

**FEDERAL RESERVE BANK
OF NEW YORK**

AT-10799
August 25, 1995

**1994 Mortgage Lending Transactions
in Metropolitan Statistical Areas**

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

Printed on the following pages is the text of a statement issued by the Federal Financial Institutions Examination Council (FFIEC) announcing the availability of data on 1994 mortgage lending transactions in metropolitan statistical areas (MSAs) at a central depository located in each MSA.

Questions concerning these matters may be directed to our Community Affairs Office (Tel. No. 212-720-5912).

CHESTER B. FELDBERG,
Executive Vice President.



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

Press Release

For use at noon E.D.T.
Tuesday, July 18, 1995

July 18, 1995

The Federal Financial Institutions Examination Council (FFIEC) announced today the availability of data on 1994 mortgage lending transactions in metropolitan statistical areas (MSAs) throughout the nation. These data, in the form of individual disclosure statements, are available from the more than 9,800 lenders covered by the Home Mortgage Disclosure Act (HMDA).

The FFIEC prepared and distributed the individual disclosure statements for lenders 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 Department of Housing and Urban Development. Upon request, lenders are required to make the statements available at their home office within three business days of receipt, and at certain branch offices in other metropolitan areas within ten business days of receipt.

The individual disclosure statements -- which cover home purchase and home improvement loans -- contain information about loan originations, loan purchases, and applications that did not result in a loan. The 1994 data include a total of 12.2 million

reported loans and applications, a 21 percent decrease from 1993 largely attributable to a decline in refinancing activity. For most loans relating to property located in a metropolitan area, the disclosure statements identify the geographic location, usually by census tract. They also give information about three characteristics of applicants or borrowers: race or national origin, gender, and annual income.

The 1994 HMDA data show an increase in the number of conventional home purchase loans from 1993 (see attached fact sheet). The number of such loans increased 27.0 percent for lower-income households and 12.5 percent for the highest-income households, for example. The numbers increased by 54.7 percent for Blacks, 42.0 percent for Hispanics, 23.8 percent for Native Americans, 18.6 percent for Asians, and 15.7 percent for Whites.

The denial rates for conventional home purchase loans continue to vary among racial or ethnic groups, as in previous years. In 1994, the denial rates were 33.4 percent for Blacks, 31.6 percent for Native Americans, 24.6 percent for Hispanics, 16.4 percent for Whites, and 12.0 percent for Asians in 1994. The comparable denial rates in 1993 were 34.0 percent for Blacks, 27.8 percent for Native Americans, 25.1 percent for Hispanics, 15.3 percent for Whites, and 14.6 percent for Asians.

The FFIEC is now aggregating the data for all lenders in each metropolitan area. In early August, the FFIEC will send aggregate and individual disclosure statements to a central depository in each metropolitan area for public inspection, generally in paper form

but also on CD-ROM and microfiche in many areas. The location of the central depository for a given MSA can be obtained by calling the FFIEC (Ms. Campbell, (202)634-6526).

In addition, the FFIEC makes HMDA data directly available to the public in various formats, including paper, magnetic tape, PC diskette, and CD-ROM. Tables for 1994 showing the nationwide aggregates and key demographic information for MSAs can be obtained in paper form, for instance, and a nationwide version of the HMDA loan-application register (HMDA-LAR) and other data products will be available in early August. An order form, with descriptions of the various data products and prices, can be obtained by calling (202)452-2016 and selecting menu option 3; or by faxing a request for an order form to (202)452-6497. Advance orders may be placed to be filled when the data products become available in early August.

The FFIEC has also prepared and distributed individual disclosure statements for the nation's eight private mortgage insurance (PMI) companies. The 1994 PMI data include information on 1.5 million applications for mortgage insurance, 1.2 million of which were to insure home purchase mortgages, and 0.3 million of which were to insure mortgages to refinance existing obligations. The disclosure statements are available at the individual PMI companies. In early August, the data will be available at central depositories and from the FFIEC in the same formats as the HMDA data: on magnetic tape, CD-ROM, and PC diskettes.

Questions about a disclosure statement for a specific lender should be directed to the lender's supervisory agency at the appropriate number listed below:

Federal Reserve System, HMDA Assistance Line -- (202) 452-2016

Federal Deposit Insurance Corporation -- (800) 934-3342

Office of Thrift Supervision, Financial Reports Division -- (214) 281-2068

Comptroller of the Currency, Compliance Management -- (202) 874-4446

National Credit Union Administration, Compliance Officer -- (703) 518-6392

Department of Housing and Urban Development, Office of Housing -- (202) 708-5852.

