

Be Part of the Change: Expanding Black Homeownership

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What does HMDA data tell us about lending in the Black Community?

by

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Parameters for Today

01

Data Source:

2004-2020 HMDA Data
from LendingPatterns

02

Focus on originated
loans only, exclude
records with unknown
race

Today's Goals

01

HMDA
overview of
lending in Black
community

02

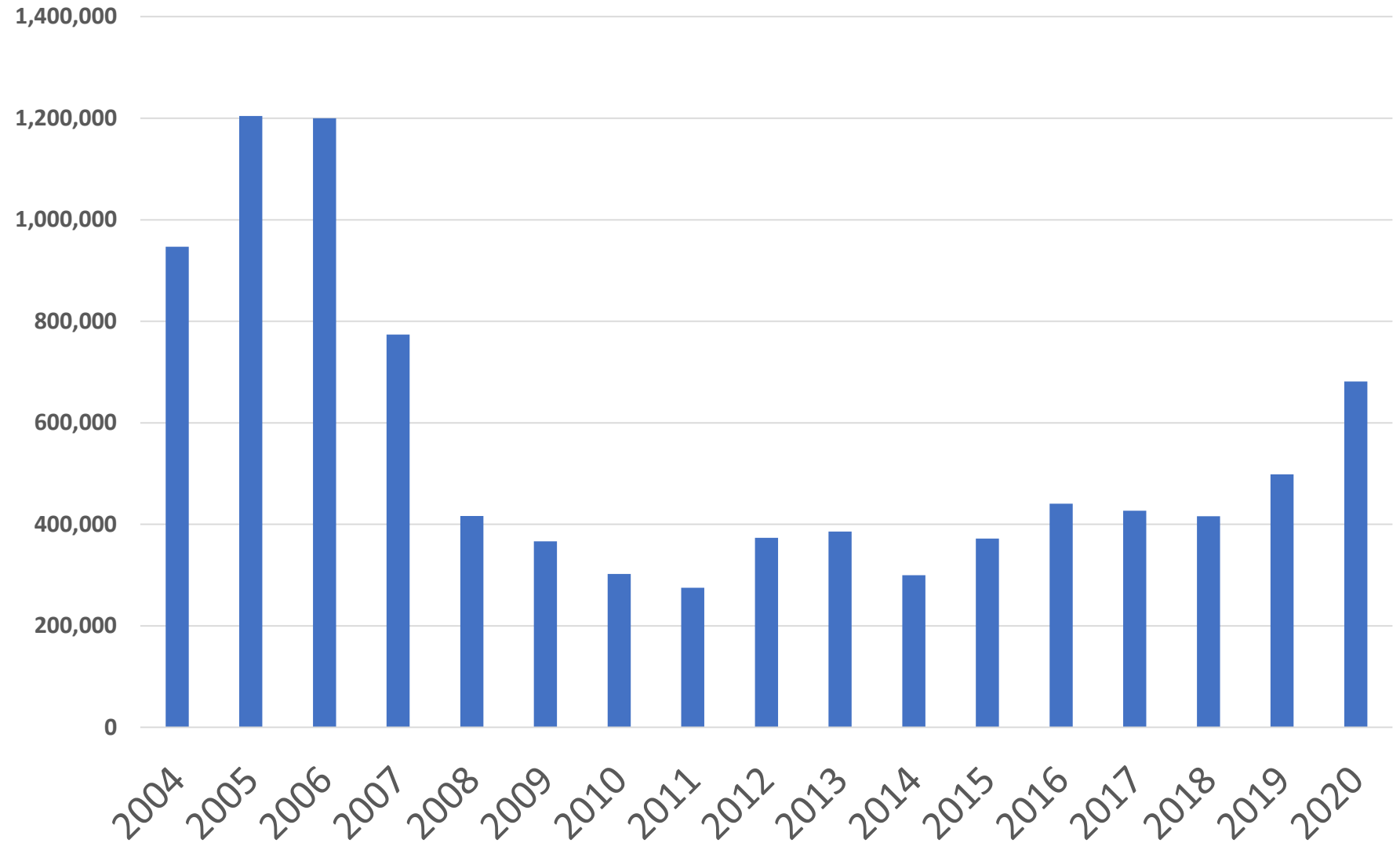
Review loans Black
people get vis-a-vis the
type of loans depository
institutions make

03

Examine loans
purchased by the
GSE's and the
impact on lending
to Black people

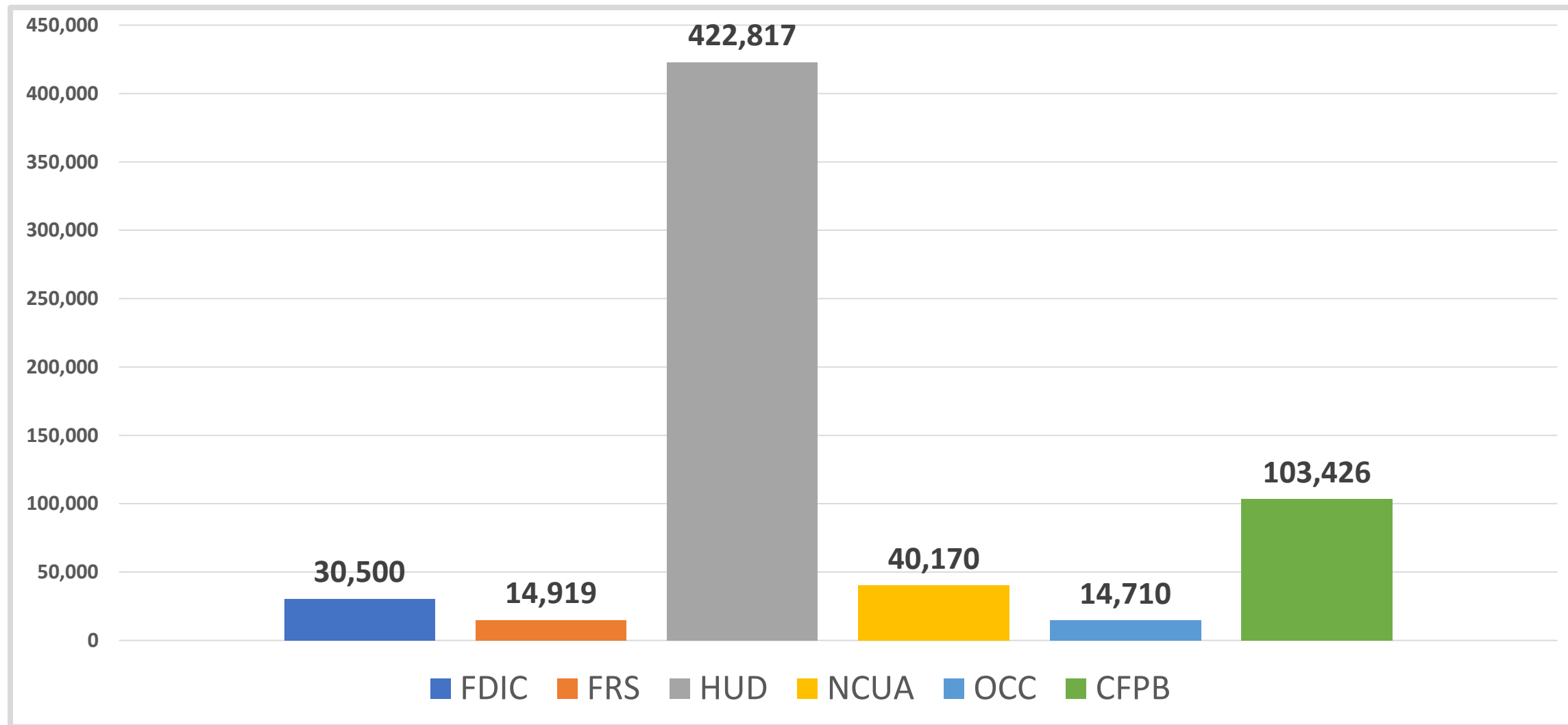
Black Loans Origination Trend -2004-2020

