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Hearing on
"Home Mortgage Disclosure Act:
Newly Collected Data and What It Means"

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Testimony:

The New HMDA Pricing Data: What Can It Tell Us about Pricing Fairness?

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Good morning Mr. Chairman and members of the Committee. My name is Michael Staten. I am Professor of Management and Director of the Credit Research Center at the McDonough School of Business at Georgetown University. The Center is a non-partisan, academic research center devoted to studying the economics of consumer and mortgage credit markets. Over its 32-year history the Credit Research Center has generated over 100 research studies and papers, most of which examine the impact of public policy on retail credit markets. Throughout its history, the Center's research program has been supported by a mix of grants from the public sector (e.g., National Science Foundation, Federal Trade Commission) and unrestricted private sector grants from foundations and corporations made to its host University on behalf of the Center. I have served as the Center's director since 1990.

One of the government's tools for enforcing fair lending regulations for home mortgage loans was enhanced in 2005. Since 1989, regulations issued by the Federal Reserve Board (FRB) under the authority of the Home Mortgage Disclosure Act (HMDA) have required most financial institutions and companies that originate mortgage loans in the United States to report information on each mortgage loan application they received and processed during the previous year. In the past, the required information included the outcome of the application, location of the property securing the loan (at the census tract level for loans in urban and suburban areas), and the borrower's race and income. Beginning in 2005 (for loans originated in 2004), mortgage lenders were required to also report loan *pricing* information for the first time.

The new requirements to provide pricing data apply only to higher cost mortgage loans that comprise the large majority of the "subprime" mortgage market. The new HMDA database gives the FRB a more accurate tool for tracking subprime lending activity. It also allows the FRB to examine pricing patterns across institutions and neighborhoods according to borrowers' racial and ethnic groups. However, the HMDA data still do not contain information on many of the factors that determine the credit risk associated with the loan. As a result the new HMDA pricing data is not sufficient, by itself, to rationalize the price charged on loans, or to support conclusions about pricing fairness. The FRB has repeatedly noted that it intends to use the new pricing data *as a screening device to identify institutions or neighborhoods for closer scrutiny*.[1] It has

[1] Robert B. Avery, Glenn B. Canner, and Robert E. Cook, "New Information Reported under HMDA and Its Application in Fair Lending Enforcement," *Federal Reserve Bulletin*, Summer 2005, pp 389-392.

indicated that it will conduct such analysis for all institutions that report under HMDA, and will share the analysis with each federal agency responsible for regulating the reporting institution so that when pricing disparities are noted for a particular loan product originated by a particular institution, a closer look at loan files can be conducted through the agency's bank examination process.

Impetus for the New Reporting: Higher Priced (Subprime) Loans Have Expanded Mortgage Credit but Could Involve Excessive Pricing

The FRB's new reporting rules focus on the segment of the mortgage market that has provided one of the great success stories of consumer lending in the United States, at the same time generating increasing controversy. The subprime mortgage market has, without question, expanded home mortgage and home purchase opportunities to consumers with blemished or limited credit histories.[2] Prior to the early 1990s, the U.S. home mortgage market consisted of two distinct segments: 1) the conventional home mortgage market (i.e., "prime" mortgage) characterized by fairly rigid qualification standards, an accept/reject decision on applications, and a single price for accepted loans, and 2) the much smaller, government subsidized home loan market (i.e., FHA loans) that accommodated borrowers with lower downpayments and lower incomes. Consumers with poor credit histories and other weaknesses in their mortgage applications typically could not qualify for prime mortgage loans and often did not meet the eligibility criteria for FHA loans. These borrowers were effectively shut out of the home mortgage market and homeownership and associated wealth accumulation.

The adoption of risk-based pricing and flexible loan contracts by mortgage lenders during the 1990s triggered the phenomenal growth in what came to be known as subprime mortgage lending. Subprime mortgage borrowers are households who do not qualify for prime mortgage rates in the conventional mortgage market because of the higher risk they pose. A blemished credit history is one attribute that can prevent a borrower from obtaining a loan in the prime mortgage market. But other risk factors can push borrowers with good credit histories out of the prime mortgage market and into subprime loans. For example, borrowers with few assets available for a downpayment, unstable income or job history, or heavy current debt loads are unlikely to qualify for a prime mortgage loan because each of these factors raises the perceived risk of the loan. Subprime mortgage loans accommodate borrowers with a wide variety of individual circumstances that prevent them from obtaining prime loans at the lowest interest rates. Subprime mortgage loans are made at higher interest rates to compensate lenders for the additional risk.

