

# Data Point: Asian American and Pacific Islanders in the Mortgage Market

Using the 2020 HMDA Data

This is another occasional series of publications from the Consumer Financial Protection Bureau’s Office of Research. These publications are intended to further the Bureau’s objective of providing an evidence-based perspective on consumer financial markets, consumer behavior, and regulations to inform the public discourse. See 12 U.S.C. §5493(d).<sup>[1]</sup>

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<sup>[1]</sup> This report was prepared by Young Jo and Alexandra Dobre.

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# 1. Introduction

A widely held perception of Asian American and Pacific Islanders (AAPI) as a homogeneous group with high income and education level has contributed to the perpetuation of what is commonly known as the Model Minority myth.<sup>1</sup> This myth has often been used as a racial wedge against other minorities.<sup>2</sup> AAPIs, which consist of Asians (e.g., Asian Indian, Chinese) and Hawaiian or Pacific Islanders (e.g., Native Hawaiian, Samoan), are a diverse group, with differing histories, cultures, and socioeconomic statuses. Contrary to the Model Minority myth, AAPIs experience racial and ethnic discrimination, and some AAPIs are poor and disadvantaged.

Existing studies of the mortgage market often reinforce the Model Minority myth and portray Asian borrowers as similar in characteristics to non-Hispanic White borrowers and thus imply that the group fares well.<sup>3</sup> However, such characterization disregards the diversity among AAPI subgroups and the difficulty some AAPI subgroups may experience in accessing lower-priced credit. Furthermore, the belief that AAPIs generally fare well in the mortgage market overlooks the existing evidence on differential treatment of AAPIs relative to non-Hispanic Whites in both the rental and sales markets.<sup>4</sup>

AAPIs, as a group, have a lower rate of homeownership, around 60 percent, than do non-Hispanic Whites, around 75 percent.<sup>5</sup> Residential real estate makes up a substantial portion of household assets and can lead to upward socioeconomic mobility through wealth accumulation and intergenerational wealth transfers. Inability to access lower-priced credit and disparities in home ownership rates likely widen racial wealth

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<sup>1</sup> Sakamoto, A., Goyette, K. A., & Kim, C. (2009). Socioeconomic attainments of Asian Americans. *Annual Review of Sociology*, 35, 255-276.

<sup>2</sup> Ji, C. H. (2021). "6 Charts that dismantle the trope of Asian Americans as a model minority," *NPR*. <https://www.npr.org/2021/05/25/999874296/6-charts-that-dismantle-the-trope-of-asian-americans-as-a-model-minority>.

<sup>3</sup> See "An Updated Review of the New and Revised Data Points in HMDA: Further Observations using the 2019 HMDA Data," available at <https://www.consumerfinance.gov/data-research/research-reports/revised-data-points-hmda/>.

<sup>4</sup> Turner, M. A., & Ross, S. L. (2003). "Discrimination in metropolitan housing markets: Phase 2 – Asians and Pacific Islanders of the HDS 2000." Washington, DC: US Department of Housing and Urban Development.

<sup>5</sup> See "Housing Vacancies and Homeownership," available at [www.census.gov/housing/hvs](http://www.census.gov/housing/hvs).

divides.<sup>6</sup> Moreover, existing studies show that homeownership rates also vary across the AAPI subgroups.<sup>7</sup>

This report adds to the existing literature by investigating how characteristics of mortgages, borrowers, and lenders vary across AAPI subgroups using the 2020 Home Mortgage Disclosure Act (HMDA) data. Most public surveys suffer from insufficient sample size and a lack of detailed race and ethnicity categories. HMDA data is unique in that: (1) it is the most comprehensive source of publicly available information on the U.S. mortgage market; (2) it is the only publicly available source of nationwide application-level data on mortgage credit; and (3) it includes detailed race and ethnicity categories starting with the 2018 data.

Using the detailed race and ethnicity information in the 2020 HMDA data, the Consumer Financial Protection Bureau (the Bureau) finds that certain AAPI subgroups fared better than others in the mortgage market. For example, Chinese and Asian Indian borrowers paid lower interest rates, on average, than non-Hispanic White borrowers. On the other hand, even though they had higher average credit scores and incomes, and lower combined-loan-to-value (CLTV) ratios, their denial rates were higher than that for non-Hispanic White borrowers.

Hawaiian or Pacific Islander (HoPI) borrowers had lower income and credit scores, higher CLTVs, debt-to-income ratios (DTI), and denial rates than the other AAPI subgroups. Furthermore, although Vietnamese, Native Hawaiian, and Other Pacific Islander borrowers had higher average credit scores and incomes, and lower median DTIs and CLTVs than Black and Hispanic White borrowers, their denial rates were similar to those for Black and Hispanic White borrowers.

The Bureau notes a number of caveats to these findings. First, about 75 percent of the 25.0 million total open- and closed-end applications in the 2020 HMDA data included data for at least one racial category.<sup>8</sup> Of the 1.6 million applications within the AAPI

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<sup>6</sup> Charles, K. K., & Hurst, E. (2002). The transition to home ownership and the black-white wealth gap. *Review of Economics and Statistics*, 84(2), 281-297.

<sup>7</sup> Painter, G., Yang, L., & Yu, Z. (2003). Heterogeneity in Asian American home-ownership: The impact of household endowments and immigrant status. *Urban Studies*, 40(3), 505-530.

<sup>8</sup> About 25 percent of open- or closed-end applications were missing race and ethnicity information. An application may be missing race or ethnicity information because an applicant is a non-natural person such as a Limited Liability Company or an applicant did not provide the information through mail, internet, or telephone. If an applicant applies in person but does not specify race or ethnicity information, a reporter is required to collect and report aggregate race and ethnicity information based on visual observation or surname. For more information on disaggregated race and ethnicity data points, see "Introducing New and Revised Data Points in HMDA," available at <https://www.consumerfinance.gov/data-research/research-reports/introducing-new-revised-data-points-hmda/>.

racial category, about 70 percent (1.1 million) specified at least one disaggregated race, which could potentially lead to a selection issue. If applicants who choose to self-identify their disaggregate race differ from those who do not, then the findings could be biased. For example, Chinese borrowers who self-identify may have higher incomes than those who do not, or Filipino borrowers who self-identify may have lower incomes than those who do not. In such cases, the findings would show a greater difference in characteristics than an actual difference that exists between two groups. In our analysis, we keep applicants who did not specify disaggregated race information and label them as “Asian (no subgroup)” and “HoPI (no subgroup)” in figures and tables.

Second, the report focuses on a descriptive analysis. In order to reach more definitive findings, a more extensive statistical analysis is required. For example, Chinese borrowers have lower denial rates than Filipino borrowers on average. However, this result does not account for the differences in all credit characteristics, such as credit scores, DTIs, or CLTVs, that directly affect underwriting decisions. A more extensive analysis would control for these credit characteristics. Such analysis is beyond the scope of this report and is a potential topic for future research.

## 2. Characteristics of Mortgages

HMDA is a data collection, reporting, and disclosure statute that was enacted in 1975. Institutions covered by HMDA are required to collect and report specific information about each mortgage application acted upon and mortgage purchased. The Bureau issued a final rule in October 2015 (2015 HMDA Rule), which incorporated several changes made under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.<sup>9</sup> One of the changes that was implemented beginning with the 2018 data was a collection of detailed race and ethnicity category.<sup>10</sup>

In this section, the Bureau explores the variation in mortgage characteristics by race and ethnicity and across the AAPI subgroups. In 2020, out of 18.8 million closed- and open-end applications with race and ethnicity information, 8 percent (1.6 million) were submitted by AAPI consumers.<sup>11</sup> Non-Hispanic White consumers submitted the majority of applications at 70 percent. The shares of Black and Hispanic White applications were similar to that of AAPI applications at 8 and 9 percent, respectively (Figure 1).

