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Home Mortgage Disclosure Act (HMDA)

Enacted by Congress in 1975, the original purpose of the Act was two-fold: enhance enforcement of anti-discriminatory lending laws and disseminate information to guide investments in housing. The Act requires financial institutions to disclose information to their regulatory agency about every loan application received. Whether an institution is covered depends on its size, the extent of its activity in a metropolitan statistical area (MSA), and the weight of residential mortgage lending in its portfolio. Any depository institution with a home office or branch in an MSA must report HMDA data if it has made a home purchase loan on a one-to-four unit dwelling or has refinanced a home purchase loan and if it has assets above an annually adjusted threshold. Any non-depository institution with at least ten percent of its loan portfolio composed of home purchase loans must also report HMDA data if it has assets exceeding \$10 million. Under these criteria, small lenders and lenders with offices only in non-metropolitan areas are exempt from HMDA data reporting requirements. Therefore, information for rural areas tends to be incomplete. Yet, U.S. Census figures show that about 83 percent of the population lived in metropolitan areas over our sample period, and hence, the bulk of residential mortgage lending activity is likely to be reported under the HMDA. Information covers individual characteristics (race, ethnicity, income, geographic location of the property, etc.), loan information (amount requested, response, reasons for denial, etc.) and institution information (regulatory authority, geographic location, and assets). The data can be ordered on CD-ROM's from the Federal Financial Institutions Examination Council (FFIEC), and starting in 2006 they can also be downloaded from their website. The data cover about 250 million loan applications between 1996 and 2007.

In order to make sure that the data are clear of outliers and erroneous values, we follow these procedures:

- Loan amount and applicant income are rounded to a lower limit, hence all observations below \$1000 and \$10000, respectively, are eliminated.
- Definitions of applicant race, loan purpose and purchaser type have changed between 2003 and 2004. For applicant race, an applicant ethnicity variable has been added and the race code for Hispanic has been eliminated. Other codes have been rearranged. In our dataset, these variables are transformed into harmonized dummies for selected ethnicities. Loan purpose category "multifamily" has been moved to a new specific variable called property type in 2004. In order to harmonize the pre-2003 and post-2003 data, all multifamily-related records are eliminated. Purchaser type has gone under a minor recoding to make room for "securitization", i.e. the packaging and sale of loans on the open market, as opposed to the sale of the whole loan to a private institution or government-sponsored enterprise. As we do not distinguish between loan sales and securitized loans, no adjustments are made for this change.

- We eliminate all application records that did not end in one of the three following actions: loan originated, application approved but not accepted, application denied. Other actions mostly represent dubious statuses (e.g. application withdrawn by applicant) or purchased loans; these have also been excluded because it is not clear whether they are reported twice, once by the originating institution and again by the purchasing institution.

Although HMDA is a relatively homogeneous dataset considering its size, there are some inconsistencies that need to be dealt with. First, HMDA disclosure requirements change, although minimally, from one year to the next to reflect changes in metropolitan area definitions and keep minimum institution size in line with inflation. While there is little that can be done to take account of the fact that the set of institutions qualifying under the applicable rules on the size restriction change, we eliminate the observations that cannot be associated with a metropolitan area, which typically turn out to be loans made in rural areas by institutions whose primary business is in metropolitan areas and are therefore required to report or loans that were made in an area that happened to be reclassified as rural. Second, 2004 was marked by a major overhaul of the HMDA regulations. New variables were added, including the interest rate when it is set above a certain threshold: the number of variables expanded from 30 to 45. Moreover, the Office of Management and Budget (OMB) increased the number of official Metropolitan areas (MAs) from about 320 to about 390. The boundaries of the MAs themselves were sometimes enlarged, increasing the number of lenders required to report. Trends apparent from a comparison of aggregate figures from 2003 and 2004, therefore, should be taken with a grain of salt. For example, loan market growth rates are likely to be inflated because in the existing MAs more institutions were required to disclose; at the same time, in a specific MA figures could be understated because part of the counties that used to form it have been incorporated into a new MA. In such cases, 2004 aggregate figures have been interpolated using 2003 and 2005 figures. Third, some Loan Application Records (LARs) were found to be wrong or inconsistent by numerous data validity checks operated by the FFIEC. Such records, after being altered automatically, have been marked as “edited” using a flag. Around 6 percent of all records are marked as edited. Edits are distributed in a homogeneous fashion across time and across space. In any event, those records have been eliminated from our database.¹

To concentrate on a relatively homogeneous set of loans, we drop loans for multi-family purpose from the sample, as this is a distinct market from the overall mortgage market for single family homes. We also drop federally insured loans as their risk profile is likely to differ from that of other loans.

HMDA data does not include a field that identifies whether an individual loan application is a subprime loan application. In order to distinguish between the subprime and prime loans, we use the subprime lenders list as compiled by the U.S. Department of Housing and Urban

¹ An exception is Arizona in 2003. For most Arizona MAs in 2003 nearly all records are reported as edited. While the reasons of this remain unknown, such records have been eliminated, and 2003-04 credit growth rates have been interpolated using data from the adjacent years.

Development (HUD) each year. HUD has annually identified a list of lenders who specialize in either subprime or manufactured home lending since 1993. HUD uses a number of HMDA indicators, such as origination rates, share of refinance loans, and proportion of loans sold to government-sponsored housing enterprises, to identify potential subprime lenders. Since 2004, lenders are required to identify loans for manufactured housing and loans in which the annual percentage rate (APR) on the loan exceeds the rate on the Treasury security of comparable maturity by at least three (five, for second-lien loans) percentage points and report this information under HMDA. The rate spread can be used as an alternative indicator (to the HUD list) to classify subprime loans. For the years with available data, the ranking of subprime lenders using the rate spread variable alone coincides closely with the ranking in the HUD list (the correlation is around 0.8).

Data at the Metropolitan Statistical Area (MSA) Level

Despite its broad coverage on borrower, property, and loan characteristics, several important variables that might have an impact on lending decisions are left out in HMDA. The lack of knowledge on the applicant's credit score and age, interest rate and maturity of the loan, and property price are just examples of missing fundamental information on which the lender might base the decision. Some of this essential information might be partially recovered through use of economic and social indicators available for the geographical area. For that purpose, we gather data from the following sources.

- Bureau of Economic Analysis (BEA): Annual data on personal income, labor and capital remuneration, proprietors' employment, and population.
- Bureau of Labor Statistics (BLS): Data on unemployment and prices
- U.S. Census Bureau: Data on population
- Office of Federal Housing Enterprise Oversight (OFHEO): Housing price index (HPI)
- LoanPerformance: Mortgage delinquencies (percent of subprime loans that are 60 or more days delayed in payment) from LoanPerformance at four different points in time (February 2005, 2006 and 2007 and November 2007).

Adjustment for Change in Metropolitan Area Definitions

The definitions of MAs change over time, both because of change in administrative standards and, more often, because of the dynamic nature of cities. OMB operated a major change in the definitions in 2003, and HMDA incorporated this change into its requirements in 2004. Hence, it is necessary to adjust the aggregation of data to reflect these changes in definitions to make sure that data are consistent pre- and post-2004. Further harmonization of metropolitan area definitions is necessary as some sources use different codes.