[2] Federal Reserve Board Governor Edward Gramlich remarked that "One of the key financial developments of the 1990s was the emergence and rapid growth of subprime mortgage lending. …The increased availability of subprime mortgage credit has created new opportunities for homeownership and has allowed previously credit-constrained homeowners to borrower against the equity in their homes to meet a variety of needs." Remarks by Edward M. Gramlich at the Financial Services Roundtable Annual Housing Policy Meeting, Chicago, Illinois, "Subprime Mortgage Lending: Benefits, Costs, and Challenges," May 21, 2004.

Subprime lenders found plenty of demand for their product. Subprime loan originations increased at an average annual rate of 25 percent from 1994 to 2003, helping to propel homeownership rates in the United States from 64 percent to nearly 69 percent, an increase of over 9 million households. More than half of the gain is accounted for by minority households, for whom homeownership grew most rapidly. In 2004 subprime loan originations totaled $530 billion, accounting for 19 percent of all home mortgage loan originations in the United States.[3]

One notable characteristic of subprime loans is that they have a higher market share among low-to-moderate income households, as well as minority households, than is the case in the overall mortgage market.[4] The higher pricing of subprime loans and the high market share of subprime lenders in low-income and minority neighborhoods has elevated concerns by both regulators and consumer activist groups about the incidence of abusive lending tactics, including excessive pricing. Fueling these allegations have been studies that utilize the new HMDA pricing data and find a pattern in which some minority groups (not all) receive higher priced loans more often than non-Hispanic white borrowers. The FRB itself has noted relatively large differences in the "incidence" of higher priced loans for African-American and Hispanic borrowers, relative to non-Hispanic white borrowers. But, a significant difference in the raw frequencies does not necessarily raise fair lending issues. At the heart of the debate over the extent of discriminatory pricing in subprime mortgage lending is the question of whether similarly situated borrowers are treated the same by a given lender with respect to product choices and pricing, regardless of the borrowers' race or ethnic background. The new HMDA pricing data are helpful for beginning such analysis, but can not be used alone to draw any conclusions about the appropriateness of pricing.

The HMDA Pricing Data

Exactly what data have been collected? From 1989 through 2003, the Federal Reserve Board's Regulation C required covered institutions to collect and report information on applications for loans secured by a residential structure (including condominiums, cooperatives, and mobile or manufactured homes) if the loans were for a home purchase, refinance of an existing home loan, or a home improvement purpose (not open-end home equity lines of credit). The required information on each loan included (1) the date of the loan application, (2) the purpose of the loan, (3) the owner-occupied status of the property, (4) the amount applied for or the amount actually loaned if the loan was made, (5) whether the loan was approved or denied and the date of denial or closing, (6) location of the residential property by MSA, state, county, and census tract, (7) the race, ethnicity, and gender of the applicant, and (8) the gross annual income relied upon for the purposes of the application. Institutions did not report the interest rate (price) for

[3] *Inside B&C Lending*, Vol. 10, Issue 4, February 14, 2005, p 1.

[4] Glen B. Canner, Wayne Passmore, and Elizabeth Laderman, "The Role of Specialized Lenders in Extending Mortgages to Lower-Income and Minority Homebuyers," *Federal Reserve Bulletin*, pp 718-719 (November 1999). Randall M. Scheessele, *Black and White Disparities in Subprime Mortgage Refinance Lending*, Office of Policy Development and Research, Department of Housing and Urban Development, 2002.

the loan, nor any other characteristics of the borrower, the property securing the loan, or the loan contract.

New HMDA Data Fields Available for Loans Made in 2004

For loans originated on or after January 1, 2004, institutions covered by the HMDA reporting requirements must report the following data items, in addition to the fields previously reported:

- Loan price: Lenders must report loan pricing information for loans on which the Annual Percentage Rate (APR) exceeds the yield for Treasury securities of comparable maturity by 3 percentage points for first-lien loans and 5 percentage points for subordinate-lien loans (e.g., second mortgages). The information to be reported is the spread over the comparable Treasury security (i.e., APR – yield on the comparable Treasury), as opposed to the APR itself.