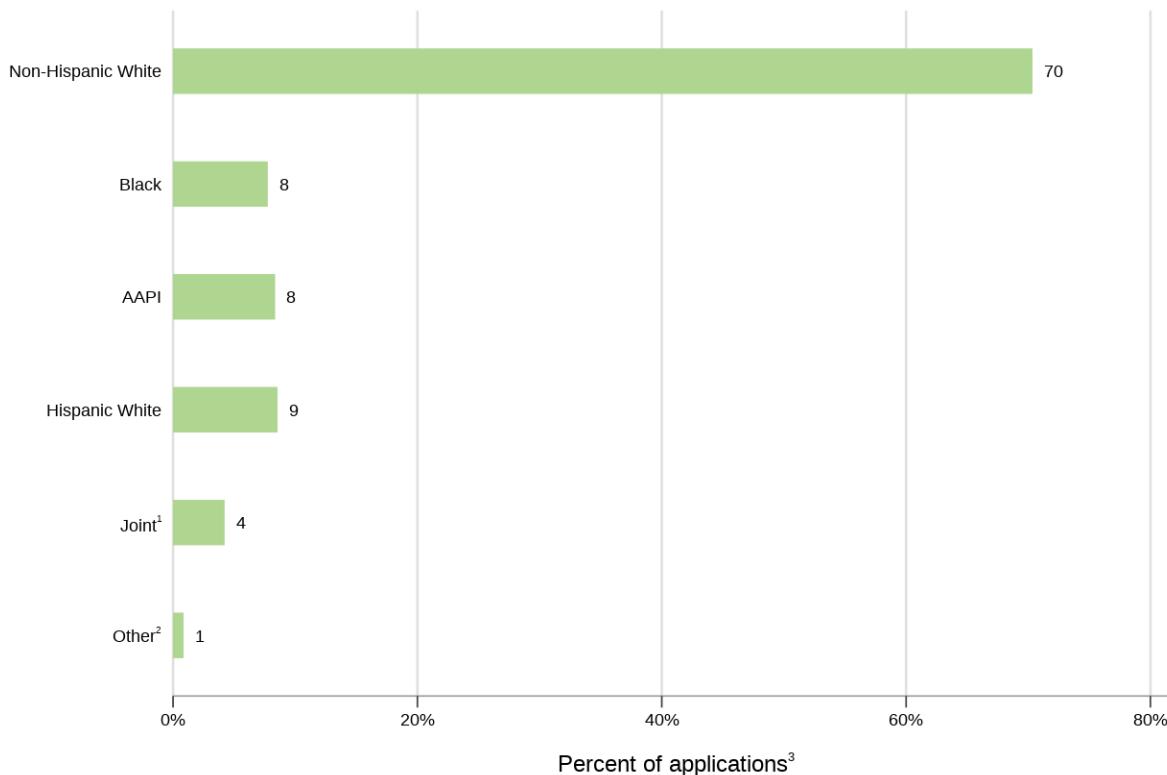
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<sup>9</sup> For a brief history of HMDA, see Federal Financial Institutions Examination Council, “History of HMDA,” available at <http://www.ffiec.gov/hmda/history2.htm>.

<sup>10</sup> The applicant’s race data field prior to the 2015 HMDA Rule included seven categories: code 1 (American Indian or Alaska Native), code 2 (Asian), code 3 (Black or African American), code 4 (Native Hawaiian or Other Pacific Islander), code 5 (White), code 6 (Information not provided by applicant in mail, internet, or telephone application), and code 7 (Not applicable). Under the 2015 HMDA Rule, two of the race categories were further disaggregated to allow for applicants and co-applicants to self-identify using more detailed race categories. Seven additional categories were added under code 2 (Asian): code 21 (Asian Indian), code 22 (Chinese), code 23 (Filipino), code 24 (Japanese), code 25 (Korean), code 26 (Vietnamese), and code 27 (Other Asian). Four additional categories were added to code 4 (Native Hawaiian or Other Pacific Islander): code 41 (Native Hawaiian), code 42 (Guamanian or Chamorro), code 43 (Samoan), and code 44 (Other Pacific Islander).

<sup>11</sup> Due to rounding, numbers presented throughout this document may not add up precisely.

**FIGURE 1: SHARE OF APPLICATIONS BY RACE AND ETHNICITY**



<sup>1</sup> The application is designated as 'Joint' if one applicant was reported as White and the other was reported as one or more minority races or if the application is designated as White with one Hispanic applicant and one non-Hispanic applicant.

<sup>2</sup> Consists of applications by American Indians or Alaska Natives, and borrowers reporting two or more minority races.

<sup>3</sup> Closed- and open-end applications.

Of the total 1.6 million closed- and open-end applications submitted by AAPIs, Asian and HoPI consumers constituted 96 percent and 4 percent of these applications, respectively.<sup>12</sup> Of the consumers who submitted applications, about 68 percent of Asian consumers and 51 percent of HoPI consumers specified at least one disaggregated race category.<sup>13</sup> Asian Indian was the largest Asian subgroup, at 25.3 percent, while Japanese was the smallest, at 2.2 percent (Figure 2). Among the respondents who filled in the free form text field for Other Asian, Pakistani was the most common subgroup. Other Pacific Islander was the largest HoPI subgroup at 1.2 percent, whereas Guamanians and

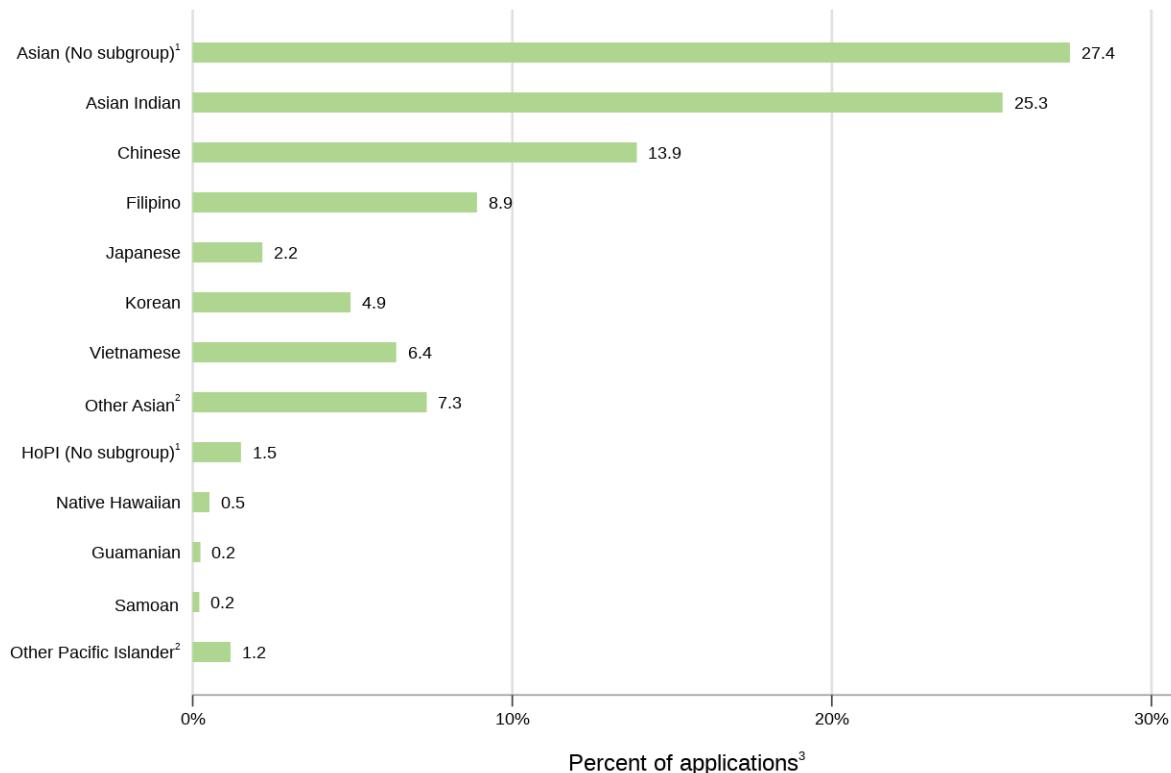
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<sup>12</sup> A closed-end loan is more common in the mortgage market and follows a traditional structure, where all of the loan amount is given at the loan signing and a borrower makes a periodic fixed payment to the lender. An open-end loan is set up as a line of credit with the lender. In other words, a borrower can withdraw as much as needed up to the maximum amount from the line of credit.

