



## **Press Release**

For immediate release

September 20, 2010

### **Federal Financial Institution Regulators Announce Availability of 2009 Data on Mortgage Lending**

The Federal Financial Institutions Examination Council (FFIEC) today announced the availability of data on mortgage lending transactions at 8,124 U.S. financial institutions covered by the Home Mortgage Disclosure Act (HMDA). Covered institutions include banks, savings associations, credit unions, and mortgage companies. The HMDA data made available today cover 2009 lending activity--applications, originations, purchases of loans, denials, and other actions such as incomplete or withdrawn applications.

The data include nearly 15 million applications (of which nearly 9 million resulted in loan originations) and 4.3 million loan purchases, for a total of 19.3 million actions. The data also include information on 210,000 requests for preapprovals that did not result in a loan.

The data include disclosure statements for each financial institution, aggregate data for each metropolitan statistical area (MSA), nationwide summary statistics regarding lending patterns, and Loan/Application Registers (LARs) for each financial institution (LARs modified for borrower privacy). The FFIEC prepares and distributes this information 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

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Currency, and Office of Thrift Supervision) and the Department of Housing and Urban Development.

The HMDA data show the disposition of loan applications and include information on loan type (such as conventional or Federal Housing Administration [FHA]), purpose (home purchase, home improvement, or refinancing), 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 show whether a loan is subject to the Home Ownership and Equity Protection Act and whether a loan is secured by a first or subordinate lien, or is unsecured. In addition, the data provide information on higher-priced lending.

The rules used to determine whether a loan is classified as higher-priced under HMDA were changed in 2008. The new rules took effect for applications taken beginning October 1, 2009. For applications taken prior to that date, lenders reported the spread between a loan's annual percentage rate (APR) and the yield on comparable-maturity Treasury securities if it exceeded specified thresholds. For applications taken on or after that date, lenders also reported spreads for loans that exceeded specified thresholds, but the spread was measured as the difference between the APR on the loan and the estimated APR (termed the "average prime offer rate" or APOR) for loans extended to prime borrowers based on the rates reported by Freddie Mac in its *Primary Mortgage Market Survey*® (PMMS).<sup>1</sup> More information about HMDA data reporting requirements is available in the Frequently Asked Questions on the FFIEC website at

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<sup>1</sup> Freddie Mac's weekly PMMS reports the average contract rates and points for all loans and the margin for adjustable-rate loans for loans offered to prime borrowers (those that pose the lowest credit risk). The survey currently reports information for two fixed-rate mortgage products (30-year and 15-year loans) and two ARM products (one-year adjustable rate and five-year adjustable rate loans). See [www.freddiemac.com/dlink/html/PMMS/display/PMMSOutputYr.jsp](http://www.freddiemac.com/dlink/html/PMMS/display/PMMSOutputYr.jsp).

<http://www.ffiec.gov/hmda/faq.htm>.

The number of reporting institutions fell 3 percent from 2008, primarily because of a relatively large decline (about 13 percent from 2008) in the number of mortgage companies reporting data. The total number of originated loans of all types reported increased by about 1.8 million, or nearly 25 percent, from 2008, largely because of a 67 percent increase in refinancings.

The HMDA data reflect a growing reliance on loans backed by FHA insurance during the recent mortgage market difficulties. For home purchase lending, the FHA's share of first-lien loans increased from 7 percent in 2007 to 26 percent in 2008 and to 37 percent in 2009. First-lien lending for home purchases backed by Veterans Administration (VA) guarantees also increased markedly, although VA-backed lending is much smaller in scope than FHA-backed lending. The VA market share of first-lien home purchase loans increased from 2.7 percent in 2007 to 4.9 percent in 2008 and to 6.7 percent in 2009.

