

HMDA

PROFILE

The Federal Financial Institutions Examination Council (FFIEC) recently released home mortgage data for 1995 gathered under the Home Mortgage Disclosure Act (HMDA). National figures show that in 1995 home purchase lending (conventional plus government-insured loans) to Whites declined by 3.1 percent to 2,718,061 loans, lending to Asians declined by 7.2 percent to 97,384 loans, and lending to Native Americans fell by 3.0 percent to 13,562 loans. However, lending to Blacks increased by 10.1 percent to 240,271 loans, and lending to Hispanics increased by 7.2 percent to 216,049 loans. In this profile we report HMDA data for six major

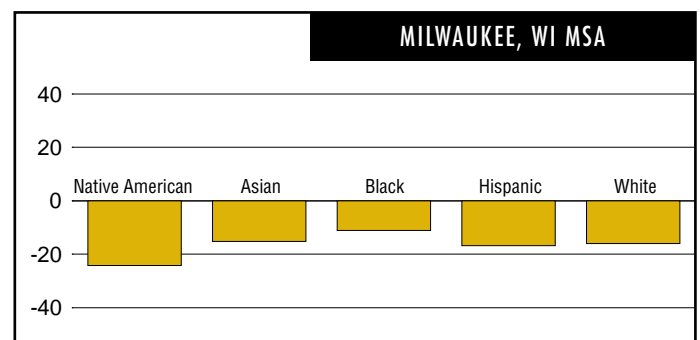
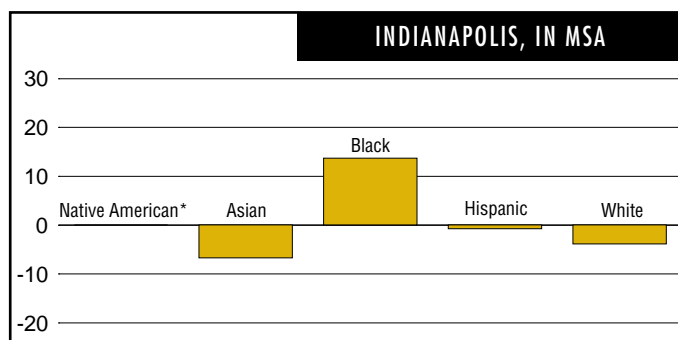
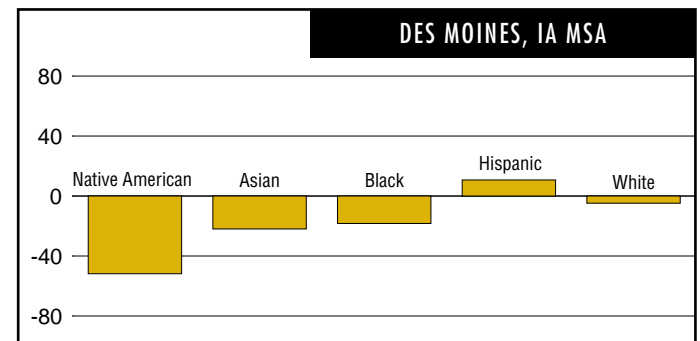
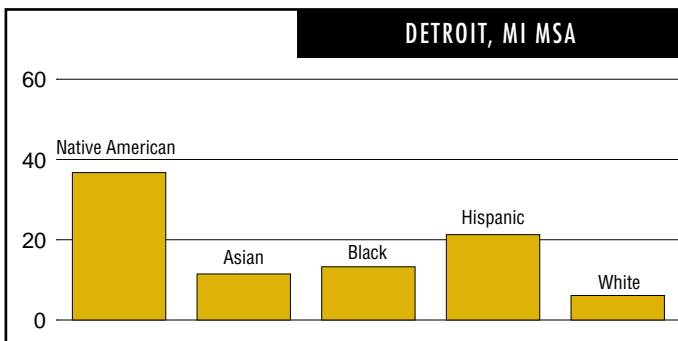
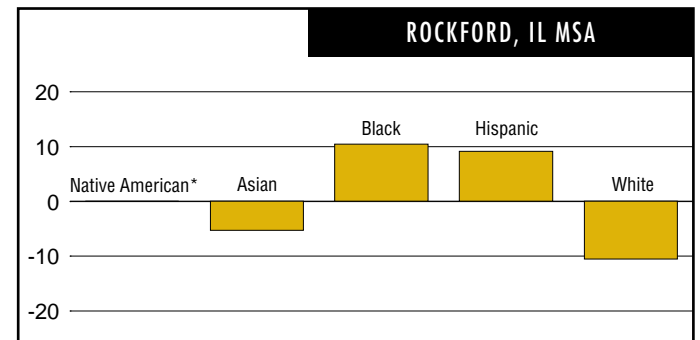
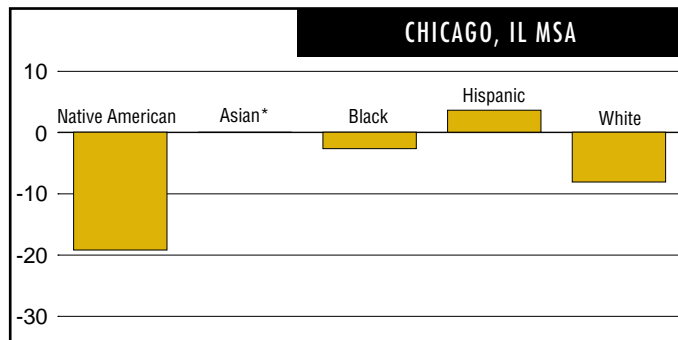
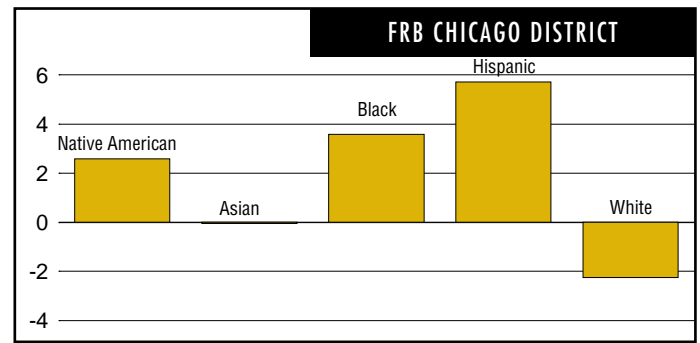
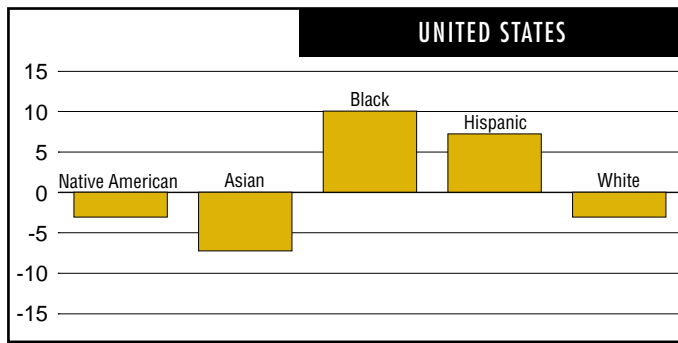
metropolitan statistical areas (MSAs) in the district of the Federal Reserve Bank of Chicago (which includes Iowa and portions of Illinois, Indiana, Michigan, and Wisconsin) to see if the national trends are mirrored in the district.