| Year | Originated |
|-------------|------------------|
| 2004 | 946,951 |
| 2005 | 1,204,465 |
| 2006 | 1,200,041 |
| 2007 | 773,810 |
| 2008 | 416,340 |
| 2009 | 366,578 |
| 2010 | 302,228 |
| 2011 | 275,235 |
| 2012 | 373,258 |
| 2013 | 385,566 |
| 2014 | 299,943 |
| 2015 | 372,032 |
| 2016 | 440,769 |
| 2017 | 427,019 |
| 2018 | 415,910 |
| 2019 | 498,640 |
| 2020 | 681,458 |
| | 9,380,243 |



In 2020 681,458 Black loans were originated, the highest # since 2007

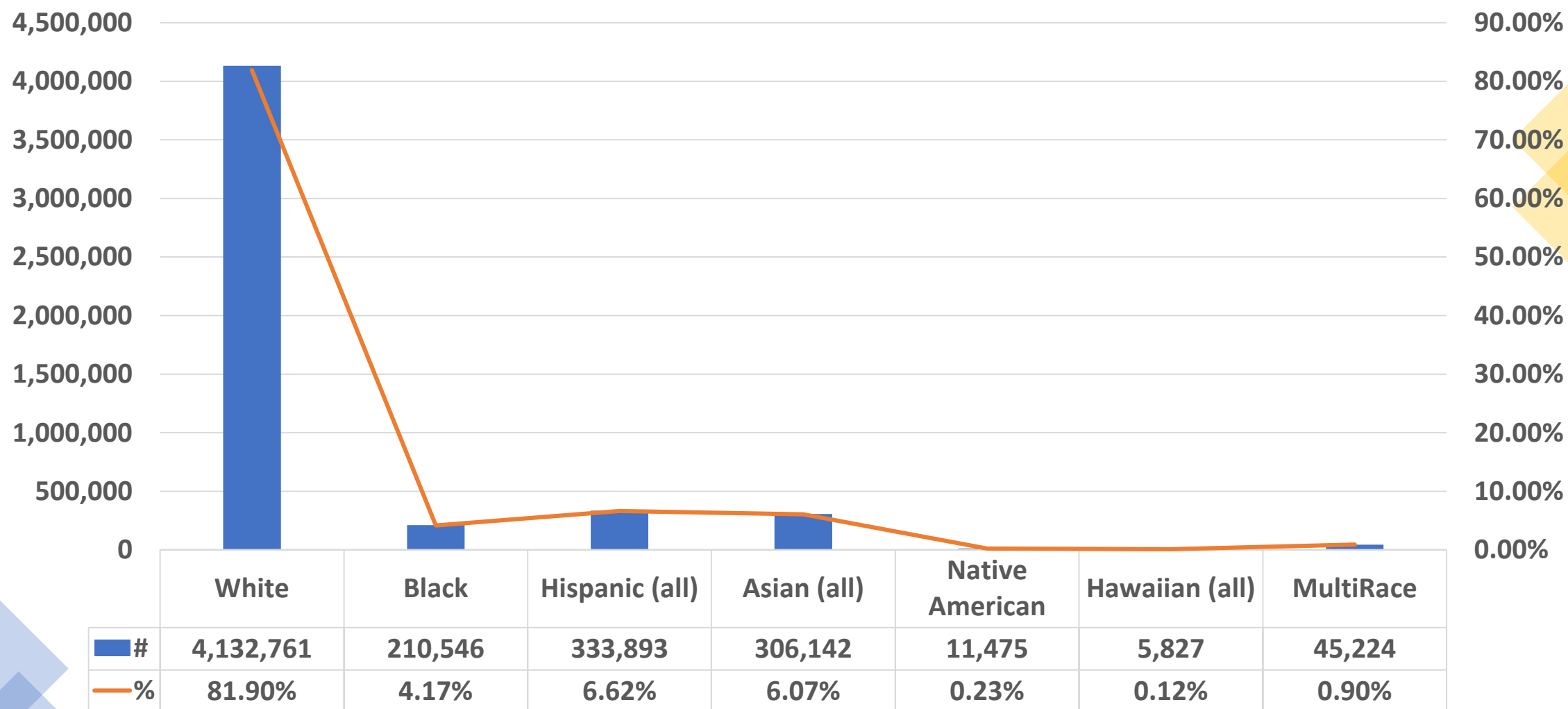
Black Loans by Type of Lender 2020



HUD lenders accounted for more than 52% of all Black loans in 2020

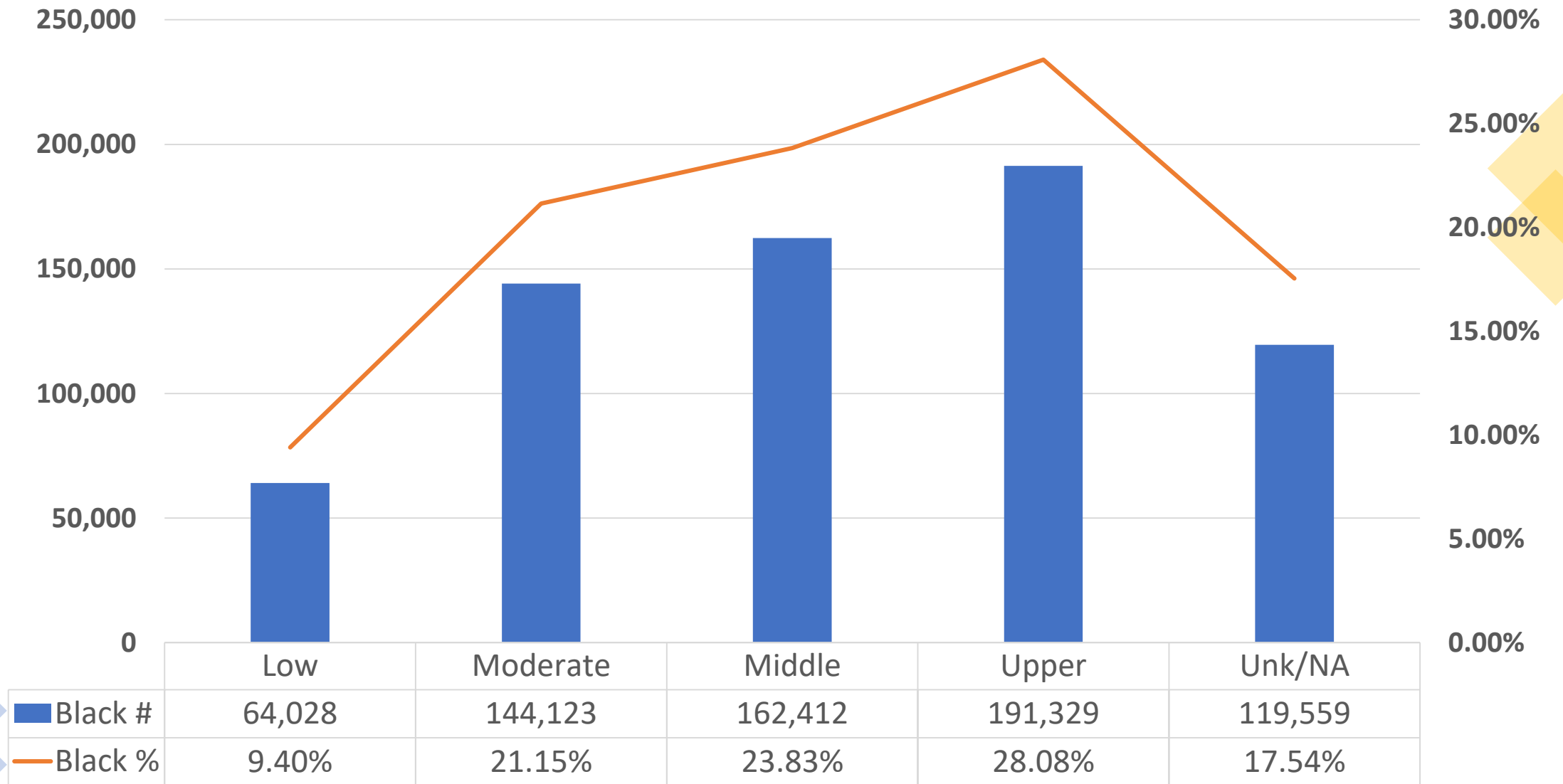
HUD lenders originated 5,616,959 loans of which 404,611 or 7.20% were Black