The new codes identify physical MAs as Core-Based Statistical Areas (CBSAs). A CBSA can span more than one state but always covers counties in their entirety without splitting them. Large areas such as New York-Newark-Bridgeport (NY-NJ-CT-PA) are in turn

subdivided into Metropolitan Divisions (MDs) in order to maintain a more comparable area size. MDs, too, are made up of whole counties. The only exception to this rule is the New England City and Town Areas (NECTAs) used by BLS. Due to historical reasons, New England city boundaries are administratively allowed to cut across counties. It is therefore impossible to match NECTA borders to CBSA and MD codes; while there are CBSA codes for Boston and other NECTAs, the Census Bureau warns that these codes represent statistical artifacts that do not match exactly the actual borders. For this reason, unemployment and inflation figures for NECTAs have been imputed without adjustment to the corresponding CBSAs (hence, at the highest level of aggregation to minimize errors). LoanPerformance data, excluding the November 2007 version, are expressed using the 1999 codes. At a first approximation, in the 1999 codebook CBSAs were replaced by Consolidated Metropolitan Statistical Areas (CMSAs) and MDs were replaced by Primary Metropolitan Statistical Areas (PMSAs). In order to fit PMSA-based data to our dataset, the data were merged to single counties according to their former PMSA; CBSA values were then calculated by averaging the value taken by each of the counties constituting the CBSA. This way it was possible to have a continuous and consistent series where one PMSA has been split into two CBSAs in the new codes, or vice versa. However, some of the seventy new MAs of the 2003 definition are new areas, that only recently reached the metropolitan area threshold, and therefore these areas have been excluded.

HMDA data always report the county where the property is located, and therefore it was possible to associate the 2003 definitions with pre-2004 data. We recreate two artificial, coherent “CBSA” and “MD” variables for the individual data in all seven years. Of course, the pre-2004 coverage of MAs created in 2004 is not complete, as local institutions were deemed to be rural and therefore not required to file under HMDA. On the other hand, a large part of lending in non-metropolitan cities is still carried out by lenders that are required to file so we include these observations.

Lobbying Expenditures

In addition to campaign contributions to officials and candidates for election purposes, companies, labor unions, and other organizations spend billions of dollars each year to lobby incumbent members of Congress and of federal agencies. Some special interests hire lobbying firms; others have lobbyists working in-house. We compile the dataset on lobbying expenditures using two sources: (i) the website of the Center for Responsive Politics (CRP) (www.crp.org) and (ii) website of the Senate’s Office of Public Records (SOPR) -- http://www.senate.gov/legislative/Public_Disclosure/LDA_reports.htm. The data are based on the semi-annual lobbying disclosure reports filed with the SOPR and posted to their website. We focus on the reports covering lobbying activity that took place from 1999 through 2006.

The website of the CRP provides information on the lobbying expenditures as well as the general issues with which lobbying is associated. The information however, is not user-friendly (e.g. one has to click on each firm name to get the details), and often has to be cross-checked with individual lobbying reports which are publicly available in pdf format on the website of the SOPR. Moreover, the CRP does not provide information on the specific

issues (or particular regulations) with which the lobbying is associated. We extract the entire lobbying database from the CRP website (comprising about 16,000 unique firms over 1999-2006, with a maximum of around 9,000 firms in any one year) and use it for the matching process with HMDA database. For the matched firms (around 250), we go over the individual pdf reports to extract detailed information including specific issues.

The Lobbying Disclosure Act (LDA) of 1995 requires lobbying firms and organizations to register and file reports of their lobbying activities with the Secretary of the Senate and the Clerk of the House of Representatives. In general, it requires registration by any individual lobbyist (or the individual's employer if it employs one or more lobbyists) within 45 days after the individual first makes, or is employed or retained to make, a lobbying contact with either the President, the Vice President, a Member of Congress, or any other specified Federal officer or employee, including certain high-ranking members of the uniformed services.

A registrant must file a report for the semiannual period when registration initially occurred and for each semiannual period thereafter, including the period during which registration terminates. Lobbying firms, i.e., entities with one or more lobbyists, including self-employed individuals who act as lobbyists for outside clients, are required to file a separate report for each client covered by a registration. Organizations employing in-house lobbyists file a single report for each semiannual period. The semiannual report is required to be filed no later than 45 days after the end of a semiannual period beginning on the first day of January and the first day of July of every year in which a registrant is registered. LDA requires the Secretary of the Senate and the Clerk of the House of Representatives to make all registrations and reports available to the public as soon as practicable after they are received.

Under Section 3(10) of the LDA, an individual is defined as a "lobbyist" with respect to a particular client if he or she makes more than one lobbying contact (i.e. more than one communication to a covered official) and his or her "lobbying activities" constitute at least 20 percent of the individual's time in services for that client over any six-month period. "Lobbying activity" is defined in Section 3(7) of the LDA as "lobbying contacts or efforts in support of such contacts, including background work that is intended, at the time it was performed, for use in contacts, and coordination with the lobbying activities of others".

Lobbying firms are required to provide a good-faith estimate rounded to the nearest \$20,000 of all lobbying-related income in each six-month period. Likewise, organizations that hire lobbyists must provide a good-faith estimate rounded to the nearest \$20,000 of all lobbying-related expenditures in a six-month period. An organization or a lobbying firm that spends less than \$10,000 in any six-month period does not have to state its expenditures. In those cases, CRP treats the figure as zero.

Annual lobbying expenditures and incomes (of lobbying firms) are calculated by adding mid-year totals and year-end totals. Whenever a lobbying report is amended, income/expense figures from the amendment are generally used instead of those from the original filing. Often, however, CRP staff determines that the income/expenditures on the amendment or termination report are inaccurate. In those instances, figures from the original filing are used.

Occasionally, income that an outside lobbying firm reports receiving from a client is greater than the client's reported lobbying expenditures. Many such discrepancies can be explained due to filer error. In cases not already resolved in previous reports and where the discrepancy exceeds the \$20,000 that can be attributed to rounding, the client's expenditures rather than the lobbying firm's reported income are used. The only exception is when a client reports no lobbying expenditures, while the outside lobbying firm lists an actual payment. In such cases, the figure reported by the lobbying firm is used.

In cases where the data appears to contain errors, official Senate records are consulted and, when necessary, the CRP contacts SOPR or the lobbying organizations for clarification. The CRP standardizes variations in names of individuals and organizations to clearly identify them and more accurately represent their total lobbying expenditures.

In cases where both a parent and its subsidiary organizations lobby or hire lobbyists, the CRP attributes lobbying spending to the parent organization. Therefore, the lobbying totals reported by the CRP for a parent organization may not reflect its original filing with the Senate, but rather the combined expenditures of all related entities.

However, to calculate lobbying expenditures by sector and industry, each subsidiary is counted within its own sector and industry, not those of its parent. The CRP makes this distinction when it has the information necessary to distinguish some or all of the subsidiary's lobbying expenditures from either the subsidiary's own filing or from the receipts reported by outside lobbying firms. For example, tobacco giant Altria Group owns Kraft Foods. Although Altria Group's original filing includes lobbying for Kraft in its expenditures, in the dataset the CRP isolates Kraft's payments to outside lobbyists and includes them in 'Food Processing and Sales'.