Figure 1 and figure 2, panel A, show the percentage changes in home purchase loan originations between 1994 and 1995 by racial/ethnic groupings for the six MSAs (figure 1 also includes charts for the nation and the district of the Federal Reserve Bank of Chicago). The charts in figure 1 indicate that lending to Whites fell in all of the MSAs except Detroit. Similarly, lending to Asians and Native Americans

(continued on page 4)

FIGURE 1

1994-1995 Percent change in the number of home purchase loans by racial/ethnic group



*No Change
Source: FFIEC, HMDA reports.

FIGURE 2

1994-1995 Percent change in the number of home purchase loans by racial/ethnic group and income category (number of loans)¹

	CHICAGO MSA	ROCKFORD MSA	DETROIT MSA	DES MOINES MSA	INDIANAPOLIS MSA	MILWAUKEE MSA
TOTAL	PANEL A					
Native American	-19.2 (265)	0.0 (6)	36.7 (190)	-51.9 (13)	0.0 (60)	-24.2 (25)
Asian	0.0 (4078)	-5.3 (71)	11.5 (1115)	-22.2 (116)	-6.7 (208)	-15.3 (249)
Black	-2.6 (10949)	10.5 (243)	13.3 (6533)	-18.2 (99)	13.7 (1710)	-11.1 (1158)
Hispanic	3.6 (12557)	9.2 (238)	21.3 (507)	10.7 (83)	-0.7 (136)	-16.8 (411)
White	-8.1 (77455)	-10.6 (4859)	6.1 (57072)	-4.9 (7411)	-3.8 (21443)	-16.0 (13955)
LOW-MODERATE INCOME²	PANEL B					
