

**FEDERAL RESERVE BANK  
OF NEW YORK**

December 11, 1992

**1991 Home Mortgage Disclosure Statements**

*To the Chief Executive Officer of each Depository Institution  
in the Second Federal Reserve District:*

Enclosed is a copy of a statement issued by the Federal Financial Institutions Examination Council (FFIEC) announcing the availability of reports of 1991 mortgage lending activity in metropolitan statistical areas (MSAs) at a central depository located in each MSA. The reports, which are available for public inspection, include individual disclosure statements for each lender covered by the Home Mortgage Disclosure Act (HMDA) and aggregate data by MSA. Order forms for obtaining HMDA data directly from the FFIEC are included at the end of the statement.

The statement also discusses an article published in the November 1992 issue of the Federal Reserve Bulletin that contains a preliminary analysis of national aggregates from the 1991 data, and provides an overview of some of the responses to the HMDA data, including initiatives undertaken to promote affordable housing in low- and moderate-income areas.

In addition, the FFIEC statement refers to an earlier statement that it issued on October 9, 1992, expressing a continuing concern that all applicants for mortgage loans receive fair treatment, and outlining steps that lenders and regulators can initiate to ensure that minorities have equal access to credit.

Questions concerning these matters may be directed to Elizabeth Rodriguez-Jackson, Special Assistant for Community Affairs (Tel. No. 212-720-5921). Additional copies of the order forms, the October 9 statement, or the November article will be furnished upon request to our Compliance Examinations Department, or to the Circulars Division of this Bank (Tel. No. 212-720-5215 or 5216).

**CHESTER B. FELDBERG,**  
*Executive Vice President.*



2100 Pennsylvania Avenue, NW, Suite 200 • Washington, DC 20037 • (202) 634-6526 • FAX (202) 634-6556

## Press Release

October 27, 1992

Reports of 1991 mortgage lending activity in metropolitan statistical areas (MSAs) will be available for public inspection at a central depository in each MSA this week, the Federal Financial Institutions Examination Council (FFIEC) announced today. These reports include individual disclosure statements for each lender covered by the Home Mortgage Disclosure Act (HMDA) and aggregate data by MSA.

Last year, the HMDA reports of 1990 lending activity contained--for the first time--data on the race, sex, and income level of borrowers and applicants and data on home loan applications denied or withdrawn (as well as continuing to report originated and purchased loans). The expanded 1990 data showed significant differences in loan denial rates among racial and ethnic groups. The data also showed that black and Hispanic applicants were more likely to apply for government-backed loans. Overall, the HMDA data for 1991 continue to show these differences.

Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration,  
Office of the Comptroller of the Currency, Office of Thrift Supervision

An article prepared for the November issue of the Federal Reserve Board Bulletin, containing a preliminary analysis of national aggregates from the 1991 data, was also made available today. It provides an overview of some of the responses within the public and private sectors to the HMDA data released in October 1991, including initiatives undertaken to promote affordable housing in low- and moderate-income areas.

The FFIEC has prepared reports of 1991 lending activity for 9,358 institutions on behalf of its member agencies--the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration, and the Federal Reserve System--and the U.S. Department of Housing and Urban Development. The number of reporters is about the same as for 1990, while the volume of reported loans and applications increased substantially, from 6.9 million to more than 7.8 million. The 1991 volume of loans for refinancing more than doubled from 1990, reflecting last year's decline in mortgage interest rates. Approximately three-quarters of the applications for home purchase loans were for conventional mortgage loans, while the remainder were government-backed loans--loans insured or guaranteed by the Federal Housing Administration (FHA), the Veterans Administration (VA), or the Farmers Home Administration (FmHA).

In 1991, lenders approved more than 70 percent of applications for conventional and government-backed home purchase loans. The

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denial rate for conventional home loans and FHA-insured loans was somewhat higher in 1991 than in 1990. Several factors may account for this change. Lenders may have tightened underwriting criteria in response to rising delinquencies and weak housing markets in many parts of the country. The change may reflect an increased tendency for loan originators who sell loans in the secondary market to use secondary market guidelines to assess applications, rather than apply more flexible under-writing standards for nonconforming loans. Additionally, the increase in the loan denial rate may indicate that more loan applicants had less stable incomes and weaker credit histories due to the recession.

The data for 1991 show a significant increase in the number of low-income applicants. This may reflect the results of an expanded marketing and outreach efforts by lenders, as well as a greater proportion of first-time homebuyers (whose income tends to be lower than the income of current owners purchasing new homes) in 1991 than in 1990.

