own Regulation C to implement HMDA, which superseded the Board's Regulation C. In October 2015, the Bureau revised its own Regulation C to expand and revise the data collection and reporting regime required under HMDA, as amended by the Dodd-Frank Act. In April 2016, the Bureau published a final rule adopting the December 2011 interim final rule, as revised by the October 2015 final rule. Accordingly, the Board is repealing its Regulation C and the Official Staff Commentary that accompanies the regulation.

**DATES:** The final rule is effective January 22, 2018.

**FOR FURTHER INFORMATION CONTACT:** Nikita M. Pastor, Senior Counsel, Division of Consumer and Community Affairs, at (202) 452-3667, Board of Governors of the Federal Reserve System, 20th and C Streets NW, Washington, DC 20551. For users of Telecommunications Device for the Deaf (TDD) only, contact (202) 263-4869.

#### SUPPLEMENTARY INFORMATION:

##### I. Background

The Home Mortgage Disclosure Act (HMDA), 12 U.S.C. 2801 *et seq.*, historically was implemented by the Board's Regulation C, published at 12 CFR part 203. The purpose of the act and regulation is to provide the public with sufficient information about mortgage loans to determine whether financial institutions are serving the housing credit needs of their communities; encourage private investments to areas in need; and collect and report applicant and borrower characteristic data to identify potential lending discrimination. Accordingly, HMDA requires covered financial institutions to report loan data in connection with mortgage loan applications.

Title X of the Dodd-Frank Act transferred rulemaking authority for a number of consumer financial protection laws from the Board to the Bureau, effective July 21, 2011, with some exceptions. In connection with the transfer of the Board's rulemaking authority for HMDA, the Bureau published an interim final rule to establish its own Regulation C, 12 CFR part 1003, to implement HMDA (Bureau Interim Final Rule).<sup>1</sup> In October 2015, the Bureau finalized its own Regulation C, including rules that expand and revise the data collection and reporting regime required under HMDA, as amended by the Dodd-Frank Act.<sup>2</sup> In April 2016, the Bureau published a final rule adopting the December 2011 interim final rule, as revised by the October 2015 final rule. Accordingly, the Board is repealing its Regulation C and the Official Staff Commentary that accompanies the regulation.<sup>3</sup>

<sup>1</sup> 12 CFR part 1003. See 76 FR 78465 (Dec. 19, 2011).

<sup>2</sup> See *Home Mortgage Disclosure (Regulation C)*, 80 FR 66128 (Oct. 28, 2015), as amended by 82 FR 43088 (Sept. 13, 2017).

<sup>3</sup> See 81 FR 25323 (April 28, 2016).

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Under Section 1029(a) of the Dodd-Frank Act, the Board generally retains authority to issue rules for certain motor vehicle dealers that are predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of motor vehicles, or both. For purposes of Section 1029, a "motor vehicle" is defined to include, among other things, motor homes, recreational vehicle trailers (RVs) and recreational boats.<sup>4</sup> The Dodd-Frank Act also provided several exceptions to the Board's rulemaking authority over motor vehicle dealers. Specifically, Section 1029(b)(1) of the Dodd-Frank Act provides that the Board's rulemaking authority does not apply to any motor vehicle dealer to the extent that the motor vehicle dealer "provides consumers with any services related to residential or commercial mortgages or self-financing transactions involving real property."<sup>5</sup> Thus, all rulemaking authority under HMDA concerning mortgage loan transactions was transferred to the Bureau. Accordingly, on February 22, 2016 (81 FR 8667), the Board published a proposal to repeal its Regulation C (Proposed Rule).

##### II. Discussion

Two commenters responded to the proposed repeal of the Board's Regulation C. These commenters supported the Board's proposal to repeal its Regulation C in order to avoid confusion and simplify compliance. The Board is finalizing the repeal of Regulation C, as proposed.

As discussed in the proposal, entities that are subject to HMDA must collect and report loan data to the appropriate federal agency on its housing-related loan activities (*i.e.*, mortgage loan applications). HMDA's requirements concerning mortgage loans were implemented in Regulation C to apply to home purchase loans secured by a dwelling (or refinancings) and home improvement loans.<sup>6</sup> The Dodd-Frank

<sup>4</sup> Dodd-Frank Act, Public Law 111-2033, Section 1029(f)(1).

<sup>5</sup> Dodd-Frank Act, Public Law 111-2033, Section 1029(b)(1).

<sup>6</sup> Regulation C covers loans secured by a "dwelling," which is defined as any residential structure, whether or not it is attached to real property, which would include mobile homes or manufactured homes. 12 CFR 1003.2. Under the Bureau's 2015 final rule, however, recreational vehicles used as a residence are not covered as

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Act transferred the Board's rulemaking authority under HMDA and other enumerated consumer protection laws to the Bureau, but Section 1029 of the Dodd-Frank Act also preserved the Board's rulemaking authority over certain motor vehicle dealers, with some exceptions. The rulemaking authority retained by the Board under Section 1029, however, does not extend to residential or commercial mortgages or self-financing transactions involving real property.<sup>7</sup> Thus, all rulemaking authority under HMDA, which pertains only to mortgage loan transactions, was transferred to the Bureau. The repeal of the Board's Regulation C, 12 CFR part 203, also repeals the Official Staff Commentary that accompanies the regulations.

