2019 State of Housing in Black America

James H. Carr, Michela Zonta, Steven P. Hornburg, William Spriggs

Commissioned by
National Association of Real Estate Brokers
Board of Directors

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With Message from Donnell Williams, President, National Association of Real Estate Brokers

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Acknowledgements

The authors thank Donnell Williams, President of the National Association of Real Estate Brokers (NAREB) for the opportunity to prepare the 2019 *State of Housing in Black America* report. We also thank Mark Alston for his exceptional advice throughout the development of this report on many critical, on-the-ground, lending realities that are beyond our ability to understand fully, relying solely on housing market data. We are further grateful to Antoine Thompson for his contribution to the report's outline and sharing of useful reports and studies, that have helped to inform this report. Finally, we thank Lauren Detreville and Lauren Milani for their editorial and publications contributions that make this publication easily accessible and understandable to housing experts, as well as to a broader public. We offer a special thank you to the Urban Institute that, each year, pursues exceptional research that is heavily relied on in the development of the *State of Housing in Black America* reports. We offer special thanks this year to the Urban Institute's Alanna McCargo, who has worked closely with NAREB over the past year to ensure that the Urban Institute's research on Black homeownership is as responsive as possible, to the information needed to drive successfully, NAREB's policy efforts. We also thank the Pew Research Center, Darrick Hamilton, and Raj Chetty, for their many studies and policy briefs on income and wealth inequality that have provided important insights in this report.

About the Authors

James H. Carr is Coleman A. Young Endowed Chair and Professor of Urban Affairs, Wayne State University; Senior Fellow, Roosevelt Institute; and Forbes Contributor. Carr is also Chairman and CEO, Turquoise Bay Investment Partners.

Michela Zonta is Senior Policy Analyst, Center for American Policy.

Steven P. Hornburg is Principal, Emerging Community Markets.

William Spriggs is Chief Economist for the AFL-CIO and Professor, and former Chair, of Economics at Howard University.

About the National Association of Real Estate Brokers

NAREB was founded in Tampa, Florida, in 1947 as an equal opportunity and civil rights advocacy organization for African American real estate professionals, consumers, and communities in the United States. Our purpose remains the same today, but we are more focused on economic opportunity than civil rights. Although composed principally of African Americans, the REALTIST® organization embraces all qualified real estate practitioners who are committed to achieving our vision, which is "Democracy in Housing."

Disclaimers

Message from the President

On behalf of the National Association of Real Estate Brokers, Inc. (NAREB), I am proud to present the 2019 edition of the *State of Housing in Black America* (SHIBA) report. The purpose in issuing this research-based document remains the same since its first printing in 2013: To shed light on the public policies, private sector practices and other systemic actions that prevent Black Americans from purchasing a home of their choice. And, as we identify the most egregious barriers limiting homeownership, the report offers solutions.

With dismay, we publish this year's report at a time when the Black homeownership rate continues to decline. Now at 40.6 percent as reported by the U.S. Census Bureau for the second quarter of 2019, the figure reflects a 1-percentage point drop from the same period a year ago. In comparison, the Non-Hispanic White homeownership rates for the same periods were reported at 73.1 percent and 72.9 percent, respectively. The more than 30 percentage point gap indicates a perilous economic divide; an undeniable truth that *Democracy in Housing* has yet to be attained and the ability of Blacks to equitably leverage homeownership to build wealth homeownership has yet to be attained.

The report analyzes the current intractable barriers to increasing Black homeownership. The facts are deeply troubling and have been continual and ongoing, which is why I vehemently declared war on impediments that are responsible for the declining homeownership rate for Blacks. NAREB has developed a tactical, cerebral, and doable strategy to unlock and free generational wealth building opportunities, through homeownership, that historically have been made available. As the report states, the nation is experiencing an overall economic upswing. However, Black America is not equitably benefiting; there are factors that in combination are blocking wealth creation through homeownership and real estate investment.

This is a moment in our history to demand a cease and desist in the denial of equal access to mortgage credit and homeownership for Black in our nation. After you have read our report, which will arm you with both an understanding of the barriers faced, and solutions required to overcome those roadblocks, I encourage you to support NAREB's efforts. Whether you are a policymaker, regulator, mortgage lender, real estate professional, housing or civil rights advocate, faith-based leader, trade association executive, non-profit organization representative, housing counselor, Black head of household or student, there is a place for you on our team. NAREB's work is guided by three words: Educate, Empower and Mobilize. With these three words as our guide, NAREB is confident it will succeed in increasing Black homeownership and wealth in America.

As NAREB's 31st president and the Commander in Chief of Black Homeownership, I encourage you to not only read the 2019 SHIBA report, but also share it with your colleagues. And I welcome you to contribute your own potential solutions to improve Black homeownership based on your unique expertise and perspectives.

Sincere thanks are extended to James H. Carr, Michela Zonta, Steven P. Hornburg, William Spriggs, and Antoine M. Thompson, for their expertise, insightful analysis, and commitment to producing this year's SHIBA report. We intend for this report's content to be both educational and an empowerment and mobilizing tool that drives social change.

Donnell Williams
President
National Association of Real Estate Brokers, Inc.

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Executive Summary

Homeownership Rates

- The homeownership rate for Black households stood at 40.6 percent in the second quarter of 2019—a full percentage point lower than 2018's second-quarter rate of 41.6 percentage points. The current homeownership rate for Blacks is currently below the 1968 level of 40.9 percent at the time of the passage of the Fair Housing Act.

- Homeownership for non-Hispanic Whites stands at 73.1 percent, down from its high of 76 percent in 2004.

- Blacks have experienced the most substantial loss of homeownership since 2004, declining more than 8.5 percentage points, or 17 percent, as compared to the less than 4 percent decline for non-Hispanic Whites. In other words, Blacks have lost more than four times the share of homeownership as non-Hispanic Whites since 2004.

- Half of all Blacks born between 1956 and 1965 were homeowners by the age of 50. Blacks born between 1966 and 1975 have a homeownership rate of just above 40 percent and are thus unlikely to achieve a 50 percent homeownership rate by their 50th birthdays. Black millennials, if current trends continue, may fail to achieve a homeownership rate of 40 percent by the age of 50.

- The gap in homeownership rates between Blacks and non-Hispanic Whites is larger now than it was in 1934, the year of the enactment of FHA (Federal Housing Administration) and the start of modern housing finance system.

Note: *Unless otherwise stated, the majority of data below draws on findings from 2017 Home Mortgage Loan Data*

(HMDA). HMDA is the most comprehensive and publicly available, federal home finance database. The 2017 HMDA was the most currently available at the time of this writing. Because the year 2004 was the peak year of homeownership for Black homeownership, it is frequently used as a benchmark for comparisons of 2017market performance.

Loan Applications

- Steady gains have been made in loan applications from Blacks since 2010, although in 2017 there were only four-fifths as many applications as there were in 2004 (458,354 applications in 2004 versus 361,457 applications in 2017).

- The most recent share of all loan applications from Blacks remain below the 2004 level of applications from Blacks—7 percent in 2004 compared to 6 percent in 2017. This current level has held steady since 2015, yet it is still a full 30 percent lower than the peak loan application rate of 9 percent in 2006.

- While Black applications have increased overall by 20 percent from 2016 to 2017, the number of Black applicants for Federal Housing Administration (FHA) loans rose by only 9 percent since 2016 levels, compared to a 20 percent growth from 2016 to 2015.
- Blacks also experienced a 40 percent increase for conventional loan applications from 2016 to 2017 versus 28 percent from 2015 to 2016.
- About 17 percent of successful Black applicants in 2017 received high-cost loans, up from the 16 percent in 2016.
- In 2017, conventional applications by Blacks were 64 percent lower than their 2004 level, while FHA applications were 158 percent higher compared to 2004.
- In 2017, 40 percent of Black applicants had incomes at or below 80 percent of the local Area Median Income (AMI), which is still unchanged from 2016.
- In contrast, 27 percent of 2017 non-Hispanic White applicants fell below 80 percent of the AMI. This is down slightly from 2016.
- While both shares rose roughly unchanged from 2016, 47 percent of Non-Hispanic White applicants had high incomes (i.e., greater than 120 percent of the AMI), but only 30 percent of Black applicants fell into this income bracket.

Loan Originations

- Originations to Blacks are about 10 percent below their 2004 level (261,743 loan originations in 2004 versus 236,419 originations in 2017).
- Loan originations to Blacks in 2017 were up by nearly 20 percent, which is consistent with the gain from the previous 2015 to 2016 period.
- FHA originations to Blacks increased 8 percent from 2016 to 2017, compared to an 18 percent growth experienced from 2015 to 2016.
- Conventional loan originations to Blacks were up by 40 percent from 2016 to 2017 (compared to 26 percent from 2015 to 2016).
- In 2017, originations were 56 percent below their 2004 levels, while FHA originations were 142 percent higher compared to 2004.
- Despite an increase in conventional loans originated to Blacks, the share of Blacks to receive high-cost loans increased to 17 percent in 2017 compared to 16 percent in 2016.
- Black borrowers continued to receive high-cost loans at a higher rate. 17 percent of Black borrowers received high-cost loans compared with 7 percent of non-Hispanic White borrowers.

Loan Denial Rates by Race and Ethnicity

- For Black applicants, overall denial rates for home purchase loans were double those of non-Hispanic White applicants—18 percent versus 9 percent, unchanged from 2016.
- The Black denial rate for 2017 conventional loans was 19 percent, down one 1 percent from 2016, and for nonconventional loans, 18 percent, unchanged from the prior year.

- The Black denial rate for conventional loans is down significantly from its high of 36 percent (versus 19 percent) at the height of the foreclosure crisis in 2008.
- Debt-to-income ratio was the most common reason for denial reported for Black applicants—at 31 percent compared to 20 percent for non-Hispanic White applicants.
- Credit history was the second most prevalent reason for denials among both Black applicants (25 percent) and non-Hispanic White applicants (20 percent).
- Denials based on debt-to-income ratios tend to decrease for Blacks as income increases, a tendency repeated in conventional and nonconventional shares.
- Credit history-based denials for Blacks increase as incomes rise, while remaining relatively flat for non-Hispanic Whites.

Loan Failure Rates by Race and Ethnicity

- Black applicants experienced an overall Loan Origination Failure Rate of 35 percent, compared to a non-Hispanic White applicant rate of 24 percent, with each rate up 1 percentage point from 2016.
- The majority, 7 percentage points, of this 11-percentage point difference is due to denials, but an additional 4-percentage point difference is attributable to applications withdrawn or closed.
- For Blacks, one to two loans were successful for every application that failed. For non-Hispanic Whites, 2.5 to 3.5 loans were approved for every failed application.

Loan and Lender Channels by Race and Ethnicity

- 66 percent of Black applicants applied for a loan at a mortgage company, compared with 53 percent of non-Hispanic Whites. Non-Hispanic White applicants relied more heavily on banks, with 43 percent seeking loans from those institutions versus 30 percent for Black applicants, a 4-percentage point increase for both groups from 2016.

Applications by Lender Type, Applicant Income, and Race and Ethnicity

- Across all income groups, Blacks and non-Hispanic Whites applied to independent mortgage companies at roughly the same rates as in 2016, although high-income Black applicants to independent mortgage companies dropped by 4 percentage points.
- Except for Black applicants at the 50-80 percent AMI level, all income categories of both races increased their applications to banks, savings institutions, and credit unions by 2 to 6 percentage points over 2016 levels after falling the previous year by 3 to 4 percentage points.
- Blacks experienced a 40 percent increase in applications to banks, savings institutions, or credit unions (compared to a 29 percent increase by non-Hispanic Whites). The increase in Black applications was spread across all income levels, with the largest increase (23 percent) occurring in the 50-80 percent of AMI category.
- Banks, savings institutions, and credit unions experienced a gap of 13 percentage points in originations to Black applicants (63 percent) relative to non-Hispanic Whites applicants (76 percent) that persisted across all income levels.

- Independent mortgage companies exhibited an origination rate gap of 11 percentage points in loans to Blacks (66 percent) and non-Hispanic Whites (77 percent).
- Independent mortgage companies had a lower denial rate than banks, savings institutions, and credit unions (13 versus 19 percent, respectively).
- Non-Hispanic White applicants fared better at both lender types, experiencing denial rates of 7 percent (independent mortgage companies) and 9 percent (banks, savings institutions, and credit unions).

Loan Type, Geographic Patterns and Race

- Across lender types, 2017 data clearly show that most of both conventional and FHA-insured loans going to non-Hispanic White applicants are concentrated in census tracts with the smallest percentage (25 percent or less) of Black population, a pattern unchanged from 2016.
- For tracks with more than 50 percent Black population, the loan origination disparity for applicants with incomes over 120 percent AMI is reversed, with successful originations to 57 percent of Black applicants versus 39 percent for non-Hispanic Whites, a gap which widened by 6 percentage points since 2016.
- In 2017, 29 percent of loans originated to Black applicants financed properties located in low- and moderate-income neighborhoods—an increase of 5 percentage points from 2016, compared to only 13 percent of non-Hispanic White borrowers.
- 49 percent of 2017 Black borrowers obtained loans for homes in majority-minority neighborhoods (up 3 percentage points from 2016), compared to only 10 percent of non-Hispanic White borrowers.
- Denial rates for Black applicants are also higher at 16 percent in majority-minority neighborhoods compared to a non-Hispanic White denial rate of 10 percent in the same neighborhoods.

Cities with Largest Black Populations and High Levels of Segregation

- Segregation and racial isolation remain high in the nation's 10 cities with the largest Black populations. All these cities have Index of Dissimilarity measures of .60 or higher, ranging from a low of .60 in Detroit to a high of .82 in Chicago. A measure of .60 is considered highly segregated.

Mortgage Lending to Single Black Female Applicants

- In 2017, 39 percent of Black mortgage applicants consisted of single women without a co-applicant. Male-female co-applicants represent the smallest segment of the Black applicant pool (20 percent).
- In contrast, single women without a co-applicant represent only 21 percent of all non-Hispanic White applicants, with the remaining non-Hispanic White applicant pool comprised of male-female co-applicants (41 percent) and single male applicants (34 percent).
- In 2017, 40 percent of applications coming from single Black female applicants were for conventional loans (compared to 68 percent for non-Hispanic White women), and 49 percent of applications from Black women were for FHA loans (compared to 24 percent for non-Hispanic White women).
- Among Black and non-Hispanic White applicants, male-female applicants have higher origination rates than single applicants. The percentage of originated loans among Black male-female co-applicants is 68 percent versus 78 percent among their non-Hispanic White counterparts.
- In 2017, 18 percent of applications submitted by single Black female applicants were denied, compared with 9 percent of applications submitted by single non-Hispanic White female applicants.
- The loan origination failure rate is also higher among single Black female applicants than among their non-Hispanic White counterparts.

Black Millennial Homeownership

- Households headed by individuals in the Millennials' age cohort (21 to 36 years of age) in all racial/ethnic groups have experienced a decline in homeownership since the financial crisis, with the Black homeownership rate consistently lower than that of other groups.
- In 2017, Black Millennials had a homeownership rate of 16 percent compared with 46 percent among non-Hispanic Whites.
- Higher unemployment and lower labor force participation rates for Black Millennials along with lower levels of educational attainment and lower median household incomes are contributing to limited homeownership opportunities for that population.

Mortgage Credit Availability

- The Urban Institute estimates that mortgage credit availability increased in the first quarter of 2019 to its highest level since 2013.
- Offsetting that positive news is the proposed termination of the Qualified Mortgage Patch, which allows certain loans that exceed a borrower's debt-to-income ratio (DTI) to exceed 43 percent and still be treated as a Qualified Mortgage.
- The outcome of that question is particularly important to Black households since DTI is the already the number one reason for loan application denials among Black mortgage applicants.
- *Inside Mortgage Finance*, estimates that 30 percent of loans packaged last year by the GSEs were to borrowers exceeded the 43 percent DTI threshold.
- According to the Urban Institute, Blacks were nearly 30 percent more likely to be patch borrowers, with a DTI over 43 percent.

Fannie Mae and Freddie Mac Pricing

- For all loan products combined, the average single-family guarantee fee in 2017 remained unchanged from last year's fee of 56 basis points. The upfront portion of the guarantee fee, based on the credit risk attributes (e.g., loan purpose, loan-to-value ratio, and credit score), fell 1 basis point to 15 basis points. The ongoing portion of the guarantee fee, based on the product type (fixed-rate or ARM, and loan term), increased 1 basis point to 41 basis points.
- A larger share of purchase (versus refinances) in 2017 loans and a growing focus on pilot programs for first-time homebuyers and affordable housing led to a slight increase in the share of loans with higher loan-to-value (LTV) ratios and lower credit scores.
- In 2017, the Enterprises began using FHFA's Conservatorship Capital Framework (CCF) to calculate the cost of holding capital. The overall expected profitability of the loan acquisitions was nearly unchanged and in-line with the targeted level.
- According to the FHFA, "the Enterprises generated over $24 billion in combined comprehensive income," or profit in 2018. As a result, The Urban Institute's Housing Finance Policy Center's latest Housing Credit Availability Index found that "Significant space remains to safely expand the credit box. If the current default risk was doubled across all channels, risk would still be well within the pre-crisis standard of 12.5 percent from 2001 to 2003 for the whole mortgage market."

- The 2018 *State of Housing in Black America* presented a compelling analysis of current GSE G-fees by Ted Tozer, former President of Ginnie Mae, arguing that the current fees charged by the GSEs equates to a default probability of about 24 percent for a 95 percent LTV loan, a default rate higher than the worst performing loans held by the GSEs during the Great Recession and improbable for any loans accepted today by the GSEs.

Credit Scoring and Related Risk Assessment Modifications

- FHFA issued a final rule on August 13, 2019 regarding its decisions on the use of updating the credit scores used by the GSEs. In a major shift, the final rule removed an earlier provision that would have prevented VantageScore from being considered, but still requires FHFA to consider if potential conflicts of interest could affect competition among credit scoring products.
- Based on analysis of the final rule's timeframes for approving a new credit scoring model and GSE adoption and implementation, Ben Lane of *HousingWire* suggests "it will be four more years until the GSEs can use a different credit scoring model.
- Delaying the use of improved credit score models from now until 2023 continues the blatant insensitivity (and potential adverse impact discrimination) by the FHFA toward Black households by insisting on the use of an outdated credit scoring model that have been criticized by its own manufacturer as being inferior to more sophisticated scoring tools.

The Connection Between Jobs, Earnings, and the Homeownership Gap

- In 2017, only 38 percent of Black families compared to 68 percent of non-Hispanic White households, earned enough income to afford the median priced home of $226,800, even assuming they had a 22 percent downpayment.
- Because most Black households can put less than 10 percent toward downpayment, the share of Black households who can afford the median priced home is less than 30 percent due to the resulting higher monthly mortgage payment needed to compensate for the reduction in downpayment
- The bottom two-fifths of wealthy households in the U.S., disproportionately populated by Black households, account for just over 15 percent of owner-occupied housing expenditures.
- Conversely, the richest 20 percent of U.S. households account for as much owner-occupied housing expenditures as the three middle-income quintiles combined (lower middle income, middle-income, and upper middle income). This means that high-wealth mostly non-Black households define the market (particularly its cost) for housing.
- Rising inequality is being driven by a falling share of national income going to labor with a larger and growing share flowing to interest, corporate profits and rents, sources of income that rarely benefit hourly labor or Black workers.
- Success of Black parents does not translate into the income gains for Black children in a manner consistent for children of non-Hispanic White parents. This reality means that the historic and current income inequality between Blacks and non-Hispanic Whites will continue to increase into the foreseeable future.
- Except for Blacks with a college degree, all other Black workers, including those with an associate's degree, have lower unemployment rates than non-Hispanic White high school dropouts.

Introduction

Last year marked the 50th Anniversary of the 1968 Fair Housing Act. The National Association of Real Estate Brokers commemorated that landmark legislation with a special publication titled, *50 Years of Struggle: Successes and Setbacks Since the Release of the Report of the National Commission on Civil Disorders the 1968 Fair Housing Law*.[1]

The report highlighted the critical significance of the Fair Housing Act, particularly its success at stamping out the most blatant and overt forms of bias against Blacks in the housing markets that were the norm at the time of the law's passage. The report, however, also highlighted the somber and disappointing reality that despite this legislation, all gains in Black homeownership that had been achieved between 1968 and 2004, had been erased by 2018.

Both *50 Years of Struggle* and the 2018 edition of *State of Housing in Black America* cautioned that, without meaningful public policy changes to address the many reasons for declining Black homeownership rate, Black homeownership could continue to fall. Such a warning was unfortunately correct.

As of the second quarter of 2019, the Black homeownership rate had fallen a full percentage point from a year ago, declining from 41.6 percent in the second quarter of 2018 to 40.6 percent in the second quarter of this year. The homeownership rate for non-Hispanic White households is 73.1 percent. As discussed later in this report, that rate could slide further, in large part due to the enormous obstacles to accessing mortgage credit by Black millennial households.

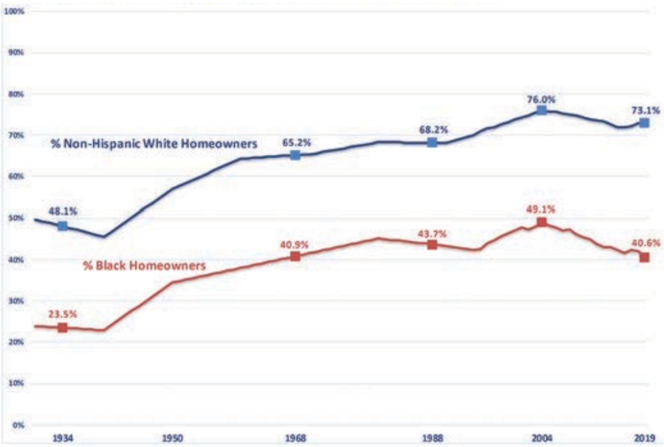
Not only is the rate of homeownership falling; the

gap in the level of homeownership between Black and non-Hispanic White households today is larger than it was in 1968. In fact, that gap is significantly greater today (32.5 percent) than it was in 1934 (24.6 percent). The year 1934 also marks the enactment of the Federal Housing Administration (FHA) which was the official launch of the modern housing finance system.

Federal homeownership programs helped to drive non-Hispanic White homeownership to a high of 76 percent in the years leading to the Great Recession. Non-Hispanic White homeownership fell modestly during the 2008 housing collapse but has slowly and steadily been on the rebound since 2010. Black homeownership in 1934 through 2006 has disproportionately been built on various forms of predatory, high-cost, and unsustainable home purchase loan products and other deceptive,

1 Carr, James H. Michela Zonta, and Steven P. Hornburg. *50 Years of Struggle: Successes and Setbacks Since the Release of the Report of the National Advisory Commission on Civil Disorders and Enactment of the 1968 Fair Housing Act.* National Association of Real Estate Brokers. August 31, 2019.

Exhibit 1. Homeownership Rates 2000–2017



Source: Author's calculations of data from U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey , available from https://www.census.gov/housing/hvs/data/ann18ind.html.

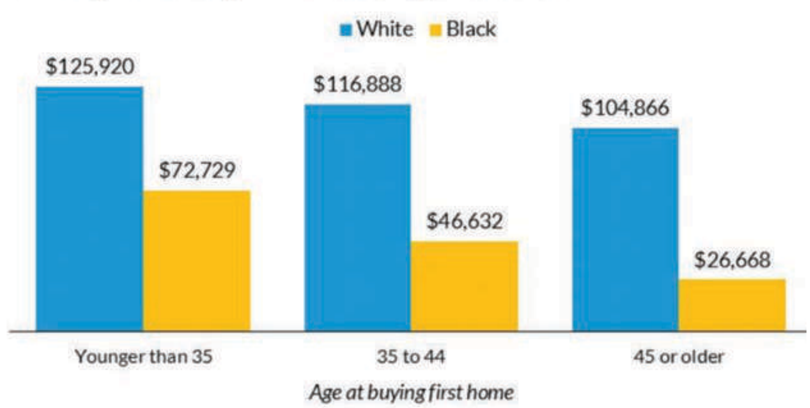
discriminatory housing market practices.[2]

Due to the importance of homeownership to household net worth, the steady decline in Black homeownership has translated into a steadily growing gap in net worth between Blacks and non-Hispanic Whites. Barriers to Black homeownership has also contributed to Black households benefitting less, financially, from homeownership even when they are successful in attaining it. As discussed in this report, Blacks pay substantially more for homeownership in interest rates and fees which both lowers their net financial gain and increases their risk of default.

As discussed below, homes in Black neighborhoods appreciate more slowly than homes in non-Hispanic Whites neighborhoods. Lower appreciation, combined with lower-cost homes on average for Black households versus Non-Hispanic White households, translates into greater lower housing equity for Blacks versus Non-Hispanic Whites. For households 45 years or older, median home equity is $26,668 for Black households compared to $104,866 for non-Hispanic Whites.[3]

Multiple research briefs by the Urban Institute further explain the more limited financial gains from homeownership for Blacks relative to non-Hispanic Whites. Blacks, for example, obtain homeownership later in life than non-Hispanic Whites, while 87 percent of Non-Hispanic White homeowners attain homeownership before the age of 35, compared to only 53 percent of Blacks who become homeowners.[4] As a result, Blacks have fewer years to build home equity relative to non-Hispanic White homeowners. Black homeowners who purchased their homes below the age of 35 accumulated $72,729 by age 60-61, compared to only $26,668 of housing equity for Blacks who purchased their homes at age 45 or older.[5] Exhibit 2 shows that within all age groups, Blacks accumulate less home equity, regardless of age at the time of purchase, relative to non-Hispanic Whites.

Exhibit 2. Average Housing Wealth at Age 60 or 61



Source: Urban Institute calculation using the Panel Study of Income Dynamics

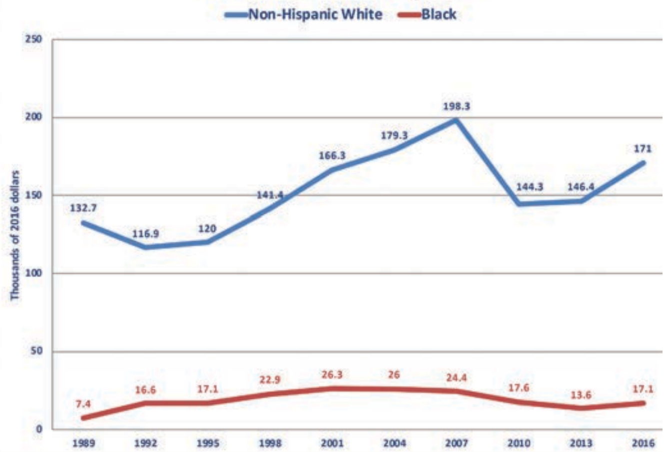
2 Squires, Gregory D. Ed. *The Fight for Fair Housing: Causes, Consequences, and Future Implications of the 1968 Federal Fair Housing Act*. 2018; Carr, James H. and Katrin B. Anacker. The Complex History of the FHA: Building Wealth, Promoting Segregation, and Rescuing the U.S. Housing Market and Economy. Banking and Financial Services Policy. Volume 34, Number 8. 2015.

3 Choi, Jung Hyun, Alanna McCargo, and Laurie Goodman. *Three Differences Between Black and White Homeownership that Add to the Housing Wealth Gap*. Urban Institute. February 28, 2019.

4 Urban Institute. *Black-White Homeownership Gap: A Closer Look Across MSAs*. June 2019.

5 Ibid.

Exhibit 3. Median Net Worth by Race



Source: Author's calculations of data from Board of Governors of the Federal Reserve System, Survey of Consumer Finances, available at https://www.federalreserve.gov/econres/scfindex.htm.

Further, nearly 20 percent of Black never own a home compared to only 2 percent of Non-Hispanic Whites.[6] Finally, Black households are more likely to return to renting than non-Hispanic Whites; fully 34 percent of Black homeowners who bought their homes at 45 years of age or over, return to rental status, compared to only 9 percent for non-Hispanic Whites who bought their homes over the age of 44.[7]

Financial and demographic factors are responsible for a significant share of the difference in the rates of homeownership between Blacks and non-Hispanic Whites. As highlighted in the section of this report on the relationship between Black employment, education, and homeownership, Blacks, on average, have lower wages, less wealth (and therefore fewer financial resources to allocate to downpayments), higher unemployment rates, and lower levels of educational attainment. Blacks applicants also typically have lower-measured credit scores than non-Hispanic White applicants.

Another important influence on the disparity in homeownership rates between Blacks and non-Hispanic-Whites is that the median age of Black households is younger than the median age of Non-Hispanic White households. Because homeownership increases with age for both Blacks and non-Hispanic Whites, an older population directly translates into a higher level of homeownership, all other factors held constant. The most common age for a non-Hispanic White person in the U.S. is 57 years of age compared to 27 years of age for a Black person in the U.S..[8] And Black households with a bachelor's degree have a lower homeownership rate (56.4 percent) than non-Hispanic White high school dropouts (60.5 percent).[9]

Yet as important as all the above-mentioned issues are in explaining the greater level of homeownership for non-Hispanic Whites as compared to Blacks, research finds those factors combined account for less than half of the differences in homeownership rates between those two groups. Urban Institute research finds that from 17 percent"[10] to 54 percent[11] of the difference is attributed to "unexplained factors."[12]

While racial discrimination is often asserted to be the "unexplained" factor, that explanation is insufficient to fully explain the gap between Black and non-Hispanic White homeownership. Discrimination is a major contributor, but focusing only on discrimination leaves many important issues out of the discussion that are essential to address if Black households are ever to attain equality of access to mortgage credit and homeownership that is akin to that of non-Hispanic Whites.

Further, when focusing on the role of discrimination, it is important to understand that it can occur at different

6 Ibid.

7 Ibid.

8 PEW Research Center, The most common age among whites in U.S. is 58 – more than double that of racial and ethnic minorities.

9 Urban Institute. Housing Finance Policy Center. Black-White Homeownership Gap: A Closer Look Across MSAs. June 2019.

10 Young, Caitlin. *These Five Facts Reveal the Current Crisis in Black Homeownership*. Urban Institute. July 31, 2019.

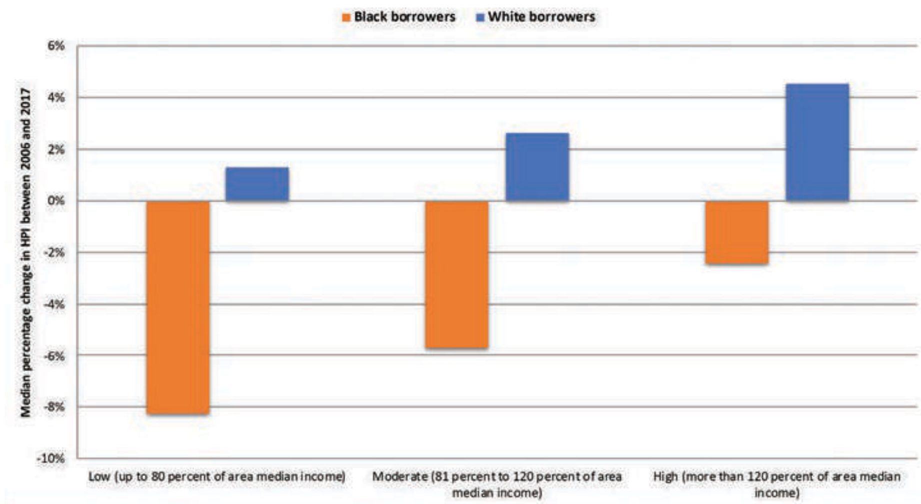
11 Urban Institute. *Black Homeownership & Wealth: Planning Roundtable*. 2019.

12 The lower Urban Institute estimate includes controlling for segregation. Since segregation in the U.S. is largely driven by historic biased federal housing finance agency policies and practices, as well as continuing private market housing discrimination, attempting to control for segregation could underestimate "unexplained" factors, since discrimination in this analysis is included as an unexplained factor.

stages of the homebuying process. The predatory lending practices that led to the foreclosure crisis of ten years ago have had the single most destructive impact on Black homeownership and has been discussed in detail in a litany of scholarly books and papers, as well as several past editions of the *State of Housing in Black America* and last year's publication, *50 Years of Struggle*.

Other forms of discrimination include the continuing behavior of real estate agents to steer Black and non-Hispanic White home-seekers to homes in communities that reflect the race/ethnicity of the home seeker.[13] This practice has a particularly negative impact on Black households in multiple ways. Failing to show Black home seekers properties in non-Hispanic White neighborhoods and steering them exclusively to Black neighborhoods can greatly undermine the number and quality of housing options for Black households.

