2022 State of Housing in Black America

The Elusive Dream of Black Homeownership

James H. Carr | Michela Zonta

COMMISSIONED BY
National Association of Real Estate Brokers
BOARD OF DIRECTORS

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With Message from Lydia Pope, President, National Association of Real Estate Brokers

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Acknowledgements

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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

All statements in this report are the views of the authors and do not represent the views or opinions of any organizations with which they are associated. Neither the Board of the National Association of Real Estate Brokers, nor its executives or staff, are responsible for the content of this report. Any errors are the sole responsibility of the authors.

Contents

FOREWORD: MESSAGE FROM THE PRESIDENT.......7

INTRODUCTION:
THE ELUSIVE DREAM OF BLACK HOMEOWNERSHIP.......8

SUMMARY OF 2021 HMDA DATA.......11

WEALTH AND HOMEOWNERSHIP.......21

2021 HMDA REVIEW OF BLACK ACCESS TO
MORTGAGE CREDIT.......23

- Loan Applications and Originations by Race and Ethnicity
- Loan Denial Rates by Race and Ethnicity
- Loan Failure Rates by Race and Ethnicity
- Loan and Lender Channels by Race and Ethnicity
- Loan Type, Geographic Patterns, and Race
- Cities with Largest Black Populations and High Levels of Segregation
- Access to Mortgage Credit by Single Black Female Applicants
- Access to Mortgage Credit by Black Millennial Applicants

MORTGAGE CREDIT AVAILABILITY.......43

- Credit Scoring and Related Risk Assessment
- GSE Structure and Level of Guarantee Fees
- Disparate Home Appraisal Practices
- Failed Structure and Oversight of the Community Reinvestment Act

DISPROPORTIONATE HARM OF
CLIMATE CHANGE ON BLACK COMMUNITIES.......54

- Federal Housing Policy and Resulting Environmental Crisis for Black Communities
- Infrastructure and Climate Legislation

THE ECONOMY AND BLACK HOMEOWNERSHIP....................................59

- Economic Output and Inflation
- Mortgage Interest Rates, Downpayments, and Affordability
- Near-Term Outlook for Home Prices
- Institutional Investors Buying Owner-Occupied Single Family Housing
- Possible Versus Probable Black Economic Outlook

RECOMMENDATIONS....................................63

- Eliminate Loan Level Price Adjustments
- Eliminate Penalty Fees to Access Down Payment Assistance
- Recalculate the Impact of Student Loan Debt
- Leverage Special Purpose Credit Programs
- End Discriminatory and Abusive Appraisal Practices
- Fix the Broken and Out-of-Date Housing Finance System

CONCLUSION....................................67

APPENDIX....................................68

- Detailed 2021 HMDA Tabulations

NOTES....................................86

Forward: Message from the President

Since 1947, NAREB has steadfastly advocated for 'Democracy in Housing.' It's been a journey marked by legislative advancements and critical partnerships involving leaders from the real estate and lending industries. But the journey hasn't been easy. With every step forward, there were times when we lost significant ground despite our impressive local and national momentum.

As President of NAREB, I am awed by the tenacity of our REALTIST constituency. Our members have never wavered from their effort to achieve housing equity, especially for the Black community. I am also proud of our annual 'State of Housing in Black America (SHIBA)' report, which has evolved into a highly respected and comprehensive assessment of Black homeownership.

The year 2004 marked the highest rate of homeownership for Blacks (at just under 50 percent), and SHIBA has been using that year as a benchmark against which to measure progress toward a nation of sustained housing equity. SHIBA provides a detailed view into the real numbers and facts that affect the ability of American Black families to purchase a home.

In 2008, the housing market collapsed. People of color were the disproportionate victims of the resulting foreclosure crisis, due in part to predatory lending. The damage to Black homeownership was so substantial that Black households have still not recovered from the losses they experienced since 2004.

In fact, the Black homeownership rate continued to fall for a decade after 2008, even though between 2009 and 2020, the United States experienced the longest jobs recovery in history. Blacks were among those who benefitted from job growth during this period, but by the second quarter of 2019, the Black homeownership rate had fallen to 40.6 percent – a rate lower than the Black homeownership rate in 1968, the year the Fair Housing Act was established in law.

As a result of that decade of loss, this year's report has moved its base year from 2004 to 2008, so we can better understand Black homeownership progress since the height of the foreclosure crisis and the damage of predatory lending.

Our 2022 SHIBA report is designed to shed light on many of the issues centered on neighborhood blight, environmental discrimination, and disaster recovery for Blacks. Just as importantly, NAREB has moved beyond data to propose solutions by endorsing several policy initiatives and providing comprehensive recommendations.

I hope that you will study the report carefully. Its insights, perspectives, data points, and recommended solutions are key to our ability to learn from the past, observe the present and prepare for the future.

In The Realtist Spirit,

Lydia Pope

Lydia Pope
President
National Association of Real Estate Brokers

Introduction:
The Elusive Dream of Black Homeownership

Since the first edition of State of Housing in Black America (SHIBA), this report has used the year 2004 as its benchmark year, against which to gauge the progress of Black homeownership. That year, 2004, marked the highest homeownership rate for Blacks, at just under 50 percent. At the time, many of the nation's largest banks were actively promoting Black consumer outreach, homeownership counseling, downpayment assistance programs, and innovative underwriting and financing initiatives. Banks also were contributing significantly to nonprofits that prioritized increasing homeownership for historically disenfranchised populations.

These efforts were having a positive impact on assisting Blacks to achieve homeownership. At the same time, unfortunately, predatory subprime lending was also growing, outpacing efforts to get people of color in homes via the conventional market. By 2007, the U.S. housing market was flush with defective, abusive, and fraudulent loans, principally directed to Black households, and in 2008, the housing market collapsed.[1]

People of color, who were the primary targets of abusive predatory lending, were the disproportionate victims of the 2008 foreclosure crisis. The damage to Black homeownership was so substantial that Black households have still not recovered from the losses they experienced between 2004 and 2008. In fact, for the decade following the foreclosure crisis, Black homeownership continued to decline, falling to a 50-year low in the second quarter of 2019.[2]

This year's report departs from previous years reports by moving the benchmark or base year forward, from 2004 to 2008. The reason for this revised benchmark is that the United States experienced the longest jobs recovery in history, between 2009 and 2020.[3] Throughout most of this period, however, Black homeownership fell, even though Blacks also benefitted from impressive job growth over that period.

As of the second quarter of 2019, the Black homeownership rate had fallen to 40.6 percent. That rate was lower than the Black homeownership rate in 1968, the year the Fair Housing Act was established in law.[4] The irony of this reality is that blatant discrimination in the real estate market was the norm in 1968. The federal government, starting in the 1930s, institutionalized redlining, the practice of denying mortgage credit to communities and borrowers based on their race, rather than on their estimated financial capacity to repay loans.[5]

The establishment of the federal housing finance institutions that denied access to Blacks, while providing generous financial support to attain homeownership for non-Hispanic Whites (Whites) is the reason the homeownership gap between those two populations is greater today than it was 80 years ago.

In the *2018 State of Housing in Black America*, NAREB pointed out that institutional discrimination, that is now hard-wired in the mortgage lending system, was responsible for the continued denial of mortgage credit to Black households.

Institutional biases that have and continue to undermine Black homeownership include financial institutions' use of outdated credit scoring models. Not only are Blacks potentially prevented from buying a home when financial institutions use antiquated scoring systems, but also borrowers may be overcharged when those same outdated technologies are used to price loans at the borrower level.

Further, with the post-2008 housing crisis imposition of loan level price adjusters (LLPAs) at the Government Sponsored Enterprises (GSEs), financially vulnerable borrowers are charged more to access mortgage loans than are wealthy households. This is irrational from a federal policy perspective since wealthier households receive the greatest amount of public subsidy provided by the GSEs. Loan level pricing is also unfair because Blacks are disproportionally charged more for mortgage credit as a direct result of federally enforced housing and credit market discrimination that has created greater financial vulnerability among Black households.

And rampant discrimination continues today in the home appraisal industry. The low-balling by appraisers of home prices in Black communities limits substantially the returns to homeownership investments made by Blacks, relative to similar investments made by Whites. While much of the discrimination in home appraisals is built into standard appraisal practices discussed later in this report, a significant amount is old-fashioned blatant discrimination.

A New York Times article reported in August 2022, that a Black man, after having his home in Baltimore, MD, appraised for $472,000, asked a white colleague to pretend to be the home's owner and have the property reappraised. The result the home was valued at $750,000, a nearly 60 percent greater valuation with the faux White owner.[6]

Importantly, home appraisals don't have to be as dramatic as that example to greatly undermine a family's financial plans. Seminal research by Brookings Institution scholar, David Rusk, in 2001, found that homes in Black neighborhoods were, on average, appraised for 18 percent less than similarly constructed and located homes in White communities.[7] Rusk termed this the "Segregation Tax," a discount to Black home values that is directly due to racial discrimination.[8]

Several studies since that time have reached similar conclusions. A 2018 Brookings Institution study, for example, finds that the "segregation tax" costs Blacks $48,000 per home or $156 billion per year.[9]

Between the second quarter of 2019 and second quarter of 2020, the Black homeownership rate experienced its fastest growth in a single, four-quarter period, rising more than 6 percentage points. In last year's report, NAREB noted that impressive increase in homeownership may, in part, have been due to changes in the way the U.S. Census Bureau conducts its population and homeownership surveys. Some of those changes were due to the Covid pandemic.

Regardless of the validity of the surprising jump in homeownership in the second quarter of 2020, the Black homeownership rate since that time has fallen back to 45 percent as of third quarter, which remains far below its highwater mark of nearly 50 percent in 2004. Moreover, as discussed below, despite some positive trends in Black homeownership last year, the near-term prognosis for future gains in Black homeownership do not seem positive.

The U.S. economy made an impressive turnabout in the third quarter of 2022, with Gross Domestic Product (GDP) growing a full 2.6 percent, after experiencing negative growth in the first two quarters of the year.[10] While that economic performance should have been widely met as positive news, that growth is a troubling sign for the Federal Reserve Board's (the Fed) efforts to rein in inflation.

At more than 8 percent, the nation is experiencing a 40-year high inflation rate.[11] The Fed's primary inflation fighting tool is interest rate hikes that are intended to curb demand for products and services. The Fed has not ruled out the possibly of a recession resulting from its rate hikes.

For most U.S. households, a recession is more than an inconvenience and could be catastrophic, given that most Americans now report living paycheck-to-paycheck.[12] For these individuals and families, the loss of a job could result in an eviction from or foreclosure on their homes, the inability to feed their families, loss of access to essential medical care, and/or an inability to remain in school, to name a few possible outcomes.

Bank of America estimates that if the Fed continues its current course, the U.S. could soon begin to lose 175,000 jobs per month.[13] And if history is a guide, Blacks will suffer most from significant job losses; Black unemployment is already nearly twice that for Whites, at 5.8 percent versus 3.1 percent, respectively.[14]

The Fed's rate hikes are already being felt in the homeownership market. Fannie Mae estimates that mortgage lenders will complete only roughly half as many single-family home loans this year, relative to 2021.[15] That pullback is in part due to rising mortgage interest rates that are hovering around 7 percent and could climb higher because of the Fed's fourth consecutive, three-quarter percentage point interest rate increase, imposed on November 1, 2022.[16]

While a modest decrease in inflation in the second week of November was welcome news, it's too early to know how that turnabout will influence the Fed's future interest rate hikes. Suffice it to say that high inflation remains a problem and Fed actions will likely continue to keep mortgage rates relatively high for the foreseeable future.

High home prices and interest costs, as well as uncertainty about the economy, are particularly constraining home purchases for first-time buyers. According to the National Association of Realtors, 2022 Profile of Buyers and Sellers, first-time buyers were only 26 percent of purchasers over the past year. That's the lowest share of first-time buyers since the Realtors began tracking that number.[17]

That news should not, however, be surprising; the typical homebuyer paid 77 percent more this past October for a loan, monthly, than they would have last October.[18]

The combination of high home prices and interest rates is also resulting in higher downpayments. Redfin estimates that the typical downpayment on homes is nearly twice its 2019 level.[19] Blacks are particularly challenged to save for downpayment due to earning lower median wages than Whites, and being less likely, relative to Whites, to receive contributions for downpayments from parents or other family members.

Further inhibiting the ability of Blacks to pay larger downpayments is the fact that rents are also rising. According to Redfin News, between January 2021 to January 2022, rents nationally rose 15 percent, with more than 30 percent increases in some markets.[20]

Increased interest rates and a slowing economy for the first two quarters, combined with uncertainty about interest rates and GDP in the near-term, have begun to slow the pace of home price increases. According to S&P CoreLogic Case Shiller National Home Price Index, home prices fell by 0.3 percent between June and July of 2022.[21] This is the first month-over month decline in home prices since 2019.

