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Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I have signed into law S. 1281. Title I of this bill extends until March 1, 1977, the authority of various Federal agencies to regulate interest rates paid on certain deposits in financial institutions. Title II extends the authorization of the National Commission on Electronic Fund Transfers for two years beyond the confirmation date of its chairperson. I support these two measures. However, I have some reservations about Title III, the "Home Mortgage Disclosure Act of 1975."

This Act will require financial institutions having over \$10 million in assets and operating in large urban "standard metropolitan statistical areas" to comply with a new program of Federal regulation. All of these depository institutions will be required to compile, and make available for public inspection, information on the number and total dollar amount of mortgage and home improvement loans, broken down by census tract or zip code. This Federal law will be enforced by several Federal regulatory agencies (the Federal Reserve Board, Federal Home Loan Bank Board and others) and will supersede any inconsistent provisions of State laws. The Federal Reserve Board will have authority to exempt State chartered institutions which are subject to similar State disclosure and enforcement requirements.

In essence, this third Title attempts to highlight the problem of mortgage and home improvement loan fund shortages in some parts of large urban areas -- often lower income, older neighborhoods -- where credit discrimination based upon geographic factors is alleged to occur.

I firmly believe, as do most people, that discrimination on racial or ethnic grounds is a practice which is abhorrent to our American way of life. Our Constitution grants equal liberties to all citizens. Federal, State and local laws expressly prohibit discriminatory practices. Our courts have continued to uphold the principle that a strong and free Nation is one which can, and must, protect any individual's rights, regardless of race or religion. This bill attempts to expose any such discrimination by financial institutions providing housing credit. I strongly support this objective.

While I note that the Congress claims that this legislation is not intended to encourage unsound lending practices or the allocation of credit, I am concerned that this Mortgage Disclosure Act may impose a burdensome and costly requirement for additional recordkeeping and paperwork. Unless this new disclosure program is very carefully administered, the Federal Government will be placing yet

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another requirement on the private sector -- a requirement which will impose substantial costs but will do very little to increase the total availability of mortgage funds in our housing markets.

I trust that the agencies administering Title III of this bill will assess carefully the costs and benefits to both the lenders and borrowers. As presently enacted, this legislation will have a four-year life. If, within that period, undue burdens result from the implementation of this program, I shall not hesitate to recommend amending legislation.

I also trust that the Congress will join with my Administration in working to solve the capital shortage problem which our country faces. Over the years our expanding capital markets have helped keep the American economy strong because sufficient capital -- for housing, industry, consumer credit and other purposes -- has been available to sustain economic growth. Rather than support capital allocation, my Administration is committed to improve and strengthen the free market mechanisms used for raising and investing capital -- particularly for housing. To this end I have urged Congress to enact the Administration's Financial Institutions Act of 1975, (S. 1267), a bill which will permit banks and other thrift organizations to offer competitive yields on savings deposits and a wider range of services to customers and homebuyers. This legislation will offer new incentives to all mortgage lenders and should help alleviate shortages of mortgage money in every housing market of our Nation.

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