Exhibit 4.
After the Housing Crisis, Racial Disparities in Housing Appreciation Persist Across Home Mortgage Borrowers of all Income Levels



Sources: Center for American Progress calculations of Data from Federal Financial Institutions Examination Counsel, "Home Mortgage Disclosure Act;" U.S. Census Bureau, "American Community Survey: 2012-2016 5-Year Summary File;" Federal Housing Finance Agency, "House Price Index Datasets: Annual House Price Indexes.

In addition to denying Blacks wider housing options, racial steering reinforces existing, significant patterns of racial segregation, that can further limit Blacks access to higher quality schools, broader recreational opportunities, safer streets, and higher home price appreciation.

Further, the steering of non-Hispanic White households away from homes for sale in Black neighborhoods artificially reduces the number of home seekers bidding on for-sale properties in Black communities, lowering home price appreciation in shunned neighborhoods.

Low or falling home price appreciation could contribute to low homeownership rates among Black households. Poor home price appreciation can discourage homebuying, and falling prices can trigger foreclosures, even among borrowers who can afford to make required monthly mortgage payments.

Recent research by the Center for American Progress concludes that homes in neighborhoods that consist of majority Black homeowners appreciate less than homes in neighborhoods that consist of majority non-Hispanic White homeowners.[14] Disparities in home appreciation persist even after controlling for borrowers' income levels. Exhibit 4 shows that home prices in majority Black neighborhoods where Black borrowers concentrate have not yet recovered from the collapse of home prices during the Great recession.[15]

After the Housing Crisis, Racial Disparities in Housing Appreciation Persist Across Home Mortgage Borrowers of all Income Levels

Along with racial discrimination, public policy has historically played a critical role in depressing the Black

13 U.S. Department of Housing and Urban Development. *Housing Discrimination against Racial and Ethnic Minorities*. 2012.

14 Zonta, Michela. "Racial Disparities in Home Appreciation." Center for American Progress. August 31, 2019.

15 See also Krone, Emily, Paul Berry, James Ahrens, and Charlie Barlow. "The New Housing Discrimination: Realtor Minority Steering." Chicago Policy Review. January 29, 2019.

homeownership rate. The historic role of the federal government in promoting, and in some cases mandating, discrimination against Black households has been well-documented[16], and discussed often in previous editions of the *State of Homeownership in Black America*. A look at recent federal actions shows how pervasive, unfair, and unnecessary national housing policies and federal agency actions stifle Black homeownership attainment.

In the years leading up for the 2008 housing crisis, predatory subprime lending was allowed to saturate the housing market with lenders peddling reckless, unsustainable mortgages disproportionately to Black consumers and communities. Federal regulators were aware of the damage being caused by high cost subprime loans but failed to intervene until the default rate on predatory loans, and associated securities, nearly imploded the entire U.S. financial system.[17]

As the housing market was collapsing under the weight of failing, predatory subprime loans, Congress enacted an unprecedented bailout for the nation's largest banks and investment firms[18] but failed initially to address the need for foreclosure avoidance assistance by homebuyers facing foreclosure. When federal foreclosure avoidance assistance was finally enacted, via the Home Affordable Mortgage Program (HAMP)[19], borrowers with private-label subprime loans—the most reckless and unsustainable loans in the market and the epicenter of the nation's foreclosure crisis—were excluded from participation. Predatory subprime loan victims were disproportionately Black homeowners.

Rather than focusing that assistance on the communities that had been the most severely damages, HAMP exclusively helped borrowers whose loans had been bought or insured by Fannie Mae or Freddie Mac. Few subprime loans were held by those agencies. Rather, borrowers in the

conventional market, on average, held the lowest interest rate, highest quality, and lowest default rate home loans in the market. Those borrowers were disproportionately non-Hispanic White.

Further, rather than supporting the recovery of distressed Black communities that had been main the targets of unsafe and reckless subprime loans, Fannie Mae and Freddie Mae were required to impose an "Adverse Market Impact Fee" that imposed a penalty fee on prospective homebuyers seeking to purchase homes in struggling, distressed communities.

While further depressing the economies of financially distressed communities, federal financial institutions were bailing out the largest financial institutions in the nation, many of which were directly involved in the origination and/or servicing of predatory subprime loans that experienced the highest failure rates during the housing market's collapse. More than $110 billion in fees for a variety of deceptive and

16 See, for example, Squires, Gregory D. Ed. *The Fight for Fair Housing: Causes, Consequences, and Future Implications of the 1968 Federal Fair Housing Act*.; Rothstein, Richard. The Color of Law: A Forgotten History of How Our Government Segregated America; Carr, James H. and Katrin B. Anacker. "The Complex History of the FHA: Building Wealth, Promoting Segregation, and Rescuing the U.S. Housing Market and Economy." *Banking and Financial Services Policy Report*. Volume 34. Number 8.

17 Carr, James H. "Responding to the Foreclosure Crisis." *Housing Policy Debate.* Volume 18, Issue 4. See also, Immergluck, Dan. *Foreclosed: High-Risk Lending, Deregulation, and the Undermining of America's Mortgage Market*. 2009.

18 See 2008 Troubled Asset Relief Program Public Law 110-343

19 Dodd–Frank Wall Street Reform and Consumer Protection Act. of 2010, Public Law 111–203

other illegal activities[20] would ultimately be collected by the federal government from many of the financial firms that, nevertheless, received federal recovery subsidies.

Federal policy further limited the homeownership opportunities for Black households by limiting the number of available owner-occupied properties on the market. Rather than intervening to make distressed properties available to moderate income households for homeownership, Fannie Mae and Freddie Mac -- the government-sponsored enterprises or "GSEs" – were encouraged to prioritize the selling of distressed loans and foreclosed properties to major investors that, in turn, transformed a sizable number of those properties into single family rental units.

Federal policy has also compounded the homeownership challenges of Black households. Due to decades of housing, financial, and labor market discrimination, Black households have less wealth and fewer engagements with mainstream financial institutions[21] than non-Hispanic Whites. The consequence is lower measured credit scores.

Up until the housing market meltdown, the risk presented by every borrower was individually estimated, but the cost of credit charged to borrowers was based on the average cost of risk of the total loan portfolio, not each individual loan. At the onset of the crisis, the GSEs restructured their pricing structure to charge each borrower based on the cost they individually presented (estimated based on a Loan Level Price Adjuster). Credit score and downpayment amount are the two most important determinants of loan level pricing.

The excessive burden of GSE loan level pricing, combined with an additional cost burden for low downpayment mortgages (i.e., the requirement of private mortgage insurance (PMI) for loans with less than 20 downpayments), has disproportionately affected Black households. Charging more for lower downpayment loans disproportionately penalizes Black borrowers for years of discrimination against Blacks in housing, labor, and education that is largely responsible for wealth and income inequality among Blacks compared to non-Hispanic Whites.A related unfairness to Black households is the continued use of outdated credit scores. The federal regulatory watchdog for the GSEs, the Federal Housing Finance Agency (FHFA), has been pondering allowing private lenders that provide loans to the GSEs to use more sophisticated scoring models that may more accurately estimate the risk presented by Black households. Although FHFA recently released a new rule on this issue, no actual change in the status quo is envisioned for the foreseeable future.

This discussion could continue ad nauseum; suffice it to say that there are a variety of ways in which biased public policy continues to hamper Black access to homeownership. In fact, all the major bills advanced over the past few years to revamp the GSEs prioritized increasing the share of private investors in the operations of the GSEs, rather than prioritizing the public missions for Fannie Mae and Freddie Mac of improving access to capital and expanding homeownership. The result is the likelihood that housing financial reform could further erode Black homeownership.

Understanding the complex challenges facing Blacks in the homeownership market is critical to overcoming the barriers that continue to stifle the Black community. For example, one of the most often repeated policies to deal with the low Black homeownership rate is downpayment assistance. While downpayment assistance would be welcomed, there are potentially millions of Black households that qualify for homeownership without subsidies.

Further, downpayment assistance will not overcome the negative consequences of continuing housing market discrimination, such as steering by real estate agents, that both denies access to housing opportunities for Blacks and lowers home price appreciation in Black communities.

As a result, the United States needs comprehensive solutions to the many barriers that continue unnecessarily to hamper homeownership for Black households. Piecemeal solutions will have only limited impact. These issues are further explored in the sections below in this edition of *State of Homeownership in Black America*.

20 Rexrode, Christina, and Emily Glazer. "Big Banks Paid $110 Billion in Mortgage-Related Fines. Where Did the Money Go?" *The Wall Street Journal.* March 9, 2016.

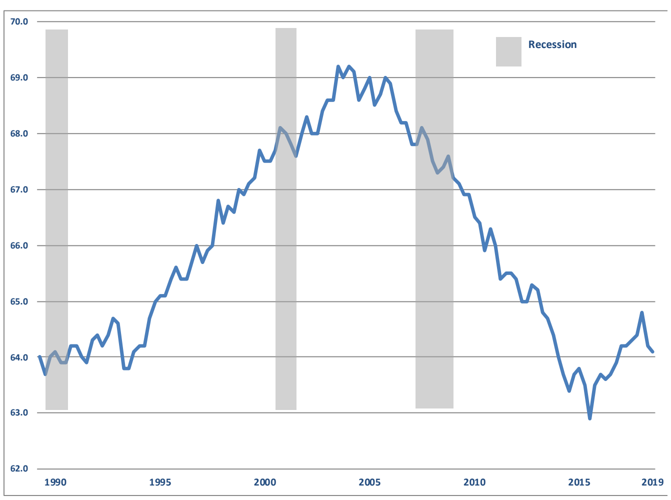
21 "Federal Deposit Insurance Corporation." FDIC. August 31, 2019. https://www.fdic.gov/householdsurvey/.

Housing Market Performance

Homeownership

Homeownership is one of the most key vehicles for wealth accumulation in America. According to 2015 data provided by the United States Census Bureau, 34.5 percent of the median American household's net worth is attributable to the equity in their home.[22] Overall, homeownership rates still have not returned to levels in the early millennium. According to the Census Bureau, the second quarter homeownership rate was 64.1 percent, similar to the previous quarter (64.2 percent) and to 2018's second quarter (64.3 percent).[23]

Exhibit 5. Quarterly Homeownership Rates



Source: Author's calculation of FRED, Economic Data, Federal Reserve Bank of St. Louis, available at https://fred.stlouisfed.org/series/RHORUSQ156N. Recession Data: National Bureau of Economic Research

Exhibit 6. Homeownership Rates by Race and Ethnicity

	Homeownership rates			Changes in homeownership rates		
Race and ethnicity	2004	2006	2017	2004-06	2006-17	2004-17
Non-Hispanic White (%)	76.0	75.8	72.3	-0.2	-3.5	-3.7
Black (%)	49.1	47.9	42.3	-1.2	-5.6	-6.8
Hispanic (%)	48.1	49.7	46.2	1.6	-3.5	-1.9
Other (%)	58.6	59.9	54.5	1.3	-5.4	-4.1
All (%)	69.0	68.8	63.9	-0.2	-4.9	-5.1

Source: Author's calculations of data from U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey , available from https://www.census.gov/housing/hvs/data/ann18ind.html

However, the homeownership rate for Black households stood at 40.6 percent, a drop of .5 percentage points from 2019's first quarter, and a full percentage point lower than 2018's second quarter rate of 41.6 percentage points.[24] As Exhibit 6 demonstrates, Blacks have seen the highest drop in homeownership rates out of any race or ethnicity since 2001, suffering from a loss of 5 percentage points from the 2001 level of 45.8 percent. As the Urban Institute points out, "Black homeownership rates are now at levels similar to those before the passage of the Fair Housing Act in 1968, while rates are up for every other group."[25]

Access to homeownership has been historically limited among Black households and communities. As shown in Exhibit 7 below, the gap between Black and non-Hispanic White homeownership rates in 2017 was 30 percentage points, down slightly (5 percentage points) from last year's record gap in the new millennium. Black homeownership reached a historical high in 2004 when it exceeded 49 percent.

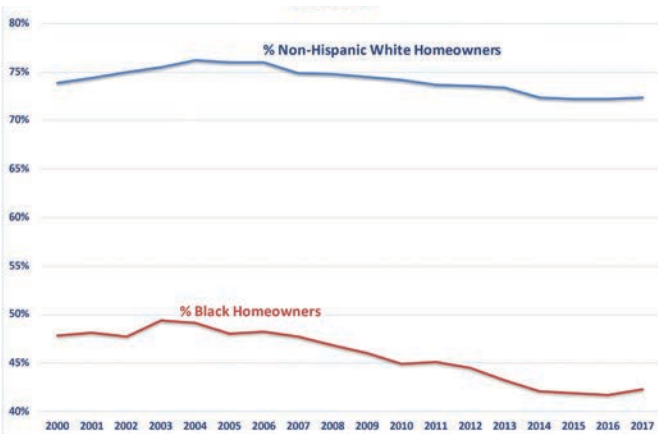
22 Eggleston, Jonathan, and R. Munk, "Net Worth of Households: 2015," Current Population Reports, P70BR-164, U.S. Census Bureau, Washington, DC, 2019.

23 U.S. Census Bureau, "Quarterly Residential Vacancies and Homeownership, Second Quarter 2019". Release Number CB19-98: July 25, 2019. p. 5.

24 Ibid., p. 9

25 Goodman, Laurie, Alana McCargo, and Jun Zhu. "A Closer Look at The Fifteen-Year Drop In Black Homeownership.", p. 2. February 12, 2018. Urban Institute: Washington, DC.

Exhibit 7. Homeownership Rates 2000–2017



Source: Author's calculations of data from U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey , available from https://www.census.gov/housing/hvs/data/ann18ind.html

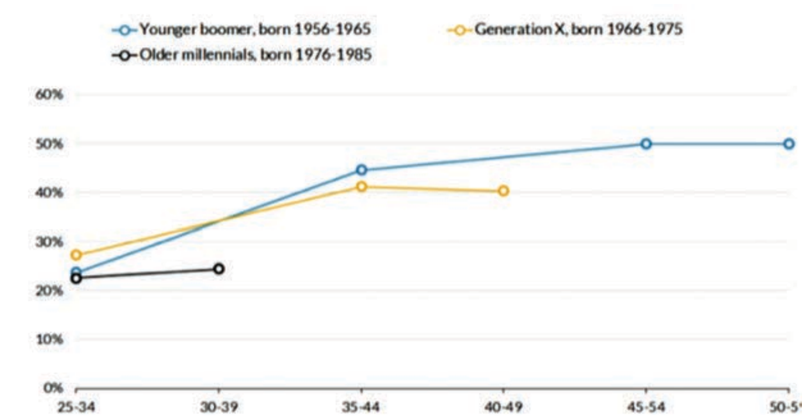
Since the enactment of the 1968 Fair Housing Act, all gains in homeownership have been erased. As with other aspects of the economy and society, Blacks had experienced important gains that are now lost. Homeownership for Blacks peaked in 2004 at just below 50 percent, and they fell to a new millennium low of 41.7 percent in 2016. Black homeownership gains have been eviscerated since 2004 due to predatory loan products that saturated the mortgage market from the late 1990s to 2007. Inadequate federal foreclosure mitigation initiatives; continuing unnecessarily high mortgage guarantee fees and the additional cost of private mortgage insurance; and continuing lax enforcement of fair lending laws by federal financial regulators have all contributed to the new percentage lows.

Black losses in homeownership are attributable to biased federal foreclosure prevention policy for households struggling due to the Great Recession. The federal Home Affordable Mortgage Program (HAMP), the major program enacted to stem the foreclosure crisis that began in 2007, provided relief only to home loans owned by Fannie Mae and Freddie Mac. HAMP's failure to include private-label, subprime loans was not an oversight—it was blatantly biased against Blacks. It was well-known that Blacks were disproportionately targeted by reckless and fraudulent subprime lenders and were experiencing foreclosures at a disproportionate rate compared to non-Hispanic White households. It was also common knowledge that most of Blacks' home loans were not held through either of these companies.

Middle-aged Black householders feel the loss of homeownership most acutely. As they approach retirement age, they have less wealth and lower savings for their retirement and children's college education. In 2017, the Urban Institute (UI) published a report with the provocatively pessimistic title, "Are Gains in Black Homeownership History?"[26] The message behind the disheartening title is that, according to the UI, the chances of Black homeownership increasing are not promising despite our growing economy and improved employment for Blacks. The UI report bluntly states, "…the prospects for black homeownership have gone from hopeful to pessimistic in only 15 years."

As Exhibit 8 shows, half of all Blacks born between 1956 and 1965 were homeowners by the age of 50, but

Exhibit 8.
Homeownership Rate for Households with Black Homeowners



Sources: Urban Institute, Data for 1970- to 2010 come from "5-Percent Public Use Microdata Sample (PUMS) Files," U.S. Census Bureau; Data for 2015 comes from the University of Minnesota Population Center, American Community Survey 1% Public Use Microdata Series.

26 Goodman, Laurie, Jun Zhu, and Rolf Pendall. "Are gains in black homeownership history?" Urban Institute. February 15, 2017.

Blacks born between 1966 and 1975 have a homeownership rate of just above 40 percent. Those born between 1976 and 1985 are reaching homeownership at such a slow pace that their rate could fall below 40 percent by age 50. Further, even if 42 percent of Black householders were to reach homeownership by age 50, they would have accumulated less overall wealth than their parents due to their relatively older age of achieving homeownership.

A recent Housing Policy Finance Center (Urban Institute) seminar and discussion of the data yielded the following five facts:

"1. The current 30-percentage-point gap between black and non-Hispanic White homeownership is larger than it was in 1968, when housing discrimination was legal;

2. If the black homeownership rate were the same today as it was in 2000, America would have 770,000 additional black homeowners;

3. Homeownership is lower for black college graduates than for non-Hispanic White high school dropouts;

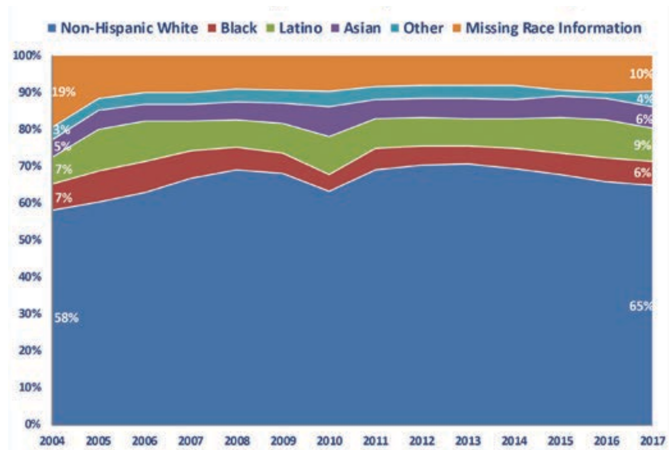
4. Black borrowers are less likely to meet the traditional credit standards necessary to qualify for a mortgage; and

5. Seventeen percent of the black-non-Hispanic White homeownership gap can't be explained by identifiable factors."[27]

Loan Applications and Originations by Race and Ethnicity

Note: *Unless otherwise stated, the majority of data below draws on findings from 2017 Home Mortgage Loan Data (HMDA). HMDA is the most comprehensive and publicly available, federal home finance database. The 2017 HMDA was the most currently available at the time of this writing. Because the year 2004 was the peak year of homeownership for Black homeownership, it is frequently used as a benchmark for comparisons of 2017 market performance..*

Exhibit 9.
Share of Loan Originations by Race and Ethnicity



Source: Authors' calculations of 2004-2017 HMDA data

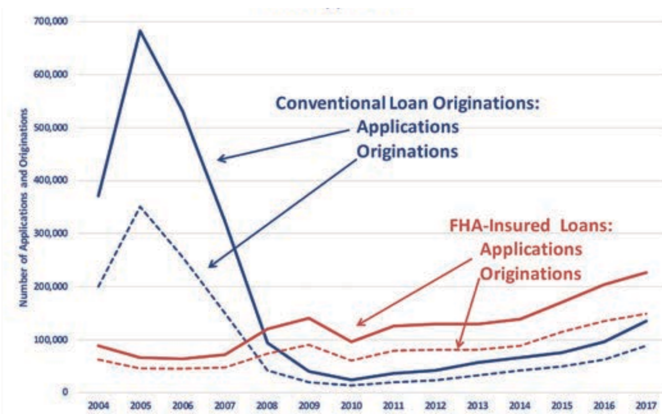
The foreclosure crisis and Great Recession forced many homeowners and prospective home buyers out of the market. The total number of home mortgage applications declined from 5.4 million in 2004 to a low of 2.3 million in 2010. Applications increased to 5 million in 2017, which is a 19 percent increase from 2016's level of 4.2 million. While rising for seven straight years, applications are still 8 percent below the peak in 2004. Loan originations in 2017 grew by 17 percent from the previous year and have rebounded by 127 percent since 2010's low of 1.6 million. Yet, they remain 2 percent below the 2004 level.

Despite steady gains since 2010, applications by and loans to Blacks still remain below their pre-Great Recession levels.[28] In 2017, about four-fifths as many applications were recorded relative to 2004 (458,354 applications in 2004 versus 361,457 applications in 2017), and originations are about 10 percent below their 2004 level (261,743 loan originations in 2004 versus 236,419 originations in 2017). However, 2017 loan originations to Blacks are up by a fifth from their 2016 level, roughly the same gain as the previous period, 2015 to 2016. The share of all applications coming from Black applicants decreased

27 Young, Caitlin. "These Five Facts Reveal the Current Crisis in Black Homeownership" Urban Institute: Washington, DC. July 31, 2019.

28 For more detail, see "Table 1. Disposition of applications for first lien purchase loans of occupied 1-to-4 family homes by year and race/ethnicity".

Exhibit 10. Applications and Originations of First-Lien Loans for the Purchase of Owner-Occupied One-to-Four Family Homes Black Applicants



Source: Authors' calculations of 2014-2017 HMDA data

from 7 percent in 2004 to 6 percent in 2017. That level has held steady since 2015 and is a full 30 percent lower than the peak loan application rate of 9 percent in 2006 (see Exhibit 9).

While overall Black applications increased by 20 percent from 2016 to 2017, the number of Black applicants for FHA loans rose by only 9 percent over 2016 levels, compared to a 20 percent growth from 2015 to 2016. FHA originations to Blacks increased 8 percent from 2016 to 2017, compared to an 18 percent growth experienced from 2015 to 2016. Blacks also experienced comparatively higher increases in 2017 relative to 2016 for conventional loan applications -(40 percent from 2016 to 2017 versus 28 percent from 2015 to 2016) and originations (40 percent from 2016 to 2017 versus 26 percent from 2015 to 2016).[29]

Even when Black borrowers are successful in obtaining home loans, they routinely receive higher-cost loans than non-Hispanic White borrowers. In 2017, both non-Hispanic White and Black borrowers increasingly relied on high-cost loans. Exactly 7 percent of non-Hispanic White borrowers received high-cost loans in 2017, up from 6 percent in 2016. About 17 percent of successful Black applicants in 2017 received high-cost loans, up from 16 percent in 2016.[30] Higher fees and interest rates unfairly restrain potential gains in Black homeownership and diminish the wealth Black households achieve from homeownership. Higher cost loans also increase the likelihood of default. According to the Urban Institute, "…for all mortgages originated since 1995, the probability of default was higher for loans with higher rates than for loans with lower rates in any given origination period."[31]

The last two years have been a period of growing Black participation in the conventional market, with more Black applicants (28 and 40 percent increases in 2016 and 2017 respectively) and borrowers (26 and 40 percent annual increases for 2016 and 2017 respectively). Notwithstanding these increases, Black remain disproportionately dependent on nonconventional home loans. In 2017, the level of conventional applications from and originations to Blacks stood at 64 percent and 56 percent lower respectively than their 2004 levels, while FHA applications and originations were 158 percent and 142 percent higher, respectively, compared to 2004.

Since 2004, the Black share of all conventional originations dropped by 2.4 percentage points, while the non-White Hispanic share increase by 11.9 percentage points.[32] The share of conventional loan applications from Black prospective borrowers, as a share of all loan applicants, increased of 0.4 percent in 2017 over 2016. Only 4 percent of all originated conventional loans went to Black borrowers in 2017, a modest increase from their 2016 share of 3 percent and well below the 6 percent share recorded in 2004. Despite a significant

29 For more detail, see "Table 4. Distribution of applications for first lien purchase loans of occupied 1-to-4 family homes by disposition and selected applicant and loan characteristics, 2017".

30 See "Table 14. Distribution of high-cost loans by neighborhood income level, 2017".

31 Kaul, Karan and Laurie Goodman, "Updated: What, If Anything, Should Replace the QM GSE Patch". (Washington: Urban Institute, October 2018), p. 1.

32 For more detail, see "Table 2. Disposition of applications for conventional first lien purchase loans of occupied 1-to-4 family homes by year, race and ethnicity (2004 to 2017)" and "Table 3. Disposition of applications for nonconventional first lien purchase loans of occupied 1-to-4 family homes by year, race and ethnicity (2004 to 2017)".

increase in the absolute number of Black applicants for nonconventional loans since 2004—from 87,869 to 226,601—the share of all nonconventional loans originated to Black borrowers remained at 11 percent in 2017, unchanged from 2016 but down from 13 percent in 2004.

In 2017, 24 percent of Black borrowers received GSE-purchased loans compared to 61 percent of non-Hispanic Whites borrowers, while 76 percent of Black borrowers received FHA loans compared to 39 percent of non-Hispanic White borrowers.[33] Table 6 further demonstrates the resilience of the differential reliance on conventional loans for non-Hispanic White borrowers and FHA for Black borrowers. The disparity in market access between these two racial groups does not disappear at any income level, even among borrowers with incomes below 50 percent of the local Area Median Income (AMI), where presumably, low income non-Hispanic White borrowers might rely on FHA loans at a rate more closely resembling that for Blacks. Table 6 reveals no notable difference in these patterns at the regional level.

Non-Hispanic White borrowers have not been immune to the impact of the Great Recession and foreclosure crisis. In 2017, however, the number of non-Hispanic White applicants finally surpassed their 2004 total of 2.9 million, reaching 3.1 million in 2017; Black applicants lagged their 2004 total by roughly 100,000. While total originations for 2017 have recovered to within 2 percentage points of 2004 originations, non-Hispanic White borrowers now constitute a much larger share of the total mortgage market. Non-Hispanic Whites received 65 percent of the loans originated in 2017 compared to 58 percent in 2004.[34] In 2017, loans to non-Hispanic White borrowers represented 68 percent of all conventional loans originated and 60 percent of all nonconventional loans, both of which were virtually unchanged from 2016.[35]

Lower median household income of Blacks compared to non-Hispanic Whites further contributes to lower originations for Black households. Like Latinos, Black applicants are overrepresented in the low- and moderate-income bracket. In 2017, 40 percent of Black applicants had incomes at or below 80 percent of the local AMI, unchanged from 2016. In contrast, 27 percent of 2017 non-Hispanic White applicants fell below 80 percent AMI, down slightly from 2016. Conversely, 47 percent of White applicants had high incomes (more than 120 percent of AMI), while just 30 percent of Black applicants fell into this income bracket; both Black and non-Hispanic White shares were roughly unchanged from 2016.[36]

Striking racial disparities continued to exist in 2017 regarding the percentage of applicants receiving FHA loans versus those sold to Fannie Mae or Freddie Mac. Black and non-Hispanic White applicants were more successful in 2017 at obtaining GSE-purchased loan than in 2016. In 2017, 9 percent of total Black applicants (versus 8 percent in 2016) and 22 percent of total non-Hispanic White applicants (versus 25 percent in 2016) succeeded in obtaining GSE-purchased loans. However, 29 percent of Black applicants obtained FHA-insured loans (versus 32 percent in 2016), a decrease of 3 percentage points. About 14 percent of non-Hispanic White applicants obtained FHA-insured loans, down from 18 percent in 2016.

Black borrowers continued to receive high-cost loans at a higher rate.[37] Over 17 percent of Black borrowers received high-cost loans compared with 7 percent of non-Hispanic White borrowers, with the respective rates each up by 1 percentage point and the gap unchanged from 2016. For both racial groups, high-cost loans as a percentage of loan originations were higher in low- to moderate-income neighborhoods than higher-income neighborhoods by about one-half. For both Black and non-Hispanic White borrowers, these are the second-highest rates of high-cost loans since the Great Recession.

33 For more detail, see "Table 6. Distribution of originations of first lien purchase loans of occupied 1-to-4 family homes by region and applicant income GSE-purchased and FHA-insured, Black and non-Hispanic White applicants, 2017".

34 See "Table 1. Disposition of applications for first lien purchase loans of occupied 1-to-4 family homes by year and race/ethnicity".

35 Tables 2 and 3 (n 32).

36 Table 4 (n 29).

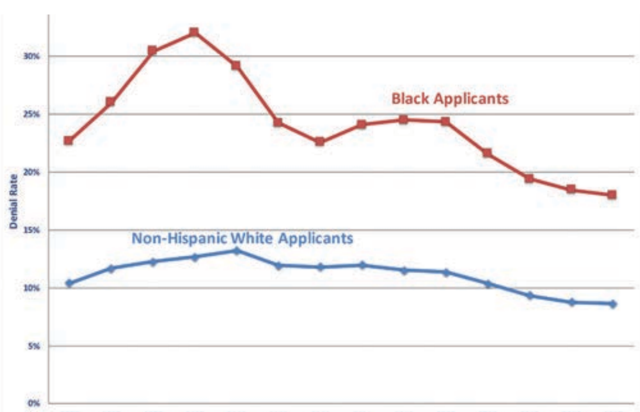
37 Table 14 (n 30).

Loan Denial Rates by Race and Ethnicity

Continuing historic trends, Black applicants in 2017 had higher loan denial rates than non-Hispanic Whites (see Exhibit 11 below).[38] For Black applicants, overall denial rates for home purchase loans were double those of non-Hispanic White applicants—18 percent versus 9 percent, unchanged from 2016. While the denial rate for Black applicants is the lowest since 2004, it continued to be the highest among people of color. The Black denial rate for 2017 conventional loans was 19 percent, down 1 percentage point from 2017, and 18 percent for non-conventional loans, unchanged from the prior year. Black denial rates for conventional loans peaked at 36 percent in 2008 at the height of the foreclosure crisis, and mostly have been steadily declining since.

Table 7 illustrates the distribution of denied applications from Black and non-Hispanic White applicants by reason for denial and applicant income level. Debt-to-income ratio was the most common reason for denial reported for Black applicants—at 32 percent compared to 27 percent for non-Hispanic White applicants. Credit history was the second most prevalent reason for denials among Black applicants (25 percent), while collateral was the second most prevalent denial reason for non-Hispanic White applicants (21 percent).

Exhibit 11. Denial Rates



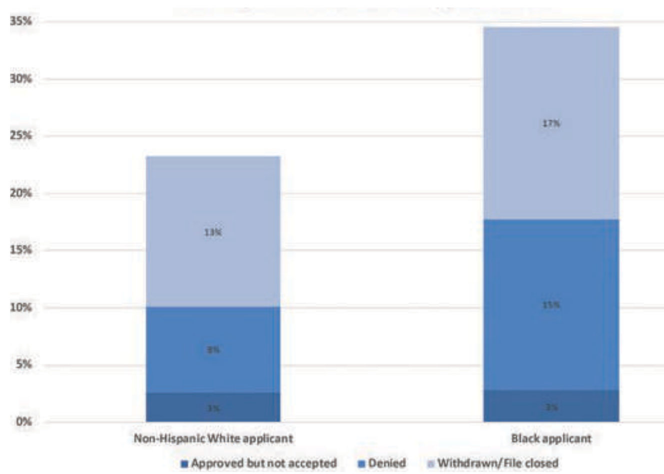
Source: Authors' calculations of 2004-2017 HMDA data

Denials based on debt-to-income ratios tend to decrease as income increases, a tendency repeated in conventional and nonconventional shares. Credit history-based denials for Blacks increase as incomes rise, yet they remain relatively flat for non-Hispanic Whites. Among applicants with incomes of more than 120 percent of AMI, 35 percent of denied applications for Blacks were due to credit history, unchanged from 2015. The corresponding share of credit history-based denials for non-Hispanic White applicants at this income level was 21 percent, virtually unchanged from 2015. Denials based on insufficient collateral for conventional loans increased with income level for both Black and non-Hispanic White applicants while remaining relatively flat across income brackets for nonconventional loans.

