

Racial and Economic Disparities in the Mortgage Market

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



Disclaimer

This presentation is being made by a Consumer Financial Protection Bureau representative on behalf of the Bureau. It does not constitute legal interpretation, guidance, or advice of the Consumer Financial Protection Bureau. Any opinions or views stated by the presenter are the presenter's own and may not represent the Bureau's views.

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)

- 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)

- 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.

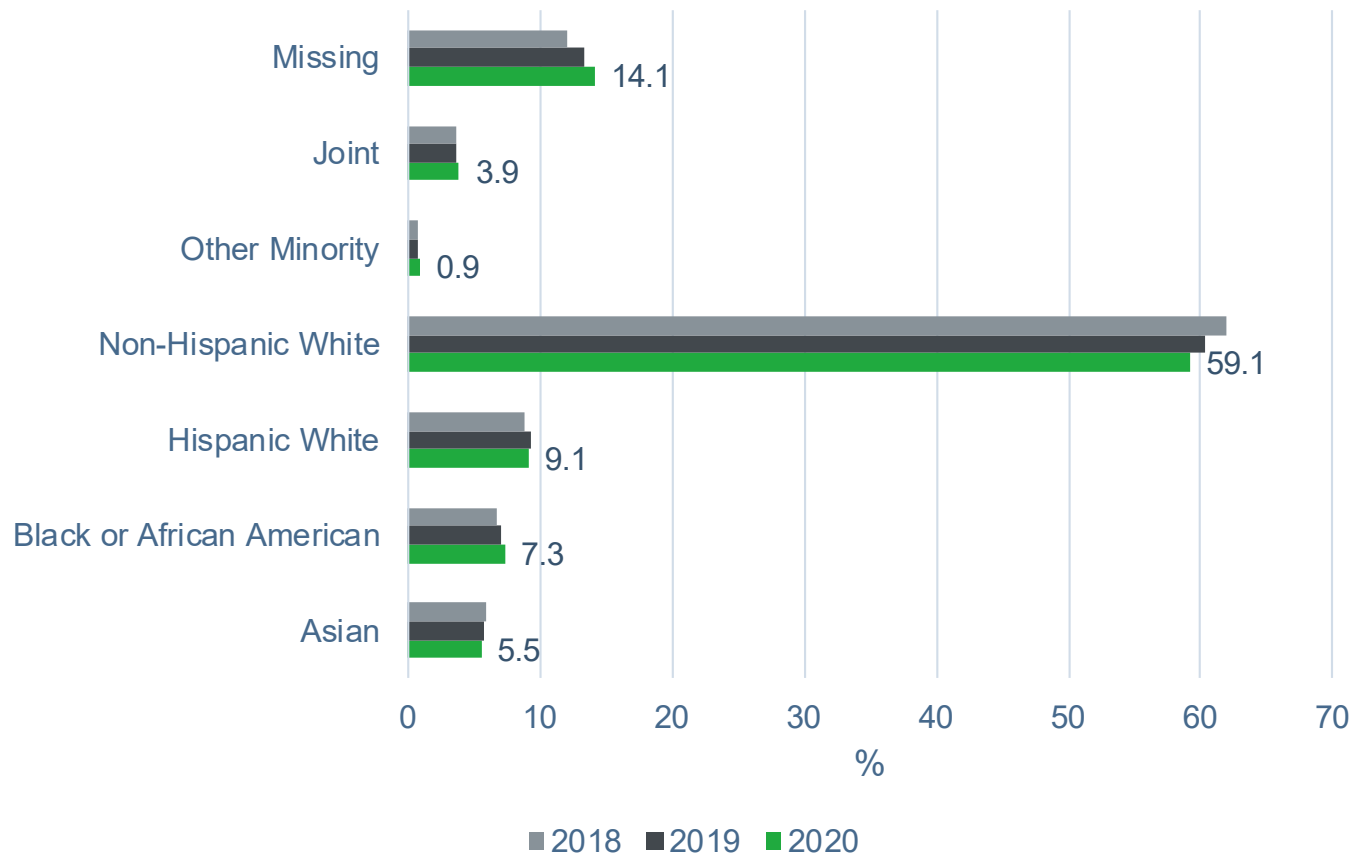
Recent CFPB Reports Based on HMDA Data

- “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.

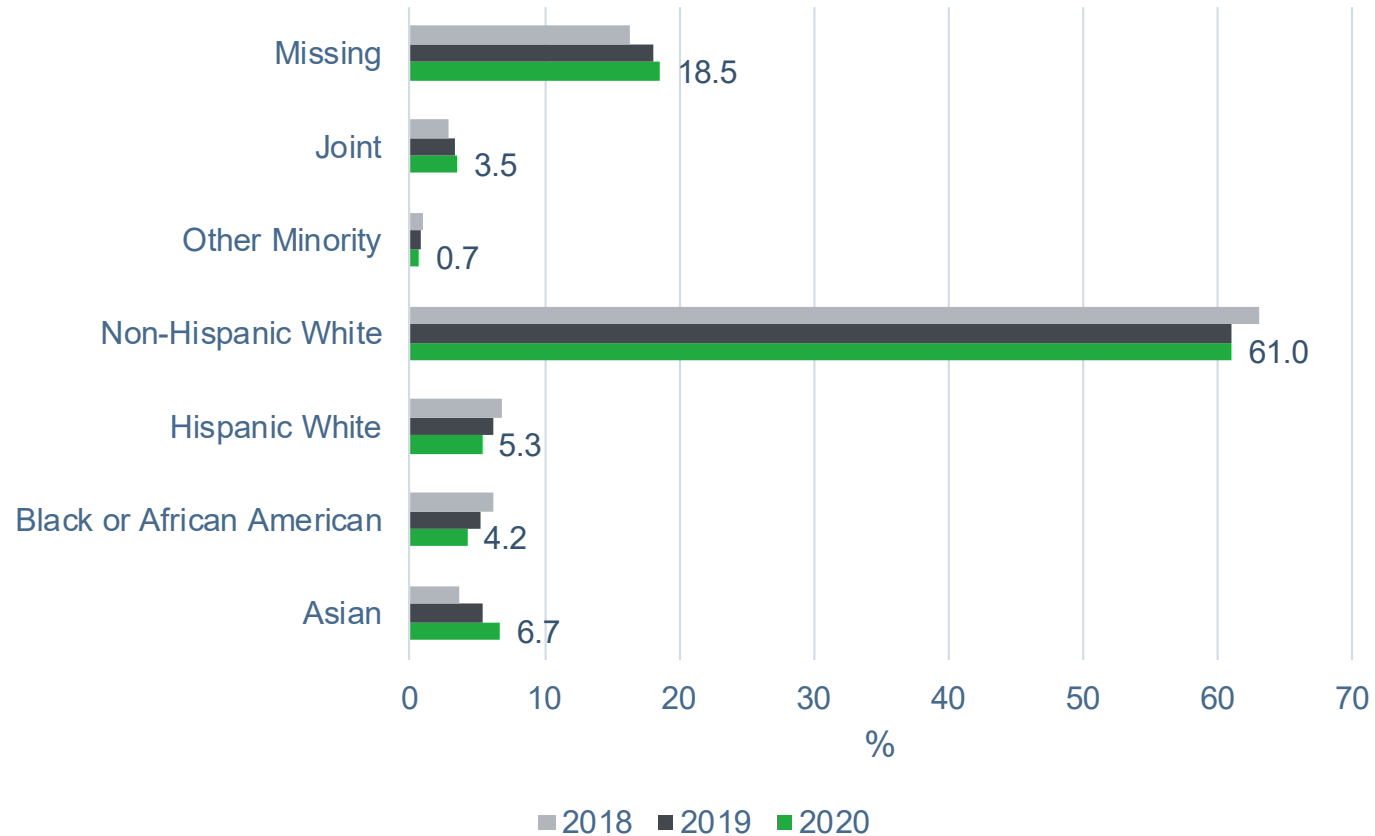
Racial Disparities as Observed in HMDA Data

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

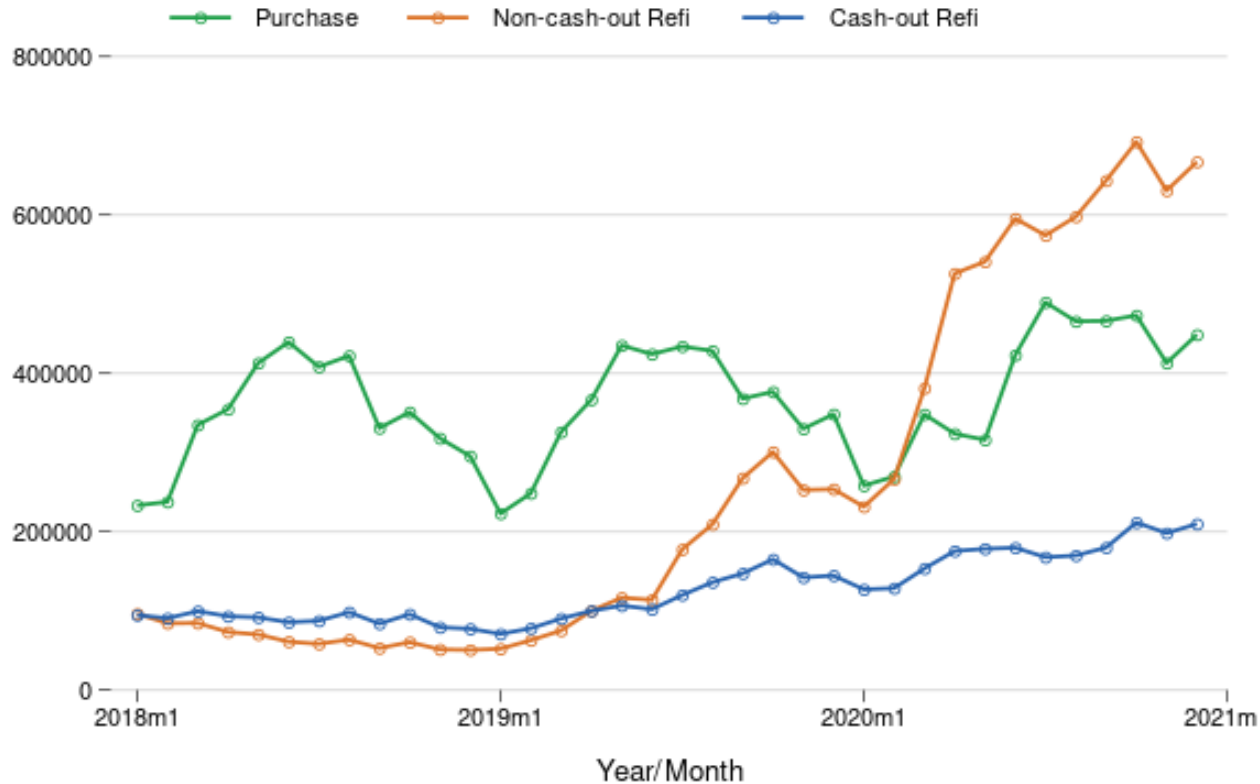
Share of Home-Purchase Loans by Race and Ethnicity



