GREATER NEW ORLEANS HOUSING ALLIANCE

October 15, 2019

Bureau of Consumer Financial Protection
1700 G Street NW
Washington, DC 20552

Subject: Comment Letter on Docket No. CFPB-2019-0021 or RIN 3170-AA76
Notice of Proposed Rulemaking on HMDA data

To Whom it May Concern,

The Greater New Orleans Housing Alliance opposes the proposal of the Consumer Financial Protection Bureau (CFPB) to exempt thousands of lending institutions from reporting the Home Mortgage Disclosure Act (HMDA) data. In order to ensure that lenders are meeting housing and credit needs in a non-discriminatory manner per the statutory purposes of HMDA, the reporting thresholds for determining which institutions submit publicly reported data must not be changed.

The Greater New Orleans Housing Alliance is a collaborative of non-profit housing builders and community development corporations working to rebuild the housing stock available in the city of New Orleans after Hurricane Katrina devastated the city's infrastructure. Since its creation in 2007, GNOHA has sought to create change in the Greater New Orleans community through public policy advocacy and public education.

Currently, the threshold for reporting data is 25 closed-end loans. In other words, if a lending institution makes 25 or fewer mortgage loans, it is not required to report HMDA data. In 2015, the CFPB decided against a higher threshold exempting more lenders stating that, "The Bureau concluded that, if it were to set the closed-end coverage threshold higher than 25, the resulting loss of data at the local level would substantially impede the public's and public officials' ability to understand access to credit in their communities."

Inexplicably, however, the CFPB is now reversing itself and is proposing to raise the threshold to 50 or 100 loans. The CFPB is inviting comments on even higher thresholds of 250 or 500 loans, which would exempt 67 percent and 81 percent of banks, respectively, from reporting HMDA data. This is unacceptable and could make discrimination even easier for banks.

The CFPB cost estimates for HMDA reporting are modest of about $2,000 for the typical lender if the threshold is raised to 50 loans. Last year, Congress passed a law exempting lenders making less than 500 loans from reporting the new Dodd Frank data. Thus, most of the lenders that the CFPB proposes to exempt from reporting any HMDA data would not be reporting the more complex HMDA data. Instead, they would be reporting the data they have been submitting for decades. The modest cost estimates are therefore likely to be over-estimates.

If the CFPB raises the threshold to 50 or 100 loans, the public will no longer be able to identify smaller volume lenders with problematic fair lending performance. HMDA data are a crucial tool for identifying potentially discriminatory and abusive lending patterns, and along with other data and information, form the basis for holding lenders accountable for their fair lending performance. Without these data, community organizations and others will have a more difficult time holding lower volume lenders accountable for violations of anti-discrimination and consumer protection laws. A recent example is Emigrant Savings Bank, which a federal jury found had violated the Fair Housing Act, Equal Credit Opportunity Act, and New York City Human Rights Law. Without the HMDA data for lenders that fall below the thresholds, it will be more difficult to document such patterns of targeting communities of color with high cost and abusive loans. In addition, fair lending and CRA exams will become more burdensome and difficult for the regulatory agencies and the HMDA-exempt lenders since the agencies will now have to ask for internal data from the lenders instead of using the HMDA data.

Raising the thresholds would also imperil HMDA's statutory purpose of accurately assessing whether housing and credit needs are being met. If, for example, the threshold is raised to 100 loans, the number of HMDA reported loans will fall by 20 percent or more in 2,200 low- and moderate-income tracts and in a similar number of rural tracts. Members of the public, academics, and local agencies will not be able to accurately assess whether credit and housing needs are being met in the wake of this significant loss of data. As the HUD certifying agency for all Louisiana Homebuyer Education trainers, this information is instrumental to us and our mission. GNOHA's mission is to collaborate and support our member efforts to build affordable housing for the residents of the Greater New Orleans area in an ethical and efficient manner.

The CFPB is also proposing to increase the threshold for reporting open-end lines of credit often called Home Equity Lines of Credit (HELOCs). In the years before the financial crisis, HELOC lending was riddled with abuses that resulted in distress and/or foreclosure for large numbers of homeowners. Under the CFPB's proposal to permanently increase the threshold to 200 open-end lines of credit, 401 lenders making 69,000 open end lines of credit would be exempt from reporting HMDA data. This is too many lenders and loans escaping the scrutiny of public review.

Lenders, including small volume lenders, have been reporting data for decades. Relief from reporting is thus only a minor gain for the lenders while it is a large loss for communities. If the CFPB makes thousands of lenders exempt from HMDA reporting, abusive lending will increase in traditionally underserved neighborhoods while some HMDA-exempt banks will retreat from these neighborhoods because they will no longer face public accountability for serving communities equitably.

Thank you for your consideration, and please feel free to contact me at 504.224.8301 or amorris@gnoha.org with any questions.

Sincerely,

Andreanecia M. Morris

Andreanecia M. Morris,
President/Chairwoman