<sup>13</sup> The first reported AAPI subgroup was assigned for those who reported more than one AAPI subgroup.

Samoans were the smallest at 0.2 percent.<sup>14</sup> Fijian was the most common subgroup among the respondents who filled in the free form text field for Other Pacific Islander.

**FIGURE 2: SHARE OF APPLICATIONS BY AAPI SUBGROUPS**



<sup>1</sup> Applicants who did not specify detailed race and ethnicity categories.

<sup>2</sup> Applicants who specified “Other Asian” or “Other Pacific Islander” had an option to fill in a detailed race and ethnicity category in the free-form text field.

<sup>3</sup> Closed- and open-end applications.

For all subsequent analyses, we further limit our sample to first lien closed-end originations secured by site-built, single family, owner-occupied properties with a loan purpose of either home purchase or refinance.<sup>15</sup> Such a sample restriction allows for a better comparison across groups, since loan characteristics can vary greatly by loan types. For example, first lien loans are priced differently from junior liens, and hence if certain groups are more likely to take out first liens, this may lead to discrepancies in

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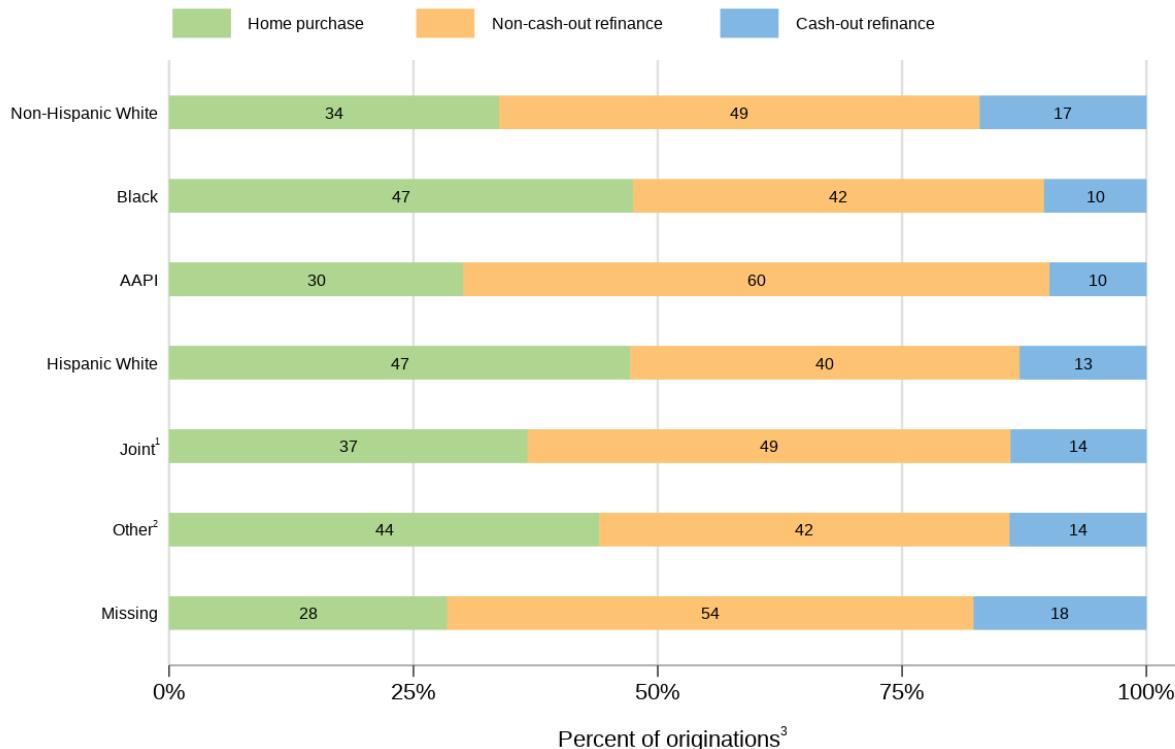
<sup>14</sup> As defined by § 1003.2 in Regulation C, HMDA covers applications that are secured by a dwelling located in a State of the United States of America, D.C., or Puerto Rico.

<sup>15</sup> Once we limit the sample to first lien, closed-end originations secured by site-built, single family, owner-occupied properties, the shares of loans for home improvement, other or not applicable are negligible. Therefore, we exclude them from the remaining analysis.

prices. Therefore, the sample is restricted to first lien, closed-end loans, which are the most common loan type in mortgage markets.

Looking at originations by loan purpose, AAPI borrowers were much less likely to take out loans for home purchase than any other racial group in 2020 (Figure 3). About 30 percent of AAPI borrowers took out loans for home purchase compared to 34 percent of non-Hispanic White borrowers, 47 percent of Black borrowers, and 47 percent of Hispanic White borrowers. Non-Hispanic White and AAPI borrowers were more likely to take out refinance loans than Black or Hispanic White borrowers. In addition, non-Hispanic White borrowers were the most likely to take cash-out refinance loans at 17 percent.

**FIGURE 3: LOAN PURPOSE BY RACE AND ETHNICITY**



<sup>1</sup> The origination is designated as 'Joint' if one applicant was reported as White and the other was reported as one or more minority races or if the application is designated as White with one Hispanic applicant and one non-Hispanic applicant.

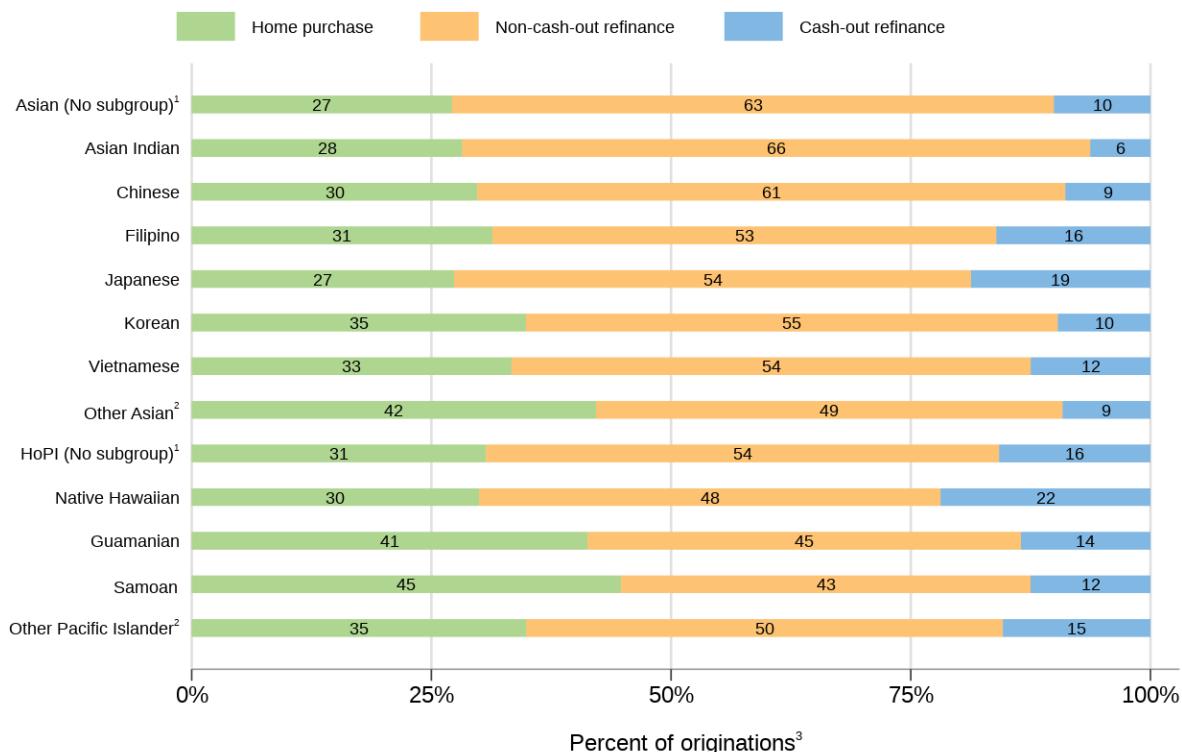
<sup>2</sup> Consists of originations by American Indians or Alaska Natives, and borrowers reporting two or more minority races.

