

# HMDA Dataset – What can it tell us about the regional housing market?

MWCOG Cooperative Forecasting and Data  
Subcommittee Meeting  
December 4, 2007

Roberto Ruiz, Arlington County Planning Division

# What is Home Mortgage Disclosure Act (HMDA) Data?

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# What is Home Mortgage Disclosure Act (HMDA) data?

- A 1975 Act of Congress, three purposes:
  - Inform – are lenders meeting community credit needs?
  - Alert – where to target public investment
  - Discern - discriminatory lending patterns
- Covers:
  - Depository lenders
  - Nondepository lenders
    - Home purchase and refinance loans equal 10% of its dollar lending activity
    - Or the institution originates \$25 million
  - In 2005, 8,848 financial institutions reported / 36.4 million loan records

Source: Federal Register, Vol. 67, No. 32, 12 CFR Part 203  
FFIEC HMDA website, <http://www.ffiec.gov/hmda/history.htm>

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# What is Home Mortgage Disclosure Act (HMDA) data?

- Includes data such information as
  - Income, race, ethnicity, and gender
  - Loan purpose, amount, and lien status
  - Decision taken by lender and reason for denial
  - Housing type
  - Census tract of originated loan
  - Loan pricing information
    - Identify high cost or subprime loans
      - “Rate spread between the APR on a loan and the yield on Treasury securities with comparable maturity periods”
        - 3 percentage points for first lien loans
        - 5 percentage points for subordinate lien loans

Source: Federal Register, Vol. 67, No. 32, 12 CFR Part 203

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# What is a rate spread?

- APR (interest + points + feeds)  
30 year first lien mortgage

8.00%

- Yield 30 year treasury

4.56%

= 3.44 rate spread

**FFIEC Rate Spread Calculator**

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IDA reporting institutions with the new Regulation C requirements for reporting Rate Percentage Rate (APR) and the comparable treasury security utilizing the "Treasury Securities" table. Rate Spread is a calculated field and is NOT simply the APR on the loan application minus the Treasury Securities rate. Rate Spread is calculated as follows: Rate Spread = APR on the loan application minus the Treasury Securities rate. Rate Spread is reported in the "Rate Spread" field of the Loan Application Registers (LARs).

["Treasury Securities" table](#) is available in ASCII comma delimited format to view, print and download.

**HOEPA status; they are two different fields which require two different calculations.**

Action Taken: 1 - Loan Originated ([Info](#))

Lock-In Date (mm/dd/ccyy)

APR (00.00)%

Term (Years, Whole Number)

Lien Status

**Rate Spread (percentage points): 03.44**

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[ [Back to FFIEC Main](#) | [Disclaimer](#) | [Help](#) | [FFIEC HMDA](#) ]

Source: Remarks by Governor Edward M. Gramlich, June 3, 2005,  
<http://www.federalreserve.gov/boarddocs/speeches/2005/20050603/default.htm>

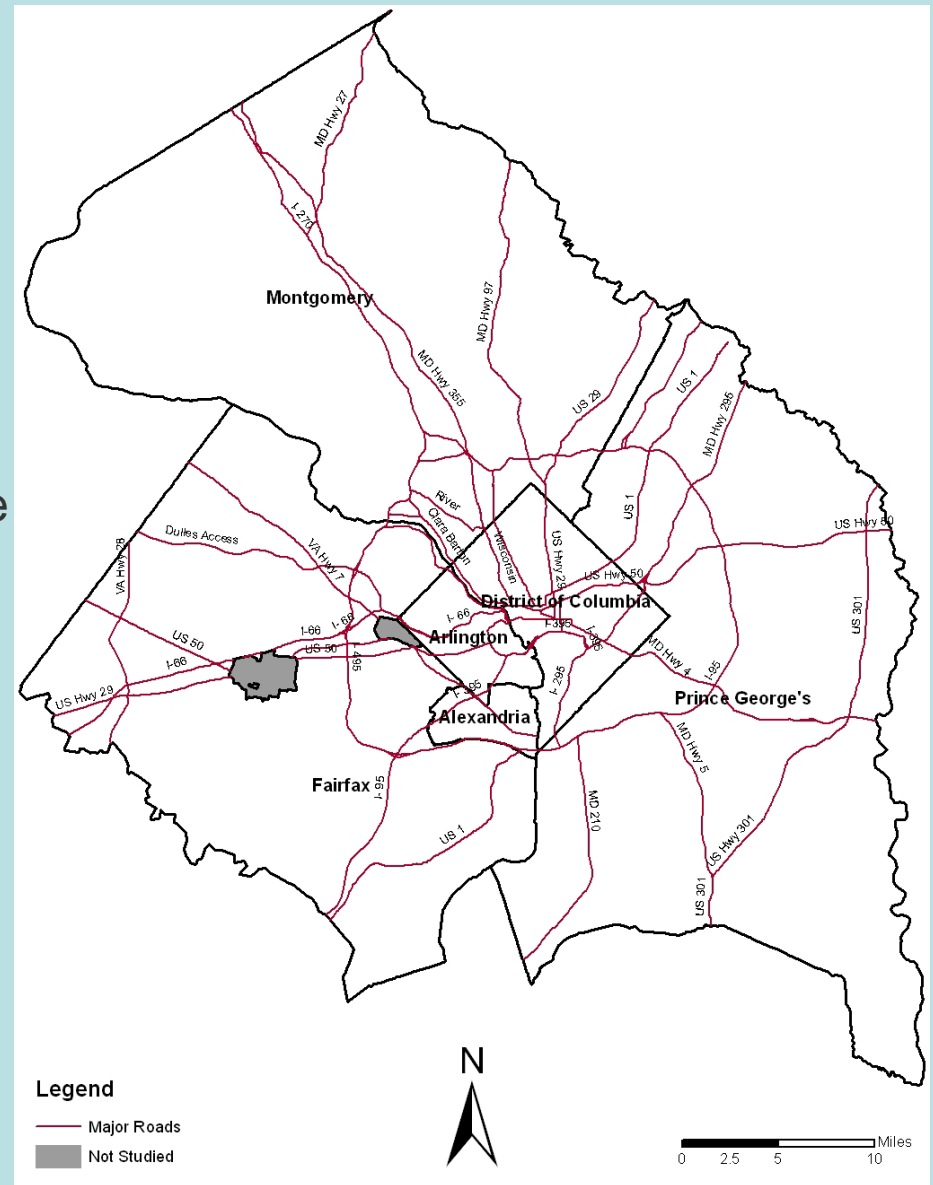
# What Loans Were Studied?

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# What loans were studied?

- 2005
- Originated loans
- Secured by first lien
- One to four family dwellings
- Home purchase loans (not refinance or home improvement)
- Full and partial Census tract
- 91,119 records studied
  - Out of 603,400

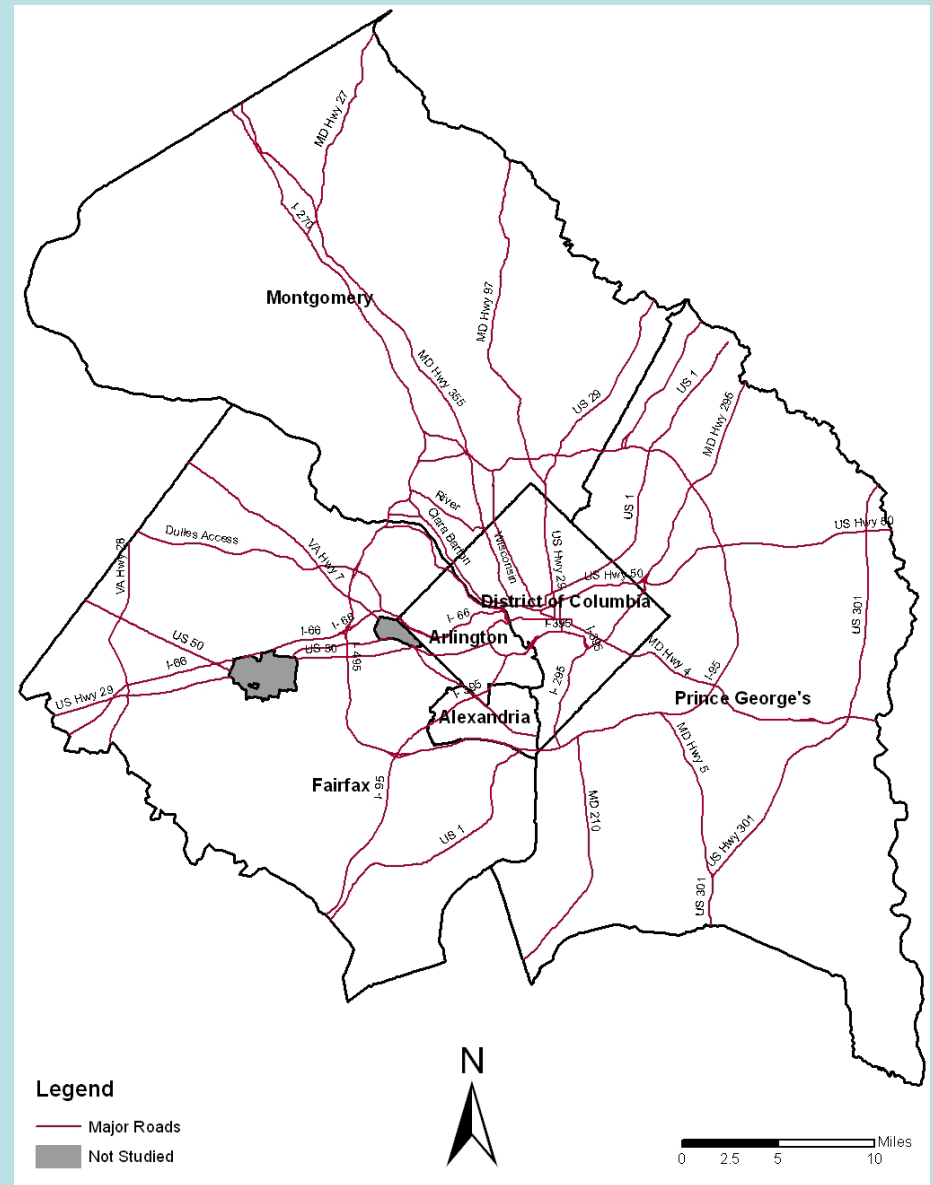


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# What loans were studied?

District of Columbia	12,532	13.8%
Arlington County, VA	4,529	5.0%
Alexandria City, VA	4,219	4.6%
Fairfax County, VA	28,474	31.2%
Montgomery County, MD	21,464	23.6%
Prince George's County, MD	19,901	21.8%
<b>Total</b>	<b>91,119 records</b>	<b>100.0%</b>