Depository Institution Loan Originations by Race/ Ethnicity 2020



Depository Institutions originated 5,045,868 loans of which only 210,546 or 4.17% were Black

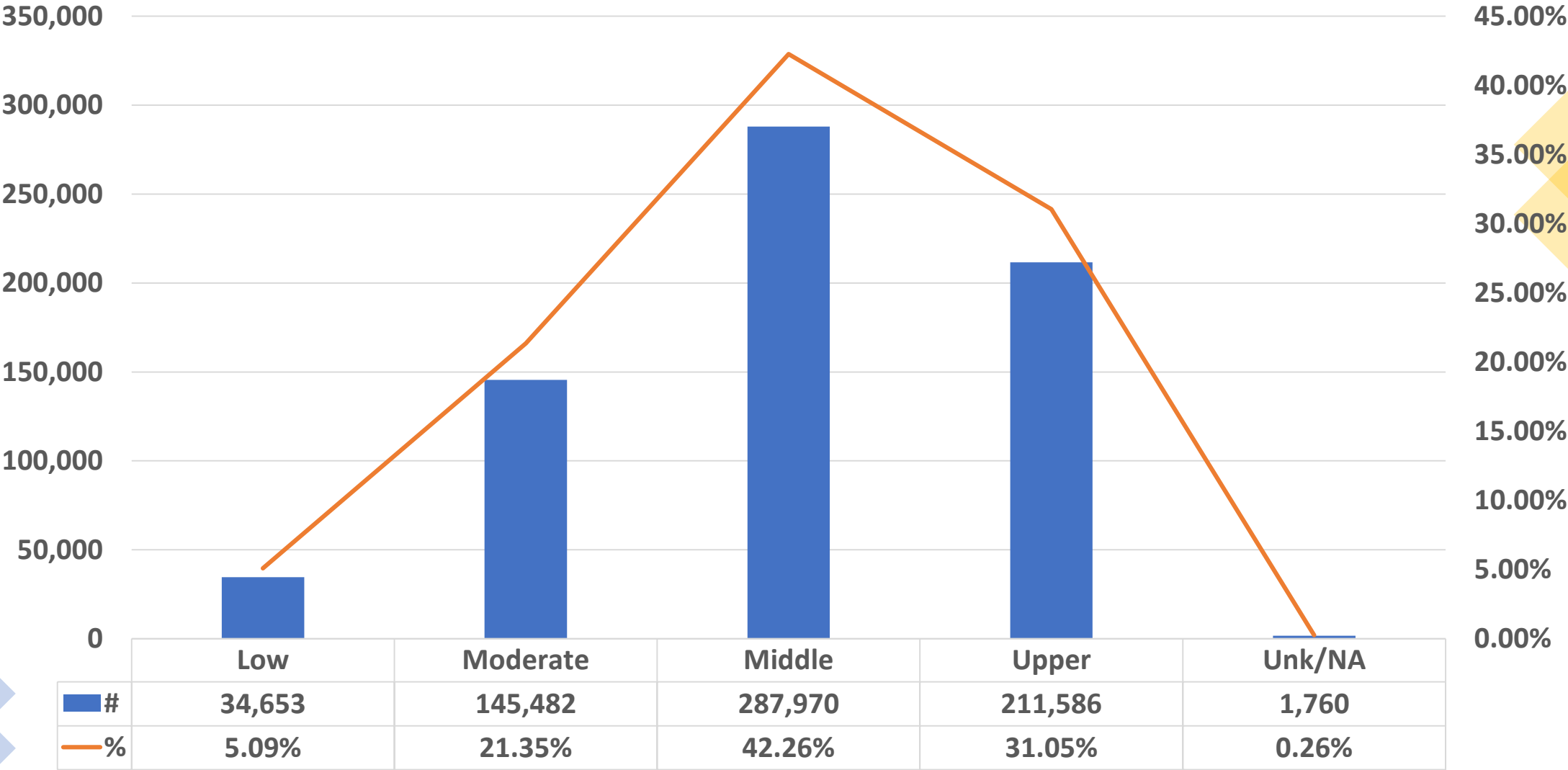
Black Loans by Borrower Income 2020



LMI borrowers 30.55%

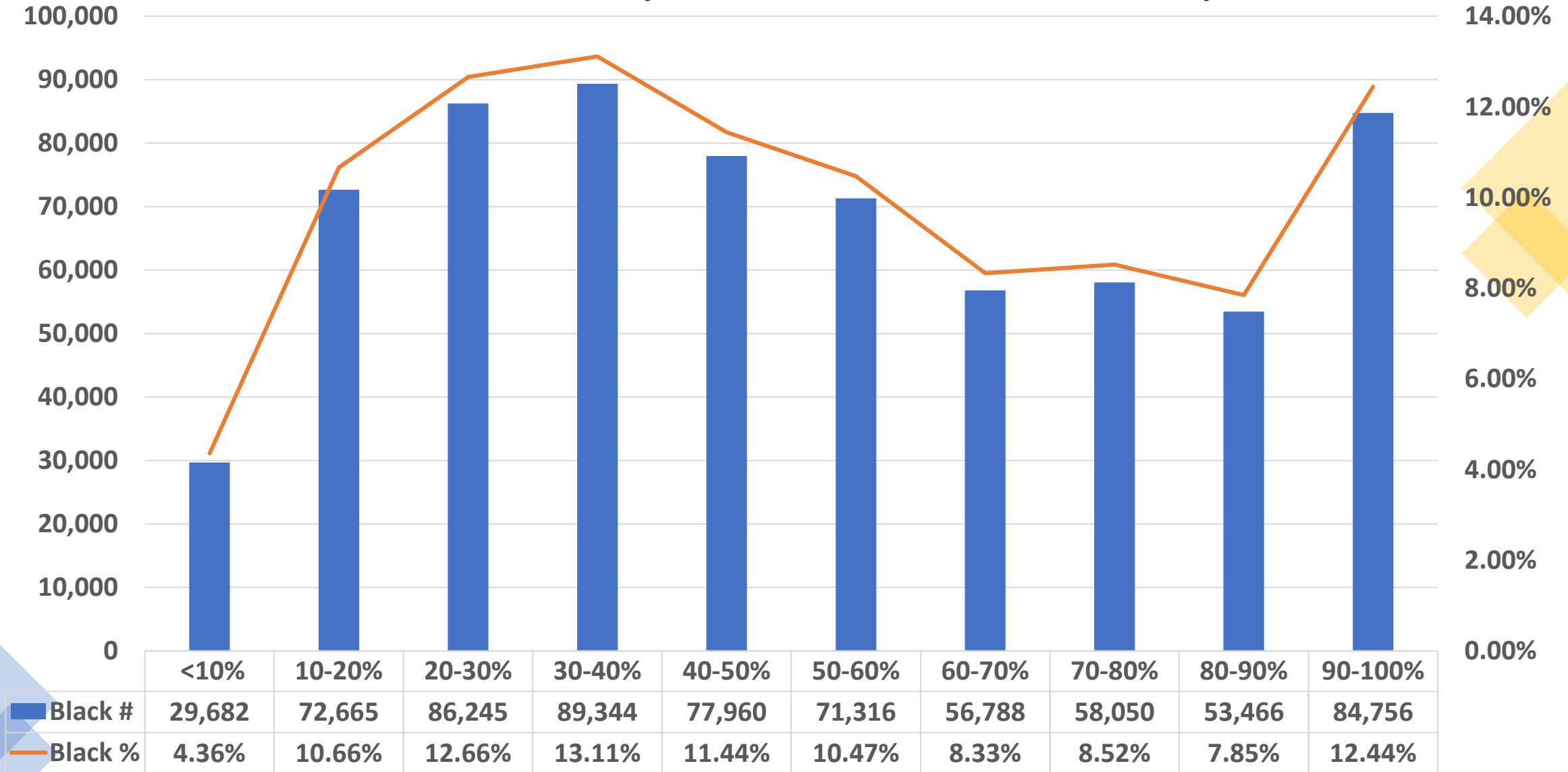
