National Housing Resource Center
846 North Broad Street, 2nd Floor
Philadelphia, PA 19130-2234

October 29, 2014

Ms. Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G St. NW,
Washington, DC 20002

Dear Ms. Jackson:

The National Housing Resource Center (NHRC) is a national advocacy organization for the nonprofit housing counseling community and housing consumers, especially those from low- and moderate-income communities, communities of color, and other underserved populations. In the years since the Great Recession and housing and foreclosure crises, access to affordable mortgage credit has been increasingly challenging for many of the communities served by housing counseling agencies, especially low- and moderate-income borrowers and borrowers of color. The Home Mortgage Disclosure Act (HMDA), the purposes of which include "to provide the public with loan data that can be used: to help determine whether financial institutions are serving the housing needs of their communities … [and] to assist in identifying possible discriminatory lending patterns and enforcing antidiscrimination statutes,"is critical to ensuring fair and affordable access to credit for the communities we serve and we appreciate the opportunity to comment on the HMDA amendments that have been proposed by the Bureau of Consumer Financial Protection (CFPB).[1]

We support many of the amendments that CFPB has proposed, including the proposed expansion of data elements that will be required to be reported and the proposed changes to the reporting threshold for nondepository institutions. However, there are proposed changes that we believe will undermine the utility of HMDA data for ensuring financial institutions are serving the housing needs of their communities and identifying possible discriminatory lending patterns. Furthermore, there are additional amendments we believe CFPB should adopt in order to ensure HMDA more effectively accomplishes its these purposes, such as adding housing counseling as one of the data elements and requiring reporting of loan modifications.

Adding Housing Counseling Data Elements

The available research shows that housing counseling can benefit loan performance both when counseling is conducted pre-closing and post-closing if the homeowner is at risk of foreclosure or delinquency.[2] Therefore, a full understanding of loan performance requires knowledge of whether or

[1] 12 C.F.R. 1003.1(b)(1)(i)-(iii).
[2] *See, e.g.*, Neil Mayer & Kenneth Temkin, "Pre-purchase Counseling Impacts on Mortgage Performance: Empirical Analysis of NeighborWorks America's Experience" (2013) (measuring the impact of pre-purchase counseling and

not the borrower(s) participated in housing counseling and/or education and CFPB should include housing counseling data elements which will identify if counseling was conducted and the kind of counseling conducted. Specifically, we urge CFPB to adopt the following housing counseling-related data elements: housing counseling type (counseling or education), housing counseling mode (in-person, telephonic, online). These suggested data fields will be collected through the new Uniform Residential Loan Application and included in the National Mortgage Database starting in 2015.

In addition to providing a more complete understanding of loan performance, tracking housing counseling would provide other useful information. For example, it would be valuable to compare the loan terms offered to borrowers with similar credit profiles who did and did not participate in housing counseling and/or education. Another use of tracking housing counseling data would be to better understand the availability of mortgage credit to certain borrowers, such as low- and moderate-income borrowers and borrowers of color. Understanding what portion of low- or moderate-income borrowers or borrowers of color who receive mortgage credit come through housing counseling would provide a valuable understanding of how these communities access the mortgage credit market.

Modifications to Reportable Data Requirements

NHRC strongly supports CFPB's proposed expansion of the data elements that financial institutions will be required to report. Specifically, we support the collection and reporting of pricing information for all loans, point and fee information, origination charges, discount points, and interest rates. These additional data elements are critical to identifying possible price discrimination in the prime market, such as we saw in the lead-up to the foreclosure crisis. We also support the proposal to require reporting of whether a loan is a qualified mortgage (QM), the borrower's debt-to-income ratio (DTI), loan-to-value ratio (LTV), and combined-loan-to-value ratio (CLTV) in addition to the data elements that are required under Dodd-Frank, such as borrower credit score.

NHRC also supports CFPB's expanded reporting requirements for multifamily buildings, including the proposal to require reporting of the precise number of units in a multifamily building and information on whether units are income-restricted, which will provide valuable information on whether the need for small or large multifamily properties and housing that is affordable for low- and moderate-income renters are being met. We believe the multifamily building reporting requirements should go further, however, to include the reporting of affordability levels of each unit, i.e. whether the units are affordable and available for very low-, low-, and moderate-income households. This information is already collected by Fannie Mae and Freddie Mac, so collecting and reporting this data for HMDA purposes should not create much of a burden for major multifamily lenders.

We also strongly support CFPB's proposals to include unique loan identifiers, such as universal loan identifier and broker identifier. These additional data elements will allow for tracking of a loan when it is

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education provided by the NeighborWorks housing counseling network on 75,000 loans originated between October 2007 and September 2009 finding that clients who received pre-purchase counseling and education from NeighborWorks organizations were one-third less likely to become 90+ days delinquent than were borrowers who did not receive pre-purchase counseling).

sold to Fannie Mae, Freddie Mac, or a private investor and allow the public and regulatory and enforcement agencies to identify discriminatory and other problematic lending practices by lending institutions and brokers.