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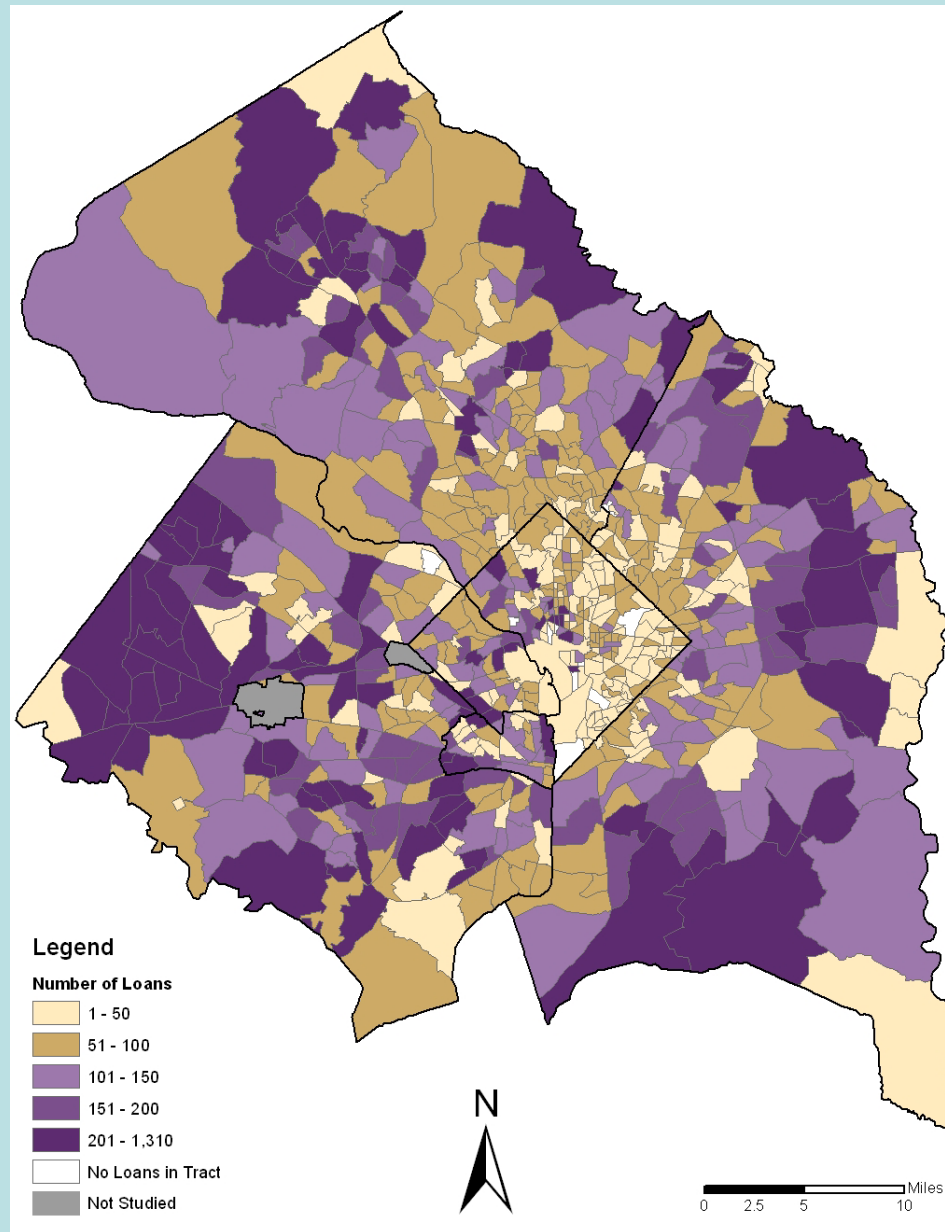


# Overview of Loan Originations

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# Number of Loans

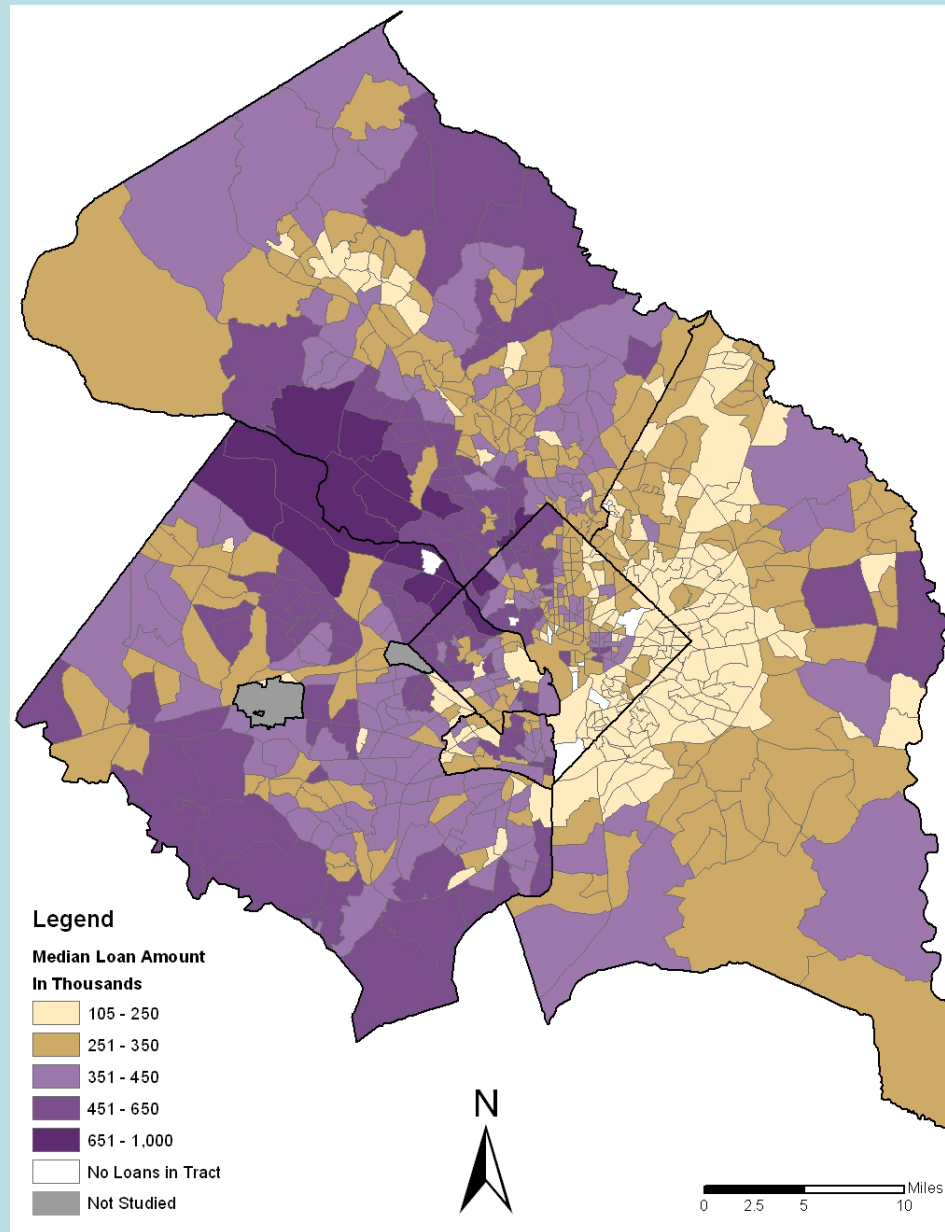


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# Cost of Housing

## Median loan amount by Census Tract

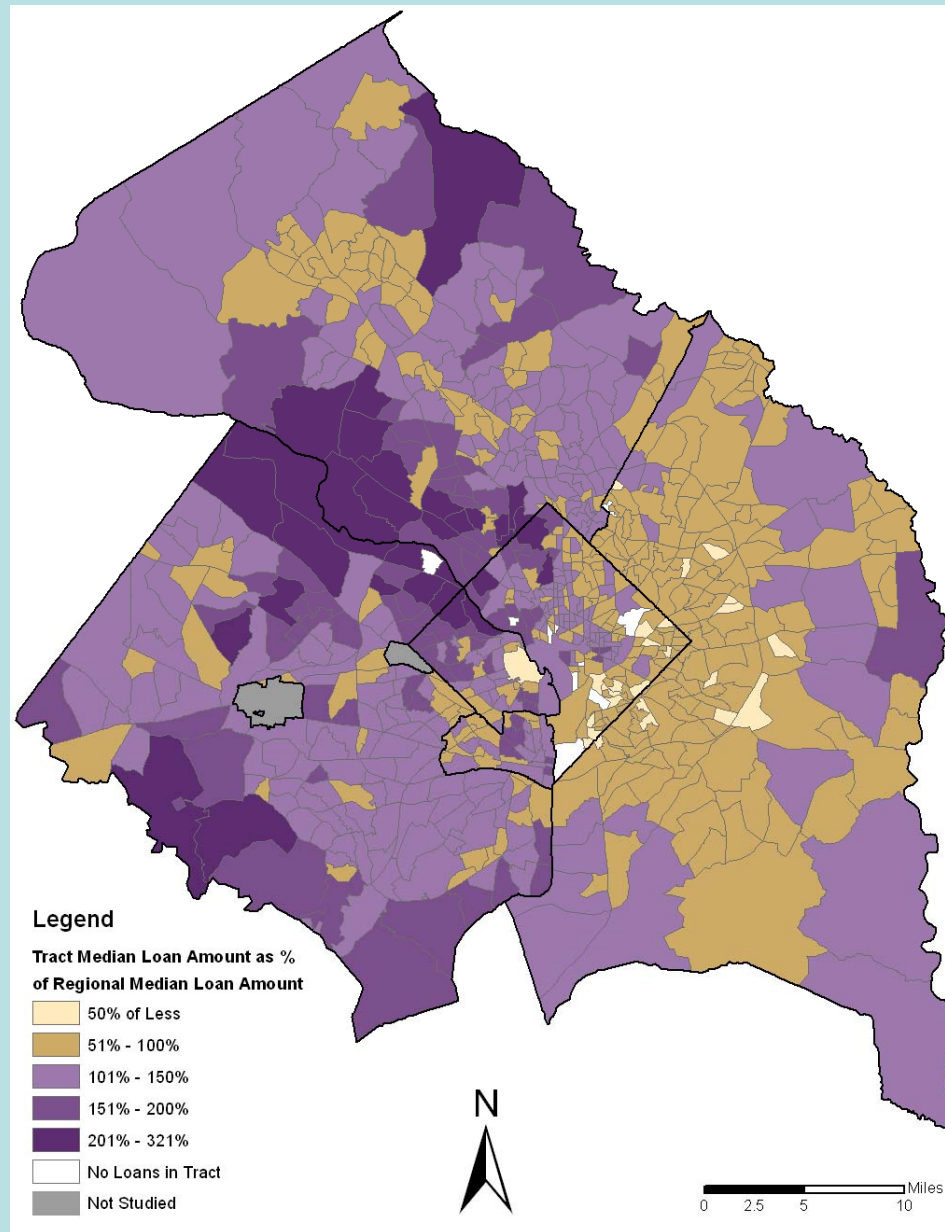


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# Cost of Housing

As a percent of the median first lien loan amount, \$312,000



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## Cost of Housing

	<i>Median Loan Amount</i>
District of Columbia	\$311,000
Arlington County, VA	\$348,000
City of Alexandria, VA	\$300,000
Fairfax County, VA	<b>\$358,000</b>
Montgomery County, MD	\$320,000
Prince George's County, MD	<b>\$245,000</b>

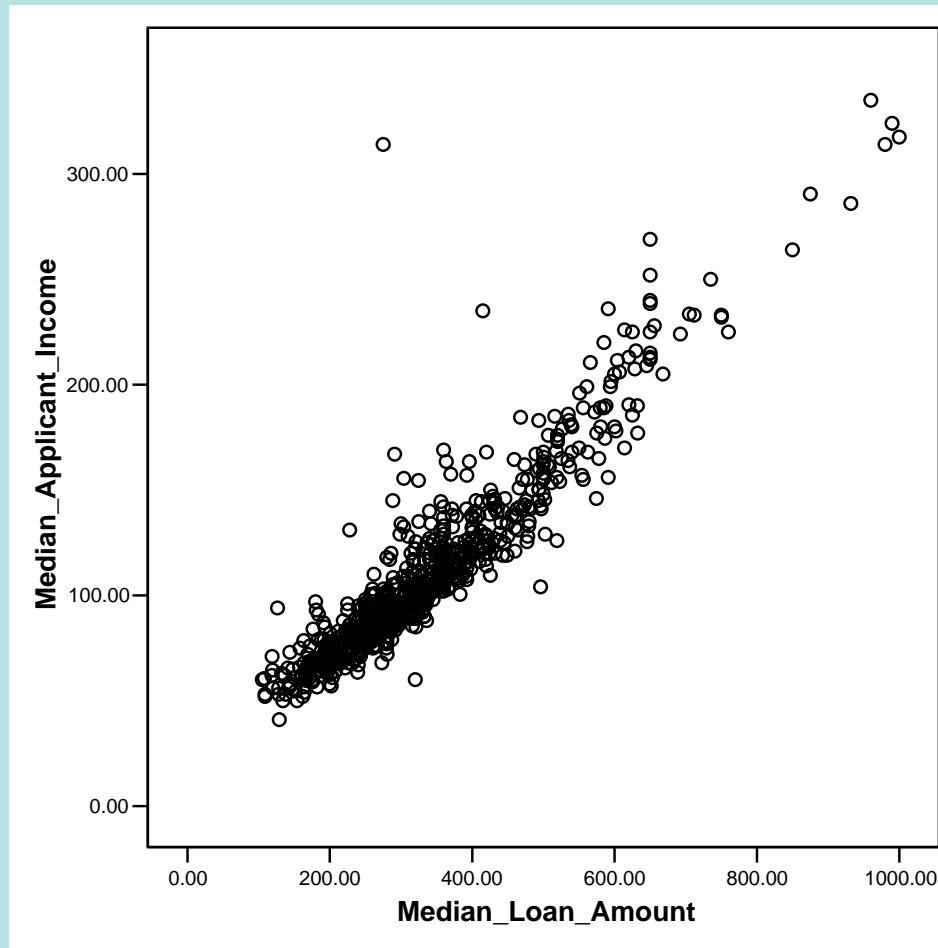
# **Borrowing by Jurisdiction**

*Who can afford to live where?*

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# Income and Borrowing Amount Relationship