Share of Refinance Loans by Race and Ethnicity



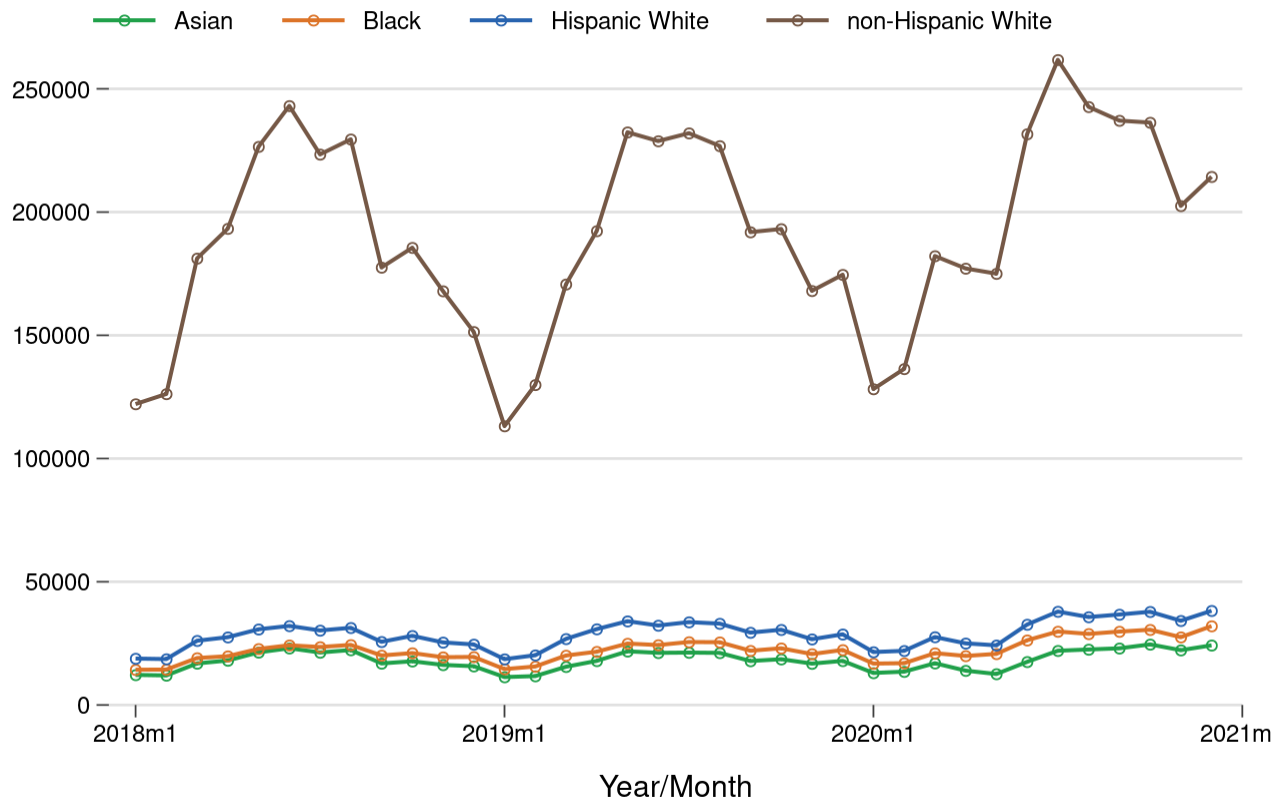
Monthly Trend (# of originations)