- HOEPA Classification: This is another price-related item. Lenders must indicate whether a loan is covered by the Home Ownership and Equity Protection Act (HOEPA). Mortgage loans fall under the scope of HOEPA regulations promulgated by the FRB if the loan APR exceeds certain pricing thresholds (currently 8 percentage points above comparable maturity Treasury securities for first mortgages and 10 percentage points above comparable maturity Treasury securities for subordinate-lien loans), or if the loan fees exceed a specified amount. HOEPA loans are considered "high-cost" loans and are therefore subject to a more stringent package of consumer-protection regulations.

- Lien status: Lenders must report the lien status (first-lien vs. subordinate-lien) for originated loans.

- Manufactured Housing loan: Lenders must report whether the loan is secured by a manufactured home.

What Can the New HMDA Data Tell Us About Pricing Fairness?

First and foremost, the HMDA loan data tell us where mortgage loans are made. The data are very good at their original purpose: indicating the geographic and racial/ethnic patterns of mortgage loan activity. The new pricing data for higher cost loans make a valuable contribution to the FRB's analysis of mortgage markets, but is also subject to some significant limitations. The HMDA data will more accurately identify subprime loans, as well as even higher cost loans subject to HOEPA coverage. Researchers inside and outside the regulatory agencies no longer have to rely on rough approximations for subprime activity. Although some subprime lending activity still falls outside the scope of HMDA coverage or below the pricing thresholds for reporting the APR spread, the pricing data reported from the broad range of covered institutions captures a large majority of the subprime market, allowing more accurate tracking of subprime activity and growth. All of this substantially improves the FRB's ability to monitor the increasingly important subprime segment of the market.

But, the FRB recognizes that HMDA loan data is not sufficient, by itself, to rationalize the price charged on loans, or to support analysis of pricing fairness. Former Federal Reserve Board Chairman Alan Greenspan acknowledged that concerns about discriminatory pricing "suggested to us the need to revise our HMDA data collection in order to gather information on rates charged to aid us in seeing if, in fact, differences in rates are truly driven by differences in risks and costs and not tainted by discrimination. We recognized that such conclusions require far more detailed evaluations than is possible using HMDA information alone, with or without the additional data on rates. Nonetheless, the pricing data will assist us as a screening tool to facilitate self-monitoring and enforcement activities. If screening suggests that there might be a fairness issue, additional information will need to be collected from banks' loan files or other sources."[5]

The HMDA reporting process was not designed to mimic or replicate the data collection that mortgage lenders undertake during the application and underwriting process. Far more characteristics about the borrower, the property, and the loan itself are omitted from the HMDA reporting process than are included.

Consider the following characteristics of a loan that are *not* included in the HMDA data, but are well known to influence the risk associated with the loan and consequently the loan price: [6]

- Loan-to-Value ratio (LTV – indicating borrower equity and lender exposure to loss in foreclosure): Higher LTV loans carry more risk.
- Fixed rate vs. Adjustable rate vs. Hybrid Adjustable rate: Fixed-rate loans impose greater interest rate risk on the lender. If rates move higher, the lender is locked into a lower rate of return on outstanding fixed-rate mortgages. Lenders charge a premium for longer duration fixed-rate loans.
- Loan term: A quick scan of lender rate sheets reveals that 30-year fixed-rate loans carry higher interest rates than 15-year fixed-rate loans, because the former locks in the lender for a longer period.
- Assessment of property volatility and risk: An accurate estimate of the value of the collateral is a critical component to the lender's assessment of risk. Factors such as the value of the property relative to other homes in the neighborhood, the average time-to-sale for listed properties, the recent trends in appreciation or

[5] Remarks by Federal Reserve Board Chairman Alan Greenspan before the Independent Community Bankers of America National Convention, San Antonio, Texas, March 11, 2005.

[6] For good examples of studies that utilize these and a host of other factors, see Collins, Harvey, and Nigro, "The Influence of Bureau Scores, Customized Scores and Judgmental Review on the Bank Underwriting Decision-Making Process, *Journal of Real Estate Research*, Vol. 24, No. 2, 2002; Ambrose and Sanders, "High LTV Loans and Credit Risk," *Journal of Real Estate Finance and Economics*, forthcoming; Courchane, Nebhut, and Nickerson, "Lessons Learned: Statistical Techniques and Fair Lending," *Journal of Housing Research*, Vol. 11, Issue 2; Glennon and Stengel, "Evaluating Statistical Models of Mortgage Lending Discrimination: A Bank Specific Analysis," *Real Estate Economics*, Vol. 27, Issue 2, 1999.

depreciation, and the owner-occupancy rate of the neighborhood all affect the underwriting risk associated with a mortgage secured by the property.