When companies merge within any two-year election cycle, their lobbying expenditures are combined and attributed to the new entity. This is done in order to correlate lobbying data to campaign contribution data for each particular organization and industry.

In addition to firms' own lobbying expenditures, we also include lobbying expenditures by finance, insurance, real estate trade associations; that is, we are interested in associations such as the Electronic Check Clearing House Organization (ECCHO) or the Financial Services Roundtable. To split the total association expenditures among the various association members, we first obtain membership information from approximately 150 association websites. For example, according to the ECCHO website, there are more than 2200 members including Bank of America, Citibank, and SunTrust. Next, a share of the associations' lobbying expenditures is assigned to each member firm. This share is calculated as the member firm's own lobbying expenditures divided by the sum of all association members' lobbying expenditures. Then, for each firm and each year, the firm's share is multiplied by the association's total lobbying expenditures so that the association lobbying expenditures are distributed across all of the member firms.

Interestingly, the LDA also requires the organization to state the issues on which the registrant engaged in lobbying during the reporting period. Table A1 shows 76 issues, of

which at least one has to be entered by the registrant/filer. The filer can list more than one issue. In that case, she has to use a separate page of the form for each code selected.

For each general issue, the filer is also required to list the specific issues which were lobbied for during the semi-annual period. For example, specific bills before Congress or specific executive branch actions are required to be listed in the form.

Table A2 shows a sample form filed by Bear Stearns for lobbying activity between July 1 – December 31, 2007; Table A3 shows a sample form filed by Bank of America for lobbying activity between July 1 – December 31, 2006. Only three selected pages of each form are shown. Page 1 of the form shows the name and details of each company, the time period covered by the report and the expenses incurred by each company relating to lobbying activity during this period (for Bear Stearns, expenses were \$500,000, and for Bank of America, \$1,020,000). The lobbying expenditure is listed only once on the first page of the form and the amount is not split among the issues. The other two pages of the forms show general issues for which the companies engaged in lobbying activity (Bear Stearns: Banking and Bankruptcy; Bank of America: Banking and Housing).

Specific House and Senate Bills of Interest

We focus on five general lobbying issues: Accounting, Banking, Bankruptcy, Housing, and Financial Institutions. Moreover, certain House and Senate bills are of particular interest since they promote either tight or lax restrictions in these five general areas of interest.

Bills that introduce tight restrictions for lenders focus primarily on predatory lending practices² and high-cost mortgages³. For example, many bills contain restrictions/limits on annual percentage rates for mortgages, negative amortization, pre-payment penalties, balloon payments, late fees, and/or the financing of mortgage points and fees. Expanded consumer disclosure requirements regarding high-cost mortgages (such as including the total cost of

² While there is no single legal definition of predatory lending practices, the U.S. Department of Housing and Urban Development offers the following examples as predatory lending practices by creditors: 1) charging unnecessary fees; 2) lending more money than a borrower could repay; 3) encouraging borrowers to lie on credit applications; 4) changing the terms of the loan at closing; 5) signing blank loan paperwork; and 6) charging higher fees based on a consumer's race and not on a consumer's credit history. (Please see <http://www.hud.gov/offices/hsg/sfh/buying/loanfraud.cfm> for more information.) For additional information, please see the National Conference on State Legislatures' website (http://www.ncsl.org/programs/banking/predlend_intro.htm) for an overview of the predatory lending practices outlawed by each state legislature.

³ High-cost mortgages are often defined as mortgages that have annual percentage rates (APRs) that exceed the APR on Treasury securities by a certain number of percentage points. For example, the Predatory Lending Consumer Protection Act of 2002 (S. 2438) amended the Home Ownership Equity Protection Act to define high cost first mortgages as either 1) mortgages with APRs that are six percentage points above the Treasury security APR or 2) mortgages where the total cost of points and fees is greater than five percent of the total loan amount or \$1000.

lender fees on loan settlement paperwork or disclosing to consumers that they are borrowing at a higher interest rate) are introduced in some of the bills.

Many of the bills prohibit high-cost mortgage lenders from engaging in other unfair or deceptive practices. Creditors are to evaluate each consumer's ability to repay a loan before making the loan, and one bill stipulates that mortgage debt is not to exceed 50 percent of an individual's income, and income is to be verified. Creditors are not to encourage consumers to default on loans; moreover, mortgage lenders and other creditors must report their consumers' payment histories to credit reporting agencies. High-cost mortgage lenders may not accelerate a consumer's debt if the consumer is making payments on time. In addition, individuals who provide mortgage lending or brokerage services must be adequately trained in high-cost lending. Civil penalties for engaging in predatory lending practices are increased.

Some of the bills that firms and/or associations lobby for are closely related as it is common for various versions of the same bill to come in front of the House/Senate in the legislative process. To exploit any information that might be contained in the number of times a specific issue is discussed, we identify groups of bills that have the same name (or very similar names) and/or contain essentially the same language. For example, we consider the following bills to be a group: S. 2415: Predatory Lending Consumer Protection Act of 2000; H.R. 4250: Predatory Lending Consumer Protection Act of 2000; S. 2438: Predatory Lending Consumer Protection Act of 2002; H.R. 1051: Predatory Lending Consumer Protection Act of 2001. Once the related bills are grouped, we count the total number of times an individual bill or at least one of the bills in a group was listed as a specific issue of interest by either firms or associations. Based on these counts, we rank the "popularity" of the bills and groups of bills. The first 19 spots in the ranking are groups of bills, while S. 900 (the Gramm-Leach-Bliley Act) is the most common individual bill for which firms and/or associations lobby. We have one ranking for all of the bills and groups of bills; the other ranking is only for the top 100 most common bills or groups of bills. We use these counts and rankings as weights to split the total lobbying expenditure. Essentially, the firms' lobbying expenditure is multiplied by the count and the two rank variables to produce three scaled lobbying expenditure variables.

The following bulleted list offers greater detail on each of the specific bills that promote tighter restrictions in Accounting, Banking, Bankruptcy, Finance, and Housing:

- **H.R. 1051: Predatory Lending Consumer Protection Act of 2001**
 - Introduced March 15, 2001; Never passed by House or Senate; Never signed into law
 - H.R. 1051 amends the Truth in Lending Act regarding allowable annual percentage rates, total points and fees, pre-payment penalties, and balloon payments for high cost mortgages. The bill also requires additional disclosures to consumers and restricts high-cost mortgage creditors in financing mortgage points and fees and from accelerating a consumer's debt or from encouraging consumer default. Consumers must fulfill a credit counseling requirement.

- **H.R. 1163: Predatory Mortgage Lending Practices Reduction Act**
 - Introduced April 8, 2003; Never passed by House or Senate; Never signed into law
 - H.R. 1163 requires that any individual who provides mortgage lending or brokerage services be adequately trained in subprime lending. The bill also includes subprime lender requirements and prohibitions and penalties for unfair and deceptive practices. Furthermore, H.R. 1163 extends grants to community organizations offering education on subprime or illegal lending practices.

