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May 20, 2015

The Honorable Richard Shelby  
Chairman

The Honorable Sherrod Brown  
Ranking Member

U.S. Senate Committee on Banking,  
Housing and Urban Affairs  
Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Shelby and Ranking Member Brown:

On behalf of the more than 600 members of the National Community Reinvestment Coalition (NCRC), I am writing to express our opposition to the Financial Regulatory Improvement Act of 2015. Chairman Shelby's discussion draft undermines some key provisions enacted as part of the Dodd-Frank law that ensure the safety and soundness of the nation's banking system and to extend consumer protections. It also includes a number of stealth provisions on the Government Sponsored Enterprises that limit the paths forward for the housing finance system. As an alternative, Ranking Member Brown has put forth a more measured regulatory relief proposal that includes some additional consumer protections.

Chairman Shelby's discussion draft has a number of troubling provisions that we urge Committee Members to reject, including the following:

- **Stealth Reform of the GSEs:** Title VII takes significant steps to restrict and shape the manner in which Fannie Mae and Freddie Mac exit conservatorship by, for example, limiting the U.S. Treasury's ability to dispose of senior preferred stock pursuant to the Senior Preferred Stock Purchase Agreement. There is an important and robust discussion in legislative and policy circles about the best way forward on housing finance, but certainly recapitalization of the Government Sponsored Enterprises (GSEs) should be among those options. We at NCRC are particularly interested in those paths forward that will protect the affordable housing goals, that for two decades have required the GSEs to purchase mortgages made to low- and moderate-income families and on properties in underserved areas. Recapitalization of the

Enterprises is a path forward that, in our view, will protect most those markets that gain access through the affordable housing goals, and we do not believe that path should be prematurely and cavalierly foreclosed in this bill. (Section 703)

- **Provisions Suspending/Delaying Loan-Level Data Disclosure:** Title I would suspend and/or delay loan-level data disclosures under the *Home Mortgage Disclosure Act* (HMDA) – key data needed to ensure financial institutions are extending mortgage credit in their communities in a fair and non-discriminatory manner. Many in Congress, the GAO and others noted that the lack of data on consumer financial products and services hindered federal oversight of mortgages and fair lending in the run-up to the housing crisis. The Chairman’s draft would require a GAO report on privacy risk be submitted to Congress in advance of HMDA disclosures. The bill’s provision is so broad as to potentially suspend disclosure of loan-level data already released under HMDA at the census tract level and detailing applicant income, race and gender. The draft would also delay the disclosure of new data elements passed as part of the Dodd-Frank law that pose no privacy concerns, such as those on total points and fees at origination and prepayment penalties. There simply is no need to suspend or delay the public release of HMDA data needed to ensure proper federal oversight of mortgage products and fair lending, given the extensive steps the CFPB is taking and has outlined previously to the GAO and in its HMDA rulemaking to protect the privacy interests of mortgage applicants. (Section 111)
- **Exemptions from Qualified Mortgage Rules, Points & Fees Calculation, Appraisal Fraud Reporting:** Title I includes a number of provisions eroding consumer protections around mortgages that should be rejected. Both Chairman Shelby’s discussion draft and Ranking Member Brown’s alternative extend qualified mortgage (QM) liability protection for loans held on portfolio. The CFPB has also proposed some additional exemptions for small creditors from the QM rule. The exemptions from the QM rule included in the Chairman’s discussion draft, however, go too far in undercutting key underwriting standards designed to ensure borrowers’ ability to repay. (Section 106) The draft would also erode some protections against high-cost lending by exempting escrow payments to affiliated insurance companies from the calculation of points and fees under the QM rule. (Section 107) We also urge Committee Members to oppose provisions undercutting efforts to prevent fraud in the appraisal of home values by eliminating the penalties for failing to comply with the mandatory reporting provisions in the Dodd-Frank law. (Section 112)
- **Provisions Undermining Systemic Safeguards:** Titles II and III of the discussion draft would also lessen the systemic safeguards and increased regulatory oversight enacted by the Dodd-Frank law for the nation’s largest and most systemically important banks and non-bank financial institutions. We believe this is a perilous

NATIONAL  
COMMUNITY  
REINVESTMENT  
COALITION



route to take given the extensive and continuing economic fallout from the housing crisis.

For these reasons and more, we urge you to oppose the Financial Regulatory Improvement Act of 2015. Please feel free to contact Gerron S. Levi, Director of Policy and Government Affairs, should you have any questions, at 202-464-2708.

Sincerely,

A handwritten signature in black ink, appearing to read "John Taylor". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

John Taylor  
President & CEO

cc: Senate Banking Committee