Using SAS and ESRI for HDMA CRA Compliance

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Too little too late?

“It’s up to you now, Miller. The only thing that can save us is an accounting breakthrough.”
Agenda

- What is the Issue?
- Key Challenges
- SAS and ESRI for HMDA/CRA Compliance
What is HMDA?

Home Mortgage Disclosure Act (HMDA)

- Enacted by Congress in 1975 and is implemented by the Federal Reserve Board's ("Regulation C")
- Intended to:
  - Help determine if FIs are serving the housing needs of their communities
  - Assist public officials in distributing public-sector investments (to attract private investment to areas where it is needed)
  - Help identify possible discriminatory lending patterns
What is CRA?

Community Reinvestment Act (CRA)

- Enacted by Congress in 1977 (12 U.S.C. 2901) and is implemented by Regulations 12 CFR parts 25, 228, 345, and 563e.
- Revised in May 1995 ("Regulation BB")
- Intended to:
  - encourage depository institutions to help meet the credit needs of the communities in which they operate, (including low- and moderate-income neighborhoods)
Failure to Comply to HMDA/CRA

Violation Acts and Regulations can lead to:

- Administrative Sanctions
- Significant Civil Penalties
- Monetary penalties
- Cease and desist orders
- Bad Public Relations
HMDA/CRA Reporting Regulations

- The burden of regulatory reporting continues to grow
- Institutions increasingly required to provide MORE detailed information on more transactions…
- The information you provide can be used against you…

*So why not turn this process into an Asset?*
SAS Regulatory Risk Management
Regulatory Risk Management Goals

- Exposure to regulatory risk must be managed so that firms can concentrate on what they do best – managing their core business activities.

- Regulatory risk management must identify and report various risk exposure areas quickly so that they can be controlled and managed proactively.

- By leveraging regulatory risk data repository, offer analysis reports internally to improve the institution’s competitive advantage.
Business Challenges

- Identify issues that impact regulatory compliance
- Many audiences to address information needs
- Communication and distribution of HMDA/CRA lending decisions to sales channel and internal staff
- Need data visualization for census tract mapping, demographics, fair lending assessments & statistics
- Use a product solution that is customizable to fit unique business needs
- Reduce risks and costs associated with outsourcing
Technical Challenges

- Data access to multiple platforms & database technologies
- Scalable solution to handle a “big data store”
- Tools to improve and automate Data Validity
- Need robust and efficient technologies for data manipulation and analysis
- Need easy-to-use tools that improve Information delivery with minimal infrastructure investments
- Need a flexible automated system that is open and can be easily maintained in-house
Some Aspatial Solution Requirements

- Regulatory summarizations (daily)
- Edit administration
- Detailed, correctable and traceable error management
- Both static and dynamic Business Intelligence (BI) reporting
  - Semi-automated submission and transmittal interface
  - Extensible analysis and ad hoc reports
- ... and more
Some Spatial Solution Requirements

- Serving communities
  - FIPS, MA and Census tract geocoded
- Filter data, select specific tables, examine attributes
- Allow custom groupings of geo-divisions
- Modify map representations including themes, legends, titles, symbology, etc..
- Bookmark views and create templates
- Zoom in/out, depict detail
- ... and more
Our Unique Difference

- Powerful data and metadata management
- End-to-end solution
- Consistency and accuracy in aspatial and spatial information assets
- Scalable analytical and spatial analysis platform
- Comprehensive reporting and mapping environment
- Fully extensible and customizable
SAS® HMDA/CRA Solution Components

- Loans & Applications
  - External Data
  - Loans & Applications

- Data Management
  - Extraction
  - Formatting
  - Geocoding
  - Derivation
  - Aggregation

- Ad hoc Analysis
  - Data Query
  - Data Manipulation
  - Summary Statistics
  - Graphics & Charts
  - Maps

- Standard Reporting
  - Published Maps & Graphs
  - Performance Evaluation Reports
  - Error Reports

- Error Control
  - Error Checking
  - Error Modification
  - Error Correction
  - Error Monitoring

- System Administration
  - Job Control
  - Recipient Info Mgmt
  - Edit Checks Mgmt
  - User Access Control

- Submission
  - Aggregate Error Checking
  - Submission Files Gen
  - Archiving

- Submission files

- MS Excel files
Analyze

- SAS BI Platform (OLAP) Technologies
- Performance Evaluation Reports
- Ad-Hoc Analysis (Enterprise Guide)
- Interactive Mapping/Spatial Analysis (ArcView)

Analysis of Lending Activity, Investments, and Services using the following dimensions:
- Geography
- Time
- Organizational Structure
- Competitors
  And More…
Loan Distribution by Time and Organizational Unit

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Loan Distribution by Time, Organizational Unit, and Assessment Area

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Entity: Bank #1
Where Loans Coming From … Plus…

Overlay Community Characteristics
Report

- Web-based Reports for Error Correction
- Published Maps
- Reporting Capabilities using EG
- Semi-automated submissions
Error Update Form
Public Loan Application Register (LAR) Report Creator

![Public LAR Report interface](image)

- **Select an Entity**
- **Choose a date range**
  - Start Date
  - End Date
- **Geographic Subsets**
  - MSA: <all>
  - State: <all>
  - County: <all>
  - Census Tract: <all>
- **To write the report to a 'dbf' file**
  - Enter a name for the file
- **Run Report**
- **Cancel**
Results

- **Increase Efficiency**
  - Provides accurate and faster data manipulation and analysis results

- **Communicate Knowledge**
  - Executives can easily web-view, company’s Loans/Applications reports graphically and geographically by various factors

- **Improve Decisions**
  - Branch managers can view their specific performance and understand how it contributes to the organization’s overall compliance goals and sales targets
Extending the Foundation

- Integrated environment for physical assets and sales patterns and community knowledge

- Become Pro-active by extending to:
  - In-depth customer knowledge
  - Targeted marketing
  - Sales Forecasting & Site Determinations
  - Logistical Optimization
  - ...