

Home Mortgage Disclosure Act Public Hearing, July 15, 2010  
Panel Two: Stella Adams

Sandra Braunstein:

For the second panel, we are going to follow the same rules as the first panel. I will start with opening statements from each of our panelists, and I would ask you hold them to five minutes. There will be a timekeeper--where's Kelly [phonetic]?

[ Inaudible Remark ]

Sandra Braunstein:

Oh, okay. She went to look for Susan.

[ Laughter ]

Sandra Braunstein:

Well, we're doing double duty. There will be a timekeeper sitting next to where that photograph is currently sitting, and he'd--they'll hold up signs. So if you would kind of watch for that, letting you know when your time is up, and we're gonna start with Stella Adams. And so, five minutes, Stella, and welcome to the hearing, and thank you for coming.

Stella Adams:

Thank you. Thank you, all, for inviting me.

I wanna begin by reminding us all of the purposes of HMDA that Governor Duke spoke of this morning, because it is this purpose that drives all of my comments and concerns. Congress recognized that some depository institutions, and I quote, "contributed to the decline of certain geographic areas by their failure pursuant to their chartering responsibilities to provide adequate home financing to qualified applicants on reasonable terms and condition.

The purpose of HMDA is to provide the citizens and public officials of the United States with sufficient information to enable them to determine whether depository institutions are filling their obligations to serve the housing needs of the communities and neighborhoods in which they are located, and to assist public officials in their determination of the distribution of public sector investments in a mannered design to improve the private investment environment." And finally, and importantly to me, the FIRREA Amendments of 1989 required the collection and disclosure of data about applicant and borrower characteristics to assist in identifying possible discriminatory lending patterns, and enforcing anti-discrimination statutes.

I believe that current HMDA regulations and collections fail to adequately address the three mandated purposes for the law, and therefore, we must consider any proposed changes to HMDA on how well they address these clearly articulated goals.

We have been asked to consider several questions, I will attempt to address just a few of them, but I believe strongly that we should collect additional information, including credit scores, LTV, combined LTV, VTI, rate spreads on all loans, private tax of loans, the more detailed documentation loan type, gross margins of ARM's, minimum and maximum mortgage rates for ARM's, initial periodic rate caps on ARM's, and the index used for ARM's.

The benefits of these additional collections are that they will allow regulators and communities to determine if financial institutions are providing qualified applicants with mortgage loans on reasonable terms and conditions. One of the great tragedies that come out of this crisis is the fact that 35 to 60 percent of the borrowers who receive subprime products, qualified for prime products. These same borrowers are bearing the brunt of the current foreclosure crisis that is currently contributing to the decline of many of our neighborhoods. This data would allow governmental entities to allocate taxpayer dollars more efficiently and effectively, by allowing them to track trends, allocate public dollars in a way that ensures that all segment of their communities have access to capital, and that they are investing public money to stimulate private capital, not subsidize it. Get out [whisper].

Female speaker:

You missed [inaudible]--

[ Laughter ]

Stella Adams:

So Sandy, please ask me some questions, like--

[ Laughter ]

Sandra Braunstein:

No problem. I will.