Attachment: FFIEC Fact Sheet

#

**Findings from Analysis of Nationwide Summary Statistics
for 1994 Data, Home Mortgage Disclosure Act
Fact Sheet (July 1995)**

The following analyses of nationwide summary statistics are based on data compiled by the Federal Financial Institutions Examination Council (FFIEC) for institutions covered by the Home Mortgage Disclosure Act and Regulation C.*

The Data

For 1994, the FFIEC prepared 38,750 disclosure statements for 9,858 lenders, with a separate statement for each metropolitan area in which the lender has an office (table 1). Submitting data were: 5,296 commercial banks, 1,144 savings associations, 2,229 credit unions, and 1,189 mortgage companies (908 were independent entities).

Applications Received and Loans Made

Covered lenders received 10.7 million home loan applications in 1994 (compared with 13.6 million in 1993), and purchased 1.5 million loans (compared with nearly 1.8 million in 1993). The total volume of home loans and applications (12.2 million) decreased 21 percent from 1993, largely due to a 51 percent decline in the number of applications for refinancing. Rising interest rates during 1994, coupled with the fact that millions of home owners had refinanced during 1992 and 1993, sharply curtailed the demand for such loans. The number of conventional home purchase loans increased.

Changes in Lending Volume by Race and Income

The data suggest that the affordable home loan programs that mortgage originators have initiated in recent years -- to benefit low-income, moderate-income, and minority households and neighborhoods -- may be having an impact (table 2). The number of conventional home purchase loans extended to lower-income households went up 27.0 percent from 1993 to 1994, while loans to the highest-income households went up 12.5 percent (second column, table 2). Among racial or ethnic groups, the number of conventional home purchase loans went up 54.7 percent for Blacks, 42.0 percent for Hispanics, 23.8 percent for Native Americans, 18.6 percent for Asians, and 15.7 percent for Whites.

* The FFIEC also has compiled insurance data submitted by the nation's eight private mortgage insurance (PMI) companies under the auspices of the Mortgage Insurance Companies of America. The data relate to application decisions made by the PMI companies during 1994. The disclosure statements are available from the individual companies. In early August, the data will be available at the MSA central depositories and from the FFIEC in the same formats as the HMDA data.

Approval/Denial Rates

For conventional home purchase loans, the denial rates vary among applicants by income and racial or ethnic characteristics (table 3). For example, loan applications filed by Blacks, Native Americans, and Hispanics are more likely to be turned down than those submitted by Whites or Asians. In 1994, 33.4 percent of Black applicants, 31.6 percent of Native American applicants, 24.6 percent of Hispanic applicants, 16.4 percent of Whites applicants, and 12.0 percent of Asian applicants were denied conventional home purchase loans. Compared with 1993 data, the denial rates for Black, Hispanic, and Asian applicants decreased slightly in 1994, while the denial rates for Whites and Native Americans increased (the comparable denial rates in 1993 were 34.0 percent for Blacks, 27.8 percent for Native Americans, 25.1 percent for Hispanics, and 15.3 percent for Whites and 14.6 percent for Asians).

Differences in the distribution of applicants by income account for some of the differences in loan disposition rates among racial or ethnic groups (table 4). Other factors are more important, however, since Whites and Asian applicants, in all income groups, had lower rates of denial than Black, Native American, or Hispanic applicants. The extent to which racial discrimination may account for these differences is not known. The HMDA data provide some information on the reasons for denial as cited by lenders. Poor credit history or no credit history was the most frequently cited reason for denial of conventional home purchase loan applications.

Loan Programs

Lending institutions tend to specialize in different types of home loans (table 5). For example, among home purchase loan originations, mortgage companies tend to do most of the government-backed lending. Depository institutions, on the other hand, do most of the home improvement lending.

Applicants vary in terms of their likelihood of applying for types of home loan programs (table 6). For example, low-income households are more likely to apply for government-sponsored home loans than are high-income households (29.3 percent, compared with 12.0 percent). In addition, Blacks and Hispanics (36.0 percent and 31.7 percent, respectively) are more likely to apply for such loans than are Asians, Whites, or Native Americans (10.7 percent, 17.2 percent, and 18.0 percent, respectively).