#### **FAIR LENDING ENFORCEMENT**

To assess compliance with fair lending laws, the expanded HMDA data must be augmented by specific information on individual applicants and the underwriting standards used by the lender. Recent investigative efforts have examined factors that are not included in the HMDA data--such as credit history, financial assets, and employment experience--to determine to what extent these factors account for differences in loan approval rates among different racial groups.

In September 1992, the Department of Justice filed a consent decree resolving claims that a major mortgage lender in the Atlanta area had discriminated against prospective black home-buyers when marketing home loan products and granting mortgage loans. After controlling for differences in credit history, and other underwriting variables, analysis of over 4,000 loan application files indicated that race was a factor in loan decisions. The case, which was resolved without any admission of wrongdoing by the lender, requires remedial action that includes \$1 million in payments to black applicants whose home mortgage loan applications were rejected.

On October 8, 1992, the Federal Reserve Bank of Boston, with the cooperation of the federal financial regulatory agencies and HUD, issued a study on the disposition of mortgage loan applications in the Boston area. The study was conducted in response to the large difference in the rates of loan denial among blacks, Hispanics, and whites in the Boston area revealed by the 1990 HMDA data. When economic factors other than income were included in the analysis of HMDA data, the disparity between minority and white approval rates was reduced. After controlling for these factors, it was evident that black and Hispanic applicants were still denied mortgage loans more often than white applicants.

On October 9, 1992, the FFIEC issued an interagency statement on disparate treatment in mortgage lending. The statement emphasized the agencies' concerns that all prospective borrowers be

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treated fairly and outlined steps that can be taken by individual institutions and their trade associations to identify and eliminate discriminatory lending policies and practices. While the extensive statistical analysis used in Boston and in Atlanta is generally not feasible in examinations, the agencies noted that it is imperative that examinations be as thorough and reliable as possible. The FFIEC has initiated a comprehensive review of agencies' examination policies, procedures, and examiner training to detect bias in lending procedures.

#### **LENDING PRACTICES**

Financial institutions and trade associations are seeking to address concerns about discriminatory lending practices and to improve access to home mortgages for minorities and lower-income applicants. Lenders are developing and improving fair lending education programs for management, lending personnel, and consumers. To ensure that credit policies are applied fairly, many lenders are taking a second look at mortgage applications from minorities initially recommended for denial. Some are hiring "shoppers" to evaluate staff's compliance with credit policies and procedures. Lenders are also expanding community outreach programs to provide credit counseling and to help potential applicants improve their chances of qualifying for a mortgage.

#### **HMDA DATA: PUBLIC ACCESS**

The FFIEC makes the HMDA data publicly available in a variety of formats, including disclosure statements for individual institutions and aggregate reports for each MSA (in hard copy,

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microfiche, and computer tape), and an edited version of loan application register (LAR) records for the nation (on data tape). New formats now available include tables showing nation-wide aggregates and tables providing key information for each MSA. The FFIEC's HMDA data order form is attached.

The FFIEC will offer additional new HMDA reports in December. A reporter directory will list all HMDA reporters within an MSA, and provide information such as their location and asset size, as well as loans originated and applications received by state and county. A three-report package will provide analyses of individual institutions' home-lending activity by MSA, including:

- disposition of applications by income and race,
- distribution of loan originations for home purchase loans, home improvement loans and refinancings within an MSA by racial and income characteristics of the census tract, and
- summaries of loan activity by census tract, including the percentage of minority population, the number of owner-occupied units, and the denial rate.

The FFIEC expects that LAR records by MSA also will be available on PC diskette in early 1993.

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Attachments

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL  
HMDA DATA ORDER FORM  
(HARD COPY ITEMS)

FFIEC AND FRB USE ONLY

FFIEC Control Number: \_\_\_\_\_

Order Form Received at FFIEC: \_\_\_/\_\_\_/\_\_\_      Order Form Received at FRB: \_\_\_/\_\_\_/\_\_\_

Order Form Sent to FRB by FFIEC: \_\_\_/\_\_\_/\_\_\_      Order Form Completed by FRB: \_\_\_/\_\_\_/\_\_\_

Order Shipped by FRB: \_\_\_/\_\_\_/\_\_\_

NAME/FIRM: \_\_\_\_\_/\_\_\_\_\_

Check if Non-Profit Organization

ADDRESS: \_\_\_\_\_

TELEPHONE: \_\_\_\_-\_\_\_\_-\_\_\_\_

Mail to: Federal Financial Institutions Examination Council  
2100 Pennsylvania Avenue, Suite 200  
Washington, D.C. 20037  
Phone: 202-634-6526      FAX: 202-634-6556