Although a welcome relief to home seekers, home prices, nevertheless, continue to rise year over year, with the median existing home price increasing 7.7 percent nationally, between August of 2021 and August 2022; double-digit year-over-year home price increases also continue in many cities.[22]

The near- and long-term outlook for home prices is a matter of speculation and is addressed further in this report. The bottom line, however, is that Blacks have had a difficult time accessing homeownership long before the recent runup in home prices.

And today, in addition to increased mortgage interest rates and high home prices, Blacks, disproportionately, are forced to compete with large institutional investors that have been aggressively purchasing properties disproportionately in Black communities. The result is that even if a prospective Black borrower has the financial resources to purchase a home, it can be impossible to compete with an institutional investor that pays cash and can waive both the home inspection and appraisal.

Finally, this year's report begins NAREB's discussion of the impact of climate change on Black communities. Climate change has been in the news frequently this year, in part, because Congress and the Biden Administration recently passed the most comprehensive federal legislation to date, to address that challenge.

Given that more than a trillion and a half dollars will be spent to address climate change and rebuild the nation's crumbling infrastructure, Blacks must ensure that disenfranchised communities are key recipients of those funds. Decades of systemic environmental racism have made communities of color particularly vulnerable to the effects of climate change.[23] These communities, particularly Black communities, are disproportionately affected by environmental hazards and severe natural disasters.[24]

Many environmental challenges, particularly in distressed older communities, are rooted in outdated infrastructure, including crumbling municipal water and sewer systems, inadequate regulation of pollutants from older manufacturing plants, deficient flood zone infrastructure, hazards associated with deteriorating housing stock, and inadequate protection from toxic waste site runoff.

Race has historically been the main determinant of the placement of toxic facilities in the United States.[25] And decades of redlining and segregation have ensured that Black inner-city communities are home to some of the most deteriorated infrastructure in the nation.

Black communities are on the front lines of climate change as a lack of resources and outdated housing stock and infrastructure, including insufficient insulation and air conditioning, make them more vulnerable to the adverse effects of extreme weather and climate change.[26]

The Environmental Protection Agency (EPA) indicates that even though climate change affects all Americans, Blacks are disproportionately exposed to the highest impacts of extreme temperatures and coastal and inland flooding.[27]

The destructive impact of Hurricane Katrina on the Black residents of New Orleans, and the Flint MI and Jackson MS water crises, are only three sensational examples of the need to address environmental safety in Black communities. But Blacks deal with a range of environmental pollutants year-round, including toxic waste dumps, polluted air, mold, pest infestation, and other day-to-day environmental hazards that undermine the health and welfare of the Black community.

A LOOK FORWARD

Although there are serious headwinds for Black homeownership, there are some bright signs on the horizon. As discussed in the 2021 HMDA review sections below, mortgage applications from Blacks were higher for conventional loans than for non-conventional loans for the first time in more than a decade. Conventional loans are generally lower-cost loans so increasing the share of Black conventional mortgages is positive news. Blacks, unfortunately, continue to rely roughly twice as much on high-cost loans as do Whites. But the gap in originations of conventional and non-conventional loans to Blacks is closing.

Further, in October of 2022, FHFA announced the validation and approval of two newer, more sophisticated, and more accurate credit scoring models, namely, FICO 10T and VantageScore 4.0. FHFA's examination has been underway for nearly a decade; the review process began in 2014. The announcement indicates that the change will not be immediate but rather will be rolled out in a multi-year effort. Still, this announcement is positive news to NAREB that has advocated for this change since the publication of its first SHIBA report in 2013.

Over the past decade, potentially millions of Black households whose credit worthiness may have been misrepresented by outdated credit scoring models, missed out on affordable home prices in the years immediately following the 2008 housing crisis. Blacks who were potentially unfairly precluded from buying a home due to faulty credit scoring tools also missed out on more than a decade of near-historically low mortgage interest rates. As a result, while the use of updated credit scores by FHFA is to be commended, the harm done to Black homeownership gains and Black wealth for more than a decade should not be overlooked or forgotten.

There were several other important developments for Blacks in the mortgage market last year which are summarized and discussed in detail, below. As always, this report concludes with a series of recommendations that are high on the agenda for NAREB.

NAREB's recommendations this year are comprehensive; they recognize that significant actions must be taken to genuinely offer Black Americans fair access to the American Dream of homeownership:

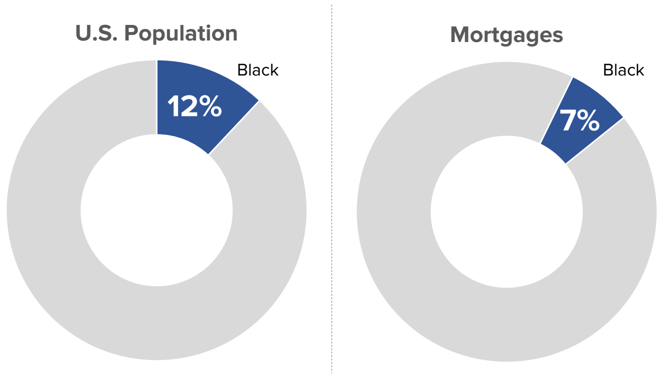
- Eliminate Loan Level Price Adjusters
- Eliminate Penalty Fees for Borrowers to Access Downpayment Assistance
- Recalculate the Impact of Student Loan Debt
- Leverage Special Purpose Credit Programs
- End Discriminatory and Abusive Appraisal Practices
- Fix the Broken and Out-of-Date Housing Finance System

NAREB has not yet advanced any specific proposals on climate change and Black communities. NAREB, nevertheless, commits to be a leader in the coming years in assuring that the hundreds of billions of federal dollars intended to address climate change include Black communities that are most heavily impacted by environmental hazards that are being made worse with climate change.

Summary of 2021 HMDA Data

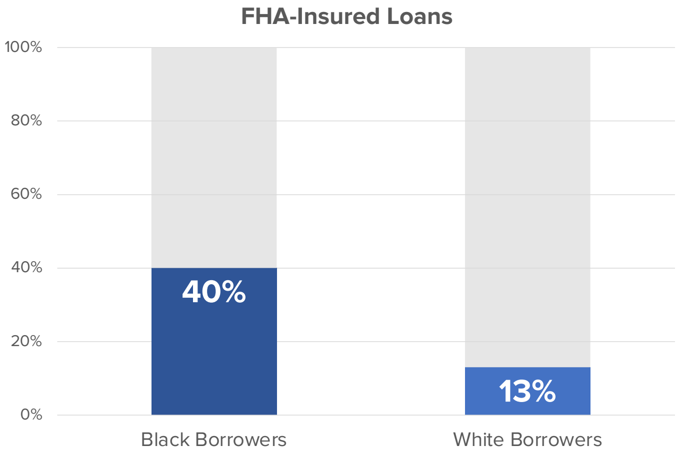
Loan Applications and Originations by Race and Ethnicity

- 2021 was a strong year for the single-family mortgage market with twice as many mortgage loan applications as recorded in 2008.
- Despite the pandemic and rapid home price appreciation, applications and originations were up, year-over-year, from 2020 to 2021.
- Although Blacks represent 12 percent of the U.S. population, they received only 7 percent of all mortgage originations. The share of total loan originations to Black applicants was 6 percent in 2008, dropped to 5 percent in 2010, and has held at 7 percent since 2019.



- In 2021, loan originations to Whites represented the largest share of all loans, 56 percent, although that share has declined over the past decade.
- Mortgages to White borrowers represented 69 percent of total loans in 2008, and reached a peak during the period of observation, of 71 percent in 2013.
- Between 2020 and 2021, the number of applications from non-White racial groups rose while those from Whites remained virtually stagnant.
- The number of applications from and originations to Blacks rose by 13 percent and 15 percent respectively, from 2020 to 2021.
- Applications for conventional loans from Blacks climbed 23 percent between 2020 and 2021.
- Applications for non-conventional loans from Black applicants increased 7 percent between 2020 and 2021.
- For the first time in more than a decade, the number of applications from Blacks for FHA-insured loans was smaller than the number of applications for conventional loans.
- Forty-three percent of Black applicants applied for a conventional loan and 40 percent of Black applicants applied for an FHA-insured loan.
- The shift from FHA loans could be attributed to the decline in FHA lending by banks, high FHA mortgage insurance premiums, and greater acceptance of downpayments of less than 5 percent by the GSEs.
- Conventional loan originations to Blacks increased by 25 percent between 2020 and 2021 compared to the 14 percent growth in 2020 relative to 2019.
- Despite the increase in conventional loans, however, only 5 percent of all originated conventional loans went to Black borrowers in 2021, just one percentage point higher than in 2020.

- Both the number of applications from, and originations to Blacks, for conventional loans, are still smaller than those reported before the foreclosure crisis.
- Non-conventional loan originations increased by 8 percent in 2021 relative to 2020. This represents a smaller increase than 2019 to 2020 of 14 percent.
- Even though non-conventional loans have continued to represent most loans going to Blacks (57 percent in 2021), the gap between conventional and non-conventional loans has narrowed in recent years.
- In 2016, for example, non-conventional loans to Black borrowers outnumbered conventional loans to Blacks by more than 124,000. In 2021, this gap was about 46,000.
- Only 21 percent of loan originations to Black borrowers were purchased by the GSEs in 2021 compared to 40 percent for Whites.
- Conversely, 40 percent of loans to Black borrowers were FHA-insured, compared to 13 percent of loans to White borrowers.



- The disparities between Black and White borrowers hold at different income levels.

Loan Denial Rates by Race and Ethnicity

- In 2021, Black applicants continued to experience higher loan denial rates than White applicants, although denial rates have continued to drop since the foreclosure crisis; in 2008, the denial rate for all loans was 29 percent for Blacks and 13 percent for Whites.
- Despite the decline in denial rates for Blacks and Whites, in 2021, the gap in denial rates between Blacks and Whites has increased, 15 percent for Blacks and 6 percent for Whites.
- That translates into Blacks being denied mortgages at just over twice the rate as Whites in 2008, to nearly three-times as often as Whites in 2021.
- Debt-to-income ratios represented the most common reason for denial for both Black (34 percent) and White applicants (29 percent).
- As in the past, credit history represented the second most prevalent reason for denials for both Black applicants (22 percent, as in 2019) and White applicants (17 percent).
- Denials to Blacks due to credit history increase considerably as incomes rise, while the corresponding trend for Whites is much less pronounced.
- Despite an increase in access to conventional loans, Black homebuyers (14 percent) in 2021 continue disproportionately to receive high-cost loans compared to White homebuyers (5 percent).
- For both racial groups, the percentage of high-cost loans was higher in low- to moderate-income neighborhoods than in higher income neighborhoods.

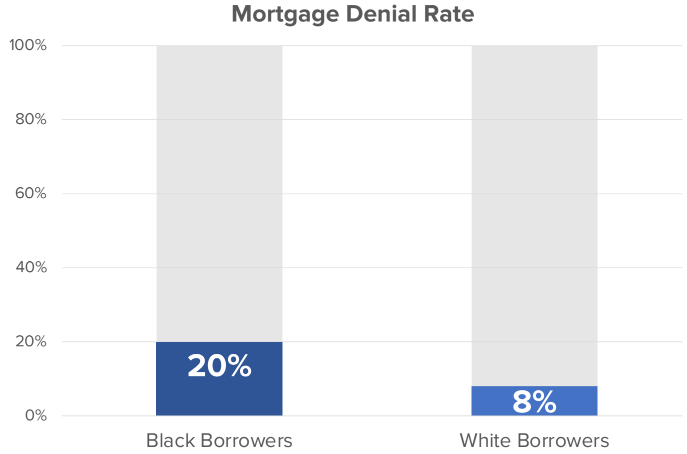
Failure Rates by Race and Ethnicity

- Loan origination failure rates represent a broad measure of the extent to which a mortgage loan application does not achieve approval:
  - 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; or
  - The loan application was denied.
- Black applicants experienced an overall loan origination failure rate of 33 percent, compared to the White applicant rate of 22 percent.
- Most of this 11-percentage point difference is due to loan denials (12 percent for Blacks and 5 percent for Whites).
- For Blacks, the number of approved loans per failed application submitted ranged from 1.2 in 2008 to 2 in 2021.
- For Whites, the number of approved loans per failed application submitted has been consistently larger, ranging from 2.5 loans in 2008 to 3.5 loans in 2021.

