

# Racial and Economic Disparities in the Mortgage Market

Prepared for presentation to the Academic Research Council | August 13, 2021



# Disclaimer

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This document was used in support of a live discussion. As such, it does not necessarily express the entirety of that discussion nor the relative emphasis of topics therein.

# Home Mortgage Disclosure Act (HMDA)

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- HMDA is a data collection, reporting, and disclosure statute that was enacted in 1975.
- HMDA data are used to assist in
  - determining whether financial institutions are serving the housing needs of their local communities;
  - facilitate public entities' distribution of funds to local communities to attract private investment;
  - help identify possible discriminatory lending patterns.
- Institutions covered by HMDA are required to annually collect and report specified information on each mortgage application acted upon and purchased during the prior calendar year.

# Home Mortgage Disclosure Act (HMDA)

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- The 2020 HMDA data are the third year of data that incorporate amendments made to HMDA by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (DFA) and 2015 HMDA Rule.
- HMDA data provide good insights on the racial and economic disparities in the mortgage market.
- HMDA data alone cannot determine whether a financial institution is engaged in discriminatory lending.

# Recent CFPB Reports Based on HMDA Data

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- “2020 Mortgage Market Activity and Trends,” forthcoming.
- “Asian American and Pacific Islanders in the Mortgage Market,” July 2021.
- “A Brief Note on General Lending Patterns of Small to Medium Size Closed-end HMDA Reporters,” June 2021.
- “Manufactured Housing Finance: New Insights from the Home Mortgage Disclosure Act Data,” June 2021.
- “An Updated Review of the New and Revised Data Points in HMDA,” August 2020.

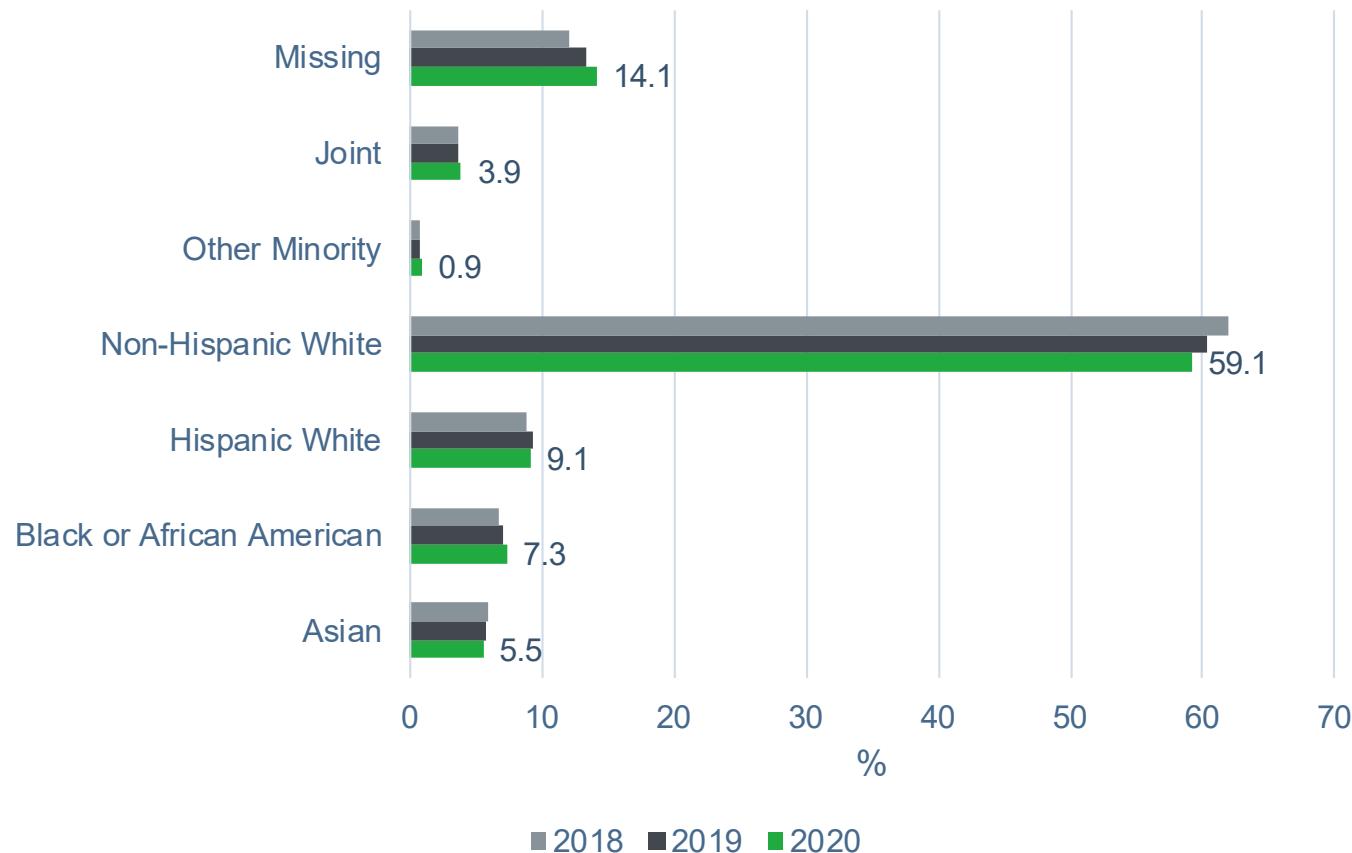
# Racial Disparities as Observed in HMDA Data

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- Racial Composition of Originated Loans
- Denial Rates
- Characteristic of Mortgage
  - Credit characteristics
  - Mortgage Pricing

# Share of Home-Purchase Loans by Race and Ethnicity

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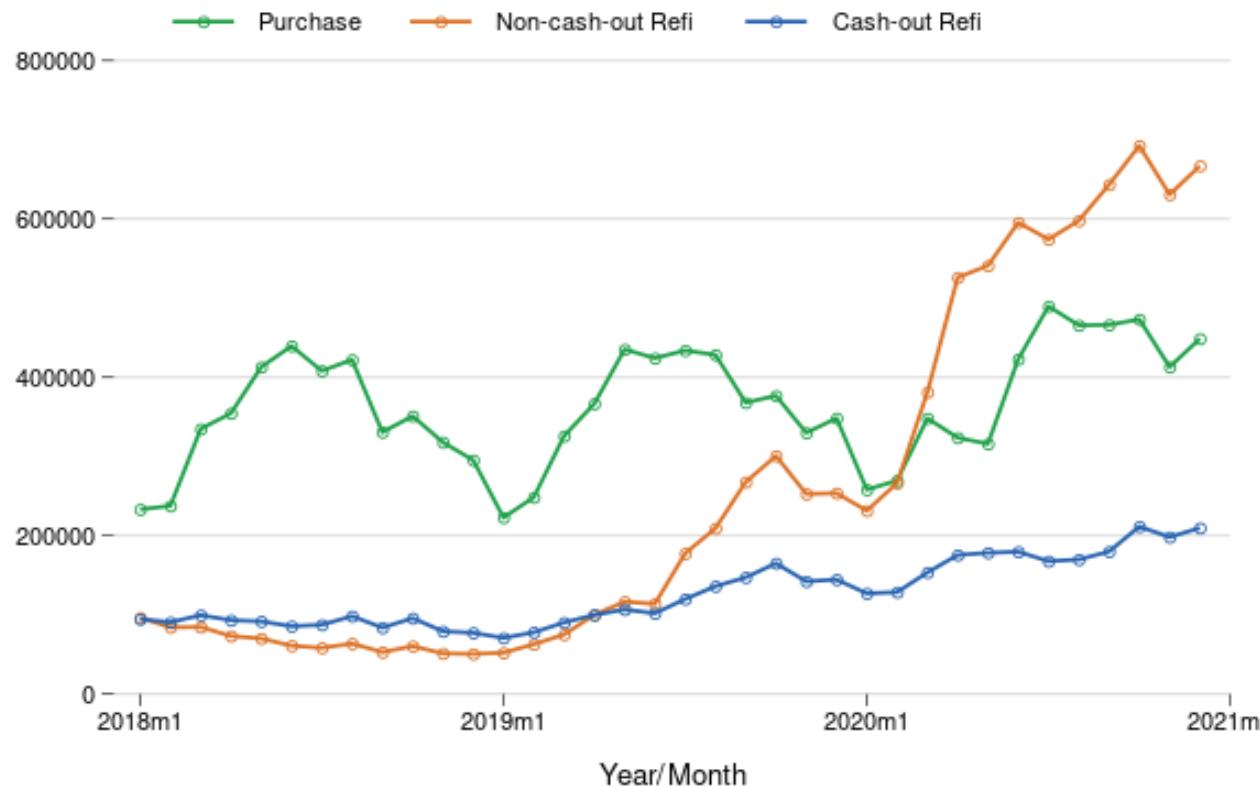


