Home Mortgage Disclosure Act Public Hearings, September 24, 2010
Panel Three: Robert Mooney

ROBERT MOONEY:
Dr. Braunstein, thank you for your invitation. We support efforts to review HMDA data requirements, especially in light of the new provisions of Dodd-Frank, and thank you for the opportunity to express my views. We think we are committed to protecting consumers and ensuring bank compliance with fair lending laws; therefore, HMDA data is a critical data source for the FDIC. It serves as an important tool for identifying potential discrimination, and we use it in several ways. HMDA data analyses is a part of every bank compliance examination. We also conduct annual analyses of the data from FDIC supervised banks to identify those that warrant additional scrutiny, so-called outliers that have significant pricing and denial disparities for minorities or females in one or more product categories.

Since 2005, the annual outlier review has resulted in the referral of 12 potential cases of pricing discrimination to the Department of Justice. During this same period, we also referred 90 other potential cases to DOJ, some of which resulted from examiner analysis of HMDA data during the course of regularly scheduled examinations.

We also referred two of these pricing outlier cases in another fair lending case to the FTC.

Examiners also use HMDA data to prepare CRA performance evaluations, and the data can also alert regulators to lending disparities that may arise between scheduled examinations. FDIC economists use the data to analyze various aspects of national, regional, and local housing markets, and of course, the HMDA data provides critical information to the public for analyzing the broad housing market.

However, while the information has been useful, the data has not provided certain information that policymakers could use to help ensure that the problematic trends and practices of the past do not repeat themselves. For this reason, the FDIC welcomes the additional requirements called for by Dodd-Frank, and we expect them to result in more focused fair lending reviews. Loan pricing and underwriting can be affected by factors that HMDA has not required lenders to report here to fore. And the new reporting requirements should streamline the screening process for identifying discrimination.

Now, regarding the timing of HMDA reporting, we note that a limitation of HMDA is the length of time between when loans are made and when HMDA data are reported. For example, 2009 data is only now being released to the public. While the regulators have had some of the data for several months, it is still long past when the lending took place. This limits its usefulness for responding to what is currently happening in the broad mortgage marketplace.

Perhaps consideration should be given to whether more frequent reporting is practical. Such a change could allow more rapid supervisory response to potential problems that may be revealed by the new data elements required by Dodd-Frank.

The FDIC looks forward to continue the discussion about HMDA data.

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