Attachments: Tables 1 through 6

1. Residential lending activity reported by financial institutions covered by HMDA, 1981-94

Year	Number of loans ¹ (millions)	Number of reporting institutions	Number of MSA disclosure reports
1981	1.28	8,094	10,945
1982	1.13	8,258	11,357
1983	1.71	8,050	10,970
1984	1.86	8,491	11,799
1985	1.98	8,072	12,567
1986	2.83	8,898	12,329
1987	3.42	9,431	13,033
1988	3.39	9,319	13,919
1989	3.13	9,203	14,154
1990 ²	6.59	9,332	24,041
1991	7.89	9,358	25,934
1992	12.01	9,073	28,782
1993	15.38	9,650	35,976
1994	12.20	9,858	38,750

1. Before 1990, includes only loans originated by covered institutions; beginning in 1990 (first year under revised reporting system), includes loans originated and purchased, applications approved but not accepted by the applicant, applications denied or withdrawn, and applications closed because information was incomplete.

2. Revised from preliminary figures published in Glenn B. Canner and Dolores S. Smith, "Home Mortgage Disclosure Act: Expanded Data on Residential Lending," *Federal Reserve Bulletin*, vol. 77 (November 1991), p. 861, to reflect corrections and the reporting of additional data.

SOURCE. FFIEC, Home Mortgage Disclosure Act data.

2. Change in volume of conventional home purchase loans between 1992 and 1993 and between 1993 and 1994, by characteristic of borrowers and census tracts

Percent, by number of loans

Borrower or census tract characteristics	Percent change 1992 to 1993 excluding new mortgage companies ¹	Percent change 1993 to 1994	Memo: Number of loans in 1994
Total	16.5	17.9	2,795,162
BORROWER			
<i>Race or ethnic group of borrower</i>			
American Indian/ Alaskan native.....	7.3	23.8	10,691
Asian/Pacific Islander.....	6.5	18.6	93,319
Black.....	35.8	54.7	125,796
Hispanic.....	25.4	42.0	129,695
White.....	17.5	15.7	2,281,450
Other.....	64.1	61.3	18,984
Joint (white/minority).....	17.8	37.0	60,763
<i>Income (percentage of MSA median)²</i>			
Less than 80.....	38.4	27.0	516,824
80-99.....	21.4	19.1	295,734
100-120.....	16.2	15.7	285,044
More than 120.....	8.2	12.5	1,069,305
MEMO:			
<i>Income less than 80 percent of MSA median</i>			
American Indian/ Alaskan native.....	22.1	32.0	2,125
Asian/Pacific Islander.....	28.6	29.3	16,865
Black.....	67.7	62.8	39,666
Hispanic.....	49.5	67.9	38,213
White.....	36.4	19.8	391,535
Total ³	38.4	27.0	516,824
CENSUS TRACT			
<i>Racial composition of census tract (minorities as percentage of population)</i>			
Less than 10.....	18.2	11.1	1,197,432
10-19	16.2	19.1	460,110
20-49	12.6	23.7	337,292
50-79	10.4	24.7	101,817
80-100	7.9	30.2	56,329
<i>Income of census tract⁴</i>			
Low or moderate.....	14.9	21.3	224,434
Middle.....	16.1	17.3	1,053,155
Upper.....	17.6	12.0	877,527

1. Amendments to HMDA resulted in a substantial increase in the number of covered independent mortgage companies from 1992 to 1993. To provide the most appropriate year-over-year comparisons, the lending activity of these newly covered firms was excluded from 1993 volume estimates.

2. MSA median is median family income of the metropolitan statistical area in which the property related to the loan is located.

3. Total includes loans where race is unknown, or otherwise categorized as "other" or "joint."

4. Census tracts are categorized by the median family income for the tract relative to the median family income for the metropolitan statistical area (MSA) in which the tract is located. Categories are defined as follows: *Low or moderate*, median family income for census tract less than 80 percent of median family income for MSA; *Middle income*, median family income 80 percent to 120 percent of MSA median; *Upper income*, median family income more than 120 percent of MSA median.

SOURCE. FFIEC, Home Mortgage Disclosure Act data.

