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# **DELAWARE VALLEY DATA**

## **HOME MORTGAGE DISCLOSURE ACT**

**DATA REFERENCE GUIDE NO. 6**



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MAY 1998

DELAWARE VALLEY REGIONAL PLANNING COMMISSION

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### **BACKGROUND**

The Community Reinvestment Act holds that federally regulated financial institutions "have a continuing and affirmative obligation to help meet the credit needs of the local communities in which they are chartered." Historically, it has been alleged that some lending institutions outlined the boundaries of certain neighborhoods on maps in red ink, delineating areas within which they would not lend. The Community Reinvestment Act was passed by Congress in 1977, in part, to prevent the practice of "redlining" by encouraging deposit-taking lenders to make more loans in the neighborhoods from which their deposits originate.

Enacted by Congress in 1975, the Home Mortgage Disclosure Act (HMDA) requires lending institutions to make annual public disclosures of their home mortgage and home improvement lending activities. This information is collected and disseminated annually by the Federal Financial Institutions Examination Council (FFIEC), an agency of the Federal Reserve System, in both electronic (CD-ROM) and print formats. The Delaware Valley Regional Planning Commission (DVRPC) is the central depository for HMDA data in the Greater Philadelphia region which includes the counties of Bucks, Chester, Delaware, Montgomery and Philadelphia in Pennsylvania and Burlington, Camden, Gloucester and Salem in New Jersey. Mercer County is the official depository for HMDA data in the Trenton metropolitan area.

The HMDA data describes aggregate lending activities at the regional level for every metropolitan area in the country. The data set also reports annual loan activity at the census tract level for every lending institution in the region. While the HMDA CD-ROM contains a large amount of data, its format does not allow users to easily extract or manipulate data about lending in individual census tracts, neighborhoods or municipalities. It is possible, however, to use the CD-ROM to print tables containing data about individual census tracts that can be re-entered in a spreadsheet or database and used for generating more detailed tables, charts or maps.

In addition to warehousing the FFIEC CD-ROM and printed output, DVRPC has purchased *HMDA Works* software and database files. For most purposes, the *HMDA Works* software is more flexible, easier to use, and more powerful than the CD-ROM. However, the CD covers every region in the country while the data diskettes for the software only include lending activity in the Philadelphia metropolitan area.

This data reference guide provides a general overview of the HMDA data illustrated by several hypothetical examples and a brief introduction to use of the FFIEC's CD-ROM and the *HMDA Works* software and database files.

## DESCRIPTION OF HMDA DATA

The HMDA data is organized as a standard series of tables for each region (see box). FFIEC printed tables and CD-ROM follow the format of this set of tables. In addition to reproducing the standard tables, *HMDA Works* comes with 23 other pre-programmed reports and includes a custom query module that allows the user to generate specialized reports.

### Standard HMDA Tables

**Table 1: Disposition of loan applications, by location of property and type of loan.** Table 1, which is the most frequently used table, reports the outcomes of loan applications. Possible outcomes include: loan origination, application approved but not accepted, application denied, application withdrawn and file closed for incompleteness. Data are given for both the number and dollar amounts of loan applications. Transactions are broken down by loan type and by census tract, with a final table presenting totals for the entire region. For 1-to-4 family dwellings, loan types include: home purchase (FHA/FHMA/VA and conventional), refinancing of home purchase, and home improvements. Data on purchase and improvements for multi-family dwellings and non-occupant loans for 1-to-4 family dwellings are also provided. Table 1 can be retrieved for either an individual lending institution or all institutions in the region.

**Table 2: Loans purchased, by location of property and type of loan.** The table presents the number and amounts of loans purchased in each census tract by type of loan.

**Table 3: Loans sold, by characteristics of borrower and of census tract in which the property is located and by type of purchaser.** This table presents the number and amounts of loans sold, broken down by characteristics of borrower (race, gender, income) and of census tract (racial composition, income). This information is presented only for the region as a whole.

**Tables 4-1 through 4-6: Disposition of applications for loans, by race, gender and income of applicant.** This set includes one table for each loan type: FHA/FHMA/VA, conventional, refinancing, home improvement, multifamily and non-occupant. Data presented only for the region as a whole.