**By Census Tract**

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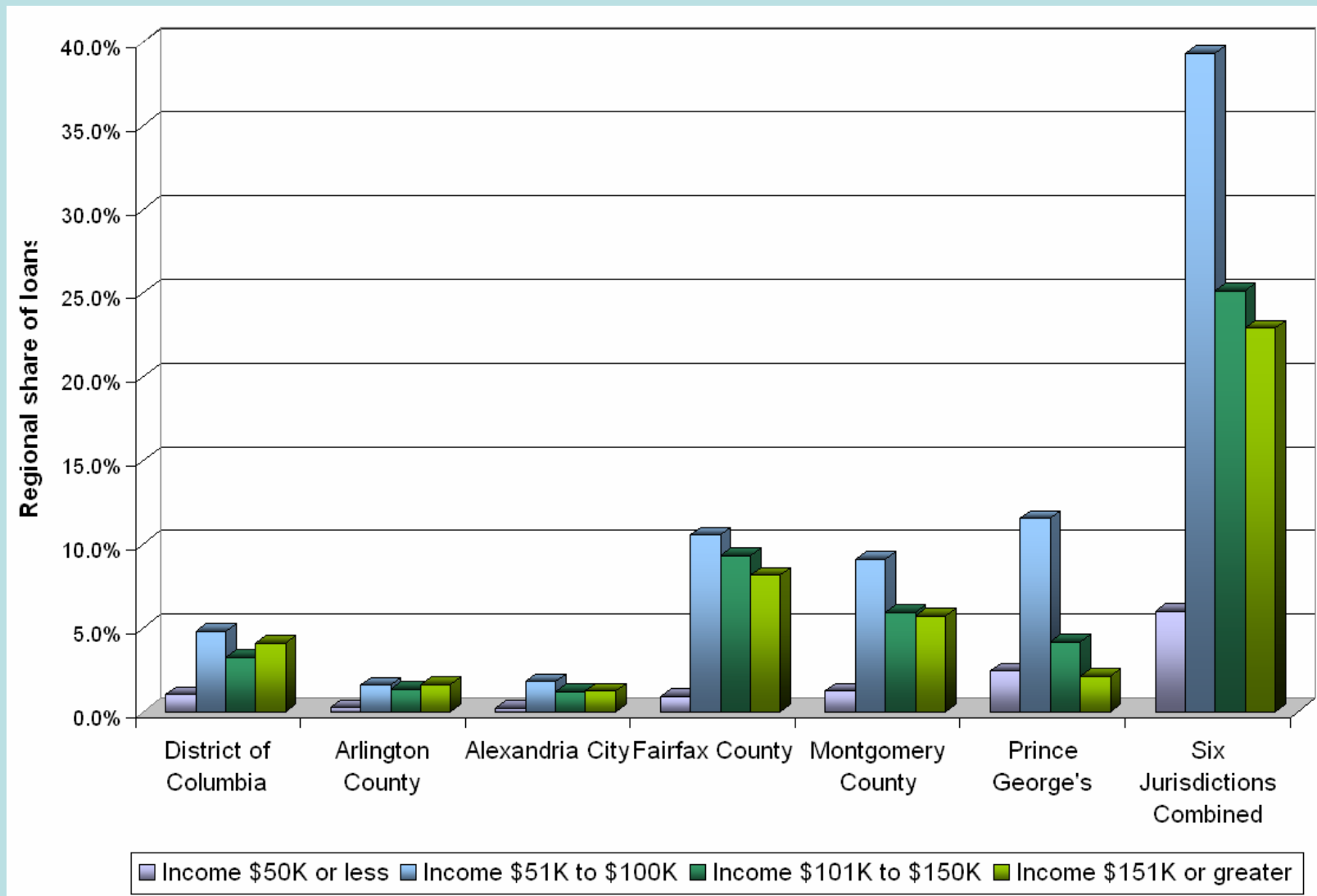
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## Applicants' Income

	<i>Median Income</i>
District of Columbia	\$110,000
Arlington County, VA	<b>\$120,000</b>
City of Alexandria, VA	\$108,000
Fairfax County, VA	\$113,000
Montgomery County, MD	\$105,000
Prince George's County, MD	<b>\$82,000</b>



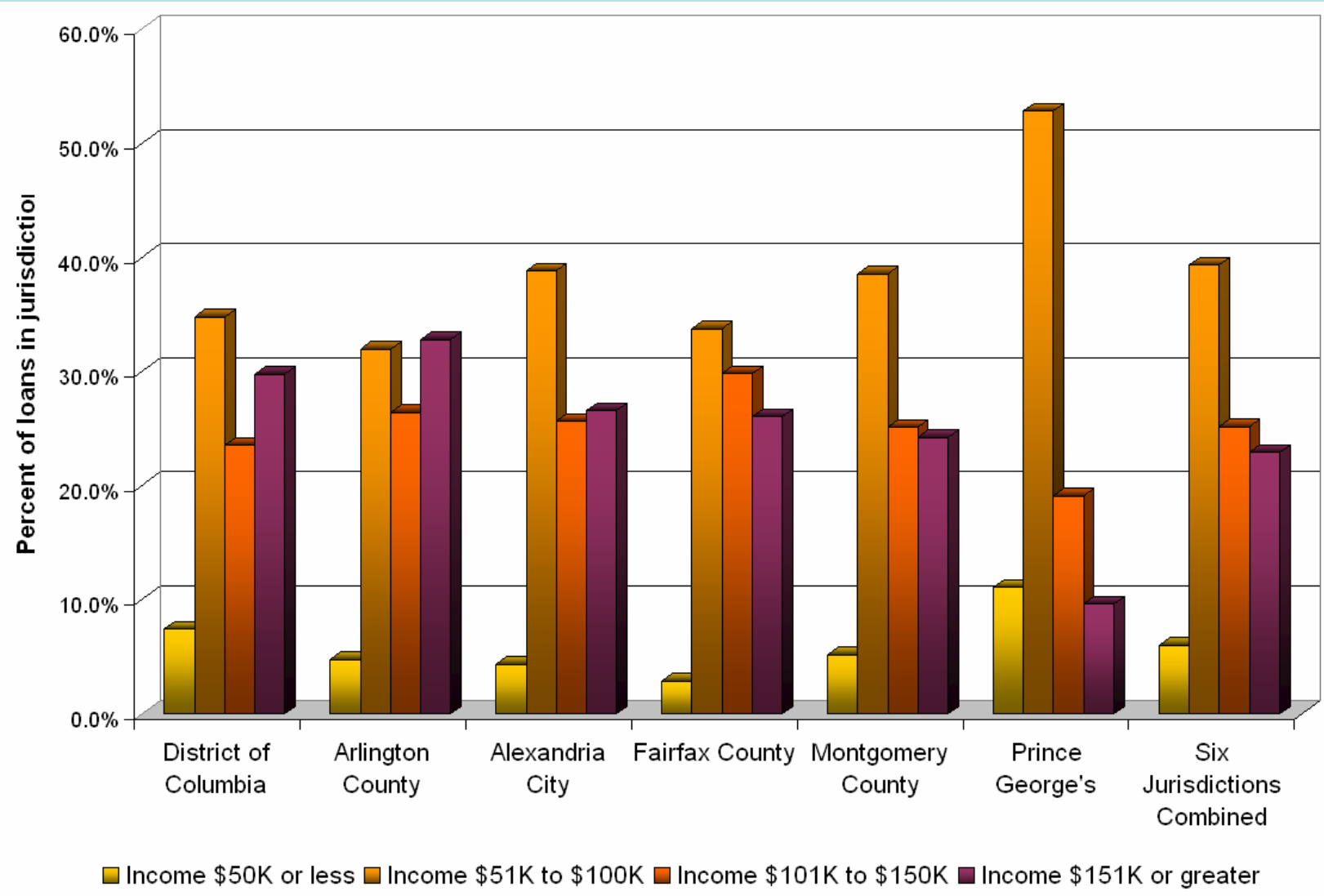
# Borrower Household Income (Regional Share)



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# Borrower Household Income (County Shares)



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# Borrower Household Income (Relative Concentrations)

## Location Quotient All Loans Studied

	<u>District of Columbia</u>	<u>Arlington County</u>	<u>Alexandria City</u>	<u>Fairfax County</u>	<u>Montgomery County</u>	<u>Prince George's</u>
Income \$50K or less	<b>1.23</b>	0.79	0.72	0.48	0.87	<b>1.85</b>
Income \$51K to \$100K	0.88	0.81	0.99	0.86	0.98	<b>1.34</b>
Income \$101K to \$150K	0.94	<b>1.05</b>	<b>1.02</b>	<b>1.19</b>	<b>1.00</b>	0.76
Income \$151K or greater	<b>1.30</b>	<b>1.43</b>	<b>1.16</b>	<b>1.14</b>	<b>1.06</b>	0.42

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## **Borrowing by Jurisdiction**

***What racial and ethnic groups are choosing  
(or constrained) to buy where?***

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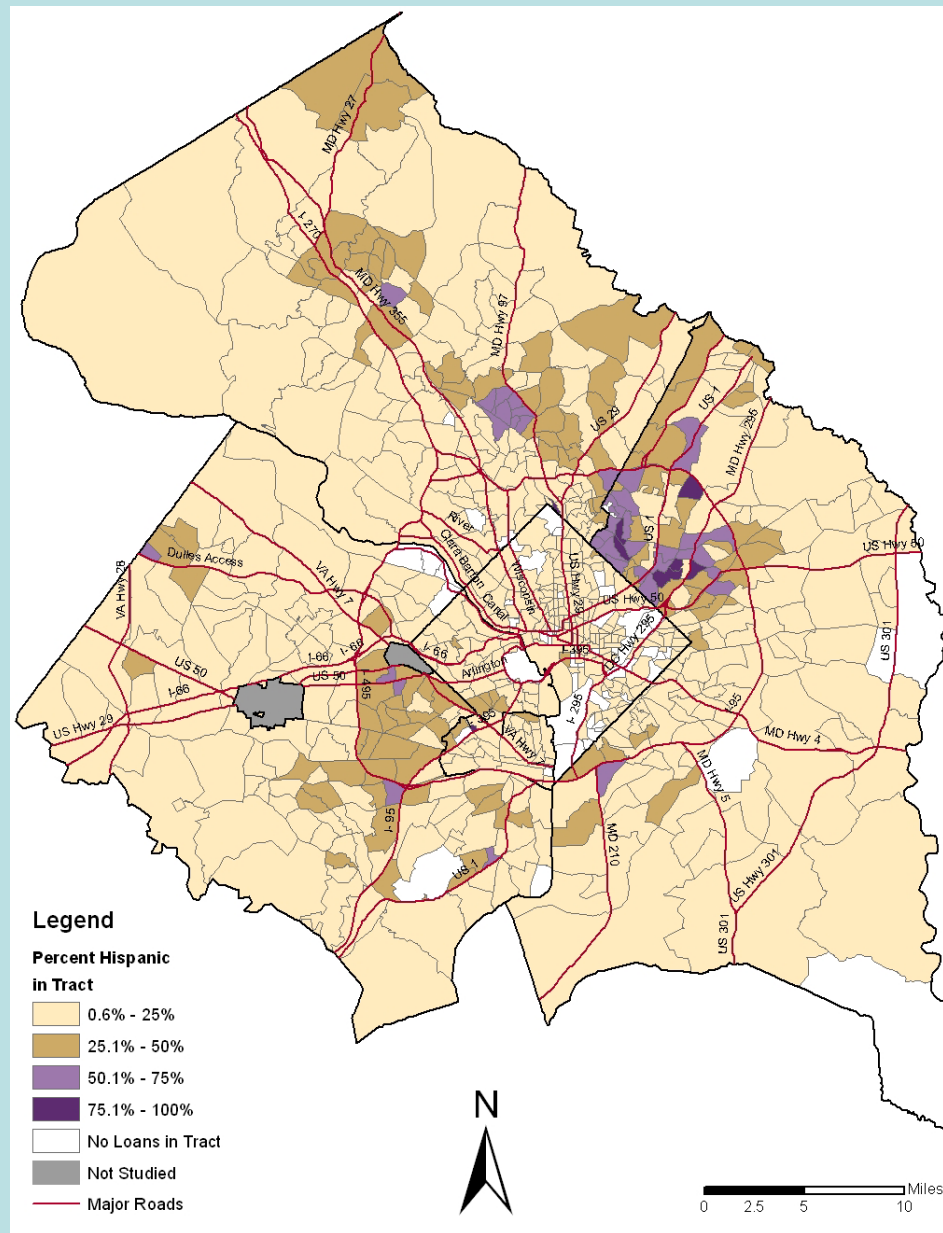
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## Race, Ethnicity, Income, and Loan Amount

