

The Home Mortgage Disclosure Act Public Hearing, August 5, 2010
Panel One: John Courson

John Courson:

Thank you, Director Braunstein, and state officials. I appreciate the opportunity to be here. I can tell you that, you know, I've been around the mortgage business over 50 years. And you know it's been too long when the last time I was in this room was testifying at a HMDA hearing in 2002, so this is Groundhog Day for me.

At MBA we have long supported the transparency in the mortgage process, the original purposes of HMDA. And while, obviously, this transparency is central to HMDA's purposes and the efficient operation of the mortgage market itself, the requirements for additional HMDA data obviously do not come without their own costs. It's our members, day to day, who collect this data. It's our members and customers who are most affected by the changes to these requirements that ultimately bear any increased financial and other costs.

HMDA data requirements have not been static. As I just mentioned, they obviously expanded in early 2000 with the collection of loan pricing. And now we know, as the Director mentioned, that the Dodd-Frank Wall Street Consumer Protection Act has a long list of HMDA data requirements which will ultimately be implemented by the new Consumer Financial Protection Bureau. These, of course, include a long list of data to be included, which are total points and fees, rate spreads for all loans, credit scores, and many other items.

We're concerned that the process of implementing these changes are obviously going to be a challenge for government, a challenge for the industry, and a challenge for the consumers. So further additions to these elements by regulation could really unnecessarily increase the regulatory burden and potentially compromise the privacy of borrowers. Let me just talk about, if I may, the following principles that should guide any consideration of additions to HMDA.

The first is, protection of individual privacy must be of paramount concern. Dodd-Frank requires the collection and reporting of credit scores and, as the CFPB may determine appropriate, parcel identification numbers, and other loan data directly dealing with the individual data from consumers. We are very concerned about the need for privacy and, as great a concern, the need for identity theft, which we know is out there in very sophisticated forms.

While we believe that the credit score information explains many differences in denials in loan pricing, it should be reported to regulators and disseminated in a useful form. It could certainly require borrowers to publicly disclose this kind of data on a loan-level basis.

A second principle is, careful consideration should be given whether to require -- whether additional requirements are necessary, considering the new Dodd-Frank requirements in the legislation. The changes to the HMDA data requirements in Dodd-Frank are among the numerous rules that will be promulgated by the CFPB. So we want to make sure that the Asian data requirements should not be duplicative of the data that's required in Dodd-Frank and become unduly burdensome.

Also, the Dodd-Frank prohibits certain loan features, such as YSP, the development of underwriting criteria for safe harbors, and other terms, such as "no-doc" and "low-doc." And so, some of the proposed changes, by regulation, may well be dealt with through the regulation and rulemaking that's coming out of Dodd-Frank and prove additional regulation for that regulation is unnecessary.

The third principle would be an effort to include essentially all factors that may be considered by lenders in the origination may be unnecessary. The data set within the Dodd-Frank changes include abundant data relevant to determining additional fair lending investigations may be warranted. Considering the uniqueness of underwriting determinations, final determinations still require materials and loan files. I would be happy to talk about that in questions and answers in more detail.

The last is -- the fourth data is data fields should not be added in a piecemeal manner unnecessarily. As I've said a couple of times, the Dodd-Frank has a robust list of items that will be included within the HMDA data and, at the same time we're dealing with that, to try to, in addition, deal with additional data sets that might be coming forth through regulation, will be very difficult for government, will be very difficult for the industry to try to deal with coping with two sets of data and implemented at different times.

I certainly appreciate the opportunity to testify. I know we'll have a robust question-and-answer session, and I look forward to that opportunity. Thank you.