

Home Mortgage Disclosure Act Public Hearings, September 24, 2010
Panel One: Lisa Rice

LISA RICE:

Thank you for this opportunity to comment on the regulations that implement the Home Mortgage Disclosure Act. I'm Lisa Rice with the National Fair Housing Alliance. We have been able to glean very helpful information from HMDA. The HMDA data, for example, reveals that African Americans and Latinos disproportionately receive higher cost loans, even after controlling for elements like income and loan amount.

The data made available by HMDA is very compelling and demonstrates that much more needs to 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's no doubt that additional data elements will improve the efficacy of the data and the usefulness 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 data fields beyond those covered in Dodd-Frank, such as the loan to value ratios, cumulative loan to value ratio, the debt to income ratio and the 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: the loan originator number, the universal loan identifier number and the parcel number.

I must note that while NFHA is pleased to see the credit score included as a collectible 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 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 secured by residential properties need to report HMDA data. We need a complete picture of what is happening. The housing finance sector is too important to the entire economy, and it is critically important, particularly at the micro-economy level for us not to understand what is happening in that space.

There are some who are calling for the elimination of information on preapprovals. This would be a grave mistake. It is often at this stage that discrimination occurs, and we need to know what is happening to consumers at the preapproval stage.

While expanding HMDA is critically important to help us understand and track what is 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 the exclusion of alleged victims of lending discrimination from the HMDA data. Therefore, measures must be taken to ensure that the data is correct. Lenders who do not report data accurately must be reprimanded and must face stiff penalties, particularly when they misreport data related to a fair lending complaint. Thank you.