The 2014 HMDA Data

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A couple disclaimers:

1) Most of these results are drawn from our Federal Reserve Bulletin article (link), but some results reflect ongoing work and are preliminary.

2) The views expressed here do not necessarily reflect those of the Federal Reserve.
Refinance lending declined over 50 percent in 2014

Refinance loans

Millions

15.0
12.0
9.0
6.0
3.0
0.0

Refinances declined when interest rates jumped in 2013

Oct 6, 2015 2014 HMDA DATA
Purchase originations grew in 2014, but remain at a subdued level.
Growth in purchase originations resumed in 2014
Ability-to-repay (ATR) and Qualified Mortgage (QM) rules went into effect in 2014

- **ATR**: Lenders must determine that borrowers have the ability to repay (verify income/assets, consider credit history, etc.)

- **QM loans are presumed to comply with ATR**
  - No risky features (e.g. interest-only, negative amortization)
  - Points/fees < 3% (higher for loans < $100k)
  - DTI < 43% (not applicable to GSE, FHA/VA, or small creditor portfolio loans)
Minority shares of purchase loans reversed downward trends in 2014.
Minorities’ use of FHA continued to decline in 2014

The graph shows the FHA/VA/RHS share of home purchase loans from 2004 to 2014. The share for Black or African American, Hispanic white, and Non-Hispanic white populations is depicted over the years. The data indicates a decline in the usage of FHA loans by minorities, with the share for Black or African American and Hispanic white populations showing a significant decrease compared to Non-Hispanic white.
Did high-DTI lending decline?

Front-end debt payment to income (DTI) ratio: estimate using loan amount, income, APR spread and date of origination

90th percentile of front-end DTI, by race

<table>
<thead>
<tr>
<th>Race</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Black</td>
<td>27</td>
<td>28</td>
</tr>
<tr>
<td>Hispanic</td>
<td>30</td>
<td>31</td>
</tr>
<tr>
<td>White</td>
<td>25</td>
<td>26</td>
</tr>
</tbody>
</table>

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2014 HMDA DATA
High DTI lending above the conforming loan limit

Notes: Each data point represents the share of first-lien conventional home purchase loans originated by banks with assets > $2 billion with an estimated front-end DTI > 28%.
Did “small creditors” originate more high-DTI loans?

Small creditor: assets < $2 billion & originations < 500 last year
Higher-priced QMs

- QM loans that are higher priced (i.e. APR >= 150 bps over prime) have a “rebuttable presumption” of compliance, as opposed to a safe harbor

- Exception: small creditors get the safe harbor up to 350 bps over prime
Do small creditors originate more higher-priced loans?

![Graph showing the relationship between Conventional higher-priced share of originations and Originations last year.](image-url)

Oct 6, 2015
Smallest institutions may value the safe harbor
Changes also made to HOEPA in 2014

- Home Ownership and Equity Protection Act (HOEPA): special consumer protections apply to extremely high-priced mortgages

Changes in 2014:
- Added new protections
- Expanded coverage to home purchase loans and HELOCs
- Modified price thresholds that trigger HOEPA
Sharp drop in loans at HOEPA APR threshold in 2014

Site built or manufactured with loan amount ≥ $50,000

Number of loans

APR spread over APOR

0 200 400 600 800 1,000 1,200

6.05 6.15 6.25 6.35 6.45 6.55 6.65 6.75 6.85 6.95

2013 2014
CoreLogic Originations Benchmark Well with HMDA

First-Lien Mortgage Originations

Source: HMDA, CoreLogic Public Records Data
Monthly Originations Available Through 1H 2015

Number of Purchase Mortgages up 12 Percent over 1H 2014

Source: CoreLogic Public Records Data
Monthly Originations Available Through 1H 2015

Dollar Amount Purchase Mortgages up 17 Percent over 1H 2014

2015 on pace for $812 billion of purchase originations

Source: CoreLogic Public Records Data
Monthly Originations Property Type

Condo Share of Originations Remains Suppressed

Source: CoreLogic Public Records Data
Monthly Originations Sales Type

New Construction and Distressed About 20 Percent of Total

1H 2014 to 1H 2015 Orig.
Re-sales: + 16%
New Constr: + 2%
Distressed: - 11%

Source: CoreLogic Public Records Data
Plans for the Originations Data

- Regular updates on our Blog http://www.corelogic.com/blog/default.aspx
- Special cuts by
  - Product,
  - sales type,
  - government share,
  - ARM Share
  - Commercial and multifamily
  - Special geographies
  - What else do you want to see?
Where to find more information