# Share of Refinance Loans by Race and Ethnicity



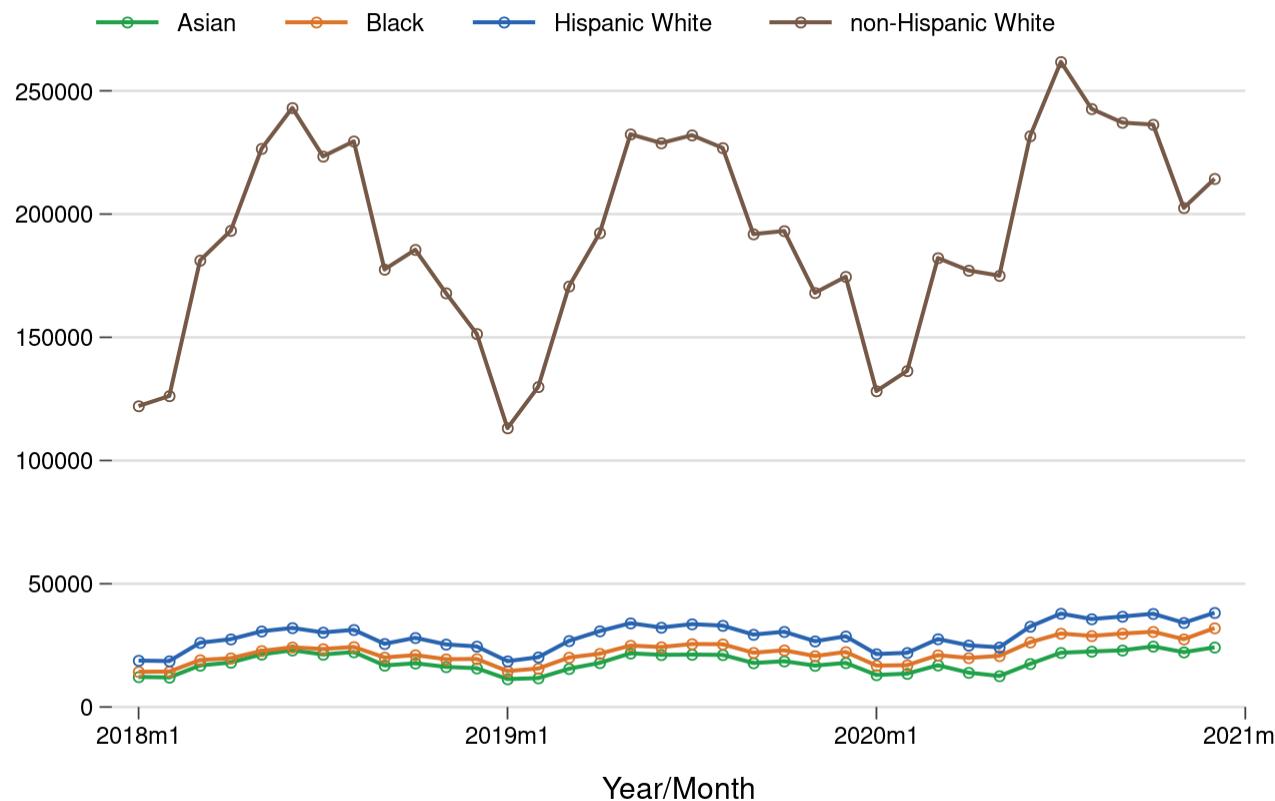
# Monthly Trend (# of originations)

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# # of Home-purchase Loan Originations by Race and Ethnicity

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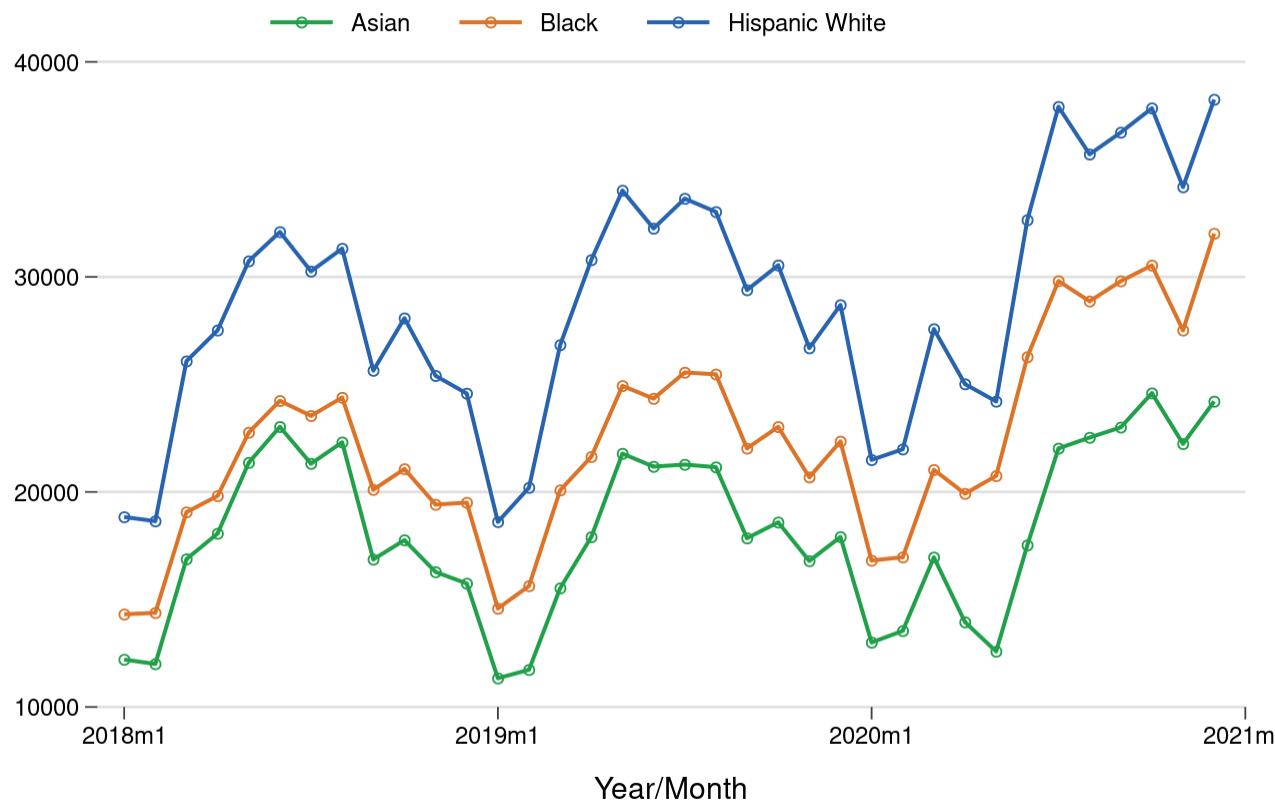


Consumer Financial  
Protection Bureau

Note: Single-family closed-end originations.

Source: "2020 Mortgage Market Activity and Trend," *forthcoming*.

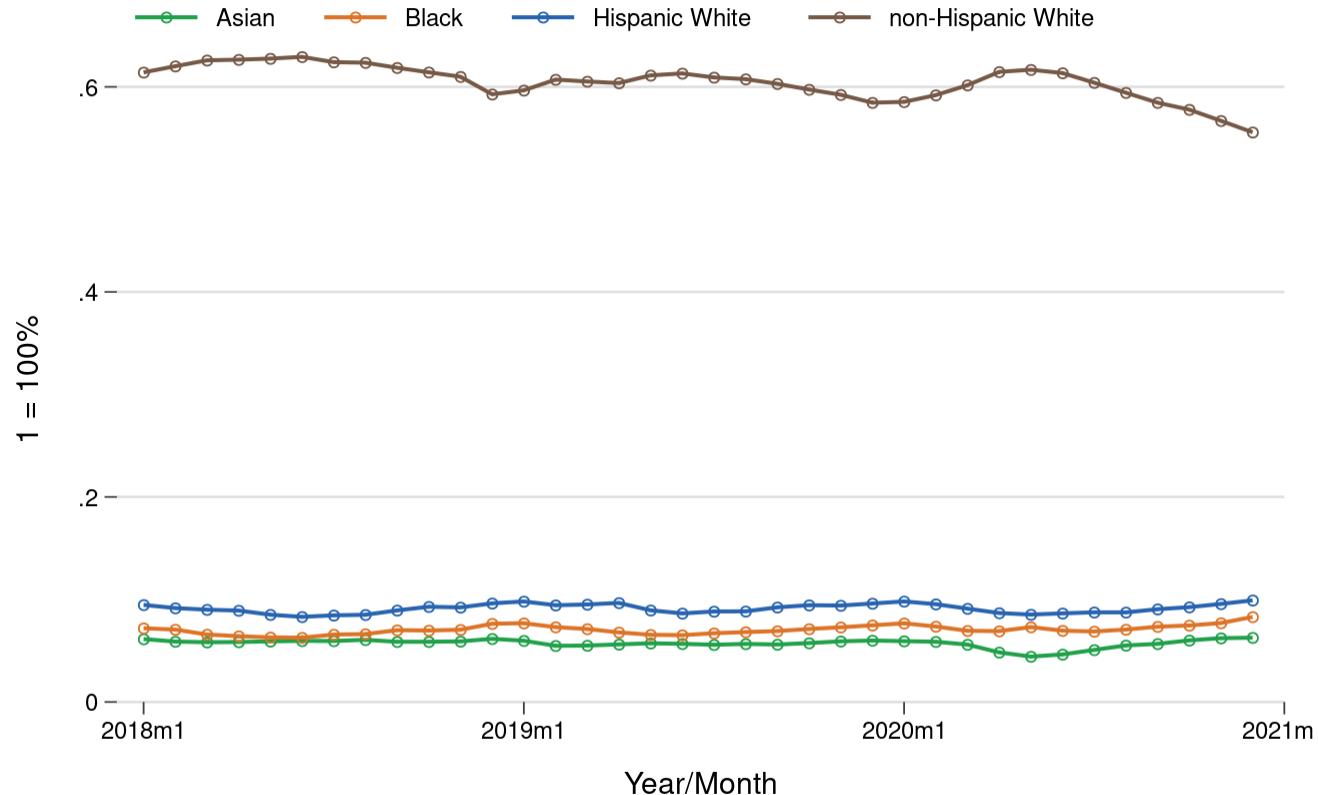
# # of Home-purchase Loan Originations (Minority Only)