Consider further the following characteristics of the *borrower* that are not included in the HMDA data, but are also well-known to influence the risk associated with the loan and the resulting loan price:

- Total debt: Knowing income from the HMDA data is not sufficient to judge the borrower's ability to repay a mortgage loan of given size. Lenders utilize payment-to-income ratios, which are driven by the magnitude of the borrower's outstanding debt, and its composition (e.g., installment vs. revolving). Required minimum monthly payments are critical to determining payment-to-income ratios.
- Assets: Mortgage lenders look for evidence of a cushion that the borrower has to fall back on in the event of unexpected expenses and income shocks. Fewer assets translate into higher risk.
- Credit score: Lenders utilize a variety of summary measures of a borrower's past payment history and current creditworthiness. Credit scores are purchased from commercial vendors such as Fair Isaac Corp., and the major credit bureaus (e.g., TransUnion, Equifax, and Experian), and are also developed internally through proprietary software by larger mortgage lenders.
- Specific delinquency history: Beyond the summary credit score, mortgage lenders are concerned with how borrowers have handled mortgage loans in the past and whether they have had incidents of serious delinquency (90 days or more) on other types of loans. Independent of the borrower's credit score, a higher incidence of delinquency, especially recent delinquency, signals significantly higher risk.

Clearly, a lender that knows only the mortgage applicant's income, race, and the location of the property would be in no position to make a responsible decision to accept or reject the application, or set a price on the loan. For the same reasons, no researcher (or regulator) can judge the appropriateness of the price actually charged based only on the lender's HMDA data. *This is why the FRB intends to use the new HMDA pricing data as a screening device to identify institutions or neighborhoods for closer scrutiny*. The FRB has indicated that it will conduct such analysis for all institutions that report under HMDA, and will share the analysis with the federal agency responsible for regulating the institution so that a closer look at loan files can be conducted through each agency's bank examination process.

Results from Analysis of the 2004 HMDA Data

The principal findings from analysis of the 2004 HMDA data are discussed thoroughly by Federal Reserve Board authors Robert Avery, Glenn Canner, and Robert Cook in their *Federal Reserve Bulletin* article.[7] Their analysis focused on differences

[7] Avery, Canner, and Cook, 2005.

across racial groups in 1) loan rejection rates, 2) incidence of higher priced (reportable) loans, and 3) the average price paid by those who receive higher priced (reportable) loans.

The raw data (unadjusted for borrower or loan characteristics) for 2004 show that African-American and Hispanic borrowers have a higher incidence of higher priced loans relative to non-Hispanic whites (and Asians). For example, in the category of first-lien loans used to purchase a home ("purchase money firsts"), 32.5 percent of African-American borrowers received higher priced loans, compared to 20.3 percent of Hispanic borrowers, and 8.7 percent of non-Hispanic white borrowers. Recognizing that the raw incidence percentages provide an incomplete and misleading picture of pricing fairness across racial/ethnic groups because they don't account for differences in the risk of either borrowers or loans, the authors describe analytical adjustments that control for those factors that are known to affect the loan underwriting decision (and assessment of loan risk) and are also contained in the HMDA data. While the HMDA data are limited, they do contain information on borrower income, geographic location of the property, property type (e.g., single family home, condo, etc.) and the identity of the lender. After adjusting for those factors that are contained in the HMDA reports filed by lenders, the percentages of first lien home purchase loans made as "higher priced" fall to 15.7 percent for African-American borrowers and 11.5 percent for Hispanic borrowers, as compared to 8.7 percent for non-Hispanic white borrowers.