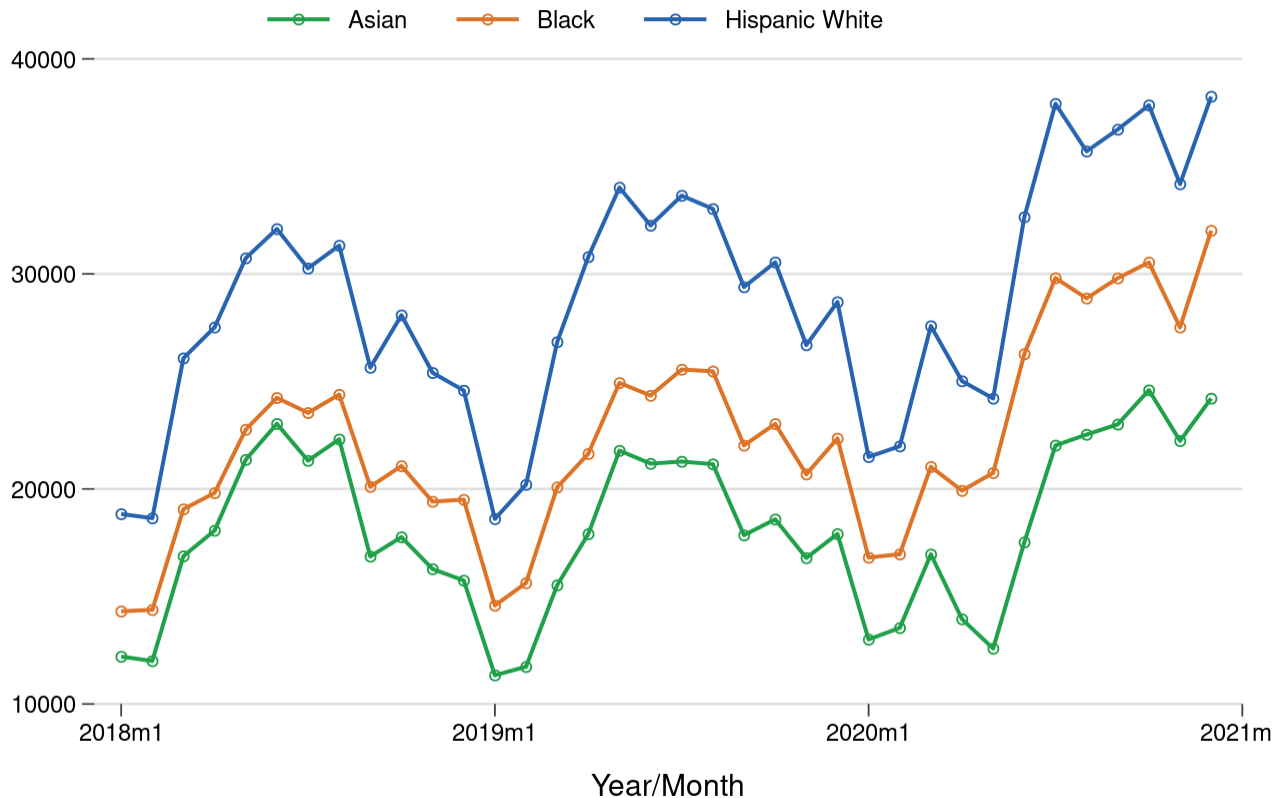
Consumer Financial
Protection Bureau

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

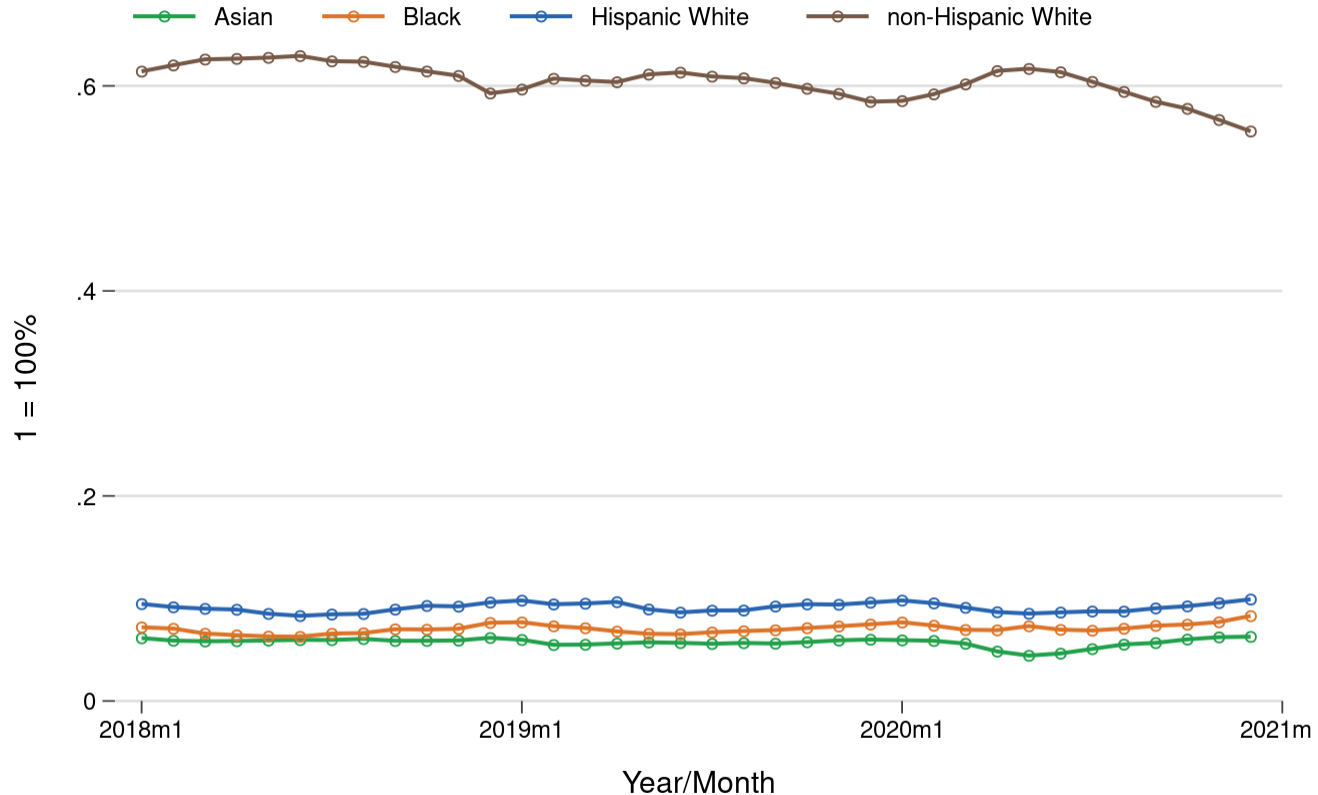
of Home-purchase Loan Originations by Race and Ethnicity



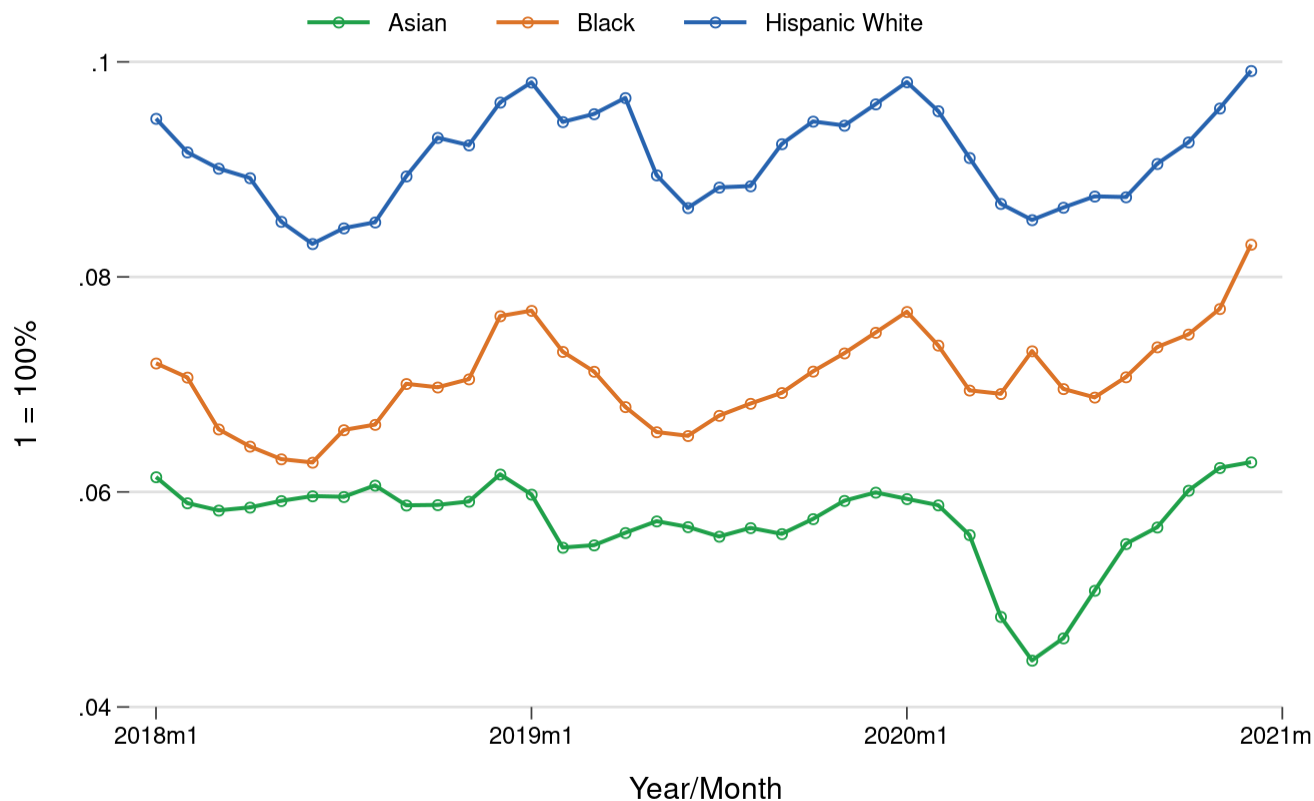
of Home-purchase Loan Originations (Minority Only)



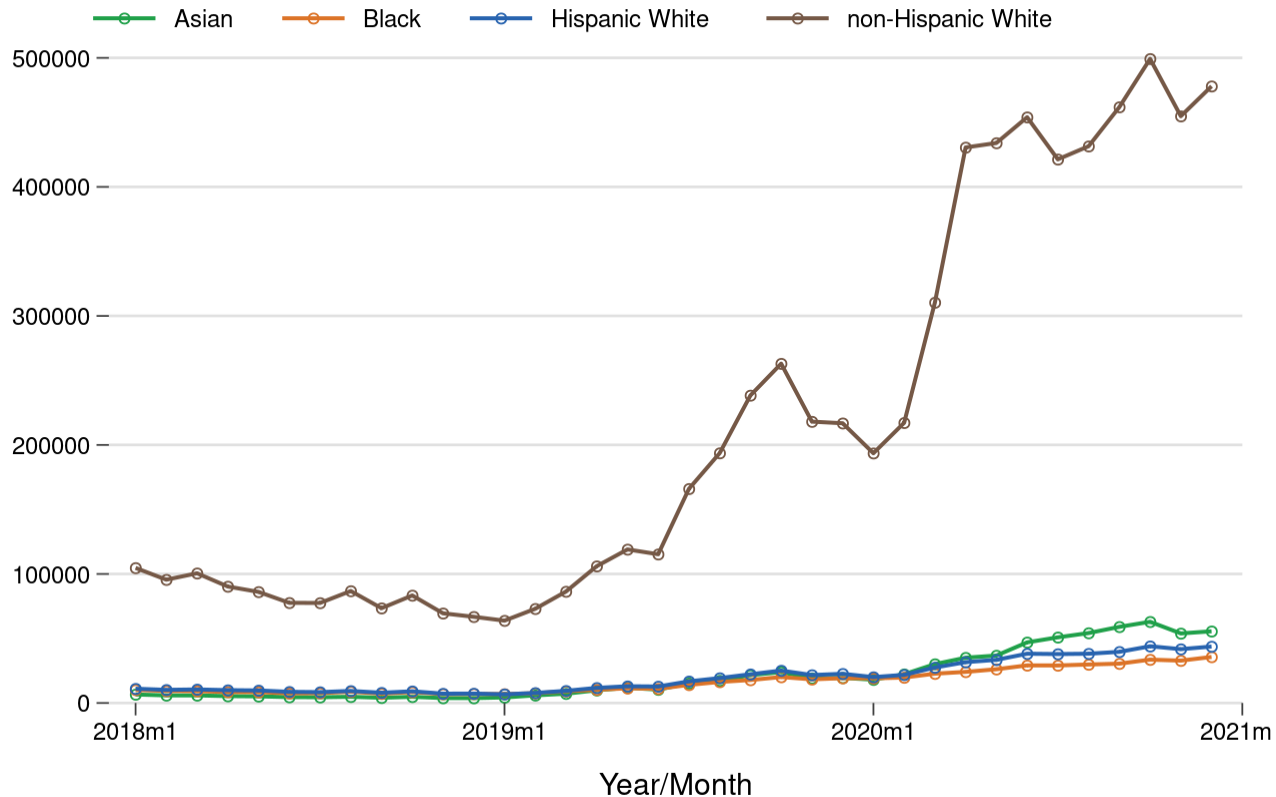
Shares of Home-purchase Loan Originations by Race and Ethnicity