Look for regular updates to our commentary and data at


Twitter: @CoreLogicEcon

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<table>
<thead>
<tr>
<th>Institutions and type of activity</th>
<th>Small bank (&lt; $1B)</th>
<th>Large bank</th>
<th>Credit union</th>
<th>Affiliated mortgage company</th>
<th>Independent mortgage company</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of institutions</td>
<td>3,367</td>
<td>751</td>
<td>1,984</td>
<td>139</td>
<td>821</td>
<td>7,062</td>
</tr>
<tr>
<td>Originations (thousands)</td>
<td>558</td>
<td>2,161</td>
<td>545</td>
<td>313</td>
<td>2,403</td>
<td>5,980</td>
</tr>
<tr>
<td>Market share</td>
<td>9.3</td>
<td>36.1</td>
<td>9.1</td>
<td>5.2</td>
<td>40.2</td>
<td>100</td>
</tr>
<tr>
<td>Home-purchase loans (thousands)*</td>
<td>220</td>
<td>869</td>
<td>172</td>
<td>189</td>
<td>1,288</td>
<td>2,737</td>
</tr>
<tr>
<td>Conventional</td>
<td>73.8</td>
<td>74.3</td>
<td>86.8</td>
<td>58.9</td>
<td>51.9</td>
<td>63.4</td>
</tr>
<tr>
<td>Higher-priced share of conventional loans</td>
<td>11.3</td>
<td>1.7</td>
<td>8.9</td>
<td>1.0</td>
<td>1.5</td>
<td>3.1</td>
</tr>
<tr>
<td>LMI neighborhood³</td>
<td>11.9</td>
<td>11.8</td>
<td>12.7</td>
<td>12.6</td>
<td>14.7</td>
<td>13.3</td>
</tr>
<tr>
<td>Minority borrower⁴</td>
<td>11.8</td>
<td>17.8</td>
<td>14.4</td>
<td>16.8</td>
<td>22.6</td>
<td>19.3</td>
</tr>
<tr>
<td>Sold⁵</td>
<td>70.6</td>
<td>72.7</td>
<td>43.7</td>
<td>97.3</td>
<td>97.6</td>
<td>84.1</td>
</tr>
</tbody>
</table>

* First lien, owner-occupied, site-built loans
Independent mortgage companies have historically high market share.
Mortgage company expansion spans market segments

Independent mortgage company share of purchase loans

- Conforming
- Jumbo
- Nonconventional

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2014 HMDA DATA
Mortgage company expansion spans market segments (cont.)

Independent mortgage company share of purchase loans

- Asian
- Black
- Hispanic white
- Non-Hispanic white

Percent


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Western states rely most heavily on independent mortgage companies
Potential issues raised by the shifting landscape

- Housing finance system is more reliant on less regulated and less financially robust institutions

- Credit unions and mortgage companies originate majority of loans, but they are not covered by the Community Reinvestment Act (CRA)
  - CRA-related loans to LMI borrowers substantially outperformed non-CRA loans (e.g. Avery and Brevoort 2015, Bhutta and Canner 2013)

- Do independent mortgage companies charge more?...
Do independent mortgage companies (IMCs) charge more for FHA loans?

**FHA loan pricing, IMCs relative to other institutions, 2014**

<table>
<thead>
<tr>
<th></th>
<th>Outcome: Prob(higher-priced)</th>
<th>Outcome: APR Spread for higher-priced loans</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IMC higher-price share = 0.51</td>
<td>IMC mean spread = 1.85</td>
</tr>
<tr>
<td><strong>Banks</strong></td>
<td>-0.253** (0.016)</td>
<td>-0.079** (0.008)</td>
</tr>
<tr>
<td></td>
<td>-0.231** (0.012)</td>
<td>-0.087** (0.005)</td>
</tr>
<tr>
<td><strong>Affiliates</strong></td>
<td>-0.118** (0.022)</td>
<td>-0.067** (0.008)</td>
</tr>
<tr>
<td></td>
<td>-0.089** (0.018)</td>
<td>-0.062** (0.007)</td>
</tr>
<tr>
<td><strong>Credit unions</strong></td>
<td>-0.370** (0.033)</td>
<td>-0.030 (0.031)</td>
</tr>
<tr>
<td></td>
<td>-0.375** (0.040)</td>
<td>-0.056 (0.033)</td>
</tr>
<tr>
<td>Borrower controls</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>County fixed effects</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Adj R-square</td>
<td>0.051 (0.033)</td>
<td>0.01 (0.031)</td>
</tr>
<tr>
<td></td>
<td>0.14 (0.040)</td>
<td>0.097 (0.033)</td>
</tr>
<tr>
<td>N</td>
<td>583,539</td>
<td>258,646</td>
</tr>
<tr>
<td></td>
<td>580,063</td>
<td>257,475</td>
</tr>
</tbody>
</table>

Notes: First-lien, owner-occupied FHA purchase mortgages only. Borrower controls includes sets of dummy variables for race, ethnicity, income, loan amount and origination month. Higher-priced loans have an APR at least 150 bps over prime. Standard errors in parentheses, clustered at state level.
An interactive map based on HMDA data

Bing Bai, Research Associate
Housing Finance Policy Center
Urban Institute

Urban Institute Lunchtime Data Talk
October 6, 2015
Washington, DC
A New Way to View HMDA Data

An interactive map that visualizes 14 years of HMDA data on more than 120 million mortgages by race and ethnicity throughout the country.
Data

- 2001 – 2014 HMDA originations
  - Owner-occupied only
  - Both purchase and refinance loans

- Each dot on the map represents 20 new mortgages
- The color of the dot indicates the reported race and ethnicity of the borrowers
DC: 2014
DC: 2006 vs. 2014

Minority Mortgage Shares

- African American: 29.3% (2006), 17.8% (2014)
- Hispanic: 19.1% (2006), 11.8% (2014)
- Asian: 7.7% (2006), 8.9% (2014)
San Francisco & San Jose: 2006 vs. 2014

Minority Mortgage Shares

- African American
- Hispanic
- Asian

2006: 6.5%, 25.7%
2014: 2.9%, 9.6%, 2.9%, 34.9%
Detroit: 2006 vs. 2014

Minority Mortgage Shares

- African American: 17.2% → 6.4%
- Hispanic: 2.8% → 4.4%
- Asian: 2.4% → 2.0%

2006 2014
US Minority Mortgage Shares

- African American
- Hispanic
- Asian
For More Information

HMDA Map: [http://datatools.urban.org/Features/mortgages-by-race/#5/37.996/-96.570](http://datatools.urban.org/Features/mortgages-by-race/#5/37.996/-96.570)