**Tables 5-1, 5-2, 5-3, 5-4, and 5-6: Disposition of applications for loans, by income and race of applicant.** There is a separate table for each loan type except multifamily (which is why there is no Table 5-5). This information is presented only for the region as a whole.

**Tables 6-1, 6-2, 6-3, 6-4, and 6-6: Disposition of applications for loans, by income and gender of applicant.** Similar to the previous set of tables, there is one table for each loan type except multifamily. This information is presented only for the region as a whole.

**Tables 7-1 through 7-6: Disposition of applications for loans by characteristics of census tract in which property is located.** Data presented only for the region as a whole; one table per loan type.

**Tables 8-1 through 8-6: Reasons for denial of applications for loans, by race, gender, and income of applicant.** Data presented only for the region as a whole; one table per loan type.

**Table 9: Disposition of loan applications, by median age of homes in census tract in which property is located and type of loan (aggregate data only).** This information is presented for the region as a whole and not for individual institutions.

**Table 10: Disposition of loan applications, by central city versus non-central city property location and type of loan (aggregate data only).** This information is presented for the region as a whole and not for individual institutions.

## REGIONAL LENDING PATTERNS

The HMDA data set describes aggregate bank lending patterns at the regional level. Table One presents summary data for the Philadelphia Primary Metropolitan Statistical Area (PMSA)<sup>1</sup>, including summary statistics for total loan applications, denials, and originations. For the region as a whole in 1995, lending institutions originated 100,776 loans worth more than \$8 billion out of 158,921 total loan applications received for projects totaling \$11 billion. This data can be compared to lending patterns in other regions or compared to itself over time.

**TABLE ONE**  
**LOAN DENIAL AND ORIGINATION RATES BY TYPE OF LOAN, 1995 PHILADELPHIA PMSA**

	Loans on 1-to-4 Family Dwellings				Multi-family Dwellings E	TOTAL
	Home Purchase Loans A	Refinancing B	Home Imp. C	Home Imp. D		
Number of Applications						
Loans Originated	11,699	38,339	26,002	24,603	133	100,776
Appl'n Approved, Not Accepted	117	1,661	4,293	4,032	18	10,121
Applications Denied	1,085	4,592	10,908	16,461	51	33,097
Applications Withdrawn	1,039	3,537	5,478	2,805	21	12,880
File Closed for Incompleteness	211	605	1,107	117	7	2,047
<b>TOTAL- Applications</b>	<b>14,151</b>	<b>48,734</b>	<b>47,788</b>	<b>48,018</b>	<b>230</b>	<b>158,921</b>
Percent Application Denied	8%	9%	23%	34%	22%	21%
Percent Loans Originated	83%	79%	54%	51%	58%	63%
<b>Dollar Amount ('000s)</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>TOTAL</b>
Loans Originated	\$994,019	\$4,372,641	\$2,120,943	\$418,311	\$132,398	\$8,038,312
Appl'n Approved, Not Accepted	\$10,823	\$227,866	\$296,464	\$62,746	\$45,713	\$643,612
Applications Denied	\$81,925	\$366,657	\$647,072	\$238,062	\$12,728	\$1,346,444
Applications Withdrawn	\$84,534	\$423,845	\$369,097	\$63,441	\$10,650	\$951,567
File Closed for Incompleteness	\$15,401	\$70,654	\$86,092	\$3,071	\$1,731	\$176,949
<b>TOTAL - Dollar Amt ('000s)</b>	<b>\$1,186,702</b>	<b>\$5,461,663</b>	<b>\$3,519,668</b>	<b>\$785,631</b>	<b>\$203,220</b>	<b>\$11,156,884</b>
Percent Application Denied	7%	7%	18%	30%	6%	12%
Percent Loans Originated	84%	80%	60%	53%	65%	72%

### Key to Loan Types

- A: FHA, FHMA & VA Home Purchase Loans (1-to-4 Family Dwellings)
- B: Conventional Home Purchase Loans (1-to-4 Family Dwellings)
- C: Refinancing of Home Purchase Loans (1-to-4 Family Dwellings)
- D: Home Improvement Loans (1-to-4 Family Dwellings)
- E: Loans on Multifamily Dwellings for 5 or more Families (Home Purchase & Home Improvements)

<sup>1</sup>The Philadelphia PA-NJ PMSA is comprised of Bucks, Chester, Delaware, Montgomery, and Philadelphia counties in Pennsylvania, and Burlington, Camden, Gloucester, and Salem counties in New Jersey. Mercer County, one of the nine counties in the DVRPC planning area, is included as the Trenton PMSA. While data for the Trenton PMSA is available on the CD-ROM at DVRPC, hard copy for previous years can be obtained from the Trenton Public Library, Business and Technology Department, 120 Academy Street, Trenton, NJ 08608, (609) 392-7188.