MUI borrower >52%

Black Loans by Census Tract Income 2020



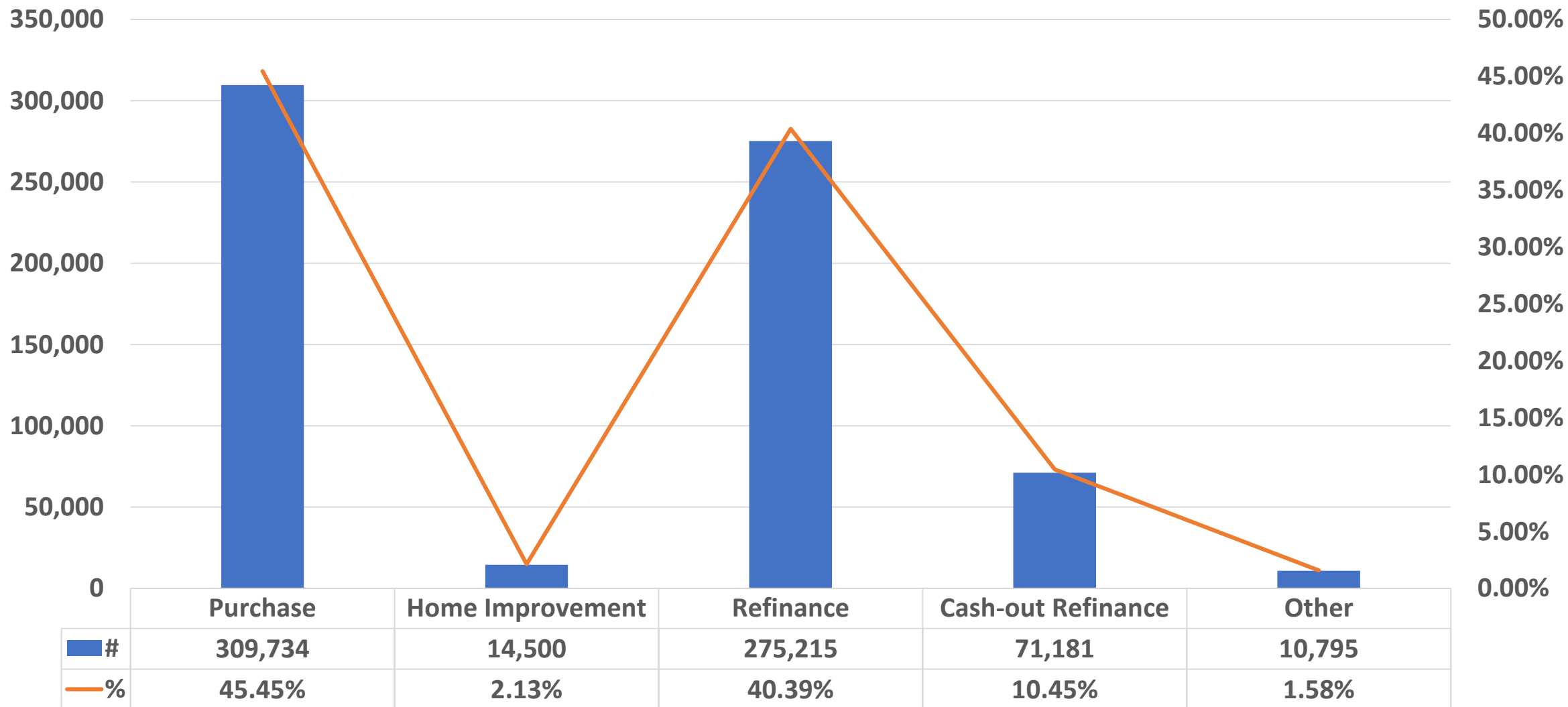
73% of Black loans MUI and 26.44% in LMI census tracts

Black Loans by Census Tract % Minority



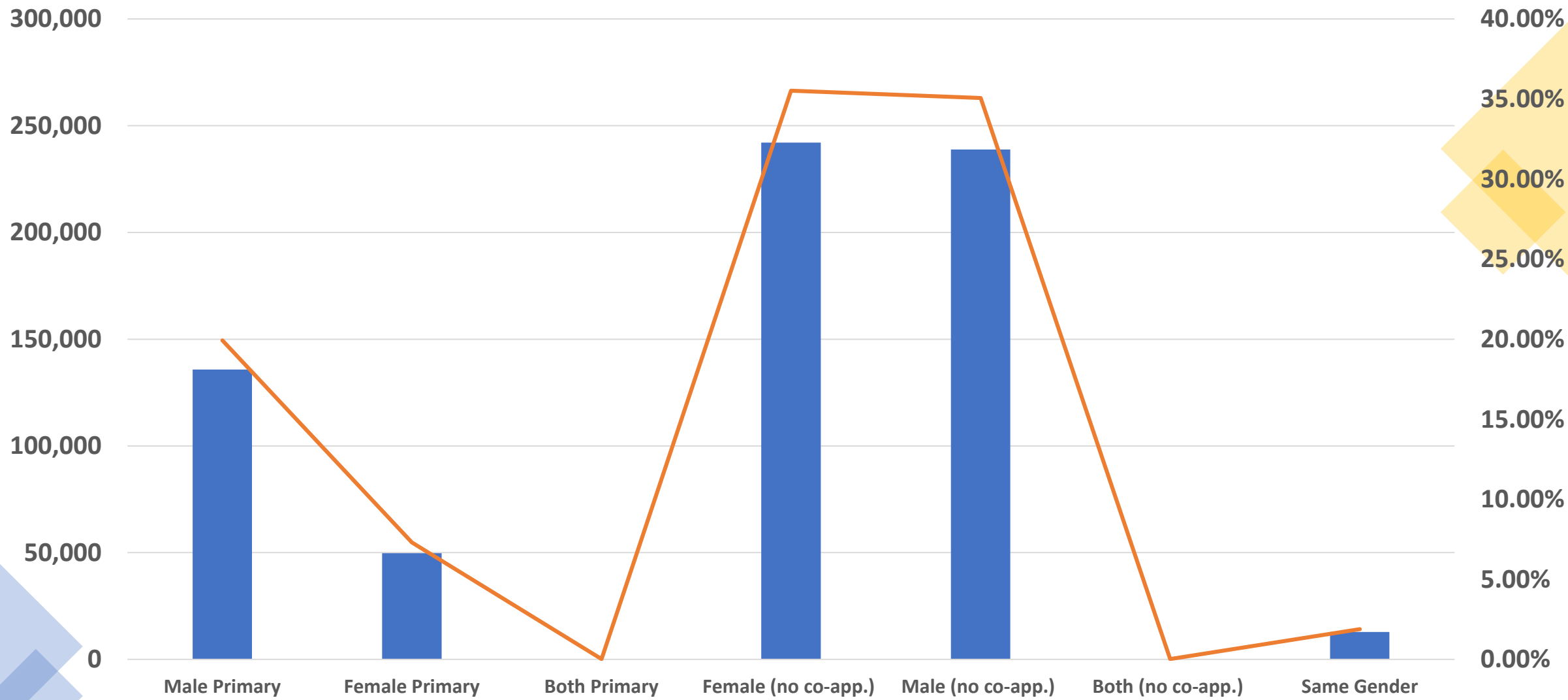
More the 58% of Black loans are in census tracts 10% to 60% minority