As noted, the rules for determining which loans are classified as higher-priced under HMDA have changed. It therefore is important in assessing the 2009 data to distinguish the incidence of higher-priced lending for applications prior to October 1 from the incidence for applications on or after that date. For 2009, the incidence of higher-priced lending for loan originations with applications taken prior to October 1 was 5.7 percent, and was 3.8 percent for loan originations with applications taken on or after October 1. By comparison, the incidence of higher-priced lending reached a peak in 2006 at 29 percent and was 11.6 percent in 2008. Among higher-priced loans in 2009, the majority were over the thresholds used to determine whether a loan is classified as higher-priced by two percentage points or less, and this is true for both the

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portion of the year prior to October 1 and for the portion beginning on that date. The overall incidence of higher-priced lending reported in the 2009 HMDA data for all racial and ethnic groups was lower than reported in 2008.

Because of the change in the rules for determining higher-priced loans, certain HMDA disclosure statements only include loans that had application dates prior to October 1, 2009. The disclosures affected are the tables showing loan pricing information in the individual financial institutions' disclosure statements, the aggregate data statements for each MSA, and the nationwide aggregate data statements. However, for the nationwide aggregate data, an additional report is available, consisting of tables showing loan pricing information for loans with application dates on or after October 1, 2009. In addition, the modified LARs for each financial institution contain pricing information for all loans in 2009, regardless of application date, and include a field that indicates whether or not the application for the loan was taken prior to October 1, 2009. For additional information about how the loan pricing data are shown, refer to [http://www.ffiec.gov/hmda/pdf/HMDA\\_2009Disc\\_Changes.pdf](http://www.ffiec.gov/hmda/pdf/HMDA_2009Disc_Changes.pdf).

Regarding the disposition of applications for both home-purchase and refinance loans in 2009, blacks and Hispanic whites had notably higher gross denial rates than non-Hispanic whites. The pattern for Asians was somewhat different, as their gross denial rate was similar, for both home-purchase loans and refinance loans, to the corresponding gross denial rates for non-Hispanic whites.

The HMDA data can facilitate the fair lending examination and enforcement process and promote market transparency. When federal banking agency examiners evaluate an institution's fair lending risk, they analyze HMDA data in conjunction with other information and risk factors, in accordance with the Interagency Fair Lending Examination Procedures

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(<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 mortgage 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. Therefore, when the federal banking agencies conduct fair lending examinations, including ones involving loan pricing, they analyze additional information before reaching a determination regarding institutions' compliance with fair lending laws.

Financial institution disclosure statements, individual institutions' LAR data, and MSA and nationwide aggregate reports are available at <http://www.ffiec.gov/hmda>. Refer to the HMDA data products at <http://www.ffiec.gov/hmda/hmdaproducts.htm> for the item descriptions and formats.

Financial institutions are required to make their disclosure statements available at their home offices. For other MSAs in which financial institutions have offices, an institution must either make the disclosure statement available at one branch within each MSA or provide a copy upon receiving a 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.

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## Data on Private Mortgage Insurance

The FFIEC also provides data from the nation's eight private mortgage insurance (PMI) companies. The 2009 PMI data include information on approximately 636,000 applications for mortgage insurance, comprised of about 356,000 applications to insure home purchase mortgages, and about 280,000 applications to insure mortgages to refinance existing obligations. These data also are available today--at individual PMI companies and from the FFIEC (<http://www.ffiec.gov/reports.htm>)--in the same types of reports and formats as the HMDA data.

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The Federal Financial Institutions Examination Council was established by the Congress in 1979 to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions, to make recommendations to promote uniformity in the supervision of financial institutions, and to conduct schools for examiners. The Council has six voting members: the Comptroller of the Currency, the Chairman of the Board of Directors of the Federal Deposit Insurance Corporation, a Governor of the Board of Governors of the Federal Reserve System, the Director of the Office of Thrift Supervision, the Chairman of the National Credit Union Administration, and the Chairman of the State Liaison Committee. Visit the Council's website for press releases and information on the mission and work of the Council at <http://www.ffiec.gov>.