Loan Failure Rates by Race and Ethnicity

Loan Origination Failure Rates, first introduced in last year's report, show large disparities from a broader measure of unsuccessful loan applications.[39] This broader measure tracks applications which do not result in mortgage originations for one of three reasons:

Exhibit 12. Loan Origination Failure Rate, Non-Hispanic White and Black Applicants, 2017



Source: Authors' calculations of 2017 HMDA data

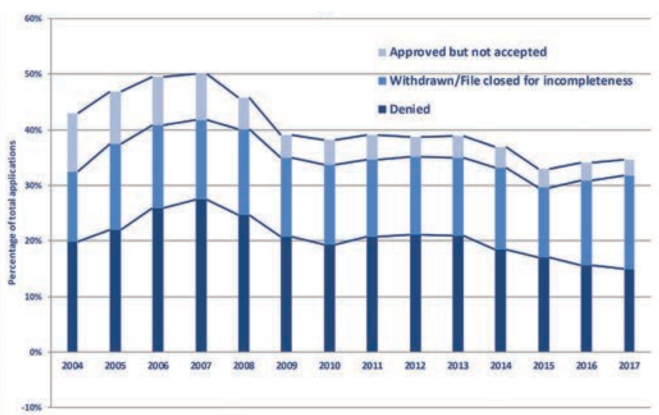
38 Typically, denial rates are calculated by dividing the number of denied loan applications by the combined number of originated loans, applications approved but not accepted, and denied applications. See Table 1 (n 9) for information on denial rates discussed in this section.

39 Carr, James H. *et al. 2017 State of Housing in Black America* NAREB: 2016. p.12.

- The loan application was approved by the lender but not accepted by the borrower.
- The loan application was either withdrawn or the file was closed for incompleteness.
- The loan application was denied.

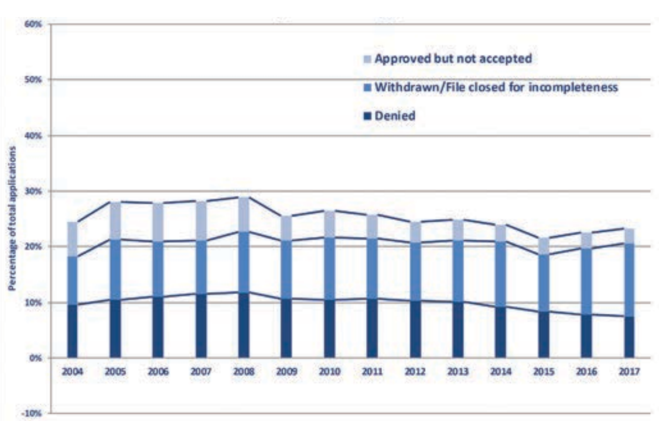
Exhibit 12 above shows that, in 2017, Black applicants experienced an overall Loan Origination Failure Rate of 35 percent, compared to a non-Hispanic White applicant rate of 24 percent, with each rate up 1 percentage point from 2016. The majority—7 percentage points—of this 11-percentage point difference is due to denials, but an additional 4-percent difference is attributable to applications withdrawn or closed.

Exhibit 13. Loan Origination Failure Rate Black Applicants



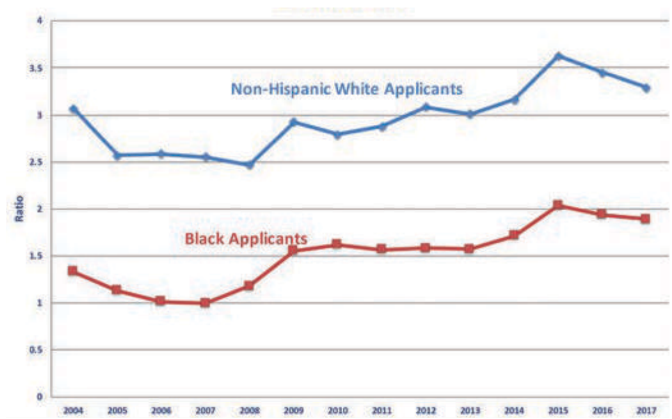
Source: Authors' calculations of 2004-2017 HMDA data

Exhibit 14. Loan Origination Failure Rate Non-Hispanic White Applicants



Source: Authors' calculations of 2004-2017 HMDA data

Exhibit 15. Number of Loan Originations per Application that was Approved but Not Accepted, Denied, Withdrawn, or Closed for Incompleteness



Source: Authors' calculations of 2004-2017 HMDA data

Exhibits 13 and 14 present historical loan origination failure rates for the period between 2004 and 2017. Double digit percentage point differences in overall failure rates are seen throughout this timeframe, with non-Hispanic Whites experiencing failure rates between 20-30 percent of applications, while Black rates never fall below 30 percent. The years leading up to the Great Recession show the largest loan origination failure rate disparity of over 20 percentage points between Blacks and non-Hispanic Whites. As has been pointed out in last year's *State of Homeownership in Black America*, the consistently greater rate of "withdrawn/file closed for incompleteness" to Black applicants, relative to non-Hispanic Whites applicants, should receive further attention.

One way to further assess the significance of the loan failure rate is to compare the ratio of loan originations to applications that failed for one of the three cited reasons above (shown in Exhibit 15 above). When this ratio is examined over time, clear differences emerge in loan failure rates between Blacks and non-Hispanic Whites. For Blacks, 1 to 2 loans were approved for every failed application. For non-Hispanic Whites, 2.5 to 3.5 loans were approved for every failed application.

Exhibit 16. Mortgage Loan Applications by Type of Loan and Lender, Black and Non-Hispanic White Applicants, 2017

Source: Authors' calculations of 2017 HMDA data

Loan and Lender Channels by Race and Ethnicity

Exhibit 16 provides a snapshot of Black and non-Hispanic White applicants' loan and lender channels. Black and non-Hispanic White applicants rely on significantly different channels to apply for a loan. 2017 saw little change from 2016, with 66 percent of Black applications for a loan at a mortgage company, and only 53 percent of non-Hispanic Whites applications through that same channel. Non-Hispanic White applicants relied more heavily on banks, with 43 percent seeking loans from those institutions versus 30 percent for Black applicants. A 4-percentage point increase for both groups from 2016 can be noted.

Applications by Lender Type, Applicant Income, and Race and Ethnicity

Exhibit 17 examines Black and non-Hispanic White applicants by income and lender type.[40] Among Black and non-Hispanic White applicants, the percentage of those applying at an independent mortgage company increased from the lowest income levels before dropping off for applicants with incomes greater than 120 percent of AMI. Conversely, applications by both racial groups to banks, savings institutions, or credit unions decreased from the lowest income level on up until spiking back up above 120 percent of AMI.

Overall, all income groups among both races applied to independent mortgage companies at roughly the same rate as in 2017, although high-income Black applicants did drop by 4 percentage points. Except for Black applicants at the 50-80 percent AMI level, all income categories among both races increased their applications to banks, savings institutions, and credit unions by 2 to 6 percentage points over 2016 levels after falling the previous year by 3 to 4 percentage points.

Table 8 presents data on loan application dispositions by lender type and income.[41] Continuing the trend started in 2015, 2017 application rates are up in all categories for both lender type and applicant race. Overall Black applications again rose by more than a fifth over the prior year's level, with a 40 percent increase in applications to banks, savings institutions, or credit unions. The increase in applications was spread across all income levels, with the largest increase (23 percent) occurring in the 50-80 percent of AMI category.

Non-Hispanic White applicants reflected similar trends, though less robust, with overall applications increasing by 16 percent. Again, this growth was concentrated in applications to banks, savings institutions, or credit unions, with applications to this lender type increasing by 29 percent over 2016. This increase was spread across all applicant income categories, with the largest gain (19 percent) occurring in the over 120 percent of AMI category. For both major lender channels, the 2017 origination rate for Black applicants was roughly two-thirds, while non-Hispanic White applicants achieved origination levels of around three-quarters. As with 2016, the 2017 origination rates held steady compared to the prior year for both lender type and income levels.

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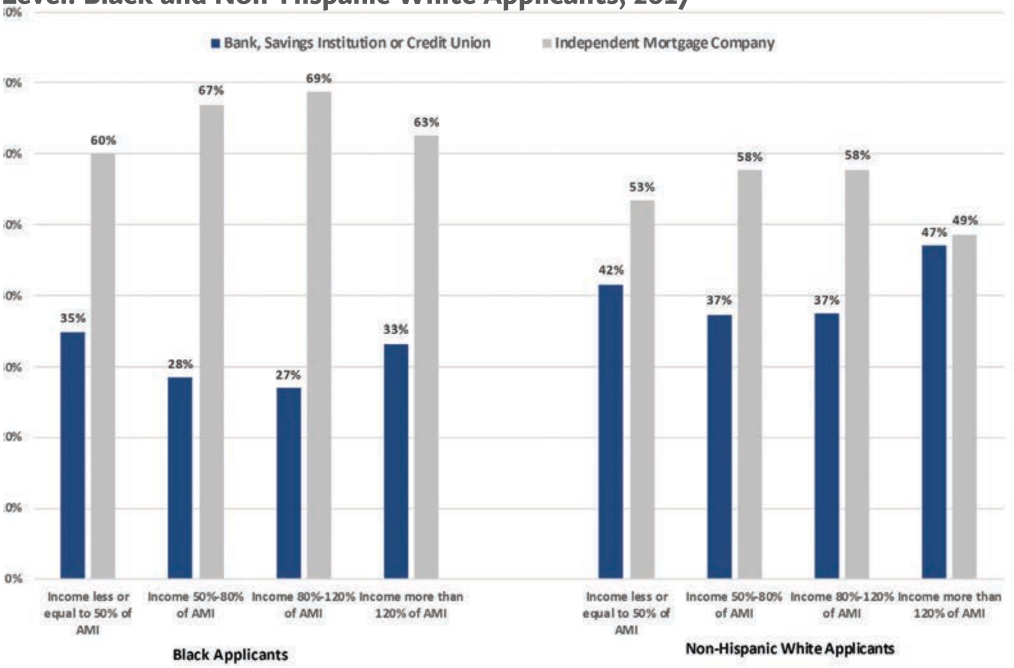
40 Exhibit 11 excludes "Mortgage Companies Affiliated with Depositories."

41 This discussion focuses on the two largest lender categories. For more information, see "Table 8. Disposition of applications for first lien purchase loans of occupied 1-to-4 family homes by type of lender and applicant income Black and non-Hispanic White applicants, 2017."

Exhibit 17. Mortgage Loan Applications by Lender Type and Applicant Income Level: Black and Non-Hispanic White Applicants, 2017



Source: Authors' calculations of 2017 HMDA data

The gaps in application dispositions between Blacks and non-Hispanic Whites did not change appreciably from 2016 across applicant income categories and major lender type. Banks, savings institutions, and credit unions experienced a gap of 13 percentage points in originations to Black applicants (63 percent) relative to non-Hispanic Whites applicants (76 percent) that persisted across all income levels. However, the overall origination rate gaps for banks, savings institutions, and credit unions closed by about 1 percentage point compared to 2016, with the change concentrated in the below 50 percent and the 80-120 percent AMI categories.

Independent mortgage companies exhibited an origination rate gap of 11 percentage points in loans to Blacks (66 percent) and non-Hispanic Whites (77 percent). Unlike banks, however, there was significant income variation with respect to the origination rates ranging from a low of 9 percentage points for applicants with incomes of more than 120 percent of AMI, to a high of 14 percentage points for applicants with incomes below 50 percent of AMI. These 2017 gaps and distributions essentially mirror those of the last two reporting years.

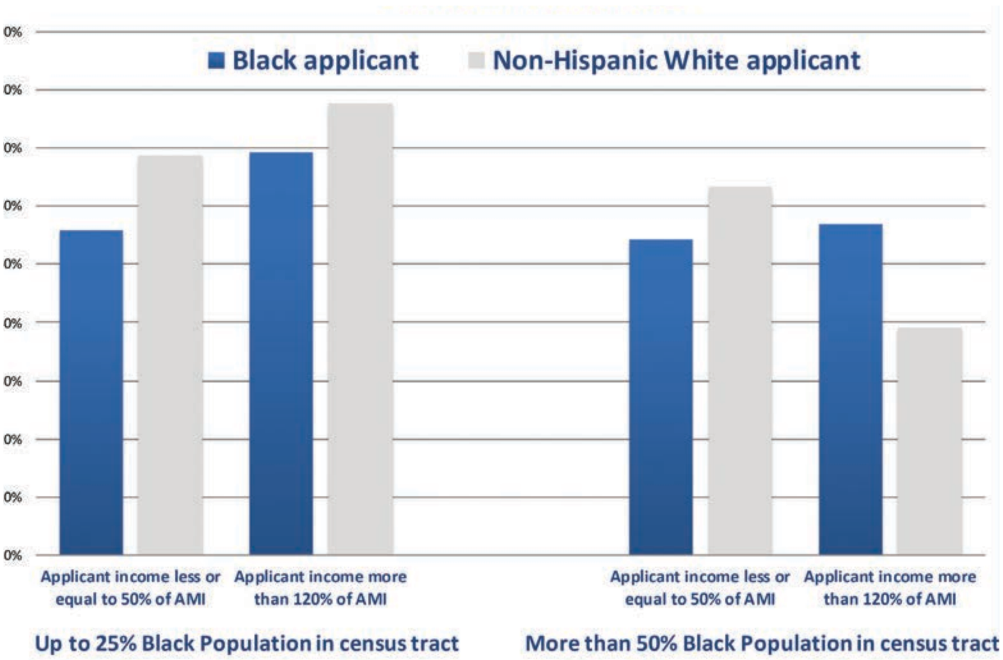
Denial rate gaps by major lender types persisted in 2017 compared to 2016 across income categories. For Black applicants, independent mortgage companies had a lower denial rate than banks, savings institutions, and credit unions (13 versus 19 percent, respectively). Non-Hispanic White applicants fared better at both lender types, experiencing denial rates of 7 percent (independent mortgage companies) and 9 percent (banks, savings institutions, and credit unions).

For banks, savings institutions, and credit unions, racial denial rate gaps persist across all income levels, with the lowest gap (8 percentage points) occurring for applicants with incomes over 120 percent of AMI, and the largest gap (11 percentage points) found among applicants below 50 percent of AMI. These 2017 denial rate gaps did, however, close by 1 percentage point compared to 2016 in all income categories except over 120 percent AMI. Independent mortgage companies mirrored their 2016 performance, with denial rate gaps ranging from 3 percentage points in the highest income category to 5 percentage points in the lowest income group.

Loan Type, Geographic Patterns, and Race

Examining the distribution of loan originations across geography, Exhibit 18 highlights how very low- and high-income applicants fared in census tracts with different shares of Black population. In census tracts with up to 25 percent Black population, all categories (income and race) of applicants had similar loan origination rates in 2017 as they had in 2016. The loan origination gap between races remained at 8 percentage points for the

Exhibit 18. Origination Rates by Percentage of Black Population in Census Tract and Applicant Home, 2017



Source: Authors' calculations of 2017 HMDA data

high-income category, while the gap for the lowest income category closed slightly by 1 percentage point. In census tracts with more than 50 percent Black population, loan origination rates remained virtually unchanged across race and income extremes. Interestingly, for tracks with more than 50 percent Black population, the loan origination disparity for applicants with incomes over 120 percent AMI is reversed, with successful originations to 57 percent of Black applicants versus 39 percent for non-Hispanic Whites—a gap which widened by 6 percentage points since 2016.

Moreover, across lender types, 2017 data clearly show that most of both conventional and FHA-insured loans going to non-Hispanic White applicants are concentrated in census tracts with the smallest percentage (25 percent or less) of Black population, a pattern unchanged from 2016.[42] Conventional loans going to Black applicants also tend to be more concentrated in census tracts with low percentages of Black population. FHA-insured loans to Black applicants are somewhat less skewed and are somewhat more evenly distributed across differing census tract racial compositions.

Loan applications are up from 2016 in all regions, with Black applicants increasing by about a fifth in all regions, while the number of non-Hispanic White applicants increased by about one sixth over 2016 levels. [43] By far, most loan applications from Blacks and non-Hispanic Whites are submitted in the South. However, a larger share of total Black applicants nationally is in this region (64 percent) than the Southern share of non-Hispanic White applicants (38 percent).

Important disparities also persist between Black and non-Hispanic White applicants by property location.[44] While spatial patterns continue to change and evolve, America "remains starkly segregated by race and income."[45] Evidence of this can be seen in the considerable variation in neighborhood income and racial characteristics where

42 See "Table 9. Disposition of applications for conventional first lien purchase loans of occupied 1-to-4 family homes by lender type, percentage of Black population in census tract and applicant income, 2017" and "Table 10. Disposition of applications for FHA-insured first lien purchase loans of occupied 1-to-4 family homes by lender type, percentage of Black population in census tract and applicant income, 2017".

43 See "Table 5. Disposition of applications for first lien purchase loans of occupied 1-to-4 family homes by region and applicant income Conventional and nonconventional loans, Black and non-Hispanic White applicants, 2017".

44 See "Table 4. Distribution of applications for first lien purchase loans of occupied 1-to-4 family homes by disposition and selected applicant and loan characteristics, 2017".

45 Gregory Acs et al, "The Cost of Segregation: National Trends and the Case of Chicago, 1990–2010" (Washington: Urban Institute, 2017), v.

borrowers' homes are located.

In 2017, 29 percent of loans originated to Black applicants financed properties located in low- and moderate-income neighborhoods—an increase of 5 percentage points from 2016. Only 13 percent of non-Hispanic White borrowers, however, financed similarly located properties, essentially the same as in 2016. Further, 49 percent of 2017 Black borrowers obtained loans for homes in majority-minority neighborhoods (up 3 percentage points from 2016), compared to only 10 percent of non-Hispanic White borrowers. Denial rates for Black applicants are also higher at 16 percent in these neighborhoods compared to a non-Hispanic White denial rate of 10 percent in the same neighborhoods.

Cities with Largest Black Populations and High Levels of Segregation

An understanding of aggregate national patterns of lending to Blacks is enhanced by examining the mortgage market performance in the 10 U.S. cities with the largest Black populations. These cities presented in Exhibit 19, along with a measure of segregated living patterns—the dissimilarity index. The dissimilarity index measures the extent to which Blacks would have to move to different census tracts to achieve an even geographic distribution of households by race throughout the city.

Exhibit 19. Ten Cities with the Largest Black Populations (2017)

City	Black Population	Percent of Total Population	Dissimilarity Index
New York, New York	2,094,132	24%	0.80
Chicago, Illinois	809,079	30%	0.82
Philadelphia, Pennsylvania	663,708	42%	0.72
Detroit, Michigan	532,057	79%	0.60
Houston, Texas	530,579	23%	0.68
Memphis, Tennessee	415,179	64%	0.67
Baltimore, Maryland	383,508	63%	0.67
Los Angeles, California	362,079	9%	0.67
Washington, D.C.	318,220	46%	0.69
Dallas, Texas	328,114	24%	0.64

Source: Authors' calculations of U.S. Census Bureau, American Community Survey 2017

Dissimilarity indices over 60 percent are generally considered high. The continuing extent of segregated living patterns in these cities forms an important backdrop for assessing mortgage market performance. Blacks represent varying shares of the total population across these cities. The cities with the largest Black populations range from a high in New York (2,094,132) to a low in Washington, D.C. (318,220). Although New York has the largest population of Blacks, they represent just less than one quarter of the city's total population.

The Black share of total population ranges from Detroit's high of 79 percent to a low of 9 percent in Los Angeles. The Black percentage of total population in these cities was essentially unchanged in 2017 compared to 2016, with the Black population in four cities (Chicago, Philadelphia, Detroit, and Washington) losing 1 percentage point share of the total city's population. Last year, the Black population in seven cities (Philadelphia, Detroit, Houston, Memphis, Baltimore, Washington, and Dallas) had gained a 1 percentage point share of the total city's population. The three cities with the highest percentage Black populations are majori-

Exhibit 20. Selected Characteristics of Loan Applications from Black Applicants in the 10 U.S. Cities with the Largest Black Populations, 2017

City	Total	Share of all applications	Percent applications for conventional loans	Percent applications for FHA-insured loans	Total	Share of all originations	Share of all conventional loans	Share of all FHA-insured loans
New York, N.Y.	3,747	9%	49%	48%	2,261	8%	4%	39%
Chicago, IL	4,465	13%	42%	53%	2,653	11%	6%	35%
Philadelphia, PA	3,567	22%	32%	62%	2,197	19%	9%	37%
Detroit, MI	940	46%	48%	46%	478	42%	31%	70%
Houston, TX	2,101	9%	42%	44%	1,249	8%	5%	20%
Memphis, TN	1,618	31%	31%	57%	1,054	27%	14%	44%
Baltimore, MD	2,532	36%	27%	64%	1,639	32%	15%	57%
Los Angeles, CA	1,264	4%	59%	33%	724	4%	3%	9%
Washington, D.C.	1,676	16%	67%	28%	1,081	14%	11%	58%
Dallas, TX	1,303	8%	44%	45%	804	7%	4%	21%

Source: Authors' calculations of 2017 HMDA data ty-minority: Detroit (79 percent), Memphis (64 percent), and Baltimore (63 percent).

In all 10 cities, Blacks are highly segregated from non-Hispanic Whites. All these cities have indices of .60 or higher, ranging from a low of .60 in Detroit to a high of .82 in Chicago. All 10 of these cities are in the top 40 most segregated metropolitan areas in the United States.[46] In all these cities except Detroit, which stayed the same, the dissimilarity indices dropped by a negligible .01 percent—essentially unchanged from 2016.

Exhibit 20 offers insight into each of these 10 cities' mortgage markets, presenting selected characteristics of loans from Black applicants in their respective cities. In all but one of these cities, the share of all loan originations to Black applicants is below their share of applications by 1 to 4 percentage points.

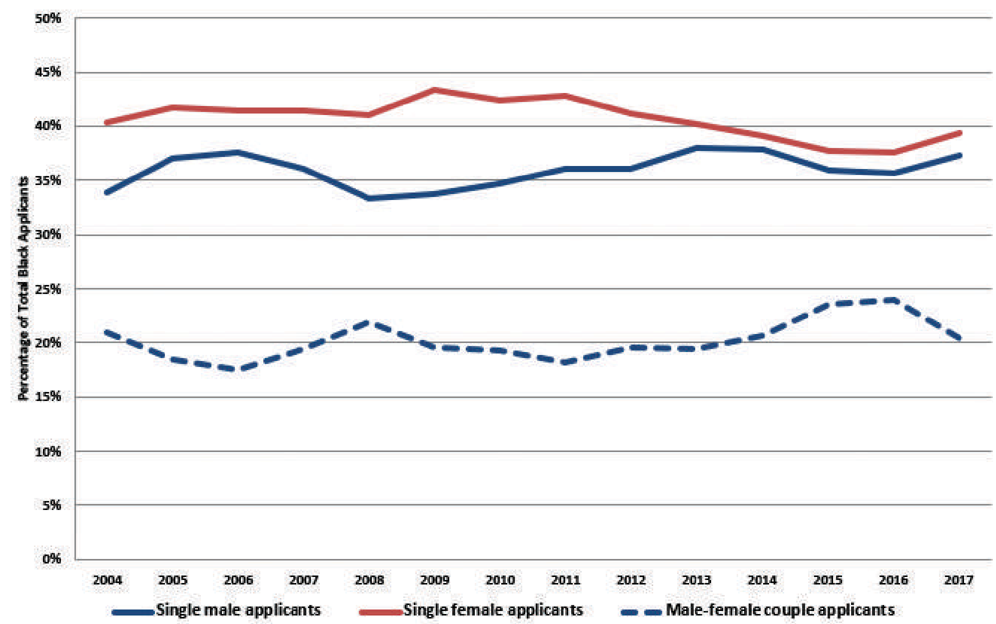
Except for Detroit and Washington, this pattern of lower shares of originations versus share of applications is repeated for shares of FHA applications and originations with gaps of 7 to 25 percentage points between applications and loans. This disparity between applications and loan originations is even more pronounced with conventional loans, existing in all cities and ranging from 12 to 56 percentage points. In six out of ten of these cities, the share of conventional loans made to Black applicants is in single digits.

Mortgage Lending to Single Black Female Applicants

Reflecting trends in the total number of applications coming from all Black prospective borrowers, the number of applications coming from single Black female applicants dropped between 2005 and 2010, and slowly rebounded after the Great Recession. In 2017, the number of applications coming from this group was 23 percent lower than in 2004 (Table 15).

The gender composition of the Black applicant pool is significantly different from that of non-Hispanic White applicants (Exhibits 21 and 22). In 2017, 39 percent of Black mortgage applicants consisted of single women without a co-applicant. That percentage has not substantially changed since 2004, except for the years immediately following the Great Recession, when the percentage of Black single women applying alone peaked at 43 percent in 2009 and 2011. Male-female co-applicants represent the smallest segment of the Black applicant pool (20 percent). In contrast, single women without a co-applicant represent only 21 percent of all non-Hispanic White applicants, a percentage that has remained stable since 2004. The large bulk of the non-Hispanic White applicant pool is comprised of male-female co-applicants (41 percent)

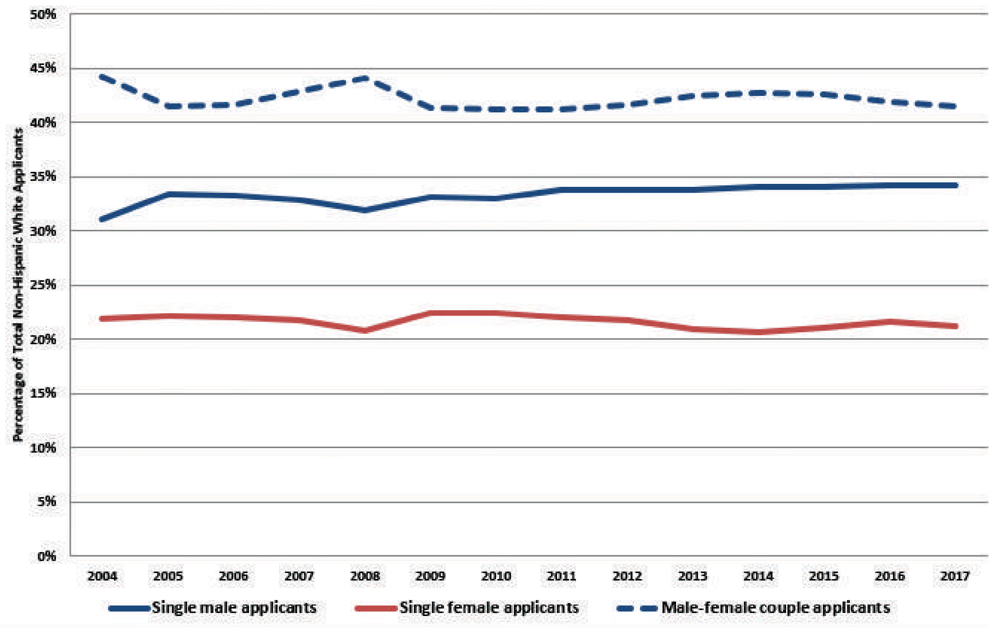
Exhibit 21. Black Applicants by Gender and Co-Applicant Presence



Source: Authors' calculations of 2004-2017 HMDA data

46 William H. Frey analysis of 1990, 2000, and 2010 U.S. Censuses, "Largest Metros (Total Population of 500,000 or more): Black White Segregation Indices sorted by 2010 Segregation."

Exhibit 22. Non-Hispanic White Applicants by Gender and Co-Applicant Presence



Source: Authors' calculations of 2004-2017 HMDA data

and single male applicants (34 percent).

As in the general Black applicant pool, the number of applications for conventional loans among single Black female applicants has decreased over time. In 2017, the number of such applications were 80 percent less than in 2005, when the volume of these applications reached its peak. In 2017, 40 percent of applications coming from single Black female applicants were for conventional loans, compared with 68 percent of applications submitted by single non-Hispanic White applicants (Table 16). Conversely, the volume of applications for FHA-insured loans coming from single Black female applicants increased by 134 percent since 2004. In 2017, 49 percent of applications coming from single Black female prospective borrowers were for FHA-insured loans, compared to only 24 percent among their non-Hispanic White counterparts (Table 18).

Despite a general increase in the percentage of loan originations among single Black female applicants since 2004, loan originations among this group continue to lag behind those of single non-Hispanic White female applicants. In 2017, 65 percent of loan applications coming from single Black female prospective borrowers were originated compared with 76 percent of applications coming from their non-Hispanic White counterparts. Both among Black and non-Hispanic White applicants, male-female applicants have higher origination rates than single applicants. The percentage of originated loans among Black male-female co-applicants is 68 percent versus 78 percent among their non-Hispanic White counterparts.

In 2017, 18 percent of applications submitted by single Black female applicants were denied, compared with 9 percent of applications submitted by single non-Hispanic White female applicants. In general, both among Black and non-Hispanic White applicants, denial rates are lower among male-female co-applicants (16 percent and 7 percent, respectively) than among single applicants.

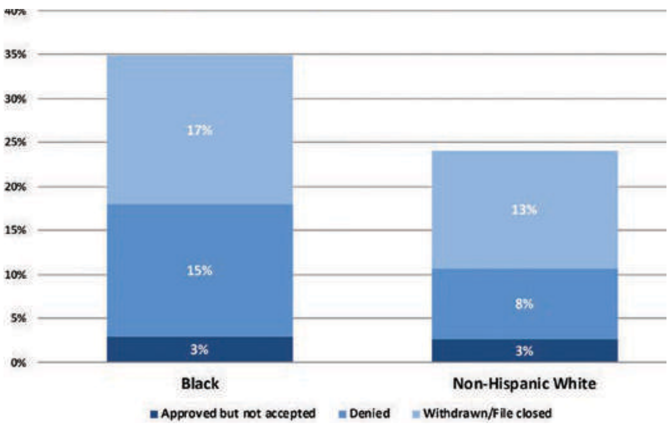
The loan origination failure rate is also higher among single Black female applicants than among their non-Hispanic White counterparts (Exhibit 23).

Nineteen percent of all single Black female borrowers received high-cost loans in 2017, compared with 8 percent of their non-Hispanic White counterparts. This percentage was 54 percent in 2005. Even though it has declined since the foreclosure crisis, it still represents the largest percentage of high-cost loans across all Black applicants (Table 18).

Blacks and other communities of color were largely affected by the abusive predatory lending practices of the years leading to the foreclosure crisis. The significant percentage of single Black female borrowers receiving high-cost loans in 2005 is a clear reflection of that trend. In the years following the Great Recession, the share of high-cost loans made to these borrowers, still among the most disadvantaged borrowers in the market, has gone down.

Given the substantial proportion of single female

Exhibit 23. Loan Origination Failure Rate, Single Female Applicants by Race 2017



Source: Authors' calculations of 2017 HMDA data

applicants among Black borrowers, policies addressing barriers that this group faces are essential. Without a co-applicant, these borrowers may not have access to an amount of financial resources comparable to those of other borrowers that would allow them to make a substantial downpayment and sustain homeownership. Denial rates are still high among this group and high-cost loans are still a reality, even after predatory lending practices largely have left the market. Downpayment assistance, along with lower-cost and safe loans, are important for single Black female borrowers to boost their access to homeownership and equity building without placing them at an economic disadvantage compared to other borrowers.

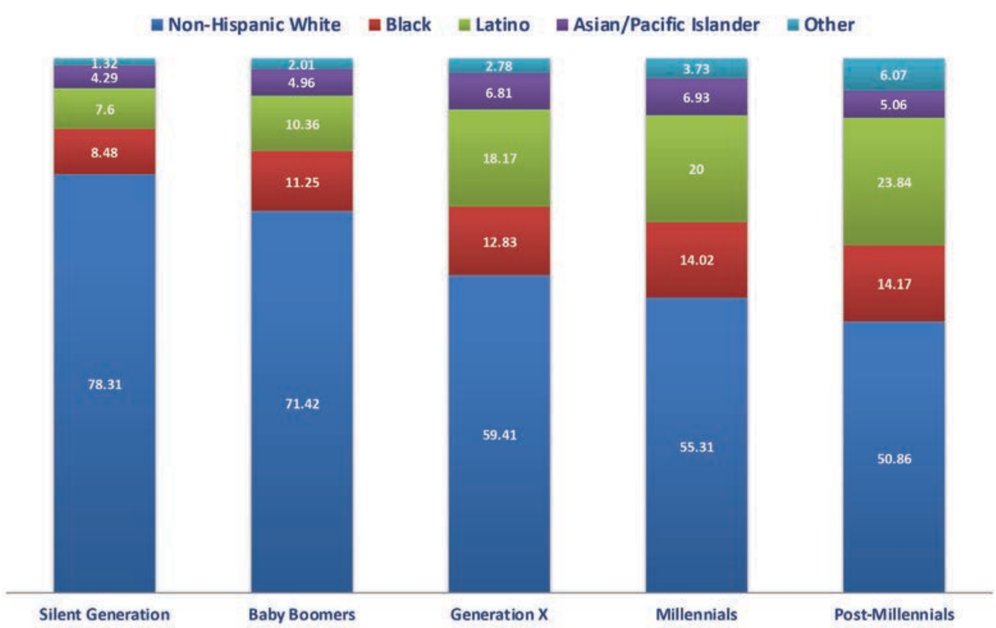
Black Millennial Homeownership

Millennials and Post-Millennials—those born between 1981 and 1996 and those born after 1996, respectively—are the most racially and ethnically diverse generations in the United States (Exhibit 24). In 2017, 41 percent of Millennials consisted of people of color, compared with only 27 percent of Baby Boomers. Blacks represented 14 percent of Baby Boomers.

