

From: "Carol Classen" <c.classen@detroitalliance.org> on 05/10/2004 05:22:24 PM
Subject: HOME MORTGAGE DISCLOSURE



Deborah L. Jones

President and CEO

May 10, 2004

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington DC 20551

RE: Docket No. R-1186

Dear Secretary Johnson:

The Detroit Alliance for Fair Banking ("Detroit Alliance"), a civil rights organization comprised of and representation of a coalition of citywide community based groups within the city of Detroit, appreciates the opportunity to comment on the **content and format of the Home Mortgage Disclosure Act (HMDA) public disclosure tables.**

Our history dates back to 1988 after a controversial newspaper series based on extensive

research, found and reported disparities and unfair racial patterns in mortgage lending by many of the Detroit area banks. Incorporated in 1989, our organizational mission is to monitor HMDA and CRA activity, and to provide collaborative advocacy in the areas of public policy and corporate citizenship with local financial institutions. Our purpose is to encourage and ensure that fair banking services are being provided, and that small businesses, urban dwellers and minorities who have traditionally been underserved or underrepresented are provided equal access to credit opportunities. The HMDA data drives the movement for economic justice within our community.

Banks and financial institutions are accountable for making loans to traditionally underserved communities only if data is publicly available that documents how many and what types of home loans institutions are issuing to women, minorities, and low- and moderate-income borrowers and communities. The publicly available data tables must be sufficiently detailed to enable the general public to assess if traditionally underserved communities are receiving affordable, prime loans or are disproportionately receiving high cost loans. Without public dissemination of data, it is impossible to hold individual lenders or the industry at large accountable for making progress in offering equal access to loans with fair rates at fair terms.

The publicly available data tables are indispensable for the ability of community organizations to hold lenders accountable. The notice of proposed rulemaking explains that some data on lending by gender and prices of certain loans will not be in the publicly available data tables because the general public can undertake additional analysis using the HMDA-LAR raw data available from the Federal Reserve Board.

Although the Detroit Alliance and a few of our member organizations can use the HMDA-LAR raw data, most of our community member organizations do not have the capacity to do so. For the vast majority of community groups and the public at large, the data tables are the equivalent of all the HMDA data that is publicly available. Therefore, the Detroit Alliance believes that these data tables must have sufficient detail in order for the new pricing, loan type, and pre-approval information to be widely available.

The Detroit Alliance for Fair Banking is requesting the Federal Reserve Board **to not delete data tables that describe lending by gender and to increase the amount of detail in the proposed data tables.** We anticipate that segments of the lending industry are likely to urge the Federal Reserve Board to reduce the number of summary data tables available to the public. They will claim that loan pricing information, for example, will be too easily misunderstood by the general public and will lead to unsubstantiated claims against certain lenders or the lending industry at large.

Far from widespread misunderstandings, the existing HMDA data has made possible significant

increases in lending to underserved populations precisely because it was made public. Community groups, public officials, community leaders and other stakeholders were able to engage lenders in dialogue over how to best overcome unmet credit needs identified through data analysis. This positive and proactive dialogue will have a greater chance of attaining fairness in pricing if the new HMDA data elements become widely available and discussed.

The Detroit Alliance for Fair Banking comments are as follows:

Data Tables Should Be “Downloadable”

The FDIC has a number of large databases on banks by asset size and bank branches by state and metropolitan area that can be downloaded directly from the FDIC web page into a format that can be read by Excel and other widely available software. Similarly, the Detroit Alliance urges the Federal Reserve Board and the Federal Financial Institutions Examination Council (FFIEC) to allow the general public to download the summary HMDA data tables into a format that can be read by Excel and other programs.

While most community groups will not use the HMDA raw data, a larger segment of them are eager to download the summary tables into Excel and other software. Currently, the summary tables can only be printed, resulting in hours of data entry for those who wish to engage in additional analyses. Based on our knowledge, there is no reason why HMDA tables cannot be in a downloadable format. As our democracy becomes more dependent on information for an engaged citizenry, federal agencies should make information available in a wide variety of formats.