<sup>3</sup> First lien closed-end originations secured by site-built, single family, owner-occupied properties.

The purpose of the loans varied greatly across AAPI subgroups. Figure 4 shows the loan purpose by AAPI subgroup. Among the Asian subgroups, Other Asians were the most likely (42 percent) and Japanese were the least likely (27 percent) to have home purchase loans. On the other hand, Japanese (19 percent) were more than three times as

likely to take cash-out refinance loans compared to Asian Indians (6 percent). Among the HoPI subgroups, Native Hawaiians (22 percent) were almost twice as likely to take cash-out refinance loans than Samoans (12 percent).

**FIGURE 4: LOAN PURPOSE BY AAPI SUBGROUPS**



<sup>1</sup> Applicants who did not specify detailed race and ethnicity categories.

<sup>2</sup> Applicants who specified “Other Asian” or “Other Pacific Islander” had an option to fill in a detailed race and ethnicity category in the free-form text field.

<sup>3</sup> First lien closed-end originations secured by site-built, single family, owner-occupied properties.

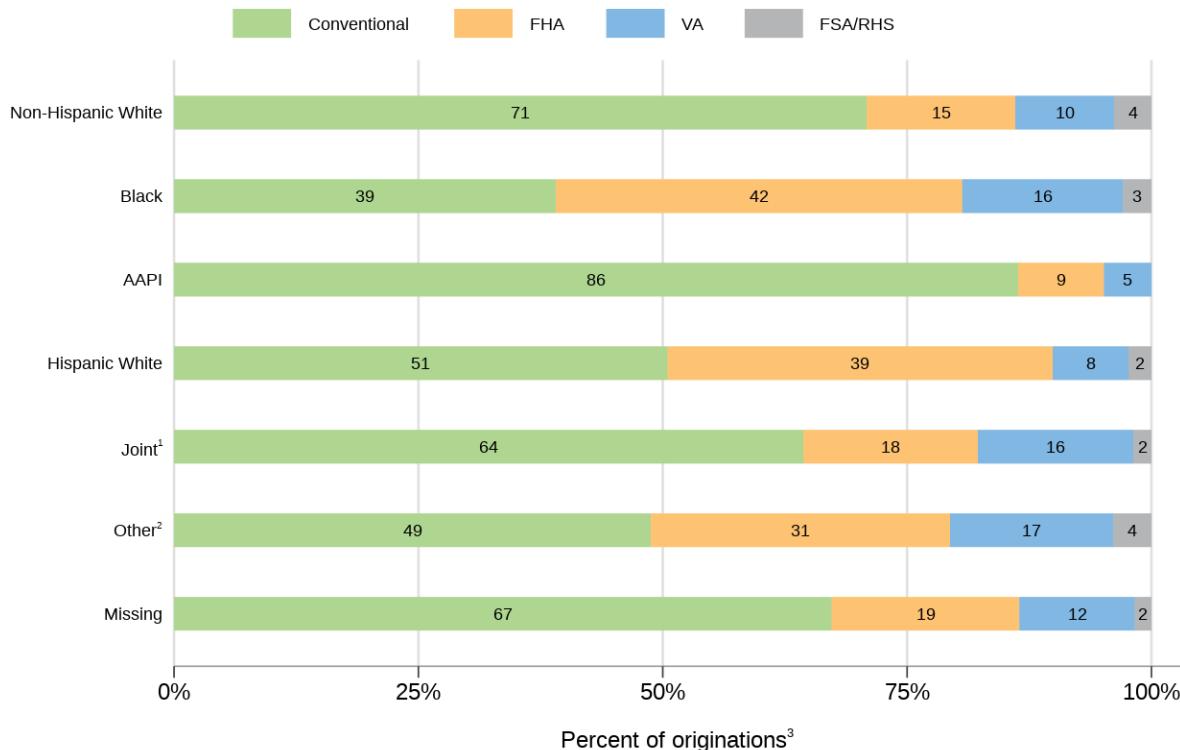
AAPI borrowers were more likely to take out conventional loans than any other racial group. Figure 5 examines the loan types for home purchase loans by race and ethnicity. Loan types consist of conventional loans and loans insured or guaranteed by the Federal Housing Administration (FHA), Department of Veterans Affairs (VA), or United States Department of Agriculture (USDA) Farm Service Agency or Rural Housing Service (FSA/RHS). For example, close to 90 percent of AAPI borrowers used conventional loans for home purchases.<sup>16</sup> In comparison, less than half of Black borrowers (39 percent) and slightly over half of Hispanic White borrowers (51 percent) used

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<sup>16</sup> The loan type pattern for refinance loans (not shown here) was consistent with that of home purchase loans. Overall, all race and ethnic groups were more likely to use conventional loans for refinance than for home purchase.

conventional loans. Black borrowers, in particular, were more likely to use FHA or VA loans compared to any other racial group.

**FIGURE 5: LOAN TYPES BY RACE AND ETHNICITY**



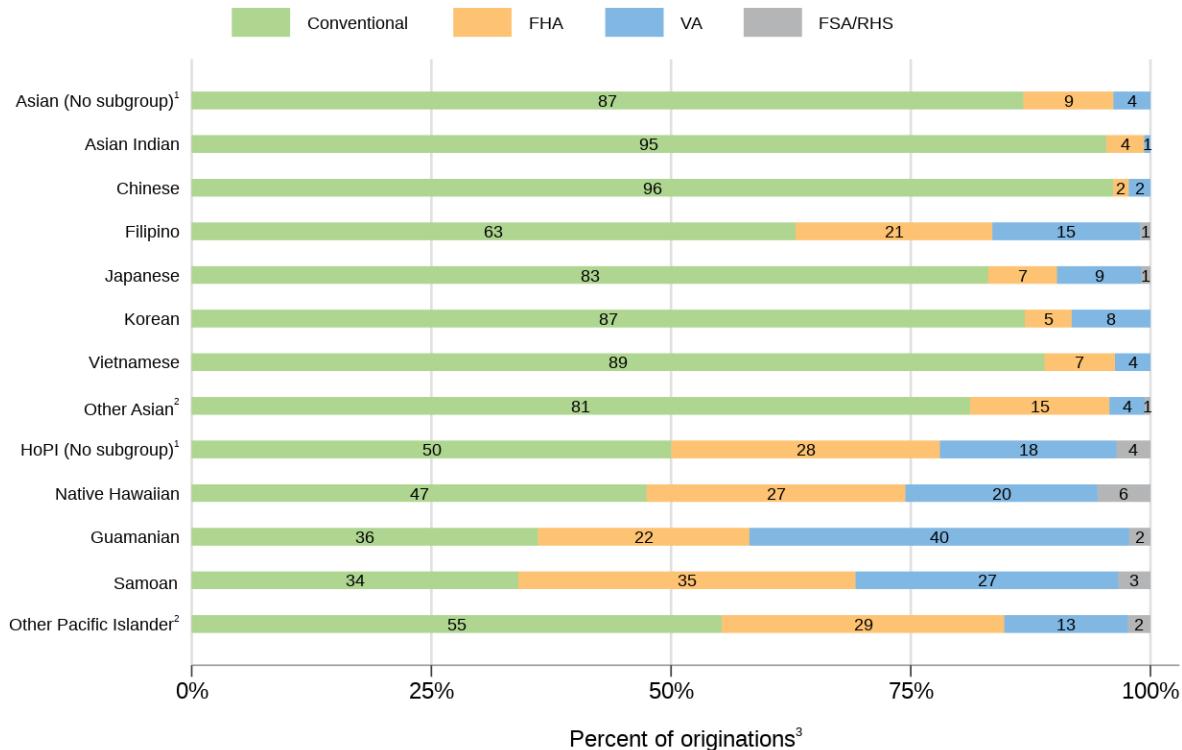
<sup>1</sup> The origination is designated as 'Joint' if one applicant was reported as White and the other was reported as one or more minority races or if the application is designated as White with one Hispanic applicant and one non-Hispanic applicant.