Millennials and the subsequent generation are contributing to the further diversification of the population, as Millennials of color continue to establish their families and give birth to the next generations. But achieving homeownership is not easy for Millennials of color, especially for Black Millennials.

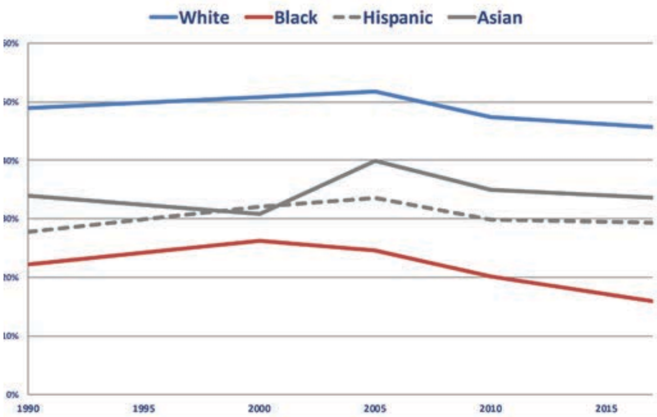
Households headed by individuals in the Millennials' age cohort (21 to 36 years of age) in all racial/ethnic groups have experienced a decline in homeownership since the financial crisis, with the Black homeownership rate consis-

Exhibit 24. Racial and Ethnic Composition of U.S. Population by Generation (2017)



Source: Authors' calculations of data from Steven Ruggles, Sarah Flood, Ronald Goeken, Josiah Grover, Erin Meyer, Jose Pacas and Matthew Sobek. IPUMS USA: Version 9.0 [dataset]. Minneapolis, MN: IPUMS, 2019. https://doi.org/10.18128/D010.V9.0

Exhibit 25. Homeownership by Race and Ethnicity, Household Heads Ages 18-34



Source: Authors' calculations of data from Steven Ruggles, Sarah Flood, Ronald Goeken, Josiah Grover, Erin Meyer, Jose Pacas and Matthew Sobek. IPUMS USA: Version 9.0 [dataset]. Minneapolis, MN: IPUMS, 2019. https://doi.org/10.18128/D010.V9.0

tently lower than that of other groups.[47] In 2017, households headed by Blacks 21 to 36 years of age had an homeownership rate of 16 percent compared with 46 percent among Non-Hispanic Whites, 34 percent among Asians, and 29 percent among Hispanics (Exhibit 25).

Racial and ethnic diversity reflects profound variations in socioeconomic status and different opportunity structures among Millennials. In particular, Black Millennials experience important challenges when it comes to household formation, socioeconomic mobility, and access to homeownership. These challenges place them at a disadvantage when compared to their non-Hispanic White counterparts.

Black Millennials fare worse than other groups in terms of socioeconomic status. Labor force participation is lower among Black Millennials compared with their non-Hispanic White counterparts (78.7 percent versus 83.3 percent). Among Millennials not in the labor force, 22 percent of Blacks are enrolled in school compared with 28 percent of non-Hispanic Whites. 48 percent of Black Millennials have no more than a high school diploma, compared with 34 percent of non-Hispanic White Millennials. Black Millennials also feature the highest unemployment rates among all racial and ethnic groups: 11 percent of Black Millennials 16 years of age and older are unemployed compared with only 5 percent of non-Hispanic White Millennials. The median household income of households headed by Black Millennials is $34,800, the lowest among all racial and ethnic groups. Further, the median household income of Black Millennial-headed households who rent their home is only $30,000.

High unemployment rates and lower levels of educational attainment along with lower median household incomes reflect the limited access to opportunities among Black Millennials to move up the socioeconomic ladder, establish their own households, and eventually access homeownership. Indeed, Black Millennials are more likely to still live with their parents and

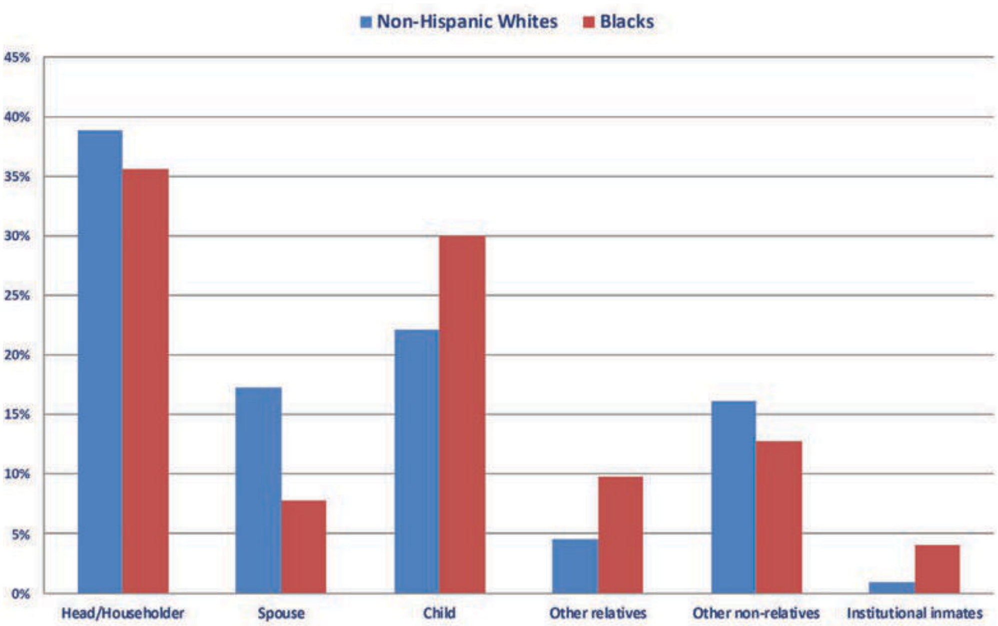
Exhibit 26.
Socioeconomic Characteristics of Millennials by Race, 2017

	Non-Hispanic White	Black	Latino	API	Other
In labor force	83%	79%	80%	76%	78%
Not in labor force	17%	21%	20%	24%	22%
In school (percentage of those not in the labor force)	28%	22%	21%	44%	27%
Unemployment rate	5%	11%	6%	5%	8%
Less than High School	4%	8%	16%	4%	7%
High School diploma	30%	40%	40%	17%	35%
At leas some college	66%	52%	43%	80%	58%
Median household income	$64,000	$34,800	$46,000	$75,000	$50,000
Median household income (Renters)	$48,300	$30,000	$39,800	$62,000	$40,000

Source: Authors' calculations of data from Steven Ruggles, Sarah Flood, Ronald Goeken, Josiah Grover, Erin Meyer, Jose Pacas and Matthew Sobek. IPUMS USA: Version 9.0 [dataset]. Minneapolis, MN: IPUMS, 2019. https://doi.org/10.18128/D010.V9.0

47 See findings by the Urban Institute at https://www.urban.org/urban-wire/state-millennial-homeownership; https://media.better.com/guides/Millennial%20Homeownership%20Report.pdf?utm_source=lifecycle&utm_medium=email&utm_campaign=trigger_ui_guide.

Exhibit 27. Relationship to the Head of the Household Millennials, 2017



Source: Authors' calculations of data from Steven Ruggles, Sarah Flood, Ronald Goeken, Josiah Grover, Erin Meyer, Jose Pacas and Matthew Sobek. IPUMS USA: Version 9.0 [dataset]. Minneapolis, MN: IPUMS, 2019. https://doi.org/10.18128/D010.V9.0

with other relatives than non-Hispanic White Millennials (Exhibit 27). The Urban Institute reports that Blacks are significantly less likely to purchase homes at an early age compared to Non-Hispanic Whites.[48]

Socioeconomic barriers may keep homeownership out of reach for Black Millennials. Policy solutions should address such barriers in order to boost homeownership among Black Millennials. In particular, downpayment assistance and renter savings programs should be part of the policy agenda in order to make access to homeownership an affordable reality for this group of potential first-time homebuyers.

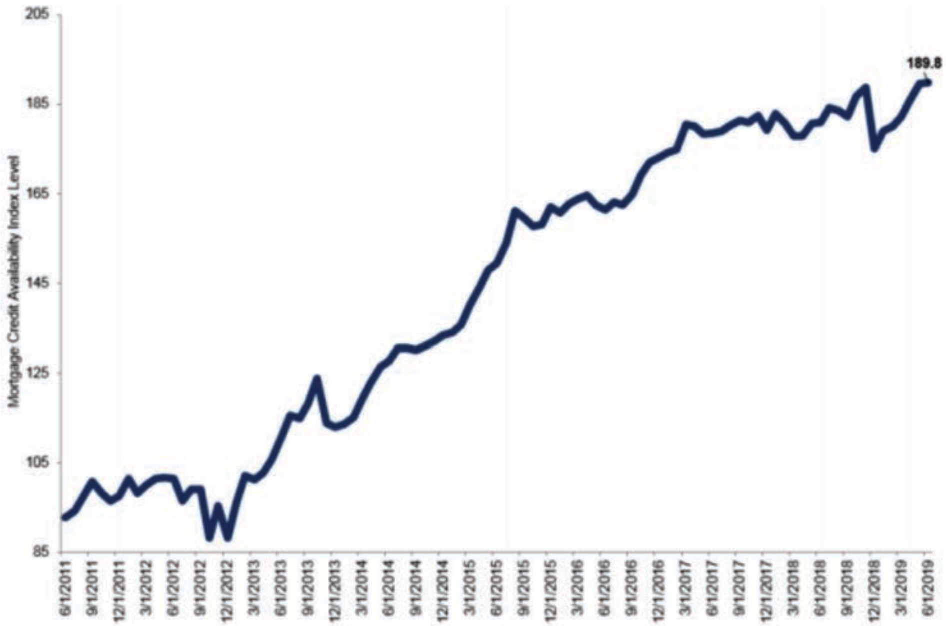
48 http://www.urban.org/sites/default/files/black_homeownership_data_talk_slides.pdf

Mortgage Credit Availability

The preceding review of the 2017 HMDA data suggest a continuing recovery of the mortgage market overall and modest progress in lending to Black applicants. Available indices of credit availability suggest improvement in the supply of mortgage finance. The most recent Mortgage Credit Availability Index (MCAI) issued by the Mortgage Bankers Association, indicated a minor increase of .2 percent in June.[49] According to Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting, "Credit availability has generally increased in 2019 as lenders have worked to meet affordability challenges."[50]

The most recent Housing Credit Availability Index (HCAI) published by the Urban Institute's Housing Finance Policy Center echoed the general finding that credit availability increased in their latest reporting period. In the July 16, 2019 update presented in Exhibit 29, the Center finds that "mortgage credit availability increased to 5.95 percent in the first quarter of 2019…the highest level since 2013."[51]

Exhibit 28. Mortgage Credit Availability Index, Index Level by Month



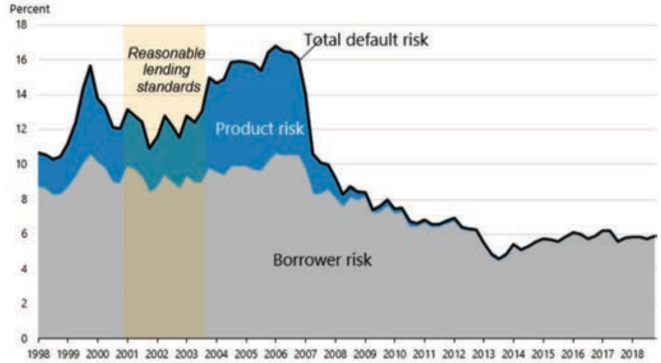
Source: Mortgage Bankers Association; Powered by Ellie Mae's AllRegs

Troubling facts remain behind the homeownership gap between Blacks and non-Hispanic Whites despite this overall increase in the availability in mortgage finance and the absolute gains in Black applicants and originations to Black borrowers outlined in this report's review of the most recent HMDA data. A policy solution outlined in the Urban Institute's reporting of their recent seminar was to increase access to credit[52], the focus of this report's next section.

A looming threat to credit availability, particularly for minority and lower-income borrowers, is the proposed termination of the Qualified Mortgage (QM) Patch for Fannie Mae and Freddie Mac.

49 Mortgage Bankers Association, "Mortgage Credit Availability Index", July 9, 2019. MBA: Washington, DC.
50 Ibid.
51 Urban Institute Housing Finance Policy Center, "Housing Credit Affordability Index, Q1 2019", July 16, 2019. Urban Institute: Washington, DC.
52 Ibid.

Exhibit 29. Default Risk Taken by The Mortgage Market 1998Q1-2019Q1



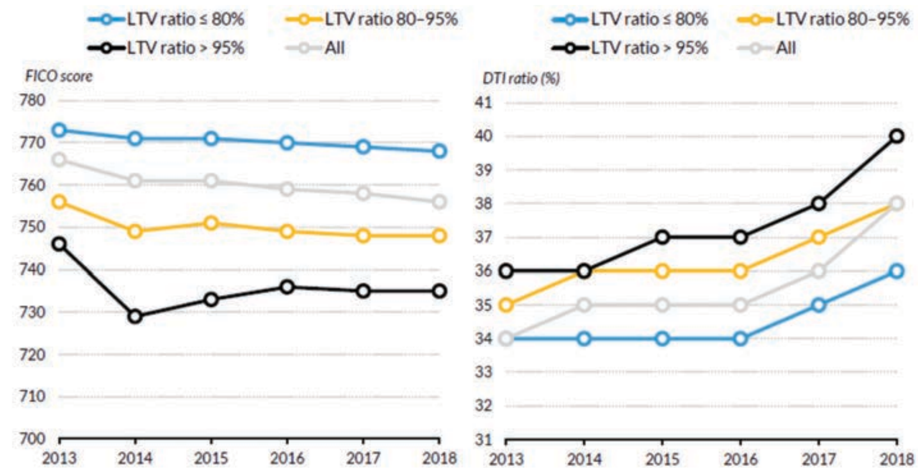
Sources: eMBS, CoreLogic, HMDA, IMF, Urban Institute

The Bureau of Consumer Financial Protection (CFPB) issued an Advance Notice of Proposed Rulemaking outlining this intent on July 25, 2019.[53] At issue is a temporary exception to the Qualified Mortgage (QM) rule established by the Dodd-Frank Wall Street Reform and Consumer Protection Act.[54] The QM rule was an important response to the predatory subprime market practices the led to the Great Recession. The new rule, put in effect on January 10, 2014, protects consumers by requiring lenders to consider a potential borrower's ability to repay a loan before extending mortgage credit.

The rule prohibits or restricts many abusive loan features. If a loan qualifies as a QM, the borrower is assumed to have the ability to repay the loan, and the lender is afforded certain legal protections. A key QM requirement is that the borrower's debt-to-income (DTI) ratio cannot exceed 43 percent. The law specified several permanent exemptions for federal loan and loan guarantee programs, as well as for smaller depository institutions that hold such loans in portfolio. In addition, due to concerns about disrupting the mortgage market, Fannie Mae and Freddie Mac were given a temporary exemption—termed the "QM Patch"—either through January 10, 2021 or when the GSEs exit conservatorship, whichever comes earlier.

The Urban Institute reports that "19 percent of GSE loans in the 2014–2018 period, or 3.3 million loans, were made possible by the patch…higher in the later part of the period"[55] driven by increasing interest rates and increasing house prices. According to *Inside Mortgage Finance*, almost 30 percent of loans packaged last year ($260 billion) by

Exhibit 30. Credit Characteristics of High-LTV GSE Loans



Sources: eMBS and the Urban Institute.
Notes: DTI = debt-to-income; GSE = government-sponsored enterprise; LTV = loan-to-value. Based on purchase money originations. 2018 data are through the first six months.

Sources: Laurie Goodman, Alanna McCargo, Edward Golding, Bing Bai, and Sarah Strochak. Barriers to Accessing Homeownership Down Payment, Credit, and Affordability. September 2018.

53 Bureau of Consumer Financial Protection, "Consumer Financial Protection Bureau Releases Qualified Mortgage ANPR". Press Release, July 25, 2019. Washington, DC. The actual document submitted for publication in the *Federal Register* can be accessed at https://files.consumerfinance.gov/f/documents/cfpb_anpr_qualified-mortgage-definition-truth-in-lending-act-reg-z.pdf.

54 Pub.L. 111–203, H.R. 4173.

55 Goodman, Laurie, "New Data Confirm the Urgency of Addressing the Expiration of the GSE Patch." Urban Wire: Housing and Housing Finance, March 25, 2019. Urban Institute: Washington, DC.

the GSEs were to borrowers with total debt payments exceeding the 43 percent DTI threshold, a share which nearly doubled from 2015.[56] Moreover, purchases by the GSEs of loans above 43 percent have risen significantly over the past five years.

Most industry observers have long believed that the beneficiaries of the QM Patch are disproportionately minority borrowers and borrowers with lower incomes. However, until recently, data was not available to determine the income and demographic profile of these "patch borrowers."

Recently, Li Chang of Recursion Co. and Laurie Goodman of the Urban Institute's Housing Finance Policy Center addressed this gap in knowledge, and the results are not surprising.[57] "(H)igh DTI GSE borrowers are disproportionately minority borrowers with incomes that are, on average, less than those of borrowers with lower DTIs." Goodman found that Blacks were 29 percent more likely to be patch borrowers with a DTI over 43 percent, while Hispanics were 38 percent more likely to fall into this category. For all races and ethnicities, Chang and Goodman found that patch borrowers had incomes 10 to 15 percent less than borrowers below the 43 percent DTI threshold.

The volume and value of loans involved in the GSE guarantee business and massive predatory mortgage market abuses involving the peddling of loans to borrowers unable to afford those loans in the run-up to the Great Recession justifies questioning the appropriate level of consumer leverage. The real question, however, is whether DTI should be considered in isolation of other underwriting criteria. As UI research finds:

> "Evidence from default rates on historical GSE originations shows the limitations of DTI ratios in predicting default risk. For each year since 2011, the 90-day delinquency rate for loans with DTI ratios over 45 percent is less than that for loans with DTI ratios between 30 and 45 percent. This inconsistency is not present in other measures of riskiness, such as FICO scores and LTV ratios."[58]

The scale of the benefit to Black, Hispanic, and low-income borrowers is significant. Evidence suggests that DTI may be too blunt and inaccurate as a measure of risk, and the current GSE QM patch should be made permanent. Any changes made by the CFPB should account for these facts and avoid unnecessarily further constricting mainstream mortgage product availability to underserved borrowers.

Credit Scoring and Related Risk Assessment Modifications

In the last three reports, the *State of Housing in Black America* highlighted the promise of newer credit scoring models to expand mortgage-credit access to borrowers who are potentially shut out by the outdated FICO (now termed "Classic FICO"[59] by FHFA). Credit scores are among the most important variables used by the GSEs and can, in isolation, cause a borrower's application to fail.

NAREB has consistently focused on both how using outdated credit scores unfairly limits Blacks' access to homeownership and levying excessive G-fees overcharge Black borrowers approved for mortgages. The importance of credit scores to what borrowers

Exhibit 31.
Loan Distribution by DTI and Race or Ethnicity (Percent)

Race or ethnicity	≤ 43%	43–45%	45–50%	> 50%	> 43%	Ratio (> 43 / ≤ 43)
Black	3.5%	4.2%	4.0%	9.3%	4.5%	1.29
Asian	6.0%	7.6%	9.3%	4.1%	8.0%	1.34
Hispanic	6.4%	9.4%	8.4%	8.3%	8.9%	1.38
White	83.2%	77.6%	77.3%	76.9%	77.4%	0.93
Other	0.9%	1.1%	1.1%	1.4%	1.1%	1.24

Source: Recursion Co.

56 Eisen, Ben, "Fannie and Freddie Back More Mortgages of Those Deeply In Debt". May 13, 2019. Wall Street Journal.
57 Goodman (n 55).
58 Karan Kaul and Laurie S. Goodman, "What, If Anything, Should Replace the QM GSE Patch?". Urban Institute: Washington, DC. August 2018 (Updated October 2018 and ultimately published in *Journal of Structured Finance* 24, no. 4 (Winter 2019): 59–67.)
59 Goodman, Laurie. "In Need of an Update: Credit Scoring in the Mortgage Market." Urban Institute. July 2017.

Exhibit 32. Fannie Mae LLPA Pricing Index

Representative Credit Score	LTV Range									
	Applicable for all mortgages with terms greater than 15 years									
	≤ 60.00%	60.01 – 70.00%	70.01 – 75.00%	75.01 – 80.00%	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	95.01 – 97.00%	>97.00%	SFC
≥ 740	0.000%	0.250%	0.250%	0.500%	0.250%	0.250%	0.250%	0.750%	0.750%	N/A
720 – 739	0.000%	0.250%	0.500%	0.750%	0.500%	0.500%	0.500%	1.000%	1.000%	N/A
700 – 719	0.000%	0.500%	1.000%	1.250%	1.000%	1.000%	1.000%	1.500%	1.500%	N/A
680 – 699	0.000%	0.500%	1.250%	1.750%	1.500%	1.250%	1.250%	1.500%	1.500%	N/A
660 – 679	0.000%	1.000%	2.250%	2.750%	2.750%	2.250%	2.250%	2.250%	2.250%	N/A
640 – 659	0.500%	1.250%	2.750%	3.000%	3.250%	2.750%	2.750%	2.750%	2.750%	N/A
620 – 639	0.500%	1.500%	3.000%	3.000%	3.250%	3.250%	3.250%	3.500%	3.500%	N/A
< 620[1]	0.500%	1.500%	3.000%	3.000%	3.250%	3.250%	3.250%	3.750%	3.750%	N/A

Source: Fannie Mae Loan-Level Price Adjustment (LLPA) Matrix, 04.08.2019.

pay can be seen in Exhibit 32, in which Fannie Mae's Loan Level Price Adjustment (LLPA) varies by 3 percentage points for all loan-to-value ratios (LTV) above 80 percent across the spectrum of credit score bands. This means that someone with a credit score of less than 620 will pay 3 percentage points more than someone with a credit score greater than or equal to 740 for a mortgage with LTV of 80 percent or higher.

The Urban Institute's Housing Finance Policy Center notes that "the median credit score of new purchase mortgage originations has increased considerably since 2008. The median credit score for purchase mortgages is 738 as of April 2018. Before the crisis in 2005 and 2006, median credit scores were between 696 and 705."[60]

The 2016 *State of Housing in Black America* first examined one of the newer models – VantageScore – and focused on the FHFA's 2015 mandate[61] to both GSEs to examine the benefits of using more updated credit scores. After three years with no official publication on the results of those mandated studies, FHFA announced that the Enterprises' empirical findings revealed only marginal benefits to requiring a different credit score than Classic FICO. These findings suggest that, regardless of the credit score used in the underwriting process, each Enterprise's automated underwriting system more precisely predicted mortgage defaults than third-party credit scores alone."[62] FHFA never issued a report that provided quantitative evidence for their conclusion.

This conclusion is misleading. The debate is between the continued monopoly use of FICO 4 versus use of more sophisticated scoring models for initial borrower screening by lenders. The above statement observes, in part, "regardless of the credit score used in the underwriting process, each *Enterprise's automated underwriting systems* [emphasis added] more precisely predicted mortgage defaults than third-party credit scores alone."[63] By highlighting the credit risk assessment employed by the Enterprises' automated underwriting system, the analysis compares alternative credit scoring models to FICO 4 *plus* the proprietary systems of both GSEs.

The problem here is that lenders are required to use FICO 4 scores to determine whether to submit loans to Fannie Mae and Freddie Mac. As a result, the fact that both Fannie Mae and Freddie Mac possess and use their own, more sophisticated scoring systems, is meaningless to the decision of a lender to approve a mortgage loan application since lenders do not have access to the

60 Goodman, Laurie et al, "Barriers to Accessing Homeownership Downpayment, Credit, and Affordability." Urban Institute Housing Finance Policy Center. Washington, DC: September 2018. v.

61 FHFA, "2015 Scorecard Progress Report". 2016.

62 FFHA, "Credit Scores: Request for Input." December 20, 2017. (www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/Credit-Score_RFI-2017.pdf, accessed July 28, 2018.)

63 Ibid.

GSE's proprietary systems. The result is that long before borrowers are considered for a Fannie Mae or Freddie Mac purchase, possibly tens-of-thousands of borrowers each year are either rejected, discouraged, or channeled unnecessarily to FHA for high-cost loans, due to FICO 4 scores that might be misrepresenting their actual credit worthiness.

Further, several previous *State of Housing in Black America* reports have argued that, to the extent that the GSEs rely on outdated FICO 4 scores to price loans sold to the GSEs, rather than the agencies own more sophisticated scoring models, borrowers with lower credit scores may be overpriced for their loan products.

The fact that FICO 4 is outdated is not in debate. Fair Issacs, the developer of the FICO 4, has publicly and repeatedly argued that their FICO 9 score is superior to their own FICO 4 model,[64] particularly as it pertains to low-and moderate-income borrowers and Latino borrowers. For many years, VantageScore Solutions, a major credit scoring agency whose risk assessment tools are used extensively for commercial credit, has provided substantial information they argue demonstrates that their VantageScore 3 is far superior to FICO 4.[65]

The opportunity to increase the accuracy of credit scoring models is vast. Evidence continues to mount that the universe of options should be expanded to include consumer credit histories on a broader set of expenses via alternative data sources. Many analysts have suggested that such expenses as payments for rent, telephones, utilities, and cable both improve the ability to assess—and assess more positively—many thin file potential borrowers and could provide the ability to score current credit invisibles. Some of these factors are currently used in non-mortgage credit scoring, and the GSEs instituted changes two years ago allowing processing of eligible loans for credit invisibles.[66]

At first, FHFA announced it would defer consideration of new credit score models until the Common Securitization Platform is fully operational and the GSEs implement the Single Security, projected at the time to occur in 2019.[67] In response, Congressional legislation incorporating a requirement for the GSEs to establish an application, validation, and approval process for new credit score models was passed.[68] FHFA then announced that the Request for Input process the agency was pursuing was duplicative and inconsistent with the newly mandated process and announced it was shifting its focus from making a decision in 2018 to implementing the provisions of the new bill.[69]

FHFA then issued a Notice of Proposed Rulemaking responding to this Congressional mandate in late December 2018.[70] The proposed rule would have "prohibit[ed] an Enterprise from approving any credit score model developed by a company that is related to a consumer data provider through any common ownership or control, of any type or amount." This prohibition would have precluded VantageScore, an existing alternative credit scoring model, from consideration due to its joint ownership by the three credit reporting agencies. The closing date for comments on this proposed rule was March 21, 2019.

FHFA issued a final rule on the process for approving new credit score models for use by the GSEs on August 13, 2019. In a major shift, the final rule removed the provision that would have prevented VantageScore from being considered, but still requires FHFA to consider if potential conflicts of interest could affect competition

64 In fact, their consumer-oriented MyFico.com website claims that "...FICO® Score 9 ...[is] the most predictive FICO Score to date. https://www.myfico.com/credit-education/credit-scores/fico-score-versions, accessed August 13, 2019.

65 For an overview, see Carr, James *et al, 2017 State of Housing in Black America*. NAREB 2017 pp. 15-20.

66 FHFA, "2017 Scorecard Progress Report," 3.

67 Carr, James H., Michela Zonta, and Steven P. Hornburg. *2017 State of Housing in Black America*. September 2017, pp. 15-20. National Association of Real Estate Brokers: Lanham, MD.

68 Section 310 of "The Economic Growth, Regulatory Relief and Consumer Protection Act" (Public Law. 115–174), signed into law on May 24, 2018.

69 FHFA Press Release, "FHFA Announces Decision to Stop Credit Score Initiative." July 23, 2018.

70 Validation and Approval of Credit Score Models, 83 FR 65575 (December 21, 2018). *Federal Register: The Daily Journal of the United States.* https://www.govinfo.gov/content/pkg/FR-2018-12-21/html/2018-27565.htm.

among credit scoring products.[71] Based on analysis of the final rule's timeframes for approving a new credit scoring model and GSE adoption and implementation, Ben Lane of *HousingWire* suggests, "…it will be four more years until the GSEs can use a different credit scoring model."[72]

Progress is welcome; but delaying the use of improved credit score models from now until 2023 or potentially later also delays economic justice for Black borrowers. FHFA has yet to demonstrate a serious commitment to working to merge alternative data into mainstream credit scoring tools and underwriting, maintaining yet another unfair barrier for Black borrowers. Many potential borrowers should not be invisible just because they have been closed out of the mainstream financial system, especially given the increasing evidence of the efficacy of using alternative data sources. And the pricing disparities discussed above result in part from credit scores that may not reflect the creditworthiness of Blacks, low-income families, and younger households.

71 VantageScore is owned by the three major credit reporting agencies: Equifax, Experian, and Transunion.

72 Lane, Ben, "FHFA flip-flops, won't blacklist VantageScore as FICO alternative for Fannie and Freddie". *HousingWire*, August 13, 2019.

Fannie Mae and Freddie Mac Pricing

Since 2016, the *State of Housing in Black America* (SHIBA) has examined the pricing policies Fannie Mae and Freddie Mac use to compensate for the cost of insuring against the credit risk and other associated costs of single-family loans acquired by the GSEs. Guarantee fees have been an integral part of the GSE business model since they began securitizing loans into mortgage-backed securities (MBS) in the 1970s.

The current conservatorship position of Fannie Mae and Freddie Mac creates a strong disincentive against both agencies making available affordably priced loans for lower- and moderate-income borrowers, as well as for applicants with few savings to apply to downpayment. Prior year reports have highlighted how requiring the GSEs to charge for risk at the borrower level (Loan Level Pricing Adjustments) and make payments to the U.S. Treasury, unrelated to the cost of operating the mortgage agencies, compounds the already high-cost of mortgage access at Fannie Mae and Freddie Mac. The resulting overpricing of mortgage products is discussed in the subsequent sections.

Structure and Level of Guarantee Fees

Before 2008, the GSEs charged similar guarantee fees, or "G-fees," across credit scores with minor variations, mainly due to differing product types (e.g., 30- versus 15-year fixed rate loans and variations in credit score and loan-to-value ratios (LTV)). The Great Recession and GSE conservatorship forced major changes in both the structure and level of G-fees.

In 2008, both Fannie Mae and Freddie Mac abandoned their relatively low, average cost G-fee structure through which all borrowers were charged roughly the same price in order to cover potential losses on their loans. All borrowers since the housing market collapse are required to pay an up-front fee at the individual borrower level based on the perceived risk of each borrower (i.e., risk-based pricing). Fannie Mae's "Loan Level Pricing Adjustments" and Freddie Mac's "delivery fees" are largely based on the combination of each individual borrower's downpayment amount and credit rating.

Exhibit 33. Timeline of Changes in Fees

Event Date	Change
March 2008	The Enterprises increased ongoing fees and added two new upfront fees: a fee based on the borrower's LTV ratio and credit score, and a 25 basis point adverse market charge.
Late 2008 through 2011	The Enterprises gradually raised fees and refined their upfront fee schedules.
December 2011	Pursuant to the Temporary Payroll Tax Cut Continuation Act of 2011, FHFA directed the Enterprises to increase the ongoing fee for all loans by 10 basis points. This fee is paid to the U.S. Department of the Treasury. This fee increase was effective with April 2012 deliveries and will expire after 10 years.
August 2012	FHFA directed the Enterprises to raise fees by an additional 10 basis points on average to better compensate for credit risk exposure. Fees were raised more on loans with terms longer than 15 years than on shorter-term loans to better align the gaps, and the fees were made more uniform for lenders that deliver larger and smaller volumes of loans. These changes were effective with December 2012 MBS deliveries.
December 2013	FHFA directed the Enterprises to increase ongoing fees by 10 basis points, change upfront fees to better align pricing with credit risk characteristics, and remove the 25 basis point adverse market charge for all but four states. However, in January 2014, FHFA suspended the implementation of these changes pending review.
April 2015	FHFA completed its fee review and directed the Enterprises to eliminate the adverse market charge in all markets and add targeted increases for specific loan groups effective with September 2015 deliveries. These changes were approximately revenue neutral with little or no impact for most borrowers.
July 2016	Based on findings from FHFA's quarterly guarantee fee reviews, the Agency issued direction that set minimum ongoing guarantee fees by product type for the Enterprises, effective in November 2016, consistent with FHFA's responsibility to ensure the safety and soundness of the Enterprises.
December 2017	FHFA directed the Enterprises to meet specified return on capital targets, effective with February 2018 loan deliveries.

Source: FHFA, "Fannie Mae and Freddie Mac Single-Family Guarantee Fees in 2017." December 2018.

Separate fees are charged on an ongoing basis based on risks associated with product types. Paid over the life of the loan, ongoing fees are either priced up front for loans exchanged for MBS or are embedded in the price of loans sold to the GSEs for cash. These fees are incorporated into a loan's interest rate paid by the borrower. Borrowers with downpayments less than 20 percent are further required to pay for private mortgage insurance.