- **H.R. 1182: Prohibit Predatory Lending Act 2005**
 - Introduced March 9, 2005; Never passed by House or Senate; Never signed into law
 - H.R. 1182 defines high-cost mortgages as 1) any primary mortgage with an interest rate eight percentage points above the yield on Treasury securities or 2) any secondary mortgage with an interest rate ten percentage points above the yield on Treasury securities. The bill addresses the calculation of points and pre-payment penalties; furthermore, it contains restrictions on balloon payments and late fees and prohibits debt acceleration. Additionally, H.R. 1182 prevents lenders from extending credit to individuals who do not have the ability to repay the debt. For example, mortgage debt is not to exceed 50 percent of an individual's income, and income is to be verified by pay stubs, tax returns, etc.

- **H.R. 1295: Responsible Lending Act**
 - Introduced March 15, 2005; Never passed by House or Senate; Never signed into law
 - H.R. 1295 defines "higher-cost mortgage" and includes requirements for mortgage product evaluation software and appraisals for properties secured by higher-cost mortgages. In addition, mortgage pamphlets distributed to consumers are to be updated and simplified and explain topics such as balloon payments, escrow accounts, and consumer responsibilities; furthermore, information should be provided in multiple languages and formats to reach vulnerable populations.

- **H.R. 1865: Prevention of Predatory Lending Through Education Act**
 - Introduced April 29, 2003; Never passed by House or Senate; Never signed into law
 - Under H.R. 1865, the Secretary of Housing and Urban Development is to award grants to state and local governments and non-profit organizations so that they may counsel and educate consumers on predatory lending practices.

- **H.R. 3607: Protecting Our Communities From Predatory Lending Practices Act**
 - Introduced December 20, 2001; Never passed by House or Senate; Never signed into law

- H.R. 3607 prohibits unfair or deceptive practices and statements regarding consumer credit transactions, applications, etc. In addition, the bill includes provisions that prohibit certain practices involving a consumer's dwelling; that is, practices such as flipping consumer loans, financing credit insurance, charging fees for services not provided, and others are prohibited.
- **H.R. 3807: Predatory Mortgage Lending Practices Reduction Act**
 - Introduced February 27, 2002; Never passed by House or Senate; Never signed into law
 - Please see H.R. 1163.
- **H.R. 3901: Anti-Predatory Lending Act of 2000**
 - Introduced March 9, 2000; Never passed by House or Senate; Never signed into law
 - H.R. 3901 adds the following disclosure requirement to the Home Mortgage Disclosure Act of 1975: "the annual percentage rate of mortgage loans and home improvement loans originated by the institution grouped according to census tract, income level, racial characteristics, and gender." The bill restricts certain rates and fees and mandates that any borrower who would like to obtain a high-cost mortgage complete home ownership counseling. Pre-payment penalties, negative amortization, flipping home loans, extending credit without regard to ability to repay, encouraging default, payments to appraisers by creditors, and creditor-financing of credit insurance are disallowed.
- **H.R. 3915: Mortgage Reform and Anti-Predatory Lending Act of 2007**
 - Introduced October 22, 2007; Passed by House November 15, 2007; Never passed by Senate; Never signed into law
 - H.R. 3915 introduces licensing and training requirements for individuals wishing to become loan originators. In addition, the bill stipulates that certain federal agencies are to regulate mortgage lenders so that they do not encourage borrowers from taking on loans that they do not have the ability to repay. Good faith estimates must include the total loan amount, the type and length of the loan, the annual percentage rate, the total estimated monthly payment, the percentage the monthly payment is of the borrower's monthly income, and other disclosures.
- **H.R. 4213: Consumer Mortgage Protection Act of 2000**
 - Introduced April 6, 2000; Never passed by House or Senate; Never signed into law
 - The Consumer Mortgage Protection Act of 2000 revises regulations on fees, points, closing costs, annual percentage rates, and pre-payment penalties. Creditors are not to encourage consumers to default on loans and must report quarterly to credit bureaus on the status of consumer loans.
- **H.R. 4250: Predatory Lending Consumer Protection Act of 2000**

- Introduced April 12, 2000; Never passed by House or Senate; Never signed into law
- H.R. 4250 requires additional disclosures to consumers who are applying for high-cost mortgages to warn them regarding the higher interest rates and the risks associated with high-cost mortgages. Pre-payment penalties, balloon payments, and the financing of points and fees are restricted. Creditors must evaluate each consumer's ability to repay the loan, and creditors must not encourage a consumer to default on the loan.
- **H.R. 4471: Fair and Responsible Lending Act**
 - Introduced December 8, 2005; Never passed by House or Senate; Never signed into law
 - H.R. 4471 regulates fees, payments, and other costs associated with high-cost home loans. The bill requires that a consumer considering a high-cost mortgage attend credit counseling services. Computer software programs designed to help consumers choose among mortgage products must be certified by the Secretary of Housing and Urban Development.
- **H.R. 4818: Mortgage Loan Consumer Protection Act**
 - Introduced May 22, 2002; Never passed by House or Senate; Never signed into law
 - H.R. 4818 requires disclosure of lenders' fees on settlement paperwork and prohibits lenders from charging certain loan fees.
- **H.R. 833: Responsible Lending Act**
 - Introduced February 13, 2003; Never passed by House or Senate; Never signed into law
 - See also H.R. 1295. H.R. 833 defines high cost mortgages, points, and fees. The bill also creates the Consumer Mortgage Protection Board to offer grants to organizations providing homeownership/rental counseling. Mortgage broker guidelines and requirements are also included in the bill.
- **S. 2415: Predatory Lending Consumer Protection Act of 2000**
 - Introduced April 12, 2000; Never passed by House or Senate; Never signed into law
 - S. 2415 amends the Truth in Lending Act regarding annual percentage rates, total points and fees, pre-payment penalties, and balloon payments for high cost mortgages. The bill also requires additional consumer disclosures and restricts high-cost mortgage creditors from financing mortgage points and fees and from accelerating a consumer's debt or from encouraging consumer default. High-cost mortgage lenders must report their consumers' payment histories to credit reporting agencies. Civil penalties and the statute of limitations are increased.
- **S. 2438: Predatory Lending Consumer Protection Act of 2002**