	<i>Median (In Thousands)</i>	
	<b>Applicant Income</b>	<b>Loan Amount</b>
<b>Hispanic (any race)</b>	\$88	\$292
<b>Black</b>	\$86	\$257
<b>Asian</b>	\$108	\$340
<b>White</b>	\$117	\$340
<b>Other</b>	\$110	\$323

# Race and Ethnicity

## Percent Hispanic

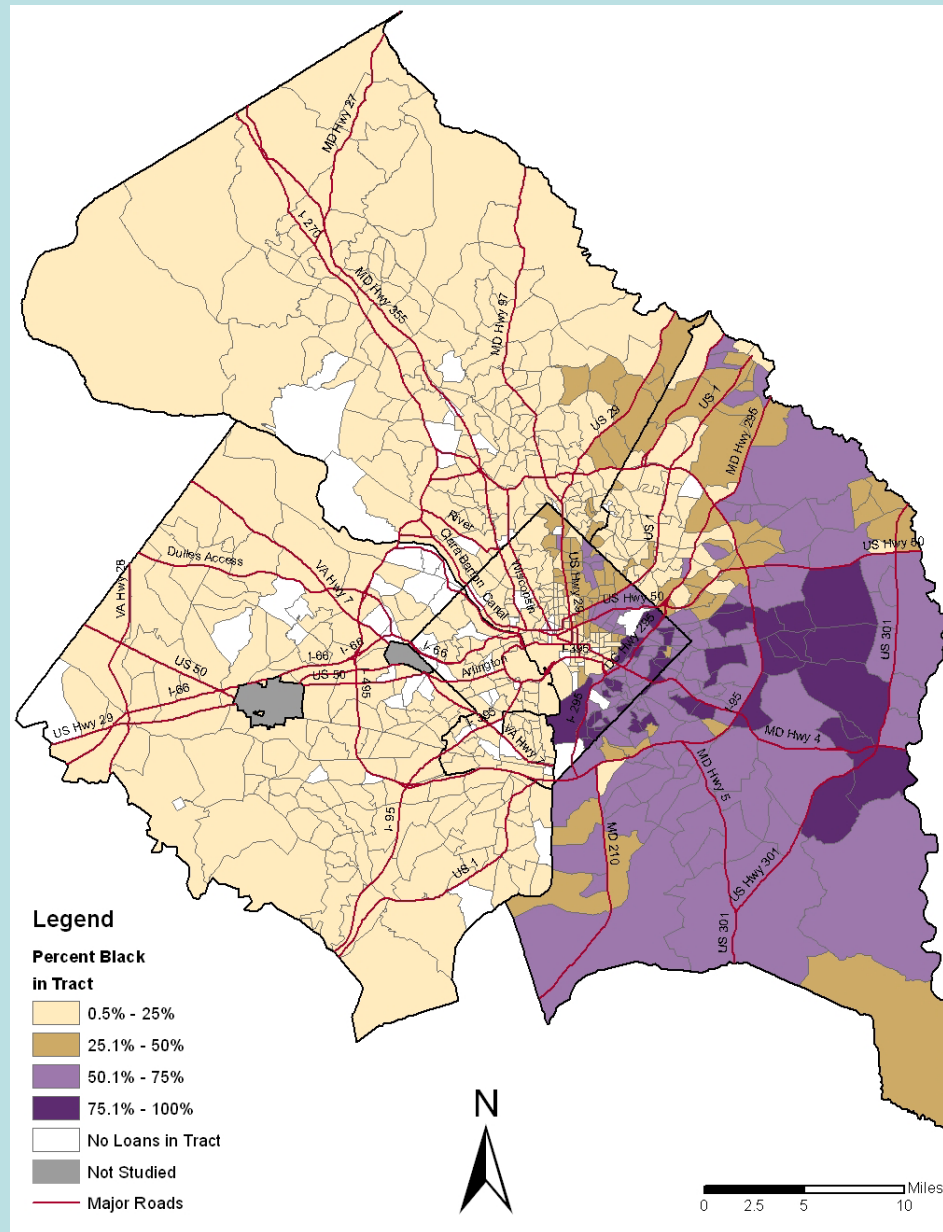


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# Race and Ethnicity

## Percent Black



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# Race and Ethnicity

## Percent Asian



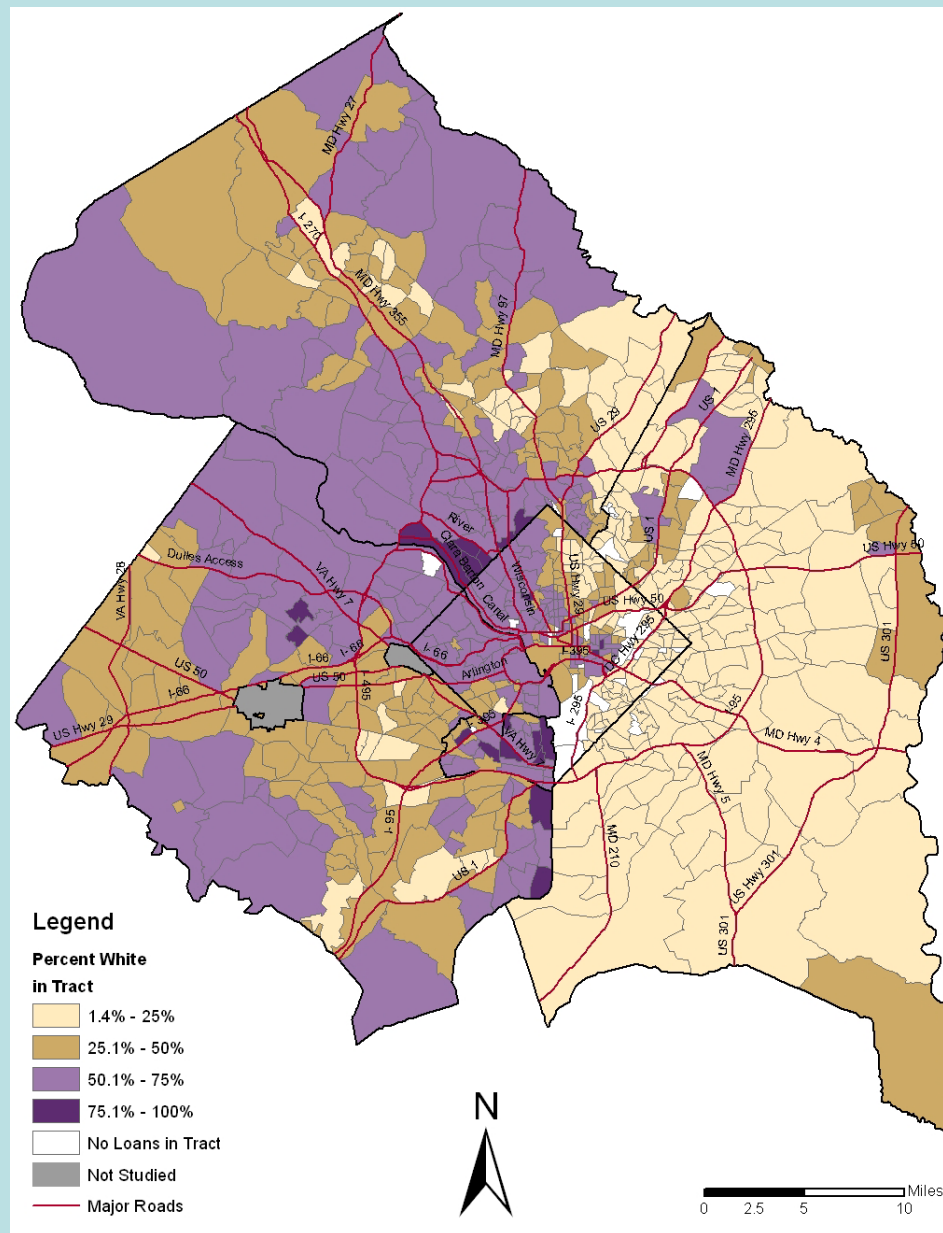
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# Race and Ethnicity

## Percent White



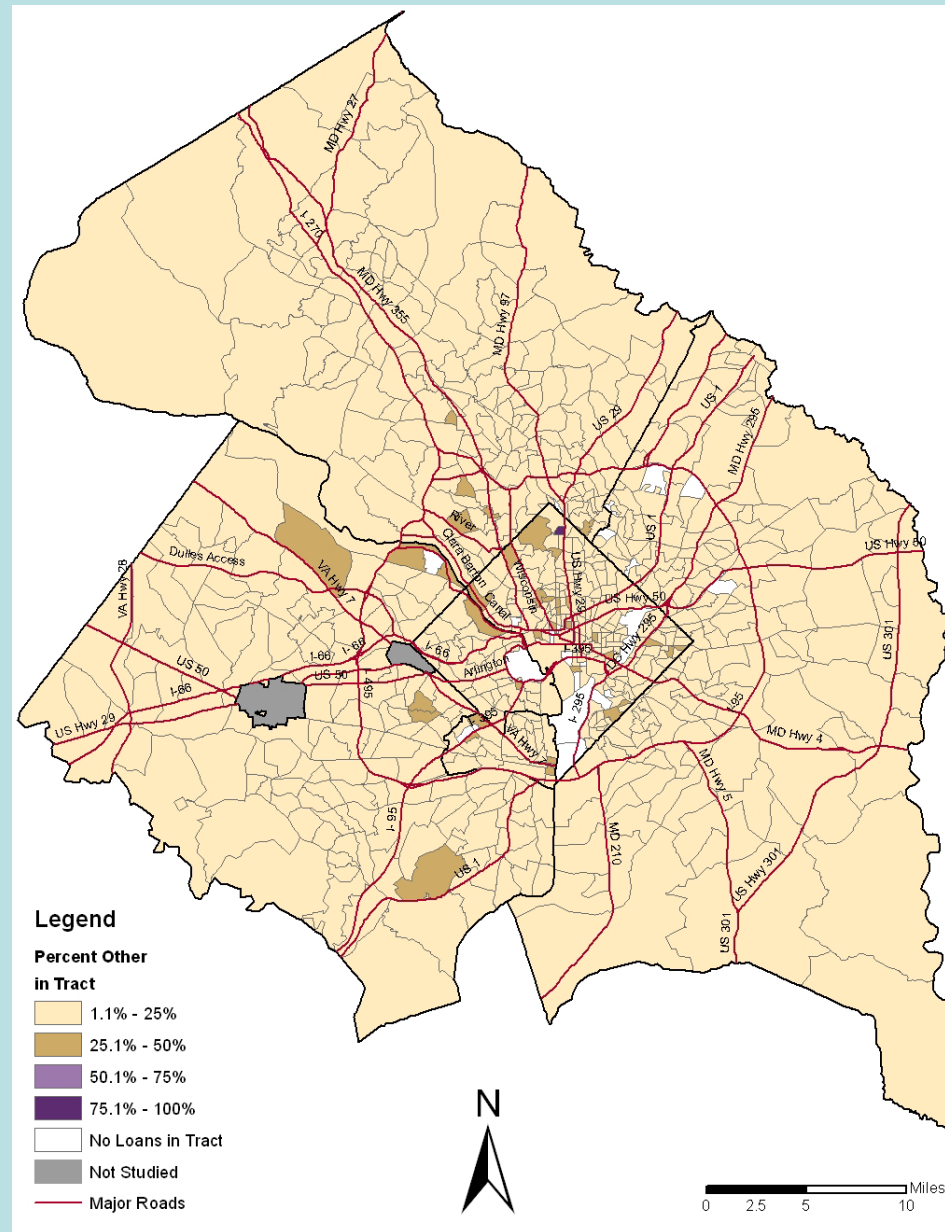
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# Race and Ethnicity