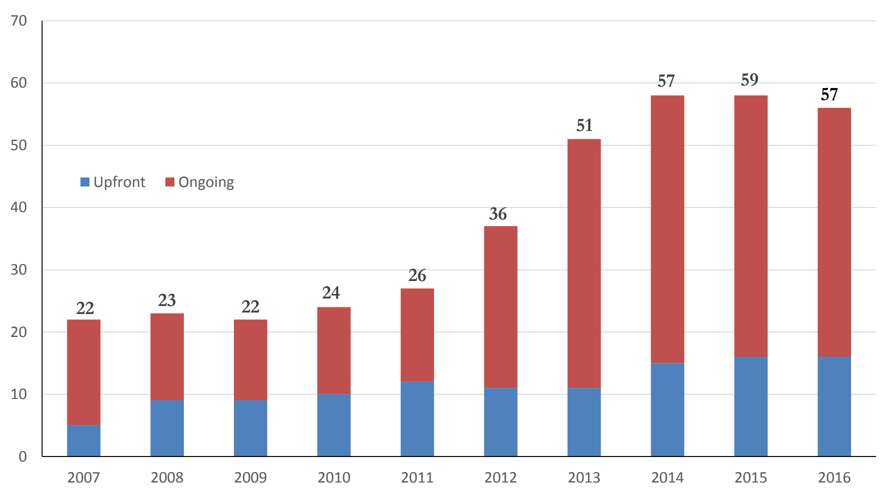
Despite a two-basis-point increase in the upfront average G-fee in 2016 to 59 basis points[73] and a 167 percent increase in upfront average G-fees from 2009 to 2014 (from 22 to 58 basis points[74]), FHFA found "no compelling economic reason to change the overall level of fees" in its comprehensive 2015 review of guarantee fees.[75] FHFA's 2016 review found that the average overall G-fee fell by two basis points in 2016, "primarily because of competitive pressures between the Enterprises."[76] Quarterly monitoring of G-fees revealed that "the average fees were declining as the *ongoing* [emphasis added] portion of overall guarantee fees declined for both Enterprises," leading FHFA to impose a new minimum for the ongoing guarantee fees, effective in November 2017.[77]

While stating the minimum fee requirement was based on a possible "race to the bottom" with the GSEs cutting ongoing fees for competitive reasons, FHFA has not released any evidence sufficient to publicly validate this concern.

FHFA's latest review found that the average guarantee fee was unchanged from 2016, holding at 56 basis points. Drilling down on the different loan types and mix, FHFA found that:

- For all loan products combined, the average single-family guarantee fee in 2017 remained unchanged from last year's fee of 56 basis points. The upfront portion of the guarantee fee, which is based on the credit risk attributes (e.g., loan purpose, loan-to-value ratio, and credit score), fell 1 basis point down to 15 basis points. The ongoing portion of the guarantee fee, which is based on the product type (fixed-rate or ARM, and loan term), increased 1 basis point up to 41 basis points.
- The average guarantee fee in 2017 on 30-year fixed rate loans fell by 1 basis point down to 59 basis points, while the fee on 15-year fixed rate loans increased by 1 basis point up to 38 basis points. The fee on adjustable-rate mortgage (ARM) loans fell 1 basis point down to 58 basis points.
- Higher interest rates in 2017 led to a smaller share of both rate-term refinances and 15-year loans acquired by the Enterprises. The larger share of purchase loans and a growing focus on pilot programs for first-time homebuyers and affordable housing led

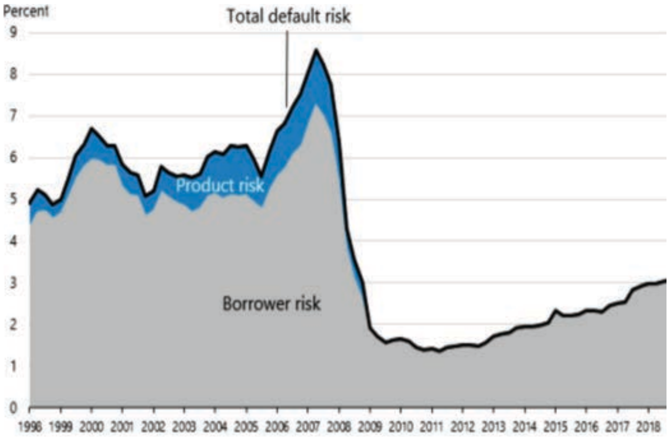
Exhibit 34.
Average G-Fees from 2007 to 2016, Basis Points & Acquisition Years



Source: Scott, Frame, W., Geradi, Kristopher, and Sexton, Danile, "Sunset Seminar: GSE Pricing and Cross-Subsidization." Urban Institute, Washington, DC.

73 FHFA, "Fannie Mae and Freddie Mac Single-Family Guarantee Fees in 2015." October 2016, 1.
74 Carr, James H. *et al. 2016 State of Housing in Black America*.NAREB: 2016, 22.
75 FHFA 2016 (n73).
76 FHFA, "Fannie Mae And Freddie Mac Single-Family Guarantee Fees In 2016". October 2017, 1.
77 Ibid.

Exhibit 35. Default Risk Taken by the Government-Sponsored Enterprises Channel, 1998 Q1-2019 Q1



Source: Urban Institute, eMBS, CoreLogic, HMDA, IMF

to a slight increase in the share of loans with higher loan-to-value (LTV) ratios and lower credit scores.

- In 2017, the Enterprises began using FHFA's Conservatorship Capital Framework (CCF) to calculate the cost of holding capital. The overall expected profitability of the loan acquisitions was nearly unchanged and in-line with the targeted level. The Enterprises measure expected profitability as the difference between the total charged guarantee fee and estimated costs, including a targeted return on the capital requirement calculated for these loans.[78]

FHFA then presents an analysis of various aspects of the evolution of the guarantee fee from 2013 to 2017.[79] Viewed in this frame, the analysis presents a stable level of guarantee fees being charged. However, as the longer history of fees highlighted in last year's *State of Housing in Black America*, this may be the "new normal," but this recent history is on the back of earlier and massive rate increases. Exhibit 33 and 34 summarize the evolution of these fees post-Great Recession through 2016, tracking both increases in the base guarantee fee as well as the imposition and removal of new fees.

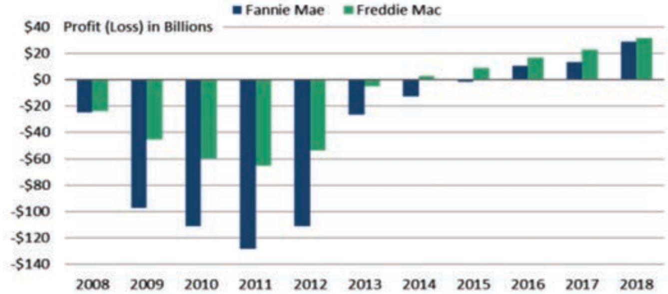
While dramatic action was required a decade ago, today both the mortgage market and the housing finance system are stronger. Moreover, mortgage credit quality has dramatically increased, regulation has improved the industry's risk management practices, and GSE profitability has returned. In fact, the GSEs arguably possess the strongest portfolios in their history.

Exhibit 35 demonstrates that, as of 2019 Q1, default risk taken on by Fannie Mae and Freddie Mac stands at 3.1 percent, far below pre-Great Recession levels and roughly 40 percent below levels in 1998 when mortgage-lending practices were very conservative and years before the housing market ballooned.

Furthermore, GSE profitability has returned. According to the FHFA, "…the Enterprises generated over $24 billion in combined comprehensive income"[80] in 2018. Indeed, the Congressional Research Service finds that "since conservatorship in September 2008, Fannie Mae has reported a cumulative profit of $29.0 billion; Freddie Mac has reported a cumulative profit of $31.7 billion." (See Exhibit 36)

As a result, the Urban Institute's Housing Finance Policy Center's latest Housing Credit Availability Index found that "significant space remains to safely expand the credit box. If the current default risk was doubled across all channels, risk would still be well within the pre-crisis

Exhibit 36.
GSE Cumulative Losses-Profits (2008-2018)



Source: Fannie Mae and Freddie Mac Form 10-K filings with the Securities and Exchange Commission.

78 FHFA, "Fannie Mae And Freddie Mac Single-Family Guarantee Fees In 2017". December 2018, 1-2.
79 Ibid., starting on 9.
80 FHFA (n76)

standard of 12.5 percent from 2001 to 2003 for the whole mortgage market." [81]

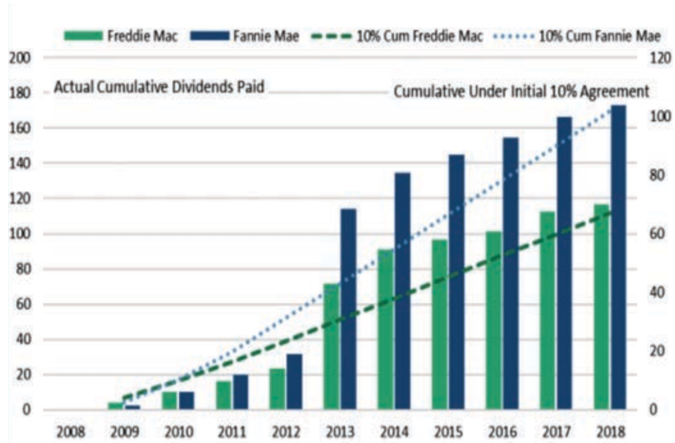
To the extent that the GSEs may be overpricing their loans, those earnings are not being used to provide adequate capital reserves or invest in mortgage innovation. Due to the current terms, the conservatorship required the GSEs to draw down all their capital by the end of 2018, effectively prohibiting the GSEs from reserving for future losses.[82]

Any net profits from Fannie Mae and Freddie Mac are siphoned off for federal deficit reduction. Through year-end 2018, the Enterprises' cumulative draws under the PSPAs [Senior Preferred Stock Purchase Agreements] totaled $191.4 billion, and the Enterprises paid $292.3 billion in cumulative cash dividends to the Treasury Department.[83] According to FHFA—with one exception totaling about $4 billion in 2018 Q1 attributable to accounting losses caused by the tax legislation passed in December 2017—Fannie Mae and Freddie Mac have not required a quarterly draw on their Treasury Commitments since 2011 Q4 and 2012 Q1, respectively.

The Congressional Research Service further notes that "[f]or each GSE, Treasury currently receives all of the net worth in excess of $3 billion capital reserve under the profit sweep. As of [May 31, 2019], the GSEs have paid dividends totaling $292 billion to Treasury. The majority of this sum—$191 billion—has been paid under the profit sweep." [84] The argument that the current level of G-fees is necessary is further disproven by the 10 additional basis points of each G-fee levied in 2011[85] which accrue to the Treasury Department to offset the cost of extending a payroll tax cut for 10 years.

These levies on housing ironically were justified as compensation for taxpayer exposure to the risks posed by GSEs, although the increased fees are not held in

Exhibit 37. Cumulative GSE Dividends Paid to Treasury (2008-2018)



Source: : Federal Housing Finance Agency, Treasury and Federal Reserve Purchase Programs for GSE and Mortgage-Related Securities

reserve for future credit risk costs. The federal government has profited significantly on its investment in the GSEs under conservatorship. In federal budget terms, any profits from GSE fees to date have gone to reduce the federal deficit or to fund a payroll tax cut. They are not recycled into federal support for a healthy and sound housing finance system.

A final concern about influences driving up G-fees was outlined in a recent article by the newly retired Freddie Mac CEO, Don Layton.[86] Layton points out that legislation and conservatorship has forced Fannie Mae and Freddie Mac to drastically shrink their investment portfolios. This development may be desirable to force the GSEs to focus on their core business: guaranteeing mortgages. However, Layton sees potential problems of implicit collusion, which would exert upward pressure on G-fees:

81 Urban Institute Housing Finance Policy Center, "Housing Credit Availability Index: Q1 2019", Updated July 16, 2019.

82 "However, in December 2017, FHFA entered into a letter agreement with the Treasury Department on behalf of each Enterprise to reinstate a $3.0 billion Capital Reserve Amount under the PSPA for each Enterprise." FHFA, "2018 Report to Congress". June 11, 2019, 5.

83 Ibid.

84 Congressional Research Service, "Fannie Mae and Freddie Mac in Conservatorship: Frequently Asked Questions". Updated May 31, 2019.

85 The Temporary Payroll Tax Cut Continuation Act of 2011.

86 Layton, Don. "Why Is The Administration Not Talking About Utility-Style Regulation Of G-Fees?". HOUSING PERSPECTIVES: Research, trends, and perspective from the Harvard Joint Center for Housing Studies. July 16, 2019.

So, the companies are now, as they always should have been, focused on their core mission of operating a mortgage guarantee business, which in turn generates most of their profits. That means, if or when conservatorship ends, they will be very focused on the g-fee to produce the profits that support their stock price, just like any other public company.

And with just two GSEs, and one the clearly larger firm, it is almost a classic set-up for implicit collusion in price setting to occur, resulting in higher g-fees than needed.[87]

The Impact of Guarantee Fees on Borrowers

The previous three *State of Housing in Black America* reports also criticized the degree of upfront risk-based G-fee pricing levied at the individual on borrower level (and typically reflected in higher interest rates) based on the credit risk of individual borrowers and loan characteristics such as credit scores and LTV ratios. The difference in G-fees assessed by Fannie Mae can vary more than 3 percentage points depending on borrower credit score and downpayment amount.

The 2018 *State of Housing in Black America* presented a compelling analysis of current GSE G-fees by Ted Tozer, former President of Ginnie Mae, arguing that current LLPAs disproportionately overcharge high LTV borrowers and operate to the detriment of low-income and minority borrowers.[88]

Tozer concluded: "While it's true that borrowers with smaller downpayments present a greater default risk, the gap between LLPAs charged on 70 percent LTV and 95 percent LTV loans is so great that increasing the loss frequency by a factor of 10 justifies less than half the [previously discussed] $2,875 difference." He finds the break-even default probability that justifies this difference to be about 24 percent in this example—a default rate higher than the worst performing loans held by the GSEs during the Great Recession and even more improbable for a loans accepted today by the GSEs.

Both Fannie Mae and Freddie Mac have attempted to redress the negative impact of G-fee pricing on a limited basis. For instance, in 2015, both GSEs introduced special policies for households earning less than 100 percent of Area Median Income (AMI) or those buying in underserved areas. Borrowers fitting these criteria may qualify for a mortgage under Fannie Mae's HomeReady or Freddie Mac's Home programs.

Home Possible is restricted to first-time homebuyers, while HomeReady has no such restriction. Both programs permit low downpayment loans (with mortgage insurance required), have flexible features that accommodate assistance programs, and feature homeownership education requirements. Fannie Mae recently dropped its HomeReady AMI requirement to 80 percent as of July 20, 2019. Most importantly, these programs currently enhance affordability by capping risk-based pricing fees at 1.5 percent for qualifying borrowers with relatively lower LTVs and higher credit scores. This represents a major savings for borrowers who may otherwise have needed to pay as much as 3.75 percent in upfront G-fees.

While targeted initiatives such as these offer the possibility of redressing the current systemic imbalance in pricing, assessing their implementation is difficult due to a lack of transparency in exactly how these loans are underwritten. Furthermore, without more information on actual deliveries and loan performance under these initiatives, their scale and potential for mainstreaming their positive features into standard GSE practice will be difficult to assess.[89]

The bottom line is that the current fee structure unfairly charges excessive rates (based on relative risk) on financially vulnerable borrowers, who disproportionately

87 Ibid.

88 This discussion draws on Ted Tozer's analysis presented in "GSE downpayment penalty creates unnecessary homeownership hurdles" (National Mortgage News, July 23, 2018 at www.nationalmortgagenews.com/opinion/how-fannie-mae-and-freddie-mac-penalize-low-down-payment-mortgage-borrowers; accessed July 26, 2018.)

89 Neither the 2018 Report to Congress nor the 2019 FHFA Scorecard for the GSEs provides any information on deliveries under these targeted programs, but simply mentions a goal of "Continuing efforts to support access to single-family mortgage credit for creditworthy borrowers, including underserved segments of the market."

are Black. This structure compounds the unfairness of years of discrimination against Blacks that has left them with lower credit scores and less money in savings to allocate to downpayments. Furthermore, since higher pricing leads to higher loan failure rates, loan-level pricing, with the unjustified bias in their distribution across borrower classes, conflicts with the GSEs' Charter requirement to increase access to mortgage credit in a safe and sustainable manner:

> (P)rovide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low and moderate-income families involving *a reasonable economic return that may be less than the return earned on other activities* [emphasis added]) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing.[90]

Risk-based pricing both financially burdens, disproportionately, lower wealth households and "increase(s) the burden of any given level of debt, making it more difficult to repay and, therefore, increasing the likelihood of default. Risk-based pricing is often a self-fulfilling prophecy."[91]

Fannie Mae and Freddie Mac are effectively public utilities with a public mission. Viewed from this perspective, pursuing a private sector model of risk-based pricing runs counter to promoting equal access to homeownership across race/ethnicity.

90 Title III of National Housing Act, 12 U.S.C. 1716 §301(3). As amended through May 24, 2018.

91 Park, Kevin A. "Risks of Risk-based Pricing of Mortgage Credit." University of North Carolina Center for Community Capital. Policy Brief, October 2014, 1.

The Connection Between Jobs, Earnings, and the Homeownership Gap

It is easy to see the connections between employment, earnings, and homeownership. Most homes in the U.S. are purchased with a downpayment and a mortgage. This leverage allows for wealth accumulation, even for someone who has small savings compared to the cost of buying a home. Today, the median home price in the U.S. according to Zillow is $226,800.[92] This exceeds the median wealth of American households. So, the down-payment/mortgage leverage is essential to American homeownership.

The online home buying assistance calculator for Redfin[93] recommends that—assuming a family makes a 22% downpayment, pays a 30 year fixed mortgage with an annual percentage rate of 3.875 percent, pays property taxes at a rate of 1.125 percent, and has $500 in monthly expenses—they would need an income of $66,150 a year to qualify for the mortgage. The U.S. Census shows that for the most recent income data in 2017, 62 percent of Black families earned less than that amount compared to only 38 percent of non-Hispanic White households.[94] Given that disparity, the gap in earnings will drive a major gap in homeownership.

This section examines the longer-term trend in earnings gaps and at the recent trends during the recovery to understand why closing the homeownership gap between Blacks and non-Hispanic Whites is so difficult. Other key financial issues, beyond earnings, contribute to this homeownership gap. The downpayment is also a source of the gap in homeownership. Lower earnings mean lower savings, assuming families share similar savings rates.[95] And lower initial wealth will mean lower downpayments. Less access to family members with the wealth to provide downpayment assistance will also cause the gap to be larger than is acceptable. Black families have less wealth and fewer family members with the wealth to provide downpayment assistance. These factors contribute to this disparity, but the income gap poses a core challenge to both building up savings for a downpayment and having the income to cover a mortgage for a home.

One challenge is that Black family income has not converged with non-Hispanic White family income in the last 35 years. A larger challenge, however, is that overall income inequality has continued to rise in that period. The result of the concentration of income in the top portion of the income

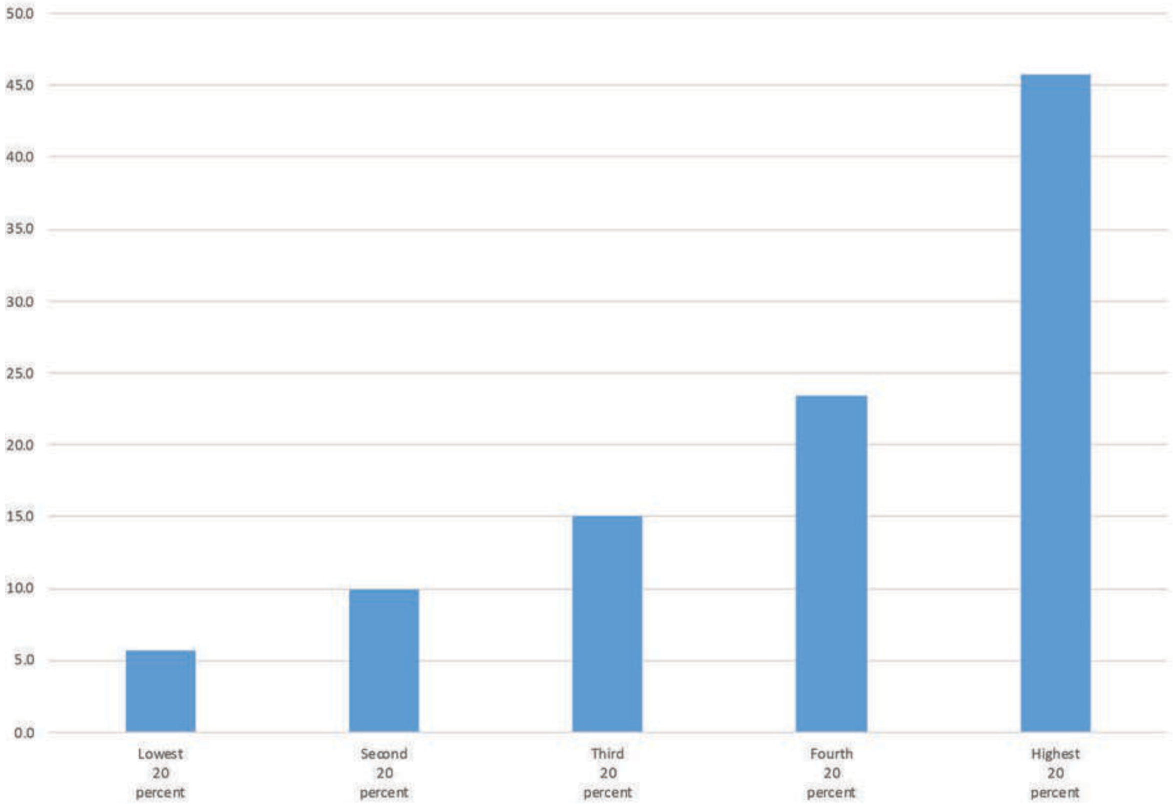
92 Accessed July 10, 2019 https://www.zillow.com/home-values/

93 https://www.redfin.com/how-much-house-can-i-afford?utm_source=google&utm_medium=ppc&utm_campaign=1015805&utm_term=kwd-28096999536&utm_content=349911146564&adgid=74480026070&intent=&gclid=EAIaIQobChMIxsDzpqar4wIVR1YNCh1U-ZAPlEAAYASAAEgJX1_D_BwE

94 Author's calculations based on https://www2.census.gov/programs-surveys/cps/tables/finc-07/2018/finc07.xls

95 There is no evidence of a racial difference in savings. Patti Fisher, "Black-White Differences in Saving Behaviors," *Financial Services Review*, 19 (October 2010): 1-16; Hamilton, Darrack, William Darity, Jr., Anne E. Price, Vishnu Sidharan, and Rebecca Tippet, *Umbrellas Don't Make it Rain: Why Studying and Working Hard Isn't Enough for Black Americans*. The National Asset Scorecard and Communities of Color. April 2015.

Exhibit 38. Share of Aggregate Expenditures on Owner Occupied Dwellings



Source: Consumer Expenditure Surveys, 2017

distribution means that disproportionate shares of aggregate income are held by a falling share of households. Over half the income in the United States is earned by the top 20 percent, and in a few years, half will be made by just the top 10 percent. For many items of consumption, this extreme inequality has little effect; but in housing, this gap matters.

Exhibit 38[96] shows the share of owner-occupied expenditures for each quintile of household income. The richest 20 percent of American households account for over 45 percent of all expenditures on owner occupied housing. Looking from the bottom up, the lowest 40 percent of the income distribution among households in the U.S. account for just over 15 percent of owner-occupied housing expenditures. Black households are disproportionately concentrated in the bottom 60 percent of the income distribution.

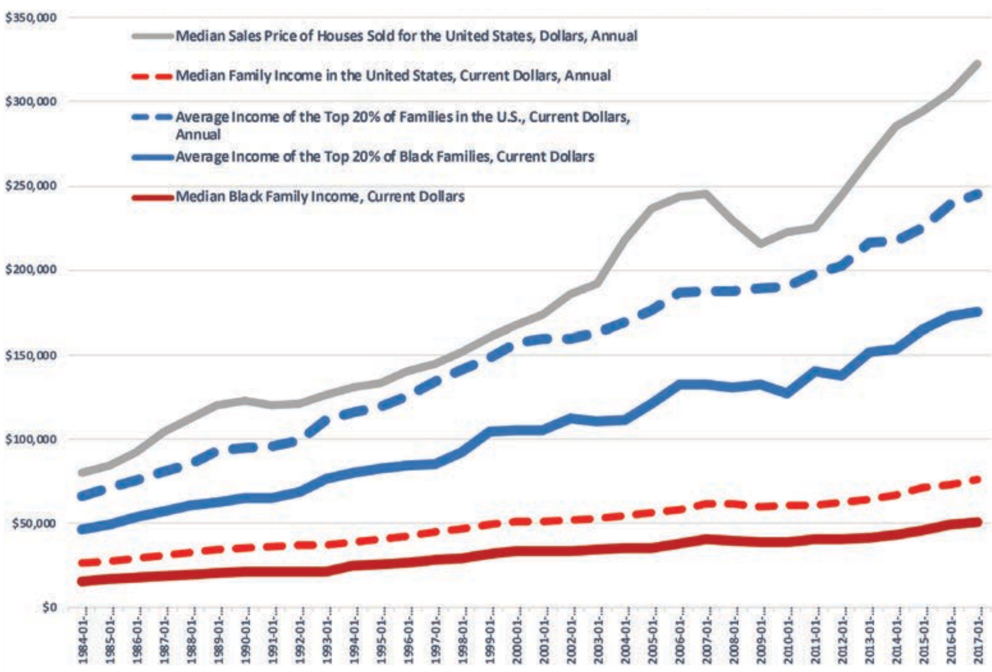
In fact, the richest 20 percent account for as much owner-occupied housing expenditures as the three middle-income quintiles combined (lower middle income, middle-income, and upper middle income). Stated otherwise, high-income, mostly non-Black households define the market for housing.

Exhibit 39[97] shows that the median home sale price in the United States closely tracks the average income of the richest 20 percent of families. After the Great Recession,

96 https://www.bls.gov/cex/2017/aggregate/quintile.xlsx

97 US Census Bureau. "Historical Income Tables: Families." Historical Income Tables: Families, August 28, 2018. https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-families.html. and "Median Sales Price of Houses Sold for the United States." FRED, July 24, 2019. https://fred.stlouisfed.org/series/MSPUS.

Exhibit 39. Median Home Prices and Median Top 20 Percent Family Incomes



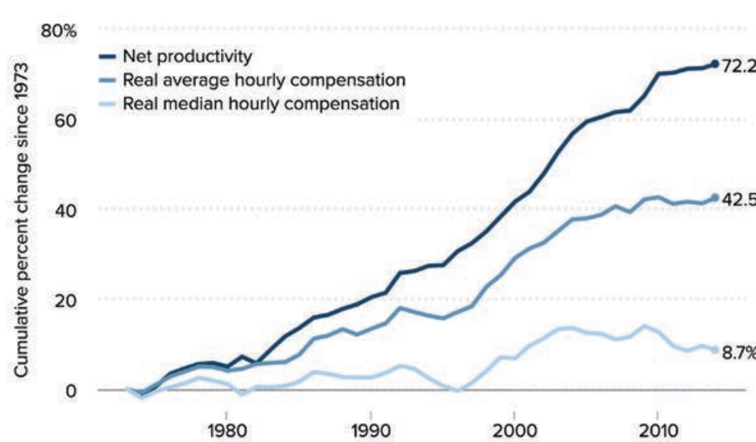
Source: Median Sales Prices for Homes Sold in the United States, Annually, Not Seasonally Adjusted and Median Households Income in the United States, Annually, Not Seasonally Adjusted. Federal Reserve Bank of St. Louis.

when the share of income held by the richest 10 percent climbed faster than for the next richest 10 percent, the price of housing grew faster than it did for the average family in the top 20 percent. Median income families in America are simply left behind. In fact, median home price appreciation is even greatly outpacing the income of Black families in the top of the Black income distribution. American families can only keep up by increasing the share of their incomes going to housing costs. This unsustainable inequality is consequently driving up the price of childcare, college, and health at a faster rate than median income is rising.

Rising inequality is being driven by a falling share of national income going to labor and huge growth at the highest income levels. With the size of the income pie going to all labor shrinking, increasing the Black slice can become a zero-sum game; gains can only be at the expense of other workers. That is a huge challenge to those who seek policies to raise income with an eye to win-win solutions. The source of the declining pie slice is the growing gap between productivity and wages. When wages and productivity rise together, as they did during the Post-World War II period to about 1980, the pie was getting bigger for everyone. But, since 1980, the pie has been growing for non-labor income—interest, corporate profits and rents—leaving nothing more for workers. This is shown in Exhibit 40.

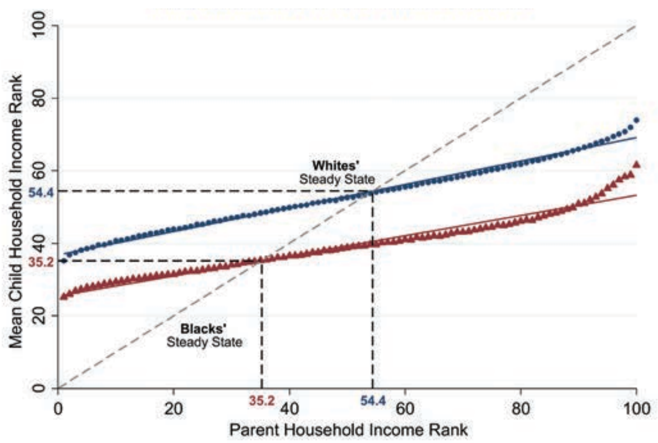
Raj Chetty points a deeper lingering problem, and that

Exhibit 40. Growing Gap in Wages Versus Productivity



Source: Bivens, Josh and Lawrence Mishel. Understanding the Historic Divergence Between Productivity and a Typical Worker's Pay: Why It Matters and Why It's Real. Economic Policy Institute. September 2, 2015.

Exhibit 41. Intergenerational Mobility and Steady States for Blacks vs. Non-Hispanic Whites



Source: Chetty, Raj, Nathaniel Hendren, Maggie R. Jones, and Sonya Porter. "Race and Economic Opportunity in the United States: An Intergenerational Perspective. PowerPoint Presentation. March 2018.

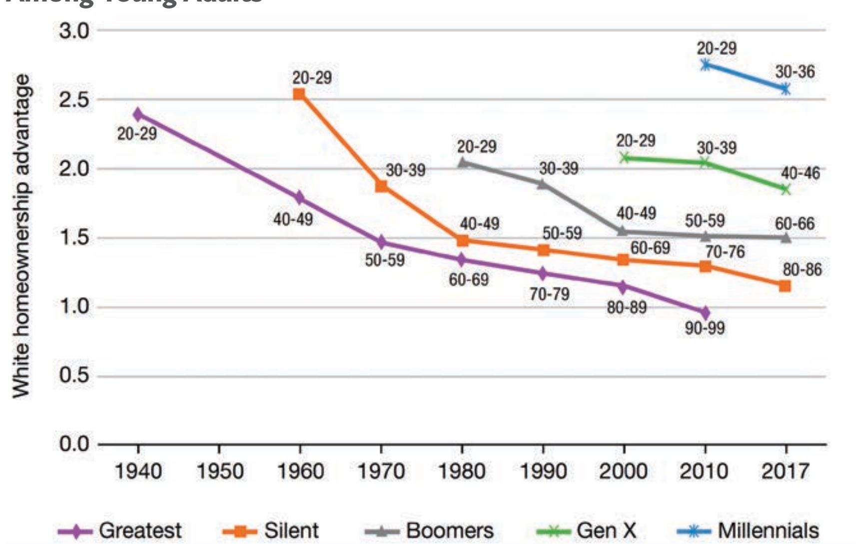
is the lack of convergence over time of Black and non-Hispanic White family income.

This lack of convergence in the intergenerational mobility of Black and non-Hispanic White families means that the gains Black families have made in closing gaps in educational attainment are not leading to closing the gaps in incomes. Exhibit 41 shows that at every level of parents' income, the income attainment of the Black children is lower than the income attainment of non-Hispanic White children. The steady-state shows the long-run equilibrium that will be the income level for Blacks and non-Hispanic Whites after many generations if the current level of intergenerational mobility holds. That continuing gap puts Black families well below the median income of the country, at only the 35.5 percentile. If half of Black families are at that level, the income is well below that necessary to comfortably afford homeownership expenditures.