Loan and Lender Channels by Race and Ethnicity

- During the past decade, mortgage lending has shifted from traditional banks to independent mortgage companies.
- Federal Reserve data indicate that in the third quarter of 2021, residential real-estate loans hit a historic low as a percentage of total assets (10 percent) at U.S. banks, whereas the share of safe assets – investments such as cash, Treasuries, and government-guaranteed securities – increased from the prior year.
- Both Whites and Blacks across all income brackets sought loans predominantly at independent mortgage companies.
- Between 2020 and 2021, the number of applications and originations at independent mortgage companies increased for both racial group across all income levels; the share of applications at banks fell for all income categories among both racial groups.
- Seventy-two percent of Black applicants and 63 percent of White applicants applied for a loan at an independent mortgage company in 2021.
- The largest share of applications from Black prospective borrowers at independent mortgage companies was for FHA-insured loans (34 percent).
- The largest share of applications from White prospective borrowers at independent mortgage companies was for conventional loans (43 percent).
- While continuing to lose ground compared to previous years, banks continued disproportionately to attract White applicants; 33 percent of Whites sought loans from Banks in 2021 compared to 20 percent of Black applicants.
- In 2021, denial rates continued to be lower at independent mortgage companies than at banks.
- Black applicants had a 20 percent denial rate at banks compared to 8 percent among White applicants.

Mortgage Denial Rate



- At independent mortgage companies, denial rates were 13 percent for Blacks versus 5 percent for Whites.

Loan Type, Geographic Patterns and Race

- In 2021, 29 percent of loans originated to Black applicants where for homes located in low- and moderate-income neighborhoods; this is consistent with previous years.
- Less than half that amount, or only 14 percent of loans to White borrowers, financed similarly located properties.
- Interestingly, denial rates for Black applicants in majority minority neighborhoods are more than twice as high (16 percent) as those for White applicants (7 percent) in majority minority neighborhoods.
- As in previous years, origination rates in 2021 for both racial groups were higher in census tract with a small presence of Black population (i.e., where Blacks represented up to 25 percent of the neighborhood total population) than in majority Black neighborhoods, except for Black applicants with an income at or below 50 percent of the local AMI.
- Origination rates for White applicants were higher than that for Black applicants regardless of applicant income level and census tract racial composition, except for high-income White applicants applying for loans in majority Black census tracts. In these census tracts, origination rates were higher for high-income Black applicants than for their White counterparts
- In majority Black neighborhoods, origination rates are higher for low-income Black applicants than for those with high incomes.
- These patterns are consistent across both conventional and FHA-insured loans across all lender types, applicant income levels, and census tract racial composition.

- Ninety-four percent of conventional loans and 91 percent of FHA-insured loans going to White applicants, are for homes located in census tracts with the smallest percentage of Black population.
- Sixty-four percent of loan applications from Blacks were submitted in the South, a much larger percentage than that from Whites (41 percent).

Cities with Largest Black Populations and High Levels of Segregation

- The ten cities with the largest Black population are: New York, NY; Chicago, Il; Philadelphia, PA; Houston, TX; Detroit, MI; Memphis, TN; Baltimore, MD; Los Angeles, CA; Dallas TX; and Jacksonville, FL.
- Washington D.C., which used to be included in the list, was no longer among the cities with the largest Black population according to 2020 census data; Jacksonville, Florida, had a larger Black population than Washington D.C. in 2020.
- Census data indicate that since the 1990s Blacks have increasingly migrated from Northern and Western cities to large urban areas in the South, where 58 percent of the nation's Black population now resides.

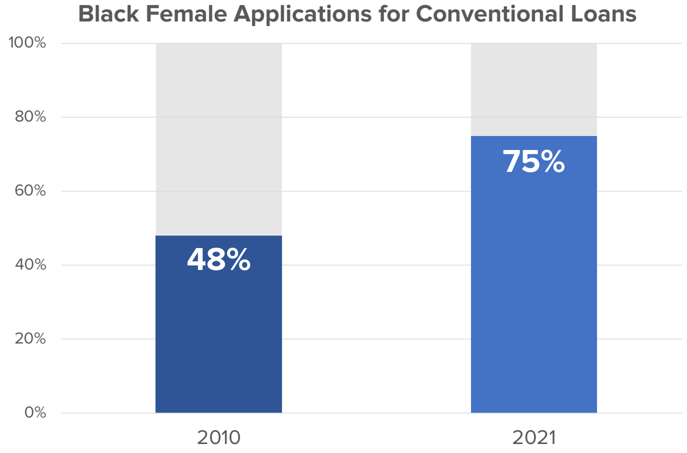
- The dissimilarity index measures the extent to which Blacks would have to move to different census tracts to achieve an even geographic distribution throughout the city compared to Whites.
- Dissimilarity indices over .60 are generally considered high. In all cities listed in Exhibit 21, except for Jacksonville, Florida, Blacks are still highly segregated from Whites.
- In the nine remaining cities, dissimilarity indexes range from a low of .61 in Detroit to a high of .81 in Chicago.
- The presence of Blacks in the top nine cities has continued to shrink over time and Blacks continue to represent varying shares of the total population across these cities.
- The Black population in these cities ranges from a high of 1,943,645 in New York to 290,279 in Jacksonville.
- Although New York City has the largest Black population nationwide, Blacks represent just 22 percent of the City's total population.
- In all ten cities, the share of both all applications and all loan originations to Black applicants is well below the share of Black population, indicating a persisting disadvantage in access to mortgages among Blacks.
- In New York, Blacks represent 22 percent of the city's population, but only 8 percent of applicants.
- Detroit and Baltimore, which are among the top 10 most affordable areas for Black homebuyers,[28] have the highest origination rates for Blacks (50 percent and 36 percent, respectively).
- In Dallas, Houston, Los Angeles, and New York, most applications from Blacks were for conventional loans. In Baltimore, Chicago, Detroit, and Philadelphia, most applications were for FHA-insured loans.
- In cities where most applications were for conventional loans, however, these loans represented a small share of all conventional loans in the same city.
- In Los Angeles, for example, where 74 percent of applications from Black prospective borrowers were for conventional loans, loans to Blacks represented just 3 percent of all conventional loan originations.

Access to Mortgage Credit by Black Female Applicants

- In 2021, the number of applications from Black female prospective borrowers[29] continued the upward trajectory observed throughout the previous decade, with a 14 percent increase between 2020 and 2021, and more than four times the number of applications received from this group in 2010.
- In contract, the share of applications from Black male applicants has been falling since 2017.
- In 2021, female applicants continued to be the largest segment of the Black applicant pool; 42 percent of Black mortgage applicants consisted of women without a co-applicant.
- Male applicants represent 34 percent of the Black applicant pool, whereas male and female applicants applying jointly continue to represent the smallest segment of that applicant pool (20 percent).
- In contrast, women represented only 22 percent of all White applicants, a percentage that has remained stable over the years. The largest group in the White applicant pool consists of male-female applicants applying jointly (40 percent), followed by male applicants (34 percent).

- In 2021, 45 percent of applications from Black female applicants were for conventional loans, compared 21 percent in 2010.

- Forty-eight percent of applications from White female prospective borrowers were for conventional loans in 2010. This percentage climbed to 75 percent in 2021.



- Since 2008, the application success rate of Black female applicants has increased. The loan failure rate for this group was 46 percent in 2008 and dropped to 34 percent in 2021 – still higher than the failure rate of White female applicants (23 percent).

- The gap in origination rates between Black and White female applicants, however, has been closing over the past decade.

- Both among Black and White applicants, male-female applicants applying jointly have higher origination rates than applicants applying alone.

- The debt-to-income ratio is the most reported reason for loan denial among female applicants, followed by credit history and collateral.

- There are some differences among Black and White applicants, however, regarding the incidence of each of these factors in loan dispositions.

- Thirty-two percent of applications denied from Black applicants are rejected due to debt-to-income ratio, compared to 27 percent from White applicants.

- Credit history is the main denial reason for 26 percent of applications from Black applicants compared to 18 percent from White applicants. Collateral appears to be a more common reason for denial for White applicants than for Black applicants – 17 percent versus 9 percent.

- Black female borrowers continue to receive a larger proportion of high-cost loans than White female borrowers.

- Even though the share of high-cost loans is half of that recorded in 2014 (31 percent), fifteen percent of all Black female borrowers received high-cost loans in 2021, nearly three times the share as their White counterparts (6 percent).

Access to Mortgage Credit by Black Millennial Applicants

- Millennials made up the largest segment of Black homebuyers in the wake of the COVID-19 pandemic.

- The surge in homebuying observed in 2020 was facilitated by low interest rates, reduced personal spending, and the ability to work remotely. The ability to work from home has allowed households to move to areas with more affordable housing options.
- This trend continued in 2021, when it is estimated that millennials were also the fastest growing generation among Black homebuyers. The rate of homeownership attainment slowed in the latter half of 2021 due to declining affordability.
- An analysis by Realtor.com® found that the share of Black millennial homebuyers jumped from 18.5 percent in the period from October 2017 to September 2018, to 22.2 percent between October 2020 and September 2021.
- Despite their increase in the past few years, however, Black millennial homeownership continues to lag far behind that of previous Black generations, as well as Millennials of other racial and ethnic groups.
- Among the oldest millennials, for example, Black homeownership is 42 percentage points lower than that for older White millennials.
- Black millennials experience a disproportionate disadvantage in accessing homeownership compared to their White counterparts.
- Black college graduate millennials have less than one tenth the wealth of their White counterparts.
- Despite their success relative to all generations of Black homeowners, HMDA data indicate that in 2021 the number applications from Blacks in the millennial age groups was slightly lower than in 2020 (-5 percent); the number of applications from Black millennials had increased by over 28 percent between 2019 and 2020.
- Similar to applications, loan originations decreased by 4 percent relative to 2020, compared to the previous year when originations increased by more than 25 percent (between 2019 and 2020).
- White millennials experienced an even steeper decline in 2021 applications (-20 percent) and originations (-19 percent).
- While the origination rate was 80 percent among White millennials, it remained much lower for Black millennials (68 percent).
- Applications from Black millennials were denied at nearly three times the rate of White millennials (15 percent versus 6 percent).
- Fourteen percent of Black millennial borrowers received a high-cost loan in 2021 compared to only 4 percent of White millennial borrowers.
- Seventy-three percent of White millennial homebuyers received a conventional loan in 2021, compared to only 41 percent of Black millennials.
- Conversely, 42 percent of Black millennial borrowers received an FHA-insured loan, compared to 14 percent of White millennial borrowers.
- Nearly half of Black millennial borrowers received loans for properties located in majority-minority neighborhoods (45 percent) compared to only 11 percent of their White counterparts.

Wealth and Homeownership[30]

Homeownership represents the main vehicle for the accumulation of wealth for the typical American household and particularly for people of color. In 2020, for example, home equity represented 67 percent of a Black household's net worth, compared to 59 percent for White households. This greater reliance on homeownership for Blacks than for Whites exists even though Whites have a higher homeownership rate than Blacks do and homes owned by Whites, relative to homes own by Blacks, appraise, on average, at higher prices even when properties possess similar physical and locational attributes.[31]

Although home equity is, on average, the largest source of wealth for both Black and White households, Whites, relative to Blacks, are also more likely to invest in stocks, bonds, mutual funds, tax-exempt retirement savings, and investment real estate.

The greater homeownership rate for White households and higher appraised values for homes in White communities, are a major driver of the enormous wealth gap between Blacks and Whites. The 2021 Survey of Income and Program Participation indicates that in 2020, the median White family held 12 times the amount of wealth of the median Black family. That disparity translates into an estimated median net worth of $18,430 for Black households compared to a median net worth of $217,500 for White households.[32]

Fifty years after the passage of civil rights, fair housing, anti-discrimination in the financial services industry, and related legislation, Blacks continue, disproportionately, to experience significant barriers to homeownership. And as discussed in more detail below, Blacks, relative to Whites, continue to receive lower financial returns for their investments in homeownership.