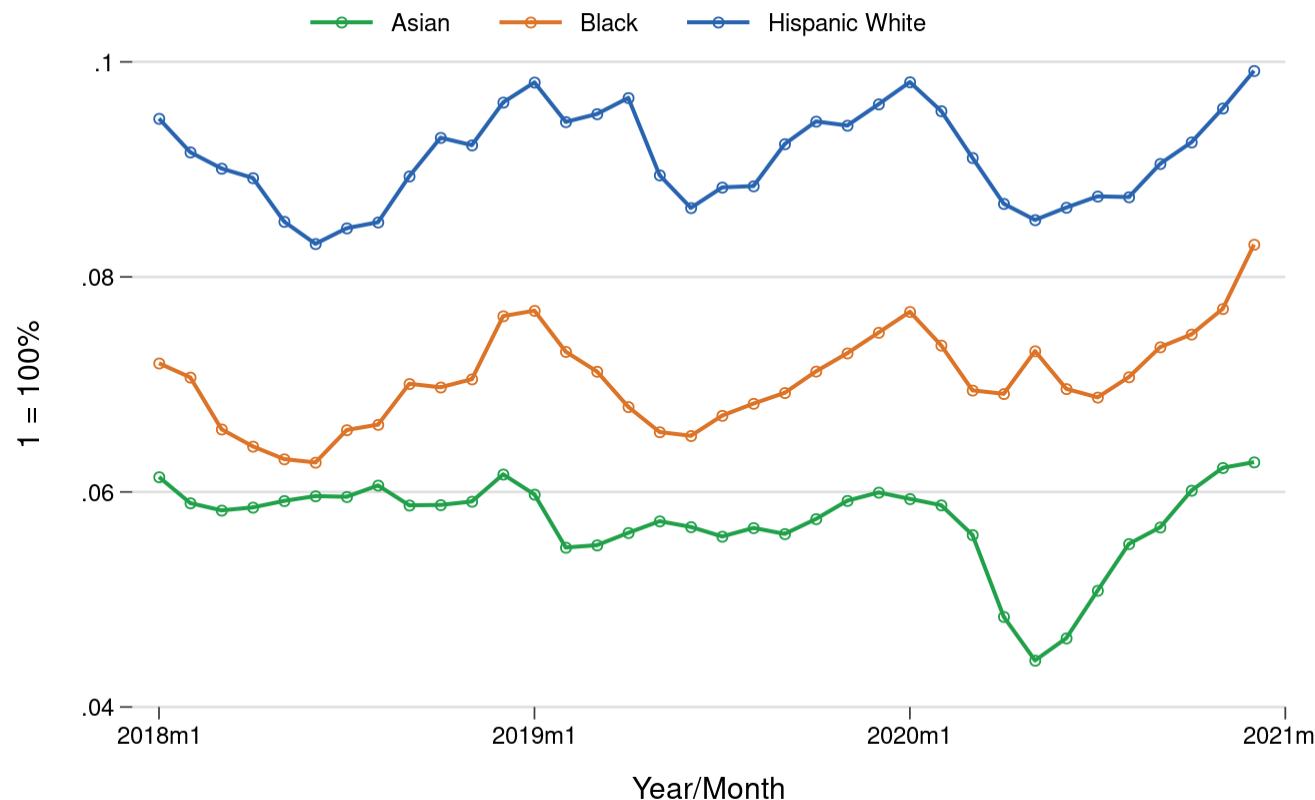
Consumer Financial  
Protection Bureau

Note: Single-family closed-end originations.  
Source: "2020 Mortgage Market Activity and Trend," *forthcoming*.

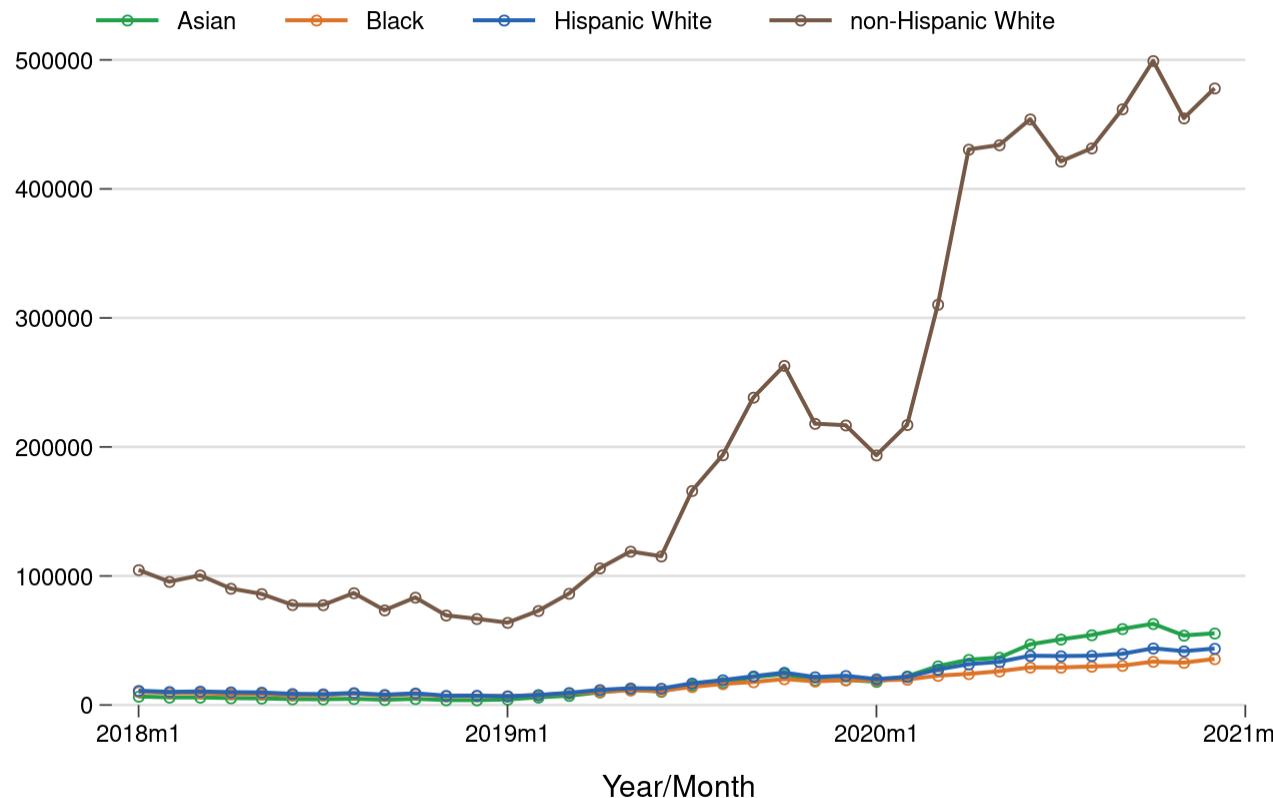
# Shares of Home-purchase Loan Originations by Race and Ethnicity



# Shares of Home-purchase Loan Originations (Minority Only)



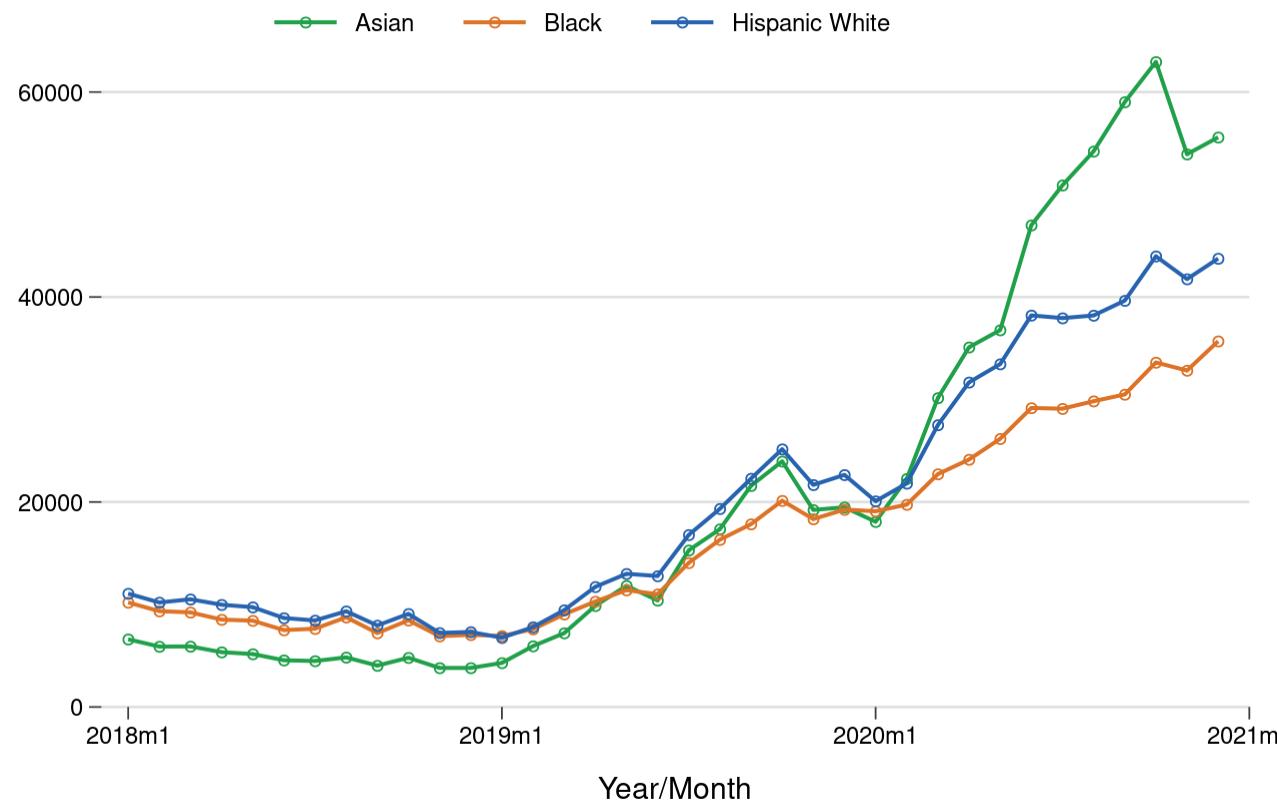
# # of Refinance Loan Originations by Race and Ethnicity