3. Disposition of conventional home purchase loan applications, by characteristics of applicant, 1994

Percentage distribution, by number of applications

Applicant characteristic	Type of disposition				
	Approved	Denied	Withdrawn	File closed	Total
<i>Race or ethnic group</i>					
American Indian/ Alaskan native	58.0	31.6	9.2	1.2	100
Asian/Pacific Islander	76.6	12.0	10.0	1.5	100
Black	57.3	33.4	7.6	1.7	100
Hispanic	65.0	24.6	8.6	1.7	100
White	75.6	16.4	7.1	.9	100
Other	65.0	23.8	9.5	1.6	100
Joint (white/minority)	73.6	17.2	8.2	1.0	100
<i>Income (percentage of MSA median)¹</i>					
Less than 80	69.2	22.7	7.1	1.0	100
80-99	77.8	13.7	7.5	1.0	100
100-120	80.5	11.0	7.5	1.1	100
More than 120	83.2	7.8	7.9	1.1	100

1. MSA median is median family income of the metropolitan statistical area in which the property related to the loan is located.

SOURCE. FFIEC, Home Mortgage Disclosure Act data.

4. Disposition of conventional home purchase loan applications, by income and race of applicant, 1994

Percent distribution, by number of applications

Applicant income and race or ethnic group ¹	Type of disposition				
	Approved	Denied	Withdrawn	File closed	Total
<i>Less than 80 of MSA Median</i>					
American Indian/Alaskan native	59.8	30.5	8.7	1.1	100
Asian/Pacific Islander	74.6	15.0	9.1	1.3	100
Black	59.8	30.5	7.9	1.8	100
Hispanic	64.0	27.0	7.6	1.4	100
White	71.7	21.0	6.5	.8	100
Other	62.7	27.9	8.2	1.2	100
Joint (white/minority)	64.4	27.6	7.2	.8	100
<i>80-99 of MSA Median</i>					
American Indian/Alaskan native	70.3	19.2	9.5	1.0	100
Asian/Pacific Islander	78.5	11.1	9.2	1.2	100
Black	67.1	22.2	8.9	1.8	100
Hispanic	69.4	20.7	8.4	1.5	100
White	80.5	12.0	6.8	.8	100
Other	70.9	17.8	9.6	1.7	100
Joint (white/minority)	74.8	17.1	7.5	.6	100
<i>100-120 of MSA Median</i>					
American Indian/Alaskan native	72.2	15.8	10.6	1.3	100
Asian/Pacific Islander	79.3	10.4	9.0	1.3	100
Black	69.8	19.0	9.4	1.9	100
Hispanic	71.1	18.6	8.5	1.8	100
White	82.9	9.5	6.9	.8	100
Other	72.6	15.0	10.5	1.9	100
Joint (white/minority)	78.8	12.6	7.9	.7	100
<i>More than 120 of MSA Median</i>					
American Indian/Alaskan native	73.3	12.3	13.0	1.4	100
Asian/Pacific Islander	78.7	10.0	9.9	1.4	100
Black	73.5	15.1	9.5	1.9	100
Hispanic	74.4	14.1	9.7	1.7	100
White	85.1	6.7	7.3	.9	100
Other	74.4	12.3	11.6	1.8	100
Joint (white/minority)	81.9	9.2	8.0	.9	100

1. Applicant income shown as percentage of the median family income of the metropolitan statistical area in which the property related to the loan is located.

SOURCE. FFIEC, Home Mortgage Disclosure Act data.

5. Home lending, by type and purpose of loan and by type of lender, 1994

Percent distribution, by number of loans¹

Purpose of loan	Type of lender				Total
	Commercial bank	Savings association	Credit union	Mortgage company ²	
Home purchase	23.7	19.2	1.5	55.6	100
FHA-insured	8.0	10.1	.2	81.8	100
VA-guaranteed	8.6	9.7	1.3	80.4	100
FmHa-insured	28.7	14.7	.4	56.2	100
Conventional	27.8	21.7	1.8	48.8	100
Home refinancing	28.9	18.5	4.0	48.6	100
Home improvement	70.6	7.9	11.5	10.0	100
Multifamily ³	46.9	48.1	.4	4.6	100
All	32.4	17.4	3.8	46.4	100

1. In this and subsequent tables components may not sum to totals because of rounding.

2. Includes independent mortgage companies and mortgage companies affiliated with a commercial bank or savings association.

3. Includes dwellings for five or more families.

SOURCE. FFIEC, Home Mortgage Disclosure Act data.