Make checks payable to: FFIEC (Note: Advance payment required)

SELECTION LIST (see attached item descriptions)	QTY	UNIT COST	TOTAL
<p><b>Disclosure Statement</b></p> <p>Indicate HMDA year(s): ___ , ___ , ___ , ___</p> <p>(Specify Reporter ID selections in ascending order; use back of form if additional space is required.)</p> <p>Indicate Reporter Name: _____ Reporter/Agency ID and Zip Code: _____</p> <p>Reporter Name: _____ /_/_/_/_/_/_/_/_/_/_/_/_/_/_/_/ Zip Code: /_/_/_/_/_/</p> <p>Reporter Name: _____ /_/_/_/_/_/_/_/_/_/_/_/_/_/_/_/ Zip Code: /_/_/_/_/_/</p> <p>Reporter Name: _____ /_/_/_/_/_/_/_/_/_/_/_/_/_/_/_/ Zip Code: /_/_/_/_/_/</p>		\$ 50.00	\$



**FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL  
HMDA DATA ORDER FORM  
(HARD COPY ITEMS)**

**FFIEC AND FRB USE ONLY**

FFIEC Control Number: \_\_\_\_\_

<p><b>Aggregation Report</b></p> <p>Indicate HMDA year(s): ____' ____' ____' ____</p> <p>For MSAs: ____' ____' ____' ____' ____' ____</p> <p>Note: Cost of hardcopy report by MSA is \$50 each MSA.</p>		<p>\$ 50.00</p>	<p>\$</p>
<p><b>Census Tract Listing</b></p> <p>Indicate HMDA year(s): ____' ____' ____' ____</p> <p>Note: 1990 census tracts used beginning with 1992 HMDA data; 1980 census tracts used with 1990 &amp; 1991 data.</p>		<p>50.00</p>	
<p><b>MSA Median Family Income Listing</b></p> <p>Indicate HMDA year(s): ____' ____' ____' ____</p>		<p>NC</p>	
<p><b>Reporter Directory (available beginning December, 1992)</b></p> <p>Indicate HMDA year(s): ____' ____' ____' ____</p> <p>Indicate MSA Name and Number:</p> <p>MSA Name: _____ MSA Number: /_/_/_/_/</p> <p>MSA Name: _____ MSA Number: /_/_/_/_/</p> <p>MSA Name: _____ MSA Number: /_/_/_/_/</p> <p>Note: For non-profit organizations, the charge for the directory is \$45.00 per MSA; the charge is \$75.00 per MSA for all others.</p>		<p>45.00 or 75.00</p>	

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL  
HMDA DATA ORDER FORM  
(HARD COPY ITEMS)

FFIEC AND FRB USE ONLY

FFIEC Control Number: \_\_\_\_\_

Three-report package: (available beginning December, 1992)  
• Report on Disposition of Loans by Income and Race  
• Report on Distribution of Loan Applications  
• Census Tract Summary

\$ 45.00 \$  
or  
75.00

Indicate HMDA year(s): \_\_\_\_' \_\_\_\_' \_\_\_\_' \_\_\_\_

Indicate Reporter and MSA: Reporter/Agency ID and  
MSA Number (if known):

Reporter Name: \_\_\_\_\_ /\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/

City: \_\_\_\_\_

MSA Name: \_\_\_\_\_ MSA Number: /\_/\_/\_/\_/

MSA Name: \_\_\_\_\_ MSA Number: /\_/\_/\_/\_/

Reporter Name: \_\_\_\_\_ /\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/

City: \_\_\_\_\_

MSA Name: \_\_\_\_\_ MSA Number: /\_/\_/\_/\_/

MSA Name: \_\_\_\_\_ MSA Number: /\_/\_/\_/\_/

Reporter Name: \_\_\_\_\_ /\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/\_/

City: \_\_\_\_\_

MSA Name: \_\_\_\_\_ MSA Number: /\_/\_/\_/\_/

MSA Name: \_\_\_\_\_ MSA Number: /\_/\_/\_/\_/

Note: For non-profit organizations, the charge for this package is \$45.00 per MSA; the charge is \$75.00 per MSA for all others.