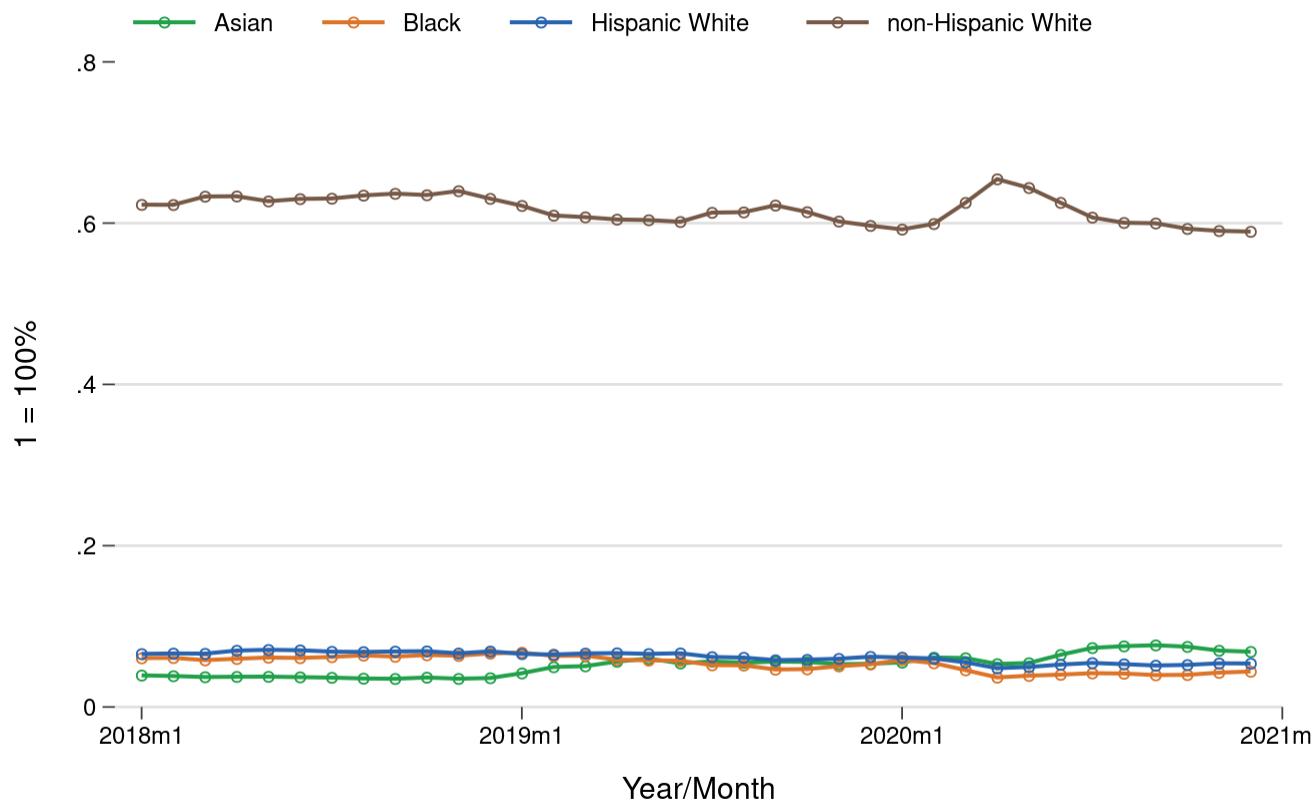
Consumer Financial  
Protection Bureau

Note: Single-family closed-end originations.  
Source: "2020 Mortgage Market Activity and Trend," *forthcoming*.

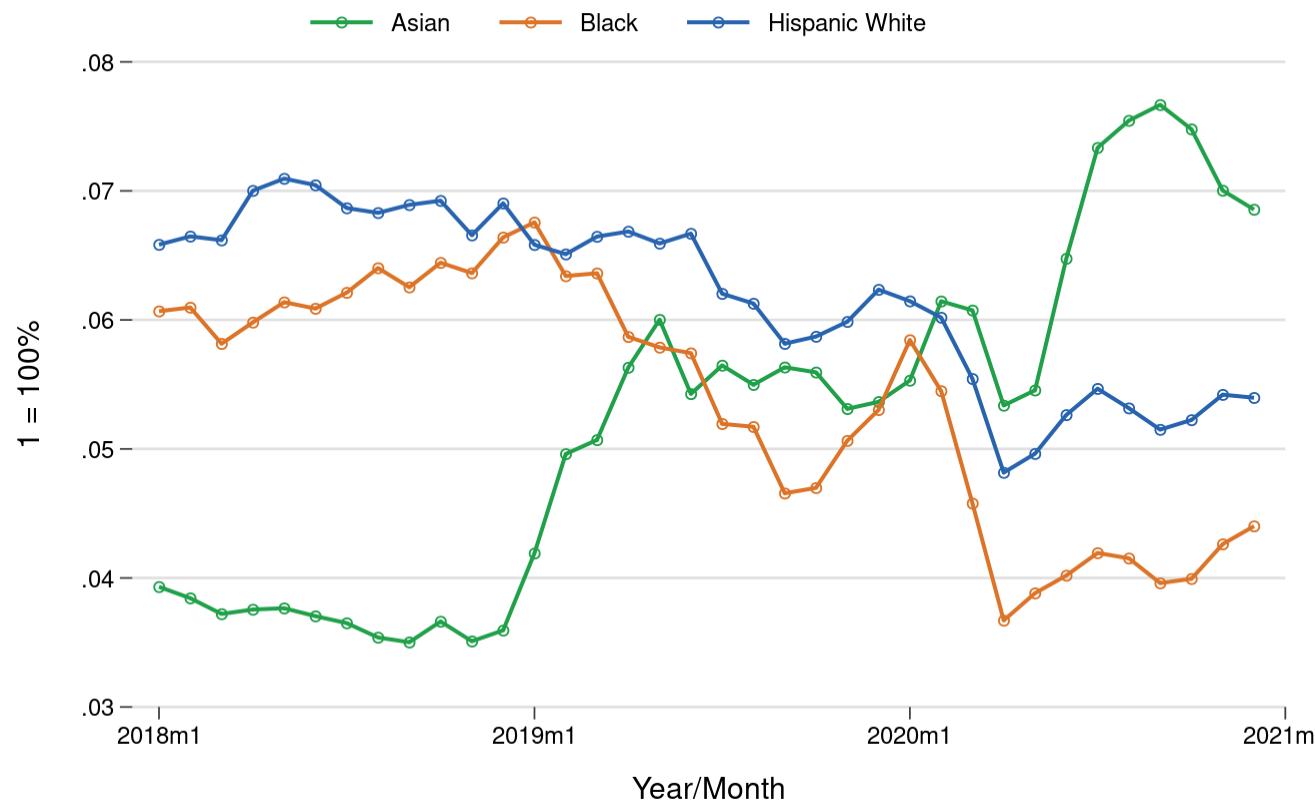
# # of Refinance Loan Originations (Minority Only)