Black Loans by Loan Purpose 2020



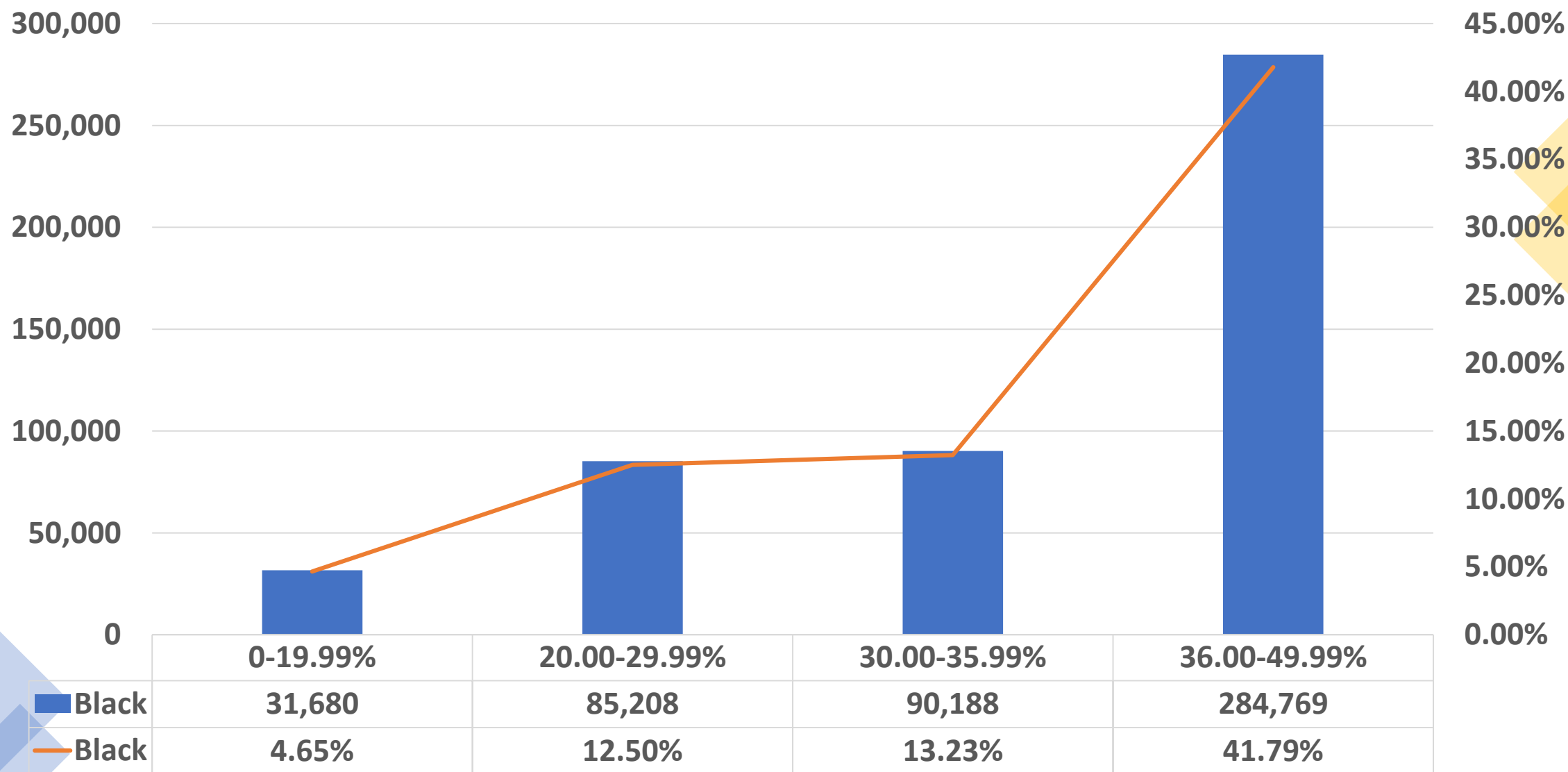
Loan purpose 50/50 purchase – refinance (refi borrowers already owned a home)