<sup>2</sup> Consists of originations by American Indians or Alaska Natives, and borrowers reporting two or more minority races.

<sup>3</sup> First lien closed-end home purchase originations secured by site-built, single family, owner-occupied properties.

Even though AAPI borrowers on average were much more likely to use conventional loans for home purchases, the pattern diverged greatly within the group. Figure 6 shows that Asian borrowers were more likely to use conventional loans than HoPI borrowers. Among Asian subgroups, close to 100 percent of Asian Indian and Chinese borrowers used conventional loans for home purchases compared to Filipino borrowers, who were more likely to use FHA or VA loans. The share of HoPI borrowers using conventional loans was more similar to that of Black or Hispanic White borrowers than to AAPI borrowers.

**FIGURE 6: LOAN TYPES BY AAPI SUBGROUPS**



<sup>1</sup> Applicants who did not specify detailed race and ethnicity categories.

<sup>2</sup> Applicants who specified “Other Asian” or “Other Pacific Islander” had an option to fill in a detailed race and ethnicity category in the free-form text field.

<sup>3</sup> First lien closed-end home purchase originations secured by site-built, single family, owner-occupied properties.

Below are the average home purchase loan amounts, total loan costs, interest rates, and share of loans in minority or low-to moderate-income (LMI) neighborhoods by racial group (Table 1).<sup>17</sup> AAPI borrowers had the highest average loan amount and their properties were less likely to be located in minority or LMI neighborhoods compared to those of Black and Hispanic White borrowers. AAPI borrowers generally live in relatively expensive metro areas, which likely contributed to their higher average loan amounts.<sup>18</sup> On the other hand, AAPI borrowers paid lower interest rates on average than any other racial group, even though a larger share of their loans were jumbo loans.<sup>19</sup>

<sup>17</sup> Total loan costs include charges for the services that borrowers *cannot* shop for (e.g., appraisal or credit report fees) and services that borrowers *can* shop for (e.g., settlement agent or title insurance fees).

<sup>18</sup> Iceland, J., Weinberg, D., & Hughes, L. (2014). The residential segregation of detailed Hispanic and Asian groups in the United States: 1980–2010. *Demographic Research*, 31, 593.

<sup>19</sup> In 2020, the interest rates for 30-year fixed rate Jumbo loans were about 30 basis points higher than conforming loans. Available at <https://fred.stlouisfed.org/series/MORTGAGE30US>.

**TABLE 1: MORTGAGE CHARACTERISTICS BY RACE, ETHNICITY AND AAPI SUBGROUPS: HOME PURCHASE LOANS**

	Originations	Average Loan Amount	Average Property Value	Average Loan Costs	Average Interest Rate	% Jumbo Loans	% LMI Tracts	% Minority Neighborhood	% Metro Area
<b>Race and ethnicity</b>									
Non-Hispanic White	2,355,666	\$295,757	\$359,529	\$5,256	3.23%	4%	13%	9%	88%
Black	297,947	\$263,066	\$281,125	\$6,575	3.33%	2%	28%	45%	96%
AAPI	232,121	\$435,056	\$555,681	\$5,874	3.11%	10%	15%	35%	98%
Hispanic White	370,136	\$270,902	\$300,718	\$7,055	3.33%	1%	28%	50%	96%
Joint	157,388	\$377,604	\$448,986	\$6,434	3.19%	8%	13%	20%	94%
Other	28,670	\$278,355	\$311,531	\$6,283	3.22%	2%	21%	28%	86%
Missing	572,062	\$343,229	\$415,818	\$6,092	3.19%	6%	17%	22%	93%
<b>AAPI Subgroups</b>									
Asian (No subgroup)	59,993	\$414,843	\$534,543	\$6,057	3.15%	9%	17%	36%	98%
Asian Indian	55,550	\$498,767	\$622,793	\$5,274	2.98%	16%	8%	28%	99%
Chinese	32,047	\$522,271	\$740,583	\$5,577	3.13%	16%	15%	41%	99%
Filipino	21,267	\$381,878	\$430,620	\$7,189	3.16%	5%	18%	45%	97%
Japanese	4,700	\$409,402	\$529,166	\$6,287	3.11%	8%	16%	36%	95%
Korean	13,767	\$441,411	\$581,531	\$5,743	3.09%	10%	12%	32%	98%
Vietnamese	14,809	\$349,342	\$446,243	\$5,417	3.14%	4%	22%	42%	98%
Other Asian	21,543	\$352,846	\$427,684	\$5,822	3.14%	5%	20%	32%	98%
HoPI (No subgroup)	3,545	\$323,907	\$363,856	\$7,187	3.26%	3%	22%	34%	92%
Native Hawaiian	1,104	\$366,305	\$408,060	\$8,205	3.21%	4%	20%	48%	86%
Guamanian	722	\$322,513	\$345,008	\$7,491	3.17%	3%	16%	25%	92%
Samoan	631	\$352,262	\$376,136	\$8,072	3.25%	3%	23%	35%	96%
Other Pacific Islander	2,443	\$306,671	\$351,503	\$6,761	3.27%	3%	22%	32%	95%

Notes: Applications are placed in one category for race and ethnicity. The application is designated as "joint" if one applicant was reported as white and the other was reported as one or more minority races or if the application is designated as white with one Hispanic applicant and one non-Hispanic applicant. If there are two applicants and each reports a different minority race, the application is designated as two or more minority races. If an applicant reports two races and one is white, that applicant is categorized under the minority race. Otherwise, the applicant is categorized under the first race reported. "Other" consists of applications by American Indians or Alaska Natives and borrowers reporting two or more minority races. "Missing" refers to applications in which the race of the applicant(s) has not been reported or is not applicable or the application is categorized as white but ethnicity has not been reported. The neighborhood-income group is based on the ratio of census-tract median family income to area median family income from the 2006-10 American Community Survey data. Low- or moderate-income (LMI) census tracts have census-tract median family income that is less than 80 percent of area median family income. The sample is restricted to first lien closed-end home purchase originations secured by site-built, single family, owner-occupied properties.

A closer examination shows that the pattern for average AAPI home purchase loan characteristics is largely driven by Asian rather than HoPI borrowers. Asian borrowers generally had better loan characteristics, including lower total loan costs and interest rates, which led to better overall average characteristics for AAPIs as a whole. For example, the average total loan costs for Chinese and Asian Indian borrowers ranged

from \$5,300 to \$5,600 per loan, while those for Native Hawaiian and Samoan borrowers were nearly 50 percent higher, at around \$8,100 per loan.