Native American	1.1 (89)	-66.7 (1)	10.7 (62)	-71.4 (4)	-15.4 (22)	-40.0 (12)
Asian	-8.7 (1056)	-25.0 (18)	-2.3 (209)	-26.5 (61)	-10.7 (67)	-31.7 (97)
Black	-10.2 (5089)	8.9 (135)	9.3 (3068)	-6.5 (58)	13.5 (780)	-11.7 (659)
Hispanic	-2.9 (6100)	16.5 (141)	29.1 (257)	27.3 (70)	21.4 (68)	-17.9 (276)
White	-17.7 (18389)	-19.4 (1441)	-0.9 (16716)	-12.7 (2218)	-5.6 (6557)	-26.7 (2905)
MIDDLE INCOME²						
Native American	-38.1 (73)	200.0 (3)	47.2 (53)	-25.0 (6)	0.0 (20)	-33.3 (4)
Asian	-4.7 (1235)	3.4 (30)	-3.8 (303)	-21.6 (29)	-14.3 (60)	5.1 (82)
Black	0.2 (3291)	20.0 (54)	10.6 (1728)	-33.3 (16)	3.0 (514)	-16.1 (270)
Hispanic	6.6 (4510)	-7.2 (64)	13.9 (139)	0.0 (9)	-41.4 (34)	-17.3 (86)
White	-11.3 (23701)	-14.5 (1539)	2.2 (17569)	-1.3 (2465)	-5.9 (6664)	-17.7 (4447)
UPPER INCOME²						
Native American	-12.8 (102)	0.0 (2)	65.9 (73)	-40.0 (3)	21.4 (17)	14.3 (8)
Asian	8.4 (1740)	0.0 (22)	26.1 (585)	-13.8 (25)	1.3 (78)	-5.7 (66)
Black	12.0 (2507)	5.9 (54)	20.9 (1605)	-26.5 (25)	31.0 (406)	3.7 (224)
Hispanic	19.1 (1796)	17.9 (33)	15.1 (107)	-63.6 (4)	47.8 (34)	-7.8 (47)
White	-0.2 (34435)	1.3 (1846)	15.6 (22278)	-1.0 (2703)	-0.7 (8095)	-10.1 (6299)

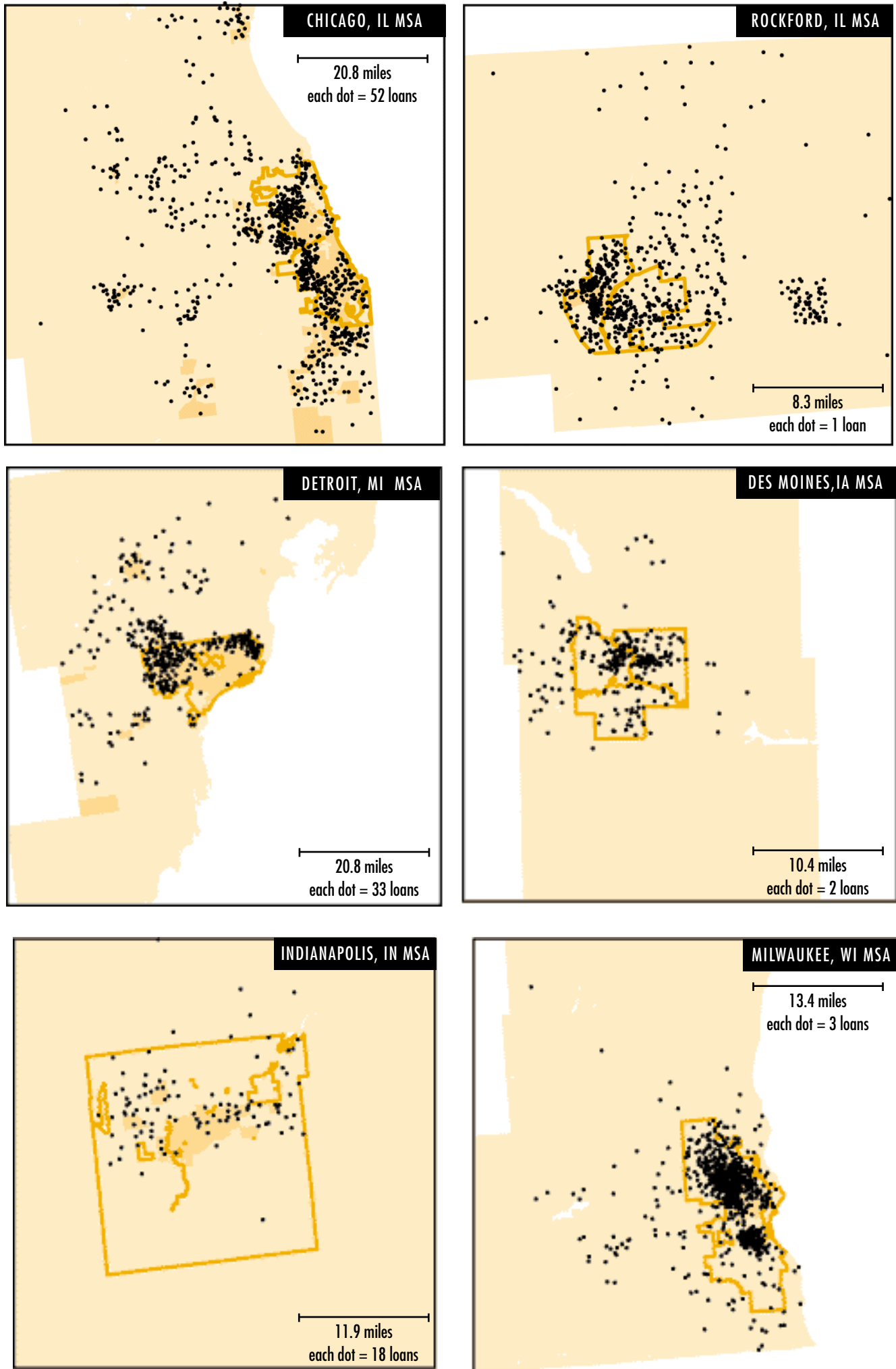
Source: FFIEC, HMDA reports.