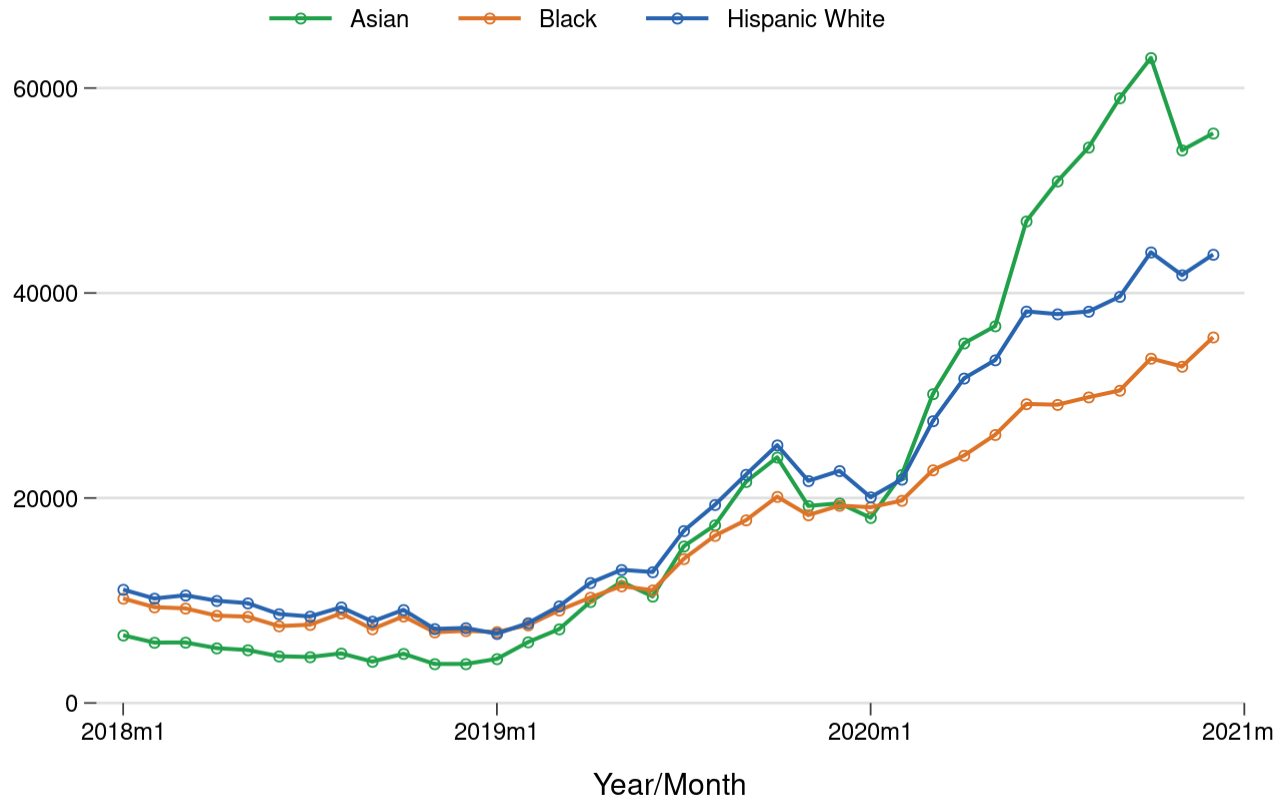
Shares of Home-purchase Loan Originations (Minority Only)



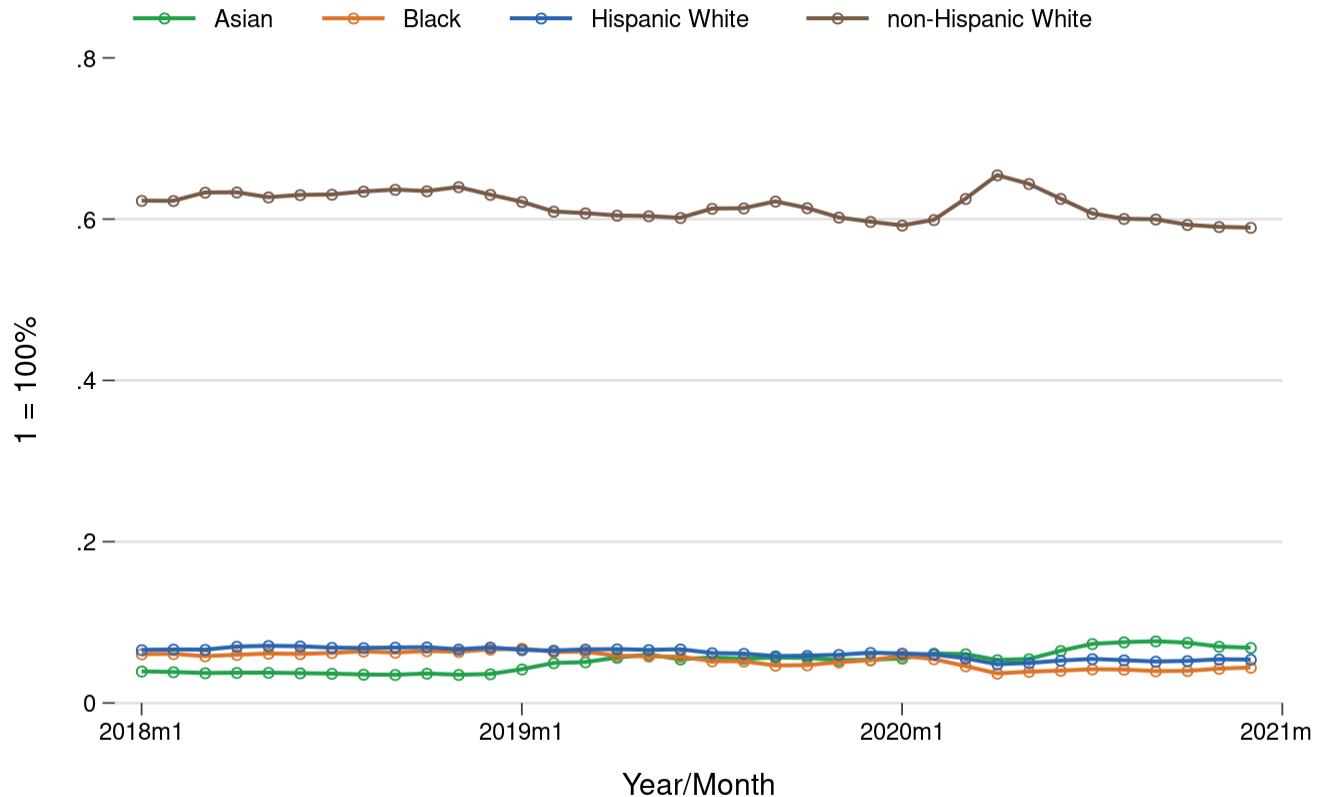
of Refinance Loan Originations by Race and Ethnicity



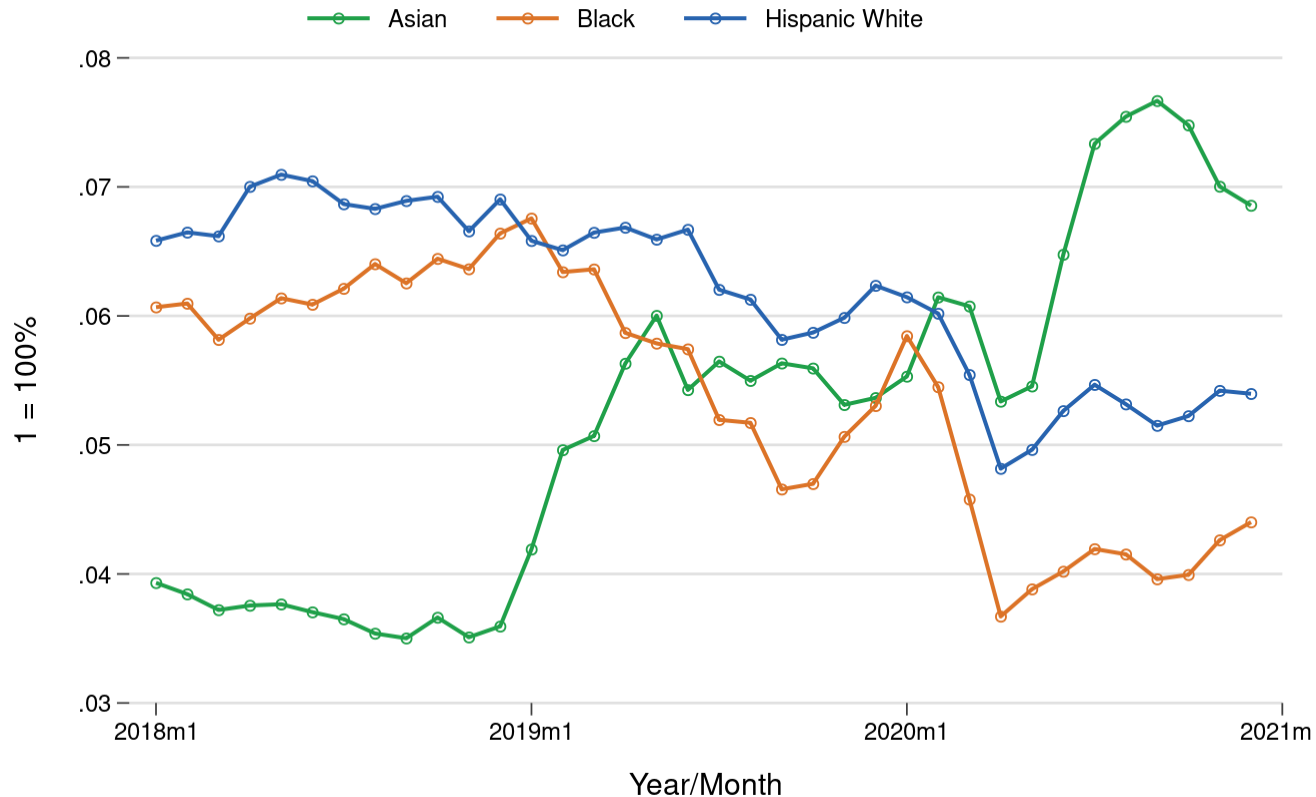
of Refinance Loan Originations (Minority Only)