Of the remaining differential, the authors state that "We emphasize that the Federal Reserve's statistical analysis system is only a screening tool. The HMDA data alone, no matter how much they are manipulated, cannot be used to conclude whether a particular applicant was treated adversely on the basis of a prohibited factor regarding either the disposition of the application or the pricing of the loan. The data reveal little about an individual's financial circumstances [e.g., borrower risk score, total debt, loan-to-value ratio, documentation and stability of income] and nothing about the condition or value of the property offered as collateral."[8]

To further investigate how the inclusion of additional borrower and loan information can affect fair lending analyses, the FRB asked the Credit Research Center (CRC) (for which I serve as director) at Georgetown University to collaborate on a study using one of the Center's databases. This database contains over 5 million loans made over the past nine years by eight lenders that specialize in subprime lending. The FRB estimated that loans from these eight lenders accounted for about 22% of the higher priced conventional home purchase and refinance loans in the HMDA database for 2004. Because the CRC database contained information on loan and borrower characteristics in addition to what were reported under HMDA, analysis of racial differences in pricing could be expanded to accommodate a broader array of factors that affect loan underwriting and pricing. The analysis revealed that, compared to the raw (unadjusted) incidence rates of higher priced loans, the differences between African-American borrowers and non-Hispanic white borrowers narrowed when HMDA-reported factors were included, consistent with the FRB's own analysis of its 2004 HMDA database.

[8] Id., p 389-390.

Moreover, the differential declined further when the additional loan-level attributes (not reported under HMDA) were included. Those additional attributes included borrower FICO score, loan-to-value ratio for first-lien loans, the appraised value of the property, type of interest rate (fixed, variable), low documentation of income, whether the loan carried a prepayment penalty, and whether the loan was originated through a broker.

But, even this expanded list of attributes doesn't capture all of the factors that are important to the underwriting process. Our database contains only what these lenders had stored electronically in their operating systems. Individual loan files contain even more information, along with original documents, credit reports, and other related items. Such information is also important in determining loan pricing. For example, I have seen lender rate sheets that indicate add-ons to a base interest rate related to FICO score and the number and recency of mortgage delinquencies, or even serious delinquencies on non-mortgage accounts. Our database contains the FICO score, but no information about prior delinquencies. We cannot replicate the pricing process with our data because we know we are missing some relevant data.

The message here is that analysis of pricing fairness is greatly affected by the amount of available information regarding both the borrower and the loan risk characteristics. When the available data are known to be incomplete, analysis is preliminary and conclusions are necessarily premature.

The FRB has been saying this repeatedly for more than a year. Nevertheless, the fact seems to be lost on some activist groups who persist in claiming to have found evidence of discriminatory pricing in the HMDA data and chastise federal regulators for failing to investigate.[9] The fact is that no study based on HMDA data alone can generate a conclusion that any lending institution has violated fair lending laws, nor can studies like our own that utilize an expanded but still incomplete set of loan-level characteristics. Good intentions notwithstanding, this sort of statistical effort is destined to fail, although it can apparently attract a lot of media attention along the way.

I am convinced that the only reliable way to reach defensible conclusions about fair lending practices is through a combination of statistical analysis and loan file review through the examination process, the approach that is apparently used by the Federal Reserve. I refer interested parties to two papers by economists with regulatory agency experience that present results from actual fair lending examinations. Both papers demonstrate rather convincingly how inspection of loan files can significantly alter conclusions reached through portfolio-wide statistical analysis alone.[10]

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[9] Debbie Gruenstein Bocian, Keith S. Ernst and Wei Li, "Unfair Lending: The Effect of Race and Ethnicity on the Price of Subprime Mortgages," Center for Responsible Lending, May 31, 2006; National Community Reinvestment Coalition, "Homeownership and Wealth Building Impeded: Continuing Lending Disparities for Minorities and Emerging Obstacles for Middle-Income and Female Borrowers of All Races," April 2006.

[10] Paul S. Calem and Stanley D. Longhofer, "Anatomy of a Fair-Lending Exam: The Uses and Limitations of Statistics," FEDS Working Paper No. 2000-15, March 2000; Jason Dietrich, "Under-specified Models and Detection of Discrimination: A Case Study of Mortgage Lending," *Journal of Real Estate Finance and Economics*, Vol. 31, No. 1, 2005.

Why Not Require More Data to be Reported?

If more information would be helpful, wouldn't it be a good idea to require even more detail as part of the new reporting requirements? The answer to this question is greatly affected by the extent to which reported items would be publicly disclosed.

