

## Background for Meeting with Jay Janis

We are seeking a meeting of the civil rights suit plaintiffs with Jay Janis, new Chairman of the Federal Home Loan Bank Board, at which your personal participation will be important. The purpose of the meeting is to express extreme alarm at the Board's continuing failure to live up to its commitment to establish a system for collecting and analysing race and sex data on mortgage applicants for the purpose of flagging discriminatory patterns at individual lending institutions for follow-up investigation by examiners. We want to secure Janis' personal commitment to the establishment of such a system on a specific timetable and as a matter of highest priority, and we want him to assign a member of his personal staff to see to it that it gets done. We will advise you when this meeting has been scheduled.

### Background:

The March, 1977 settlement agreement calls for the establishment of a system for the "collation and analysis" of data on the race and sex of home mortgage applicants for the purpose of identifying patterns of potential discrimination, to be followed by in-depth investigation by trained examiners. In November, 1977, the Bank Board proposed to require savings and loans to keep a "loan application register", including personal, credit and property data on each loan application. The proposal also would have required associations to submit some of this data to Washington for computerized analysis. The final regulation, published in May, 1978, substantially reduced the number of items to be recorded on the register, and

more important, did not mention collection or analysis of data. Instead, it announced that the Board intended to conduct further research to see whether the items on the loan register should be further reduced or should be expanded.

The settlement agreement, signed in March, 1977, contemplated that the system would be in effect within a year of the agreement, leaving 18 months to evaluate its operation and suggest improvements before the agreement ran out in September 1979. The May, 1978 regulation made clear that this time-table would not be met, and indeed placed in question the Board's intention to adopt any form of systematic data analysis whatsoever. Accordingly, the plaintiffs held a meeting with the Board, at which it was decided that the staff would propose a timetable for the adoption of a data collection system and the settlement would be extended to 18 months after the target date for putting the system into operation. The target date proposed was October 1, 1979, and the agreement was extended to March 31, 1981.

Instead of developing a data collection and analysis system, however, the Board has conducted research into those items which seem relevant to lending decisions and which should be included on the application register. In mid-October, it published a proposal to modify the loan register, with a 60-day comment period. It no longer has a timetable for the institution of a data collection and analysis system, and Jay Janis has not yet signalled his commitment to the establishment of a system, throwing the Board's compliance with the settlement agreement once again into question.

The only real progress towards creation of a data system was made during the months following Bob McKinney's departure as Chairman, when Anita Miller was Acting Chairman. Miller has resigned, effective November 20, and there is doubt as to whether progress, slow as it has been, will continue without the Chairman's personal backing. We should ask him:

1. To establish a firm and final deadline for the creation of a data collection and analysis system which complies with the settlement agreement.
2. To make clear to the Board's staff that this project has the highest priority, and to assign some one from his personal staff to coordinate it and make certain that it is done on schedule.
3. To agree to a further amendment of the agreement, incorporating the timetable and providing that a failure to adhere to it will constitute a violation of the agreement.

Other Information:

The FHLBB has fallen behind the other regulatory agencies:

1. The Office of the Comptroller of the Currency (OCC) has established a good data collection and analysis system, which goes into effect January 1. The FDIC has started a limited system and is developing a more comprehensive one.
2. The OCC and FDIC have consumer/civil rights offices with policy and coordination responsibilities. The FHLBB has no such office. (The agreement required the Board to hire a civil rights specialist; it did so, but through successive reorganizations her position has become buried in the bureaucracy.) The Board is cur-

rently considering a reorganization which would re-establish the former Office of Examination and Supervision, in which there would be a policy office covering civil rights along with all other concerns of the Board.

3. The OCC and FDIC have civil rights/consumer examination specialists, and centralized training in civil rights for all examiners. The FHLBB lacks specialized examiners, and training is conducted by its 12 regional offices without a common curriculum, syllabus or training personnel. FHLBB training is the least effective and thorough of any agency.