HoPI borrowers took out mortgages with higher interest rates compared to Asian borrowers. For example, the interest rate of Guamanian borrowers, who paid the lowest average interest rate among HoPI borrowers, was 3.17 percent. This was slightly higher than that of Filipino borrowers (3.16 percent) who paid the highest interest rate among Asian subgroups. The average interest rates for Samoan (3.25 percent) and Other Pacific Islander borrowers (3.27 percent) were higher than those of all AAPI borrowers (3.11 percent) but lower than those for Black and Hispanic White borrowers (3.33 percent).

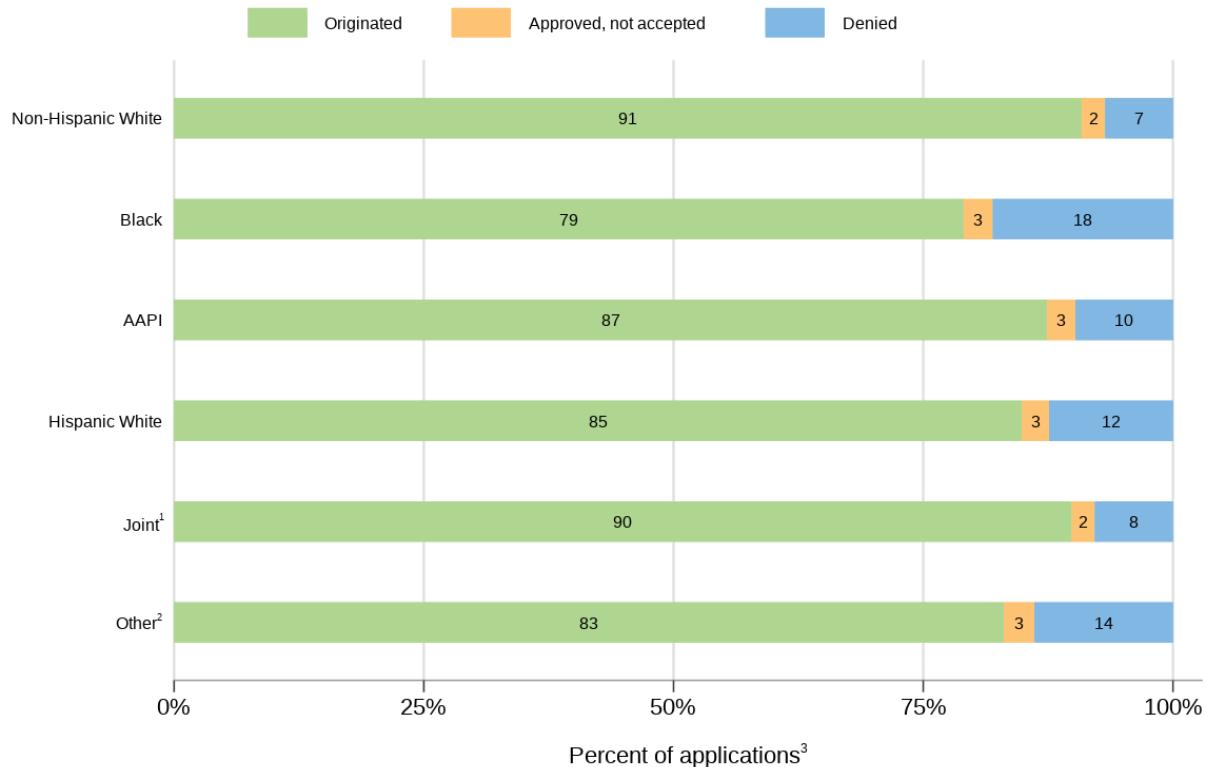
The disparities in interest rates and total loan costs can have real implications on the costs of financing a home. They can result in barriers to accessing affordable credit, and make it difficult to accumulate wealth through real estate, which is one of the largest contributors to household wealth. Lastly, the properties of HoPI borrowers were slightly more likely to be located in LMI neighborhoods, but less likely to be located in metro areas compared to those of Asian borrowers.<sup>20</sup>

On average, the denial rate of AAPI borrowers was higher than that of non-Hispanic White borrowers and lower than that of Black or Hispanic White borrowers (Figure 7). The denial rate of AAPI borrowers for first lien closed-end home purchase applications secured by site-built, single family, owner-occupied properties was 10 percent compared to 7 percent for non-Hispanic White borrowers, 18 percent for Black borrowers, and 12 percent for Hispanic White borrowers.

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<sup>20</sup> Refinance loans largely followed the same pattern as the home purchase loans.

**FIGURE 7: APPLICATION OUTCOMES BY RACE AND ETHNICITY**



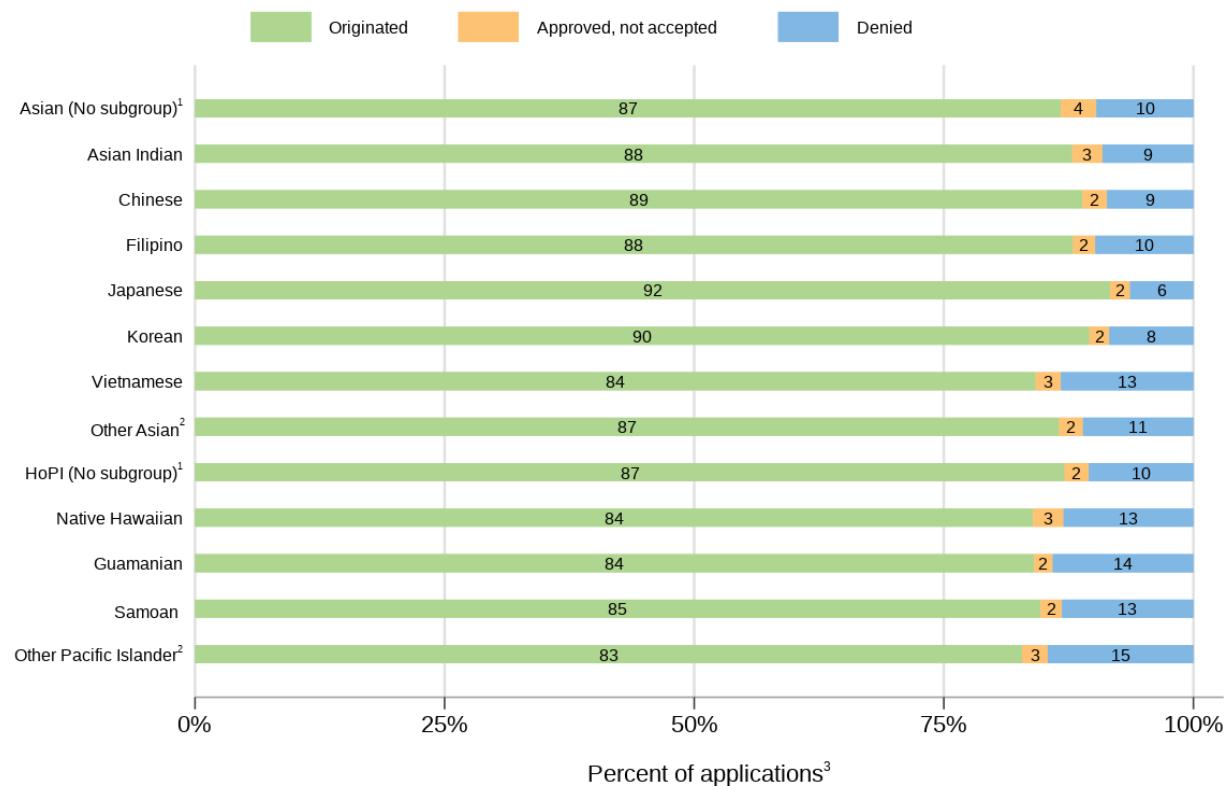
<sup>1</sup> The application is designated as 'Joint' if one applicant was reported as White and the other was reported as one or more minority races or if the application is designated as White with one Hispanic applicant and one non-Hispanic applicant.