GRAND TOTAL \$

**FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL  
HMDA DATA ORDER FORM  
(REEL/CARTRIDGE ITEMS)**

**FFIEC AND FRB USE ONLY**

FFIEC Control Number: \_\_\_\_\_

Order Form Received at FFIEC: \_\_\_/\_\_\_/\_\_\_      Order Form Received at FRB: \_\_\_/\_\_\_/\_\_\_

Order Form Sent to FRB by FFIEC: \_\_\_/\_\_\_/\_\_\_      Order Form Completed by FRB: \_\_\_/\_\_\_/\_\_\_

Order Shipped by FRB: \_\_\_/\_\_\_/\_\_\_

NAME/FIRM: \_\_\_\_\_/\_\_\_\_\_

Check if Non-Profit Organization

ADDRESS: \_\_\_\_\_  
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Mail to: Federal Financial Institutions Examination Council  
2100 Pennsylvania Avenue, Suite 200  
Washington, D.C. 20037  
Phone: 202-634-6526      FAX: 202-634-6556

Make checks payable to: FFIEC (Note: Advance payment required)

SELECTION LIST (see attached item descriptions)	QTY	UNIT COST	TOTAL
___ Aggregation Report -- Year(s) ___,' ___,' ___,' ___ ___ LAR & TS Raw Data -- Year(s) ___,' ___,' ___,' ___ ___ Expected Reporter Panel -- Year(s) ___,' ___,' ___ Select: ___ Reel (6250 bpi) in ___ EBCDIC OR ___ ASCII OR ___ Cartridge		\$500.00 500.00 150.00	\$
<b>PC Diskettes by MSA</b> (available beginning first quarter, 1993)  Indicate year(s) ___,' ___,' ___,' ___ MSA(s): ___,' ___,' ___,' ___,' ___,' ___ Select: ___ 5-1/4 OR ___ 3-1/2 in high density		To be Announced	

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL  
HMDA DATA ORDER FORM  
(REEL/CARTRIDGE ITEMS)

FFIEC AND FRS USE ONLY

FFIEC Control Number: \_\_\_\_\_

Census Data

\$ 250.00 \$

Indicate HMDA year(s): \_\_, \_\_, \_\_, \_\_

Select: \_\_ Reel (6250 bpi) in \_\_ EBCDIC OR \_\_ ASCII

OR \_\_ Cartridge

Note: 1990 census tracts used beginning with 1992 data;  
1980 census tracts used with 1990 & 1991 data.

GRAND TOTAL \$

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL  
HMDA DATA ORDER FORM  
ITEM DESCRIPTIONS

Aggregation Report: The Aggregation Reports of MSAs (340 for 1990, 341 for 1991 and 1992), sorted by MSA, distributed as either hardcopy or on tape. Printed MSAs range from 30 to 604 pages each, with an average of approximately 60 pages. Tape distribution is used in lieu of hardcopy as a convenience to those sites that can print the tape locally.

For hardcopy distribution, enter the MSA number for each MSA desired on the report in the space provided on the form. If additional space is required, use the back of the form. The charge for hardcopy distribution is \$50.00 for each MSA requested.

For tape distribution, all MSAs will be included on the tape. Also, a listing will be provided that shows the relative position and number of pages for each MSA on the tape. Data will be in EBCDIC and formatted as follows: record length = 166; block size = 24,900; and record format = fixed block. Printing these records requires a printer featured for 165 character output. The charge for tape distribution is \$500.00.

Census Information: This is the nationwide census data that is used as input to HMDA processing. Data is distributed as a hardcopy report or on tape. The hardcopy Census Tract Listing contains valid census listings and does not have demographic information; whereas the data on the tape does contain demographic information for each tract. Tape distribution is available on either reels or cartridges; file descriptions are included with each order. The charge for hardcopy distribution is \$50.00; for tape distribution, the charge is \$250.00.

It is important to note that 1980 census tracts have been used in processing 1990 and 1991 HMDA data; 1990 census tracts for processing beginning with 1992 HMDA data. The census data distributed will be consistent with the HMDA year specified. For example, if HMDA year 1991 is selected, 1980 census tract data with 1991 MSA definitions will be issued.

Disclosure Statement: The Disclosure Statement summarizes mortgage and home improvement lending information from data that is prepared yearly by individual institutions. The Disclosure Statement is distributed in hardcopy only at a cost of \$50.00 for each institution requested.

