



September 28, 2006

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th St. and Constitution Avenue
Washington DC 20551

RE: Proposed Agency Information Collection Activities, HMDA, FR-Y10

Dear Ms. Johnson:

Per the Paperwork Reduction Act of 1995, your agency requests comments regarding the necessity of the collection of information required by the Home Mortgage Disclosure Act (HMDA). The National Community Reinvestment Coalition (NCRC), the nation's economic justice trade association of 600 community organizations, believes that collection of information required by HMDA is imperative for the proper performance of the functions of the Federal Reserve Board (FRB). In order to improve the utility of HMDA and the FRB's ability to carry out its mission, HMDA data must be enhanced, not diluted.

The statutory purposes of HMDA include helping to determine whether financial institutions are serving the needs of their communities and assist in identifying possible discriminatory lending and enforcing anti-discrimination statutes. The FRB has obligations under the Community Reinvestment Act (CRA) to assess if banks are meeting the credit needs of their communities. HMDA is vital to the FRB serving its function of scrutinizing the CRA performance of institutions in meeting housing needs. In addition, the Equal Credit Opportunity Act (ECOA), the Fair Housing Act, and other fair lending laws require the FRB to identify and penalize banks engaging in discrimination. HMDA assists in identifying discrimination by providing data on lending patterns by race, gender, and income of borrower.

If HMDA data was not publicly available, the FRB's ability to identify discrimination would be seriously reduced. Loan file reviews, in the absence of HMDA data, would not provide a sufficient substitute because loan file reviews cannot adequately compare a particular bank's lending pattern against its peers. Only HMDA data can provide a systematic comparison between a bank's lending pattern and that of its peers. HMDA data and loan file reviews complement each other; they cannot substitute for each other.

HMDA data must be enhanced so that it can fully realize the statutory objective of identifying possible discriminatory lending. Necessary enhancements include price information for all loans, not just high cost loans; whether loans have fixed or adjustable rates; loan-to-value ratios; debt-to-income ratios; credit score information; and information on points and fees.



Lending institutions will complain that this additional data collection is burdensome, but a large number of institutions already collect this information for their internal analyses. In addition, financial trade associations will state that the additional information will be misunderstood and misused by the public. These complaints have been raised repeatedly since HMDA data requirements were first implemented. Instead of imposing burdens and increasing reputational risk, HMDA data has increased the equity and efficiency of the lending marketplace. Markets thrive on the flow of information and knowledge. HMDA data analysis has exposed unfair pricing and/or denials of loan applications and has thereby opened up market opportunities for institutions to serve the populations experiencing disparate treatment. HMDA is a win-win proposition, increasing wealth building opportunities for residents of traditionally underserved neighborhoods and increasing profitable business opportunities for financial institutions.

NCRC urges the regulatory agencies to preserve and expand HMDA data collection. Thank you for the opportunity to comment on this important matter. Please do not hesitate to contact myself or Josh Silver, Vice President of Research and Policy, on 202-628-8866 if you have any questions. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "John Taylor". The signature is written in a cursive, flowing style.

John Taylor
President and CEO