<sup>2</sup> Consists of applications by American Indians or Alaska Natives, and borrowers reporting two or more minority races.

<sup>3</sup> First lien closed-end home purchase applications secured by site-built, single family, owner-occupied properties.

Despite the relatively low average denial rates for AAPI borrowers, the denial rates varied greatly across AAPI subgroups (Figure 8). Among Asian subgroups, Japanese (6 percent) and Korean (8 percent) had the lowest denial rates and Vietnamese had the highest denial rate (13 percent). Among HoPI subgroups, Native Hawaiian and Samoan had the lowest denial rates (13 percent) and Other Pacific Islander had the highest denial rate (15 percent). In short, the denial rates of some AAPI subgroups, such as Japanese or Korean looked similar to that of non-Hispanic White borrowers while the denial rates of HoPI subgroups and some Asian subgroups were closer to those of Black and Hispanic White borrowers.

**FIGURE 8: APPLICATION OUTCOMES BY AAPI SUBGROUPS**



<sup>1</sup> Applicants who did not specify detailed race and ethnicity categories.

<sup>2</sup> Applicants who specified “Other Asian” or “Other Pacific Islander” had an option to fill in a detailed race and ethnicity category in the free-form text field.

<sup>3</sup> First lien closed-end home purchase applications secured by site-built, single family, owner-occupied properties.

### 3. Characteristics of Borrowers

AAPi borrowers tended to have higher income and credit scores and lower CLTVs and DTIs than other racial groups, which likely resulted in lower interest rates and total loan costs (Table 2). Hispanic White borrowers were slightly younger than AAPi borrowers, but had lower incomes and credit scores. Both Black and Hispanic White borrowers had a higher median DTI and average CLTV compared to non-Hispanic White or AAPi borrowers.<sup>21</sup>

Among the AAPi borrowers, Chinese and Asian Indian borrowers were the youngest at an average age of 41 and 42, whereas Japanese (48), Filipino (46), and Native Hawaiian (46) borrowers were the oldest. Despite their younger age, Chinese and Asian Indian borrowers also had the highest average incomes at over \$160,000. On the other hand, even though Japanese and Filipino borrowers were, on average, older and had similar levels of income, the median DTI of Japanese borrowers (34 percent) was less than that of Filipino borrowers (37 percent), indicating their better financial position. The median DTIs of Guamanian (39 percent) and Samoan borrowers (40 percent) were similar to that of Black and Hispanic White borrowers (40 percent).

Most AAPi subgroups had higher average incomes and credit scores and lower average CLTVs and median DTIs than Black and Hispanic White borrowers. However, the average denial rates of some AAPi subgroups, such as Vietnamese (13 percent), Native Hawaiian (13 percent), or Other Pacific Islander (15 percent) were similar to those of Black (18 percent) and Hispanic White borrowers (12 percent). In addition, even though Chinese and Asian Indian borrowers had higher average income and credit scores and lower average CLTVs than non-Hispanic White borrowers, their denial rates (9 percent) were higher than non-Hispanic White borrowers (7 percent). For this analysis, no adjustments were made to control for other factors that potentially explain denial rates. Since this is not within the scope of this report, we leave such investigation for future research.

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<sup>21</sup> DTIs in the raw HMDA data had large outliers, hence we present median values instead of averages.

**TABLE 2: BORROWER CHARACTERISTICS BY RACE, ETHNICITY AND AAPI SUBGROUPS**

	Average Age	Average Income	Average Credit Score	Average CLTV	Median DTI
<b>Race and ethnicity</b>					
Non-Hispanic White	46	\$122,980	752	78%	34%
Black	47	\$91,379	711	86%	40%
AAPI	43	\$146,315	764	70%	35%
Hispanic White	42	\$90,777	727	81%	40%
Joint	43	\$151,768	747	76%	34%
Other	44	\$229,507	730	80%	38%
Missing	47	\$133,393	748	73%	35%
<b>AAPI Subgroups</b>					
Asian (No subgroup)	43	\$143,597	765	68%	35%
Asian Indian	42	\$169,692	769	71%	31%
Chinese	41	\$161,579	776	62%	35%
Filipino	46	\$119,447	748	75%	37%
Japanese	48	\$132,173	771	66%	34%
Korean	44	\$141,291	768	83%	36%
Vietnamese	43	\$118,667	762	67%	38%
Other Asian	41	\$117,374	754	75%	37%
HoPI (No subgroup)	45	\$107,523	735	77%	38%
Native Hawaiian	46	\$109,522	736	77%	38%
Guamanian	45	\$98,382	729	84%	39%
Samoan	44	\$98,627	715	84%	40%
Other Pacific Islander	44	\$98,066	734	76%	38%

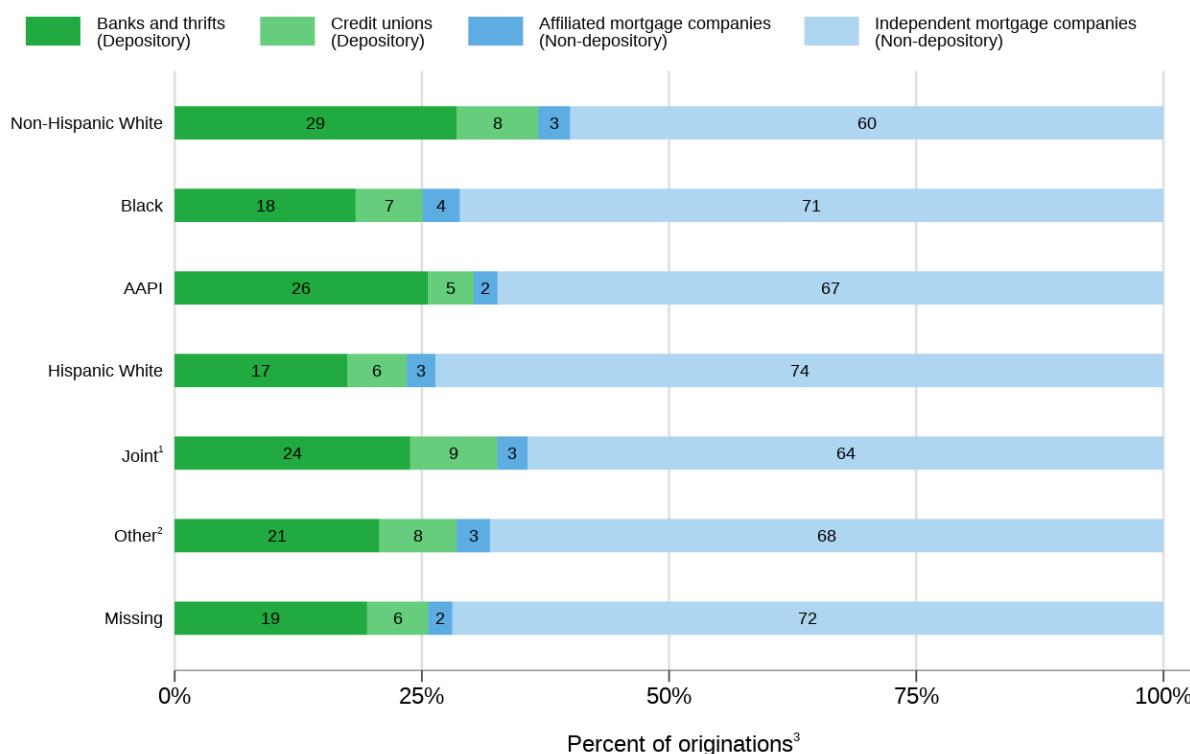
Notes: Applications are placed in one category for race and ethnicity. The application is designated as "joint" if one applicant was reported as white and the other was reported as one or more minority races or if the application is designated as white with one Hispanic applicant and one non-Hispanic applicant. If there are two applicants and each reports a different minority race, the application is designated as two or more minority races. If an applicant reports two races and one is white, that applicant is categorized under the minority race. Otherwise, the applicant is categorized under the first race reported. "Other" consists of applications by American Indians or Alaska Natives and borrowers reporting two or more minority races. "Missing" refers to applications in which the race of the applicant(s) has not been reported or is not applicable or the application is categorized as white but ethnicity has not been reported. The sample is restricted to first lien closed-end home purchase originations secured by site-built, single family, owner-occupied properties.