We also ask that CFPB consider including the following data elements:

- Reporting on Asian borrowers and applicants should be disaggregated;
- Because loans secured by residential property are often used by borrowers from low-wealth immigrant communities to start or expand small businesses, reporting of whether such a loan was for a small business or commercial purpose should be required;
- Cash-out and rate- and term-refinances should be identified separately, as these different types of refinance loans serve different purposes and credit needs;
- Mandatory reporting of reasons for denials should be required in order to better allow for appropriate interventions by counseling agencies and other service providers; for example, a housing counselor can work more effectively with a client if the counselor knows whether the most frequent reason for denial is credit history, as opposed to debt-to-income ratio or inadequate savings for down payment;
- Applicant and borrower age should be reported in five-year cohorts and should be aligned with other data sets, such as the American Community Survey, in order to allow the public and enforcement and regulatory agencies to better recognize potential age biases in lending, which will be especially valuable with reverse mortgage loans.

Modifications to Institutional Coverage

CFPB has proposed changes to threshold over which financial institutions are subject to HMDA tracking and reporting requirements. Specifically, CFPB proposes a uniform loan-volume threshold of 25 loans that would apply to both depository and non-depository financial institutions. Currently, depository institutions are subject to the HMDA reporting requirements if they originate one first-lien home purchase loan or refinancing secured by a one-to-four family dwelling and meet the criteria for a financial institution. As CFPB points out, some nondepository institutions may originate as many as 99 home purchase loans, including refinancings of home purchase loans, without being subject to the HMDA reporting requirements.

We support CFPB's proposal to simplify the institutional coverage provisions of Regulation C with respect to nondepository institutions. As has been noted, the purpose of HMDA is to provide transparency with the goal of helping the public and regulatory and enforcement agencies to evaluate whether financial institutions are meeting the needs of their communities in a nondiscriminatory manner. This purpose is better served by expanding the scope of financial institutions that are subject to HMDA's reporting requirements, than by the current system, which allows many nondepository institutions with both the resources and institutional sophistication to meet the HMDA reporting requirements to avoid doing so.

For the same reason, we urge CFPB not to adopt the proposed changes with respect to depository institutions. Again, the purpose of HMDA is to create transparency for the public and regulatory and enforcement agencies and this purpose is better served by more, not less, HMDA reporting. Depository institutions originating fewer than 25 loans already have demonstrated their capacity to comply with the HMDA reporting requirements. While these institutions would surely prefer not to be subject to the HMDA reporting requirements, the benefit of this information in ensuring these institutions are meeting the housing needs of their communities in a nondiscriminatory way should outweigh their desire not to be subject to a requirement they have proven themselves capable of meeting. This concern is especially high with small lenders serving rural communities, where access to credit is limited and people of color and low and moderate income people are vulnerable.

Modifications to Transactional Coverage

CFPB has proposed changes to the types of transactions that would trigger the HMDA collection and reporting requirements. Specifically, the proposal would require financial institutions generally to report all closed-end loans, open-end lines of credit, and reverse mortgages secured by dwellings and would no longer require reporting of unsecured home improvement loans. Regulation C currently requires reporting of home purchase, home improvement, and refinancing loans (including reverse mortgages that home purchase, home improvement, or refinancing loans, but these are not separately identified). Home-equity lines of credit may be reported under the current regulation, but are not required to be.

We strongly support the proposal to expand the scope of transactions that are subject to the HMDA collection and reporting requirements. Home-equity lines of credit are important sources of credit for families where their primary source of wealth is their home and being able to access that wealth is an important factor for some families in paying for education, home repair, medical expenses, or starting a new business. Information on home-equity lines of credit will provide a better understanding of the lending that is happening in the communities we serve and whether covered financial institutions are meeting the housing needs of these communities in a nondiscriminatory manner. We also support identifying reverse mortgage loans separately, as they are substantially different from forward mortgages.

Additionally, we strongly urge CFPB to expand the scope of transactions that trigger the HMDA collection and reporting requirements to include loan modifications. Loan modifications are critical to meeting the housing needs in many communities that have been devastated by the housing and foreclosure crises. Accordingly, data on loan modifications is a necessary element to understanding the extent to which financial institutions are meeting the needs of their communities in a nondiscriminatory manner.

We also believe CFPB should continue to require reporting of unsecured home improvement lending. Home improvement lending to facilitate home repairs is critical to meeting the housing needs of many communities and should continue to be included in the HMDA collection and reporting requirements.