Shares of Refinance Loan Originations

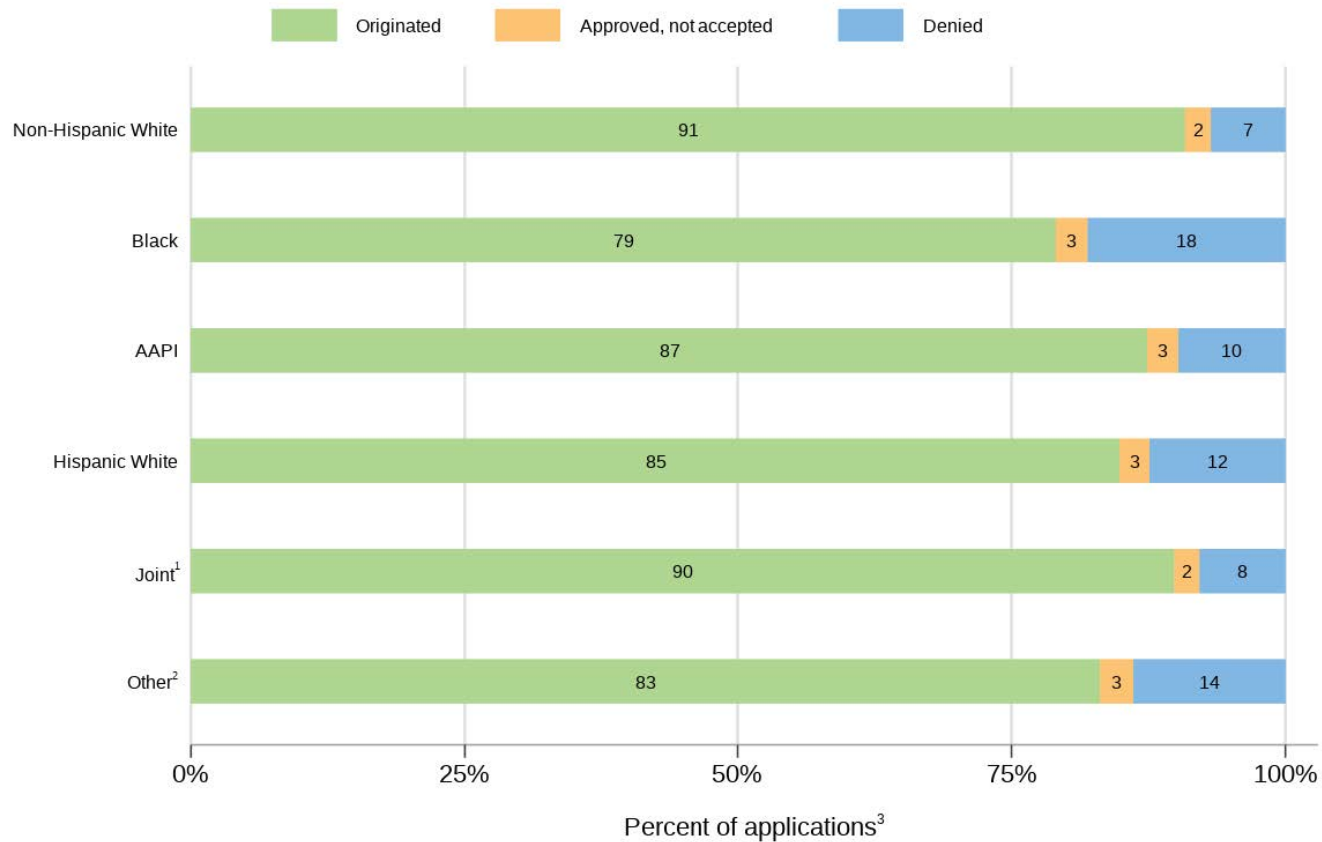


Shares of Refinance Loan Originations (Minority Only)