## Percent “Other”

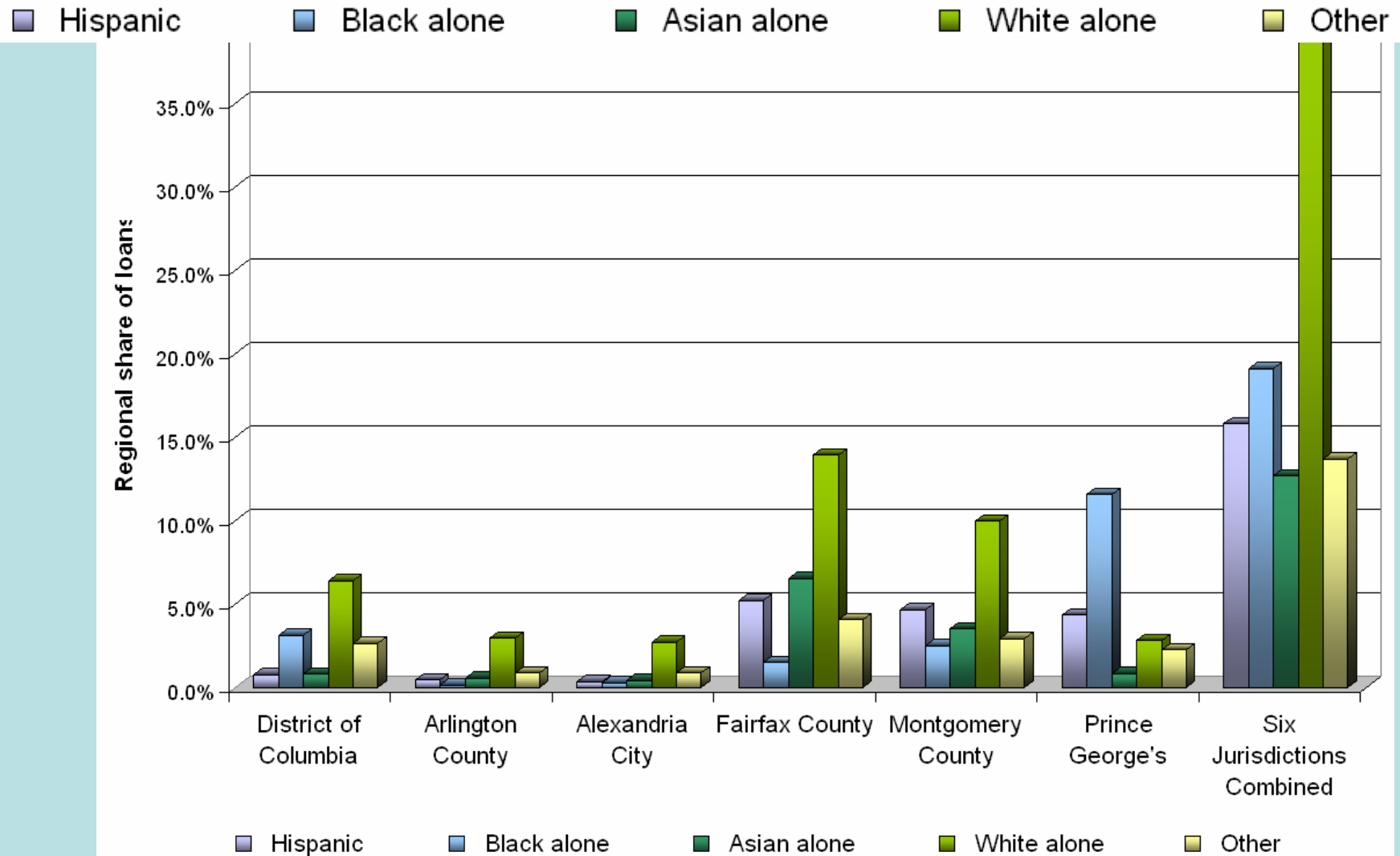
- Other – American Indian, Alaska Native, Native Hawaiian, Other Pacific Islander, not provided (Not Hispanic)



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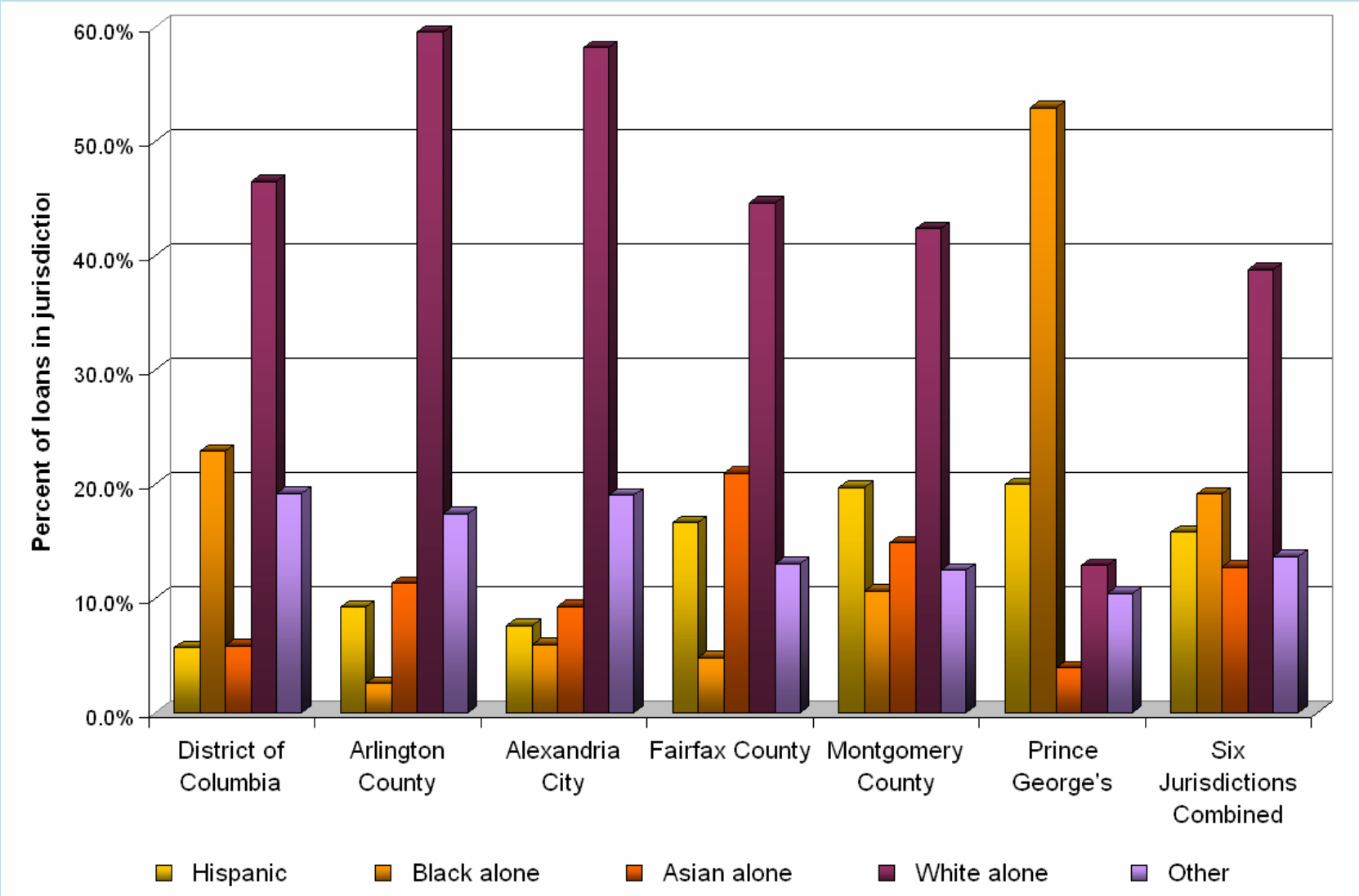
# Borrowers by Race and Ethnicity (Regional Share)



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# Borrowers by Race and Ethnicity (County Shares)



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# Race and Ethnicity Combination

Applicant 1	Co-Applicant	Count	Percent of Total	Applicant 1 Only	Percent of Total	Combination as Percent of Total Race, Ethnicity
Hispanic	Hispanic, No Co-Applicant, NA, Not Provided	13,982	15.3%	14,386	15.8%	97.2%
Black	Black, No Co-Applicant, NA, Not Provided	17,163	18.8%	17,412	19.1%	98.6%
Asian	Asian, No Co-Applicant, NA, Not Provided	11,237	12.3%	11,564	12.7%	97.2%
White	White, No Co-Applicant, NA, Not Provided	34,228	37.6%	35,307	38.7%	96.9%
Other Combination		14,509	15.9%	12,450	13.7%	116.5%
Total		91,119	100.0%	91,119	100.0%	100.0%

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# **Borrowing by Jurisdiction**

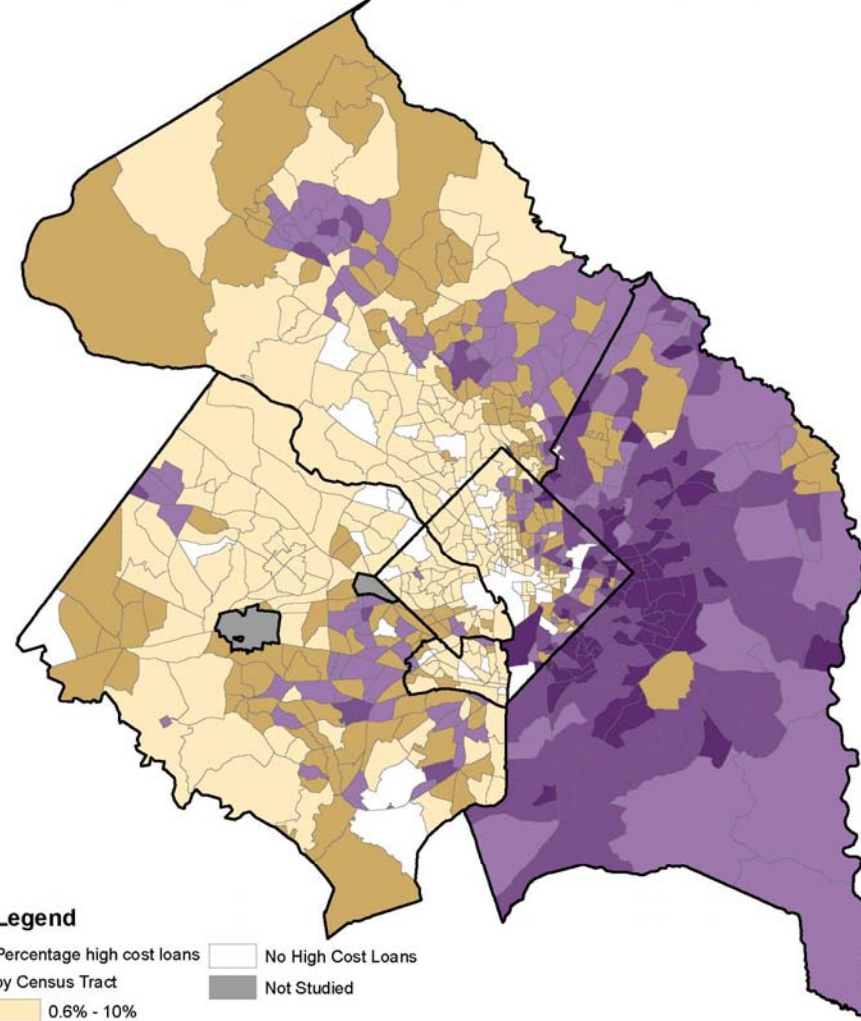
*Where are subprime borrowers?*

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# High Cost First Lien Loans

Percentage of High Cost Loans by Census Tract (2005)