# Shares of Refinance Loan Originations



# Shares of Refinance Loan Originations (Minority Only)

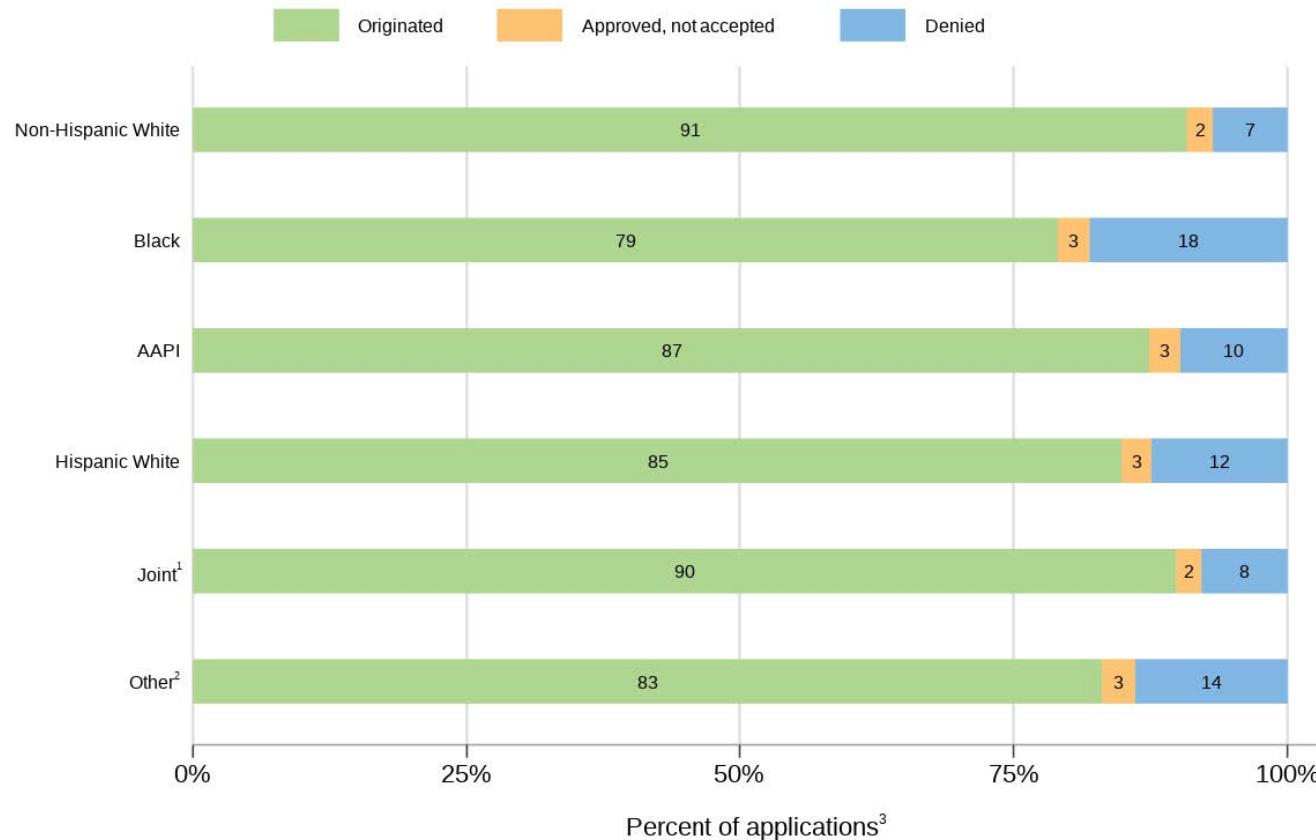


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Note: Single-family closed-end originations.  
Source: "2020 Mortgage Market Activity and Trend," *forthcoming*.

# Denial Rates by Race and Ethnicity

FIGURE 7: APPLICATION OUTCOMES BY RACE AND ETHNICITY

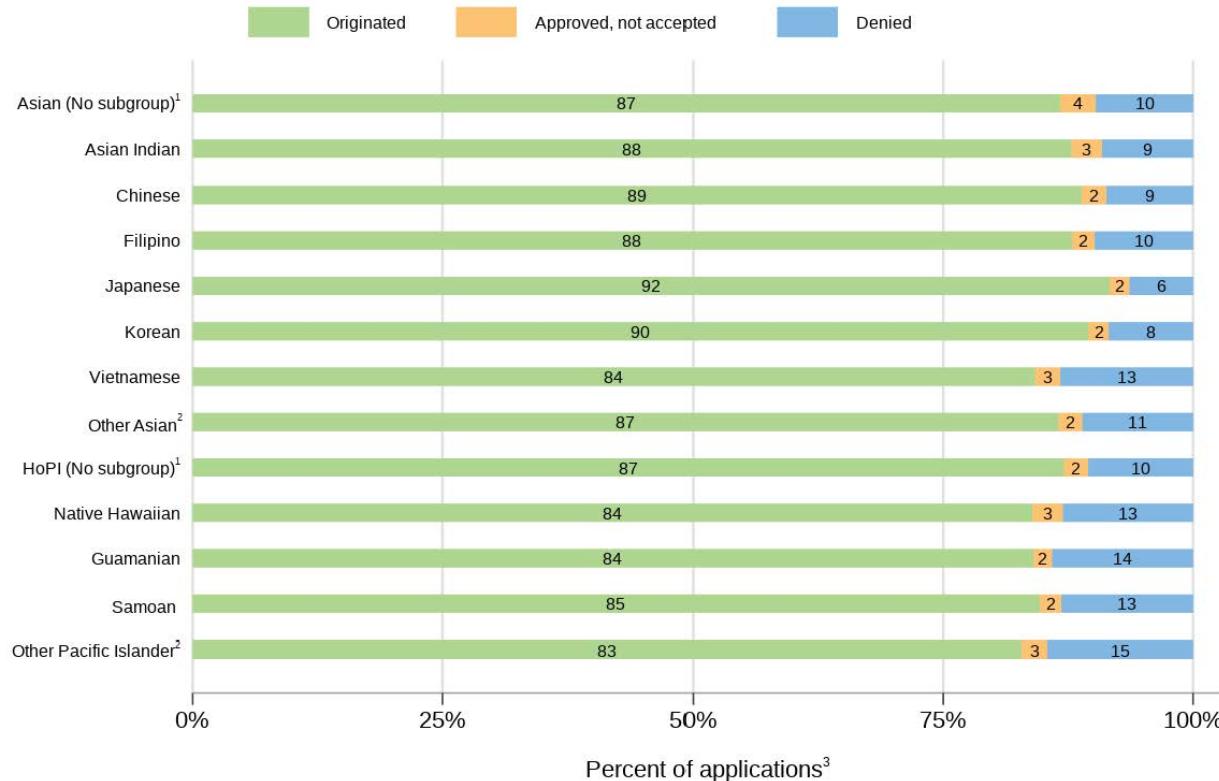


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Source: "AAPIs in the Mortgage Market," available at  
<https://www.consumerfinance.gov/data-research/research-reports/asian-american-and-pacific-islanders-in-the-mortgage-market/>.

# Denial Rates across AAPI Subgroups

FIGURE 8: APPLICATION OUTCOMES BY AAPI SUBGROUPS

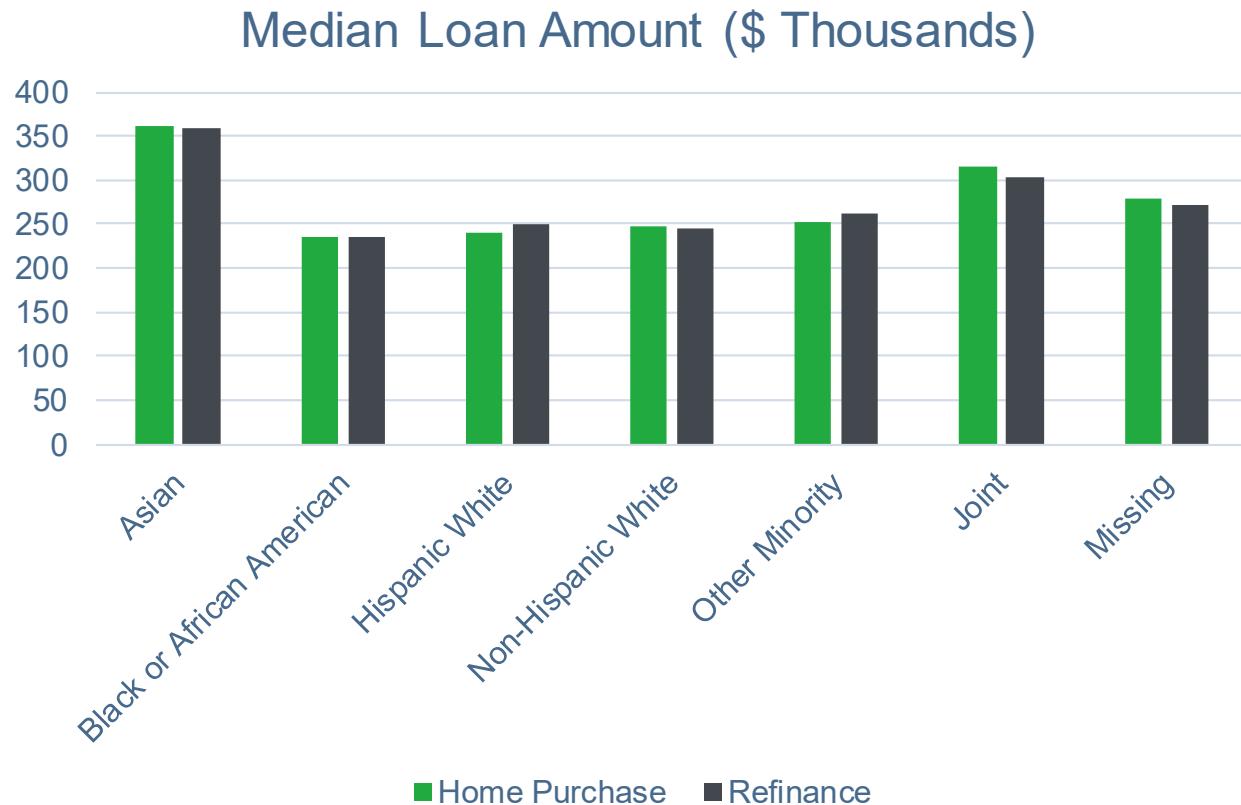


Consumer Financial  
Protection Bureau

Source: "AAPIs in the Mortgage Market," available at  
<https://www.consumerfinance.gov/data-research/research-reports/asian-american-and-pacific-islanders-in-the-mortgage-market/>.

# Characteristics of Loans by Race and Ethnicity

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Note: Single-family closed-end originations.  
Source: "2020 Mortgage Market Activity and Trend," *forthcoming*.