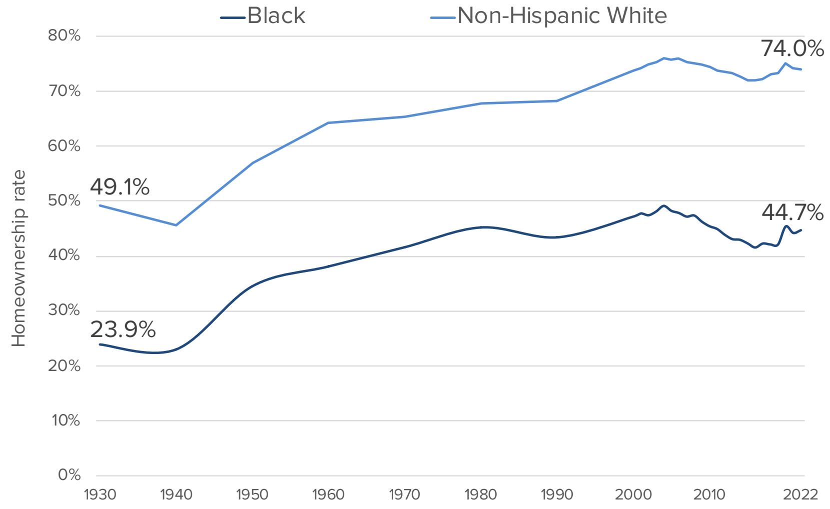
In fact, multiple NAREB publications[33] have highlighted that Blacks not only continue to lag far behind Whites in terms of access to homeownership, but the gap in homeownership today is greater than it was nearly a century ago (Exhibit 1). This growing gap can be directly traced to the exceptional federal homeownership assistance provided to White households, particularly since the end of WWII, that was denied to Black households, as well as continuing blatant housing discrimination and institutional lending biases against Blacks.[34]

In the first quarter of 2022, the Black homeownership rate was 44.7 percent, down from 45.3 percent in 2020, according to the U.S. Census Bureau (Exhibit 1). Today, the Black homeownership rate is only modestly higher than it was at the time of the passage of the 1968 Fair Housing Act (the Act), but the gap in homeownership rates between Blacks and Whites is substantially larger than it was at the time of the passage of the Act (Exhibit 2).

The Black/White homeownership disparity was 23.8 percent in 1970 and climbed to over 31 percent by 2019. In 2022 the homeownership gap is still an astounding 30 percent, as Exhibit 2 shows, continuing a two-decades long trend of an expanding homeownership gap between Blacks and Whites. Equally important, the current Black homeownership rate remains far below its peak recorded in 2004, when Black homeownership exceeded 49 percent.

EXHIBIT 1

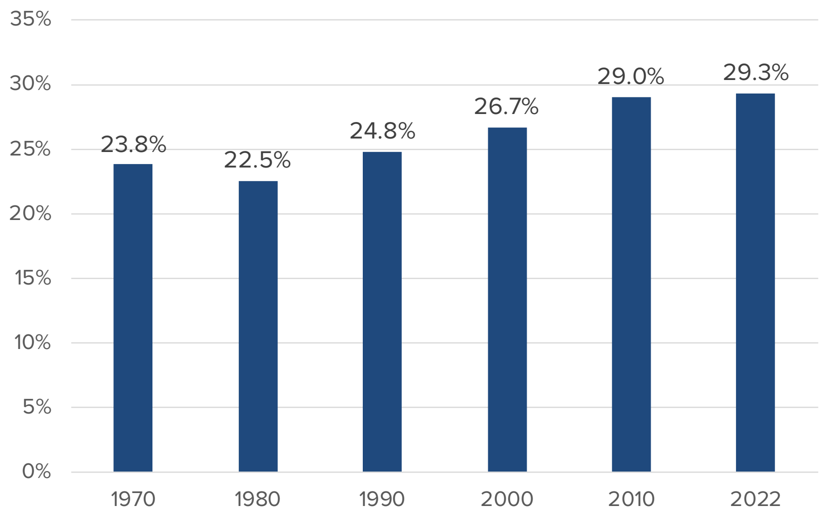
Homeownership Rates 1930-2022



Source: U.S. Census Bureau, “Housing Vacancies and Homeownership (CPS/HVS),” available at www.census.gov/housing/hvs/data/histtabs.html

EXHIBIT 2

Homeownership Gap Non-Hispanic Whites vs. Blacks



Source: Authors’ calculations of data from U.S. Census Bureau, “Housing Vacancies and Homeownership (CPS/HVS),” available at www.census.gov/housing/hvs/data/histtabs.html

2021 HMDA Review of Black Access to Mortgage Credit

LOAN APPLICATIONS AND ORIGINATIONS BY RACE AND ETHNICITY

In 2021, the total number of home mortgage applications for the purchase of single-family homes continued to increase and reached double the number of applications recorded during the foreclosure crisis of 2008 (see Table 1). The total number of mortgage loan applications increased from 5.6 million in 2020 to 5.9 million in 2021, despite the ongoing pandemic. Similarly, loan originations increased by 7 percent since 2020.

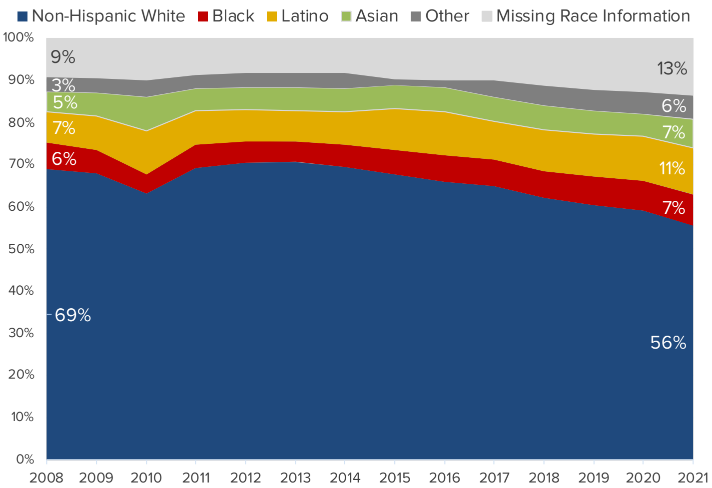
The number of both applications and originations among Blacks, Latinos, and Asians has more than doubled since the 2008 foreclosure crisis, when the mortgage market collapsed due to the dramatic house price bubble created during the early 2000s.[35] For Blacks, the number of applications was 2.3 times larger in 2021 than it was in 2008, while the number of originations was 2.8 times larger than it was in 2008. The increase in applications and loan originations has been even more pronounced among Latinos and Asians. Originations were more than 3 times as large in 2021 than in 2008 for both Latinos (3.5) and Asians (3.4).

Although the share of mortgage loans to Blacks increased, Blacks remain disproportionally under-represented among borrowers. Census data indicate that Black households represent 12 percent of total U.S. households.[36] The share of total loan originations to Black applicants was 6 percent in 2008, dropped to 5 percent in 2010, and has remained at 7 percent since 2019.

In 2021, loan originations to Whites represented the largest share of all loans, 56 percent, although that share has declined over the past decade. Reflecting the recent increasing shares of loans to people of color, mortgages to White borrowers represented 69 percent of total loans in 2008, reached a peak of 71 percent in 2013, and gradually dropped to 56 percent in 2021 (see Exhibit 3).

EXHIBIT 3

Share of Loan Originations by Race and Ethnicity

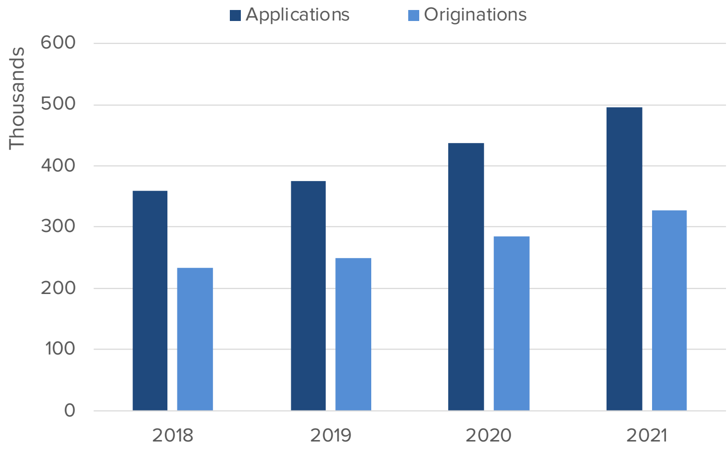


Source: Authors' calculations of HMDA data (2008-2021)

Between 2020 and 2021, the number of applications from non-White racial groups rose while those from Whites remained virtually stagnant. The number of applications slightly decreased for Whites while the number of applications from Blacks rose by 13 percent. The percentage increase in applications from Asians during the same period was even more pronounced (35 percent). Total originations to Blacks between 2020 and 2021 increased by 15 percent (see Exhibit 4 and Table 1).[37]

EXHIBIT 4

Loan Applications and Originations Black Applicants, 2018-2021

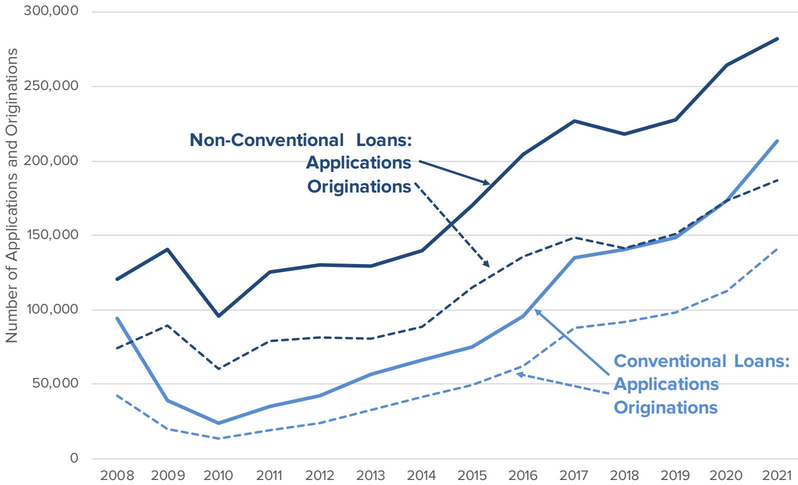


Source: Authors' calculations of HMDA data (2018-2021)

Applications from Blacks for conventional and non-conventional loans have been increasing since 2010. Applications for conventional loans from Blacks climbed from 173,099 in 2020 to 213,449 in 2021, a 23 percent increase (Exhibit 5). Applications for non-conventional loans from Black applicants increased at a slower pace (7 percent between 2020 and 2021 versus 16 percent between 2019 and 2020).

EXHIBIT 5

Applications and Originations of First-Lien Loans for the Purchase of Owner-Occupied One-to-Four Single-Family Homes Non-Hispanic White Applicants

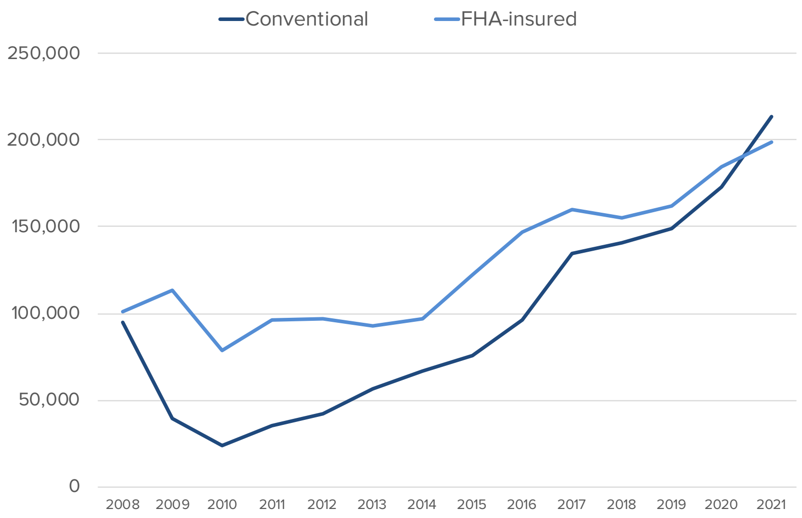


Source: Authors' calculations of HMDA data (2008-2021)

The increase in conventional loan applications from Blacks in 2021 resulted in a key shift in the way Blacks engage in the mortgage market. For the first time in more than a decade, the number of applications from Blacks for FHA-insured loans was smaller than the number of applications for conventional loans (Exhibit 6); 43 percent of Black applicants applied for a conventional loan and 40 percent of Black applicants applied for an FHA-insured loan.

