

**American Financial Services Association
Community Mortgage Banking Project
Consumer Mortgage Coalition
Council for Affordable and Rural Housing
Housing Policy Council
Independent Community Bankers of America
Institute of Real Estate Management
Mortgage Bankers Association
National Apartment Association
National Association of Federal Credit Unions
National Association of Housing Cooperatives
National Leased Housing Association
National Multi Housing Council**

June 27, 2012

Dear Members of the U.S. House of Representatives:

The undersigned organizations and their member companies view illegal discrimination in housing and mortgage lending as morally, ethically, and legally abhorrent, and we do not tolerate it. We are committed to providing our housing services to American families in full compliance with all fair lending laws. Since 1968, the Fair Housing Act has prohibited discrimination based on a prohibited basis in housing. We strongly support this law, and we are proud to call it part of America's national housing policy. The Fair Housing Act has improved the lives and neighborhoods of American families nationwide.

Almost fifty years after Congress enacted the Fair Housing Act, the Department of Housing and Urban Development ("HUD") proposed a regulation that would rewrite the law in a manner that would increase discrimination in housing, and we oppose that effort.

HUD's regulation would prohibit housing practices that have a "disparate impact" on a prohibited basis, even when the intent is *not* to discriminate. That is, under this rule, even when a mortgage lender, apartment owner, or apartment manager takes every step to *prevent* discrimination and treats all consumers fairly and equally, a neutral policy can serve as a basis for very serious and harmful claims in the absence of discrimination. This would make it harder for families to buy or rent a home.

For example, our member companies use facially neutral standards, such as loan-to-value ratios and debt-to-income ratios in mortgage underwriting and for resident screening purposes *because* they are neutral and nondiscriminatory. This can result in different acceptance rates for different groups of consumers. Under HUD's rule, a lender, apartment owner, or apartment manager

could be challenged for these differences, and face severe reputational harm and significant costs of defense. This would force the lender, apartment owner, or apartment manager to allocate its lending or leases to all groups equally, regardless of the demonstrable differences in risk. Lenders, apartment owners, and apartment managers would be required to use quotas to make sure each group gets exactly the same share of loans and leases. That is, lenders, apartment owners, and apartment managers would be required to decide based on *intentional* discrimination. Intentional housing discrimination is exactly what Congress outlawed in 1968. It has no place whatsoever in this country.

We support Representative Garrett's amendment to H.R. 5972, the Transportation-HUD Appropriations Act for Fiscal Year 2013, to stop this interference with the Fair Housing Act.

Sincerely,

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