American Financial Services Association

Community Home Lenders Association

Consumer Mortgage Coalition

Council for Affordable and Rural Housing

Credit Union National Association

Financial Services Roundtable

Housing Policy Council

Independent Community Bankers of America

Mortgage Bankers Association

National Affordable Housing Management Association

National Apartment Association

National Association of Federal Credit Unions

National Association of Housing Cooperatives

National Leased Housing Association

National Multi Housing Council

July 29, 2013

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 and housing laws. Since 1968, the Fair Housing Act has prohibited discrimination in the sale, rental, or financing of dwellings and in other housing related activities on the basis of a race, color, religion, sex, disability, familial status or national origin. We strongly support this historic 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 50 years after Congress enacted the Fair Housing Act, the Department of Housing and Urban Development (HUD) proposed a regulation that is not supported by the text of the Act. HUD's regulation would create liability for housing policies or practices that have a "disparate impact" on a

protected class, even when there is no intent to discriminate. Under this rule, even when a mortgage lender, apartment owner, apartment manager or housing cooperative 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 intentional discrimination. This would make it harder for families to buy or rent a home.

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. Under HUD's rule, a lender, apartment owner, apartment manager or housing cooperative could be challenged if these practices yield different results for a protected class, and also face severe reputational harm and significant costs of defense. This would force them to allocate lending or leases to all groups equally, regardless of the demonstrable differences in risk. Lenders, apartment owners, apartment managers and housing cooperatives would be required to use quotas to make sure each group gets exactly the same share of loans and leases. That is, they 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. 2610, the Transportation-HUD Appropriations Act for Fiscal Year 2014, to prevent this misinterpretation of the Fair Housing Act.