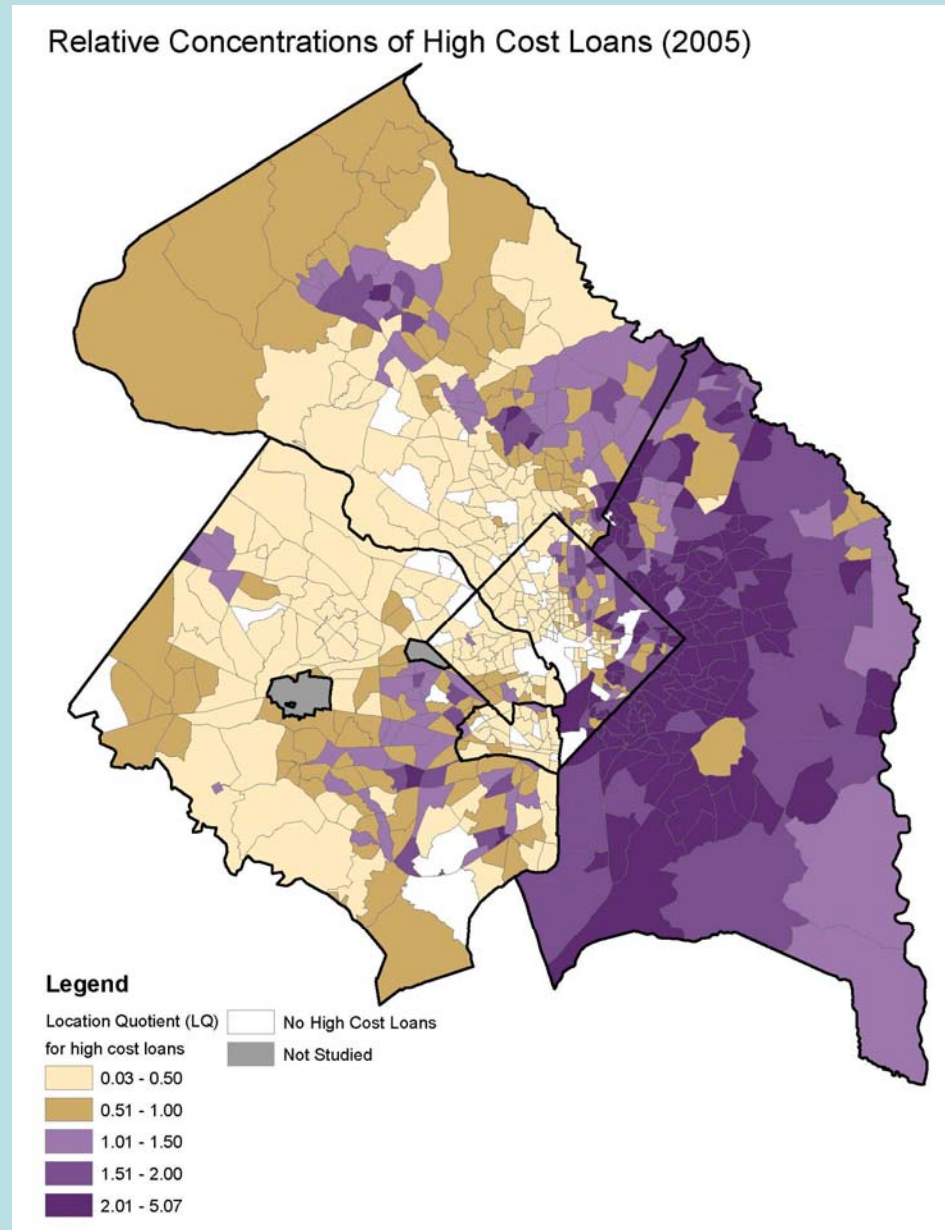
## Legend

Percentage high cost loans by Census Tract	□ No High Cost Loans
□	□ Not Studied
0.6% - 10%	
10.6% - 21.6%	
21.9% - 34.6%	
34.8% - 48.8%	
49.3% - 100%	

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# High Cost First Lien Loans

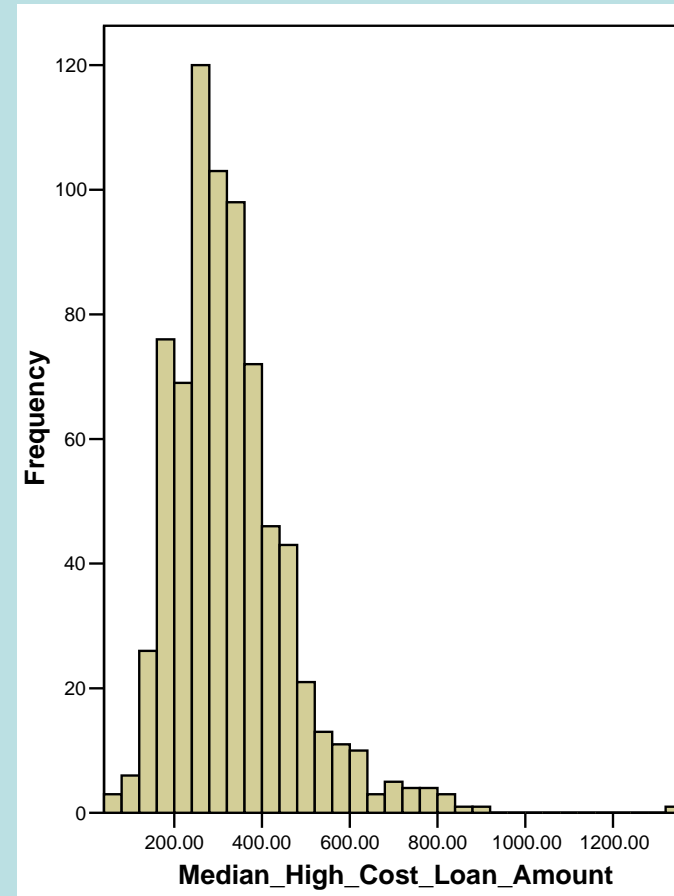
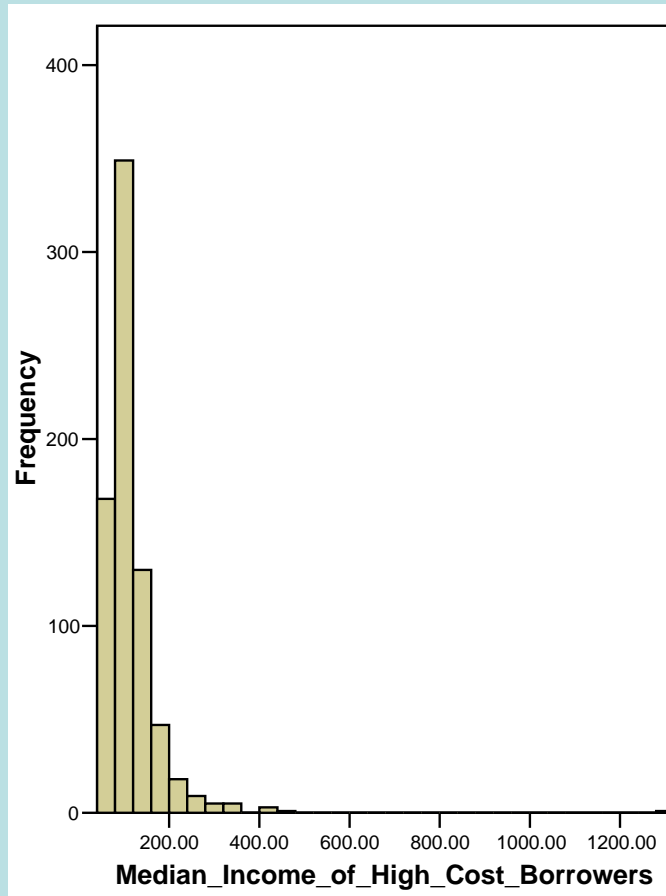


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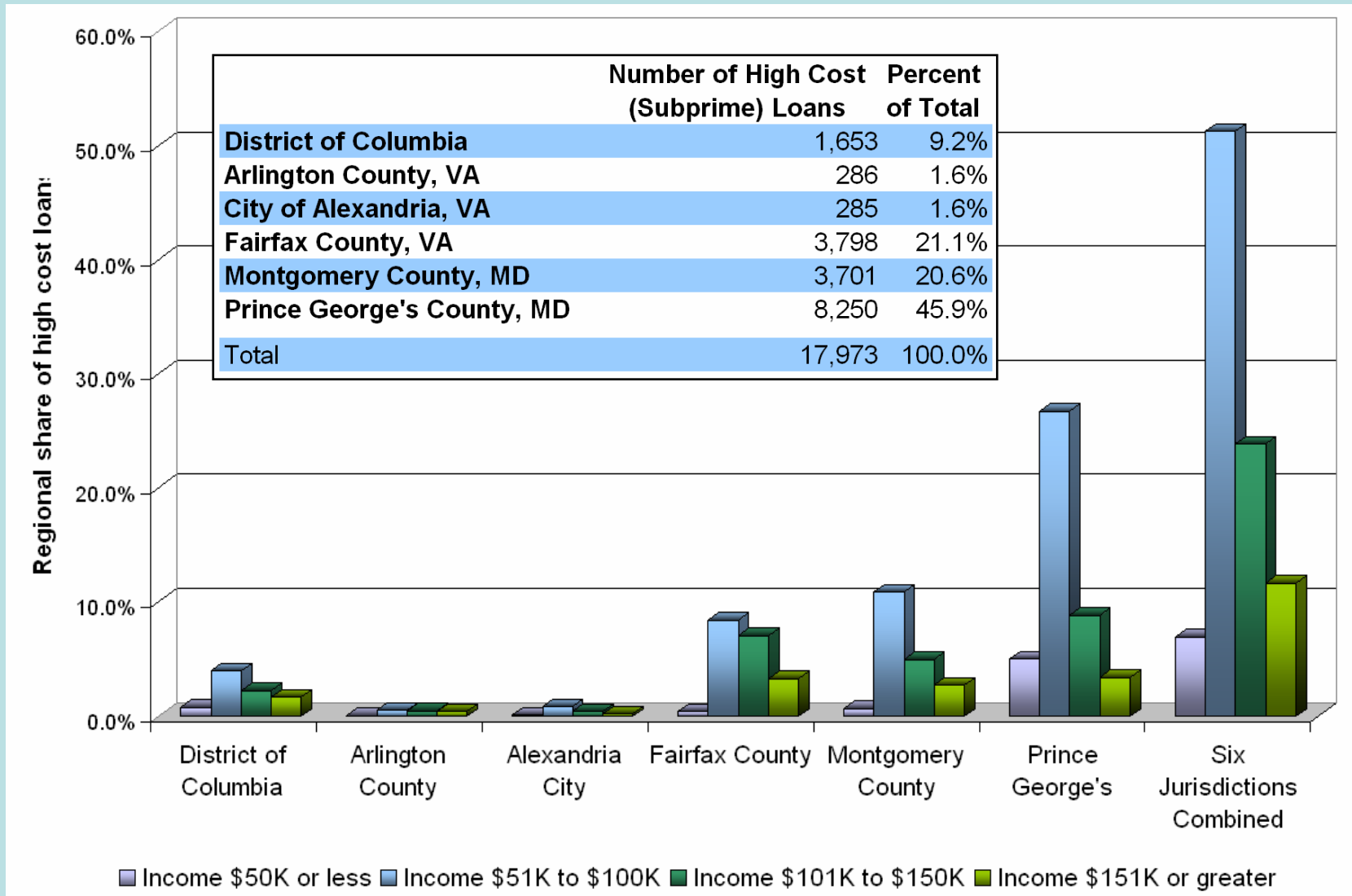
# High Cost (Subprime), Income, and Loan Amount Relationship



