

Statement of Angelo V. Vitale
Federal Reserve Board Hearing on Potential Revisions to Regulation C
Implementing the Home Mortgage Disclosure Act (HMDA)

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(Federal Reserve Bank of Chicago)

My name is Angelo Vitale and I am Vice President and Corporate Counsel of Quicken Loans. I appreciate your invitation to participate in today's hearings and to offer my thoughts on behalf of Quicken Loans regarding potential revisions to the Home Mortgage Disclosure Act (HMDA) requirements.

Quicken Loans is the nation's largest online retail mortgage lender and one of the largest overall retail home lenders in the United States. In 2009, we closed more than 123,000 conventional and FHA loans totaling over \$25 billion in retail home loan volume across all 50 states. Quicken Loans employs more than 3,000 full-time team members and generates loans from five web centers located in Michigan, Ohio and Arizona. We also operate a large centralized loan processing center in Michigan as well as our San Diego based One Reverse Mortgage unit. Accordingly, we devote significant time, attention and resources to our ongoing compliance efforts, especially as it relates to fair lending. We are committed to always "doing the right thing".

One of the primary reasons HMDA was originally enacted was to assist in identifying possible discriminatory lending patterns and to facilitate enforcement of anti-discrimination laws. Regulators have consistently and publicly acknowledged that analysis of HMDA data in and of itself does not prove or disprove discriminatory lending has occurred, however, review of the data is helpful in determining whether a "deeper dive" into the entire content of underlying loan files may be warranted. Legitimate, law abiding residential mortgage lenders have no quarrel with this objective. In fact, we closely review the HMDA data to measure and monitor our own individual performance and we also use it as a comparator to other lenders' performance, utilizing the aggregated HMDA data compiled annually by the Federal Financial Institutions Examination Council (the FFIEC).

However, we are also acutely aware of the reasonable expectations of our customers that we will respect and safeguard their privacy in their dealings with us. Consumers entrust us with highly sensitive personal financial information which we need in order to carefully evaluate their financial condition and to assist them in deciding whether to enter into a substantial, long term, loan repayment obligation, in exchange for which they offer the very roof over their heads as collateral. As such, I cannot express strongly enough that the public's need for transparency through access to HMDA data must be very carefully balanced with the legitimate privacy rights and expectation of mortgage applicants. The Board must be cognizant that to the extent HMDA data (either on a stand-alone basis or in combination with other publicly available data) can be utilized to identify individual loan applicants, such data should not under any circumstances be made publicly available. Even though lenders and regulators alike may find the expansion of HMDA reporting requirements by including key underwriting data such as credit score, loan-to-value and debt-to-income ratios to be useful in evaluating lending patterns and practices, the professed "need" for access to such data by the public is far less compelling and would unnecessarily intrude on the legitimate privacy rights and expectations of loan applicants.

Furthermore, to the extent the Board is considering expanding the scope and coverage of HMDA to require reporting by additional types of institutions such as mortgage brokers and other depository and non-depository lenders who currently fall below HMDA's size and activity thresholds, we are of the opinion that such an expansion may indeed be warranted. The collection of pertinent data from a wider array of entities active in the mortgage lending arena will likely provide a more accurate picture of national and local lending patterns and practices. The proposed widening of the scope and coverage of HMDA may assist all reporting lenders, regulatory agencies and the public in comparing lender performance using the aggregated data compiled by the FFIEC.

However, it is imperative that the Board, in considering the possible expansion of the scope and coverage of HMDA, take into account the fact that newly covered lenders will need to make expensive and labor intensive technology investments to ensure compliance. Similarly, to the extent new data elements may be required to be provided, lenders who are currently obligated to report will also have to allocate additional resources, at considerable expense, to make the technological enhancements to their loan origination systems and other integrated software programs in order to continue to ensure accurate and timely HMDA reporting. Therefore, it is critically important that a reasonable implementation period be given to all reporting lenders to implement such changes as the Board may ultimately require.

Finally, it is crucial that the Board be mindful of the significant challenges that mortgage lenders face on a day-to-day basis in attempting to comply with the multitude of overlapping laws and regulations that often lead to confusing and/or conflicting interpretations. For example, it is well known throughout the mortgage industry that various conflicting definitions and disclosure requirements under ECOA, RESPA and TILA have caused, and continue to cause, significant compliance challenges for lenders, regulators and consumers alike.

In light of the recent passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act, extensive rule making is about to ensue which will necessitate disclosure of additional loan data by mortgage lenders which may be duplicative of many of the proposed HMDA revisions being contemplated by the Board. It would be unreasonable and counter-productive to impose upon lenders the burden and expense commensurate with the obligation to make significant reporting changes within a relatively short time period at the behest of both the Board and the newly created Consumer Financial Protection Bureau (the CFPB). A consistent collaborative and cohesive approach by the Board and the CFPB to revising HMDA data collection and reporting requirements will better serve the needs of lenders, regulators and consumers; disjointed, overlapping and inconsistent changes most certainly will not.

Once again, thank you for affording us the opportunity to participate in this hearing and for taking a widely inclusive and open-minded approach to these very important topics.