# 4. Characteristics of Lenders

Financial institutions can be broadly categorized into depository institutions (DIs) and non-depository institutions (non-DIs). In the 2020 HMDA data, DIs included 2,025 banks and thrifts and 1,404 credit unions. Non-DIs included 75 mortgage companies affiliated with DIs and 884 independent mortgage companies.

The AAPI borrowers were more likely to use DIs than Black and Hispanic White borrowers but were less likely to use DIs than non-Hispanic White borrowers (Figure 9). About 30 percent of AAPI borrowers used DIs relative to about 25 percent of Black and Hispanic White borrowers. Non-Hispanic White borrowers were the most likely to use DIs for home purchase mortgage loans (37 percent).

**FIGURE 9: DISTRIBUTION OF MORTGAGE LENDER TYPES BY RACE AND ETHNICITY**



<sup>1</sup> The origination is designated as 'Joint' if one applicant was reported as White and the other was reported as one or more minority races or if the application is designated as White with one Hispanic applicant and one non-Hispanic applicant.

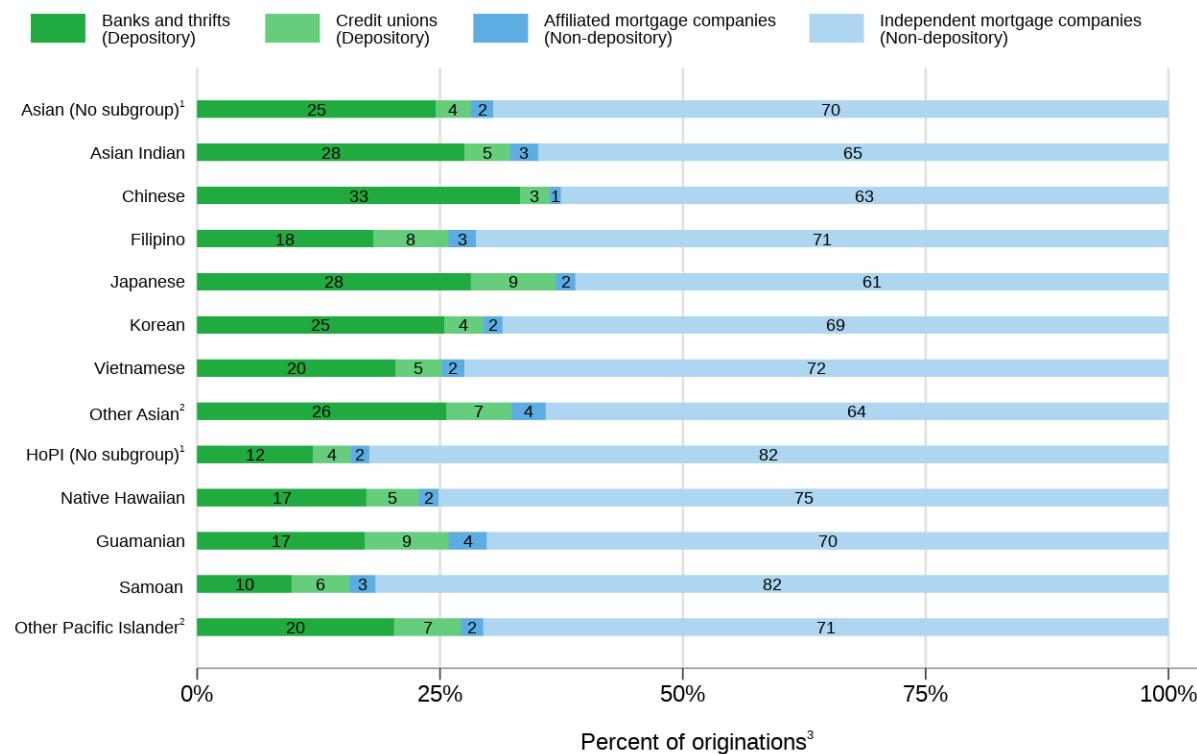
<sup>2</sup> Consists of originations by American Indians or Alaska Natives, and borrowers reporting two or more minority races.

<sup>3</sup> First lien closed-end home purchase originations secured by site-built, single family, owner-occupied properties.

Among Asian borrowers, Chinese and Japanese borrowers were the most likely and Filipino and Vietnamese borrowers were the least likely to use DIs (Figure 10). In

addition, HoPI borrowers were less likely to use DIs than Asian borrowers overall. In short, groups with higher shares of non-conventional loans were more likely to apply for mortgages through non-DIs. Vietnamese borrowers were an exception to this pattern, since only a small share of them took out non-conventional loans but a relatively large share of them used non-DIs.

**FIGURE 10: DISTRIBUTION OF MORTGAGE LENDER TYPES BY AAPI SUBGROUP**



<sup>1</sup> Applicants who did not specify detailed race and ethnicity categories.

<sup>2</sup> Applicants who specified “Other Asian” or “Other Pacific Islander” had an option to fill in a detailed race and ethnicity category in the free-form text field.

<sup>3</sup> First lien closed-end home purchase originations secured by site-built, single family, owner-occupied properties.

# 5. Conclusion

AAPIs tend to have, on average, higher incomes and education levels than other racial minorities, which is used to perpetuate the myth of a “model minority.” However, such a perception overlooks important diversity within the community. We investigate how characteristics of mortgages, borrowers, and lenders vary across the AAPI subgroups. A closer look at the mortgage characteristics shows that not all AAPI borrowers fare well in the mortgage market. Immigration status, cultural backgrounds, and geographic settlement patterns likely contributed to such differences within the AAPI community.<sup>22</sup>

Certain AAPI subgroups, such as Japanese borrowers, did well even relative to non-Hispanic White borrowers. They had higher incomes and credit scores, lower CLTVs, lower denial rates, and lower interest rates compared to non-Hispanic White borrowers. On the other hand, the characteristics of other AAPI subgroups, especially Filipino and HoPI borrowers, were relatively worse compared to other AAPI subgroups. Compared with other AAPI subgroups, these groups had lower incomes and credit scores as well as higher DTIs and CLTVs. Moreover, even though some AAPI borrowers, such as Vietnamese, Native Hawaiian, and Other Pacific Islander borrowers, had higher average incomes and credit scores, and lower average CLTVs and median DTIs, than Black and Hispanic White borrowers, their denial rates were similar to those for Black and Hispanic White borrowers.

Policy debates and academic research surrounding inequalities in home ownership rates and the resulting racial wealth divide have garnered attention recently. However, much of the discussion has focused on the Black-White divide, often overlooking issues within Hispanic or AAPI communities. A better understanding of the differences in AAPI mortgage characteristics can potentially shed light on why a wealth divide exists within these communities. This report only presents descriptive evidence on the differences among AAPI mortgage borrowers. We leave it to future research for an investigation of why such differences exist.

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<sup>22</sup> Painter, G., Gabriel, S., & Myers, D. (2001). Race, immigrant status, and housing tenure choice. *Journal of Urban Economics*, 49(1), 150-167.