## **HMDA DATA APPLICATIONS**

The HMDA data reports home mortgage and home improvement lending activity in terms of both the number of transactions and dollar value of loan applications made on a calendar year basis. A limited number of additional census tract level variables are part of the HMDA CD-ROM, including “percent minority population” and “median income as a percent of regional median income.” Population and housing characteristics data as reported in the decennial census is available at the tract level from DVRPC.

There are numerous possible applications for the HMDA data. On a regional level, the data can be used to compare total lending activity in different parts of the country. At the neighborhood level, the data can be used to evaluate lending activity in different parts of the same region. At the institutional level, the data can be used to assess the track record of an individual bank or mortgage company for a specific type of lending at the regional or census tract level. The following examples illustrate several applications of the HMDA data.

### **Example #1: Census Tract Level Analysis**

Table Two presents an example comparing lending in two hypothetical neighborhoods. Neighborhood “A” is comprised of Census Tracts xxx1 and xxx2 and Neighborhood “B” is comprised of a single tract, Census Tract xxx3. The loan information is presented by number of loan applications broken out by type of loan (loan types are described at the bottom of the table). HMDA data on dollar amount of loan applications is also available at the same level of detail.

Totals for all loan types are summed in the last column. In this example, there were 615 loan applications made for single or multi-family projects located in Neighborhood “A” with home improvement loans and refinancing activity accounting for over three quarters of the applications. Out of this 615 loan applications in Neighborhood “A,” 44.1% were denied and 37.4% were “originated” (meaning the loan was approved by the lending institution and the transaction was completed by the applicant). In contrast, 23% of loan applications were denied and 59% were originated out of a total of 122 possible transactions in Neighborhood “B.”

### **Example #2: Bank Lending Analysis**

Table Three summarizes lending activity of the “XYZ Bank,” a hypothetical lending institution, and reports selected census tracts, neighborhood and regional totals. This table reports the dollar value of loan transactions broken down by loan type. Bank level data on number of loan applications is available. However, the HMDA data does not report any information about individual transactions (e.g., the identity of loan applicants, type of structure or the street address of the project).

In this example, the “XYZ Bank” received applications for \$25.3 million dollars worth of projects in 1995, originating \$14.8 million or 58.5% of all loans across the region. A higher share (63.2%) of loans were approved in Neighborhood “A,” representing \$576,000 in single and multi-family projects. The level and geographic distribution of loan activity of “XYZ Bank” could be tracked over time or compared to lending patterns at other lending institutions using the HMDA data.