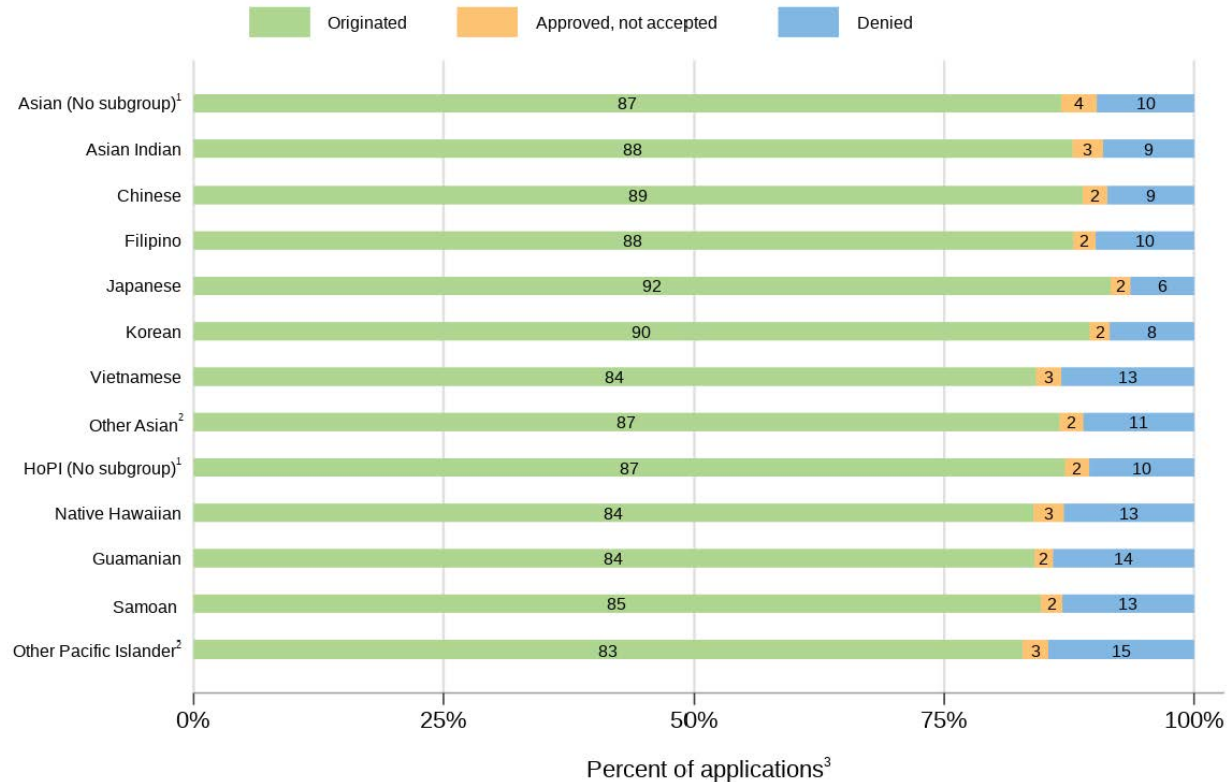
Denial Rates by Race and Ethnicity

FIGURE 7: APPLICATION OUTCOMES BY RACE AND ETHNICITY

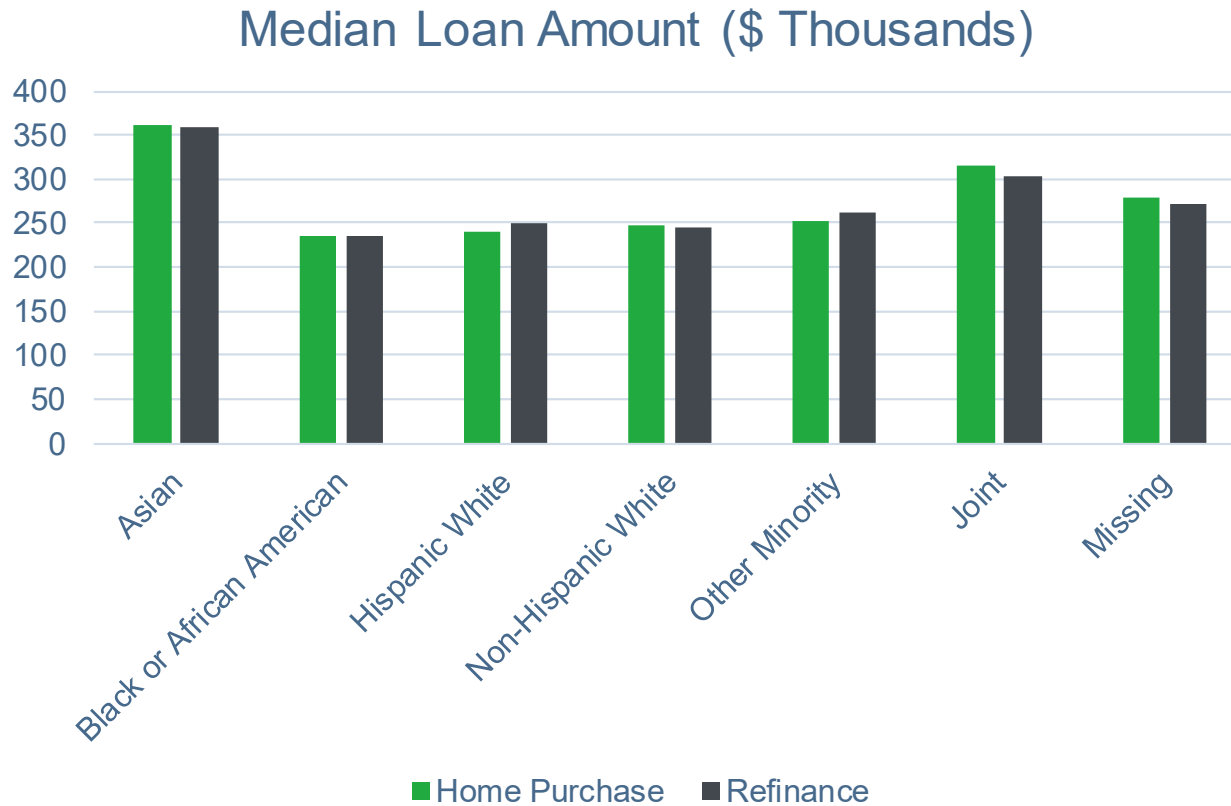


Denial Rates across AAPI Subgroups

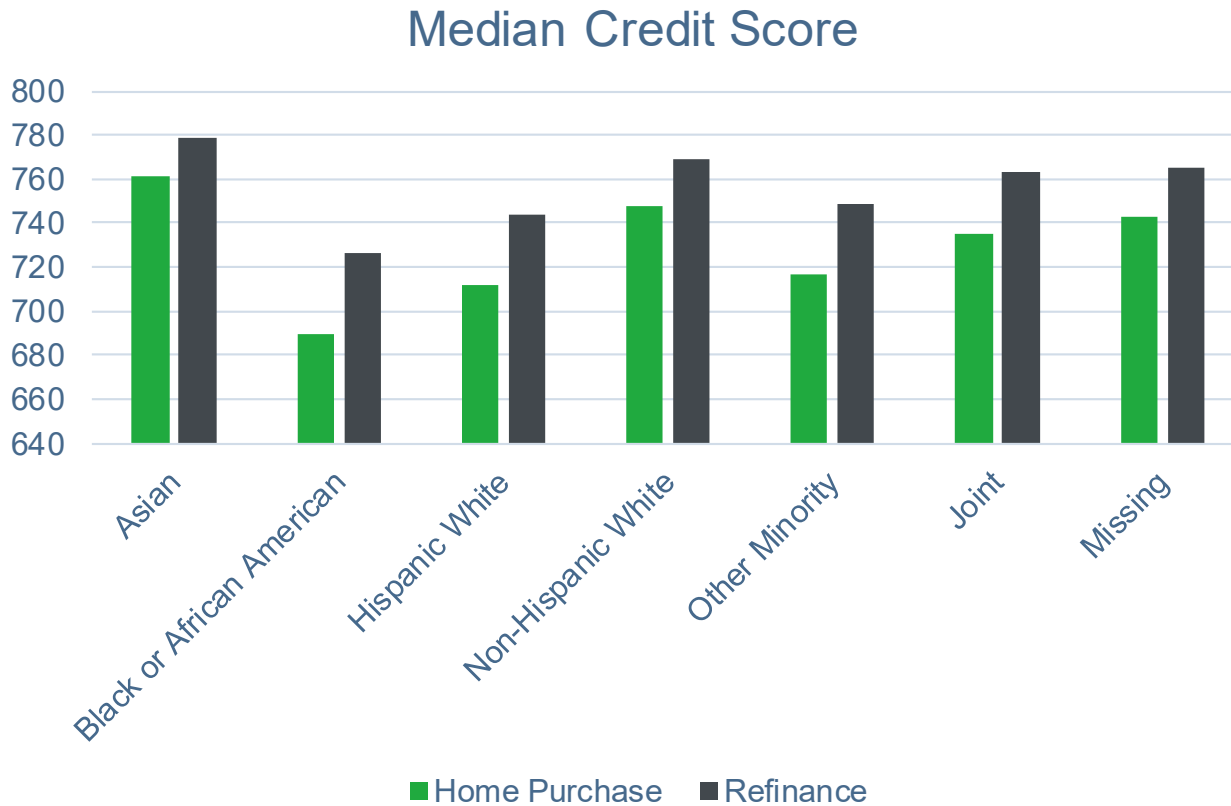
FIGURE 8: APPLICATION OUTCOMES BY AAPI SUBGROUPS



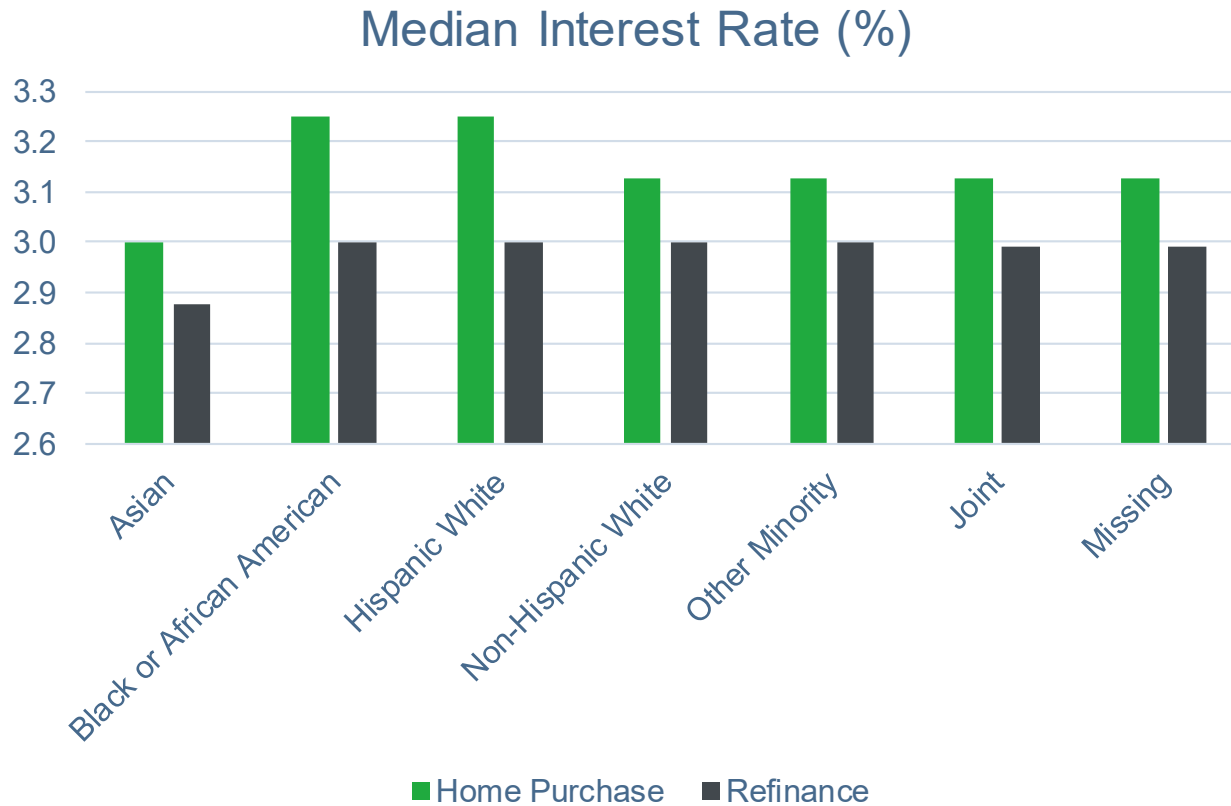
Characteristics of Loans by Race and Ethnicity



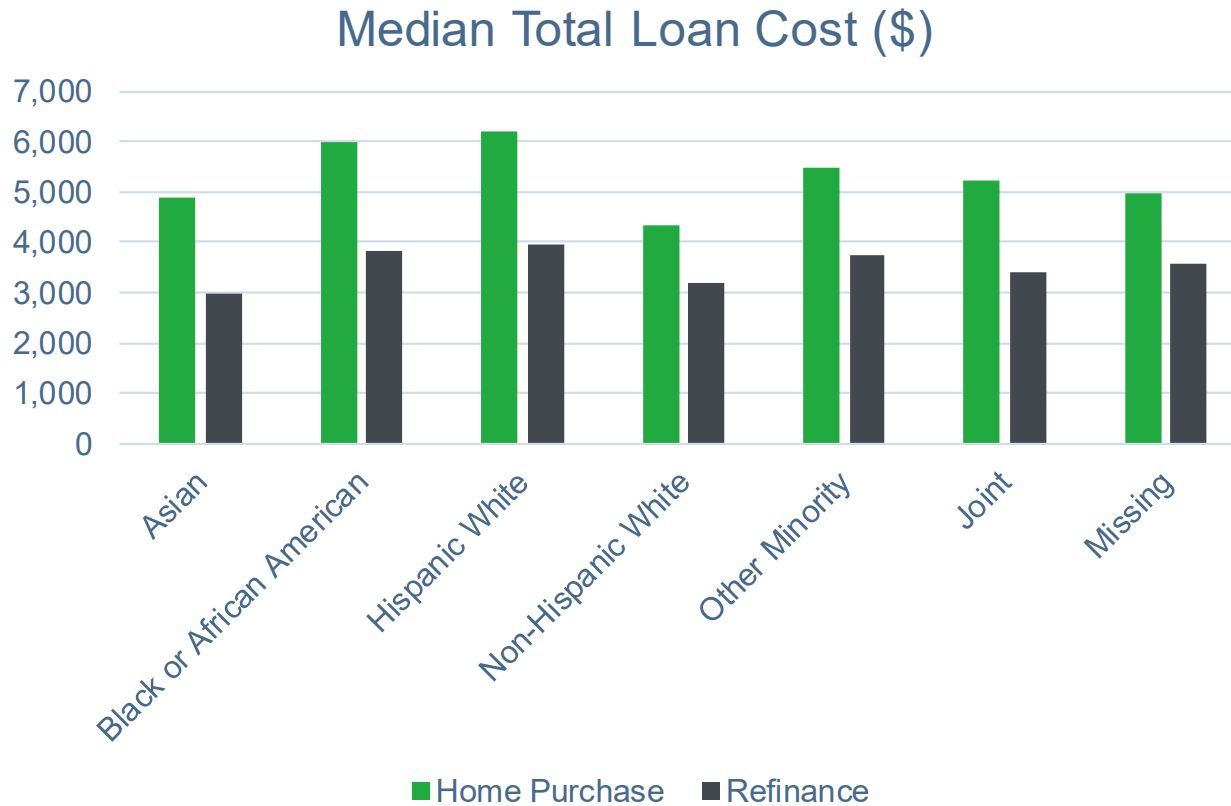
Characteristics of Loans by Race and Ethnicity



