

STATEMENT OF THE HONORABLE WM. LACY CLAY
Before
The Subcommittee on Financial Institutions and Consumer Credit
“Home Mortgage Disclosure Act: Newly Collected Data and What it Means”
June 13, 2006

Good morning Chairman Bachus, Ranking Member Kanjorski, Members of the Committee and witnesses. Thank you for holding this hearing, Mr. Chairman.

The Home Mortgage Disclosure Act (HMDA) is an important tool for my district and for most districts that are in metropolitan areas. The data reported under HMDA includes information about denied home loan applications, race, sex and income of the borrower. Additionally, lenders have to report all first mortgages priced three percentage points above comparable Treasury yield and all secondary mortgages 5 percentage points over Treasury yield. We need this tool in my district to combat predatory lending, discrimination in lending and many other ills associated with obtaining affordable housing.

I was disturbed when proposals were made to eliminate the requirement that intermediate small banks collect and disseminate CRA data on small business, small farm and community development lending. The elimination of this data will eliminate the ability by which communities, for themselves, measure whether the bank is meeting the small business and farm needs of the community. There are no adequate substitutes for this data.

I understand that financial institutions have concerns about the costs and efforts required to produce and disseminate the data. However, the value of the data to our districts far outweigh the costs associated with its collection.

I am eager to hear what our panelists have to say on these issues.

I yield back the balance of my time, Mr. Chairman.