# Characteristics of Loans by Race and Ethnicity

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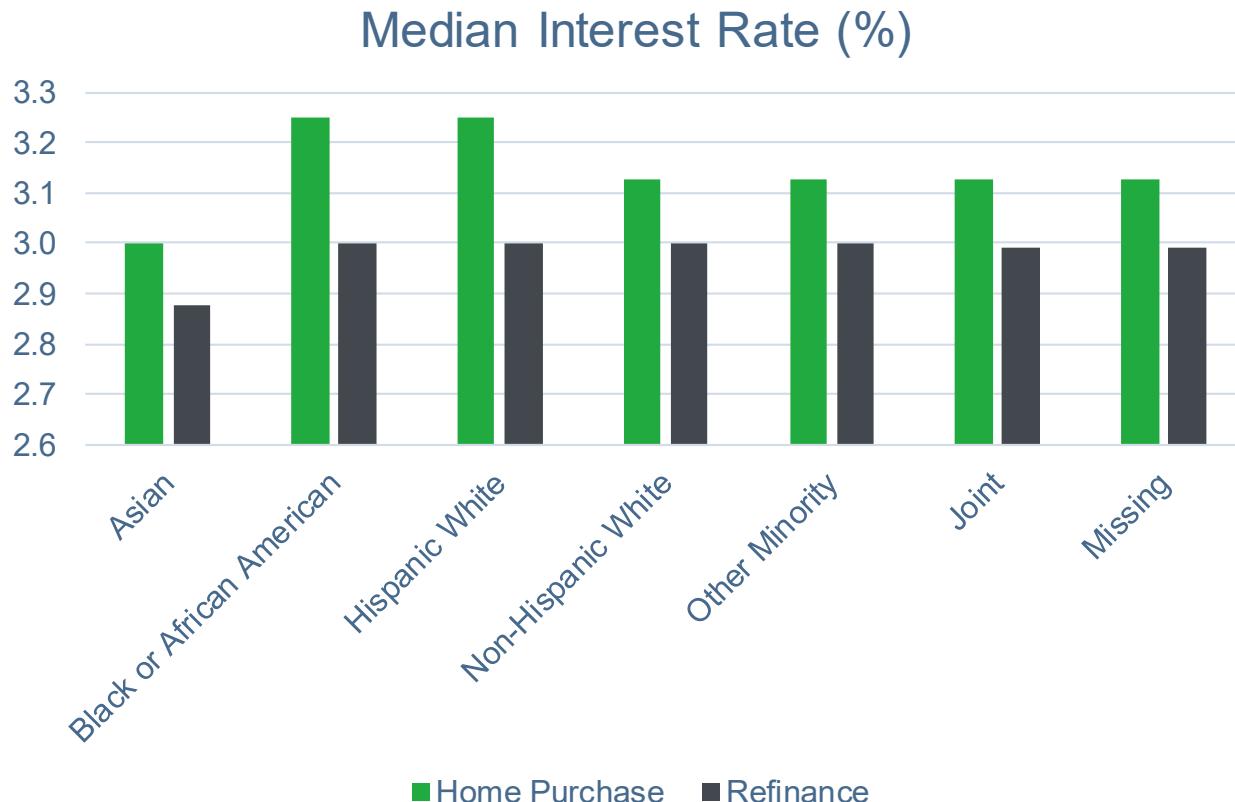
Consumer Financial  
Protection Bureau

Note: Single-family closed-end originations.

Source: "2020 Mortgage Market Activity and Trend," *forthcoming*.

# Characteristics of Loans by Race and Ethnicity

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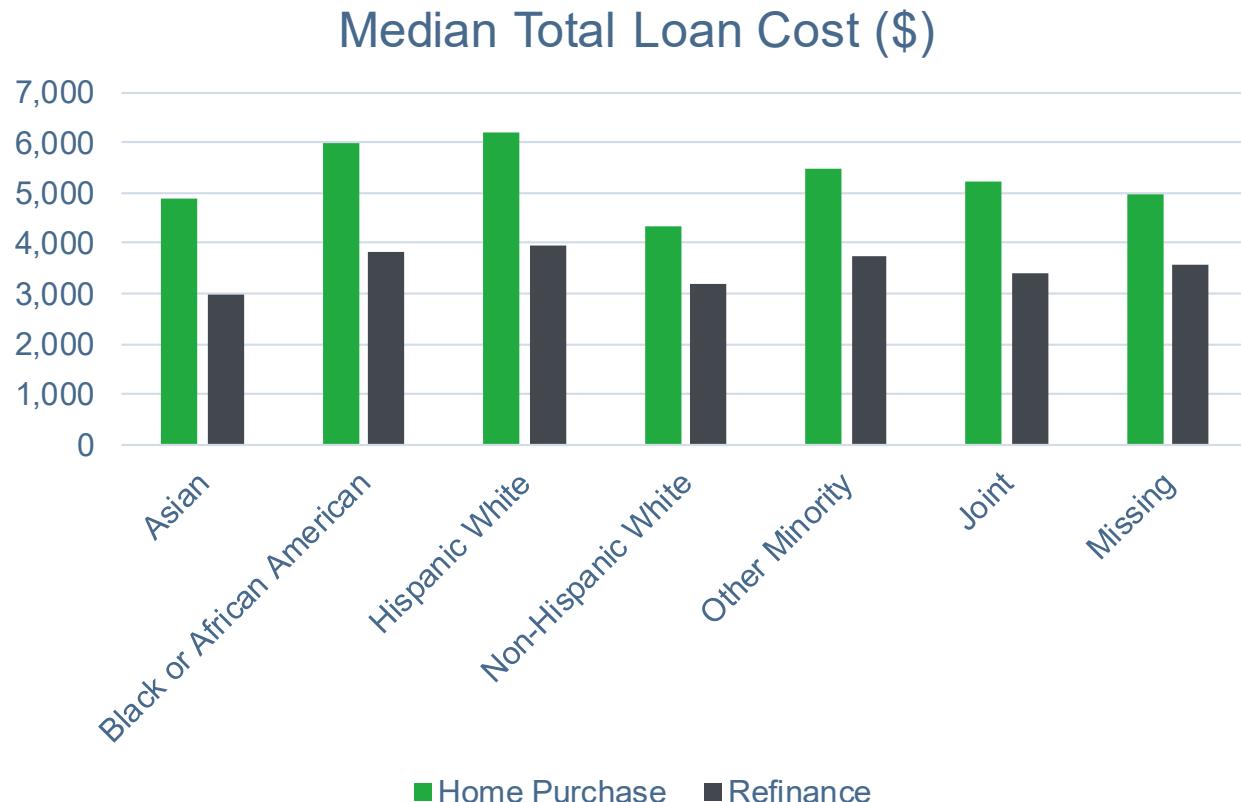


Consumer Financial  
Protection Bureau

Note: Single-family closed-end originations.  
Source: "2020 Mortgage Market Activity and Trend," *forthcoming*.

# Characteristics of Loans by Race and Ethnicity

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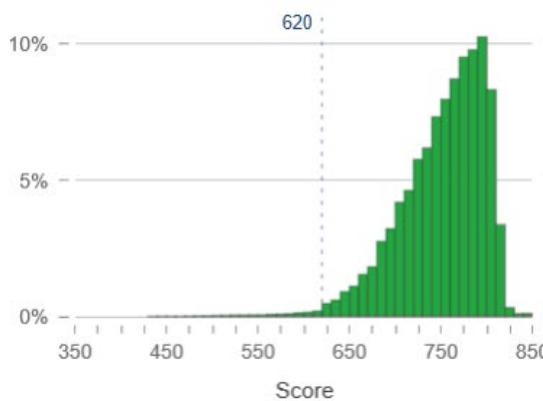


Consumer Financial  
Protection Bureau

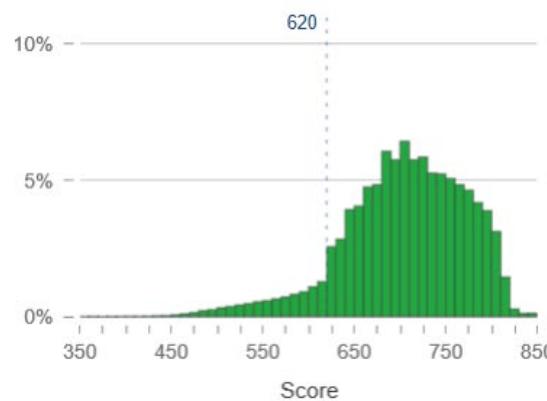
Note: Single-family closed-end originations.  
Source: "2020 Mortgage Market Activity and Trend," *forthcoming*.

## Histogram of Credit Scores by Race/Ethnicity: Conventional Conforming Applications

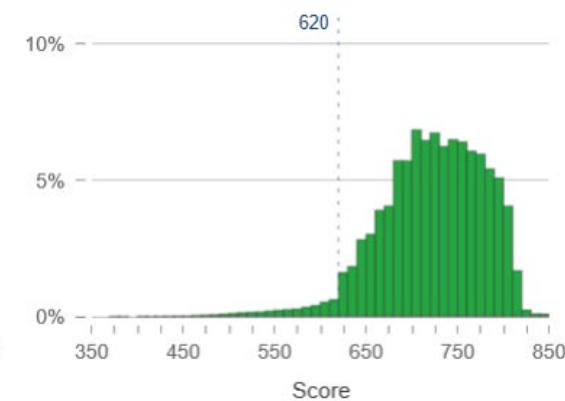
Asian



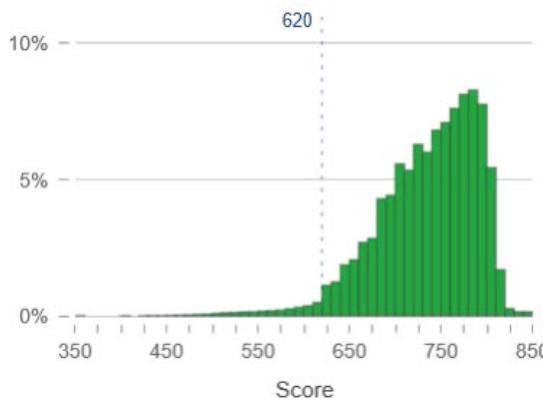
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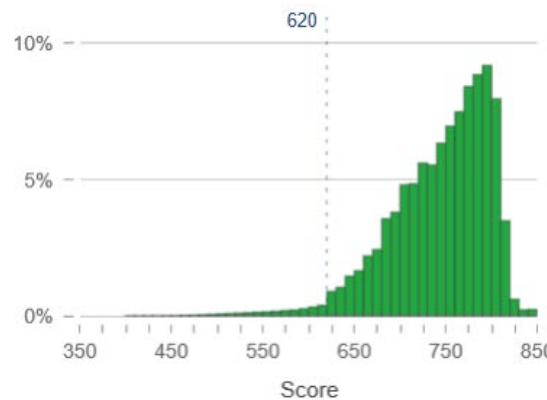
Hispanic White



