The Power of Data Sharing and Usage

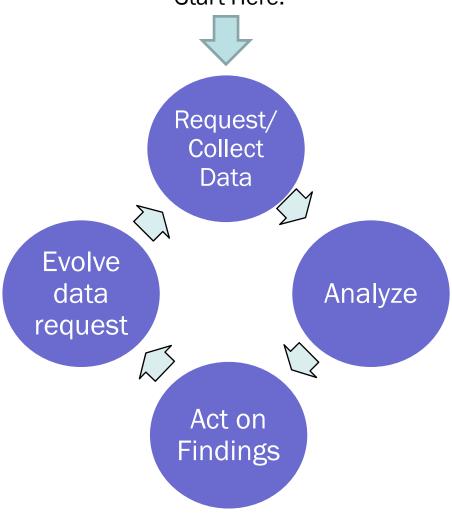
2011 NAAG Presidential Initiative; April 11, 2011

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An Effective Data Sharing and Usage System requires multiple elements

Start Here:





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Dodd-Frank Provisions

Request /Collect Data

Title X

§1013 Consumer complaint database: types of complaints, location of consumer and service provider, description of the product. Shared among Federal agencies State agencies. Annual report to Congress

§1033 Consumer Rights to Access Information

Analyze

§1071 Deposit account data to CFPB: Census tract of customer; location of ATMs and branches, # accounts and \$ deposited

§1072 Small business data to CFPB who should make information public, if it doesn't violate privacy interests: Race, Gender, Location of business, Gross annual revenue of business, # of applications, Purpose of loan, Amount of loan applied for, Action taken

Act

§1094 Changes to HMDA

Title XIV

Evolve

Defaults and foreclosures database: CFPB and HUD must gather info from mortgages lenders and servicer regarding defaults and foreclosures, including: Geocode of asset location; # and % of homes 30+ days in default/ 90+ days in default/in REO/in foreclosure process/underwater

HMDA Changes

Request /Collect Data

Analyze

AC

Evolve

	Third Changes				
	Data	Borrower/ Property	Terms	Other	
	Existing HMDA, (loans and applications)	Race Ethnicity Sex Income Purpose Occupancy Tract, Metro, County, State Prop Type	Lien position Rate-spread on higher rate loans Loan Amount Application date* Action date* Type (conventional, govt.)	Action Reason for denial Request for pre- approval Type of purchaser Lender name Supervisory agency Loan no.	
	HMDA statutory amendments	Age Credit Score Value (LTV)	Points/fees Spread on all loans Prepay penalty term Introductory rate term Non-standard amort. Loan term	Channel Originator # Universal loan ID Parcel number "Such other info as may be required"	

^{*} Censored for public release



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Other Data Resources

	Sponsor	Information
Request /Collect	OCC/OTS	Loan Servicing/Modifications data, loan level data.
Data	Treasury/ HAMP	Loan-level, property level, borrower data on MHA/HAMP. 3/11 loan-level data on mods and NPV model publicly released.
Analyza	SEC-Reg AB/ASF	Loan-level reporting of origination, performance and servicing information for private mortgage backed securities.
Analyze	National Mortgage Database	Freddie Mac sample of mortgage borrowers; identification and tracking via combination of credit repository data and surveys.
Act	CSBS/ AARMR	To automate compliance exams via review of upto 100% of loans; quarterly; loan-level; pricing information, GFE information, HUD-1 elements; loan terms; underwriting information; HMDA LAR fields
Evolve	Housing Enterprise Data	Extensive loan level data FHFA; UDMP implementation ongoing; limited public information available.
	National Mortgage Database CSBS/ AARMR Housing Enterprise	Freddie Mac sample of mortgage borrowers; identification and tracking via combination of credit repository data and surveys. To automate compliance exams via review of upto 100% of loans; quarterly; loan-level; pricing information, GFE information, HUD-1 elements; loan terms; underwriting information; HMDA LAR fields Extensive loan level data FHFA; UDMP implementation



Request /Collect Data

Analyze

Act

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Essential to build in role for Independent, Public Interest Researchers (Academia, Non-profits, Advocacy Community)

- Risks of regulator-only access
 - Potential shifts in priorities
 - Silos
 - Limited resources
 - 2009 survey of consumer complaints: 71% of agencies'budgets cut while # complaints rose at over half. Biggest challenge was "inadequate budgets and staffing."
 - o Financial services complaints rose to 2nd (after auto)
 - More narrow focus/approach to data
 - •No way to regulate the regulators

¹ 2009 Consumer Complaint Survey Report, July 2010, FCA, NACAA, NACPI



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• Consumer Complaints as Data

Analyze



2009 Complaint Ratio per \$1 Million of Direct Premiums

Property and Liability Companies Showing 0 or More Complaints

Having Premium Dollars of at Least \$1 For Coverage Type: Homeowners

Company	Complaints	Premium\$	Ratio
Aegis Security Insurance Company	0	475,245	0.00
Affiliated FM Insurance Company	0	11,755	0.00
Alamance Farmers' Mutual Insurance Company	0	522,291	0.00
Alfa Alliance Insurance Corporation	0	2,922,375	0.00
Alliance Mutual Insurance Company	8	3,001,532	2.67
Allstate Indemnity Company	12	75,469,976	0.16
Allstate Insurance Company	54	87,554,579	0.62
AMCO Insurance Company	0	900,745	0.00
American Automobile Insurance Company	1	16,908,232	0.06
American Bankers Insurance Company of Florida	4	3,163,559	1.26
American Family Home Insurance Company	1	18,050,046	0.06
American Fire and Casualty Company	0	179,400	0.00
American Home Assurance Company	0	4,227,198	0.00
American Modern Home Insurance Company	1	7,356,271	0.14
American Reliable Insurance Company	1	12,604,812	0.08

Request /Collect Data HMDA data, therefore, have limitations that make them an inadequate basis, absent other information, for concluding that an institution has not assisted adequately in meeting its community's credit needs ...

-Federal Reserve examination report

Analyze

Act

Evolve

"The regulators do not have systematic or organized data on predatory lending, and collected data is anecdotal at best. The regulators are still in the early data-gathering stage."

-Senate Banking Committee Staff Report, 2000

Request / Collect Data

 Public Interest Research Community can provide critical insight and input, based on

- -Early warning indicators
- -New hypotheses being examined
- -Broad knowledge base of existing resources

"The Federal Reserve Board [should] amend

Analyze

•Up to the regulators to request/obtain the data

Act

Regulation C to require collection of additional data items under HMDA, including (a) information on loan price (APR and cost of credit); (b) whether the loan was a manufactured home loan; (c) loan-to-value ratio; and (d) borrower debt-to-income ratio for HOEPA

Evolve

loans." $(2000)^1$



Public interest research community can contribute in all facets.