EXHIBIT 6

Applications for Conventional Loans and FHA-Insured Loans Black Applicants



Source: Authors' calculations of HMDA data (2008-2021)

This trend is coincident with the post-financial crisis decline in the FHA share of loans originated by the largest banks.[38] One of the possible reasons for the decline in bank-FHA lending may be related to substantial litigation brought against large banks by the Department of Justice under the False Claims Act. The False Claims Act is an enforcement statute that seeks to ensure that "a lender comply with certain rules in originating, processing and underwriting a loan and to sign a certification that it complied with these rules."[39] Stepped up enforcement of the Act in the years following the 2008 housing market collapse created significant confusion as to the types of lender activities that might be deemed to run afoul of the Act.[40]

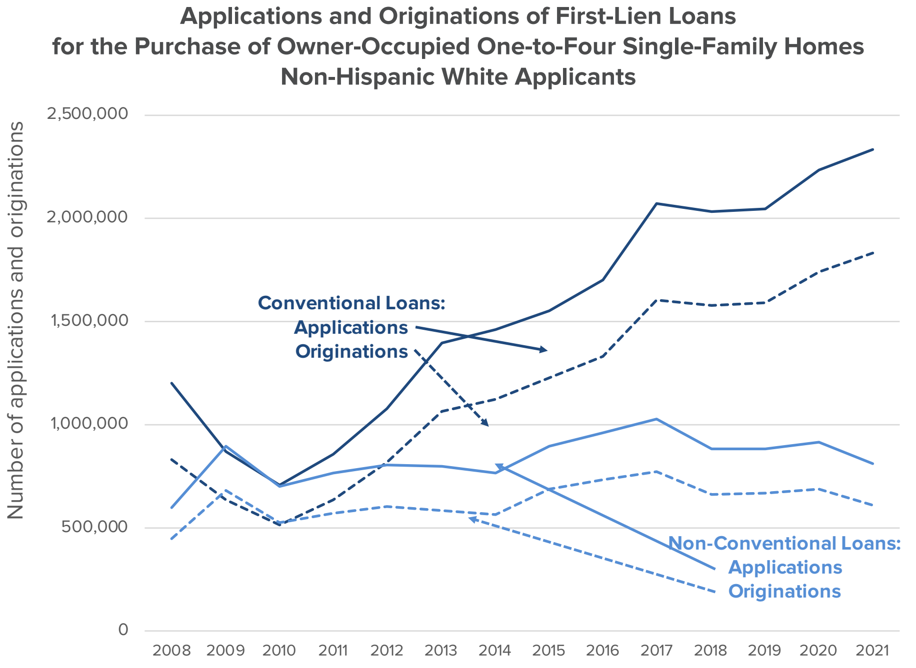
Further, a study by the National Association of Realtors indicates that another reason for the shift of first-time homebuyers from FHA loans to conventional loans is increasing FHA mortgage insurance premiums.[41] And a final reason for greater conventional loan applications from Blacks in 2021 may be the fact that conventional loans with just a 3 percent down payment are now more readily available through Fannie Mae and Freddie Mac, relative to previous years where conventional loans generally required 5 percent downpayments.[42]

Conventional loan originations to Blacks increased by 25 percent between 2020 and 2021, compared to a 14 percent growth from 2019 to 2020. Despite the increase in conventional loans, however, only 5 percent of all originated conventional loans went to Black borrowers in 2021, just one percentage point higher than in 2020. Both the number of applications from, and originations to Blacks, for conventional loans, are still smaller than those reported before the foreclosure crisis.[43]

Non-conventional loan originations increased by 8 percent in 2021 relative to 2020. This growth was much less pronounced than the increase observed in the previous year (14 percent from 2019 to 2020). In 2021, Blacks received 15 percent of all non-conventional loans, compared to 13 percent in 2020. Even though non-conventional loans have continued to represent most loans going to Blacks (57 percent in 2021), the gap between conventional and non-conventional loans to Blacks has narrowed in recent years (See Exhibit 5 and Tables 2 and 3 for more detail on 2021). In 2016, for example, non-conventional loans to Black borrowers outnumbered conventional loans to Blacks by more than 124,000. In 2021, this gap was about 46,000 loans. Data for White homebuyers show the opposite trend (Exhibit 7); the gap between conventional and non-conventional loans (both applications and loan originations) has widened over the years. Most applications from Whites has continued to be for conventional loans, with an increase from 71 percent in 2020 to 74 percent in 2021. In 2021, loans to White borrowers represented 59 percent of all originated conventional loans and 48 percent of all nonconventional loan originations.

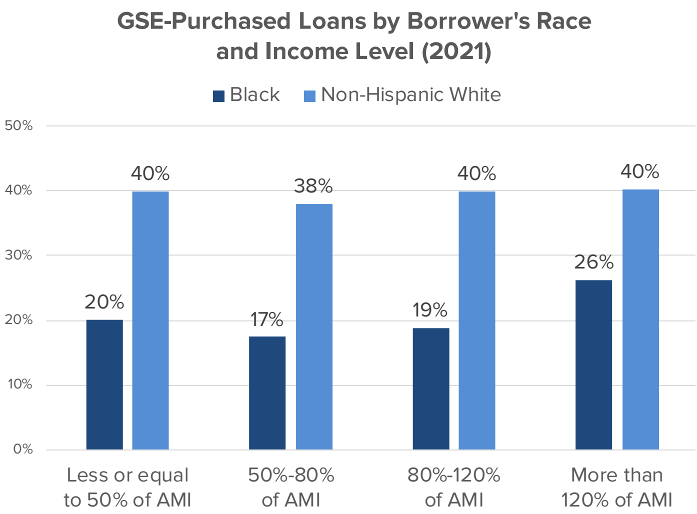
HMDA data show that access to loans purchased by Fannie Mae and Freddie Mac remain relatively limited for Black borrowers, who continue to rely heavily on FHA loans, despite the recent decline in applications for these loans. Only 21 percent of loan originations to Black borrowers were purchased by the GSEs in 2021 compared to 40 percent for Whites. Conversely, 40 percent of loans to Black borrowers were FHA-insured, compared to 13 percent to White borrowers. (Table 6). The disparities between Black and White borrowers' access to FHA and conventional loans holds at different income levels, as Exhibits 8 and 9 illustrate. In general, for both Black and White borrowers, the lower the income level, the larger the proportion of FHA-insured loans. These patterns are also reflected at the regional level.

EXHIBIT 7



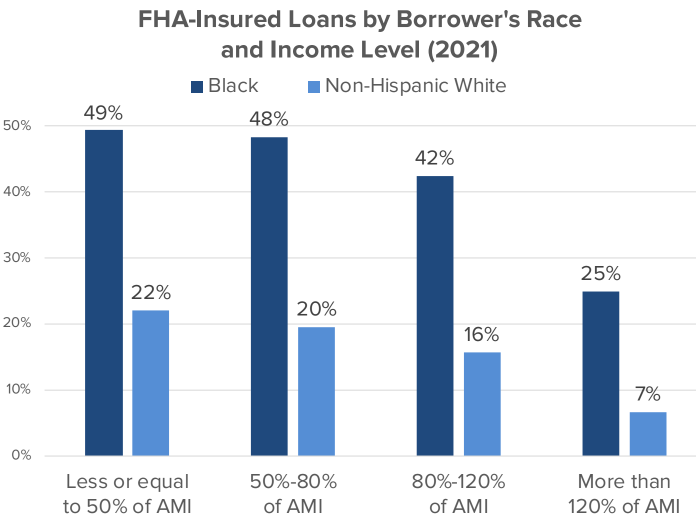
Source: Authors' calculations of HMDA data (2008-2021)

EXHIBIT 8



Source: Authors' calculations of 2021 HMDA data

EXHIBIT 9



Source: Authors' calculations of 2021 HMDA data

LOAN DENIAL RATES BY RACE AND ETHNICITY

In 2021, Black applicants continued to experience higher loan denial rates than White applicants, although denial rates have continued to drop for both groups since the foreclosure crisis; in 2008, the denial rate for all loans was 29 percent for Blacks and 13 percent for Whites (see Exhibit 10).[44] Despite the decline in denial rates for Blacks, in 2021, the gap in denial rates between Blacks and Whites has increased. (Table 1).

In 2021, Black applicants experienced a 15 percent denial rate for conventional loans compared to a rate of 6 percent for White applicants (Table 2). That translates into Blacks being denied mortgages at just over twice the rate as Whites in 2008, to nearly three-times as often as Whites in 2021. The denial rates for nonconventional loans was similar (Table 3).

The denial rate for conventional loans has dropped substantially since 2008, the height of the foreclosure crisis, when it reached a peak of 36 percent. Denial rates for Black applicants, however, continue to be the highest among applicants of color. [45]

In 2021, 41 percent of Black applicants had incomes at or below 80 percent of the local AMI, compared to 29 percent of White applicants. Only 29 percent of Black applicants had very high incomes (more than 120 percent of the local AMI), compared to 46 percent of White applicants (up from 45 percent in 2020) (Table 4).

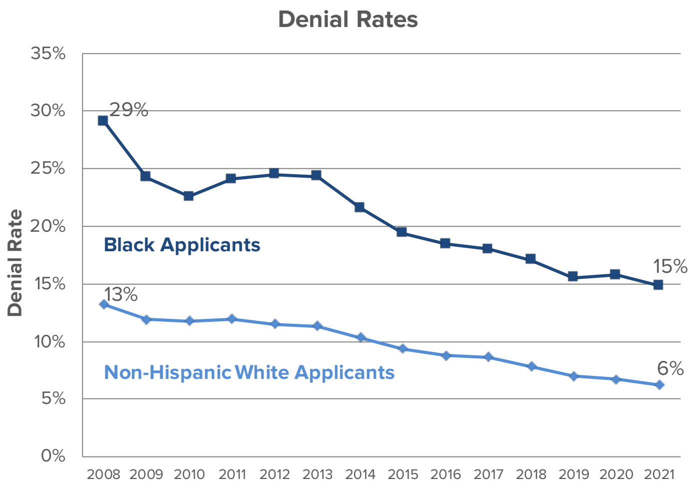
Table 7 presents the distribution of denied applications from Blacks and Whites by denial reason and applicant income level in 2021. Debt-to-income ratios represented the most common reason for denial for both Black and White applicants. Among Black applicants for whom the reason for denial was reported, 34 percent of denied applications were rejected because of an unfavorable debt-to-income ratio. The corresponding percentage among White applicants was 29 percent.

As in the past, credit history represented the second most prevalent reason for denials for both Black applicants (22 percent, as in 2019) and White applicants (17 percent).

The percentage of denials due to unfavorable debt-to-income ratios tends to decrease as income increases, a tendency common among both conventional and nonconventional denied loan applications. Denials to Blacks due to credit history increase considerably as incomes rise, while the corresponding trend for Whites is much less pronounced. Among applicants with incomes of more than 120 percent of AMI, 30 percent of denied applications to Blacks were due to credit history. The corresponding share of credit history denials to White applicants at this income level was 18 percent. Denials based on insufficient collateral increased with income for both Black and White applicants.

Despite an increase in access to conventional loans, Black homebuyers in 2021 continue disproportionately to rely on high-cost loans* compared to White homebuyers. In 2021, 14 percent of Black borrowers received high-cost loans, nearly three times the 5 percent rate for Whites (Table 14). For both racial groups, the percentage of high-cost loans was higher in low- to moderate-income neighborhoods than in higher-income neighborhoods (Table 14).

EXHIBIT 10



Source: Authors' calculations of HMDA data (2008-2021)

* High-cost loans are loans with an interest rate at closing that is more than 1.5 percent above the Average Percent Offer Rate (APOR) for the day the loan closed.

LOAN FAILURE RATES BY RACE AND ETHNICITY

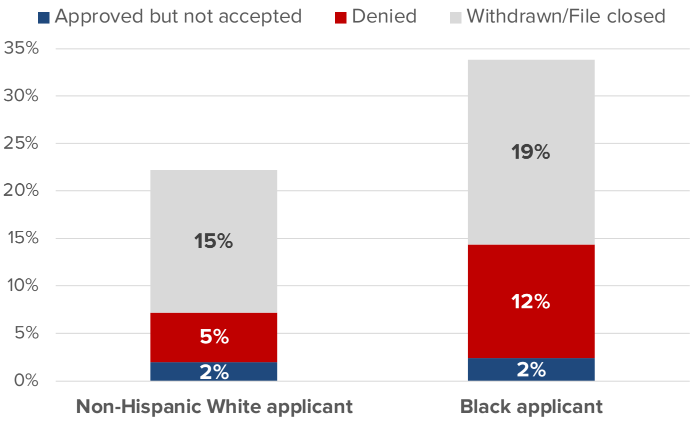
Loan origination failure rates represent a broad measure of the extent to which a mortgage loan application is not approved. This measure, which is useful to further clarify the disparities in access to mortgage loans by race and ethnicity, is based on the following combined reasons for non-origination:[46]

- 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; or
- The loan application was denied.

As seen in Exhibit 11, in 2021, Black applicants experienced an overall loan origination failure rate of 33 percent, compared to the White applicant failure rate of 22 percent, continuing the trend observed in 2020. Most of this 11-percentage point difference is due to loan denials (12 percent for Blacks and 5 percent for Whites). Applications withdrawn and files closed represent 19 percent of all applications from Blacks and 15 percent of those from Whites.