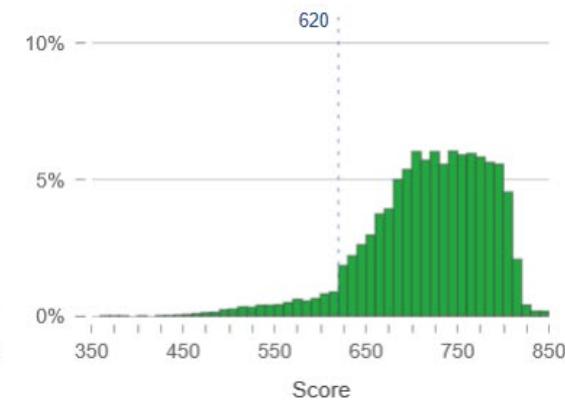
Joint



Non-Hispanic White



Other

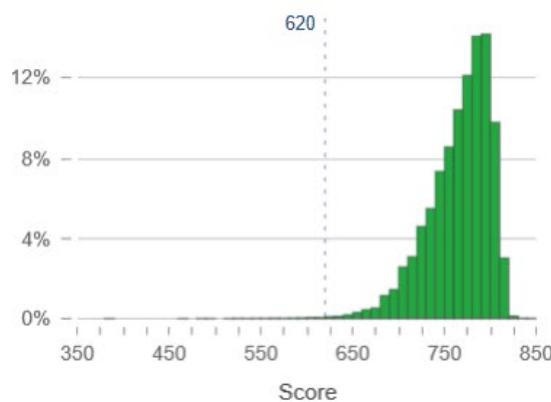


Consumer Financial  
Protection Bureau

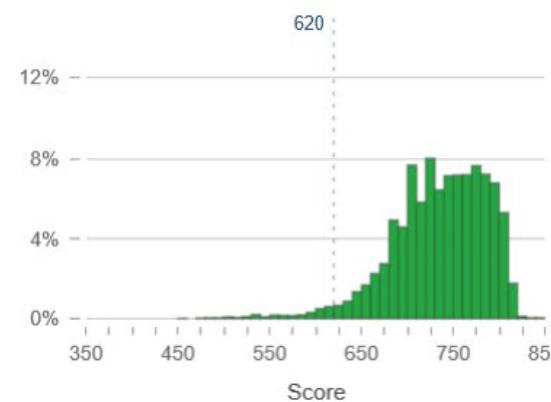
Source: "An Updated Review of the New and Revised Data Points in HMDA," August 2020

# Histogram of Credit Scores by Race/Ethnicity: Jumbo Applications

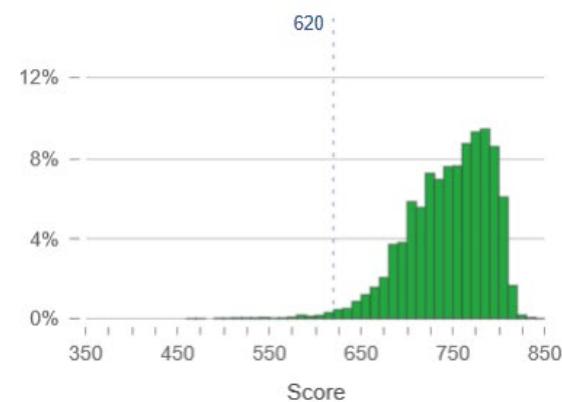
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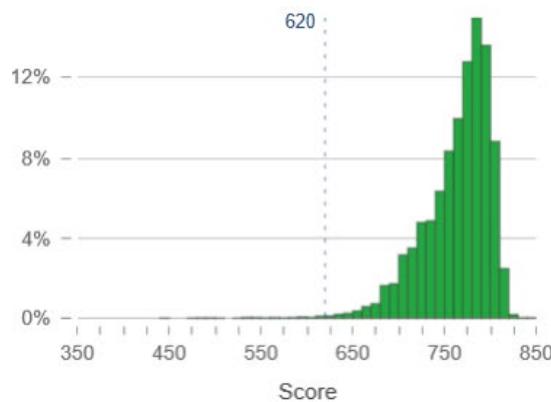
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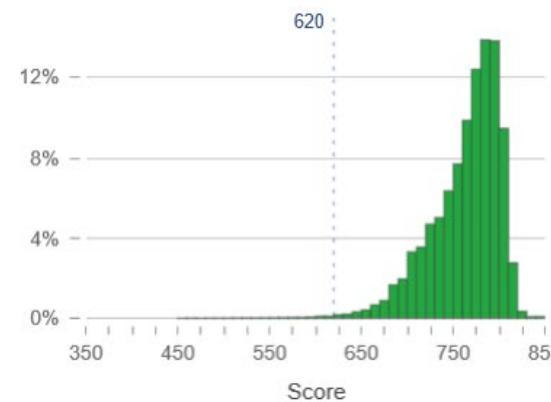
Hispanic White



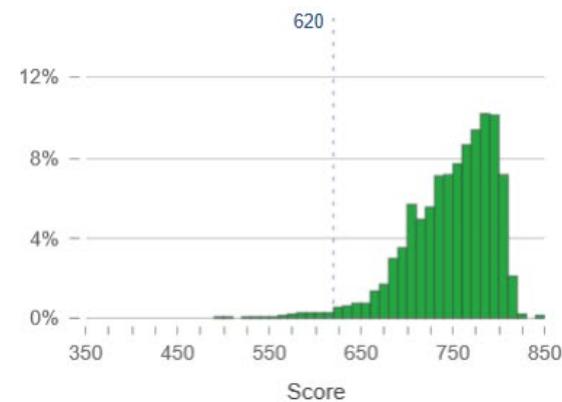
Joint



Non-Hispanic White



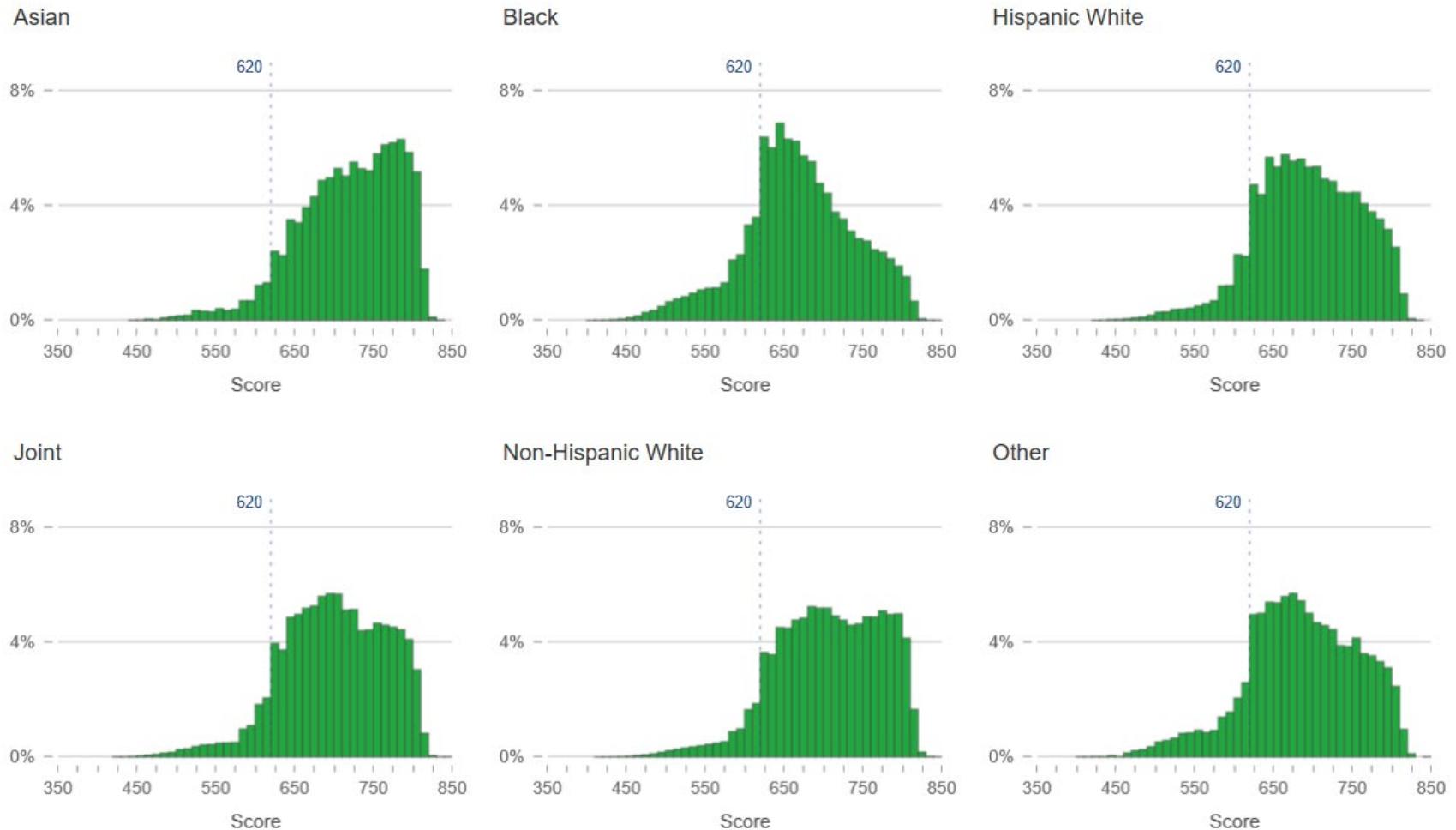
Other



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Source: "An Updated Review of the New and Revised Data Points in HMDA," August 2020