¹ Numbers in parentheses are the number of home purchase loans (conventional plus government-insured loans) originated in 1995.

² Loans by income categories do not add up to total loans because income is not available for some of the applicants. Low-moderate income is defined as under 80 percent of median MSA income. Middle income is defined as greater than 80 percent and less than 120 percent of median MSA income. Upper income is defined as greater than 120 percent of median MSA income. The median MSA income equals the HUD estimated median MSA family income.

FIGURE 3

Home purchase loans to minorities in 1995¹



Source: FFIEC, HMDA reports, and Tactician mapping software.

¹The MSAs do not include counties with a population of 30,000 or less and counties that did not have census tracts for the 1990 census. A census tract is a defined geographical area, within a county, that has been assigned a number by the Bureau of the Census.

was flat or fell in all of the MSAs except Detroit. Lending to Blacks rose in Rockford, Detroit, and Indianapolis, and lending to Hispanics rose in Chicago, Rockford, Detroit, and Des Moines. While lending to Blacks fell in Chicago and Milwaukee and lending to Hispanics fell in Indianapolis, the decline in lending to minorities in each case was smaller than the decline in lending to Whites in the same MSAs. Lending to minorities declined by more than lending to Whites only in the cases of Blacks in Des Moines and Hispanics in Milwaukee. Hence, the lending patterns observed across racial/ethnic groups in these MSAs do not appear to deviate substantially from the national trends.

We further explore these trends by looking at changes in the racial/ethnic lending patterns across low-moderate, middle, and upper income categories in the six MSAs (figure 2, panel B). In figure 2, panel B, applicants are classified by the ratio of their reported income to the median MSA family income estimated by the U.S. Department of Housing and Urban Development (HUD). Although lending to Whites and Asians fell between 1994 and 1995, the decline was more pronounced for low-moderate income borrowers compared to borrowers with higher incomes. For example, figure 2 shows that low-moderate income White households in Chicago experienced a 17.7 percent decline in loan originations while loan originations among middle and upper income White households fell by 11.3 percent and 0.2 percent, respectively.

The picture for Blacks and Hispanics is less clear across income groups and MSAs. Focusing on low-moderate income individuals, lending to Blacks and Hispanics fell in Chicago and Milwaukee, but rose in Rockford, Detroit, and Indianapolis.

Figure 2 also shows the number of loans originated in 1995 to provide a measure of the base on which changes are calculated. In fact, for some racial/ethnic categories although the percentage changes are very large, the actual number of loans originated is very small. For example, in 1995 home purchase loans to middle income Native Americans residing in Rockford rose 200 percent to a total of only three loans.

Finally, to identify the geographical distribution of home purchase lending to minorities within each MSA, we map minority home purchase loans originated in 1995 in each MSA. Figure 3 shows the maps for the six MSAs with the darker areas representing minority census tracts and the dots representing home purchase loans to minorities. The dark-gold border outlines the central city in each MSA.

Overall, the trends in home purchase lending between 1994 and 1995 were more favorable for Black and Hispanic households than were the trends for White and Asian households in these six MSAs and in the nation as a whole. In addition, lending to low-moderate income minority households was relatively stronger than lending to low-moderate income White households in the district, even though loans to White applicants make up most of the home purchase lending activity across all income categories. Finally, the favorable lending patterns highlighted in this profile may reflect the relative success of financial institutions' fair lending programs in reaching minorities, especially in low-moderate income households.

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