

March 19, 2010

The Honorable Chris Dodd
Chairman
Senate Banking Committee
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

MAPPS (www.mapps.org), a national association of more than 180 firms providing services in mapping, spatial data and geographic information systems, commends your leadership in providing for an 'early warning system' as part of your comprehensive legislation, the "Restoring American Financial Stability Act of 2010."

During a March 15 public announcement of this legislation, you stated:

*"Second, in addition to looking in the rear view mirror, we must look through the windshield. There will be shocks to our system in the future - and we need an **early warning system** so that, next time, our system is prepared to deal with them."*

Later in this statement, you added:

*"Third: This legislation will create an **early warning system** so that someone is tasked with looking out for the next crisis. We will create a systemic risk council with the job of scanning the economic radar to identify unsafe products or practices that could threaten our economic stability - and the authority to stop them. We were caught off guard by the subprime lending crisis. We cannot let that happen ever again."*

Section 1092, 'Amendments to Home Mortgage Disclosure Act (HMDA)', includes a provision for the Bureau of Consumer Financial Protection to collect the "parcel number to permit geocoding". MAPPS commends you for this provision, as the geocoding of parcel data will help provide for an 'early warning system.'

MAPPS believes the parcel layer is much more detailed and includes the information required for an 'early warning system'. It contains information about the value, improvements, taxes, and something that none of the current mortgage datasets, including HMDA, maintain – the physical location of the property. The parcel layer is collected at a local level primarily for tax purposes which means that each local jurisdiction has the ability to define their own data standard based on their unique needs. There are some 3200 counties in the United States and as a result, when it comes to parcel data, there are 3200 plus puzzle pieces that do not fit together. However, with the proper coordination, they could. While millions of dollars are spent on the creation and maintenance of this data at the local level, the investments are not being realized at the Federal level due to a lack of coordination.

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There is increasing discussion in international political, financial and professional forums that the failure of the United States to utilize a national parcel system resulted in the lack of an early warning system that could have prevented the worldwide financial crisis. Last year, the Honorable Gary Nairn, Australian MP and a professional surveyor, said:

“The financial crisis is impacting worldwide ... it could have been avoided or at least better contained if the United States had a better land administration system that was truly spatially enabled.” (Coordinates Magazine July 2009)

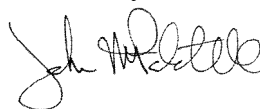
When faced with a crisis it is important to look back, not to point fingers or play the blame game, but to determine how we got here, ascertain if it could have been prevented or minimized, and how we could learn from it in order to recover and prevent future crisis. A study for Washington, DC’s Department of Insurance, Securities, and Banking by the Center for Responsible Lending, the Urban Institute, The National Reinvestment Coalition, Capital Area Asset Builders, and The Reinvestment Fund did just that and discovered that if you have the right tools and the right data in place you could build predictive models using very basic statistical analysis that accurately forecast where foreclosure and delinquency hotspots are likely to occur, thus providing an early warning system.

The “right data” is the most important element in that statement. Today, many analysis and decisions are being made using the wrong level of geography. The Census tract data that is currently being used under Section 2803 of HMDA was created by forming blocks and tracts that were logical for counting people. They were divided by cultural features such as roads, creeks and natural boundaries. There was not a need to have very accurate block boundaries since they were just a representation for the purpose of grouping information about people. If you overlay the Census blocks on an accurate parcel layer, you can quickly see that the Census blocks are off by as much as 150 feet or more. This puts individual parcels in the incorrect census block for analysis purposes.

Mr. Chairman, nearly 30 years of reports and research have called for the parcel layer, yet it remains unfunded and incomplete. The problem is not technical, it is political and institutional ([The Need for a Multipurpose Cadastre](#), *National Academy of Sciences*, 1980 & [National Land Parcel Data: A Vision for the Future](#), *National Academy of Sciences*, 2007). ***MAPPS supports the inclusion of the geospatial language within your legislation*** because an ‘early warning system’ will be based upon the geographic and property data, to be collected at the parcel level.

MAPPS commends you for including Section 1092, a provision within the "Restoring American Financial Stability Act of 2010". If we can be of assistance, please do not hesitate to contact me.

Sincerely Yours,



John M. Palatiello
MAPPS Executive Director