# Histogram of Credit Scores by Race/Ethnicity: VA Applications

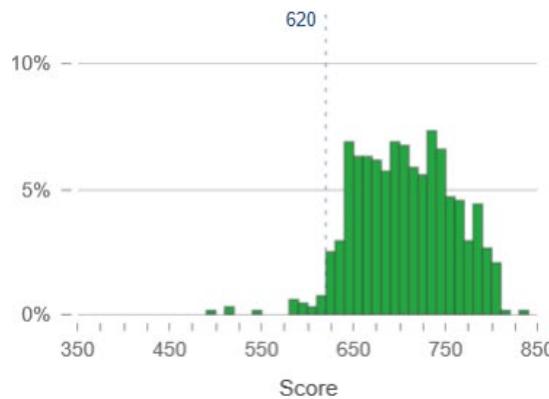


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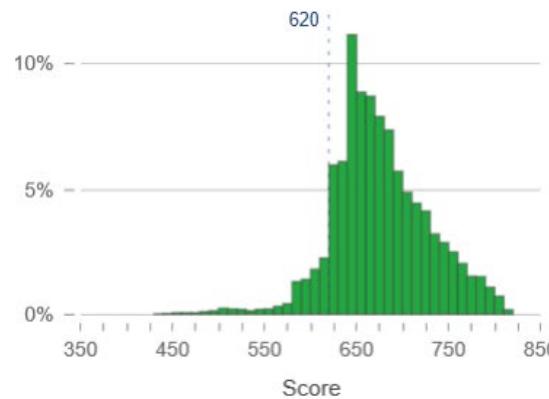
Source: "An Updated Review of the New and Revised Data Points in HMDA," August 2020

# Histogram of Credit Scores by Race/Ethnicity: RHS/FSA Applications

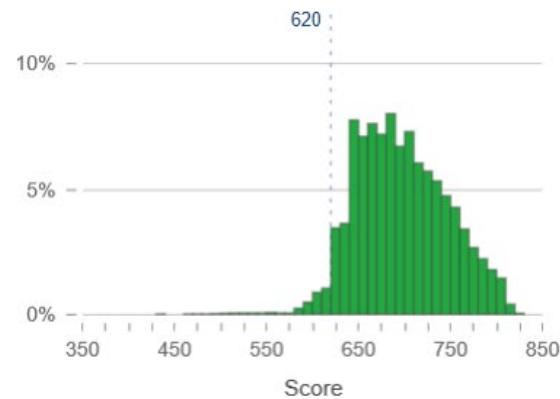
Asian



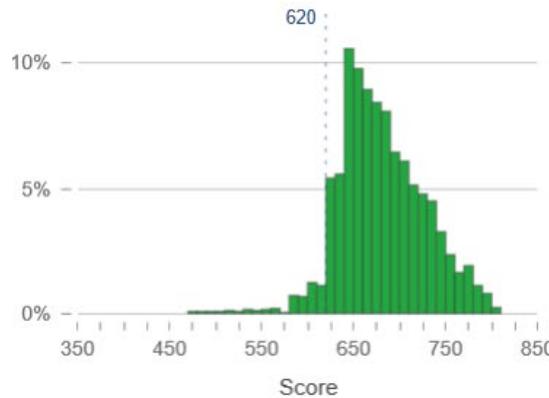
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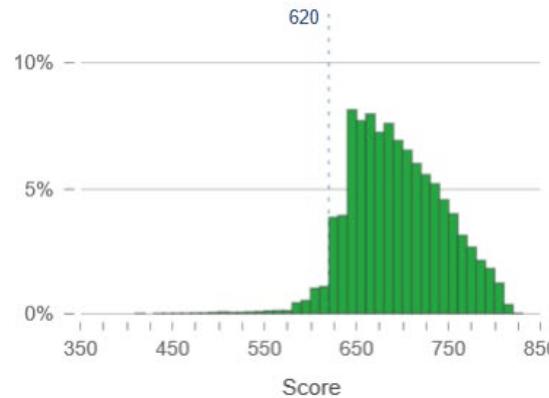
Hispanic White



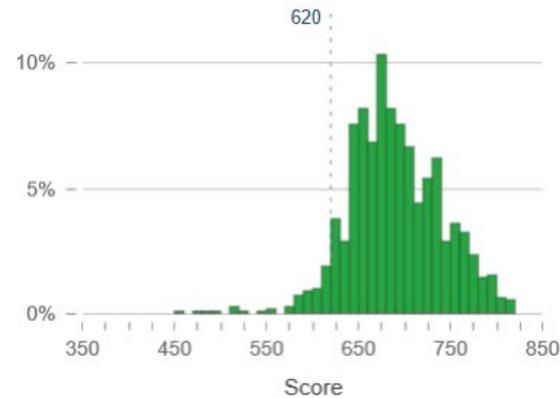
Joint



Non-Hispanic White



Other

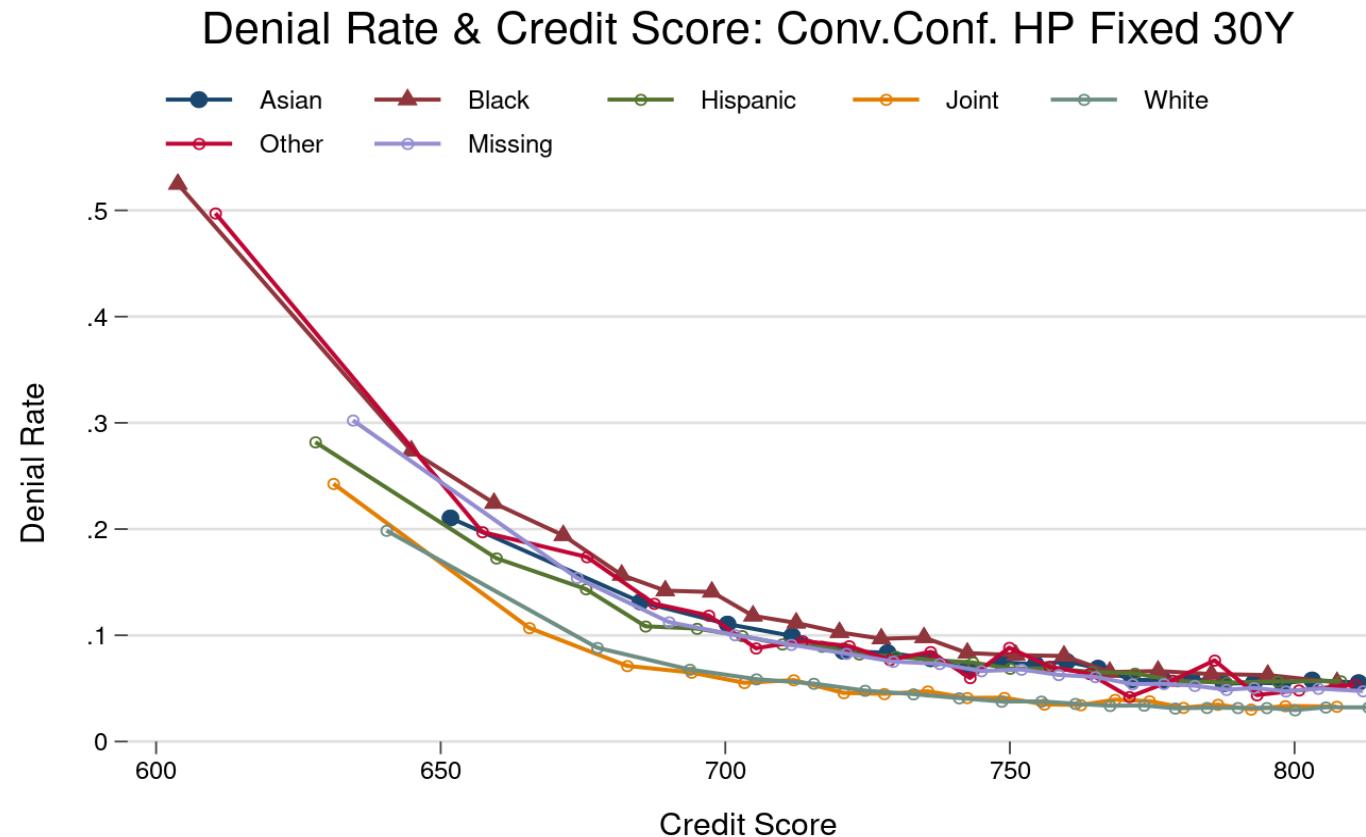


Consumer Financial  
Protection Bureau

Source: "An Updated Review of the New and Revised Data Points in HMDA," August 2020

# Denial Rates by Credit Score: Conventional Conforming Home-Purchase, 30-Year Fixed Rate Application

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# CLTV by Credit Score: Conventional Conforming Home-Purchase, 30-Year Fixed Rate Application