Suppose lenders were required to provide more detailed loan-level risk factors to the FRB, but for its internal use only. A requirement to report additional loan-level details imposes a greater regulatory compliance burden. If the data were to be restricted to the FRB's internal use only, the requirement to expand reporting is redundant to some degree as the five regulatory agencies that comprise the Federal Financial Institutions Examination Council (FFIEC, which includes the Federal Reserve, the OCC, FDIC, OTS, and NCUA regulatory agencies) already have the power through the regulatory bank examination process to audit individual loan files. Details from selected loan files could be gathered when statistical screening revealed a potential problem, without forcing lenders to do so for every loan originated during a year. More fundamentally, the determination of what should be reported by lenders is problematic. Assuming that nobody is seriously contemplating having lenders report all of the information in a loan file, which items would be sufficiently important to require reporting? This is not as straightforward as it sounds. Credit score comes to mind as a likely candidate, but lenders utilize many different scores. Should the FRB endorse one above all others (e.g., the FICO score developed by Fair Isaac Corp.), when all scores relied upon by lenders have been proven to be effective (by law)? Moreover, certain lenders place different emphasis on some risk factors relative to others, depending upon their appetite for risk and proprietary skills at utilizing data to estimate that risk. Requiring the reporting of a standardized but necessarily limited set of "potential" underwriting factors runs the risk of effectively stifling innovative developments in underwriting processes or missing key variables that some lenders already use.

Now, suppose that an expanded reporting requirement would also include public disclosure of the data elements, just as current HMDA elements are annually disclosed. Such a process would quickly compromise the privacy of borrowers. Both FRB staff and academic researchers have demonstrated that it is *already* quite possible to match publicly available HMDA loan-level data with publicly available information on property transfers to identify the race and income of owners with a high degree of accuracy. "More than 90 percent of the loan records in a given year's HMDA data are unique—that is, an individual lender reported only one loan in a given census tract for a specific loan amount. These unique loan records can be matched with other publicly available information, such as property deed records, to determine the identities of individual borrowers. With such a match, any data item in the HMDA database, such as loan pricing, becomes publicly known."[11] Given the ability to match HMDA data to public records of property transfers, an expanded collection and public release of data on credit scores and other borrower attributes would severely compromise personal privacy. Regardless of how useful selected items might be to researchers outside the regulatory agencies (remember, the agencies themselves already have the ability to obtain more

[11] Avery, Canner, and Cook, 2005, p 367.

detail when they need it), the infringement on personal privacy is virtually unthinkable given today's regulatory commitment to privacy protections.

Conclusions

HMDA was designed to provide information about the extent to which mortgage loans are available to borrowers across geographical neighborhoods and borrower income and racial/ethnic groups. With the addition of pricing data for some loans, the HMDA database now provide more accurate information on subprime lending as distinct from prime lending. The database is a gold mine for researchers, but also for marketers seeking to identify underserved neighborhoods that may be ripe for competitors to woo borrowers with more favorable rates. However, HMDA was not designed to provide information on the range of characteristics of the borrower, the property, or the loan itself that determine the loan price. Consequently, the HMDA data alone can not be used to identify discriminatory pricing.

I will close with a final thought regarding the misuse of the HMDA pricing data. Attempts to infer excessive or discriminatory pricing using HMDA data alone may make good copy for the popular press, but they are unfair to targeted institutions, run the risk of doing serious reputational damage when none is warranted, and could prompt lenders to pull back from making "reportable" loans. This outcome would hurt the very borrowers that fair-lending statutes were intended to help. Presumably this is why the Federal Reserve Board launched a public-education campaign in March 2005 to delineate the strengths and limitations of the new HMDA data. A speech by Federal Reserve Board Governor Susan Schmidt Bies highlights the risks of improper use:

> "If the HMDA data set's inherent limitations are not acknowledged and understood, conclusions purportedly drawn from these data alone run a risk of being unsound. Unsound conclusions, in turn, may reduce the data set's effectiveness in promoting HMDA's objectives of improving market efficiency and legal compliance. For example, the unwarranted tarnishing of a lender's reputation could reduce the willingness of that lender or another to remain in, or enter, certain higher-priced segments of the market. That discouragement, in turn, could potentially reduce competition in those segments and curtail the availability of credit to higher-risk borrowers."[12]

Mr. Chairman, I thank you for the opportunity to share these thought today and would be happy to answer any questions.

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[12] Remarks by Federal Reserve Board Governor Susan Schmidt Bies at the Financial Services Roundtable Annual Meeting, March 31, 2005.