

**Statement of Lisa Rice, Vice President
National Fair Housing Alliance**

**Federal Reserve Board Public Hearing on
Regulation C: Home Mortgage Disclosure Act (HMDA)**

Thank you for this opportunity to comment on the regulations that implement the Home Mortgage Disclosure Act.

We have been able to glean very helpful information from HMDA data. It is HMDA data that revealed that African-Americans and Latinos disproportionately received higher cost loans, even after controlling for elements like income and loan amount. The data made available by HMDA is compelling and demonstrates that much more must be done to address lending disparities. The data has been used by fair housing organizations to target limited resources to areas that demonstrate the greatest disparities. It has also been used by fair housing groups to help identify reinvestment opportunities. However, there is no doubt that additional data elements will improve the efficacy of the data.

Dodd-Frank will add important additional fields like age and points and fees. In our more detailed comments, we describe the need to collect more fields beyond those covered in Dodd-Frank such as Loan to Value Ratio, Cumulative Loan to Value Ratio, Debt to Income Ratio, and Type of Loan. NFHA also strongly encourages the collection of the three items identified in Dodd-Frank that are left up to the discretion of the CFPB – Loan Originator Unique Identifier Number, Universal Loan Identifier Number and Parcel Number.

I must note that while NFHA is pleased to see the credit score included as a collectable item under Dodd-Frank, we continue to raise our concerns that the use of credit scoring mechanisms, at least in their current form, undoubtedly perpetuate discriminatory outcomes. The use of credit scores continues to raise fair lending concerns.

NFHA also encourages expanding HMDA to include servicing data. Currently, under HAMP, many servicers are collecting and reporting critically important data on HAMP modification applicants. However, most modifications are exercised outside of HAMP. This severely limits the public's and government's ability to monitor fair lending issues as it relates to homeownership preservation.

HMDA should be expanded to cover all loans. All institutions providing mortgage loans, loans used for any housing related purpose or loans that are secured by residential properties need to report HMDA. And, HMDA data should be collected on all loans including HELOCs and Reverse Mortgages. We need a complete picture of what is happening. The housing finance sector is too important to the entire economy for us not to understand what is happening in that space.

While expanding HMDA is critically important to help us understand and track what's happening in the lending sector, the data will not be helpful if it is not accurate. Fair housing professionals and attorneys representing fair lending plaintiffs have reported wide spread inaccuracies in the HMDA data including, excluding alleged victims of lending discrimination from the HMDA data. Therefore, measures must be taken to insure that the data is correct. Lenders who do not report data accurately must be reprimanded and must face penalties particularly when they misreport data related to a fair lending complaint.