

**Opening Statement of Ranking Member Gary Miller
Oversight and Investigations Subcommittee Hearing
“Rooting Out Discrimination in Mortgage Lending: Using HMDA
as a Tool for Fair Lending Enforcement”**

July 25, 2007

I thank Chairman Watt for convening this hearing today to examine how the Home Mortgage Disclosure Act (HMDA) has been used to help enforce our nation’s fair lending laws. I am pleased that we have with us today a panel of banking regulators, enforcement agencies, industry representatives, and others to shed light on efforts to eliminate discrimination in the mortgage industry.

Housing finance is vital to helping families achieve the American Dream of homeownership and to the overall health of our economy.

To foster homeownership in this country, we must eliminate abusive lending practices while preserving and promoting access to affordable mortgage credit.

There is no question that some non-prime borrowers are subjected to abusive practices. This should absolutely be prevented.

However, there also is no question that vast numbers of borrowers who are not victims of such practices can be harmed by over-zealous efforts to restrict non-prime credit availability.

HMDA Data as a First Step to Detecting Unfair Mortgage Practices

HMDA data has been an important tool in striking this balance between protecting consumers while not inhibiting the availability of credit that gives many families the ability to become homeowners.

HMDA data helps to determine whether disparities exist so that our enforcement agencies can investigate such disparities to determine whether they are caused by illegal discriminatory practices.

I believe the question before us today is how the data has been utilized to enforce our fair lending laws and if more can be done to root out discrimination.

Clearly, the price of a mortgage should be based on the economic risk of making a loan, not on racial, ethnic, or gender considerations.

Sub-Prime Mortgages Make Homeownership Possible

As we hear from the panels today, I want to remind my colleagues that sub-prime lending is a legitimate segment of the financial services industry that gives consumers who are unable to obtain traditional financing the opportunity to achieve the dream of homeownership.

Sub-prime mortgage products have provided millions of Americans a way to achieve homeownership.

The sub-prime market offers customized mortgage products to meet customers' varying credit needs and situations.

And, as one would reasonably expect, sub-prime borrowers will pay a somewhat higher rate to offset their greater risk.

Literally millions of Americans are unable to qualify for the lowest rate mortgages available in the so-called "prime" (also called "conventional" or "conforming") market because they have less than perfect credit, or they can not meet some of the other tougher underwriting requirements of the prime market.

As we battle unscrupulous actors and work to protect homebuyers, we also have the duty and obligation of ensuring that we do not act in a way that constricts the flow of capital to credit-starved communities.

I look forward to hearing from the witnesses today, so that this Subcommittee can ensure that the detection and enforcement tools that are in place to protect homebuyers in this country are working appropriately.