Gender Make-Up of Black Loans



Females and Males (no co-app) make up > 71% of black borrowers

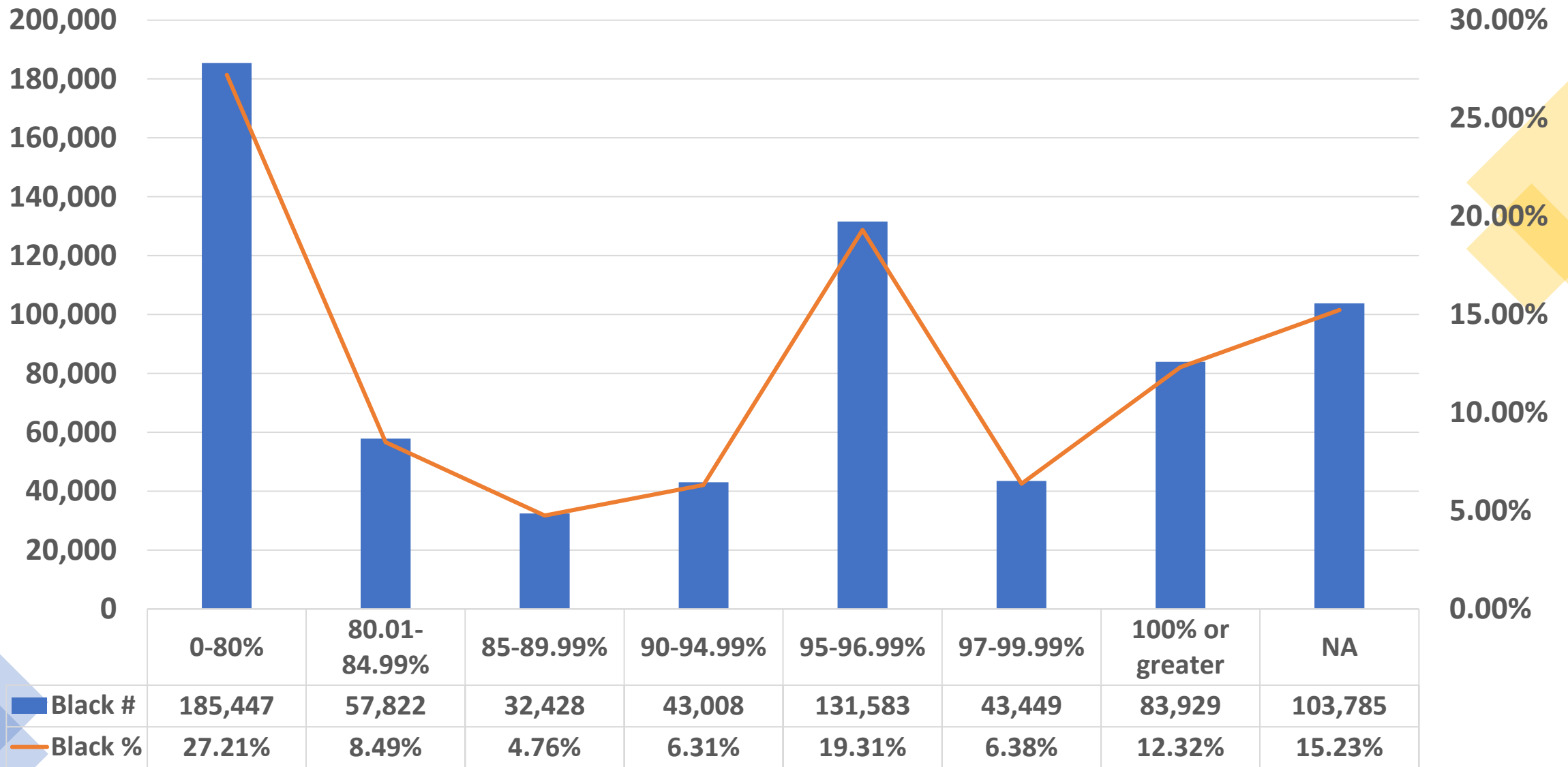
Black Loans by Debt-to-Income Ratio 2020