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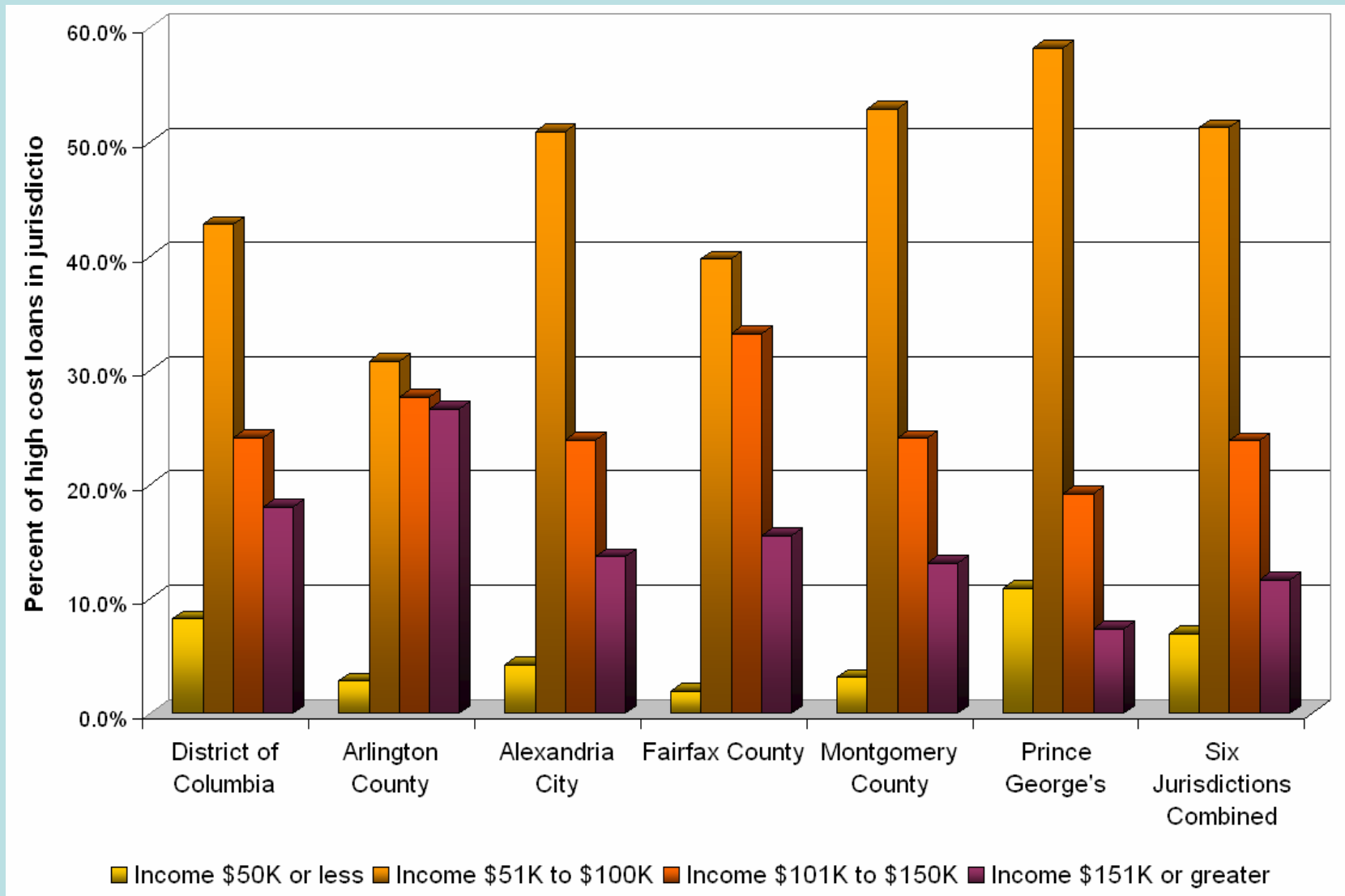
# High Cost First Lien Loans (Regional Share)



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# High Cost First Lien Loans (County Shares)



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# High Cost First Lien Loans (Relative Concentrations)

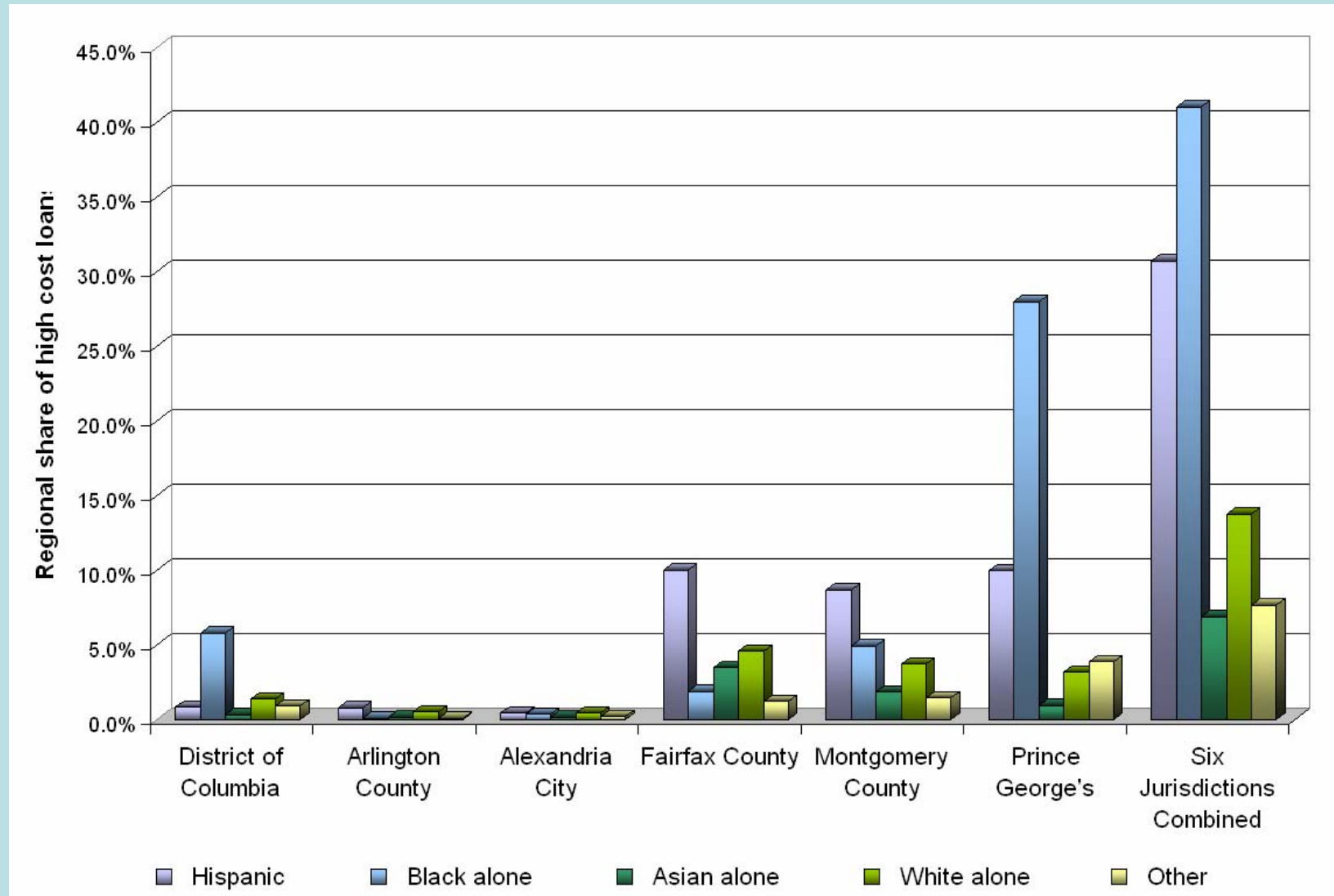
Location Quotient  
High Cost Loans Studied

	<u>District of Columbia</u>	<u>Arlington County</u>	<u>Alexandria City</u>	<u>Fairfax County</u>	<u>Montgomery County</u>	<u>Prince George's</u>
Income \$50K or less	1.19	0.40	0.61	0.27	0.45	1.58
Income \$51K to \$100K	0.84	0.60	0.99	0.78	1.03	1.14
Income \$101K to \$150K	1.01	1.16	1.00	1.39	1.01	0.81
Income \$151K or greater	1.55	2.28	1.17	1.33	1.12	0.63

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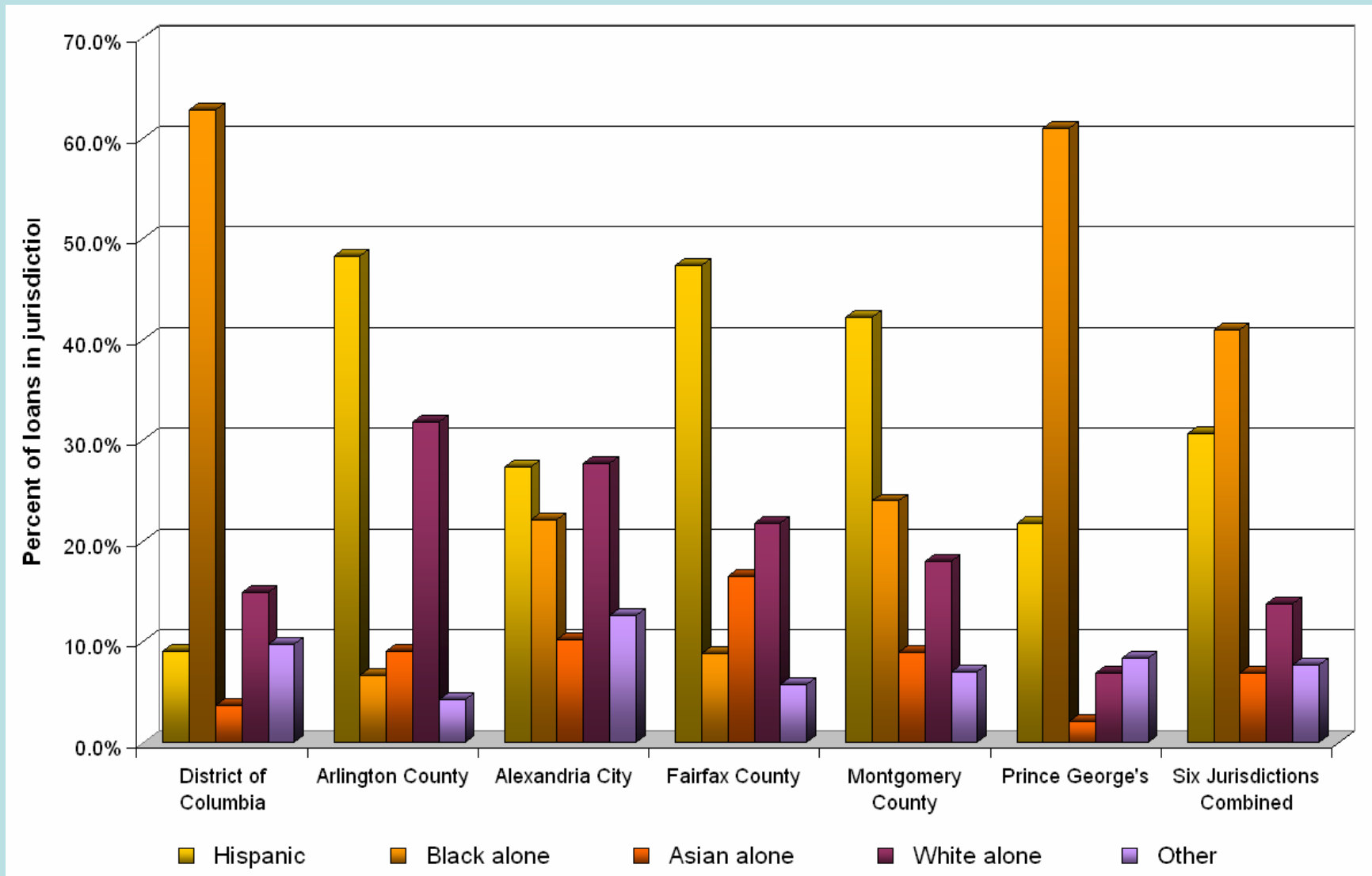
# High Cost First Lien Loans (Regional Share)



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# High Cost First Lien Loans (County Shares)



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## ***Losing Ground: Foreclosures in the Subprime Market and Their Cost to Homeowners***

By the Center for Responsible Lending

- Approximately, one out of five (19 percent) subprime mortgages originated **in the last two years** will end in foreclosure, and go down as the worst foreclosure rate in modern mortgage market history.
- As many as one in eight (13 percent) subprime loans ended in foreclosure within five years of origination even during the recent housing boom.

Source:

<http://www.responsiblelending.org/issues/mortgage/reports/page.jsp?itemID=31214551>

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## ***Trying to Hold Onto Home Metropolitan Money Store Put Their House at Risk, Md. Couple Say***

By [Ovetta Wiggins](#)

Wednesday, October 10, 2007; Page B01

“Maryland's foreclosure ranking jumped from 40th in the nation last year to 18th in June, state officials said. [Prince George's County](#) has the highest percentage of homes in foreclosure in the state, and Fort Washington is one of the hardest-hit communities in the Washington region.”