Expected Reporter Panel: The Expected Reporter Panel is the universe of all institutions who were expected to report under HMDA. The panel includes the name of the institution, the reporter ID and agency code, and the MSA number(s) of the metropolitan areas for which they were expected to report. The panel is captured from the database at the same time that the final disclosure and aggregate reports are prepared for the Central Depositories, usually in October. The Expected Reporter Panel is distributed in reel or cartridge only at a cost of \$150.00. A format description is also included with each order.

Loan Application Records (LAR) and Transmittal Sheet (TS) Data: The LAR & TS data is collected by a financial institution as a result of applications for, and originations and purchases of, home-purchase loans (including refinancings) and home-improvement loans for each calendar year. LARs for 1990 total almost

6.6 million records and 9,332 Transmittal Sheets (TSS); the 1991 LARs data total over 7.9 million records and 9,359 TSS. The following should be noted:

- Data is not certified as error free.
- For reasons of privacy, the dates and loan application numbers are omitted from each record.

To form a unique identifier for a reporter, the Respondent ID and single character Agency Code must be used. To form a unique loan record identifier, the Respondent ID, Agency Code and Loan Sequence Number must be used. See record layout enclosed with distribution tape for additional information.

LAR and TS data is distributed on tape only at a cost of \$500.00. Reels or cartridges may be chosen. Record formats and file descriptions are included with each order.

If reels are ordered, there will be four or five reels containing the LAR data and one reel containing the TS data. If cartridges are ordered, there will be three or four cartridges containing the LAR data and one containing the TS data. (The number of reels/cartridges containing LAR data will vary according to the year requested because of the volume of data). Note that both reels and cartridges containing LAR data will be multi-volume datasets. This means that to process ALL of the LAR data, each of the reels or cartridges must be read successively.

**MSA Median Family Income Listing:** This Listing shows "MSA Median Family Incomes for 19xx HMDA Reports" where xx is the HMDA year (i.e., 90, 91, etc.). If a 1990 Listing is selected, there will be an adjustment factor of 1.6424 applied to the 1980 Median Family Income column for each MSA to arrive at the Inflation Adjusted 1980 Median Family Income column. For 1991 and future Listings, the median family income of the MSA is/will be based on estimates developed by the Department of Housing and Urban Development (HUD); these estimates will be updated annually. The figure for the MSA is the HUD estimate for the fiscal year that corresponds to the year for which the loan/application data are reported.

The Listing is distributed free of charge.

**PC Diskettes by MSA:** The PC Diskettes by MSA will contain individual loan application records coded for the MSA(s) selected on the form. The availability date of this product is the first quarter of 1993. The cost of this item as well as a firm availability date will be announced later. The data contained for each MSA will be only for institutions that are located in that MSA, i.e., the data reflected in the Aggregate Report for that MSA.

**Reporter Directory:** The Reporter Directory is a hard copy of all HMDA reporters within a specified MSA, sorted by name of reporter and then by state and county codes. This report:

- Provides ID number, name of institution, city and state locations, total assets, and parent ID number.
- For each state and county in which an institution has activity, the following are provided:
  - the state and county codes;
  - the number of tracts with loans;
  - the number of loans originated;
  - the number of applications;

- the ratio of loans to applications; and
- the number of loans purchased

The Reporter Directory will be available beginning in December 1992. The charge for non-profit organizations will be \$45.00 per requested MSA and \$75.00 per MSA for all others.

**Three-Report Package:** This package of three reports is available in hardcopy only. The following information is provided for a specified institution/MSA combination:

Report on Disposition of Loans by Income and Race

- Compares applications by disposition and by income levels (as a percentage of the MSA median income--less than 80%, 80-99%, 100-120%, and more than 120%)
- Is subdivided by race

Report on Distribution of Loan Applications

- Provides a summary of a specific institution's activity by income and racial characteristics of the census tract within an MSA
- Covers applications for mortgage and home improvement loans and refinancings
- Provides the number of applications received, the number of loans originated, and the number of 1-4 family owner-occupied units within each category of census tract characteristics.

Census Tract Summary

- Provides the number, dollar amounts, and disposition of applications for a specific institution/MSA by census tracts
- For each census tract, the following are also provided:
  - the median housing value
  - the median age of the housing stock
  - the median age of the population
  - the minority population percentage
  - the number of 1-4 family owner-occupied units
  - the number of households
  - the median income
  - the denial rate
- Census tracts that are low- to moderate-income tracts are highlighted

Available in December 1992, these reports for non-profit organizations are priced at \$45.00 per requested institution/MSA, and \$75.00 per MSA for all others. These reports are ordered as a package, not separately.