TABLE TWO

## LENDING PATTERNS AT THE CENSUS TRACT LEVEL BY TYPE OF LOAN, 1995

Number of Loan Applications	Loans on 1-to-4 Family Dwellings				Multi-family Dwellings E	TOTAL
	Home Purchase Loans		Refinancing C	Home Imp. D		
	A	B				
<b>CENSUS TRACT xxx1</b>						
Loans Originated	15	17	30	45	0	107
Appl'n Approved, Not Accepted	0	0	7	22	0	29
Applications Denied	1	9	35	101	0	146
Applications Withdrawn	0	4	10	10	1	25
File Closed for Incompleteness	2	2	2	1	0	7
Subtotal-TRACT xxx1	18	32	84	179	1	314
<b>CENSUS TRACT xxx2</b>						
Loans Originated	10	20	30	63	0	123
Appl'n Approved, Not Accepted	0	1	10	17	0	28
Applications Denied	1	7	50	67	0	125
Applications Withdrawn	2	4	11	6	0	23
File Closed for Incompleteness	0	0	2	0	0	2
Subtotal-TRACT xxx2	13	32	103	153	0	301
<b>NEIGHBORHOOD "A" (CENSUS TRACT xxx1 + CENSUS TRACT xxx2)</b>						
Loans Originated	25	37	60	108	0	230
Appl'n Approved, Not Accepted	0	1	17	39	0	57
Applications Denied	2	16	85	168	0	271
Applications Withdrawn	2	8	21	16	1	48
File Closed for Incompleteness	2	2	4	1	0	9
<b>Total - Neighborhood "A"</b>	<b>31</b>	<b>64</b>	<b>187</b>	<b>332</b>	<b>1</b>	<b>615</b>
<b>% Application Denied</b>	<b>6.5%</b>	<b>25.0%</b>	<b>45.5%</b>	<b>50.6%</b>	n/a	<b>44.1%</b>
<b>% Loans Originated</b>	<b>80.6%</b>	<b>57.8%</b>	<b>32.1%</b>	<b>32.5%</b>	n/a	<b>37.4%</b>
<b>NEIGHBORHOOD "B" (CENSUS TRACT xxx3)</b>						
Loans Originated	13	29	13	17	0	72
Appl'n Approved, Not Accepted	0	0	4	8	0	12
Applications Denied	1	2	13	12	0	28
Applications Withdrawn	1	3	4	2	0	10
File Closed for Incompleteness	0	0	0	0	0	0
<b>Total - Neighborhood "B"</b>	<b>15</b>	<b>34</b>	<b>34</b>	<b>39</b>	<b>0</b>	<b>122</b>
<b>% Application Denied</b>	<b>6.7%</b>	<b>6.9%</b>	<b>38.2%</b>	<b>30.8%</b>	n/a	<b>23.0%</b>
<b>% Loans Originated</b>	<b>86.7%</b>	<b>85.3%</b>	<b>38.2%</b>	<b>43.6%</b>	n/a	<b>59.0%</b>

Neighborhood "A" = Census Tract xxx1 + Census Tract xxx2

Neighborhood "B" = Census Tract xxx3

Loan Types:

A: FHA, FHMA & VA Home Purchase Loans (1-to-4 Family Dwellings)

B: Conventional Home Purchase Loans (1-to-4 Family Dwellings)

C: Refinancing of Home Purchase Loans (1-to-4 Family Dwellings)

D: Home Improvement Loans (1-to-4 Family Dwellings)

E: Loans on Multifamily Dwellings for 5 or more Families (Home Purchase & Home Improvements)

**TABLE THREE**

**“XYZ BANK” LOAN DENIAL AND ORIGATION RATES BY TYPE OF LOAN, 1995  
SELECTED CENSUS TRACT, NEIGHBORHOOD AND REGIONAL TOTALS**