### III. Final Regulatory Flexibility Analysis

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) (RFA) generally requires an agency to perform an assessment of the impact a rule is expected to have on small entities. Based on its analysis, and for the reasons stated below, the Board believes that this final rule will not have a significant economic impact on a substantial number of small entities.

**1. Statement of the need for, and objectives of, the proposed rule.** As noted above, title X of the Dodd-Frank Act transferred rulemaking authority for HMDA and other enumerated consumer financial protection laws from the Board to the Bureau, effective July 21, 2011. Although the Board retains authority to issue some consumer financial protection rules, all rulemaking authority under HMDA concerning mortgage loan transactions was transferred to the Bureau. In December 2011, the Bureau issued an Interim Final Rule to implement HMDA pursuant to the transfer of rulemaking authority, as amended further by final rules issued by the Bureau in October 2015, pursuant to the Dodd-Frank Act. Accordingly, the Board is repealing the Board's Regulation C, 12 CFR part 203, and the Official Staff Commentary that accompanies the regulation, which has been superseded by the final rules issued by the Bureau.

**2. Summary of issues raised by comments in response to the initial regulatory flexibility analysis.** The

dwellings for purposes of HMDA. See 80 FR 66128, 66145 (Oct. 28, 2015).

<sup>7</sup> Section 1029(b)(1) of the Dodd-Frank Act states: Subsection (a) shall not apply to any person, to the extent such person (1) provides consumers with any services related to residential or commercial mortgages or self-financing transaction involving real property. . . . 12 U.S.C. 5519(b).

Board did not receive any comments on the initial regulatory flexibility analysis.

**3. Small entities affected by the final rule.** Any entity that is currently covered by HMDA is subject to the rules issued by the Bureau, located in 12 CFR part 1003. Therefore the Board believes the repeal of its Regulation C will not affect any entity, including any small entity.

**4. Recordkeeping, reporting, and compliance requirements.** The final rule repeals the Board's Regulation C, 12 CFR part 203, and therefore does not impose any recordkeeping, reporting, or compliance requirements on any entities.

**5. Significant alternatives to the final revisions.** Because the repeal of Regulation C will have no impact, there are no alternatives that would further minimize the economic impact of the final rule on small entities.

### IV. Paperwork Reduction Act

In accordance with the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3506; 5 CFR 1320 Appendix A.1), the Board reviewed the rule under the authority delegated to the Federal Reserve by the Office of Management and Budget (OMB). The final rule contains no collections of information under the PRA. See 44 U.S.C. 3502(3). Accordingly, there is no paperwork burden associated with the final rule.

### List of Subjects in 12 CFR Part 203

Banks, Banking, Federal Reserve System, Mortgages, Reporting and recordkeeping requirements.

### PART 203—[REMOVED AND RESERVED]

■ For the reasons set forth in the preamble, under the authority of 12 U.S.C. 5581, the Board removes and reserves Regulation C, 12 CFR part 203.

By order of the Board of Governors of the Federal Reserve System.

**Ann E. Misback,**

*Secretary of the Board.*

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## DEPARTMENT OF HOMELAND SECURITY

### Coast Guard

#### 33 CFR Part 117

[Docket No. USCG-2017-1048]

### Drawbridge Operation Regulation; Merrimack River, Newburyport, MA

AGENCY: Coast Guard, DHS.

**ACTION:** Notice of deviation from drawbridge regulation.

**SUMMARY:** The Coast Guard has issued a temporary deviation from the operating schedule that governs the US1 Bridge across the Merrimack River, mile 3.4, at Newburyport, MA. The deviation is necessary to replace the electrical power and control systems which are at the end of their life cycle. This deviation allows the bridge to be closed to navigation.

**DATES:** This deviation is effective from 12:01 a.m. on January 2, 2018 through 11:59 p.m. on April 15, 2018.

**ADDRESSES:** The docket for this deviation, USCG-2017-1048 is available at <http://www.regulations.gov>. Type the docket number in the “SEARCH” box and click “SEARCH”. Click on Open Docket Folder on the line associated with this deviation.

**FOR FURTHER INFORMATION CONTACT:** If you have questions on this temporary deviation, call or email Mr. Jeffrey Stieb, First Coast Guard District Bridge Branch, Coast Guard; telephone 617-223-8364, email [Jeffrey.D.Stieb@uscg.mil](mailto:Jeffrey.D.Stieb@uscg.mil).

**SUPPLEMENTARY INFORMATION:** The owner of the bridge, the Massachusetts Department of Transportation, requested a temporary deviation. The existing electrical power and control system malfunctions and is at the end of its expected life. The US1 Bridge across the Merrimac River, mile 3.4, at Newburyport, Massachusetts, has a vertical clearance in the closed position of 35 feet at mean high water. The existing bridge operating regulations are found at 33 CFR 117.605.

This temporary deviation allows the bridge to remain in the closed to navigation position from 12:01 a.m. on January 2, 2018 through 11:59 p.m. on April 15, 2018. The deviation will have negligible effect on vessel navigation. The waterway is transited primarily by seasonal recreational vessels of various sizes. During this time period, no requests for an opening were made in 2016 and only one request was made in 2017.

Vessels that can pass through the bridge in the closed position may do so at anytime. The bridge will not be able to open for emergencies; however, Coast Guard and harbormaster vessels are able to pass through the bridge in the closed position. The Newburyport and Salisbury harbormasters support the repair work being conducted in the winter season rather than the recreational boating season. The Massachusetts Department of Transportation has notified local yacht