- Introduced May 1, 2002; Never passed by House or Senate; Never signed into law
- S. 2438 amends the Truth in Lending Act regarding high cost mortgages; as such, the bill requires additional disclosures to the consumer, prohibits balloon payments and prepayment penalties, and limits the points/fees a lender may charge for high cost mortgages. Creditors must report a consumer's payment history/status to consumer reporting agencies.
- **H.R. 2201: Consumer Debt Prevention and Education Act of 2005**
 - Introduced May 5, 2005; Never signed into law
 - H.R. 2201 excludes medically distressed individuals from means test requirements for Chapter 7 bankruptcy filings. The bill also requires any credit issuer mailing credit applications to consumers to include a brochure explaining how negative credit scores and being over the limit can affect a consumer credit status. The brochure must also include information on how long it will take to pay off a credit card balance if the consumer only makes minimum payments.
- **H.R. 3763: Sarbanes-Oxley Act of 2002**
 - Introduced February 14, 2002; Passed House April 24, 2002; Passed Senate July 15, 2002; Signed into law July 30, 2002
 - H.R. 3763 establishes the Public Company Accounting Oversight Board to oversee audit-related issues. The bill also addresses auditor independence and prevents any auditor from providing non-audit related services for the same company. Auditor rotation and reporting guidelines are included.
 - Under H.R. 3763, the principal executive and financial officers are to certify the financial reports and forgo certain bonuses and compensation if certain violations of securities laws occur. The chief executive officer must sign the corporation's tax returns. Insider trading during certain blackout periods is disallowed. The bill also calls for increased financial disclosures and assigns corporate and criminal fraud liability and increases the penalties for white-collar crimes.
- **H.R. 4541: Commodity Futures Modernization Act of 2000**
 - Introduced May 25, 2000; Passed House October 19, 2000; Never signed into law
 - Under H.R. 4541, the following types of contracts and transactions are excluded from the Commodity Exchange Act: 1) foreign currency; 2) government securities; 3) security warrants; 4) security rights; 5) resales of installment loan contracts; 6) repurchase transactions in an excluded commodity; 7) mortgages or mortgage purchase commitments; 8) electronic trading of excluded commodities; 9) qualifying hybrid instruments; and 10) swap transactions.
 - The bill revises registration requirements for security futures product exchanges and exempts certain floor brokers/traders from registration requirements. Rules and provisions for securities futures trading are included.

- **S. 2697: Commodity Futures Modernization Act of 2000**
 - Introduced June 8, 2000; Never signed into law
 - See H.R. 4541

A second group of bills loosens restrictions for lenders in the general issues of Accounting, Banking, Bankruptcy, Finance, and Housing. For example, the bills related to housing use a wide array of tools including lower down-payment requirements; state and local grant funding to provide down-payment assistance for certain borrowers; hybrid adjustable rate mortgage programs; revised mortgage insurance premiums and cancellation policies; and financial assistance when purchasing homes in high-crime areas or low-income areas. Another channel through which these housing bills incorporate lax housing regulations is relaxing restrictions on Federal Housing Administration (FHA) loans and oversight of the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Banks.

The following bulleted list offers greater detail on each of the Accounting, Banking, Bankruptcy, Finance, and Housing bills that relax restrictions:

- **H.R. 1276: American Dream Downpayment Act**
 - Introduced March 13, 2003; Passed by House October 1, 2003; Never passed by Senate; Never signed into law
 - H.R. 1276 amends the Cranston-Gonzalez National Affordable Housing Act and offers down-payment assistance to certain low-income individuals, first-time home buyers, uniformed employees, or teachers through the use of grants to state and local governments.
- **H.R. 1461: Federal Housing Finance Reform Act of 2005**
 - Introduced April 5, 2005; Passed by House October 26, 2005; Never passed by Senate; Never signed into law
 - The Federal Housing Finance Reform Act of 2005 creates the Federal Housing Finance Agency (FHFA) which would have oversight of Freddie Mac, Fannie Mae, and Federal Home Loan Banks. FHFA would become the single regulator for Freddie Mac and Fannie Mae; the Department of Housing and Urban Development would no longer have oversight. The bill requires Freddie Mac and Fannie Mae to set aside funds directed at increasing homeownership among low-income individuals or in low-income areas.
- **H.R. 1629: FHA Multifamily Housing Mortgage Loan Limit Adjustment Act of 2001**
 - Introduced April 26, 2001; Never passed by House or Senate; Never signed into law
 - H.R. 1629 would increase the mortgage loan limits for multifamily housing mortgage insurance.
- **H.R. 176: FHA Single Family Loan Limit Adjustment Act of 2005**

- Introduced January 4, 2005; Never passed by House or Senate; Never signed into law
- H.R. 176 increases the amount that can be insured under FHA mortgages in high-cost areas.
- **H.R. 1776: American Homeownership and Economic Opportunity Act of 2000**
 - Introduced May 12, 1999; Passed by House April 6, 2000; Never passed by Senate; Never signed into law
 - H.R. 1776 makes grants available to states and local governments and requires any community development block grant applicant to make an honest effort to reduce barriers to homeownership. The bill extends loan terms for manufactured home lot purchases, lowers down-payment requirements for home purchases, and offers other forms of down-payment assistance for teachers and public safety officers. Hybrid adjustable rate mortgage programs and financial assistance when purchasing homes in high-crime areas are also included.
- **H.R. 2589: Mark-to-Market Extension Act of 2001**
 - Introduced July 23, 2001; Passed by House September 24, 2001; Never passed by Senate; Never signed into law
 - H.R. 2589 revises Section 8 and other multifamily housing mortgage assistance programs. For example, vouchers, rent restructuring, “look-back” project eligibility, and housing insurance restructuring programs are included. The mark-to-market program is extended through 2006.
- **H.R. 3206: Home Ownership Expansion and Opportunities Act of 2001**
 - Introduced November 1, 2001; Never passed by House or Senate; Never signed into law
 - H.R. 3206 permits the Government National Mortgage Association to guarantee securities through the use of certain conventional mortgages.
- **H.R. 3755: Zero Downpayment Act of 2004**
 - Introduced February 3, 2004; Never passed by House or Senate; Never signed into law
 - H.R. 3755 would permit the Department of Housing and Urban Development to insure single family primary residences for first-time homebuyers who do not make a down-payment. Applicants must participate in mortgage counseling, and in certain circumstances, foreclosure prevention counseling. No more than ten percent of the mortgages held by the Federal Housing Administration may qualify for this program.
- **H.R. 4110: FHA Single Family Loan Limit Adjustment Act of 2004**
 - Introduced April 1, 2004; Never passed by House or Senate; Never signed into law
 - Please see H.R. 176

- **H.R. 5121: Expanding American Ownership Act of 2006**
 - Introduced April 6, 2006; Passed by House July 25, 2006; Never passed by Senate; Never signed into law
 - H.R. 5121 raises the maximum insurable amount of a home to be equal to the full median price of area homes. With regards to FHA mortgage loans, the bill extends the maximum length of the loan from 35 to 40 years and removes the requirement of a three percent down-payment. H.R. 5121 also revises the mortgage insurance premium structure.

- **H.R. 5503: FHA Multi Family Loan Limit Adjustment Act**
 - Introduced May 25, 2006; Passed by House September 27, 2006; Never passed by Senate; Never signed into law
 - H.R. 5503 increases the FHA loan limits in high cost areas for the following types of housing: rental, cooperative, rehabilitation, neighborhood conservation, moderate income, displaced family, condominiums, and housing for the elderly.

- **H.R. 5640: American Homeownership and Economic Opportunity Act of 2000**
 - Introduced December 5, 2000; Passed by House December 5, 2000; Passed by Senate December 7, 2000; Signed into law December 27, 2000
 - H.R. 5640 affords greater protection to consumers with regards to mortgage insurance cancellations and offers grants to provide downpayment assistance to Section 8 tenants. The bill addresses standards for manufactured homes and eliminates the National Manufactured Home Advisory Council. Programs and services related to rural housing and housing for the elderly or for disabled families are also included.