Dollar Amount of Loans (rounded to nearest thousand)	Loans on 1-to-4 Family Dwellings				Multi-family Dwellings E	TOTAL
	Home Purchase Loans		Refinancing C	Home Imp. D		
	A	B				
<b>CENSUS TRACT xxx1</b>						
Loans Originated	\$0	\$62,000	\$0	\$17,000	\$0	\$79,000
Appl'n Approved, Not Accepted	\$0	\$0	\$0	\$0	\$0	\$0
Applications Denied	\$0	\$16,000	\$0	\$21,000	\$0	\$37,000
Applications Withdrawn	\$0	\$74,000	\$0	\$0	\$0	\$74,000
File Closed for Incompleteness	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal-TRACT xxx1	\$0	\$152,000	\$0	\$38,000	\$0	\$190,000
<b>CENSUS TRACT xxx2</b>						
Loans Originated	\$0	\$492,000	\$0	\$5,000	\$0	\$497,000
Appl'n Approved, Not Accepted	\$0	\$0	\$0	\$0	\$0	\$0
Applications Denied	\$0	\$150,000	\$62,000	\$13,000	\$0	\$225,000
Applications Withdrawn	\$0	\$0	\$0	\$0	\$0	\$0
File Closed for Incompleteness	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal-TRACT xxx2	\$0	\$642,000	\$62,000	\$18,000	\$0	\$722,000
<b>NEIGHBORHOOD "A" ( CENSUS TRACT xxx1 + CENSUS TRACT xxx2)</b>						
Loans Originated	\$0	\$554,000	\$0	\$22,000	\$0	\$576,000
Appl'n Approved, Not Accepted	\$0	\$0	\$0	\$0	\$0	\$0
Applications Denied	\$0	\$166,000	\$62,000	\$34,000	\$0	\$262,000
Applications Withdrawn	\$0	\$74,000	\$0	\$0	\$0	\$74,000
File Closed for Incompleteness	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total - Neighborhood "A"</b>	<b>\$0</b>	<b>\$794,000</b>	<b>\$62,000</b>	<b>\$56,000</b>	<b>\$0</b>	<b>\$912,000</b>
<b>% Application Denied</b>	n/a	<b>20.9%</b>	<b>100%</b>	<b>60.7%</b>	n/a	<b>28.7%</b>
<b>% Loans Originated</b>	n/a	<b>69.8%</b>	<b>0%</b>	<b>39.3%</b>	n/a	<b>63.2%</b>
<b>REGIONAL TOTALS (includes tracts not shown here)</b>						
Loans Originated	\$0	\$4,162,000	\$2,902,000	\$7,727,000	\$0	\$14,791,000
Appl'n Approved, Not Accepted	\$0	\$0	\$50,000	\$0	\$0	\$50,000
Applications Denied	\$0	\$2,407,000	\$2,184,000	\$3,315,000	\$0	\$7,906,000
Applications Withdrawn	\$0	\$1,026,000	\$1,260,000	\$269,000	\$0	\$2,555,000
File Closed for Incompleteness	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total - Region</b>	<b>\$0</b>	<b>\$7,595,000</b>	<b>\$6,396,000</b>	<b>\$11,311,000</b>	<b>\$0</b>	<b>\$25,302,000</b>
<b>% Application Denied</b>	n/a	<b>31.7%</b>	<b>34.1%</b>	<b>29.3%</b>	n/a	<b>31.2%</b>
<b>% Loans Originated</b>	n/a	<b>54.8%</b>	<b>45.4%</b>	<b>68.3%</b>	n/a	<b>58.5%</b>

Neighborhood "A" = Census Tract xxx1 + Census Tract xxx2

Regional Totals include Census Tracts not shown on this table

Key to Loan Types

A: FHA, FHMA & VA Home Purchase Loans (1-to-4 Family Dwellings)

B: Conventional Home Purchase Loans (1-to-4 Family Dwellings)

C: Refinancing of Home Purchase Loans (1-to-4 Family Dwellings)

D: Home Improvement Loans (1-to-4 Family Dwellings)

E: Loans on Multifamily Dwellings for 5 or more Families (Home Purchase & Home Improvements)

## ABOUT THE HMDA CD-ROM

The HMDA CD-ROM is designed for an individual who wishes to find information about the activities of a specific lending institution or of all institutions making home loans within a region. However, the software provided on the CD-ROM is limited in the functions that it will perform. Searches are possible only by institution name or region, not by census tract or municipality. While the CD-ROM can produce and print reports about aggregate lending activity at the regional level and profiles about lending by individual institutions at the census tract level, there is no built-in way for users to sum or otherwise manipulate the raw data. In short, while the CD-ROM contains a large volume of information about lending practices across the country, it is less well suited to analyzing lending practices in any particular neighborhood or census tract. Users may be required to extract the data from the CD-ROM or printed hard copy and re-enter it in a spreadsheet or database to perform calculations or generate graphs or maps.

The HMDA CD-ROM is available for public use on the computer in DVRPC's library during normal working hours. Data is organized by region and two CDs contain all of the 1996 HMDA data for all regions in the country. Each region is assigned a numerical identifier, and the Philadelphia PA-NJ MSA is 6160. The Trenton MSA (Mercer County) is 8480.