The consequences of the lack of convergence in the intergenerational mobility of income between Black and non-Hispanic White families is reflected in looking at the persistence in the racial homeownership gap across generations.[98] Exhibit 42 below, from research by Darrick Hamilton and Christopher Famaghetti, shows that, beginning with the "Greatest" generation—the World War II generation that reached their 90s in the 2010 decade—to the current Millennials generation, a gap exists at each stage for Black and non-Hispanic White generations from the 1940s to today. But, beginning in 1960, the Boomer generation showed improvement in closing the gap, as did the "Silent" generation by ages 40-49 as compared to the "Greatest" generation. However, Gen X and Millennials are experiencing higher gaps in homeownership compared to non-Hispanic Whites within their generation.

Inheriting a home or receiving financial assistance based on the equity in a family's home is a critical source of homeownership for non-Hispanic White households. The current gap in Black homeownership

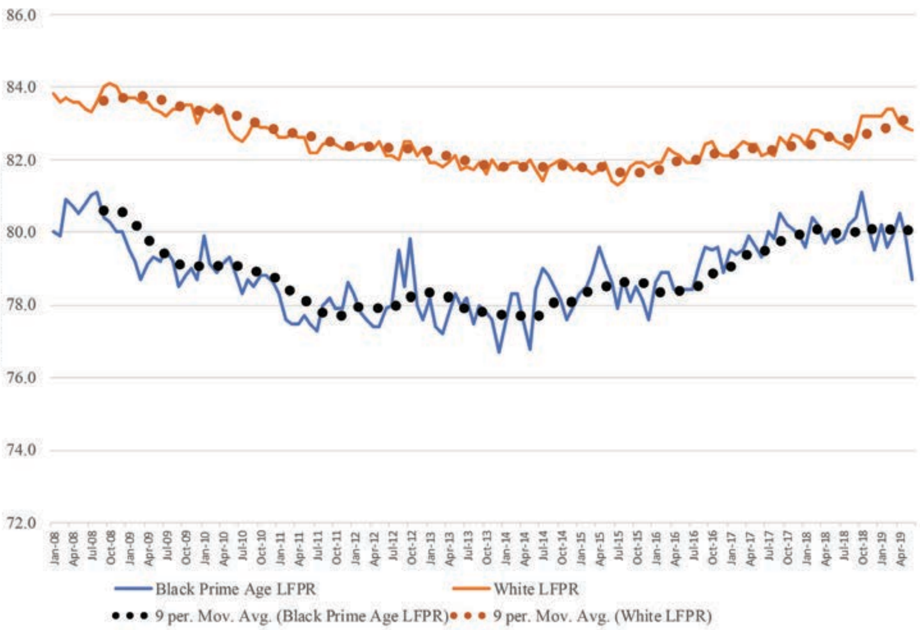
Exhibit 42. The Black-Non-Hispanic White Disparity in Homeownership Among Young Adults



Source: Darrick Hamilton and Christopher Famighetti, "Housing," Stanford Center for Poverty & Equality, State of the Union: Millennial Dilemma (2019)

98 Hamilton, Darrick and Christopher Famighetti, "Housing" in *State of the Union: Millennial Dilemma*, Stanford Center for Poverty & Equality. 2019.

Exhibit 43. Prime Age Workers (25 to 54 Years Old) Labor Force Participation Rates Monthly (Not Seasonally Adjusted) and 9-Month Moving Average



Source: U.S Department of Labor, Current Population Survey. Civilian Population Participation Rate. 2008-2019.

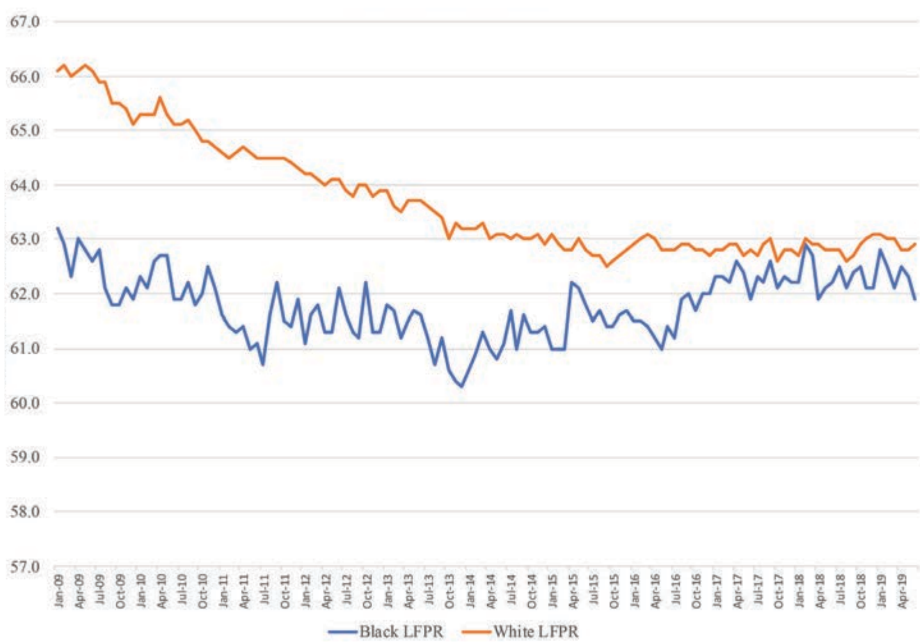
is therefore another important financial weakness that will translate into continuing major gaps in Black and non-Hispanic White homeownership.

President Trump has argued that, based on the strength of the current U.S. economy and historically low Black unemployment rate, Blacks are currently enjoying their most prosperous period in U.S. history. While Black households are benefitting from the current economic climate, Black economic gains continue to fall behind those of non-Hispanic Whites. Since the labor market began its recovery in earnest in 2013, Blacks have returned to the labor market at a faster rate than for non-Hispanic Whites. The labor force participation for prime age (25 to 54 years old) Black workers has returned to its 2008 peak, while non-Hispanic Whites have yet to return to their 2008 peak. Consequently, the long-term gaps in labor force participation rates have narrowed, as shown in Exhibit 43.

Overall, in part because of the younger age of the Black population, the labor force participation rates have now converged, as seen in Exhibit 44 below.

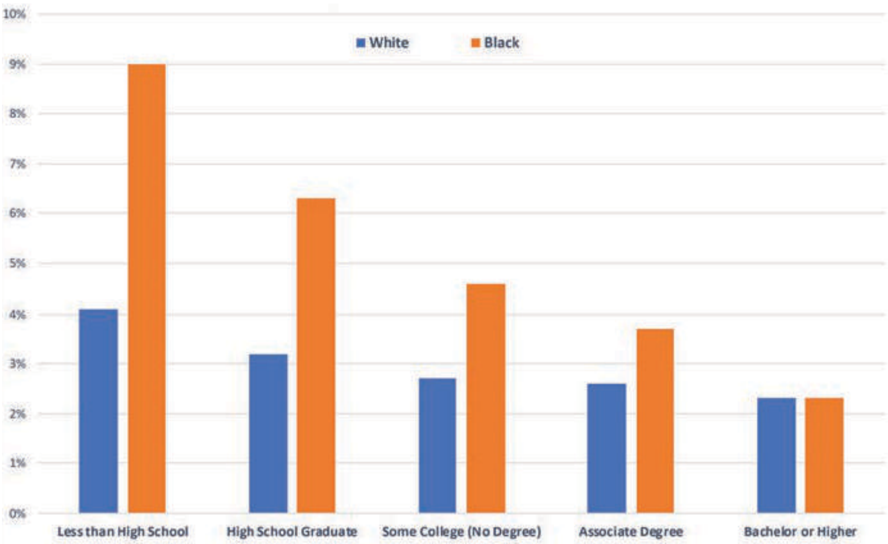
With labor force participation rates now virtually equal, the unemployment gaps between Blacks and non-Hispanic Whites more accurately reflect similar labor market conditions. Previously, lower Black labor force participation rates partially reflected differences in discouraged worker effects because of

Exhibit 44. Black and Non-Hispanic White Labor Force Participation Monthly (Seasonally Adjusted)



U.S. Department of Labor Statistics. Current Population Survey. Labor Force Participation Rate, Black or African American. 2009-2019.

Exhibit 45. Unemployment Rates for June 2019 (Not Seasonally Adjusted) by Educational Attainment



Source: U.S. Department of Labor, Bureau of Labor Statistics. June 2019.

the disproportionately weak labor market outcomes faced by Black workers. Exhibit 45[99] shows that a nearly a decade after the start of the most current recovery, Blacks with some college have a higher unemployment rate than non-Hispanic White high school dropouts.

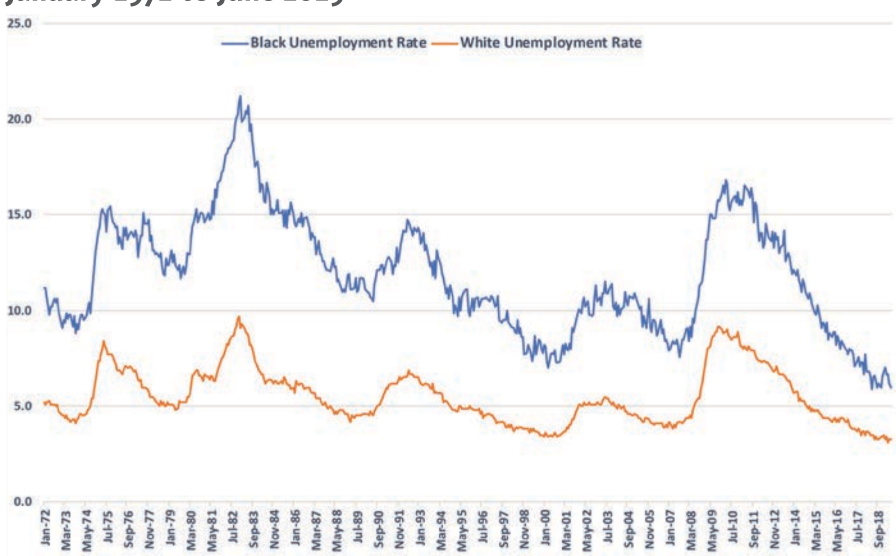
The substantial gaps in unemployment rates for Blacks, by educational attainment, helps to explain why the worst unemployment rates experienced by non-Hispanic Whites, are similar to the lowest unemployment rates experienced by Black workers.

Exhibit 46 shows the long run differences between the Black and non-Hispanic White unemployment rates. During the recession of the 1980s and again during the Great Recession, non-Hispanic White unemployment rates peaked near 10 percent. Since 1972, Black workers have spent few months with the unemployment rate below 10 percent.

Increasing Black homeownership requires remedies that fall outside of the housing finance system Further, strong economic growth alone is insufficient to compensate for centuries of discriminatory practices against Blacks in the labor, education, and homeownership markets.

Significantly increasing Black homeownership (and narrowing the racial wealth gap between Blacks and Non-Hispanic Whites) will require broad and systemic public policy changes. A long-term agenda must restore labor income, address continued gaps in education faced by Black workers, and establish programs to help with home purchase downpayment assistance.

Exhibit 46. Monthly (Seasonally Adjusted) Unemployment Rates January 1972 to June 2019



U.S. Department of Labor, Bureau of Labor Statistics. January 1972-June 2019

99 For June 2019, accessed July 27, 2019 https://www.bls.gov/web/empsit/cpseea17.htm

Proposals to Increase Black Homeownership

The falling Black homeownership rate requires a comprehensive response to turn this trend around. NAREB has pursued a comprehensive campaign, taking an aggressive posture in meeting with federal legislators and financial regulators on a wide range of issues including the need for the GSEs to lower excessive fees and the imperative to allow lenders, that deliver loans to Fannie Mae and Freddie Mac, to use more sophisticated credit scoring models.

NAREB has also worked closely with National Fair Housing Associations and research and policy institutions, to share the organization's real-world experiences, gleaned from a virtual army of real estate professionals that comprise NAREB's membership. Their members have worked with research and policy institutions to ensure NAREB's outreach efforts reflect the most accurate and up-to-date housing market data.

NAREB recognizes that improvement in Black homeownership requires efforts in two directions simultaneously. On the one hand, initiatives must break down discriminatory barriers and change public policies that unfairly preclude access to mortgage credit for Blacks. On the other hand, efforts must also successfully encourage Black households to apply for mortgage credit, as well as assist them to select the most affordable and sustainable loan products for which they are eligible.

NAREB's belief that there is enormous untapped Black homeownership potential is bolstered by Urban Institute research that finds that if the Black homeownership had remained at its 2000 level, there would be 770,000 additional Black homeowners. Further, there are currently 1.7 million Black millennials who qualify for homeownership.[100]

Despite the falling Black homeownership rate, NAREB has achieved important policy victories over the past year

that offers promise for a rebound in the number of Black households owning their own home. Most importantly, NAREB lobbied aggressively to enable banks that deliver loans to the GSEs to have the ability to use more updated credit scores. As discussed above in the Credit Scoring section of this report, FHFA issued a final rule on August 13, 2019, that allows VantageScore to be considered as an alternative credit scoring model used by Fannie Mae and Freddie Mac.

Realistically, the adoption and implementation of modernized credit scoring for housing finance is still at least 3-4 years away. NAREB will continue to encourage FHFA to move more expeditiously on the issue of credit scoring. NAREB will also continue to encourage FHFA to adopt the use of alternative data, expeditiously and such as rent and utility bill payments, to be merged with, or substituted for, traditional credit scores in the mortgage underwriting process. NAREB's advocacy on these issues promotes both good business practices and social justice.

NAREB has also worked closely with Congressman

100 Choi, Jung Hyun Choi. *Presentation at Atlanta Neighborhood Partners, Closing the Homeownership Gap in Atlanta and Beyond*. August 28, 2019.

Gregory Meeks to develop a national initiative to provide homeownership downpayment assistance. The bill, to be named "The American Dream Down Payment Act of 2019", would create a tax-advantaged downpayment savings account - The American Dream Down Payment Savings Plan - that would be similar to the 529 educational savings plans.[101] The American Dream Down Payment Act of 2019 would extend this favorable tax treatment to savings to be used for the purchase of a home. The bill is expected to be introduced in the fall of 2019 when Congress returns from its summer recess.

Over the years, many initiatives have been initiated to promote comprehensive community revitalization. They include Enterprise Zones, Urban Development Action Zones, Empowerment Zones and more. Each of these efforts has improved our understanding of how best to design and implement economic development efforts to improve the economic wellbeing of lower- and moderate-income households and communities.

NAREB believes federal programs should continue to build on the past and introduce new, more effective, and better targeted programs. One model that should be expanded with federal assistance is the Renaissance Neighborhood Initiative. That program:

> …is a holistic redevelopment funded by the Charlotte Housing Authority, HOPE VI Funds and several other sources. Rather than focusing on a single component of community change, holistic initiatives include mixed-income housing, radically improved cradle-to-college educational opportunities, youth and adult development programs, job training, health and wellness programs, transportation access and recreational opportunities.[102]

NAREB officials envision that new initiative to:

> …provide subsidies for new construction of single[-]family homes and rehab[ilitation] of existing housing, property tax abatements, money for infrastructure and street scape enhancements, small business loans and grants, and capacity building grants for community economic development corps and housing agencies and emerging real estate development firms.103

Finally, regarding national policies, NAREB remains concerned about the continuing lack of diversity within the mortgage industry. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, contained provisions to encourage and increased diversity within workforces of financial services and mortgage industry firms. NAREB believes there is a need for greater financial industry inclusion from board rooms to loan origination personnel, and from Wall Street investment firms and major commercial banks, to community banks and independent mortgage companies. Over the coming year, NAREB will host additional diversity and inclusion roundtables to promote diversity within the mortgage finance and real estate industries.

To reach potential Black homebuyers, NAREB is building a large and effective national outreach network leveraging the strength of faith-based institutions that share NAREB's goal of increasing wealth for Black families. NAREB is also developing civic engagement strategies to increase pre-purchase counseling and housing develop-

101 529 Plans are tax exempt savings accounts to be used for the college expenses of a designated beneficiary.
102 The Residences Rennaissance. Accessed September 5, 2019. http://www.residences-clt.com/about-renaissance/.
103 NAREB email to authors. September 4, 2019.

ment, targeting 10 cities with large Black populations for more intense outreach initiatives.

To be effective, NAREB's efforts must be accompanied by sound federal homeownership policies that recognize the unique homeownership challenges faced by Black households that are a direct result from decades of discriminatory behavior that has financially marginalized America's Black community.

The time to act is now. U.S. presidential candidates must be held accountable to develop, discuss, and gain public support for policies they intend to pursue to increase Black homeownership, if elected as president. To date, only Senator Elizabeth Warren has proposed a comprehensive housing bill.[104] That bill, if enacted, could greatly expand affordable housing access for Black households. The bill, however, focuses primarily on rental units and provides homeownership assistance largely in the form of downpayment assistance. Warren's bill could be a useful foundation from which to build more comprehensive programs to increase Black homeownership.

At the same time, Fannie Mae and Freddie Mac have now been profitable for several years and have paid the federal government at least $100 billion more than they borrowed. The GSEs could be released from conservatorship after November 2020. Efforts to overhaul and/or release the GSEs from conservatorship must ensure that the mission of those two institutions remain focused on improving affordable homeownership.

NAREB has made a commitment to pursue an aggressive, multipronged Black homeownership program. NAREB welcomes and invite support from institutions and individuals sharing its goals to make our nation's mortgage system function in an equitable manner for all Americans.

104 American Housing and Economic Mobility Act – 116th Congress]

Conclusion

Continuing decline in Black homeownership during a strong economic recovery demonstrates that the challenges confronting Blacks in the homeownership market are not solely a result of the more limited financial capacity of Black households relative to non-Hispanic Whites households, but also strongly influenced by continuing institutional bias and outright discrimination. Decades of discrimination against Blacks in employment, education, housing, and other areas have prevented Black households from competing economically, on equal footing, with non-Hispanic White households. To the extent access to basic opportunities in America increasingly depends on a household's income and wealth, communities of color, that have been financially marginalized by a history of economic injustices, will continue to fall further behind the rest of our society.

Yet, communities of color are the fastest growing populations in the U.S., and the ability of people of color to access good paying jobs, quality education, and accumulate wealth-building opportunities, is essential to a strong U.S. economy in the coming decades.

Instituting strong homeownership programs that enable moderate-income households, as well middle- and upper-income households of color, should be viewed through the lens of an investment in our nation's future. Investing in the nation's future was a driving force in the 1930s when the modern housing finance system was building the wealth of working non-Hispanic White households. Our housing finance institutions played an outsized role in building our nation's prosperous middle class. It is time to put the power and capacity of America's public policies and programs equitably to work for Black America.

Appendix

Table 1. Disposition of applications for first lien purchase loans of occupied one- to four-family homes by year and race/ethnicity (2004–2017)

Total Applications	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	5,399,330	**7,436,253**	**5,460,054**	**4,022,896**	**2,812,503**	**2,732,911**	**2,349,050**	**2,456,376**	**2,790,926**	**3,245,843**	**3,338,594**	**3,734,982**	**4,192,391**	**4,969,634**
Originated	3,724,150	4,863,541	3,513,087	2,606,624	1,852,961	1,932,806	1,640,719	1,737,117	2,018,430	2,335,643	2,434,100	2,828,680	3,125,888	3,659,909
Approved but not accepted	432,314	584,249	440,352	321,388	190,510	130,090	120,223	112,962	109,986	130,686	112,300	116,596	122,152	135,376
Denied	647,102	1,019,773	835,545	629,398	414,166	346,998	293,292	309,925	337,726	385,097	360,287	374,084	390,124	448,457
Withdrawn/File closed	595,764	968,690	671,070	465,486	354,866	323,017	294,816	296,372	324,784	394,417	431,907	415,622	554,227	725,892
Non Hispanic White Applicant														
Applications	**2,871,226**	**4,086,258**	**3,058,227**	**2,419,118**	**1,795,895**	**1,762,663**	**1,408,965**	**1,619,842**	**1,881,341**	**2,197,862**	**2,223,063**	**2,446,232**	**2,659,182**	**3,097,797**
Originated	2,165,602	2,941,208	2,205,337	1,737,846	1,277,775	1,313,583	1,037,184	1,201,921	1,420,633	1,649,943	1,689,184	1,917,607	2,061,488	2,375,851
Approved but not accepted	181,236	272,331	210,295	171,224	111,326	77,924	66,477	69,580	69,213	82,392	69,699	72,251	73,874	81,697
Denied	272,598	425,603	337,067	277,226	211,554	188,224	147,521	173,079	194,194	221,936	203,313	205,316	205,571	232,497
Withdrawn/File closed	251,790	447,116	305,528	232,822	195,240	182,932	157,783	175,262	197,301	243,591	260,867	251,058	318,249	407,752
Black Applicant														
Applications	**458,354**	**748,090**	**596,132**	**394,846**	**214,892**	**180,219**	**119,818**	**161,319**	**172,061**	**186,074**	**206,182**	**245,425**	**300,503**	**361,457**
Originated	261,743	397,178	300,583	197,120	116,371	109,728	74,055	98,416	105,379	113,723	130,176	164,585	198,217	236,419
Approved but not accepted	47,896	70,980	52,567	32,726	12,363	7,361	5,407	6,958	6,176	7,417	7,407	8,289	9,318	10,130
Denied	90,844	164,579	154,766	108,353	52,903	37,458	23,173	33,441	36,219	38,956	37,898	41,653	47,032	54,126
Withdrawn/File closed	57,871	115,353	88,216	56,647	33,255	25,672	17,183	22,504	24,287	25,978	30,701	30,898	45,936	60,782
Latino Applicant														
Applications	**417,115**	**938,253**	**681,150**	**406,752**	**250,023**	**246,316**	**266,711**	**214,872**	**229,359**	**255,496**	**284,984**	**380,455**	**453,381**	**458,463**
Originated	270,811	557,842	381,664	211,608	137,877	155,587	168,788	140,712	153,239	169,493	193,892	272,525	319,710	324,269
Approved but not accepted	36,379	76,918	57,702	38,120	19,483	13,429	14,887	10,517	9,736	10,404	10,015	12,340	13,862	13,330
Denied	66,382	169,151	149,217	100,356	56,267	43,920	45,851	35,449	37,433	41,986	41,016	49,893	54,036	50,164
Withdrawn/File closed	43,543	134,342	92,567	56,668	36,396	33,380	37,185	28,194	28,951	33,613	40,061	45,697	65,773	70,700
Asian Applicant														
Applications	**259,616**	**374,112**	**243,927**	**185,297**	**148,098**	**157,965**	**198,249**	**133,389**	**152,881**	**189,503**	**187,777**	**220,991**	**257,327**	**297,790**
Originated	177,948	240,108	155,945	117,048	88,755	105,677	133,862	89,722	105,700	130,781	131,352	162,198	184,921	213,022
Approved but not accepted	25,491	36,939	24,783	20,572	14,082	9,822	13,650	8,127	7,969	10,064	8,051	8,483	8,913	9,499
Denied	28,037	49,465	33,569	26,883	22,639	20,833	24,805	17,872	19,979	23,586	20,987	22,955	23,961	26,496
Withdrawn/File closed	28,140	47,600	29,630	20,794	22,622	21,633	25,932	17,668	19,233	25,072	27,387	27,355	39,532	48,773
Other Race/Ethnicity Applicant														
Applications	**86,082**	**113,187**	**68,765**	**46,070**	**31,066**	**30,601**	**33,451**	**22,525**	**24,045**	**27,426**	**29,482**	**29,603**	**36,155**	**48,972**
Originated	53,043	66,743	39,218	25,704	17,868	19,337	20,865	14,917	16,115	17,894	19,974	21,436	25,533	33,733
Approved but not accepted	7,466	10,255	6,407	4,263	2,244	1,487	1,749	1,122	1,058	1,195	1,074	968	1,118	1,265
Denied	13,463	19,202	13,921	10,451	6,531	5,182	5,454	3,685	3,970	4,715	4,398	3,664	4,178	5,871
Withdrawn/File closed	12,110	16,987	9,219	5,652	4,423	4,595	5,383	2,801	2,902	3,622	4,036	3,535	5,326	8,103
Joint Applicants														
Applications	**94,206**	**138,744**	**103,280**	**83,957**	**66,665**	**66,226**	**63,597**	**58,814**	**69,835**	**88,051**	**96,062**	**29,518**	**34,589**	**160,397**
Originated	70,559	100,421	74,084	59,127	46,298	48,631	46,595	43,594	52,839	65,910	72,580	22,990	26,214	120,968
Approved but not accepted	6,130	9,913	7,590	6,780	4,679	3,238	3,236	2,793	2,675	3,436	3,098	946	1,058	4,206
Denied	9,259	14,002	11,076	9,857	8,373	7,273	6,884	6,291	7,215	8,974	8,560	2,314	2,644	12,016
Withdrawn/File closed	8,258	14,408	10,530	8,193	7,315	7,084	6,882	6,136	7,106	9,731	11,824	3,268	4,673	23,207
Missing Race/Ethnicity														
Applications	**1,212,731**	**1,037,609**	**708,573**	**486,856**	**305,864**	**288,921**	**258,259**	**245,615**	**261,404**	**301,431**	**311,044**	**382,758**	**451,254**	**544,758**
Originated	724,444	560,041	356,256	258,171	168,017	180,263	159,370	147,835	164,525	187,899	196,942	267,339	309,805	355,647
Approved but not accepted	127,716	106,913	81,008	47,703	26,333	16,829	14,817	13,865	13,159	15,778	12,956	13,319	14,009	15,249
Denied	166,519	177,771	135,929	96,272	55,899	44,108	39,604	40,108	38,716	44,944	44,115	48,289	52,702	67,287
Withdrawn/File closed	194,052	192,884	135,380	84,710	55,615	47,721	44,468	43,807	45,004	52,810	57,031	53,811	74,738	106,575

Table 2. Disposition of applications for conventional first lien purchase loans of occupied one-to four-family homes by year, race and ethnicity (2004–2017)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Applications for Conventional Loans	**4,765,090**	**6,963,526**	**5,012,541**	**3,566,531**	**1,835,870**	**1,275,064**	**1,103,806**	**1,211,548**	**1,502,386**	**1,967,593**	**2,076,294**	**2,234,000**	**2,523,396**	**3,165,749**
Originated	3,254,778	4,506,585	3,174,540	2,274,959	1,166,288	882,687	767,093	857,682	1,100,317	1,441,887	1,542,659	1,713,162	1,907,247	2,363,003
Approved but not accepted	407,693	564,800	423,018	303,926	148,332	72,063	65,528	64,055	67,869	87,529	73,998	74,365	79,173	92,996
Denied	575,493	971,024	790,233	567,537	276,063	161,525	129,578	144,957	164,228	204,924	194,942	198,262	205,567	254,707
Withdrawn/File closed	527,126	921,117	624,750	420,109	245,187	158,789	141,607	144,854	169,972	233,253	264,695	248,211	331,409	455,043
Non Hispanic White Applicant														
Applications	**2,549,631**	**3,789,366**	**2,774,126**	**2,139,785**	**1,198,088**	**869,917**	**707,112**	**855,007**	**1,076,496**	**1,396,825**	**1,460,484**	**1,553,704**	**1,701,123**	**2,070,346**
Originated	1,912,097	2,707,274	1,981,619	1,524,500	830,352	633,529	513,994	633,208	819,077	1,063,103	1,125,471	1,228,571	1,331,315	1,603,613
Approved but not accepted	170,363	260,531	199,706	160,973	87,255	45,508	38,264	42,045	45,198	57,556	48,318	48,782	51,025	59,061
Denied	242,104	399,985	312,215	246,106	142,666	94,706	72,620	87,572	101,682	124,763	117,061	116,171	115,667	138,954
Withdrawn/File closed	225,067	421,576	280,586	208,206	137,815	96,174	82,234	92,182	110,539	151,403	169,634	160,180	203,116	268,718
Black Applicant														
Applications	**370,485**	**682,601**	**532,348**	**323,607**	**94,617**	**39,307**	**23,949**	**35,491**	**42,036**	**56,456**	**66,696**	**75,466**	**96,285**	**134,856**
Originated	200,160	350,857	255,372	149,743	42,290	20,148	13,616	19,403	23,801	33,153	41,478	49,482	62,481	87,635
Approved but not accepted	44,552	68,223	50,040	30,219	7,646	2,098	1,265	1,912	1,869	2,738	2,611	2,849	3,204	4,064
Denied	77,811	155,502	146,193	94,665	28,075	11,092	5,649	9,581	10,784	12,966	12,850	13,858	16,097	20,816
Withdrawn/File closed	47,962	108,019	80,743	48,980	16,606	5,969	3,419	4,595	5,582	7,599	9,757	9,277	14,503	22,341
Latino Applicant														
Applications	**362,298**	**892,234**	**641,627**	**364,107**	**137,842**	**65,053**	**57,702**	**57,009**	**67,932**	**94,889**	**115,133**	**150,503**	**189,043**	**218,062**
Originated	231,827	525,190	353,153	182,666	65,765	36,854	34,460	35,223	43,939	62,246	78,024	106,564	132,687	153,475
Approved but not accepted	34,293	74,963	56,032	36,360	14,004	4,564	3,949	3,303	3,454	4,497	4,463	5,393	6,368	6,831
Denied	58,568	162,936	144,471	93,291	36,101	13,951	10,701	11,042	12,204	16,202	16,747	20,618	22,670	24,084
Withdrawn/File closed	37,610	129,145	87,971	51,790	21,972	9,684	8,592	7,441	8,335	11,944	15,899	17,928	27,318	33,672
Asian Applicant														
Applications	**251,641**	**368,789**	**239,191**	**180,639**	**131,467**	**116,116**	**143,833**	**96,840**	**116,471**	**155,968**	**157,770**	**177,906**	**210,334**	**256,779**
Originated	172,190	236,116	152,350	113,780	77,746	77,403	97,567	65,509	81,632	108,926	111,426	131,250	151,913	184,584
Approved but not accepted	25,122	36,700	24,564	20,377	13,217	7,829	10,876	6,429	6,513	8,720	6,937	7,022	7,484	8,422
Denied	27,192	48,950	33,165	26,272	20,031	14,699	16,656	12,079	13,826	17,768	16,373	17,265	18,266	21,669
Withdrawn/File closed	27,137	47,023	29,112	20,210	20,473	16,185	18,734	12,823	14,500	20,554	23,034	22,369	32,671	42,104
Other Race/Ethnicity Applicant														
Applications	**74,889**	**106,661**	**63,363**	**40,330**	**18,507**	**11,393**	**10,595**	**8,235**	**9,532**	**12,438**	**13,685**	**14,361**	**17,636**	**24,032**
Originated	45,186	62,048	35,341	21,692	9,527	6,363	5,867	5,103	6,061	7,956	9,090	10,355	12,482	16,399
Approved but not accepted	6,994	9,989	6,197	3,999	1,639	666	582	453	477	609	552	519	598	711
Denied	12,023	18,424	13,232	9,550	4,395	2,160	2,053	1,573	1,786	2,217	2,163	1,805	1,932	2,865
Withdrawn/File closed	10,686	16,200	8,593	5,089	2,946	2,204	2,093	1,106	1,208	1,656	1,880	1,682	2,624	4,057
Joint Applicants														
Applications	**79,710**	**124,913**	**89,632**	**70,422**	**39,231**	**28,587**	**28,372**	**28,411**	**36,646**	**52,047**	**57,724**	**18,633**	**21,607**	**97,193**
Originated	59,097	89,449	63,142	48,719	25,770	20,255	20,527	20,768	27,731	39,264	43,923	14,578	16,480	73,694
Approved but not accepted	5,601	9,358	7,077	6,198	3,419	1,702	1,689	1,614	1,689	2,320	1,991	615	718	2,817
Denied	7,858	12,863	10,003	8,487	5,217	3,165	2,890	2,951	3,434	4,689	4,705	1,308	1,446	6,597
Withdrawn/File closed	7,154	13,243	9,410	7,018	4,825	3,465	3,266	3,078	3,792	5,774	7,105	2,132	2,963	14,085
Missing Race/Ethnicity														
Applications	**1,076,436**	**998,962**	**672,254**	**447,641**	**216,118**	**144,691**	**132,243**	**130,555**	**153,273**	**198,970**	**204,802**	**243,427**	**287,368**	**364,481**
Originated	634,221	535,651	333,563	233,859	114,838	88,135	81,062	78,468	98,076	127,239	133,247	172,362	199,889	243,603
Approved but not accepted	120,768	105,036	79,402	45,800	21,152	9,696	8,903	8,299	8,669	11,089	9,126	9,185	9,776	11,090
Denied	149,937	172,364	130,954	89,166	39,578	21,752	19,009	20,159	20,512	26,319	25,043	27,237	29,489	39,722
Withdrawn/File closed	171,510	185,911	128,335	78,816	40,550	25,108	23,269	23,629	26,016	34,323	37,386	34,643	48,214	70,066