- **H.R. 811: American Dream Downpayment Act**
 - Introduced April 8, 2003; Passed by Senate November 24, 2003; Passed by House December 8, 2003; Signed into law December 16, 2003
 - H.R. 811 amends the Cranston-Gonzalez National Affordable Housing Act and offers down-payment assistance to low-income, first-time home buyers through the use of grants to state and local governments. The bill revises certain criteria for hybrid adjustable rate mortgages and increases the loan limits for FHA multifamily loans.

- **S. 1163: FHA Multifamily Housing Mortgage Loan Limit Adjustment Act of 2001**
 - Introduced July 11, 2001; Never passed by House or Senate; Never signed into law
 - S. 1163 increases mortgage loan limits for multifamily housing mortgage insurance.

- **S. 1620: Home Ownership Expansion Act of 2001**
 - Introduced November 1, 2001; Never passed by House or Senate; Never signed into law

- S. 1620 would permit the guaranteeing of conventional mortgage-backed securities.
- **S. 2169: PROMISE (Promoting Refinancing Opportunities for Mortgages Impacted by the Subprime Emergency) Act of 2007**
 - Introduced October 16, 2007; Never passed by House or Senate; Never signed into law
 - S. 2169 gives the Director of the Office of Federal Housing Enterprise Oversight of the Department of Housing and Urban Development authority to suspend, modify or lift the limitation on growth provision in the Fannie Mae Consent Decree and the voluntary temporary growth limitation in the Freddie Mac Letter. The Director also is authorized to increase the mortgage portfolio limitations of both Fannie Mae and Freddie Mac by at least 10 percent. The bill then stipulates that 85 percent of this increase should be set aside for refinancing subprime mortgages that are at risk of foreclosure. The definition of subprime mortgages is at the discretion of the Director.
- **S. 3535: Expanding American Homeownership Act of 2006**
 - Introduced June 19, 2006; Never passed by House or Senate; Never signed into law
 - See also H.R. 5121. S. 3535 introduces various changes to conforming loan limits, loan terms, cash investment requirements, mortgage insurance premiums, insurance for condominiums, and insurance for manufactured homes.
- **S. 256 Bankruptcy Abuse Prevention and Consumer Protection Act of 2005**
 - Introduced February 1, 2005; Passed Senate March 10, 2005; Passed House April 14, 2005; Signed into law April 20, 2005
 - S. 256 revises the conditions for filing Chapter 7 bankruptcy and includes language to discourage repeat filings and abuse of the bankruptcy system. The bill also outlines penalties for creditor abuse, incorporates means tests for bankruptcy filings, increases the length of time between Chapter 7 bankruptcy filings from six to eight years, and mandates credit counseling for debtors.
- **H.R.685: Bankruptcy Abuse Prevention and Consumer Protection Act of 2005**
 - Introduced February 9, 2005; Never signed into law
 - See S. 256
- **H.R. 975: Bankruptcy Abuse Prevention and Consumer Protection Act of 2003**
 - Introduced February 27, 2003; Passed House March 19, 2003; Never signed into law
 - See S. 256
- **H.R.975: Bankruptcy Abuse Prevention and Consumer Protection Act of 2003**
 - Introduced February 27, 2003; Passed House March 26, 2003; Never signed into law

- See S. 256
- **S. 1920: Bankruptcy Abuse Prevention and Consumer Protection Act of 2004**
 - Introduced November 21, 2003; Passed Senate November 25, 2003; Passed House January 28, 2004; Never signed into law
 - See S. 256
- **H.R. 1529: Involuntary Bankruptcy Improvement Act of 2003**
 - Introduced April 1, 2003; Passed House June 10, 2003; Never signed into law
 - H.R. 1529 amends Federal bankruptcy law so that a court may dismiss false or fraudulent involuntary bankruptcy petitions. The court may also order that consumer reporting agencies remove information pertaining to the bankruptcy petition.
- **H.R. 1860: To Amend the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005...**
 - Introduced April 26, 2005; Never signed into law
 - H.R. 1860 amends the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 to prevent a court from using a means-test as a way to prevent or dismiss a Chapter 7 bankruptcy if the following apply: 1) debtor is currently on active duty and or has returned from active duty within the last 180 days; 2) debtor is engaged in some form of homeland security activity (for at least 60 days) or has completed the activity within the last 180 days; 3) debtor was in Reserves and called to active duty after September 11, 2001.
- **H.R. 2060: To Amend the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005...**
 - Introduced May 3, 2005; Never signed into law
 - See H.R. 1860.
- **H.R. 665: Financial Services Modernization Act**
 - Introduced February 10, 1999; Never signed into law
 - H.R. 665 permits bank holding companies to participate in any activity that the Federal Reserve Board of Governors and the Secretary of Treasury deem to be financial; subsidiaries of national banks may also participate in financial activities. In addition, the bill outlines cases where a bank holding company may participate in non-financial activities.
- **H.R. 1375: Financial Services Regulatory Relief Act of 2004**
 - Introduced March 20, 2003; Passed House March 18, 2004; Never signed into law
 - H.R. 1375 revises regulations on national bank shareholder elections, capital requirements, and dividend declarations. Furthermore, the bill waives the notice requirement for certain mergers and permits foreign banks at federal agencies to receive deposits from U.S. citizens/residents.

- Savings associations are offered parity with banks with respect to investment adviser and broker-dealer requirements and they may merge or consolidate with any non-depository institution affiliate. In addition, H.R. 1375 increases to five percent of capital and surplus the amount a savings association may invest in small businesses and removes the percentage of assets limitation on savings associations when making small business loans.
- The bill amends federal law by allowing interest-bearing business accounts. H.R. 1375 revises regulations on interest payments by federal reserve banks and permits a depository institution's reserve ratio to be zero.
- **H.R 3951: Financial Services Regulatory Relief Act of 2002**
 - Introduced March 13, 2002; Never signed into law
 - H.R. 3951 revises requirements for national banks including dividend calculations, voting procedures, requirements for establishing intrastate branches, and capital equivalency deposits for foreign banks. The bill modifies investment and mergers/consolidations regulations for savings associations, offers parity for savings associations, and clarifies the citizenship of federal savings associations. Credit unions may offer 15 year loans and check cashing and money transfer services; furthermore, H.R. 3951 revises credit union governance procedures and securities investment regulations. Depository institutions would have fewer restrictions on interstate mergers.
- **S. 2856 Financial Services Regulatory Relief Act**
 - Introduced May 18, 2006; Passed Senate May 25, 2006; Passed House September 27, 2006; Signed into law October 13, 2006
 - The Financial Services Regulatory Relief Act (FSRRA) allows the Federal Reserve to pay interest on certain reserve balances of depository banks. The Act reduces reserve requirements from three to 14 percent to zero percent. Provisions pertaining to national banks include simplifying dividend calculations, changing shareholder voting requirements, and expanding banks' abilities to make community development investments.
 - S. 2856 offers parity to savings associations. Credit unions may increase the length of the loans they offer from 12 to 15 years and may offer check cashing services to members. With respect to depository institutions, the Act repeals certain reporting requirements on insider lending.
- **H.R. 3505: Financial Regulatory Relief Act of 2005**
 - Introduced July 28, 2005; Passed House March 8, 2006; Never signed into law
 - See S. 2856.