## *HMDA WORKS SOFTWARE*

In order to expand available analytic and reporting capabilities, DVRPC purchased the *HMDA Works* software from the Center for Community Change in Washington, D.C. in 1997. *HMDA Works* features a data base system with extensive built-in querying and reporting features that make it easier to extract information on lending activities in specific neighborhoods and by specific lending institutions. The database covers the Delaware Valley region and includes three different files:

- The **Census Tract** file includes demographic information on race, income, family status, age, gender and employment status of residents and information about the type, age and cost of housing units in each census tract in the region.
- The **HMDA Loan Application Records** file contains information about each loan application received by lenders that report under HMDA. This includes race, gender and income level of the applicant; loan type and purpose; location of the property, loan amount requested and disposition of the loan application.
- The **HMDA Reporter** file contains the name, address and name of parent company (if available) for each lender that reports under HMDA.

*HMDA Works* allows users to “browse” the contents of the database and “view” individual records. Data can be exported in a comma-delimited format that is supported by most spreadsheet and charting programs.

*HMDA Works* has strong report generating capabilities that allow users more flexibility to customize reports for specific census tracts and types of transactions. In addition to the standard set of tables available through the HMDA CD-ROM, *HMDA Works* is packaged with 23 pre-programmed reports. This feature of the software converts the raw data in the databases described above into easily understandable reports about particular institutions or census tracts. Examples of the built-in reports include:

- Distribution of Census Tract in MSA by Race and Income
- Rejection Rates of MSA by Racial Composition and Percent Area Median Income (AMI)
- Lending Rates of Census Tract by Race and Percent AMI
- Market Share of Applications by Percent Minority Population and Loan Purpose/Type
- Market Share of Applications by Percent AMI and Loan Purpose/Type
- Lender Ranking of Rejections by Racial Composition/Income and Loan Type
- Census Tract Ranking of Rejection Rates
- Lender Ranking of Rejection Rates

*HMDA Works* incorporates a relatively easy to use dialog box interface. Users can customize reports by selecting individual census tracts, lending institutions, transaction types and other criteria and clicking on their choices in dialog boxes associated with different types of reports. Assuming a basic familiarity with HMDA data and an introduction to the software, new users can reasonably expect to begin generating reports in less than an hour.

In addition to these built-in report functions, the software includes a “*HMDA Works* Custom Query” component that allows users to write and execute simple queries using the HMDA database. This module uses Structured Query Language, a standardized set of database commands to interact with the database. While the *HMDA Works* manual includes a tutorial for the Custom Query component, generating original reports through this component is considerably more complicated than using the pre-programmed reports. Users interested in generating customized reports should expect to spend several hours learning Structured Query Language before being able to produce useful results. DVRPC is unable to provide support for the Custom Query component.

## **COMPARISON: CD-ROM AND *HMDA WORKS***

The FFIEC’s HMDA CD-ROM and *HMDA Works* software and database files are available for public use in the DVRPC library. While both the CD-ROM and the *HMDA Works* database diskettes contain vast amounts of information, each format has its own strengths and weaknesses. The *HMDA Works* software provides a more flexible framework for analysis and reporting than the CD-ROM and for most applications is the preferred tool. However, DVRPC only has *HMDA Works* data diskettes for the Delaware Valley region. As a result, the CD-ROM is more appropriate for users interested in lending activity in other parts of the country.



## FOR MORE INFORMATION

To view the HMDA data on CD-ROM, use the *HMDA Works* software or to obtain HMDA data as hard copy, data users may contact the DVRPC Resource Center at:

### **Delaware Valley Regional Planning Commission**

The Bourse Building  
111 South Independence Mall East  
Philadelphia, PA 19106-2515  
(215) 592-1800  
(215) 592-9125 Fax  
Website: [www.dvrpc.org](http://www.dvrpc.org)

Technical questions about the HMDA data and the HMDA CD-ROM may be directed to the Executive Secretary at:

### **Federal Financial Institutions Examination Council**

2100 Pennsylvania Avenue NW Suite 200  
Washington, DC 20037  
(202) 452-2016 HMDA Help Line (analyst will return your call within two days)  
(202) 452-6497 Fax  
E-mail: [hmdahelp@frb.gov](mailto:hmdahelp@frb.gov)  
Website: [www.ffeic.gov/hmda](http://www.ffeic.gov/hmda)

For information about the *HMDA Works* software, contact:

### **Center for Community Change**

1000 Wisconsin Avenue NW  
Washington D.C. 20007  
(202) 342-0567 Office (Technical Support analyst will return your call)  
(202) 333-5462 Fax