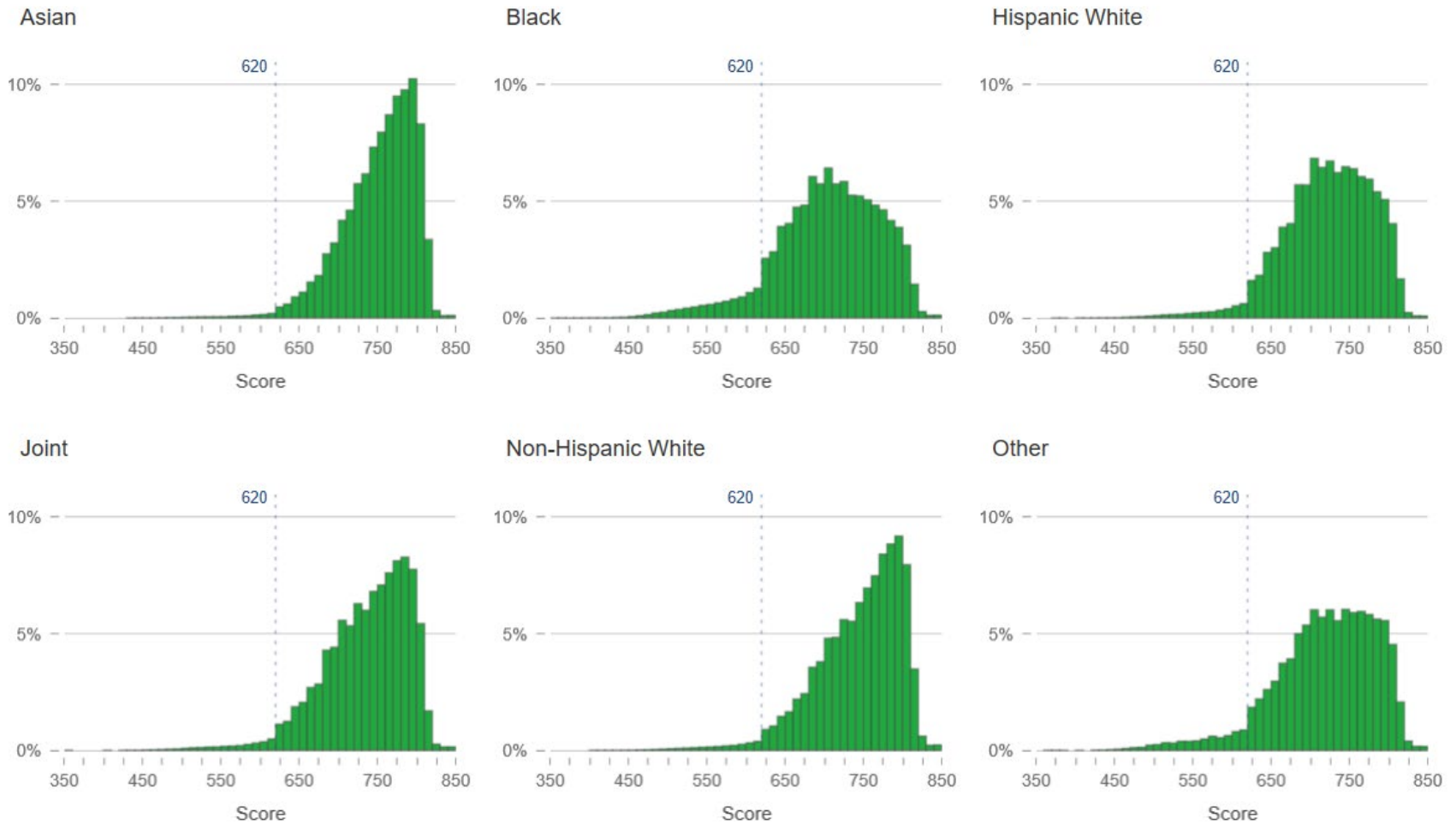
Characteristics of Loans by Race and Ethnicity



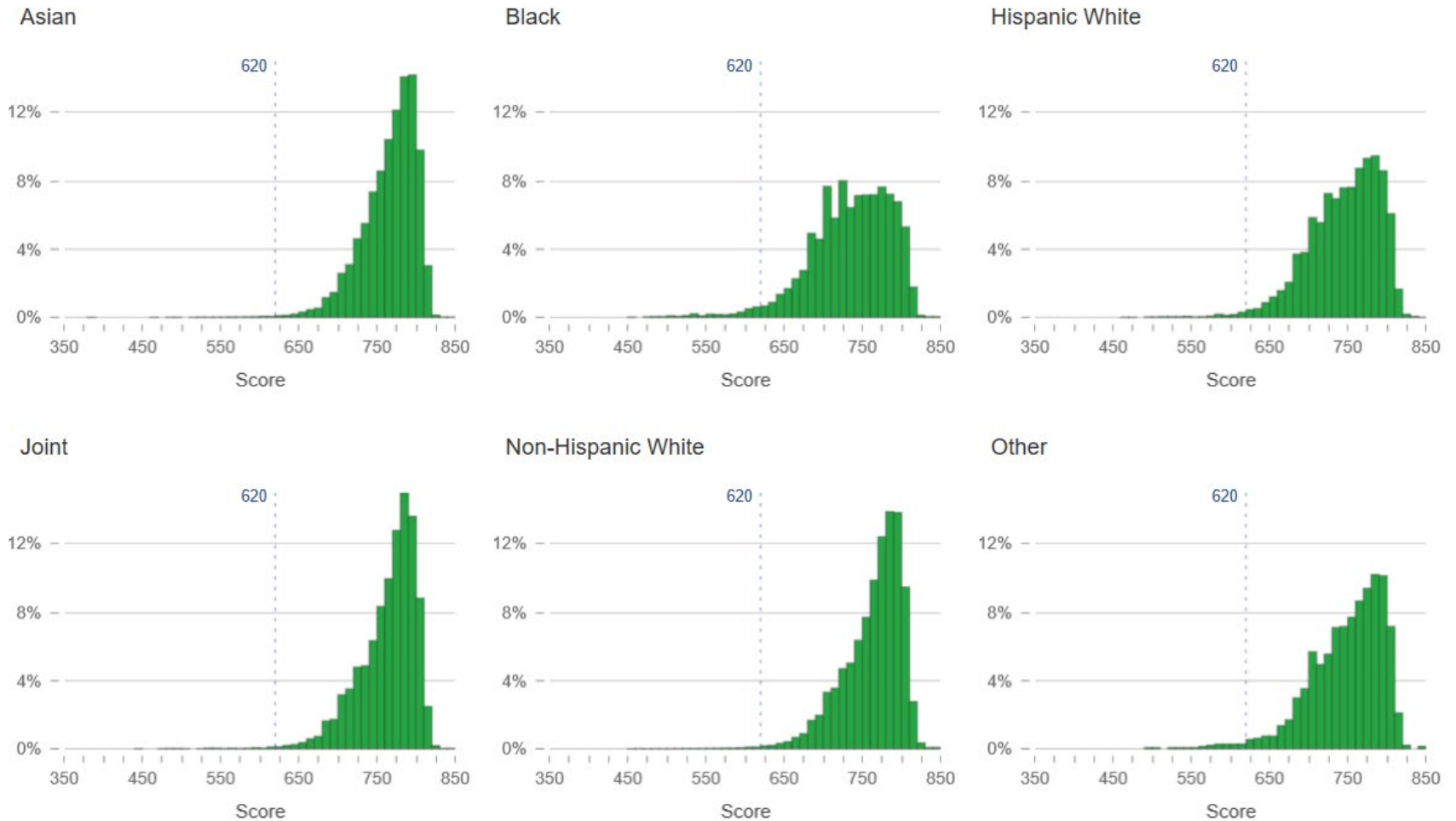
Characteristics of Loans by Race and Ethnicity