EXHIBIT 11

Loan Origination Failure Rate, Non-Hispanic White and Black Applicants, 2021

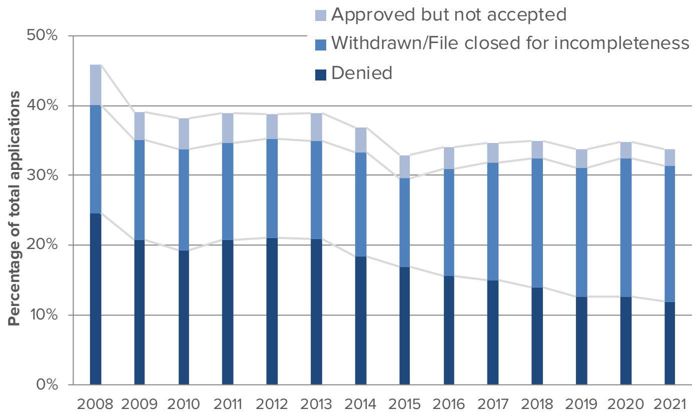


Source: Authors' calculations of 2021 HMDA data

Exhibits 12 and 13 illustrate loan origination failure rates throughout the period from 2008 to 2021. There is a significant gap between Black and White applicants experience regarding loan origination failure rates over time. Failure rates for White applicants are consistently below 30 percent throughout the 2008 to 2021 timeframe. The failure rates for Black applicants, in contrast, are consistently above 30 percent, with significant peaks during the foreclosure crisis period, when the disparity between Whites and Blacks was particularly pronounced.

EXHIBIT 12

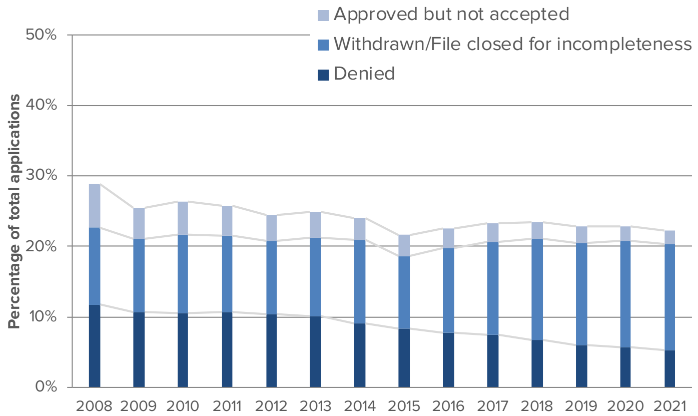
Loan Origination Failure Rate Black Applicants



Source: Authors' calculations of HMDA data (2008-2020)

EXHIBIT 13

Loan Origination Failure Rate Non-Hispanic White Applicants

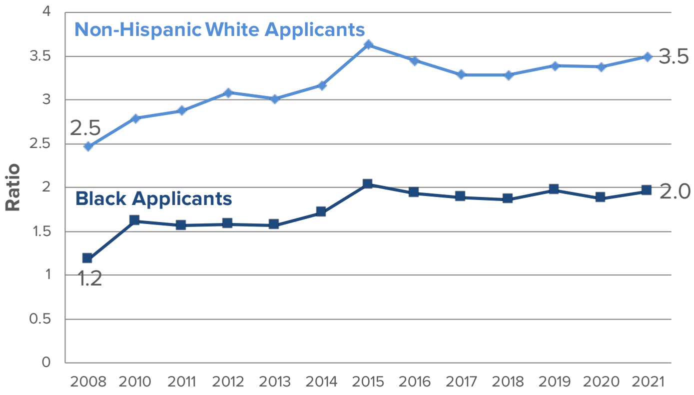


Source: Authors' calculations of HMDA data (2008-2020)

Examining the ratios of loan originations to applications that failed over time can help explain the significance of the observed disparities in loan failure rates (Exhibit 14). For Blacks, the number of approved loans per failed application submitted ranged from 1.2 in 2008 to 2.0 in 2021. For Whites, the number of approved loans per failed application submitted has been consistently larger, ranging from 2.5 loans in 2008 to 3.5 loans in 2021.

EXHIBIT 14

Number of loan originations per application that was approved but not accepted, denied, withdrawn, or closed for incompleteness



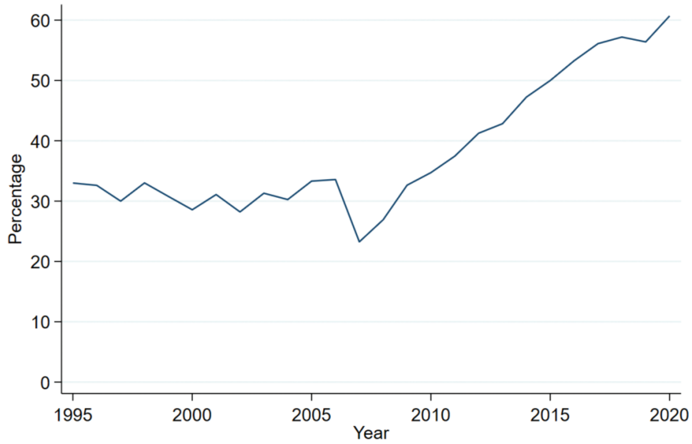
Source: Authors' calculations of HMDA data (2008-2020)

LOAN AND LENDER CHANNELS BY RACE AND ETHNICITY

During the past decade, mortgage lending has shifted from traditional banks to independent mortgage companies (nonbank lenders) that are not subject to the same regulatory oversight as banks and are not covered by the Community Reinvestment Act (CRA) (Exhibit 15).[47] These independent companies include technology firms, known as fintechs, which operate as an alternative lending channel and provide services predominantly online.[48] The growth of nonbank lenders can be partly attributed to their strong digital focus which makes submitting a loan application and communicating with a lender easier, especially in areas with limited access to traditional bank offices.[49] In addition, some nonbank lenders have introduced innovative products that facilitate home-buying in competitive real-estate markets.[50]

EXHIBIT 15

Nonbank Share of the Home Purchase Mortgage Market



Source: https://bpi.com/wp-content/uploads/2021/07/Ways-To-Expand-the-Availability-of-Mortgage-Loans-to-Low-and-Moderate-Income-Borrowers.pdf

Mortgage originations and servicing at the nation's largest banks has been declining since the 2008 financial crisis. This decline is partly due to increased financial services regulation and scrutiny related to loan originations and mortgage-servicing weaknesses, that were highlighted during and immediately after the 2008 mortgage market meltdown.[51] Changes to, and the imposition of, new regulatory consumer protections, more rigorous underwriting standards, heightened fines, costly legal fees, and other charges associated with litigation pertaining to nonperforming loans, reduced the profitability of mortgage assets at banks.[52]

In the wake of the crisis, banks dramatically decreased lending to low-income applicants and applicants with lower credit scores[53] and prioritized the safest residential and corporate borrowers.[54] Since 2016, banks' share of the mortgage market has fallen from roughly one-half to about one-third.[55] Some banks further tightened their lending standards during the 2021 pandemic-induced economic recession.[56] And, as indicated previously, increased competition has also made mortgage lending less profitable and encouraged banks to focus more on other lines of business.

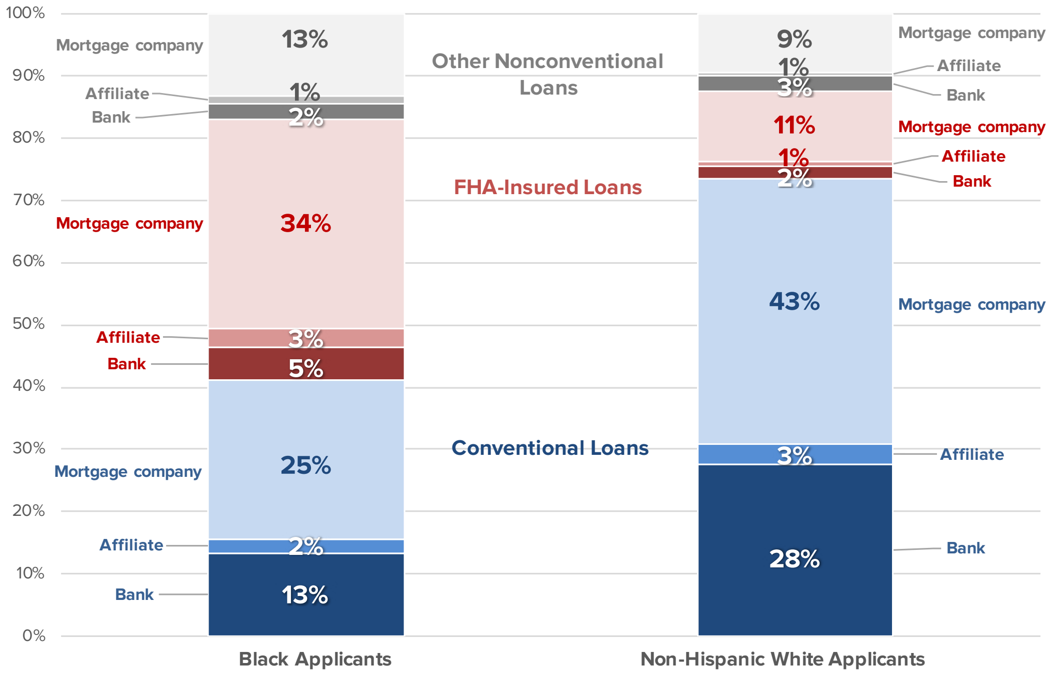
Higher profits, more lucrative investment strategies for banks have come at the expense of supporting homeownership and wealth building in low-income communities and communities of color.[57] Federal Reserve data indicate that in the third quarter of 2021, residential real-estate loans hit a historic low as a percentage of total assets (10 percent) at U.S. banks; the share of safe assets – investments such as cash, Treasuries, and government-guaranteed securities – increased from the prior year.[58] The closing of branches by larger banks in low-income areas and profit-maximizing strategies such as high overdraft fees, debit card swipe fees, ATM withdrawal fees, and wire transfer fees, among other charges, have particularly impacted low-income customers and customers of color.[59]

HMDA data indicate that in 2021 both Whites and Blacks across all income brackets sought loans predominantly at independent mortgage companies. Seventy-two percent of Black applicants and 63 percent of White applicants applied for a loan at an independent mortgage company in 2021. While continuing to lose ground compared to previous years, banks continued disproportionately to attract White applicants; 33 percent of Whites sought loans from banks in 2021 compared to 20 percent of Black applicants (Exhibit 16).

Since the Great recession (2007 to 2009), nonbank lenders have become key sellers of mortgages purchased by Fannie Mae and Freddie Mac, which have allowed greater underwriting flexibility in recent years.[60] Independent lenders have also continued to be major originators of loans insured by Ginnie Mae.[61] FHA and the VA offer mortgage guarantees that greatly help nonbanks reduce their risks in case of borrower default.[62] Exhibit 16 shows that independent mortgage companies receive the largest share of applications from Blacks for FHA-insured loans (34 percent). The largest share of applications from Whites is for conventional loans at independent mortgage companies (43 percent).

EXHIBIT 16

Mortgage Loan Applications by Type of Loan and Lender, Black and Non-Hispanic White Applicants, 2021



Source: Authors' calculations of 2021 HMDA data

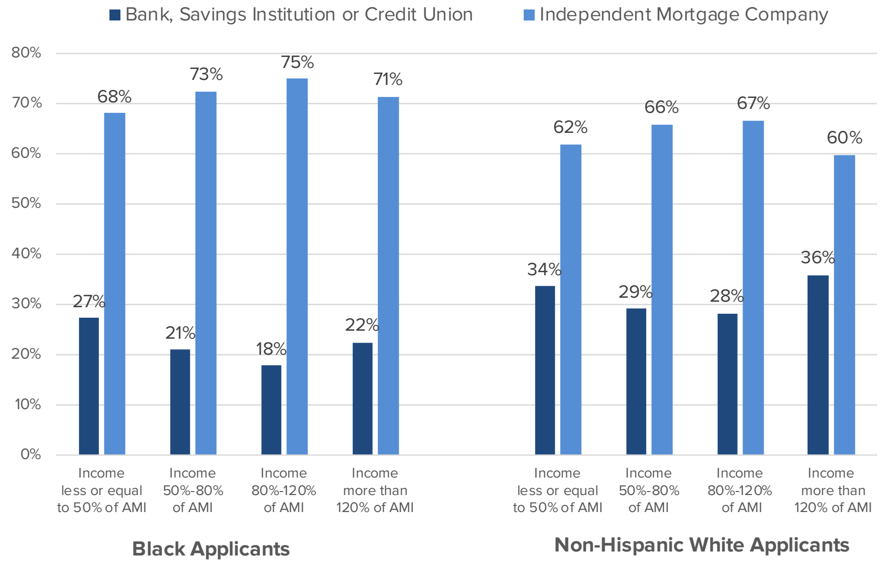
Exhibits 17 and 18 show the distribution of applications from Blacks and Whites by applicant income and type of lender in 2021 and 2020.[63] Between 2020 and 2021, the number of applications and originations at independent mortgage companies increased for both racial groups across all income levels; the share of applications at banks fell for all income categories among both racial groups.