Do Not Delete Tables on Lending by Gender

The Federal Reserve Board proposes to delete the Table 6 Series that provide detail on lending by gender and income. The rationale is that not many members of the general public find these tables useful. On the contrary, now that manufactured home loan data and other data elements are available, it becomes more important to have valuable information on what types of loans women are able to acquire. Moreover, the Table 6 Series is the only summary table available to the general public that considers lending to women of different income levels. For most members of the general public, the summary tables are effectively the only source of information for lending by particular lenders or the industry at large.

Manufactured Home Loan Data is Not Detailed Enough

In the tables of lending by census tract category or lending by groups of borrowers, the Federal Reserve Board proposes not to separately report lending trends by different purposes for manufactured home loans. In other words, the general public will only know how many manufactured home loans were offered for the purposes of home purchase, home improvement, and refinance lending considered together. The Detroit Alliance appreciates that the Federal Reserve Board is striving for a balance between the imperatives of comprehensiveness and succinctness of information. In this case, however, the Federal Reserve Board weighs too much on the side of succinctness.

At the very least, the general public needs information on how many home purchase loans were for traditional homes and how many were for manufactured homes for different groups of borrowers and census tracts. For instance, in the Table 4 Series, breaking out home purchase lending for manufactured homes versus traditional homes would result in only one or three more tables, depending on whether the separation is done for conventional home purchase, government-insured home purchase and/or conventional and government-insured home purchase lending combined.

Loans “Sold” Needs to Be Broken Out by Loan Type and Purpose

Table 3 Series provides information on loans sold by race, ethnicity, income of borrower, and minority and income level of census tract. The gender of the borrower is missing, and should be added. In addition, the Federal Reserve should further separate loan type and purpose for loans sold, in the same manner as Table 4 Series. Likewise, Detroit Alliance’s comment urging more information for manufactured home loans also applies to Table 3 Series.

Puerto Rico Census Tract Information for National Aggregate Tables

No Comment.

Pricing Information for Government-Insured Home Loans

In a new Table 11 Series, the Federal Reserve proposes not to include loan pricing information for government-insured loans, asserting that most of the public attention has focused on loan pricing information for conventional loans. Detroit Alliance believes it would not be difficult to add one or two tables on loan pricing information for government-insured loans precisely so that the general public can determine whether disparities in loan pricing is as important for government-insured home loans as for conventional loans. The Federal Reserve could add two tables for home purchase government-insured loans: one for first liens and one for subordinate liens as is done for the other tables.

More Information for Pricing for Manufactured Home Loans

Table 12 Series has pricing information for conventional manufactured home purchase loans, first liens. An additional table should be added for government-insured manufactured home purchase loans so that the general public can determine if pricing disparities are similar or different in the conventional or government-insured manufactured home loan market.

In addition, columns should show ranges of prices (percentage points above Treasury Rates) for manufactured home loans in Table Series 12 as is done for Table Series 11. In addition, since manufactured home loans have higher interest rates than traditional home purchase loans; one

more column (10 percentage points or more above Treasury rates) should be added. Finally, the table should clarify that the pricing information is based on loan approvals rather than applications as is done for Table 11 Series.

Pre-approvals by Minority, Income Level, and Gender of Borrower

The Summary Table A Series should include more information reporting pre-approvals resulting in loan originations and denials by minority, income level, and gender of borrower. A significant policy issue that motivated the inclusion of pre-approvals was whether traditionally underserved borrowers had as much access as whites to pre-approvals. Thus, in order to ascertain if this is the case, the data tables must have information by groups of borrowers and groups of census tracts.

Conclusion

The Detroit Alliance for Fair Banking appreciates this opportunity to comment on the proposed public disclosure tables. These tables are the most accessible format for HMDA data for most members of the general public. Accordingly, the data for lending by gender must be retained. Also, more detail must be added for the proposed tables regarding manufactured home lending, pricing information, and pre-approvals for different groups of borrowers. The Federal Reserve must enhance, and in no way, diminish the level of information in the proposed public disclosure tables. Continued progress against lending discrimination depends on clear and detail disclosure of lending patterns to various groups of borrowers and communities.

If you have any questions, please feel free to contact me at 313-871-9050.

Sincerely,

Deborah L. Jones
President and CEO