58.2% of Black DTI < 36%

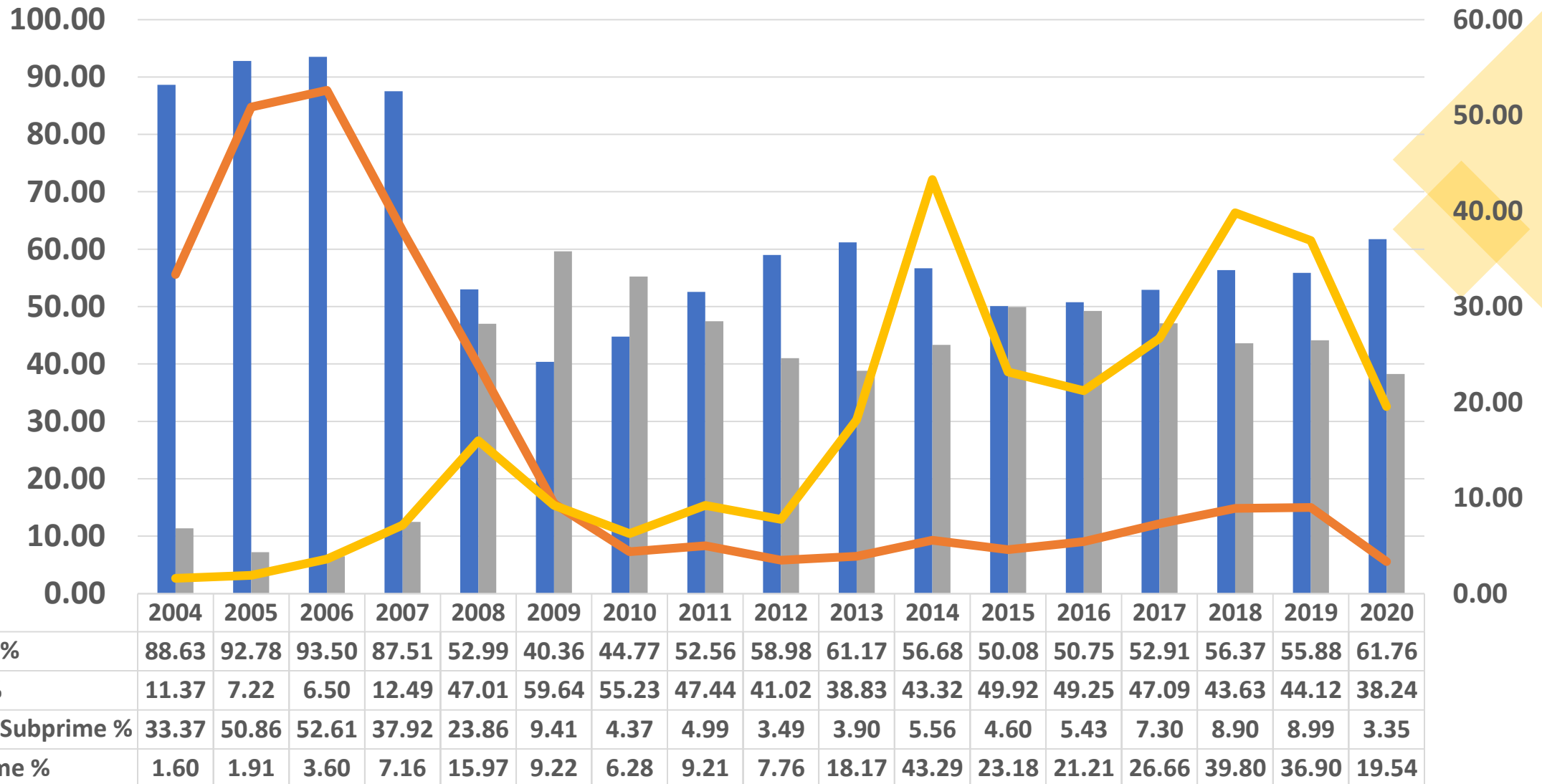
41.79% (36%-49%) DTI category

Black Combined Loan to Value 2020

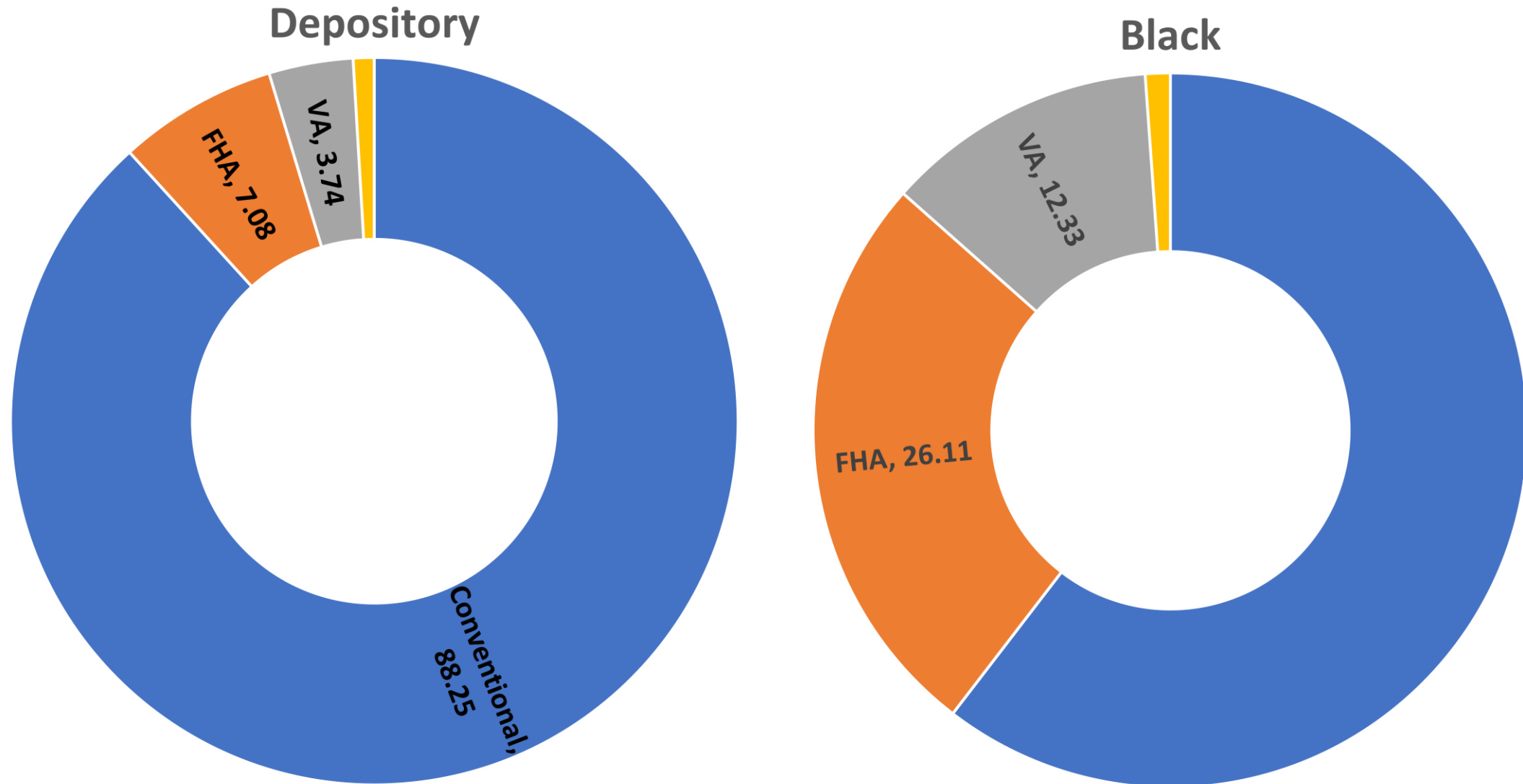


27.21% Black loans CLTV < 80% / 58% > 80% (Downpayment assistance is needed)

Black Conventional - FHA Loans 2004-2020



Average Black Loan Types 2004-2020



Black loan type differences has big impact on GSE's

Loans Sold to GSE's by Depository Institutions

Race/Ethnicity 2004-2020

| Race | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Average |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| White Share | 81.62 | 81.38 | 79.67 | 77.90 | 81.09 | 85.04 | 85.29 | 84.40 | 84.05 | 82.80 | 81.66 | 81.97 | 81.35 | 80.57 | 80.04 | 80.57 | 82.63 | 81.88 |
| Black Share | 4.54 | 4.76 | 5.75 | 6.85 | 4.33 | 3.22 | 2.12 | 2.59 | 2.71 | 3.30 | 3.63 | 3.20 | 3.14 | 3.68 | 4.03 | 3.92 | 3.16 | 3.82 |
| Hispanic Share | 7.86 | 8.40 | 9.15 | 10.07 | 7.61 | 5.04 | 4.00 | 4.78 | 5.13 | 6.20 | 7.47 | 7.25 | 7.50 | 8.13 | 9.01 | 8.85 | 6.99 | 7.26 |
| Asian Share | 5.27 | 4.78 | 4.76 | 4.51 | 6.37 | 6.18 | 8.14 | 7.77 | 7.66 | 7.20 | 6.72 | 7.11 | 7.52 | 7.12 | 6.55 | 6.34 | 6.94 | 6.53 |
| Hawaiian Share | 0.40 | 0.40 | 0.38 | 0.39 | 0.35 | 0.30 | 0.26 | 0.26 | 0.25 | 0.28 | 0.28 | 0.26 | 0.28 | 0.27 | 0.16 | 0.13 | 0.10 | 0.28 |
| Native Amer. Share | 0.31 | 0.28 | 0.28 | 0.27 | 0.25 | 0.23 | 0.19 | 0.21 | 0.19 | 0.22 | 0.23 | 0.22 | 0.22 | 0.24 | 0.20 | 0.19 | 0.18 | 0.23 |

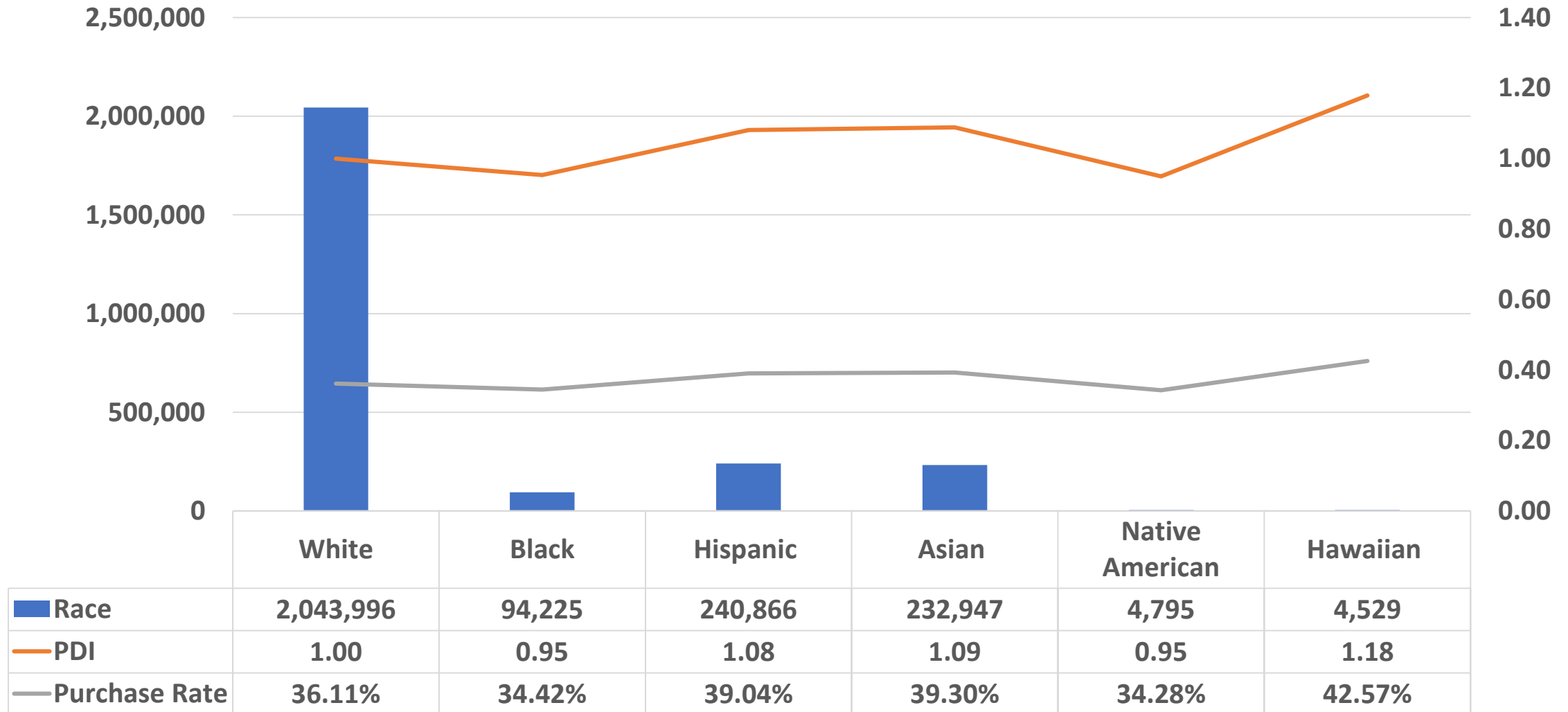
17-year average % of Black Loans sold to GSE's = 3.82%

