October 29, 2014

Ms. Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G St NW
Washington, DC 20553

Re: HMDA data, Docket CFPB – 2014 – 0019, RIN 3170-AA10

Dear Ms. Jackson,

The National Housing Conference (NHC) appreciates the opportunity to comment on the Consumer Financial Protection Bureau's (CFPB) proposed rule on Home Mortgage Disclosure Act (HMDA) data. HMDA data is vitally important to understanding the current dynamics of the lending market as well as for identifying trends. It provides an understanding of how borrowers are being served with detail down to the local level. HMDA data provides information on credit availability, loan demand and performance, and the mortgage market as a whole, which is crucial for policy makers and government leaders to make good decisions about the housing finance system.

NHC welcomes CFPB's efforts to move forward on implementing the Dodd-Frank law to provide more data on the housing finance system and address some of the current dataset's limitations by expanding the data requirements. From that perspective, we offer a few comments on the proposed rule. In brief, we suggest that CFPB:

1. Implement the required fields from the Dodd Frank statute as well as the expanded fields proposed in the rule.

2. Move quickly to the disclosure phase and make the new data available to the public.

I. About the National Housing Conference

The National Housing Conference represents a diverse membership of housing stakeholders including tenant advocates, mortgage bankers, non-profit and for-profit home builders, property managers, policy practitioners, realtors, equity investors, and more, all of whom share a commitment to safe, decent and affordable housing for all in America. We are the nation's oldest housing advocacy organization, dedicated to the affordable housing mission since our founding in 1931. As a nonpartisan, 501(c)3 nonprofit, we are a research and education resource working to advance housing policy at all levels of government in order to improve housing outcomes for all in this country.

II. New data collection requirements

NHC strongly supports the new data collection requirements. They will provide a greater understanding of borrower credit profiles and deeper knowledge about how different property types are financed. Most or all of these data points are already collected by lenders, so reporting them should not be overly burdensome. The expansion of HMDA data collection beyond the Dodd-Frank requirements is also appropriate to ensure an adequate understanding of the mortgage market.

Specifically, NHC supports the following expansions:

- Report all closed-end loans, open end lines of credits and reverse mortgages (if secured by dwelling)
- Make reporting consistent for depository and nondepository institutions
- Creating unique identifiers for loans
- Age of borrower
- Credit scores
- Term of prepayment penalty
- Origination channel
- Term of loan and introductory interest rate
- Terms allowing nonamortizing payments
- Difference between Annual Percentage Rate and benchmark rate
- Loans that meet the Qualified Mortgage (QM) standard
- Reason for loan denial
- Total fees and points at origination
- Back end debt-to-income (DTI) ratios
- Combined loan-to-value ratio
- Use of Automated Underwriting Systems (AUS) in credit decision
- Number of dwelling units in the property supporting the loan

NHC does have a few comments about the proposed data collection changes.

- **Make a consistent baseline threshold for reporting and include multifamily**. NHC supports making the reporting requirement for depository and nondepository institutions consistent at 25 mortgage loans a year. This change would relieve small institutions from the burden of reporting requirements; because the bulk of mortgage lending is done by larger institutions, very little data would be lost. NHC is also concerned that this section of the rule, as written, would exclude institutions that only do multifamily mortgage lending and no single family lending. CFPB should remove the requirement that a lender make at least one single family mortgage loan to capture this activity.

- **Make unique identifiers useful.** CFPB should implement the unique loan identifier so that it provides traceability of loans for the life of the loans, which would provide a better understanding of borrower and property outcomes. The identifier should link multiple liens to the same property, but allowing each bank to create its own identifiers could lead to imprecision. CFPB should consider creating the unique loan identifier mechanism for institutions to use.

- **Include QM status as a critical field.** Reporting whether a loan meets the QM standard is one of the most important additions to the data requirements. All categories under which a loan qualifies as a QM should be noted. Having a clear and comprehensive understanding of how QMs are used is important to ensure both consumer access and protection. Now that the QM and qualified residential mortgage (QRM) rules are aligned, reporting these data is even more important, so that regulators and stakeholders can properly evaluate both rules in the future.

- **Clarify credit score details**. NHC strongly supports the credit score requirement. It will be most effective if information on the model and version of the credit score used are included. That information should not be difficult for institutions to report and will provide essential context for the scores reported.

- **Report actual numbers of dwelling units.** Reporting on the actual number of dwelling units in a property provides a more complete picture of the mortgage market. Ranges of units are insufficient and can obscure essential differences. This particular data point will help broaden our knowledge about the unsubsidized affordable housing stock, which suffers from a lack of policy and research attention.

- **Include additional loan purposes**. In addition to home purchase, refinance, home equity, and reverse mortgage, the purposes for the loan should include cash-out refinances and loans for commercial purposes to capture activity that led to overleverage in the housing crisis.

III. Public disclosure

In order for HMDA to meet its purpose of providing the public and public officials with information so they can determine whether financial institutions are serving the housing needs of their communities, **HMDA data has to be made available to the public**. Communities need access to HMDA data to discern possible discriminatory practices and evaluate their progress in addressing long-standing patterns of housing segregated by race, ethnicity, and income. Publicly available data will also aid researchers in evaluating whether public policies have had the intended effects on housing outcomes.

The proposed rule keeps the current information that is disclosed through the Loan Application Register. NHC urges CFPB to retain this proposal to ensure the continued disclosure of mortgage data. Additionally, **NHC encourages CFPB to move quickly with the disclosure of the new data elements**. NHC understands that the expansion of HMDA data may create privacy and data security concerns. CFPB should thoroughly review those concerns and address them appropriately, but we encourage the CFPB to undertake this process in a timely manner so that the new data can be shared with the public. It may be appropriate not to disclose specific or narrow areas of data, but that action should be limited.

NHC is hopeful that CFPB's proposed change to require quarterly reporting will lead to earlier releases of HMDA data, as opposed to the current annual schedule. NHC also supports allowing institutions to refer the public to the Federal Financial Institutions Examination Council website in order to view the public disclosure statements. This change reduces compliance burden and also provides simpler access for the public. We urge the early adoption of this change.

In sharing data with the public, **CFPB should offer options to suit different users' needs**. It could create summary tables for new users, raw data for researchers and other sophisticated users, and a website with basic queries and interactive maps. This diversity of options to view the data will provide greater usability of the data.

The new data elements will generate stronger public policy if more people have access to the information, and because detailed loan datasets are expensive to purchase, expanding the level of

HMDA data that is available to the public ensures equal visibility into the mortgage market and greater transparency of mortgage activity.

IV. Conclusion

We offer these comments to assist CFPB in its implementation of the Dodd-Frank data requirements and making other improvements to the HMDA dataset. NHC values the work of CFPB in preparing this rule and appreciates the opportunity to provide comments. For follow-up questions, we offer Rebekah King (rking@nhc.org, 202-466-2121 x248) as a point of contact.

Respectfully,

Chris Estes

Chris Estes
President and CEO