Matching Procedure

The matching of the lobbying and HMDA databases is a tedious task that needs to be done manually using company names. We start with all the companies in the lobbying database and perform a first stage of matching with HMDA based on company names. Then, we go

through the unmatched companies filing lobbying expense reports one by one manually to mark any mergers and acquisitions (or other events) that might have induced a name change. Once we obtain a list of previous and current names for each company, we apply a second-stage matching based on an algorithm that finds potential matches by searching for common words in the name strings. After the algorithm narrows down the potential matches of lobbying firms among the HMDA lenders, we go through the list one by one once again to determine the right match.

In order to be able to capture the full extent of the lobbying activities carried out by an entity, we meticulously examine the corporate structure of the firms that appear in the lobbying database and that might be matched to particular HMDA lenders based on our algorithm. This is because, in many cases, we encounter firms that are not exactly the same but are linked in a corporate sense. Based on the affiliation between the lobbying company and the matches, we enter the lobbying amounts under four different variables: amount spent by the lender itself, amount spent by the lender's parent company, amount spent by the lender's affiliates, and amount spent by the lender's subsidiary. To illustrate with an example, Countrywide Financial Corp is a bank-holding company that owns Countrywide Home Loans, Inc., Countrywide Bank N.A., Countrywide Mortgage Ventures, LLC, and Countrywide Real Estate Finance. Both Countrywide Financial Corp and Countrywide Home Loans, Inc. report lobbying expenses and all subsidiaries of Countrywide Financial Corp but not the bank-holding company itself, file HMDA information. In this case, we enter the lobbying expense of Countrywide Financial Corp as that of the "parent" in our merged database for all the subsidiaries. The amount spent by Countrywide Home Loans, Inc. is recorded as the lender's own lobbying expense ("self") while the same amount is entered as that of the "sister" for the other affiliates in the HMDA database. Although it is not the case in this example, it is also possible that the firm filing the lobbying expense report might be a subsidiary while the parent company does not appear in the lobbying database but only in the HMDA database. Such cases are recorded in the form of a fourth variable, lobbying expense of the "child". If there are no parent companies or affiliates or subsidiaries or the company itself does not appear in the lobbying database, the corresponding lobbying variable is set to zero.

Table A1: List of Issues

Code	Issue
ACC	Accounting
ADV	Advertising
AER	Aerospace
AGR	Agriculture
ALC	Alcohol & Drug Abuse
ANI	Animals
APP	Apparel/Clothing Industry/Textiles
ART	Arts/Entertainment
AUT	Automotive Industry
AVI	Aviation/Aircraft/ Airlines
BAN	Banking
BNK	Bankruptcy
BEV	Beverage Industry
BUD	Budget/Appropriations
CHM	Chemicals/Chemical Industry
CIV	Civil Rights/Civil Liberties
CAW	Clean Air & Water (Quality)
CDT	Commodities (Big Ticket)
COM	Communications/ Broadcasting/ Radio/TV
CPI	Computer Industry
CSP	Consumer Issues/Safety/ Protection
CON	Constitution
CPT	Copyright/Patent/ Trademark
DEF	Defense
DOC	District of Columbia
DIS	Disaster Planning/Emergencies
ECN	Economics/Economic Development
EDU	Education
ENG	Energy/Nuclear
ENV	Environmental/Superfund
FAM	Family Issues/Abortion/ Adoption
FIRE	Firearms/Guns/ Ammunition
FIN	Financial Institutions/Investments/ Securities
FOO	Food Industry (Safety, Labeling, etc.)
FOR	Foreign Relations
FUE	Fuel/Gas/Oil
GAM	Gaming/Gambling/ Casino
GOV	Government Issues
HCR	Health Issues
HOU	Housing
IMM	Immigration
IND	Indian/Native American Affairs
INS	Insurance
LBR	Labor Issues/Antitrust/ Workplace
LAW	Law Enforcement/Crime/ Criminal Justice
MAN	Manufacturing
MAR	Marine/Maritime/ Boating/Fisheries

Table A1: List of Issues

Code	Issue
MIA	Media (Information/ Publishing)
MED	Medical/Disease Research/ Clinical Labs
MMM	Medicare/Medicaid
MON	Minting/Money/ Gold Standard
NAT	Natural Resources
PHA	Pharmacy
POS	Postal
RRR	Railroads
RES	Real Estate/Land Use/Conservation
REL	Religion
RET	Retirement
ROD	Roads/Highway
SCI	Science/Technology
SMB	Small Business
SPO	Sports/Athletics
TAX	Taxation/Internal Revenue Code
TEC	Telecommunications
TOB	Tobacco
TOR	Torts
TRD	Trade (Domestic & Foreign)

Table A2: Lobbying Report Filed by Bear Stearns

Clerk of the House of Representatives Legislative Resource Center B-106 Cannon Building Washington, DC 20515	Secretary of the Senate Office of Public Records 232 Hart Building Washington, DC 20510
---	--

Secretary of the Senate
Received: Feb 04, 2008

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required To Complete This Page**

1. Registrant Name:

BEAR STEARNS & CO

2. Address:

383 MADISON AVE, NEW YORK, NY 10179

3. Principal place of business (if different from line 2):

4. Contact Name: NANCY LOPEZ

Telephone: 9737932267

E-mail (optional): nancy.lopez@bear.com

Senate ID #: 5701-12

House ID #:

7. Client Name: Self

TYPE OF REPORT

8. Year 2007 Midyear (January 1 - June 30): **OR** Year End (July 1 - December 31):

9. Check if this filing amends a previously filed version of this report:

10. Check if this is a Termination Report: => Termination Date:

11. No Lobbying Activity:

INCOME OR EXPENSES

Complete Either Line 12 **OR** Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than \$10,000:

\$10,000 or more: => Income (nearest \$20,000): _____

Provide a good faith estimate, rounded to the nearest \$20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than \$10,000:

\$10,000 or more: => Expenses (nearest \$20,000): 500,000.00

14. Reporting Method.

Check box to indicate expense accounting method. See instructions for description of options.

Method A. Reporting amounts using LDA definitions only

Method B. Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

Method C. Reporting amounts under section 162(e) of the Internal Revenue Code

Registrant Name: BEAR STEARNS & CO Client Name: Self

LOBBYING ACTIVITY.

Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code: BAN (one per page)

16. Specific lobbying issues:

H.R. 3915 The Mortgage Reform and Anti-Predatory Lending Act of 2007. Worked to change provision of the legislation related to lending and securitization standards. H.R. 4178 Emergency Mortgage Loan Modification Act of 2007. Advocated the concepts in the proposal but not the proposal.