As Exhibit 17 shows, for both Black and White applicants, the percentage of those applying at an independent mortgage company is larger in the mid-income brackets than at either end of the income spectrum. Conversely, the percentage of applications by both racial groups at banks, savings institutions, and credit unions is larger among very low-income and very high-income applicants, compared to applications from low- and moderate-income brackets.

The largest percentage increase for Black applications at independent mortgage companies in 2021 occurred in the mid-income categories, that is among those with an income above 50 percent but less than 120 percent of the AMI. The larger share of applications at banks from the lowest-income applicants may be associated with CRA compliance by banks, whose performance grade depends on their lending in low-income communities. At the other end of the income spectrum, the larger share of applications from very high-income applicants may be a result of the creaming of less risky applicants by banks, observed since the Great Recession.

EXHIBIT 17

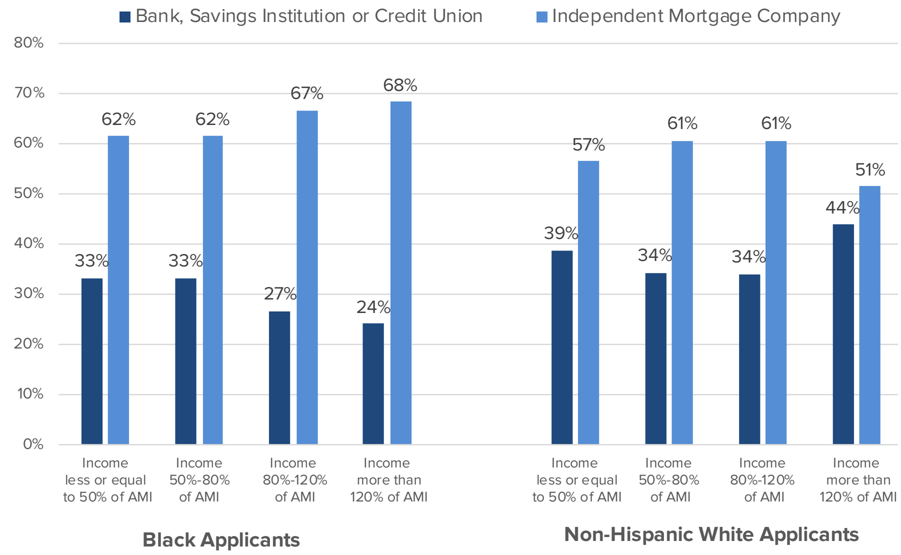
Mortgage Loan Applications by Lender Type and Applicant Income Level Black and Non-Hispanic White Applicants, 2021



Source: Authors' calculations of 2021 HMDA data

EXHIBIT 18

Mortgage Loan Applications by Lender Type and Applicant Income Level Black and Non-Hispanic White Applicants, 2020



Source: Authors' calculations of 2021 HMDA data

Origination rates were higher at independent mortgage companies than at banks for both racial groups. However, there continues to be a consistent gap between Black and White applicants with regard to origination rates at all types of institutions (Table 8). In 2021, the rates of loan origination were several percentage points higher among White applicants (79 percent at mortgage companies versus 76 percent at banks) than among Black applicants (68 percent versus 63 percent). Denials across lender type and income categories for 2021 either decreased or were virtually the same as in 2020.

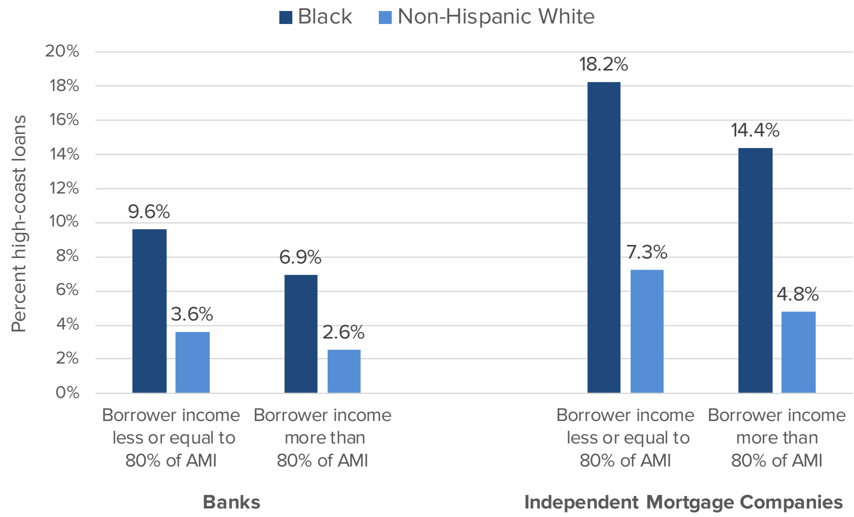
In 2021, denial rates continued to be lower at independent mortgage companies than at banks. Racial disparities in denial rates mirror those in loan origination rates as Black applicants fared worse than White applicants across all lender types. Black applicants, for example, had a 20 percent denial rate at banks compared to an 8 percent rate among White applicants (Table 8). At independent mortgage companies, denial rates were 13 percent for Blacks versus 5 percent for Whites.

Gaps in denial rates by race persisted regardless of income level at all lender types. High-income Black applicants applying at banks, for example, had a 19 percent denial rate compared to a 7 percent rate among White applicants. The racial gap was also wide among very low-income applicants (31 percent among Blacks and 19 among Whites). Similar gaps can be observed among other lender types.

Nonbank financial institutions, which are less regulated than banks, are typically more flexible in their underwriting than banks. They may, however, charge higher rates and fees, resulting in a larger share of high-cost loans at independent mortgage companies than at banks. This is particularly true for Black borrowers (Exhibit 19).[64]

EXHIBIT 19

Share of High-cost Loans by Borrower Income Level and Lender Type Black and Non-Hispanic Borrowers, 2021



Source: Authors' calculations of 2021 HMDA data

LOAN TYPE, GEOGRAPHIC PATTERNS AND RACE

There are significant disparities between Black and White applicants based on where the home to be purchased is located (Table 4). In 2021, 29 percent of loans originated to Black applicants where for homes located in low- and moderate-income neighborhoods, consistent with previous years. Less than half that amount, or only 14 percent of loans to White borrowers, financed similarly located properties.

Further, 43 percent of Black borrowers obtained loans for homes in majority minority neighborhoods in 2021, compared to only 9 percent of White borrowers (Table 4). Interestingly, denial rates for Black applicants in majority minority neighborhoods are more than twice as high (16 percent) as those for White applicants (7 percent) in majority minority neighborhoods. This denial rate difference varied by income as discussed below.

Exhibit 20 shows differences in loan originations for Black and White applicants at both ends of the income spectrum based on the racial composition of the neighborhoods in which homes to be purchased were located. As in previous years, origination rates in 2021 for both racial groups were higher in census tract with a small presence of Black population (i.e., where Blacks represented up to 25 percent of the neighborhood total population) than in majority Black neighborhoods. One exception to this pattern is that for Black applicants with an income at or below 50 percent of the local AMI; for that population, origination rates were higher in majority Black neighborhoods.

Origination rates for White applicants were higher than that for Black applicants regardless of applicant income level and census tract racial composition, except for high-income White applicants applying for loans in majority Black census tracts. In these census tracts, origination rates were higher for high-income Black applicants than for their White counterparts. High-income Black applicants also had higher origination rates in census tracts with a small Black population than did low-income Black applicants. In contrast, in majority Black neighborhoods, origination rates are higher for low-income Black applicants than for Blacks with high incomes.

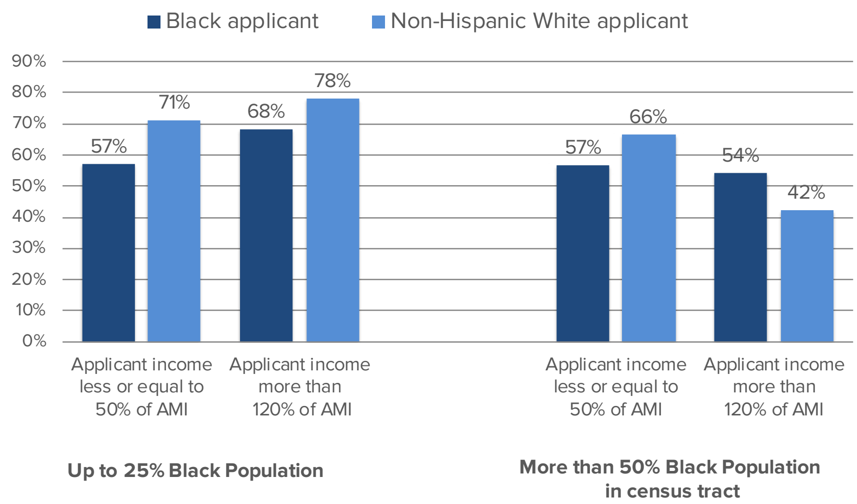
These patterns are consistent across both conventional and FHA-insured loans across all lender types, applicant income levels, and census tract racial composition, as the data in Tables 9 and 10 show. Conventional and FHA-insured loans going to White applicants are concentrated in census tracts with the smallest percentage (25 percent or less) of Black population.

Ninety-four percent of conventional loans and 91 percent of FHA-insured loans going to White applicants, are for homes located in census tracts with the smallest percentage of Black population. In contrast, conventional and FHA-insured loans going to Black applicants are more evenly distributed across census tracts with different racial compositions.

Table 5 indicates that in 2021, 64 percent of loan applications from Blacks were submitted in the South, a much larger percentage than that from Whites (41 percent). Twenty-six percent of applications from Whites were submitted in the Midwest and 19 percent were recorded in the West. Only 8 percent of applications from Blacks were submitted in the West. In general, the share of originations by region for both groups reflects the percentages of loan applications.

EXHIBIT 20

Origination Rates by Percentage of Black Population in Census Tract and Applicant Income, 2021



Source: Authors' calculations of 2021 HMDA data

CITIES WITH LARGEST BLACK POPULATIONS AND HIGH LEVELS OF SEGREGATION

Understanding aggregate national patterns of lending to Blacks can be enhanced by examining the mortgage market performance in the ten U.S. cities with the largest Black populations. Exhibit 21 shows the size of the Black population in each of 10 cities along with the dissimilarity index, the most popular measure of residential segregation used in the U.S. Washington D.C., which used to be included in the list, is no longer among the cities with the largest Black population according to 2020 census data.

Jacksonville, Florida, had a larger Black population than Washington D.C. in 2020, most likely reflecting the fact that Blacks have gradually moved from some very expensive cities, such as Washington, D.C., New York, and Los Angeles, among other high-cost jurisdictions, to more affordable areas (see Exhibit 22).

Census data indicate that since the 1990s, Blacks have increasingly migrated from Northern and Western cities to large urban areas in the South, where 58 percent of the nation's Black population now resides. An analysis conducted by the Washington Post reinforces this speculation, concluding that many Blacks have moved to the South for economic reasons, including either to find work in the fast-growing cities of the South or to find more affordable housing. In some cases, Blacks have been forced to leave Northern and Western large cities because of gentrification.

Regardless of the recent Black population shifts, segregation remains high in the U.S., particularly in the cities with Black populations. The dissimilarity index measures the extent to which Blacks would have to move to different census tracts to achieve an even geographic distribution throughout the city compared to Whites. Dissimilarity indices over .60 are generally considered a high level of segregation. In all cities listed in Exhibit 21, except for Jacksonville, Florida, Blacks are still highly segregated from Whites. All nine remaining cities have dissimilarity indexes of .61 or more, ranging from a low of .61 in Detroit to a high of .81 in Chicago.

The presence of Blacks in the top nine cities with Black population has continued to shrink over time, with Blacks representing varying shares of the total population across all ten cities. The Black population in the ten cities ranges from a high of 1,943,645 in New York to 290,279 in Jacksonville. Although New York City (NYC) has the largest Black population nationwide, Blacks represent just 22 percent of the NYC's total population. Blacks as a share of the total population range from a high of 78 percent in Detroit to a low of 9 percent in Los Angeles.

