Home Mortgage Disclosure Act Public Hearings, September 16, 2010
Panel One: Jeanine Catalano

Jeanine Catalano:
Thank you. Good morning, Governor Duke, Director Braunstein, members of the Consumer Advisory Council and Staff. It's great to be here. My name is Jeanine Catalano, and I'm honored to participate in this very, very important event. I have worked in the banking industry for over three decades, which is about the amount of time that HMDA has been around. That's a frightening thought to me. I began my career in the bookkeeping department of a small community bank in Central Illinois. I then became a bank examiner and I worked for several of the banking agencies including the Federal Reserve Board. I worked as a regulator for about 16 years. Some of my regulatory duties included conducting examinations of banks, assisting in the development of examination procedures, processes and policies. I supervised troubled institutions and recommended enforcement actions. Subsequent to that public service portion of my career, I served the industry as a consultant for about 12 years and then became a compliance officer for two different large banks who did considerable amount of residential real estate lending. I'm currently a special advisor for the Promontory Financial Group. Even though I work for Promontory, I wanted to make clear that my comments today are mine and do not represent those of Promontory's. I commend the Federal Reserve for sponsoring this series of hearings and seeking information to help the board evaluate whether the 2002 Reg C revisions that require lenders to report mortgage pricing data, whether or not that provided useful and accurate information about the mortgage market and assess the need for additional data and improvements and identify merging issues in the mortgage market that may warrant additional research. I believe that having these ongoing and outgoing dialogues on these matters is extremely important. I will reserve most of my specific comments for the question and answer in the dialogue portion of the panel and I'm going to limit my opening remarks here just to several portions of the Dodd-Frank bill.

Can you still hear me? Okay, of the Dodd-Frank Wall Street Reform and Consumer Protection Act because I believe this bill, in a way, answers a lot of the questions that were first ask when this hearing was put together and the questions that the board is seeking input on. In addition, this bill really changes the regulatory structure and I think it provides a very new and different approach on regulatory matters that I think, I believe, actually will further the purposes of HMDA.

So let me focus just a little bit on some of the HMDA changes in this bill. I'm just gonna call it Dodd-Frank from now on. [laughter] It's too long of a name. The enactment of the Dodd-Frank Act, I believe, has signaled the start of numerous and sweeping changes in the industry. So some of these changes are obviously specific to HMDA and many of them are not, but the changes to HMDA call for increasing the data that lenders will be required to submit. So we already know that's a done deal. These data include things such as the age of the applicant, information about the application and the loan, including total points and fees, the difference between the APR and the benchmark rate, the value of the property securing the loan, the term of the loan, the channel in which the loan was acquired, the introductory interest rate period, whether the loan is fully amortizing, credit score and prepayment details. That's quite a bit of information about the applicant or the loan. And in addition to that, each originator will be assigned a unique identifier.  So because this Dodd-Frank bill already calls for additional data, I think the question about whether or not additional data should be collected has already been answered.  I do believe in general that collecting additional data is useful and can be beneficial.  I also believe that there are possible issues with respect to collecting additional data.

So let me talk just briefly, introduce some of these issues.  They're not new issues.  I think many people here are well aware of the issues.  I only bring them up for those who may not be aware of them or may want to think about them a little bit more.  So first the monitoring data that is collected, at times it has been lacking.  It has been incomplete. So, for example, I noted, this goes back sometime, I'm sorry I don't have more recent numbers but I know at least back in ‘99 nearly 39 percent of the refi loans were missing data.  The other issues have to do with privacy and the fact that many institutions have been penalized, not penalized, have had enforcement actions because they have not had good data integrity.  So I'll reserve the remaining of my comments for later.  Thank you.