

Press Releases

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OTS 08-041 - Federal Financial Institution Regulators Announce Availability of 2007 Data on Mortgage Lending

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Joint Release

**Board of Governors of the Federal Reserve System
Department of Housing and Urban Development
Federal Deposit Insurance Corporation
National Credit Union Administration
Office of the Comptroller of the Currency
Office of Thrift Supervision**

Washington, D.C. — The Federal Financial Institutions Examination Council (FFIEC) today announced the availability of 2007 data on mortgage lending transactions throughout the nation at 8,610 financial institutions covered by the Home Mortgage Disclosure Act (HMDA). Covered institutions include, but are not limited to, banks, savings associations, credit unions, and independent mortgage companies. The HMDA data made available today cover lending activity – applications for loans, loan originations and denials, and purchases of loans – from 2007. The data include 21.4 million applications and originations and 4.8 million purchases, for a total of 26.2 million actions reported by all covered institutions in 2007.

The data include disclosure statements for each financial institution, aggregate data for each metropolitan statistical area (MSA), nationwide summary statistics regarding lending patterns, and the Loan Application Register (LAR), modified for borrower privacy, submitted by each institution to its supervisory agency. The FFIEC prepares and distributes these data products on behalf of its member agencies (Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and Office of Thrift Supervision) and the Department of Housing and Urban Development.

The HMDA data show disposition of loan applications and include information on loan type, purpose, and amount; property type (1- to 4-family, multifamily, or manufactured housing); property location (MSA, state, county, and census tract); applicant characteristics (race, ethnicity, sex, and income); and census tract characteristics (minority composition and income). The data also reflect information about prices for higher-priced loans; whether a loan is subject to HOEPA (the Home Ownership and Equity Protection Act); and whether a loan is secured by a first or subordinate lien, or is unsecured. (More information about HMDA data reporting requirements is available in the Frequently Asked Questions on the FFIEC website at <http://www.ffiec.gov/hmda/faq.htm>.)

Loan price data under HMDA were first made available in September of 2005, reflecting calendar-year 2004 data, and add to available information about the higher-priced segment of the mortgage market. The loan price data provide information on loans where the spread between the loan's annual percentage rate (APR) and a market rate (yield on comparable-maturity Treasury securities) exceeds specified thresholds. The 2007 HMDA data show reductions in activity both in the overall market and in higher-priced lending. A number of factors appear to have contributed to the reductions, including slower house price appreciation (or in some areas, declining house prices) and tighter underwriting standards. In addition, part of the reduction in lending activity appears to be due to the nonreporting of loans by institutions that reported data for 2006 but discontinued operations during 2007.

Differences in the incidence of higher-priced lending between racial and ethnic groups continued in 2007, as did differences in denial rates on loan applications. These differences continue to raise concerns about the terms, cost and availability of credit to minority applicants and borrowers, and lending practices in minority neighborhoods.

The HMDA data can facilitate the fair lending examination and enforcement process and can promote market transparency. When examiners for the federal banking agencies evaluate an institution's fair lending risk, they analyze HMDA data in conjunction with other information and risk factors, as directed by the Interagency Fair Lending Examination Procedures (<http://www.ffiec.gov/PDF/fairlend.pdf>). Risk factors for pricing discrimination include, but are not limited to, the relationship between loan pricing and compensation of loan officers or brokers; the presence of broad pricing discretion; and consumer complaints.

The HMDA data alone cannot be used to determine whether a lender is complying with fair lending laws. They do not include many potential determinants of creditworthiness and loan pricing, such as the borrower's credit history, debt-to-income ratio, and the loan-to-value ratio. This is why, when the federal banking agencies conduct fair lending examinations, including ones involving loan pricing, they collect additional information before reaching a determination regarding institutions' compliance with fair lending laws.

How to obtain FFIEC-prepared HMDA data: Financial institution disclosure statements, individual institutions' LAR data, and MSA and nationwide aggregate reports are available today on the FFIEC website (<http://www.ffiec.gov/hmda>). Data reports can also be ordered from the FFIEC. An order form describing the available reports and formats is attached and also can be found at (<http://www.ffiec.gov/hmda/orderform.htm>).

Financial institutions are required to make their disclosure statements available at their home offices and, for other MSAs in which they have offices, either to make a copy of the statements available at one branch per MSA or to provide a copy upon written request. Questions about a HMDA report for a specific institution should be directed to the institution's supervisory agency at the number listed below:

Federal Deposit Insurance Corporation — 877-275-3342; hearing impaired — 800-925-4618
Board of Governors of the Federal Reserve System, HMDA Assistance Line — 202-452-2016
National Credit Union Administration, Office of Examination and Insurance — 703-518-6360
Office of the Comptroller of the Currency, Compliance Policy Division — 202-874-4428
Office of Thrift Supervision, HMDA Hotline — 202-906-6342
Department of Housing and Urban Development, Office of Housing — 202-708-0685

Data on Private Mortgage Insurance

The FFIEC also provides data from the nation's eight private mortgage insurance (PMI) companies. The 2007 PMI data include information on approximately 2 million applications for mortgage insurance, comprised of about 1.4 million applications to insure home purchase mortgages, and about 546,000 applications to insure mortgages to refinance existing obligations. These data are also available today – at individual PMI companies and from the FFIEC (<http://www.ffiec.gov/reports.htm>) – in the same types of reports and in the same formats as the HMDA data.

Attachment:

HMDA Data Order Form and Item Description - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2008-41a.pdf>

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The FFIEC was established in March 1979 to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions and to promote uniformity in the supervision of financial institutions. The Council has six voting members: the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the National Credit Union Administration, the Office of Thrift Supervision, and the State Liaison Committee. The Council's activities are supported by interagency task forces and by an advisory State Liaison Committee, comprised of five representatives of state agencies that supervise financial institutions.