

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

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To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, Savings and Loan Holding Companies,
and Foreign Banking Offices
in the Twelfth Federal Reserve District

FFIEC Releases HMDA Data and Guidance on Fair Lending Risk Management

On September 18, 2012, the Federal Financial Institutions Examination Council (FFIEC) announced the availability of data on mortgage lending transactions at 7,632 U.S. financial institutions covered by the Home Mortgage Disclosure Act (HMDA). Covered institutions include banks, savings associations, credit unions, and mortgage companies. The HMDA data made available in this release cover 2011 lending activity – applications, originations, purchases and sales of loans, denials, and other actions related to applications.

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

The HMDA data show the disposition of applications and include information on loan amount; loan type (such as conventional, Federal Housing Administration, or Veterans Administration); purpose (home purchase, home improvement, or refinancing); property type (1- to 4-family, multifamily, or manufactured housing); property location (MSA, state, county, and census tract); applicant characteristics (race, ethnicity, sex, and income); and pricing-related data. The data also show whether a loan is subject to the Home Ownership and Equity Protection Act and whether a loan is secured by a first or subordinate lien, or is unsecured. The data as released by the FFIEC include census tract characteristics (minority composition and income).

The FFIEC press release includes a summary of the data, including historical information on the number of reporting institutions, the types and volume of loan programs utilized, and information on loan pricing and the incidence of higher-priced lending. The press release is located at: <http://www.ffiec.gov/press/pr091812.htm>.

Examiner Use of HMDA Data in Fair Lending Examinations

This data will be used in a number of supervisory processes, including examinations and applications, as well as for public policy purposes. The use of this annual data by various stakeholders is a good reminder of the importance of collecting and reporting timely and accurate data for inclusion in the annual release.

Bank management is encouraged to understand their institution's HMDA data, as the data is often used in the fair lending examination and enforcement process. When examiners evaluate an institution's fair lending risk, they analyze HMDA data in conjunction with other information and risk factors, in accordance with the Interagency Fair Lending Examination Procedures (<http://www.ffiec.gov/PDF/fairlend.pdf>). Risk factors for discrimination include, but are not limited to, the presence of broad pricing discretion and consumer complaints.

The HMDA data alone cannot be used to determine whether a lender is complying with fair lending laws. They do not include many potential determinants of creditworthiness and loan pricing, such as the borrower's credit history, debt-to-income ratio, and the loan-to-value ratio. Therefore, when examiners conduct fair lending examinations, including ones involving loan pricing, they analyze additional information before reaching a determination regarding institutions' compliance with fair lending laws.

Management is encouraged to conduct similar analyses to ensure their institution is in compliance with applicable fair lending laws.

Disclosure Statements

Financial institutions are required to make their disclosure statements available at their home offices. For other MSAs in which financial institutions have offices, an institution must either make the disclosure statement available at one branch within each MSA or provide a copy upon receiving a written request. Questions about a HMDA report for a specific institution should be directed to the institution's supervisory agency.

Resources

Financial institution disclosure statements, individual institutions' LAR data, and MSA and nationwide aggregate reports are available at <http://www.ffiec.gov/hmda>. Refer to the HMDA data products at <http://www.ffiec.gov/hmda/hmdaproducts.htm> for the item descriptions and formats. More information about HMDA data reporting reports is available at in the Frequently Asked Questions on the FFIEC website at <http://www.ffiec.gov/hmda/faq.htm>.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information regarding supervisory expectations, please contact:

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