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[washingtonpost.com](http://washingtonpost.com)

Trying to Hold On George and Jacqueline Prunty fear losing their Prince George's home, which has gone into foreclosure. They are part of a lawsuit against a firm they say siphoned equity from homes.

Photo Credit: By Nikki Kahn -- The Washington Post Photo

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## ***Area Suburbs See Rise in Foreclosures Even Affluent Neighborhoods Feel Effects of Subprime Mortgage Free Fall***

By [Kirstin Downey](#)

Saturday, June 30, 2007; Page A01

**Tommy Rice**, Arlington County's real estate assessor, spotted something troubling on his computer when he returned to work after a three-week vacation early this year: a half-dozen residential property transactions with an unusual code, the numeral 1, which indicates a foreclosure.

Rice was taken aback, because he had seen that code so infrequently in his 22 years as an assessor in the affluent county.



Real estate agent Miguel Martinez peers inside a home in foreclosure in Herndon, an area hit particularly hard by recent home repossessions.

**Photo Credit:** By Ricky Carioti -- The Washington Post  
**Related Article:** [Area Suburbs See Rise in Foreclosures](#), page A01

"It's rare in Arlington and in Northern Virginia, too," he said.

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# **Notable Findings and Concluding Thoughts**

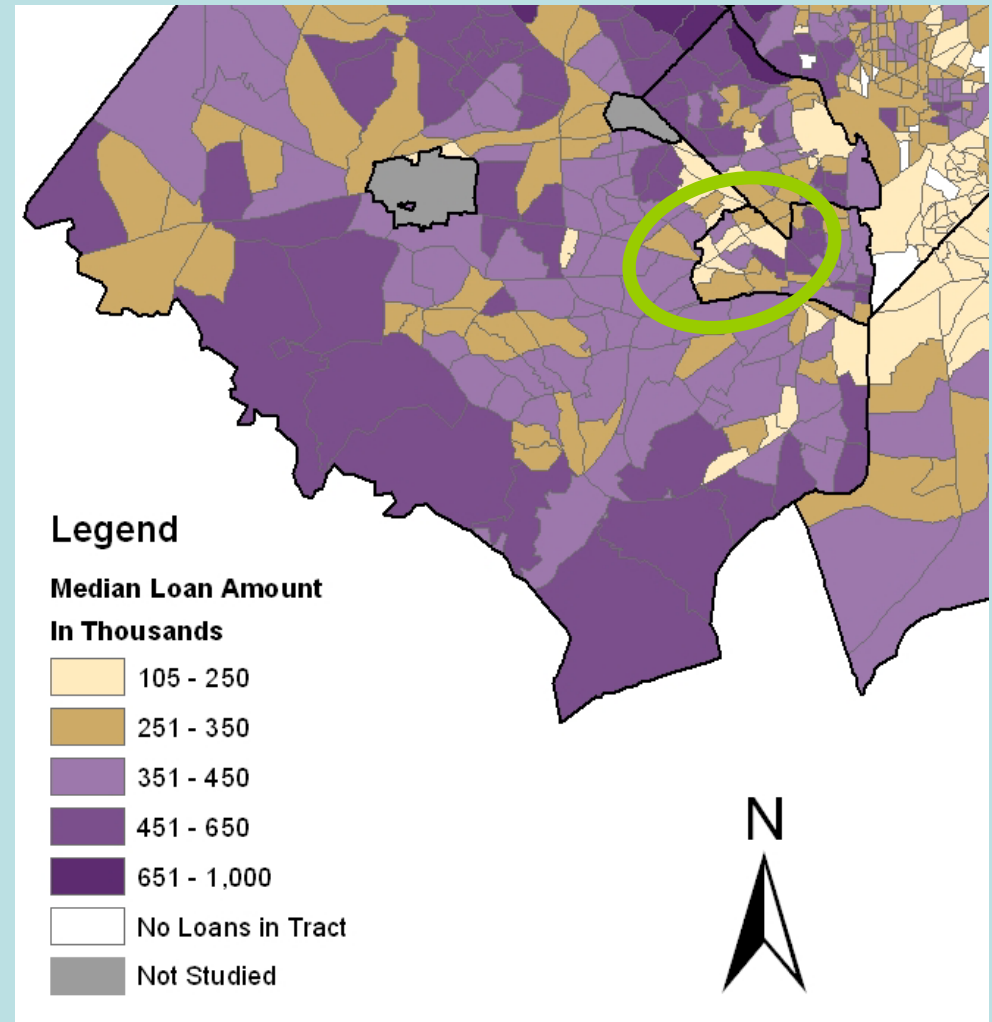
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## Notable Findings

- **Most loans-- 39.3% regionally --belong to applicants making between \$51,000 and \$100,000.**
- **Prince George's County has the largest county share of loans to the above income bracket, 52.8%.**
- **Regionally nearly 20% of all loans are high cost (subprime) loans.**
- **41% of loans issued in Prince George's County are high cost (suprime)—the only county share that exceeds the regional share of 20% for subprime loans.**
- **The largest relative concentration of high cost (subprime) loans to applicants making \$51,000 or less is in Prince George's County.**
- **The polar opposite concentration, of applicants making more than \$151,000, for subprime borrowers is found in Arlington County.**

# Demographic Characteristics Do Not Respect Legal Boundaries

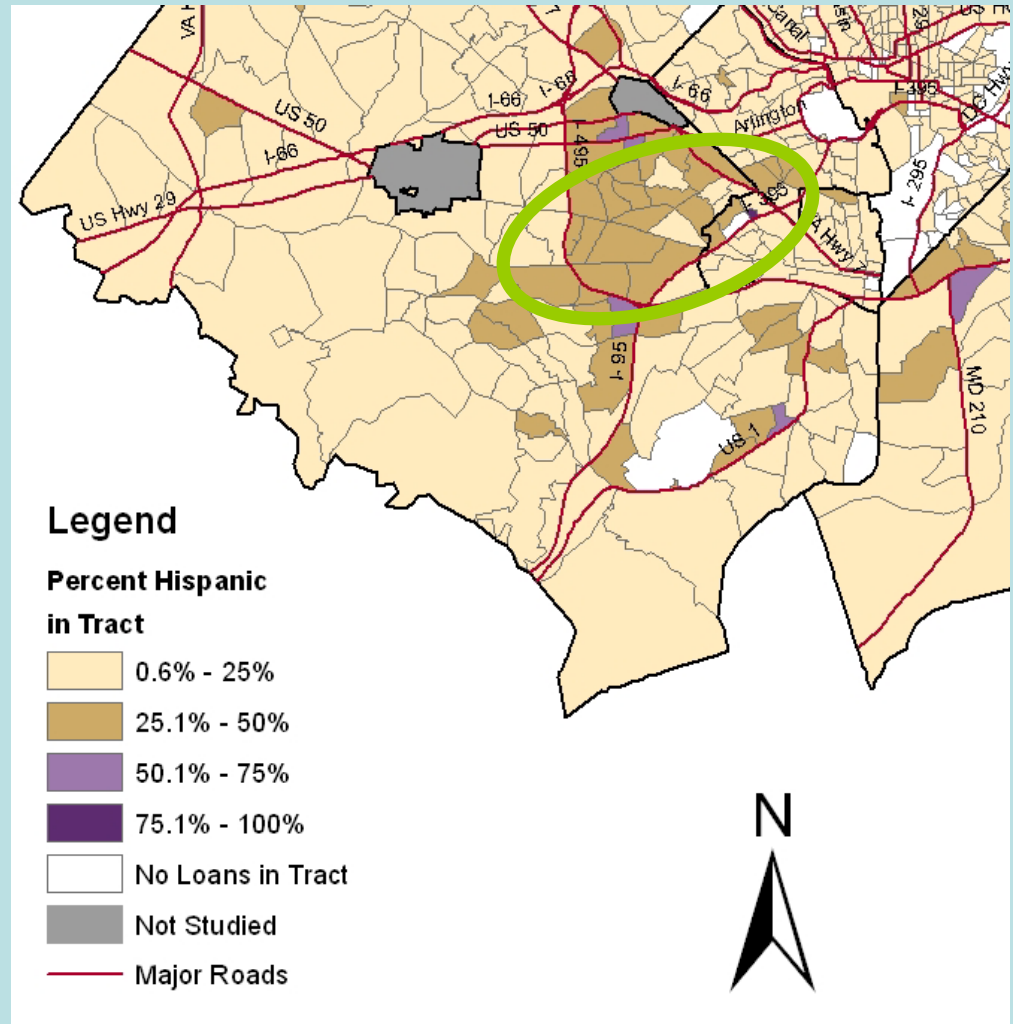


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# The Importance of a Regional Approach

## Demographic Characteristics Do Not Respect Legal Boundaries

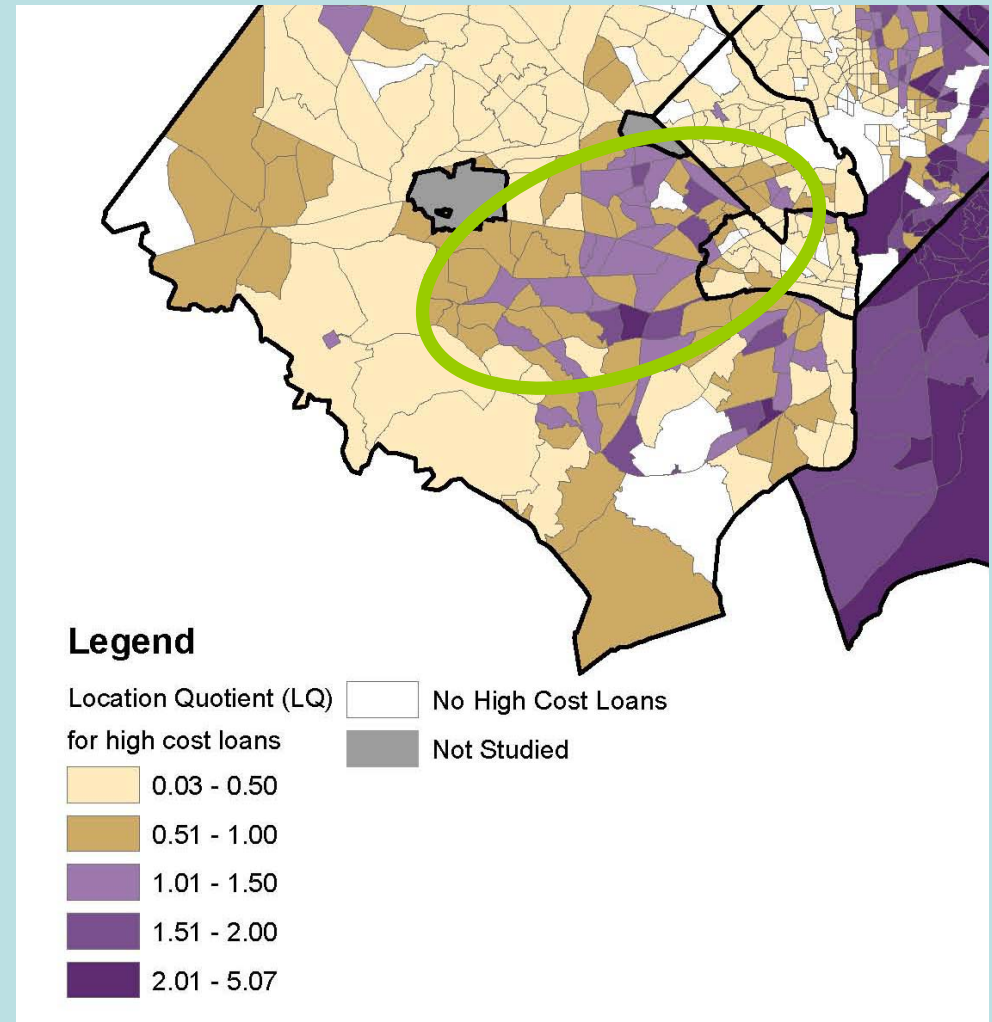


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# Demographic Characteristics Do Not Respect Legal Boundaries

An Important Consideration When Considering Such Policy Issues as Subprime Lending



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## Contact Information

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### **Website:**

**[http://www.arlingtonva.us/Departments/CPHD/Planning/data\\_maps/CPHDPlanningDataandMapsMain.aspx](http://www.arlingtonva.us/Departments/CPHD/Planning/data_maps/CPHDPlanningDataandMapsMain.aspx)**