Table 3. Disposition of applications for nonconventional first lien purchase loans of occupied one- to four-family homes by year, race and ethnicity (2004–2017)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Applications for Nonconventional Loans	634,240	472,727	447,513	456,365	976,633	1,457,847	1,245,244	1,244,828	1,288,540	1,278,250	1,262,300	1,500,982	1,668,995	1,803,885
Originated	469,372	356,956	338,547	331,665	686,673	1,050,119	873,626	879,435	918,113	893,756	891,441	1,115,518	1,218,641	1,296,906
Approved but not accepted	24,621	19,449	17,334	17,462	42,178	58,027	54,695	48,907	42,117	43,157	38,302	42,231	42,979	42,380
Denied	71,609	48,749	45,312	61,861	138,103	185,473	163,714	164,968	173,498	180,173	165,345	175,822	184,557	193,750
Withdrawn/File closed	68,638	47,573	46,320	45,377	109,679	164,228	153,209	151,518	154,812	161,164	167,212	167,411	222,818	270,849
Non Hispanic White Applicant														
Applications	321,595	296,892	284,101	279,333	597,807	892,746	701,853	764,835	804,845	801,037	762,579	892,528	958,059	1,027,451
Originated	253,505	233,934	223,718	213,346	447,423	680,054	523,190	568,713	601,556	586,840	563,713	689,036	730,173	772,238
Approved but not accepted	10,873	11,800	10,589	10,251	24,071	32,416	28,213	27,535	24,015	24,836	21,381	23,469	22,849	22,636
Denied	30,494	25,618	24,852	31,120	68,888	93,518	74,901	85,507	92,512	97,173	86,252	89,145	89,904	93,543
Withdrawn/File closed	26,723	25,540	24,942	24,616	57,425	86,758	75,549	83,080	86,762	92,188	91,233	90,878	115,133	139,034
Black Applicant														
Applications	87,869	65,489	63,784	71,239	120,275	140,912	95,869	125,828	130,025	129,618	139,486	169,959	204,218	226,601
Originated	61,583	46,321	45,211	47,377	74,081	89,580	60,439	79,013	81,578	80,570	88,698	115,103	135,736	148,784
Approved but not accepted	3,344	2,757	2,527	2,507	4,717	5,263	4,142	5,046	4,307	4,679	4,796	5,440	6,114	6,066
Denied	13,033	9,077	8,573	13,688	24,828	26,366	17,524	23,860	25,435	25,990	25,048	27,795	30,935	33,310
Withdrawn/File closed	9,909	7,334	7,473	7,667	16,649	19,703	13,764	17,909	18,705	18,379	20,944	21,621	31,433	38,441
Latino Applicant														
Applications	54,817	46,019	39,523	42,645	112,181	181,263	209,009	157,863	161,427	160,607	169,851	229,952	264,338	240,401
Originated	38,984	32,652	28,511	28,942	72,112	118,733	134,328	105,489	109,300	107,247	115,868	165,961	187,023	170,794
Approved but not accepted	2,086	1,955	1,670	1,760	5,479	8,865	10,938	7,214	6,282	5,907	5,552	6,947	7,494	6,499
Denied	7,814	6,215	4,746	7,065	20,166	29,969	35,150	24,407	25,229	25,784	24,269	29,275	31,366	26,080
Withdrawn/File closed	5,933	5,197	4,596	4,878	14,424	23,696	28,593	20,753	20,616	21,669	24,162	27,769	38,455	37,028
Asian Applicant														
Applications	7,975	5,323	4,736	4,658	16,631	41,849	54,416	36,549	36,410	33,535	30,007	43,085	46,993	41,011
Originated	5,758	3,992	3,595	3,268	11,009	28,274	36,295	24,213	24,068	21,855	19,926	30,948	33,008	28,438
Approved but not accepted	369	239	219	195	865	1,993	2,774	1,698	1,456	1,344	1,114	1,461	1,429	1,077
Denied	845	515	404	611	2,608	6,134	8,149	5,793	6,153	5,818	4,614	5,690	5,695	4,827
Withdrawn/File closed	1,003	577	518	584	2,149	5,448	7,198	4,845	4,733	4,518	4,353	4,986	6,861	6,669
Other Race/Ethnicity Applicant														
Applications	11,193	6,526	5,402	5,740	12,559	19,208	22,856	14,290	14,513	14,988	15,797	15,242	18,519	24,940
Originated	7,857	4,695	3,877	4,012	8,341	12,974	14,998	9,814	10,054	9,938	10,884	11,081	13,051	17,334
Approved but not accepted	472	266	210	264	605	821	1,167	669	581	586	522	449	520	554
Denied	1,440	778	689	901	2,136	3,022	3,401	2,112	2,184	2,498	2,235	1,859	2,246	3,006
Withdrawn/File closed	1,424	787	626	563	1,477	2,391	3,290	1,695	1,694	1,966	2,156	1,853	2,702	4,046
Joint Applicants														
Applications	14,496	13,831	13,648	13,535	27,434	37,639	35,225	30,403	33,189	36,004	38,338	10,885	12,982	63,204
Originated	11,462	10,972	10,942	10,408	20,528	28,376	26,068	22,826	25,108	26,646	28,657	8,412	9,734	47,274
Approved but not accepted	529	555	513	582	1,260	1,536	1,547	1,179	986	1,116	1,107	331	340	1,389
Denied	1,401	1,139	1,073	1,370	3,156	4,108	3,994	3,340	3,781	4,285	3,855	1,006	1,198	5,419
Withdrawn/File closed	1,104	1,165	1,120	1,175	2,490	3,619	3,616	3,058	3,314	3,957	4,719	1,136	1,710	9,122
Missing Race/Ethnicity														
Applications	136,295	38,647	36,319	39,215	89,746	144,230	126,016	115,060	108,131	102,461	106,242	139,331	163,886	180,277
Originated	90,223	24,390	22,693	24,312	53,179	92,128	78,308	69,367	66,449	60,660	63,695	94,977	109,916	112,044
Approved but not accepted	6,948	1,877	1,606	1,903	5,181	7,133	5,914	5,566	4,490	4,689	3,830	4,134	4,233	4,159
Denied	16,582	5,407	4,975	7,106	16,321	22,356	20,595	19,949	18,204	18,625	19,072	21,052	23,213	27,565
Withdrawn/File closed	22,542	6,973	7,045	5,894	15,065	22,613	21,199	20,178	18,988	18,487	19,645	19,168	26,524	36,509

Table 4. Distribution of applications for first lien purchase loans of occupied one- to four-family homes by disposition and selected applicant and loan characteristics, 2017

	Applications	Originated	Approved but not accepted	Denied	Withdrawn/File closed
BLACK APPLICANTS					
TOTAL APPLICATIONS	361,457	236,419	10,130	54,126	60,782
Applicant income					
Less or equal to 50% of AMI	38,484	21,214	1,051	9,734	6,485
50% - 80% of AMI	106,049	68,901	2,963	16,518	17,667
80% - 120% of AMI	108,530	73,676	2,935	14,273	17,646
More than 120% of AMI	108,394	72,628	3,181	13,601	18,984
Loan type					
Conventional	134,856	87,635	4,064	20,816	22,341
Nonconventional	226,601	148,784	6,066	33,310	38,441
GSE/FHA					
GSE-purchased*		32,777			
FHA-insured	160,065	103,697	4,671	24,313	27,384
Loan cost					
High cost*		41,323			
Property location					
Low-moderate income neighborhood	110,719	68,673	3,445	18,917	19,684
Higher income neighborhood	250,738	167,746	6,685	35,209	41,098
Majority minority neighborhood	185,769	116,755	5,678	29,713	33,623
Northeast	40,451	25,810	1,305	6,535	6,801
Midwest	54,308	35,326	1,514	8,870	8,598
South	232,969	152,685	6,128	34,836	39,320
West	33,729	22,598	1,183	3,885	6,063
NON-HISPANIC WHITE APPLICANTS					
TOTAL APPLICATIONS	3,097,797	2,375,851	81,697	232,497	407,752
Applicant income					
Less or equal to 50% of AMI	202,869	139,186	5,301	32,168	26,214
50% - 80% of AMI	632,959	486,625	15,449	54,505	76,380
80% - 120% of AMI	803,289	629,242	19,874	55,140	99,033
More than 120% of AMI	1,458,680	1,120,798	41,073	90,684	206,125
Loan type					
Conventional	1,027,451	772,238	22,636	93,543	139,034
Nonconventional	2,070,346	1,603,613	59,061	138,954	268,718
GSE/FHA					
GSE-purchased*		690,906			
FHA-insured	588,842	439,773	13,552	55,082	78,411
Loan cost					
High cost*		157,493			
Property location					
Low-moderate income neighborhood	424,207	315,530	11,353	38,644	58,680
Higher income neighborhood	2,673,590	2,060,321	70,344	193,853	349,072
Majority minority neighborhood	327,096	230,394	8,889	29,494	58,319
Northeast	435,036	335,505	10,340	33,845	55,346
Midwest	815,252	641,867	20,774	59,452	93,159
South	1,177,857	891,598	30,666	93,958	161,635
West	669,652	506,881	19,917	45,242	97,612

*Information applicable only to originated loans

Table 5. Disposition of applications for first lien purchase loans of occupied one- to four-family homes by region and applicant income, conventional and nonconventional loans, Black and non-Hispanic White applicants, 2017

	BLACK APPLICANT					NON-HISPANIC WHITE APPLICANT				
	TOTAL APPLICATIONS	Originated	Approved but not accepted	Denied	Withdrawn/File closed	TOTAL APPLICATIONS	Originated	Approved but not accepted	Denied	Withdrawn/File closed
ALL APPLICATIONS	361,457	236,419	10,130	54,126	60,782	3,097,797	2,375,851	81,697	232,497	407,752
Northeast	40,451	25,810	1,305	6,535	6,801	435,036	335,505	10,340	33,845	55,346
Less or equal to 50% of AMI	4,916	2,720	125	1,270	801	30,819	21,076	674	5,221	3,848
50%-80% of AMI	12,734	8,138	390	2,078	2,128	96,537	74,198	2,145	8,850	11,344
80%-120% of AMI	12,019	7,896	398	1,730	1,995	114,227	89,453	2,593	8,288	13,893
More than 120% of AMI	10,782	7,056	392	1,457	1,877	193,453	150,778	4,928	11,486	26,261
Midwest	54,308	35,326	1,514	8,870	8,598	815,252	641,867	20,774	59,452	93,159
Less or equal to 50% of AMI	9,069	5,322	271	2,119	1,357	81,880	59,435	2,233	11,269	8,943
50%-80% of AMI	18,578	12,433	549	2,874	2,722	204,601	162,450	5,094	16,264	20,793
80%-120% of AMI	14,584	9,797	390	2,125	2,272	210,872	170,784	5,214	13,250	21,624
More than 120% of AMI	12,077	7,774	304	1,752	2,247	317,899	249,198	8,233	18,669	41,799
South	232,969	152,685	6,128	34,836	39,320	1,177,857	891,598	30,666	93,958	161,635
Less or equal to 50% of AMI	23,065	12,433	618	5,984	4,030	63,360	41,039	1,641	11,567	9,113
50%-80% of AMI	67,778	43,783	1,800	10,700	11,495	220,966	165,935	5,294	21,026	28,711
80%-120% of AMI	71,182	48,530	1,806	9,314	11,532	302,052	232,408	7,266	22,975	39,403
More than 120% of AMI	70,944	47,939	1,904	8,838	12,263	591,479	452,216	16,465	38,390	84,408
West	33,729	22,598	1,183	3,885	6,063	669,652	506,881	19,917	45,242	97,612
Less or equal to 50% of AMI	1,434	739	37	361	297	26,810	17,636	753	4,111	4,310
50%-80% of AMI	6,959	4,547	224	866	1,322	110,855	84,042	2,916	8,365	15,532
80%-120% of AMI	10,745	7,453	341	1,104	1,847	176,138	136,597	4,801	10,627	24,113
More than 120% of AMI	14,591	9,859	581	1,554	2,597	355,849	268,606	11,447	22,139	53,657
CONVENTIONAL LOANS	134,856	87,635	4,064	20,816	22,341	2,070,346	1,603,613	59,061	138,954	268,718
Northeast	16,294	10,507	460	2,728	2,599	310,824	242,568	7,714	21,123	39,419
Less or equal to 50% of AMI	1,851	1,058	30	492	271	18,300	12,831	403	2,891	2,175
50%-80% of AMI	4,416	2,827	123	787	679	55,890	43,651	1,268	4,554	6,417
80%-120% of AMI	4,569	2,981	138	696	754	74,126	58,581	1,751	4,788	9,006
More than 120% of AMI	5,458	3,641	169	753	895	162,508	127,505	4,292	8,890	21,821
Midwest	21,790	14,499	650	3,397	3,244	555,946	447,259	15,294	33,691	59,702
Less or equal to 50% of AMI	3,554	2,162	109	813	470	47,727	35,691	1,431	5,855	4,750
50%-80% of AMI	6,477	4,427	192	963	895	117,748	95,378	3,118	8,062	11,190
80%-120% of AMI	5,376	3,642	162	760	812	134,180	110,023	3,614	7,182	13,361
More than 120% of AMI	6,383	4,268	187	861	1,067	256,291	206,167	7,131	12,592	30,401
South	81,496	52,575	2,358	12,971	13,592	738,419	561,785	21,165	54,484	100,985
Less or equal to 50% of AMI	8,615	4,715	222	2,341	1,337	35,501	23,262	947	6,422	4,870
50%-80% of AMI	21,495	13,682	569	3,655	3,589	111,606	84,503	2,846	9,993	14,264
80%-120% of AMI	21,139	14,095	602	3,009	3,433	159,700	122,981	4,283	11,501	20,935
More than 120% of AMI	30,247	20,083	965	3,966	5,233	431,612	331,039	13,089	26,568	60,916
West	15,276	10,054	596	1,720	2,906	465,157	352,001	14,888	29,656	68,612
Less or equal to 50% of AMI	745	408	21	176	140	17,755	12,062	494	2,453	2,746
50%-80% of AMI	2,913	1,893	112	331	577	65,649	50,391	1,858	4,350	9,050
80%-120% of AMI	4,266	2,897	154	425	790	105,506	81,900	3,141	5,796	14,669
More than 120% of AMI	7,352	4,856	309	788	1,399	276,247	207,648	9,395	17,057	42,147
NONCONVENTIONAL LOANS	139,486	88,698	4,796	25,048	20,944	1,027,451	772,238	22,636	93,543	139,034
Northeast	24,157	15,303	845	3,807	4,202	124,212	92,937	2,626	12,722	15,927
Less or equal to 50% of AMI	3,065	1,662	95	778	530	12,519	8,245	271	2,330	1,673
50%-80% of AMI	8,318	5,311	267	1,291	1,449	40,647	30,547	877	4,296	4,927
80%-120% of AMI	7,450	4,915	260	1,034	1,241	40,101	30,872	842	3,500	4,887
More than 120% of AMI	5,324	3,415	223	704	982	30,945	23,273	636	2,596	4,440
Midwest	32,518	20,827	864	5,473	5,354	259,306	194,608	5,480	25,761	33,457
Less or equal to 50% of AMI	5,515	3,160	162	1,306	887	34,153	23,744	802	5,414	4,193
50%-80% of AMI	12,101	8,006	357	1,911	1,827	86,853	67,072	1,976	8,202	9,603
80%-120% of AMI	9,208	6,155	228	1,365	1,460	76,692	60,761	1,600	6,068	8,263
More than 120% of AMI	5,694	3,506	117	891	1,180	61,608	43,031	1,102	6,077	11,398
South	151,473	100,110	3,770	21,865	25,728	439,438	329,813	9,501	39,474	60,650
Less or equal to 50% of AMI	14,450	7,718	396	3,643	2,693	27,859	17,777	694	5,145	4,243
50%-80% of AMI	46,283	30,101	1,231	7,045	7,906	109,360	81,432	2,448	11,033	14,447
80%-120% of AMI	50,043	34,435	1,204	6,305	8,099	142,352	109,427	2,983	11,474	18,468
More than 120% of AMI	40,697	27,856	939	4,872	7,030	159,867	121,177	3,376	11,822	23,492
West	18,453	12,544	587	2,165	3,157	204,495	154,880	5,029	15,586	29,000
Less or equal to 50% of AMI	689	331	16	185	157	9,055	5,574	259	1,658	1,564
50%-80% of AMI	4,046	2,654	112	535	745	45,206	33,651	1,058	4,015	6,482
80%-120% of AMI	6,479	4,556	187	679	1,057	70,632	54,697	1,660	4,831	9,444
More than 120% of AMI	7,239	5,003	272	766	1,198	79,602	60,958	2,052	5,082	11,510

Table 6. Distribution of originations of first lien purchase loans of occupied one- to four-family homes by region and applicant income, GSE-purchased and FHA-insured, Black and non-Hispanic White applicants, 2017

	BLACK APPLICANT					NON-HISPANIC WHITE APPLICANT				
	Total	Income less or equal to 50% of AMI	Income 50%-80% of AMI	Income 80%-120% of AMI	Income more than 120% of AMI	Total	Income less or equal to 50% of AMI	Income 50%-80% of AMI	Income 80%-120% of AMI	Income more than 120% of AMI
Total Loans	136,474	13,971	43,160	42,752	36,591	1,130,679	77,778	252,731	317,339	482,831
GSE-Purchased	24%	20%	18%	21%	36%	61%	50%	50%	56%	72%
FHA-Insured	76%	80%	82%	79%	64%	39%	50%	50%	44%	28%
Northeast										
Total Loans	17,703	1,964	5,717	5,508	4,514	157,786	12,060	39,414	46,563	59,749
GSE-Purchased	24%	21%	18%	23%	35%	59%	46%	47%	55%	73%
FHA-Insured	76%	79%	82%	77%	65%	41%	54%	53%	45%	27%
Midwest										
Total Loans	22,889	3,678	8,518	6,502	4,191	318,662	33,218	85,864	88,883	110,697
GSE-Purchased	26%	22%	20%	25%	43%	63%	51%	53%	60%	77%
FHA-Insured	74%	78%	80%	75%	57%	37%	49%	47%	40%	23%
South										
Total Loans	84,211	7,896	26,417	26,919	22,979	408,481	22,374	82,398	110,606	193,103
GSE-Purchased	22%	18%	16%	19%	34%	58%	46%	45%	51%	69%
FHA-Insured	78%	82%	84%	81%	66%	42%	54%	55%	49%	31%
West										
Total Loans	11,671	433	2,508	3,823	4,907	245,750	10,126	45,055	71,287	119,282
GSE-Purchased	36%	42%	29%	30%	43%	65%	61%	55%	58%	73%
FHA-Insured	64%	58%	71%	70%	57%	35%	39%	45%	42%	27%

Table 7. Distribution of denial reasons of first lien purchase loans of occupied one- to four-family homes by applicant income, conventional and nonconventional loan applications, Black and non-Hispanic White applicants, 2017

Type of loan and denial reason	BLACK APPLICANT					PANIC WHITE APPLICANT				
	Denied Applications	Less or equal to 50% of AMI	50%-80% of AMI	80%-120% of AMI	More than 120% of AMI	Denied Applications	Less or equal to 50% of AMI	50%-80% of AMI	80%-120% of AMI	More than 120% of AMI
Total	37,520	6,935	11,101	9,718	9,766	165,112	22,814	37,863	38,423	66,012
Debt-to-income ratio	32%	46%	34%	28%	23%	27%	46%	30%	24%	21%
Employment history	3%	3%	3%	3%	2%	3%	5%	4%	3%	2%
Credit history	25%	22%	23%	25%	29%	18%	17%	19%	19%	18%
Collateral	14%	10%	15%	15%	15%	21%	13%	20%	22%	22%
Insufficient cash	5%	5%	5%	5%	4%	5%	4%	5%	5%	5%
Unverifiable information	5%	3%	4%	5%	6%	5%	3%	4%	5%	7%
Credit application incomplete	8%	5%	8%	9%	11%	13%	6%	11%	13%	16%
Mortgage insurance denied	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other	8%	6%	8%	9%	10%	8%	5%	7%	9%	9%
Conventional	15,808	2,933	4,231	3,750	4,894	104,245	13,071	20,012	21,617	49,545
Debt-to-income ratio	31%	44%	32%	28%	25%	28%	47%	31%	26%	23%
Employment history	2%	3%	2%	2%	2%	3%	4%	3%	2%	2%
Credit history	24%	23%	23%	23%	27%	17%	17%	18%	17%	16%
Collateral	17%	13%	19%	19%	16%	22%	15%	22%	23%	23%
Insufficient cash	4%	4%	5%	5%	4%	5%	4%	5%	5%	5%
Unverifiable information	4%	2%	4%	4%	6%	5%	3%	4%	5%	7%
Credit application incomplete	8%	4%	7%	9%	10%	13%	6%	11%	13%	16%
Mortgage insurance denied	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other	9%	6%	9%	10%	11%	7%	5%	6%	8%	8%
Nonconventional	21,712	4,002	6,870	5,968	4,872	60,867	9,743	17,851	16,806	16,467
Debt-to-income ratio	33%	48%	36%	28%	21%	26%	44%	29%	21%	16%
Employment history	3%	4%	3%	3%	2%	4%	6%	4%	4%	3%
Credit history	25%	21%	23%	26%	31%	21%	18%	20%	22%	23%
Collateral	12%	8%	13%	13%	14%	18%	12%	18%	19%	20%
Insufficient cash	5%	6%	5%	5%	4%	5%	5%	5%	5%	4%
Unverifiable information	5%	3%	4%	6%	7%	5%	3%	4%	5%	6%
Credit application incomplete	9%	5%	8%	10%	11%	12%	7%	11%	13%	16%
Mortgage insurance denied	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other	8%	5%	8%	9%	9%	9%	5%	9%	11%	11%

Table 8. Disposition of applications for first lien purchase loans of occupied one- to four-family homes by type of lender and applicant income,Black and non-Hispanic White applicants, 2017

	BLACK APPLICANT					NON-HISPANIC WHITE APPLICANT				
	Total Applications	Income less or equal to 50% of AMI	Income 50%-80% of AMI	Income 80%-120% of AMI	Income more than 120% of AMI	Total Applications	Income less or equal to 50% of AMI	Income 50%-80% of AMI	Income 80%-120% of AMI	Income more than 120% of AMI
TOTAL APPLICATIONS	361,457	38,484	106,049	108,530	108,394	3,097,797	202,869	632,959	803,289	1,458,680
Bank, Savings Institution, or Credit Union										
Applications	108,817	13,414	30,154	29,237	36,012	1,306,092	84,355	236,104	300,464	685,169
Originated	63%	53%	63%	66%	66%	76%	66%	76%	77%	77%
Approved but not accepted	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Denied	19%	31%	20%	17%	15%	9%	20%	10%	8%	7%
Withdrawn/File Closed	15%	13%	14%	15%	16%	12%	11%	11%	12%	13%
Mortgage Companies Affiliated with Depositories										
Applications	16,133	1,978	4,949	4,683	4,523	145,731	10,107	32,162	38,574	64,888
Originated	71%	61%	70%	73%	74%	81%	74%	81%	82%	81%
Approved but not accepted	4%	3%	4%	4%	3%	3%	3%	3%	3%	3%
Denied	11%	19%	11%	9%	8%	5%	11%	6%	5%	4%
Withdrawn/File Closed	15%	16%	15%	14%	15%	11%	12%	10%	11%	12%
Independent Mortgage Companies										
Applications	236,507	23,092	70,946	74,610	67,859	1,645,974	108,407	364,693	464,251	708,623
Originated	66%	56%	65%	68%	67%	77%	70%	77%	79%	76%
Approved but not accepted	3%	3%	3%	3%	3%	2%	2%	2%	2%	2%
Denied	13%	23%	14%	12%	12%	7%	13%	8%	6%	6%
Withdrawn/File Closed	18%	19%	18%	17%	18%	14%	14%	13%	13%	15%

Table 9. Disposition of applications for conventional first lien purchase loans of occupied one- to four-family homes by lender type, percentage of Black population in census tract and applicant income, 2017

	BLACK APPLICANTS					NON-HISPANIC WHITE APPLICANTS				
	Applications	Originated	Approved but not accepted	Denied	Withdrawn/File closed	Applications	Originated	Approved but not accepted	Denied	Withdrawn/File closed
TOTAL CONVENTIONAL LOANS	134,856	86,779	4,109	20,785	21,965	2,070,346	1,603,613	59,061	138,954	268,718
Bank, Savings Institution, or Credit Union	64,678	40,763	1,946	12,253	9,716	1,052,270	809,069	34,303	82,503	126,395
Up to 25% Black census tract	32,588	21,465	964	5,344	4,815	989,194	764,458	32,364	75,748	116,624
Applicant income										
Less or equal to 50% of AMI	2,894	1,592	80	873	349	57,998	39,213	1,987	10,629	6,169
50% - 80% of AMI	6,986	4,455	185	1,306	1,040	157,620	121,388	4,982	14,791	16,459
80% - 120% of AMI	7,646	5,150	234	1,145	1,117	208,604	162,788	6,684	15,363	23,769
More than 120% of AMI	15,062	10,268	465	2,020	2,309	564,972	441,069	18,711	34,965	70,227
26% - 50% Black census tract	14,315	9,101	387	2,776	2,051	46,750	35,051	1,402	4,248	6,049
Applicant income										
Less or equal to 50% of AMI	1,948	1,048	52	615	233	4,157	2,764	121	753	519
50% - 80% of AMI	4,358	2,774	115	861	608	9,749	7,260	276	1,041	1,172
80% - 120% of AMI	3,832	2,538	91	634	569	10,651	8,033	323	866	1,429
More than 120% of AMI	4,177	2,741	129	666	641	22,193	16,994	682	1,588	2,929
51% - 100% Black census tract	17,775	10,197	595	4,133	2,850	16,326	9,560	537	2,507	3,722
Applicant income										
Less or equal to 50% of AMI	3,487	1,831	91	1,072	493	1,360	823	33	302	202
50% - 80% of AMI	5,972	3,612	209	1,248	903	2,702	1,892	92	342	376
80% - 120% of AMI	4,359	2,579	156	918	706	2,955	2,089	94	326	446
More than 120% of AMI	3,957	2,175	139	895	748	9,309	4,756	318	1,537	2,698
Mortgage Companies Affiliated with Depositories	5,680	3,144	252	527	539	92,652	75,002	2,542	4,062	11,046
Up to 25% Black census tract	3,132	2,277	100	272	483	85,176	69,181	2,309	3,685	10,001
Applicant income										
Less or equal to 50% of AMI	240	152	9	41	38	4,784	3,629	132	418	605
50% - 80% of AMI	675	485	23	60	107	14,831	12,121	375	693	1,642
80% - 120% of AMI	756	557	22	59	118	19,874	16,318	562	757	2,237
More than 120% of AMI	1,461	1,083	46	112	220	45,687	37,113	1,240	1,817	5,517
26% - 50% Black census tract	1,285	888	55	135	207	5,722	4,560	168	299	695
Applicant income										
Less or equal to 50% of AMI	173	103	6	32	32	503	377	12	45	69
50% - 80% of AMI	400	267	16	49	68	1,281	1,027	36	63	155
80% - 120% of AMI	320	231	16	27	46	1,377	1,099	40	66	172
More than 120% of AMI	392	287	17	27	61	2,561	2,057	80	125	299
51% - 100% Black census tract	1,263	835	52	151	225	1,754	1,261	65	78	350
Applicant income										
Less or equal to 50% of AMI	244	152	8	43	41	196	143	6	14	33
50% - 80% of AMI	414	284	12	48	70	399	313	14	19	53
80% - 120% of AMI	327	223	20	31	53	393	316	13	15	49
More than 120% of AMI	278	176	12	29	61	766	489	32	30	215
Independent Mortgage Companies	64,498	42,872	1,911	8,005	11,710	925,424	719,542	22,216	52,389	131,277
Up to 25% Black census tract	37,998	25,865	1,158	4,342	6,633	868,349	678,556	20,975	48,623	120,195
Applicant income										
Less or equal to 50% of AMI	2,422	1,497	55	468	402	45,501	33,485	866	4,901	6,249
50% - 80% of AMI	8,042	5,469	224	979	1,370	151,364	119,870	3,061	9,186	19,247
80% - 120% of AMI	10,428	7,246	297	1,116	1,769	215,831	172,079	4,772	11,066	27,914
More than 120% of AMI	17,106	11,653	582	1,779	3,092	455,653	353,122	12,276	23,470	66,785
26% - 50% Black census tract	12,651	8,393	347	1,661	2,250	41,327	32,054	919	2,545	5,809
Applicant income										
Less or equal to 50% of AMI	1,315	773	36	274	232	3,669	2,649	87	421	512
50% - 80% of AMI	3,894	2,555	89	554	696	10,079	7,903	189	616	1,371
80% - 120% of AMI	3,778	2,569	103	456	650	10,900	8,572	238	610	1,480
More than 120% of AMI	3,664	2,496	119	377	672	16,679	12,930	405	898	2,446
51% - 100% Black census tract	13,849	8,614	406	2,002	2,827	15,748	8,932	322	1,221	5,273
Applicant income										
Less or equal to 50% of AMI	2,042	1,195	45	404	398	1,115	763	31	138	183
50% - 80% of AMI	4,560	2,928	123	631	878	2,868	2,149	65	208	446
80% - 120% of AMI	3,904	2,522	117	504	761	2,927	2,191	63	198	475

Table 10. Disposition of applications for FHA-insured first lien purchase loans of occupied one- to four-family homes by lender type, percentage of Black population in census tract and applicant income, 2017

	BLACK APPLICANTS					NON-HISPANIC WHITE APPLICANTS				
	Applications	Originated	Approved but not accepted	Denied	Withdrawn/File closed	Applications	Originated	Approved but not accepted	Denied	Withdrawn/File closed
TOTAL FHA-INSURED LOANS	160,071	103,703	4,671	24,313	27,384	586,849	439,804	13,552	55,082	78,411
Bank, Savings Institution, or Credit Union	25,607	16,174	672	5,169	3,592	111,799	83,275	3,117	13,332	12,075
Up to 25% Black census tract	10,480	6,892	272	1,934	1,382	100,867	75,351	2,790	11,976	10,750
Applicant income										
Less or equal to 50% of AMI	1,217	664	31	362	160	10,606	6,848	325	2,224	1,209
50% - 80% of AMI	3,242	2,128	92	613	409	29,000	21,632	793	3,625	2,950
80% - 120% of AMI	3,285	2,241	82	525	437	30,559	23,537	827	3,121	3,074
More than 120% of AMI	2,736	1,859	67	434	376	30,702	23,334	845	3,006	3,517
26% - 50% Black census tract	6,292	4,139	128	1,181	844	8,352	6,185	227	981	959
Applicant income										
Less or equal to 50% of AMI	1,014	577	28	259	150	1,226	804	37	229	156
50% - 80% of AMI	2,240	1,479	51	435	275	2,571	1,897	69	304	301
80% - 120% of AMI	1,868	1,264	29	318	257	2,290	1,771	55	225	239
More than 120% of AMI	1,170	819	20	169	162	2,265	1,713	66	223	263
51% - 100% Black census tract	8,835	5,143	272	2,054	1,366	2,580	1,739	100	375	366
Applicant income										
Less or equal to 50% of AMI	1,932	1,015	62	592	263	421	258	12	88	63
50% - 80% of AMI	3,435	2,051	99	767	518	806	570	24	109	103
80% - 120% of AMI	2,203	1,333	72	435	363	644	466	29	76	73
More than 120% of AMI	1,265	744	39	260	222	709	445	35	102	127
Mortgage Companies Affiliated with Depositories	7,671	5,375	250	892	1,154	29,674	23,508	842	2,069	3,255
Up to 25% Black census tract	3,093	2,275	84	315	419	26,380	21,023	745	1,815	2,797
Applicant income										
Less or equal to 50% of AMI	282	179	7	47	49	2,584	1,877	66	340	301
50% - 80% of AMI	955	684	34	108	129	7,795	6,138	245	577	835
80% - 120% of AMI	1,039	778	30	97	134	8,082	6,599	207	463	813
More than 120% of AMI	817	634	13	63	107	7,919	6,409	227	435	848
26% - 50% Black census tract	1,943	1,351	69	226	297	2,542	1,961	72	198	311
Applicant income										
Less or equal to 50% of AMI	283	180	9	53	41	350	240	14	48	48
50% - 80% of AMI	706	483	24	89	110	832	666	20	57	89
80% - 120% of AMI	598	421	26	66	85	737	561	18	58	100
More than 120% of AMI	356	267	10	18	61	623	494	20	35	74
51% - 100% Black census tract	2,635	1,749	97	351	438	752	524	25	56	147
Applicant income										
Less or equal to 50% of AMI	600	370	21	119	90	143	96	4	15	28
50% - 80% of AMI	1,045	717	36	122	170	257	190	9	19	39
80% - 120% of AMI	654	451	27	76	100	183	133	7	14	29
More than 120% of AMI	336	211	13	34	78	169	105	5	8	51
Independent Mortgage Companies	126,793	82,154	3,749	18,252	22,638	445,376	333,021	9,593	39,681	63,081
Up to 25% Black census tract	56,965	38,198	1,572	7,916	9,279	404,205	306,537	8,702	35,029	53,937
Applicant income										
Less or equal to 50% of AMI	4,670	2,592	120	1,107	851	36,917	25,119	807	5,491	5,500
50% - 80% of AMI	17,009	11,240	463	2,509	2,797	114,600	86,229	2,512	10,548	15,311
80% - 120% of AMI	19,439	13,422	512	2,423	3,082	129,490	100,200	2,703	9,990	16,597
More than 120% of AMI	15,847	10,944	477	1,877	2,549	123,198	94,989	2,680	9,000	16,529
26% - 50% Black census tract	29,710	19,575	806	4,060	5,269	27,906	20,606	623	2,604	4,073
Applicant income										
Less or equal to 50% of AMI	3,567	1,990	92	788	697	3,857	2,638	88	527	604
50% - 80% of AMI	10,789	7,034	307	1,480	1,968	9,392	6,961	209	835	1,387
80% - 120% of AMI	9,578	6,585	263	1,108	1,622	8,091	6,097	183	689	1,122
More than 120% of AMI	5,776	3,966	144	684	982	6,566	4,910	143	553	960
51% - 100% Black census tract	40,118	24,381	1,371	6,276	8,090	13,265	5,878	268	2,048	5,071
Applicant income										
Less or equal to 50% of AMI	6,686	3,639	214	1,480	1,353	1,455	916	47	227	265
50% - 80% of AMI	15,361	9,757	512	2,120	2,972	2,966	2,085	77	316	488
80% - 120% of AMI	11,050	7,113	386	1,497	2,054	2,260	1,563	60	247	390