17. House(s) of Congress and Federal agencies contacted:
HOUSE OF REPRESENTATIVES

18. Name of each individual who acted as a lobbyist in this issue area:

Name: O'NEILL, MARY LYNN
Covered Official Position (if applicable): N/A

19. Interest of each foreign entity in the specific issues listed on line 16 above. **None**

Table A3: Lobbying Report Filed by Citigroup

00030151177

Clerk of the House of Representatives Legislative Resource Center B-106 Cannon Building Washington, DC 20515	Secretary of the Senate Office of Public Records 232 Hart Building Washington, DC 20510
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SECRETARY OF THE SENATE
03 FEB 24 PM 3:06

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - All Filers Are Required to Complete This Page

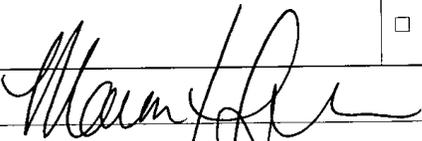
1. Registrant Name Citigroup Inc.			
2. Registrant Address <input type="checkbox"/> Check if different than previously reported Address 1101 Pennsylvania Avenue, N.W. Suite 1000 City Washington State/Zip (or Country) DC 20004			
3. Principal Place of Business (if different from line 2) City New York State/Zip (or Country) NY 10022			
4. Contact Name Maura Solomon	Telephone 202-879-6820	E-mail (optional) solomonma@citigroup.com	5. Senate ID # 34193-12
7. Client Name <input checked="" type="checkbox"/> Self			6. House ID # 31052000

TYPE OF REPORT 8. Year 2002 Midyear (January 1-June 30) OR Year End (July 1-December 31)

9. Check if this filing amends a previously filed version of this report

10. Check if this is a Termination Report >> Termination Date _____ 11. No Lobbying Activity

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13	
<p align="center">12. Lobbying Firms</p> <p>INCOME relating to lobbying activities for this reporting period was:</p> <p>Less than \$10,000 <input type="checkbox"/></p> <p>\$10,000 or more <input type="checkbox"/> >> \$ _____ Income (nearest \$20,000)</p> <p>Provide a good faith estimate, rounded to the nearest \$20,000 of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).</p>	<p align="center">13. Organizations</p> <p>EXPENSES relating to lobbying activities for this reporting period were:</p> <p>Less than \$10,000 <input type="checkbox"/></p> <p>\$10,000 or more <input checked="" type="checkbox"/> >> \$ <u>\$3,040,000.00</u> Expenses (nearest \$20,000)</p> <p>14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.</p> <p><input checked="" type="checkbox"/> Method A. Reporting amounts using LDA definitions only</p> <p><input type="checkbox"/> Method B. Reporting amounts under section 6033(b)(8) of the Internal Revenue Code</p> <p><input type="checkbox"/> Method C. Reporting amounts under section 162(e) of the Internal Revenue Code</p>

Signature  Date 02/14/2003

Printed Name and Title Maura Solomon - Vice President and Counsel Page 1 of 20

00030151180

Registrant Name: Citigroup Inc.

Client Name: Citigroup Inc.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code BAN (one per page)

16. Specific Lobbying issues

- H.R. 1009, Business Checking Freedom Act of 2001, (Provisions related to regulatory relief.)
- H.R. 1048, Small Business Banking Improvement Act, (Provisions related to regulatory relief.)
- H.R. 1051, Predatory Lending Consumer Protection Act of 2001, (Provisions related to high cost mortgages.)
- H.R. 1052, Consumer Credit Card Protection Amendments of 2001, (Provisions related to credit card fees.)
- H.R. 184, College Student Credit Card Protection Act, (Provisions related to credit cards.)
- H.R. 232, Telemarketing Victims Protection Act, (Provisions related to telemarketing.)
- H.R. 2572, Gambling ATM and Credit/Debit Card Reform Act, (Provisions related to ATMs.)
- H.R. 296, Credit Card Consumer Protection Act of 2001, (Provisions related to credit cards.)
- H.R. 3215, Combating Illegal Gambling Reform and Moderization Act, (Provisions related to processing payments to Internet gambling sites.)

17. House(s) of Congress and Federal agencies contacted Check if None

Department of Treasury
Executive Office of the President
House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area

Name	Covered Official Position (if applicable)	New
Andrews, Michael		No
Levy, Roger		No
Roberts, Carole		No
Solomon, Maura		No

19. Interest of each foreign entity in the specific issues listed on line 16 above Check if None

Signature  Date 02/14/2003

Printed Name and Title Maura Solomon - Vice President and Counsel Page 4 of 20

00030151180

Table A4. Effect of Lobbying on Loan-to-Income Ratio: Additional Robustness Checks

Dependent variable: Loan-to-income ratio at (lender, MSA, year) level

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	MSA-clusters	Drop outliers	Alternative measure of lobbying expenditures	Alternative measure of lobbying expenditures II	Scaled lobbying expenditures	Lobbying expenditures (including associations)	Post-2005
Lobbying expenditures on specific issues (in logs), lagged	0.002*** [0.001]	0.002*** [0.001]	0.005*** [0.001]	0.002*** [0.000]	0.008*** [0.000]	0.002*** [0.001]	0.0004 [0.001]
Lobbying expenditures on specific issues (in logs), lagged*Dummy=1 if year>=2005							0.007*** [0.001]
Assets (in logs)	0.006*** [0.001]	0.004*** [0.000]	0.006*** [0.000]	0.006*** [0.000]	0.006*** [0.000]	0.006*** [0.000]	0.006*** [0.000]
Market share of lender	3.017*** [0.111]	2.032*** [0.069]	3.011*** [0.090]	3.017*** [0.090]	3.019*** [0.090]	3.017*** [0.090]	2.999*** [0.090]
Average income of loan applicants (in logs)	-0.031*** [0.002]	-0.014*** [0.001]	-0.031*** [0.001]	-0.031*** [0.001]	-0.031*** [0.001]	-0.031*** [0.001]	-0.031*** [0.001]
Number of observations	406,035	399,984	406,035	406,035	406,035	406,035	
R-squared	0.12	0.16	0.12	0.12	0.12	0.12	
MSA fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lender fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
MSA*year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes

The regressions are run on a lender-MSA-year panel. Lobbying on specific issues refers to lobbying on bills and regulations related to mortgage lending and securitization. In column (2), we drop the top and bottom first percentile of loan-to-income ratio and lobbying expenditures. In column (3), lobbying expenditures on specific issues are estimated by an alternative method, namely, by splitting total lobbying expenditures among various issues using share of lobbying reports listing the specific issues as weights. Column (4) uses another alternative measure of lobbying expenditures, which are scaled by a measure of the importance of the law and regulations for which the firm lobbies, giving higher weight to lobbying on bills that appear more often in the lobbying reports. In column (5), lobbying expenditures on specific issues are scaled by the assets of the lender. Column (6) augments lobbying expenditures by the lender with expenditures by associations of which the lender is a member. The lobbying expenditure of associations is split among the members in accordance with the size of the lenders. Column (7) adds a variable that interacts lobbying expenditures with a post-2005 dummy. See text for details. Standard errors denoted in parentheses are clustered at the MSA-level in column (1) and lender-MSA level in columns (2)-(6). ***, ** and * represent statistical significance at 1, 5 and 10 percent, respectively.