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

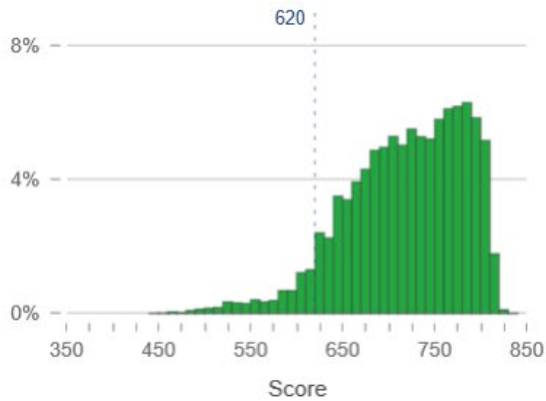


Histogram of Credit Scores by Race/Ethnicity: Jumbo Applications

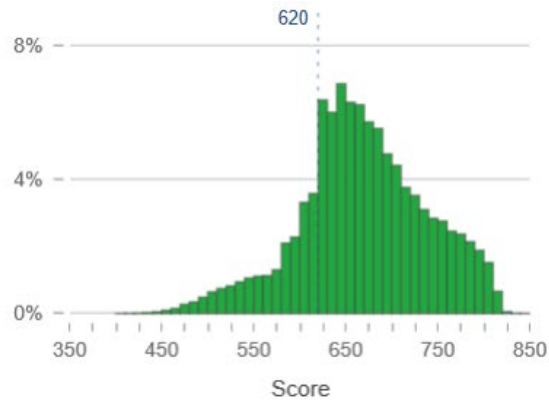


Histogram of Credit Scores by Race/Ethnicity: VA Applications

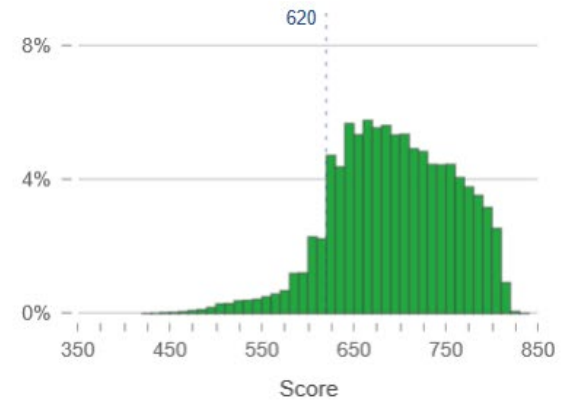
Asian



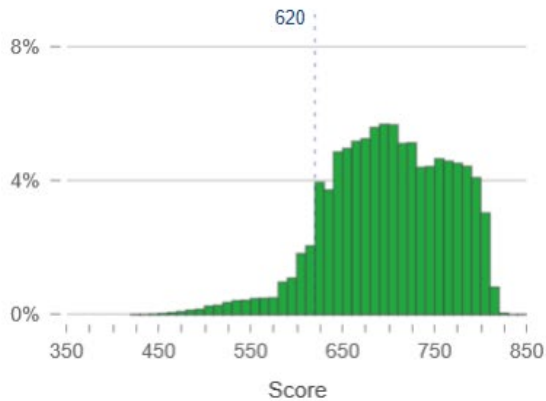
Black



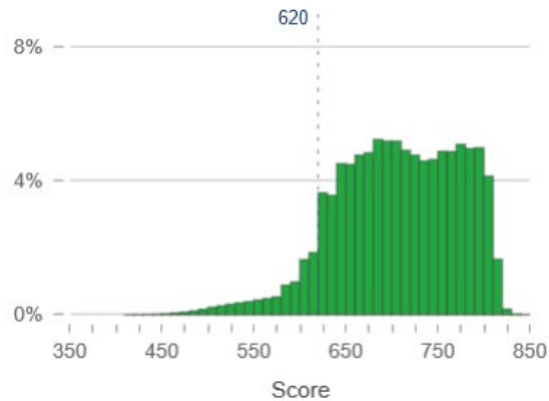
Hispanic White



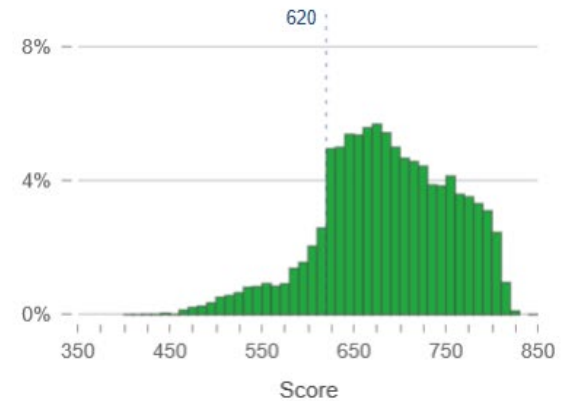
Joint



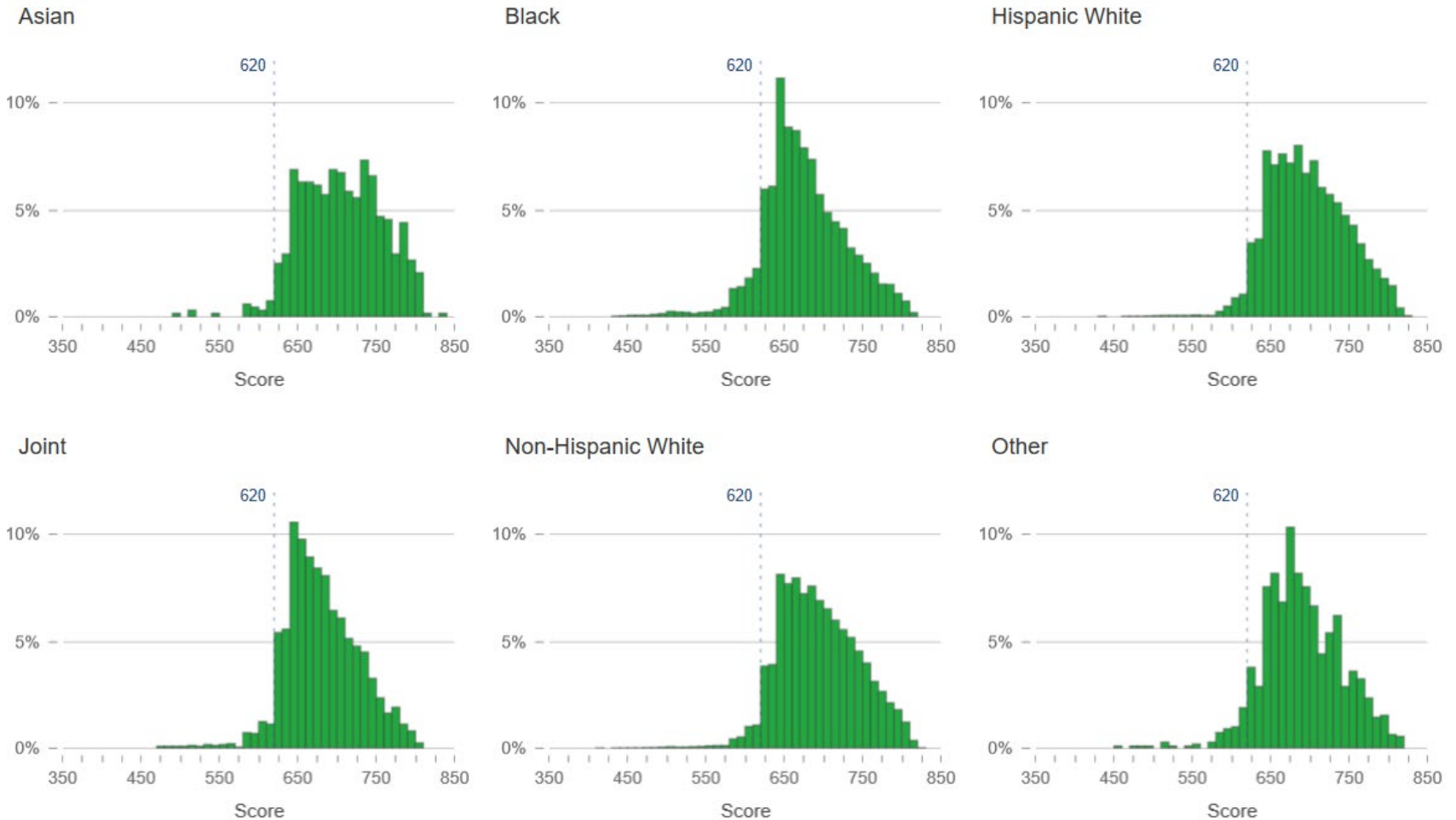
Non-Hispanic White



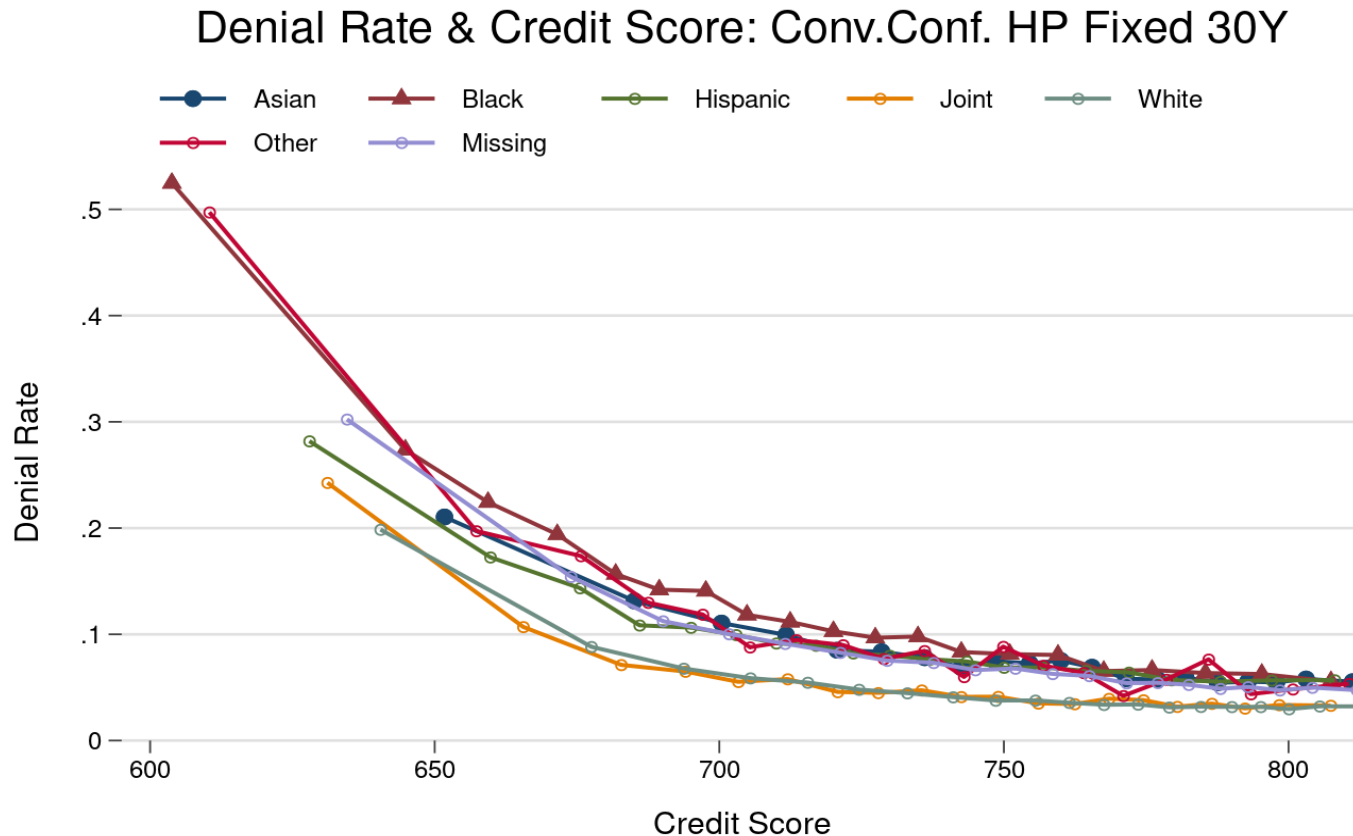
Other



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



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



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

