

United States Senate

WASHINGTON, DC 20510

April 29, 2019

The Honorable Kathleen Kraninger
Director
Consumer Financial Protection Bureau
1700 G St. NW
Washington, DC 20552

Dear Director Kraninger,

We are writing to express our deep concern about the Consumer Financial Protection Bureau's (CFPB) decision to remove Home Mortgage Disclosure Act (HMDA) Explorer and the Public Data Platform Application Programming Interface (API) that runs it from the CFPB website.

HMDA was enacted to provide mortgage data to the public. More than four decades later, HMDA data remains the primary tool for citizens, journalists, academics, and public officials to measure trends and disparities in mortgage credit access, including disparities based on a protected class under the Fair Housing Act and Equal Credit Opportunity Act.

Unfortunately, discrimination in lending remains. In the years leading up to the financial crisis, predatory lenders targeted borrowers of color for subprime loans¹ that devastated communities and destroyed wealth.² And just last year, journalists used HMDA data to show that lenders were more likely – in some cases more than five times more likely – to deny people of color conventional mortgage financing in 61 of the metro areas analyzed.³ Fannie Mae has also used HMDA data to examine differences between mortgage borrowers in rural and urban areas as it sought to address geographic disparities in access to mortgage credit.⁴

For HMDA to be effective, all data needs to be widely available. The internet has made it possible for citizens, researchers, and advocates to download nationwide HMDA data. But HMDA data posted by institutions like the Federal Financial Institutions Examination Council (FFIEC) has been in a format that is only truly accessible for those with the technological capacity and expertise to translate thousands upon thousands of data fields and codes.

¹ See "Lost Ground, 2011: Disparities in Mortgage Lending and Foreclosures," Center for Responsible Lending, November 2011, available at <https://www.responsiblelending.org/mortgage-lending/research-analysis/Lost-Ground-2011.pdf>.

² "Wealth inequality has widened along racial, ethnic lines since end of Great Recession," Pew Research Center, December 12, 2014, available at <https://www.pewresearch.org/fact-tank/2014/12/12/racial-wealth-gaps-great-recession/>. "Wealth Gaps Rise to Record Highs Between Whites, Blacks, Hispanics," Pew Research Center, July 26, 2011, available at https://www.pewresearch.org/wp-content/uploads/sites/3/2011/07/SDT-Wealth-Report_7-26-11_FINAL.pdf.

³ "Keep Out: For people of color, banks are shutting the door to homeownership," Aaron Glatz and Emmanuel Martinez, Reveal, February 15, 2018, available at <https://www.revealnews.org/article/for-people-of-color-banks-are-shutting-the-door-to-homeownership/>.

⁴ "Rural Mortgage Lending Over the Last Decade," Nuno Mota, Economic & Strategic Research Department, Fannie Mae, available at <http://fanniemae.com/resources/file/research/datanotes/pdf/working-paper-102716.pdf>.

The CFPB's HMDA Explorer and API changed that. These tools democratized access to HMDA data to allow not just regulators or university researchers but also advocates, policymakers, and journalists to understand which loan products are or aren't being offered across communities. These capabilities, combined with the additional data collected for each loan as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act and the CFPB's 2015 HMDA rule, made HMDA a more effective tool for understanding and combating inequality in our modern lending markets.

We were disturbed to learn that the CFPB will retire HMDA Explorer and its API with no plan for a new, accessible source of critical HMDA data. This sudden change threatens to undermine the statutory purposes of HMDA and does not live up to the commitments to transparency and accountability that you made during your nomination hearing. Since the CFPB's decision to sideline its own Office of Fair Lending and Equal Opportunity's enforcement capabilities, it is more important than ever that the public have access to HMDA data. Recent legislative changes have already diminished the usefulness of HMDA data by exempting an estimated 72⁵ to 85 percent⁶ of lenders from reporting important data on mortgage lending. These legislative changes disproportionately affect the ability to monitor mortgage credit availability for rural areas and smaller balance mortgage loans and could threaten borrower access and equality in these markets.⁷ Reductions in available data and its accessibility, combined with weakened enforcement, is a disservice to the consumers the CFPB was created to protect.


Removing HMDA Explorer without an adequate replacement would be a step backward in HMDA's more than 40-year trend of expanding access to valuable mortgage lending data and protecting equal housing access for all families in all markets. We strongly urge you to reverse course and request that you provide a detailed briefing no later than Friday, May 10, 2019, on the reason(s) that CFPB has decided to discontinue availability of HMDA Explorer and its API and what tools will be made available to provide equal or greater access to usable HMDA data for the public.

Thank you for your prompt attention to this critical matter.

Sincerely,



Sherrod Brown
United States Senator



Jack Reed
United States Senator

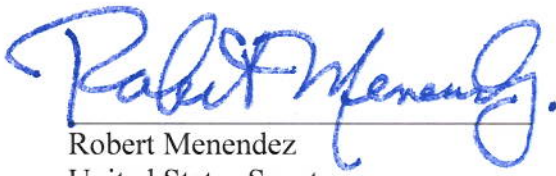
⁵ "The Impact of Proposed Changes to HMDA," Laurie Goodman, Ellen Seidman, and Bhargavi Ganesh, Urban Institute, April 2018, available at

https://www.urban.org/sites/default/files/publication/98316/the_impact_of_proposed_changes_to_hmda_0.pdf.

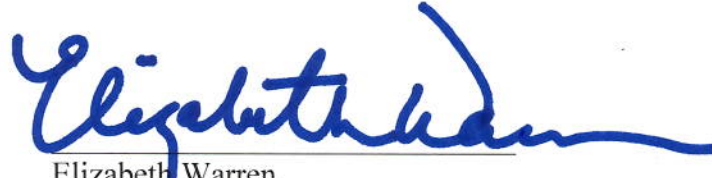
⁶ Home Mortgage Disclosure Act (Regulation C) Final Rule, 80 FR 66127, available at

<https://www.federalregister.gov/documents/2015/10/28/2015-26607/home-mortgage-disclosure-regulation-c>.

⁷ "The Impact of Proposed Changes to HMDA."



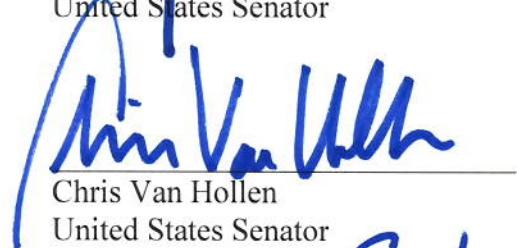
Robert Menendez
United States Senator



Elizabeth Warren
United States Senator



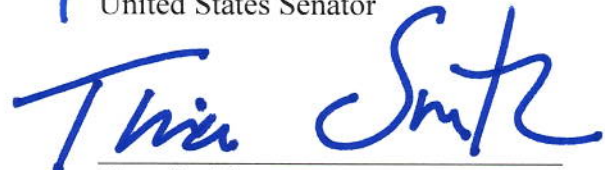
Brian Schatz
United States Senator



Chris Van Hollen
United States Senator



Catherine Cortez Masto
United States Senator



Tina Smith
United States Senator



Kirsten Gillibrand
United States Senator