Loans Sold to GSE's by HUD Lenders by Race/Ethnicity 2004-2020

| Race | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Average |
|--------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|
| White Share | 84.8 | 83.4 | 81.3 | 80.9 | 82.9 | 84.2 | 81.3 | 80 | 79.9 | 79 | 77.7 | 78.1 | 77 | 75.9 | 75.4 | 75.3 | 75.6 | 79.57 |
| Black Share | 5.4 | 6.14 | 7.05 | 6.85 | 4.89 | 2.03 | 1.81 | 1.94 | 2.5 | 3.66 | 3.89 | 3.64 | 3.73 | 4.78 | 5.2 | 4.45 | 3.83 | 4.22 |
| Hispanic Share | 4.53 | 6.07 | 6.51 | 7.09 | 6.6 | 4.42 | 4.09 | 4.4 | 5.04 | 6.95 | 8.69 | 8.33 | 8.69 | 9.88 | 10.7 | 10.3 | 9.51 | 7.16 |
| Asian Share | 4.45 | 3.67 | 4.45 | 4.58 | 5.11 | 8.89 | 12.3 | 13.2 | 12 | 9.73 | 9.02 | 9.23 | 9.87 | 8.68 | 8.16 | 9.53 | 10.7 | 8.45 |
| Hawaiian Share | 0.42 | 0.4 | 0.38 | 0.31 | 0.27 | 0.25 | 0.28 | 0.29 | 0.34 | 0.39 | 0.4 | 0.4 | 0.41 | 0.42 | 0.26 | 0.23 | 0.21 | 0.33 |
| Native Amer. Share | 0.36 | 0.33 | 0.36 | 0.29 | 0.21 | 0.19 | 0.2 | 0.21 | 0.22 | 0.28 | 0.33 | 0.34 | 0.28 | 0.32 | 0.27 | 0.22 | 0.19 | 0.27 |

HUD 17-year average % of Black Loans sold to GSE's = 4.22%

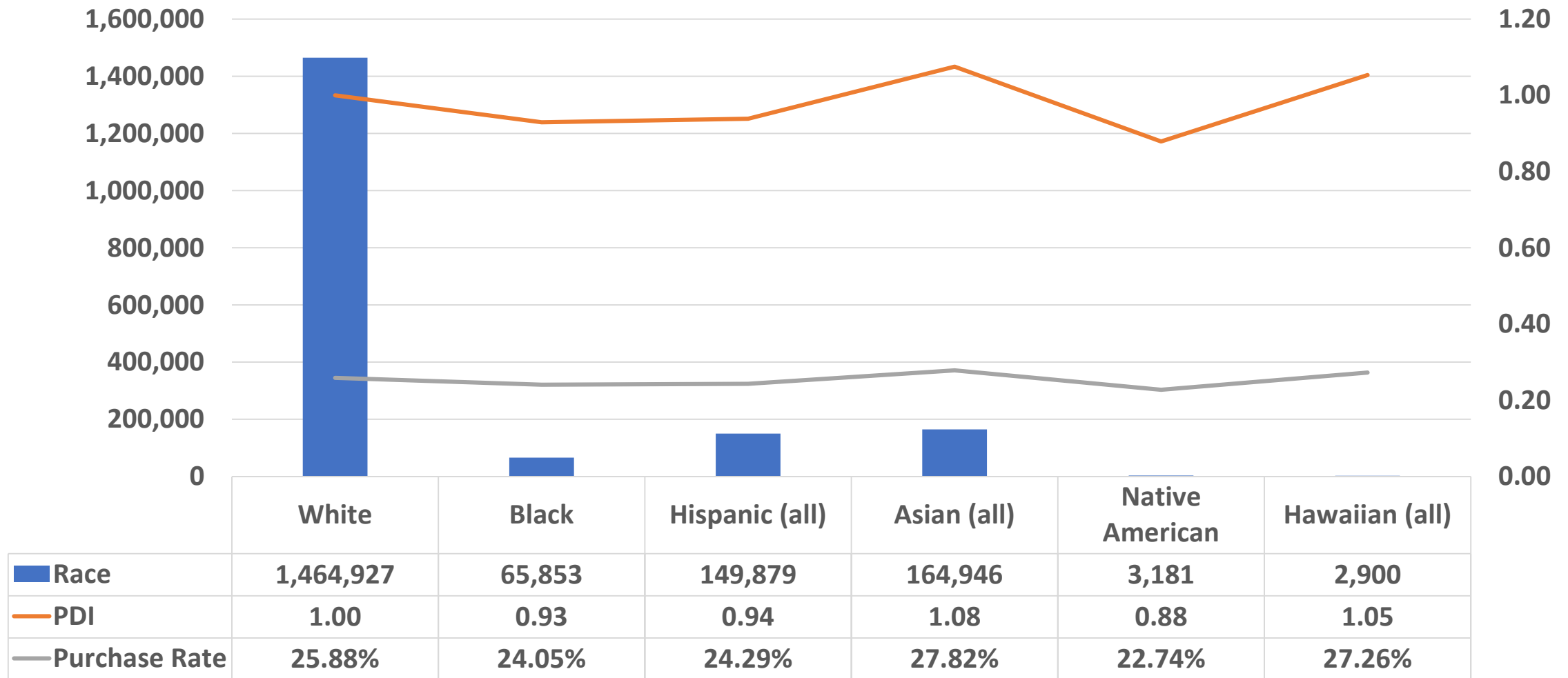
Fannie Mae 2020 Purchase Disparity Index



The GSE's purchase black loans close to the rate they are originated

*Industry = Conventional Conforming 1st lien, Home Purchase and Refi, Owner-Occupied, 1-4 family

Freddie Mac 2020 Purchase Disparity Index



The GSE's purchase black loans close to the rate they are originated

*Industry = Conventional Conforming 1st lien, Home Purchase and Refi, Owner-Occupied, 1-4 family

Findings from Today's HMDA Data Review

- The GSE's purchase black loans close to the rate they are originated after controlling for the type loans the GSE's are designed to purchase*
- The problem: the industry make very few Black loans of the type the GSE's buy
- Black loans are disproportionately government backed or insured and/or subprime which cost more than conventional loans
- Blacks pay more for mortgage credit
- There is a dual mortgage market, one White, one Black, separate and uneven – How do we change it?

How can your bank can be a catalyst for change?

1

Why Change?

Business Imperative
Legal Imperative
Moral Imperative

2

Submit HMDA data;
but analyze it for its
intrinsic and strategic
information about
your lending patterns
and your peers

3

Help the GSE's
help you serve
the credit needs
of black people

4

Increase
Diversity of
your workforce

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