Table 11. Disposition of applications for first lien purchase loans of occupied one- to four-family homes by city and applicant income, Black applicants, 2017

	Baltimore, MD	Chicago, IL	Dallas, TX	Detroit, MI	Houston, TX	Los Angeles, CA	Memphis, TN	New York City, N.Y.	Philadelphia, PA	Washington, D.C.
Total Applications	2,532	4,465	1,303	940	2,101	1,264	1,618	3,747	3,567	1,676
Disposition										
Originated	1,639	2,653	804	478	1,249	724	1,054	2,261	2,197	1,081
Approved but not accepted	61	175	48	29	58	66	67	193	116	57
Denied	405	717	189	297	329	193	278	653	618	188
Withdrawn/File closed	427	920	262	136	465	281	219	640	636	350
Income										
Less or equal to 50% of AMI	921	600	173	96	187	14	253	55	484	290
50%-80% of AMI	972	1,523	454	288	579	55	488	350	1,184	496
80%-120% of AMI	444	1,417	358	307	542	229	488	1,132	1,059	470
More than 120% of AMI	195	925	318	249	793	966	389	2,210	840	420
Income less or equal to 50% of AMI										
Applications	921	600	173	96	187	14	253	55	484	290
Originated	557	308	97	38	88	3	126	18	239	163
Approved but not accepted	25	26	10	5	7	1	12	0	16	6
Denied	184	146	30	41	51	9	77	29	141	49
Withdrawn/File closed	155	120	36	12	41	1	38	8	88	72
Income 50%-80% of AMI										
Applications	972	1523	454	288	579	55	488	350	1184	496
Originated	659	889	269	142	329	19	328	197	741	324
Approved but not accepted	29	70	18	9	20	6	21	9	37	15
Denied	134	260	75	95	99	13	80	89	207	55
Withdrawn/File closed	150	304	92	42	131	17	59	55	199	102
Income 80%-120% of AMI										
Applications	444	1417	358	307	542	229	488	1132	1059	470
Originated	296	865	220	156	335	130	321	671	663	314
Approved but not accepted	4	51	10	9	11	6	17	56	34	24
Denied	60	184	54	104	73	38	72	209	171	43
Withdrawn/File closed	84	317	74	38	123	55	78	196	191	89
Income more than 120% of AMI										
Applications	195	925	318	249	793	966	389	2210	840	420
Originated	127	591	218	142	497	572	279	1,375	554	280
Approved but not accepted	3	28	10	6	20	53	17	128	29	12
Denied	27	127	30	57	106	133	49	326	99	41
Withdrawn/File closed	38	179	60	44	170	208	44	381	158	87

Table 12. Disposition of applications for first lien purchase loans of occupied one- to four-family homes by city and applicant income, Non-Hispanic White applicants, 2017

	Baltimore, MD	Chicago, IL	Dallas, TX	Detroit, MI	Houston, TX	Los Angeles, CA	Memphis, TN	New York City, N.Y.	Philadelphia, PA	Washington, D.C.
Total Applications	3,053	16,210	8,376	689	10,098	13,604	2,789	15,451	7,473	4,634
Disposition										
Originated	2,425	12,607	6,192	438	7,430	9,292	2,268	11,012	5,680	3,703
Approved but not accepted	62	261	268	26	345	530	68	577	152	79
Denied	156	1,033	542	113	692	1,347	151	1,651	491	191
Withdrawn/File closed	410	2,309	1,374	112	1,631	2,435	302	2,211	1,150	661
Income										
Less or equal to 50% of AMI	321	394	153	28	172	64	104	122	186	59
50%-80% of AMI	873	1,913	627	83	784	157	415	731	871	611
80%-120% of AMI	811	3,595	1,385	147	1,591	950	713	2,320	1,724	1,055
More than 120% of AMI	1,048	10,308	6,211	431	7,551	12,433	1,557	12,278	4,692	2,909
Income less or equal to 50% of AMI										
Applications	321	394	153	28	172	64	104	122	186	59
Originated	245	249	88	14	85	24	70	46	98	39
Approved but not accepted	11	8	7	1	7	1	4	6	8	1
Denied	23	81	28	11	45	29	21	47	43	8
Withdrawn/File closed	42	56	30	2	35	10	9	23	37	11
Income 50%-80% of AMI										
Applications	873	1,913	627	83	784	157	415	731	871	611
Originated	699	1,437	442	49	561	94	330	469	640	481
Approved but not accepted	20	36	27	5	18	2	8	44	17	10
Denied	45	164	57	15	76	37	39	133	85	32
Withdrawn/File closed	109	276	101	14	129	24	38	85	129	88
Income 80%-120% of AMI										
Applications	811	3,595	1,385	147	1,591	950	713	2,320	1,724	1,055
Originated	651	2,830	1,008	88	1,185	634	584	1,713	1,360	838
Approved but not accepted	19	49	44	9	49	42	14	80	23	19
Denied	44	211	91	19	101	119	24	281	103	38
Withdrawn/File closed	97	505	242	31	256	155	91	246	238	160
Income more than 120% of AMI										
Applications	1,048	10,308	6,211	431	7,551	12,433	1,557	12,278	4,692	2,909
Originated	830	8,091	4,654	287	5,599	8,540	1,284	8,784	3,582	2,345
Approved but not accepted	12	168	190	11	271	485	42	447	104	49
Denied	44	577	366	68	470	1,162	67	1,190	260	113
Withdrawn/File closed	162	1,472	1,001	65	1,211	2,246	164	1,857	746	402

Table 13. Distribution of applications and originations first lien purchase of occupied one- to four-family homes by region, 2015-2017

	Applications			Originations		
BLACK APPLICANTS	**2016**	**2017**	**% Change**	**2016**	**2017**	**% Change**
TOTAL APPLICATIONS	**300,503**	**361,457**	**20%**	**198,217**	**236,419**	**19%**
Northeast	33,264	40,451	22%	21,553	25,810	20%
Midwest	43,996	54,308	23%	29,138	35,326	21%
South	193,557	232,969	20%	127,330	152,685	20%
West	29,686	33,729	14%	20,196	22,598	12%
NON-HISPANIC WHITE APPLICANTS						
TOTAL APPLICATIONS	**2,620,378**	**3,097,797**	**18%**	**2,061,488**	**2,375,851**	**15%**
Northeast	368,108	435,036	18%	292,264	335,505	15%
Midwest	709,065	815,252	15%	559,815	641,867	15%
South	980,748	1,177,857	20%	760,476	891,598	17%
West	562,457	669,652	19%	448,933	506,881	13%

Table 14. Distribution of high-cost loans by neighborhood income level, 2016

	Originated	High-cost	%
BLACK APPLICANTS			
TOTAL LOANS	**236,419**	**41,323**	**17%**
Neighborhood income			
Low-moderate income neighborhood	68,673	15,544	23%
Higher income neighborhood	167,746	25,779	15%
NON-HISPANIC WHITE APPLICANTS			
TOTAL LOANS	**2,375,851**	**157,493**	**7%**
Neighborhood income			
Low-moderate income neighborhood	315,530	33,602	11%
Higher income neighborhood	2,060,321	123,891	6%

Table 15. Disposition of applications for first lien purchase loans of occupied one- to four-family homes by year, gender and coapplicant status , Black and Non-Hispanic White applicants, 2017

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Black Applicant														
Total Applications	**458,354**	**748,090**	**596,132**	**394,846**	**214,892**	**180,219**	**119,818**	**161,319**	**172,061**	**186,074**	**206,182**	**245,425**	**300,503**	**361,457**
Originated	261,743	397,178	300,583	197,120	116,371	109,728	74,055	98,416	105,379	113,723	130,176	164,585	198,217	236,419
Approved but not accepted	47,896	70,980	52,567	32,726	12,363	7,361	5,407	6,958	6,176	7,417	7,407	8,289	9,318	10,130
Denied	90,844	164,579	154,766	108,353	52,903	37,458	23,173	33,441	36,219	38,956	37,898	41,653	47,032	54,126
Withdrawn/File closed	57,871	115,353	88,216	56,647	33,255	25,672	17,183	22,504	24,287	25,978	30,701	30,898	45,936	60,782
Single male applicants	**155,141**	**276,818**	**223,829**	**142,556**	**71,579**	**60,896**	**41,647**	**58,218**	**62,100**	**70,633**	**77,937**	**88,249**	**107,002**	**134,648**
Originated	84,301	140,852	106,366	66,142	36,463	36,302	25,421	35,440	37,623	42,863	48,683	58,393	70,038	87,460
Approved but not accepted	17,748	27,513	20,766	12,278	4,322	2,564	1,891	2,443	2,185	2,744	2,788	3,014	3,273	3,759
Denied	32,903	64,759	62,989	42,859	19,267	13,009	8,280	12,277	13,450	15,121	14,777	15,708	17,169	20,612
Withdrawn/File closed	20,189	43,694	33,708	21,277	11,527	9,021	6,055	8,058	8,842	9,905	11,689	11,134	16,522	22,817
Single female applicants	**184,688**	**312,367**	**246,608**	**163,356**	**88,291**	**78,193**	**50,851**	**69,126**	**70,741**	**74,856**	**80,649**	**92,537**	**113,040**	**142,419**
Originated	102,798	163,352	123,420	81,838	47,988	48,391	31,321	41,893	42,920	45,484	50,672	61,500	73,624	92,689
Approved but not accepted	20,402	30,283	21,905	13,435	5,019	3,170	2,343	3,047	2,703	3,083	2,916	3,128	3,625	4,098
Denied	38,328	69,575	65,022	44,765	21,764	15,776	9,770	14,382	14,953	15,669	14,834	16,015	18,197	21,501
Withdrawn/File closed	23,160	49,157	36,261	23,318	13,520	10,856	7,417	9,804	10,165	10,620	12,227	11,894	17,594	24,131
Male-female couple applicants	**95,824**	**137,914**	**104,471**	**76,783**	**46,949**	**35,294**	**23,043**	**29,277**	**33,635**	**36,055**	**42,615**	**57,941**	**71,906**	**73,583**
Originated	60,356	82,782	61,393	43,579	27,711	21,964	14,899	18,470	21,688	22,978	27,995	40,664	49,438	49,788
Approved but not accepted	7,998	10,819	8,059	5,846	2,610	1,384	980	1,234	1,095	1,382	1,520	1,859	2,151	1,997
Denied	16,053	25,198	20,823	17,079	9,768	7,213	4,128	5,702	6,527	6,967	7,107	8,480	9,961	9,979
Withdrawn/File closed	11,417	19,115	14,196	10,279	6,860	4,733	3,036	3,871	4,325	4,728	5,993	6,938	10,356	11,819
Non Hispanic White Applicant														
Applications	**2,871,226**	**4,086,258**	**3,058,227**	**2,419,118**	**1,795,895**	**1,762,663**	**1,408,965**	**1,619,842**	**1,881,341**	**2,197,862**	**2,223,063**	**2,446,232**	**2,659,182**	**3,097,797**
Originated	2,165,602	2,941,208	2,205,337	1,737,846	1,277,775	1,313,583	1,037,184	1,201,921	1,420,633	1,649,943	1,689,184	1,917,607	2,061,488	2,375,851
Approved but not accepted	181,236	272,331	210,295	171,224	111,326	77,924	66,477	69,580	69,213	82,392	69,699	72,251	73,874	81,697
Denied	272,598	425,603	337,067	277,226	211,554	188,224	147,521	173,079	194,194	221,936	203,313	205,316	205,571	232,497
Withdrawn/File closed	251,790	447,116	305,528	232,822	195,240	182,932	157,783	175,262	197,301	243,591	260,867	251,058	318,249	407,752
Single male applicants	**892,671**	**1,363,377**	**1,014,959**	**793,345**	**572,824**	**584,343**	**465,338**	**547,196**	**637,080**	**743,610**	**757,073**	**833,812**	**910,520**	**1,061,663**
Originated	641,921	924,617	690,358	538,597	387,326	423,310	332,152	394,365	466,464	542,406	561,285	639,986	692,413	800,271
Approved but not accepted	60,316	97,051	73,169	57,308	35,537	25,831	22,681	23,773	23,777	28,016	23,837	24,762	25,038	27,227
Denied	104,038	172,716	139,065	111,939	81,385	70,941	54,913	66,477	76,131	86,827	79,626	81,240	81,250	90,347
Withdrawn/File closed	86,396	168,993	112,367	85,501	68,576	64,261	55,592	62,581	70,708	86,361	92,325	87,824	111,819	143,818
Single female applicants	**628,470**	**906,946**	**675,354**	**525,418**	**373,646**	**394,355**	**315,295**	**357,239**	**408,008**	**461,150**	**459,779**	**516,203**	**573,701**	**657,963**
Originated	462,194	631,322	471,484	369,266	261,579	292,848	230,060	262,105	303,948	341,738	345,546	400,146	439,073	499,339
Approved but not accepted	42,789	63,037	47,505	36,797	23,086	16,945	14,758	15,026	14,867	17,079	14,332	15,120	16,067	17,560
Denied	66,230	106,227	85,060	66,913	47,615	43,467	34,483	40,097	44,601	49,821	44,895	46,757	47,903	52,863
Withdrawn/File closed	57,257	106,360	71,305	52,442	41,366	41,095	35,994	40,011	44,592	52,512	55,006	54,180	70,658	88,201
Male-female couple applicants	**1,267,414**	**1,697,220**	**1,273,792**	**1,034,736**	**792,322**	**729,049**	**581,172**	**667,127**	**783,655**	**933,777**	**949,233**	**1,042,442**	**1,113,162**	**1,284,675**
Originated	999,901	1,300,939	978,587	785,630	590,450	558,543	441,033	510,977	612,196	722,977	741,098	836,853	883,584	1,007,214
Approved but not accepted	73,337	104,132	83,307	71,991	49,621	32,961	27,029	28,948	28,733	35,282	29,788	30,789	31,076	34,635
Denied	94,489	134,365	100,755	89,301	73,959	66,135	52,321	60,280	66,969	78,300	72,195	71,664	70,535	80,231
Withdrawn/File closed	99,687	157,784	111,143	87,814	78,292	71,410	60,789	66,922	75,757	97,218	106,152	103,136	127,967	162,595

Table 16. Disposition of applications for first lien purchase conventional loans of occupied one- to four-family homes by year, gender and coapplicant status , Black and Non-Hispanic White applicants, 2017

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Black Applicant														
Total Applications	**370,485**	**682,601**	**532,348**	**323,607**	**94,617**	**39,307**	**23,949**	**35,491**	**42,036**	**56,456**	**66,696**	**75,466**	**96,285**	**134,856**
Originated	200,160	350,857	255,372	149,743	42,290	20,148	13,616	19,403	23,801	33,153	41,478	49,482	62,481	87,635
Approved but not accepted	44,552	68,223	50,040	30,219	7,646	2,098	1,265	1,912	1,869	2,738	2,611	2,849	3,204	4,064
Denied	77,811	155,502	146,193	94,665	28,075	11,092	5,649	9,581	10,784	12,966	12,850	13,858	16,097	20,816
Withdrawn/File closed	47,962	108,019	80,743	48,980	16,606	5,969	3,419	4,595	5,582	7,599	9,757	9,277	14,503	22,341
Single male applicants	**129,494**	**256,215**	**203,596**	**120,152**	**33,880**	**12,834**	**7,911**	**11,789**	**14,035**	**19,639**	**23,226**	**24,815**	**32,013**	**47,395**
Originated	66,567	126,281	92,045	51,223	13,857	6,298	4,333	6,258	7,698	11,409	14,024	15,843	20,299	30,387
Approved but not accepted	16,748	26,665	19,993	11,499	2,823	715	443	655	625	952	938	978	1,091	1,494
Denied	28,957	61,841	60,194	38,462	11,003	3,720	1,938	3,297	3,773	4,568	4,687	4,880	5,660	7,558
Withdrawn/File closed	17,222	41,428	31,364	18,968	6,197	2,101	1,197	1,579	1,939	2,710	3,577	3,114	4,963	7,956
Single female applicants	**151,681**	**286,936**	**222,727**	**136,785**	**39,341**	**16,823**	**10,472**	**15,055**	**17,296**	**23,148**	**27,162**	**29,230**	**37,552**	**57,425**
Originated	80,291	145,692	106,934	64,732	17,982	8,809	5,987	8,250	9,713	13,522	17,007	19,021	24,115	37,471
Approved but not accepted	19,116	29,143	20,955	12,504	3,134	870	527	784	772	1,100	1,017	1,092	1,218	1,680
Denied	32,970	65,874	61,510	39,289	11,491	4,738	2,476	4,114	4,495	5,492	5,231	5,550	6,488	8,797
Withdrawn/File closed	19,304	46,227	33,328	20,260	6,734	2,406	1,482	1,907	2,316	3,034	3,907	3,567	5,731	9,477
Male-female couple applicants	**73,842**	**120,970**	**87,122**	**57,441**	**18,630**	**8,569**	**4,960**	**7,765**	**9,516**	**12,351**	**14,823**	**19,373**	**24,159**	**26,217**
Originated	44,345	70,306	48,576	30,127	9,383	4,595	2,997	4,497	5,774	7,570	9,626	13,368	16,570	17,506
Approved but not accepted	7,196	10,177	7,367	5,172	1,482	448	269	420	404	610	596	698	810	802
Denied	13,227	23,176	18,850	13,811	4,600	2,245	1,064	1,872	2,165	2,498	2,541	2,982	3,396	3,700
Withdrawn/File closed	9,074	17,311	12,329	8,331	3,165	1,281	630	976	1,173	1,673	2,060	2,325	3,383	4,209
Non Hispanic White Applicant														
Applications	**2,549,631**	**3,789,366**	**2,774,126**	**2,139,785**	**1,198,088**	**869,917**	**707,112**	**855,007**	**1,076,496**	**1,396,825**	**1,460,484**	**1,553,704**	**1,701,123**	**2,070,346**
Originated	1,912,097	2,707,274	1,981,619	1,524,500	830,352	633,529	513,994	633,208	819,077	1,063,103	1,125,471	1,228,571	1,331,315	1,603,613
Approved but not accepted	170,363	260,531	199,706	160,973	87,255	45,508	38,264	42,045	45,198	57,556	48,318	48,782	51,025	59,061
Denied	242,104	399,985	312,215	246,106	142,666	94,706	72,620	87,572	101,682	124,763	117,061	116,171	115,667	138,954
Withdrawn/File closed	225,067	421,576	280,586	208,206	137,815	96,174	82,234	92,182	110,539	151,403	169,634	160,180	203,116	268,718
Single male applicants	**787,272**	**1,264,637**	**918,905**	**697,097**	**365,766**	**258,766**	**207,854**	**252,771**	**318,482**	**418,299**	**441,252**	**468,729**	**519,812**	**642,227**
Originated	560,600	848,499	616,364	466,855	237,094	180,664	144,448	179,475	232,683	307,230	330,006	361,657	397,714	488,061
Approved but not accepted	56,746	93,190	69,552	53,790	27,119	13,695	11,907	12,924	14,006	17,754	14,798	14,940	15,672	18,026
Denied	92,678	162,942	129,511	99,934	54,185	33,439	25,155	30,858	36,311	44,687	42,009	41,655	42,050	49,797
Withdrawn/File closed	77,248	160,006	103,478	76,518	47,368	30,968	26,344	29,514	35,482	48,628	54,439	50,477	64,376	86,343
Single female applicants	**564,375**	**851,204**	**624,679**	**475,202**	**251,899**	**184,412**	**151,985**	**177,262**	**222,648**	**287,116**	**300,805**	**325,458**	**365,678**	**445,192**
Originated	412,721	588,540	432,650	332,093	172,124	133,610	109,827	129,787	167,184	216,280	230,244	254,997	283,361	342,412
Approved but not accepted	40,587	60,721	45,579	35,033	18,195	9,317	8,041	8,417	9,196	11,572	9,703	9,952	10,838	12,465
Denied	59,577	100,808	80,024	60,377	32,470	21,327	16,619	19,663	22,805	27,892	25,571	26,422	26,827	31,666
Withdrawn/File closed	51,490	101,135	66,426	47,699	29,110	20,158	17,498	19,395	23,463	31,372	35,287	34,087	44,652	58,649
Male-female couple applicants	**1,129,136**	**1,567,033**	**1,148,308**	**913,867**	**548,063**	**403,568**	**327,140**	**402,879**	**507,420**	**655,410**	**681,393**	**724,958**	**774,788**	**918,533**
Originated	888,250	1,195,581	876,995	690,359	400,825	303,375	245,368	308,355	398,821	513,197	537,883	585,554	619,016	725,063
Approved but not accepted	68,714	99,084	78,721	67,507	39,798	21,391	17,320	19,710	20,855	26,913	22,603	22,833	23,358	26,903
Denied	83,187	124,849	91,430	77,954	50,405	36,479	28,401	34,197	39,342	48,362	45,651	44,752	43,349	51,838
Withdrawn/File closed	88,985	147,519	101,162	78,047	57,035	42,323	36,051	40,617	48,402	66,938	75,256	71,819	89,065	114,729

Table 17. Disposition of applications for first lien purchase FHA loans of occupied one- to four-family homes by year, gender and coapplicant status , Black and Non-Hispanic White applicants, 2017

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Black Applicant														
Total Applications	**69,025**	**48,503**	**45,766**	**53,531**	**101,361**	**113,269**	**78,724**	**96,221**	**97,094**	**92,869**	**96,906**	**122,166**	**147,163**	**160,071**
Originated	47,455	33,146	31,329	34,072	60,849	70,562	48,474	58,560	59,454	56,119	59,887	81,533	96,375	103,703
Approved but not accepted	2,683	2,189	1,900	1,897	4,069	4,426	3,578	4,151	3,407	3,570	3,463	3,938	4,644	4,671
Denied	10,801	7,289	6,697	11,378	21,782	21,477	14,871	18,931	19,545	19,255	18,341	20,787	23,082	24,313
Withdrawn/File closed	8,086	5,879	5,840	6,184	14,661	16,804	11,801	14,579	14,688	13,925	15,215	15,908	23,062	27,384
Single male applicants	**17,961**	**13,063**	**12,216**	**14,382**	**29,098**	**35,074**	**24,877**	**31,606**	**32,252**	**32,320**	**33,398**	**40,367**	**47,975**	**53,161**
Originated	12,069	8,771	8,169	8,914	16,603	21,135	14,975	18,938	19,423	19,207	20,253	26,470	31,192	34,176
Approved but not accepted	724	594	510	516	1,199	1,427	1,164	1,359	1,135	1,253	1,213	1,311	1,507	1,554
Denied	2,931	2,068	1,904	3,329	6,906	7,004	4,908	6,463	6,732	6,962	6,623	7,279	7,730	8,274
Withdrawn/File closed	2,237	1,630	1,633	1,623	4,390	5,508	3,830	4,846	4,962	4,898	5,309	5,307	7,546	9,157
Single female applicants	**29,906**	**22,360**	**20,505**	**22,945**	**44,583**	**53,939**	**36,628**	**46,426**	**45,283**	**42,893**	**43,658**	**53,515**	**63,722**	**69,878**
Originated	20,276	15,274	13,909	14,401	26,955	34,509	22,748	28,442	27,789	26,093	27,153	35,788	41,584	45,065
Approved but not accepted	1,179	1,038	826	797	1,753	2,103	1,676	2,023	1,685	1,709	1,561	1,717	2,071	2,106
Denied	4,939	3,387	3,142	4,981	9,533	9,662	6,732	8,959	8,993	8,612	7,993	8,914	9,954	10,574
Withdrawn/File closed	3,512	2,661	2,628	2,766	6,342	7,665	5,472	7,002	6,816	6,479	6,951	7,096	10,113	12,133
Male-female couple applicants	**15,282**	**10,877**	**11,025**	**13,532**	**22,716**	**19,936**	**14,037**	**14,818**	**15,952**	**14,910**	**16,948**	**24,361**	**30,342**	**30,960**
Originated	10,886	7,687	7,869	9,035	14,374	12,582	8,974	9,238	10,193	9,326	10,817	16,923	20,502	20,799
Approved but not accepted	561	447	470	473	922	733	586	608	488	509	589	747	913	835
Denied	2,139	1,450	1,399	2,553	4,292	3,820	2,485	2,804	3,035	3,005	3,064	3,734	4,414	4,354
Withdrawn/File closed	1,696	1,293	1,287	1,471	3,128	2,801	1,992	2,168	2,236	2,070	2,478	2,957	4,513	4,972
Non Hispanic White Applicant														
Applications	**233,142**	**203,864**	**192,374**	**188,713**	**472,231**	**681,331**	**549,361**	**532,429**	**532,898**	**484,224**	**424,996**	**546,820**	**588,842**	**586,849**
Originated	182,413	158,511	149,602	140,831	351,099	521,020	408,976	392,704	395,370	351,022	308,853	421,832	447,981	439,804
Approved but not accepted	8,215	8,646	7,379	7,123	19,577	25,261	22,232	19,579	16,328	15,161	11,907	13,833	14,034	13,552
Denied	22,393	18,069	17,203	22,756	54,100	67,110	57,799	59,156	61,477	59,984	50,937	55,666	56,778	55,082
Withdrawn/File closed	20,121	18,638	18,190	18,003	47,455	67,940	60,354	60,990	59,723	58,057	53,299	55,489	70,049	78,411
Single male applicants	**70,045**	**61,459**	**58,352**	**57,698**	**152,420**	**231,392**	**188,759**	**187,700**	**194,190**	**181,161**	**162,165**	**207,492**	**221,134**	**218,817**
Originated	53,137	46,019	43,729	41,168	108,703	172,455	137,022	134,873	140,757	128,975	116,002	157,639	166,047	161,752
Approved but not accepted	2,518	2,675	2,296	2,195	6,407	8,973	7,994	7,174	6,228	5,833	4,743	5,473	5,391	5,158
Denied	7,884	6,547	6,213	8,210	20,506	25,363	21,536	22,871	24,435	24,134	20,675	22,961	22,972	21,865
Withdrawn/File closed	6,506	6,218	6,114	6,125	16,804	24,601	22,207	22,782	22,770	22,219	20,745	21,419	26,724	30,042
Single female applicants	**55,729**	**46,910**	**42,040**	**40,259**	**104,835**	**174,830**	**142,584**	**141,561**	**141,050**	**125,335**	**109,529**	**144,561**	**158,564**	**155,399**
Originated	42,860	35,793	32,026	29,171	76,780	133,603	105,330	103,677	104,078	90,249	79,199	110,578	119,372	114,758
Approved but not accepted	2,009	2,039	1,658	1,486	4,357	6,475	5,853	5,350	4,372	3,966	3,063	3,804	3,860	3,744
Denied	5,756	4,536	4,126	5,538	12,797	17,096	15,205	15,897	16,341	15,681	13,297	15,144	15,681	15,184
Withdrawn/File closed	5,104	4,542	4,230	4,064	10,901	17,656	16,196	16,637	16,259	15,439	13,970	15,035	19,651	21,713
Male-female couple applicants	**95,117**	**84,667**	**81,408**	**79,939**	**192,047**	**246,221**	**194,181**	**180,671**	**176,883**	**158,856**	**137,743**	**178,565**	**191,739**	**189,909**
Originated	76,609	68,068	65,552	62,229	148,835	194,019	149,447	138,000	135,657	118,479	102,783	141,516	149,892	146,855
Approved but not accepted	3,250	3,431	3,014	2,997	7,920	8,823	7,468	6,316	5,134	4,783	3,678	4,134	4,341	4,186
Denied	7,727	6,198	6,048	7,906	18,068	20,833	18,060	17,449	17,934	17,617	14,809	15,621	16,103	15,388
Withdrawn/File closed	7,531	6,970	6,794	6,807	17,224	22,546	19,206	18,906	18,158	17,977	16,473	17,294	21,403	23,480

Table 18. High-cost purchase loans of occupied one- to four-family homes by year, gender and coapplicant status , Black and Non-Hispanic White borrowers, 2017

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Black Applicant														
Total loans	**458,354**	**397,178**	**300,583**	**197,120**	**116,371**	**109,728**	**74,055**	**98,416**	**105,379**	**113,723**	**130,176**	**164,585**	**198,217**	**236,419**
High-cost	61,342	207,719	134,863	46,021	16,237	7,773	1,504	5,020	5,629	16,851	34,557	27,139	31,769	41,323
Single male borrowers	**155,141**	**140,852**	**106,366**	**66,142**	**36,463**	**36,302**	**25,421**	**35,440**	**37,623**	**42,863**	**48,683**	**58,393**	**70,038**	**87,460**
High-cost	22,962	80,032	52,716	17,610	5,385	2,422	485	1,631	1,827	5,827	11,614	8,898	10,347	13,551
Single female borrowers	**184,688**	**163,352**	**123,420**	**81,838**	**47,988**	**48,391**	**31,321**	**41,893**	**42,920**	**45,484**	**50,672**	**61,500**	**73,624**	**92,689**
High-cost	26,737	88,416	55,886	18,784	6,643	3,528	666	2,394	2,559	7,670	15,557	11,928	13,578	17,670
Male-female couple borrowers	**95,824**	**82,782**	**61,393**	**43,579**	**27,711**	**21,964**	**14,899**	**18,470**	**21,688**	**22,978**	**27,995**	**40,664**	**49,438**	**49,788**
High-cost	9,845	34,209	21,581	8,182	3,437	1,498	306	821	1,005	2,882	6,396	5,533	6,793	8,574
Non Hispanic White Applicant														
Total loans	**2,871,226**	**2,941,208**	**2,205,337**	**1,737,846**	**1,277,775**	**1,313,583**	**1,037,184**	**1,201,921**	**1,420,633**	**1,649,943**	**1,689,184**	**1,917,607**	**2,061,488**	**2,375,851**
High-cost	165,841	556,453	325,251	147,969	93,982	58,188	13,606	39,762	42,065	105,197	166,307	124,224	133,628	157,493
Single male borrowers	**892,671**	**924,617**	**690,358**	**538,597**	**387,326**	**423,310**	**332,152**	**394,365**	**466,464**	**542,406**	**561,285**	**639,986**	**692,413**	**800,271**
High-cost	66,462	233,084	136,148	60,197	32,287	18,971	4,406	12,917	14,140	38,484	61,934	47,425	50,094	59,118
Single female borrowers	**628,470**	**631,322**	**471,484**	**369,266**	**261,579**	**292,848**	**230,060**	**262,105**	**303,948**	**341,738**	**345,546**	**400,146**	**439,073**	**499,339**
High-cost	44,389	147,893	82,119	34,405	19,652	12,200	3,182	9,027	9,531	25,865	41,691	32,397	34,949	39,924
Male-female couple borrowers	**1,267,414**	**1,300,939**	**978,587**	**785,630**	**590,450**	**558,543**	**441,033**	**510,977**	**612,196**	**722,977**	**741,098**	**836,853**	**883,584**	**1,007,214**
High-cost	50,854	158,388	95,434	49,204	38,294	24,607	5,485	16,204	16,914	36,907	57,111	41,068	44,622	52,531

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