6. Applications for one- to four-family home loans reported under HMDA, grouped by purpose of loan and distributed by characteristic of applicant and census tract, 1994

Characteristic	Home purchase						Home refinancing		Home improvement	
	Government-backed ¹			Conventional			Number	Percent	Number	Percent
	Number	Percent	Memo: Percentage of character- istic's home purchase loans	Number	Percent	Memo: Percentage of character- istic's home purchase loans				
APPLICANT										
Racial/ethnic identity										
American Indian/ Alaskan native	4,813	.5	18.0	21,887	.5	82.0	17,151	.5	9,163	.7
Asian/Pacific Islander ..	15,508	1.6	10.7	128,992	3.2	89.3	131,306	3.9	21,154	1.5
Black	140,900	14.3	36.0	250,267	6.2	64.0	221,910	6.7	155,848	11.1
Hispanic	101,919	10.4	31.7	219,844	5.5	68.3	210,231	6.3	119,093	8.5
White	681,071	69.3	17.2	3,290,026	81.6	82.8	2,641,947	79.3	1,055,069	75.5
Other	5,233	.5	13.7	33,041	.8	86.3	33,898	1.0	13,983	1.0
Joint (white/minority)...	33,809	3.4	27.5	89,021	2.2	72.5	74,162	2.2	23,805	1.7
Total	983,253	100.0		4,033,078	100.0		3,330,605	100.0	1,398,115	100.0
Income (percentage of MSA median) ²										
Less than 80	335,912	41.0	29.3	809,920	27.6	70.7	689,658	25.3	476,650	37.1
80-99	175,207	21.4	30.3	402,921	13.7	69.7	375,005	13.8	189,000	14.7
100-119	124,250	15.2	25.0	372,468	12.7	75.0	353,399	13.0	164,184	12.8
120 or more	183,607	22.4	12.0	1,345,089	45.9	88.0	1,307,272	48.0	456,154	35.5
Total	818,976	100.0		2,930,398	100.0		2,725,334	100.0	1,285,988	100.0
CENSUS TRACT										
Racial/ethnic composition (minorities as percentage of population)										
Less than 10	305,923	37.6	16.6	1,536,461	52.6	83.4	1,367,155	45.3	607,071	48.6
10-19	189,742	23.3	23.1	629,939	21.6	76.9	637,288	21.1	218,633	17.5
20-49	211,458	26.0	29.9	496,869	17.0	70.1	594,298	19.7	208,429	16.7
50-79	64,801	8.0	28.8	160,091	5.5	71.2	228,933	7.6	94,344	7.6
80-100	41,538	5.1	30.2	96,042	3.3	69.8	188,931	6.3	120,853	9.7
Total	813,462	100.0		2,919,402	100.0		3,016,605	100.0	1,249,330	100.0
Income ³										
Low or moderate	139,723	17.0	28.3	354,253	12.1	71.7	435,193	14.3	272,252	21.3
Middle	481,747	58.5	24.9	1,449,151	49.6	75.1	1,543,198	50.7	671,206	52.4
Upper	201,450	24.5	15.3	1,118,982	38.3	84.7	1,064,330	35.0	337,594	26.4
Total	822,920	100.0		2,922,386	100.0		3,042,721	100.0	1,281,052	100.0
Location ⁴										
Central city	311,106	37.4	26.1	880,180	29.6	73.9	973,944	31.5	459,888	35.1
Non-central city	521,591	62.6	19.9	2,094,695	70.4	80.1	2,113,606	68.5	849,494	64.9
Total	832,697	100.0		2,974,875	100.0		3,087,550	100.0	1,309,382	100.0

Table 6. Continued

NOTE. Lenders reported 10,719,927 applications for home loans in 1994. Not all characteristics were reported for all applications; thus the number of applications being distributed by characteristic varies by characteristic.

1. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, or the Farmers Home Administration.
2. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.
3. Census tracts are categorized by the median family income for the tract relative to the median family income for the metropolitan statistical area (MSA) in which the tract is located. Categories are defined as follows: *Low or moderate*, median family income for census tract less than 80 percent of median family income for MSA; *Middle income*, median family income 80 percent to 120 percent of MSA median; *Upper income*, median family income more than 120 percent of MSA median.
4. For census tracts located in MSAs.

SOURCE. FFIEC, Home Mortgage Disclosure Act.