



**FOR IMMEDIATE RELEASE**  
**September 20, 2010**

Contact: Jesse Van Tol (202) 464-2709  
jvantol@ncrc.org

### **Improving HMDA Data can be the Answer to Averting another Foreclosure Epidemic**

Washington, DC-- On Friday, September 24th, NCRC will testify before Federal Reserve Board on making critical improvements to HMDA data, so that lenders can be held accountable for the types of loans they are issuing to communities.

“We are in an era of some of the most complicated mortgage products to-date and given the strain that bad mortgage loans have put on our economy, lenders should be examined with a microscope now more than ever. In the era of reckless and corrupt lending, it is crucial that HMDA actually does what it was enacted to do, which is identify discriminatory lending patterns and determine if financial institutions are meeting local housing needs,” said John Taylor, president and CEO of NCRC, in reaction to the Federal Reserve’s 2009 HMDA data report.

The recently enacted Dodd-Frank bill mandates significant improvements to HMDA data. NCRC calls upon the Federal Reserve Board and the new Consumer Financial Protection Bureau to expeditiously implement these improvements. In today’s release, the Federal Reserve Board states that the current HMDA data lacks information on credit scores, property values, and other factors necessary to fully account for disparities in racial access to affordable loans.

Another major finding from today’s release is that the federal government is supporting the vast majority of home lending. Government-insured home loans, for example, account for 54 percent of all home purchase lending. Moreover, during 2009, home purchase loans purchased by government-sponsored enterprises or insured by the government ranged from 80 to 90 percent of all home purchase loans on a monthly basis. Congress and the regulatory agencies must strengthen the Community Reinvestment Act (CRA) in order to motivate private sector lenders to increase their safe and sound lending to communities and therefore contribute to recovery from this Great Recession.

Continued disparities in access to affordable loans by race need to be addressed. More than 80 percent, 73 percent, and 52 percent of the home purchase loans to African-Americans, Hispanics, and whites, respectively, were government-insured in 2009. Government-insured loans are not as prone to contain tricks and traps as subprime loans, but are nevertheless more expensive than conventional loans. In addition, after controlling for borrower and lender

--continued--

characteristics, the Federal Reserve finds that the denial rate for conventional (non-government insured) home purchase loans was 24 percent and 19 percent for African Americans and Hispanics, respectively. In contrast, the denial rate for whites was 13 percent.

“We desperately need stepped up fair lending enforcement to reduce disparities in access to affordable loans. During the last several years while our country was ravaged by the most abusive lending ever, fair lending enforcement by the regulatory agencies was abysmal. As newly appointed special adviser to the President, Elizabeth Warren, has stated, we need a new cop on the beat. We anticipate that the new Consumer Financial Protection Bureau will be that new cop, said Taylor.”

*About the National Community Reinvestment Coalition:*

*The National Community Reinvestment Coalition is an association of more than 600 community-based organizations that promote access to basic banking services, including credit and savings, to create and sustain affordable housing, job development and vibrant communities for America's working families.*

*<http://www.ncrc.org/>*

###