In all ten cities, the share of both all applications and all loan originations to Black applicants is well below the share of Black population in each city, indicating a persisting disadvantage in access to mortgages among Blacks. In Detroit, for instance,

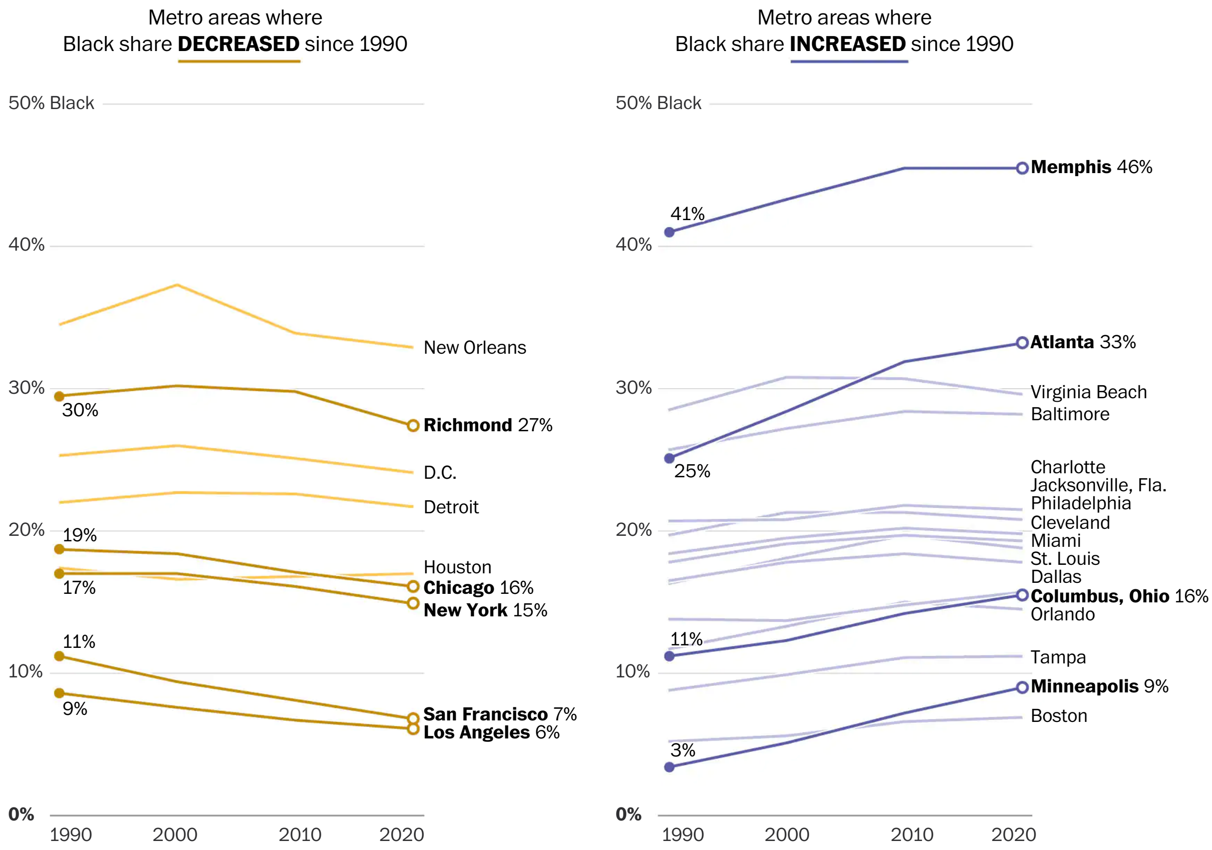
EXHIBIT 21

Ten Cities with the Largest Black Populations (2020)

City	Black Population	Percent of Total Population	Dissimilarity Index
New York city, New York	1,943,645	22%	0.77
Chicago city, Illinois	801,195	29%	0.81
Philadelphia city, Pennsylvania	630,462	39%	0.70
Houston city, Texas	520,389	23%	0.64
Detroit city, Michigan	496,534	78%	0.61
Memphis city, Tennessee	389,779	62%	0.67
Baltimore city, Maryland	338,478	58%	0.67
Los Angeles city, California	336,096	9%	0.62
Dallas city, Texas	303,577	23%	0.64
Jacksonville city, Florida	290,279	31%	0.47

Source: Authors' calculations of data coming from Steven Manson, Jonathan Schroeder, David Van Riper, Tracy Kugler, and Steven Ruggles. IPUMS National Historical Geographic Information System: Version 16.0 [dataset]. Minneapolis, MN: IPUMS. 2021, available at www.doi.org/10.18128/D050.V16.0

EXHIBIT 22



Note: Among the 25 metro areas with the most Black residents in 1990, 2000, 2010 or 2020.

Source: U.S. Census Bureau

Source: Emmanuel Felton, John D. Harden and Kevin Schaul, "Still looking for a 'Black mecca,' the new Great Migration," The Washington Post, January 14, 2022, available at www.washingtonpost.com/nation/2022/01/14/black-migration-south/

Blacks represent 78 percent of the city's population. Black applicants, however, represents only 51 percent of all mortgage applicants. In New York, Blacks represent 22 percent of the city's population, but only 8 percent of applicants (See Exhibits 21 and 23). Detroit and Baltimore, which are among the top 10 most affordable areas for Black homebuyers,[67] have the highest origination rates for Blacks (50 percent and 36 percent, respectively).

The ten cities also present significant differences in terms of the types of loans that Black applicants seek. While most cities mirror national patterns regarding the distribution of applications for, and originations of, conventional and FHA-insured loans to Black applicants, there are some notable variations.

In Dallas, Houston, Los Angeles, and New York, most applications from Blacks were for conventional loans. In Baltimore, Chicago, Detroit, and Philadelphia, most applications were for FHA-insured loans. In cities where most applications were for conventional loans, however, these loans represented a small share of all conventional loans in that city. In Los Angeles, for example, where 74 percent of applications from Black prospective borrowers were for conventional loans, loans to Blacks represented just 3 percent of all conventional loan originations (See Exhibit 23).

EXHIBIT 23

Selected Characteristics of Loan Applications from Black Applicants in the 10 U.S. Cities with the Largest Black Populations, 2021

	Loan Applications from Black Applicants				Loan Originations to Black Applicants			
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
Baltimore	4,002	39%	35%	58%	2,569	36%	20%	64%
Chicago	6,519	16%	43%	53%	3,767	13%	7%	40%
Dallas	1,380	8%	57%	35%	818	7%	5%	20%
Detroit	1,983	51%	44%	52%	1,154	50%	36%	72%
Houston	3,643	12%	56%	36%	2,204	10%	7%	23%
Jacksonville	4,181	19%	30%	45%	2,518	17%	9%	33%
Los Angeles	1,382	4%	74%	20%	862	4%	3%	11%
Memphis	2,131	35%	48%	43%	1,403	32%	23%	61%
New York	4,417	8%	56%	42%	2,821	7%	4%	41%
Philadelphia	4,316	21%	42%	54%	2,878	19%	11%	44%

Source: Authors' calculations of 2021 HMDA data

ACCESS TO MORTGAGE CREDIT BY BLACK FEMALE APPLICANTS

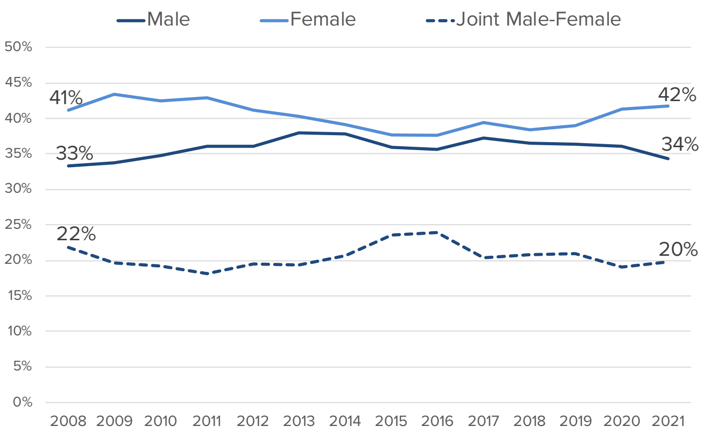
In 2021, the number of applications from Black female prospective borrowers[68] continued the upward trajectory observed throughout the previous decade. Since the Great Recession, increasing numbers of Black females have applied for mortgage loans. In 2021, 206,617 applications came from Black female prospective borrowers, a 14 percent increase from the previous year, and more than four times the number of applications received from this group in 2010. In contrast, the share of applications from Black male applicants has been falling since 2017 (Table 15).

The gender composition of the Black applicant pool is significantly different from that of White applicants (Exhibits 24 and 25). In 2021, female applicants continued to be the largest segment of the Black applicant pool; 42 percent of Black mortgage applicants consisted of women without a co-applicant. Male applicants represent 34 percent of the Black applicant pool, whereas male and female applicants applying jointly continue to represent the smallest segment of that applicant pool (20 percent).

As in previous years, women represented only 22 percent of all White applicants, a percentage that has remained stable over the years. The largest group in the White applicant pool consists of male-female applicants applying jointly (40 percent), followed by male applicants (34 percent).

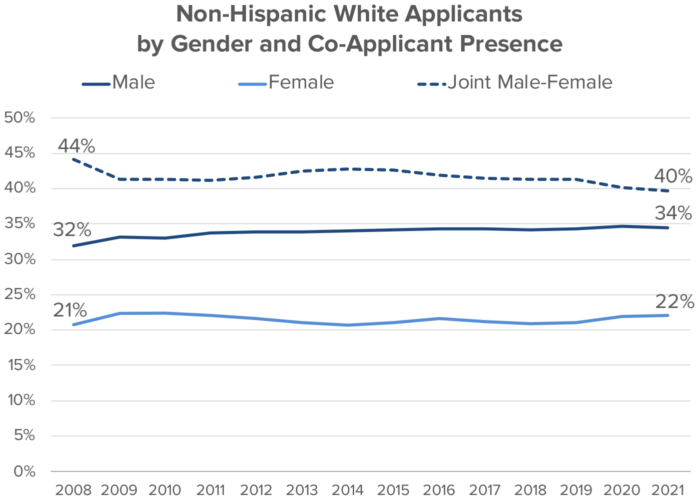
EXHIBIT 24

Black Applicants by Gender and Co-Applicant Presence



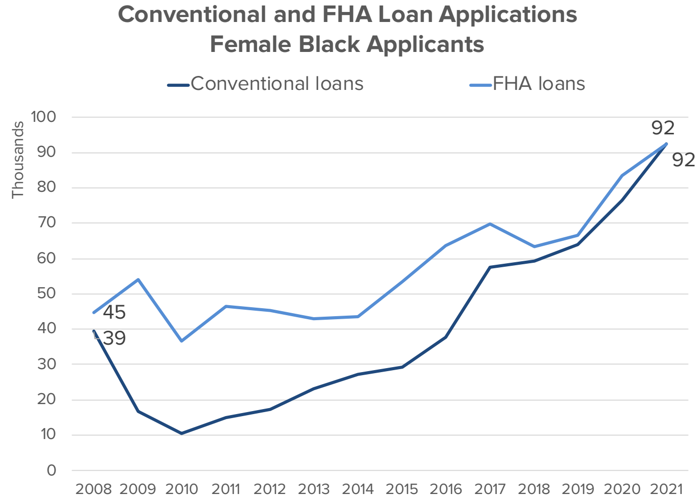
Source: Authors' calculations of HMDA data (2008-2021)

EXHIBIT 25



Source: Authors' calculations of HMDA data (2008-2021)

EXHIBIT 26



Source: Authors' calculations of HMDA data (2008-2021)

In contrast with previous years, the number of applications for conventional loans from Black female applicants was about the same as the number of applications for FHA-insured loans. That parity reflects an increase in applications for conventional loans, relative to FHA loans, by Black females since the Great Recession (Exhibit 26). In 2021, 45 percent of applications from Black female applicants were for conventional loans, compared with 21 percent in 2010 (Table 16). Despite an improvement in conventional loan applications, the share of applications for conventional loan applications submitted by Black female applicants remained much lower than the share for White female applicants.

Forty-eight percent of applications from White female prospective borrowers were for conventional loans in 2010. This percentage climbed to 75 percent in 2021. In 2021, an additional 45 percent of total applications from Black female prospective borrowers were for FHA-insured loans, compared to only 18 percent among their White counterparts (Table 17).

Since 2008, the application success rate of Black female applicants has increased. The loan failure rate for this group was 46 percent in 2008 and dropped to 34 percent in 2021 – still higher than the failure rate of White female applicants (23 percent). In 2021, 66 percent of applications from Black female applicants resulted in a loan origination, continuing the post-Great Recession upward trend.

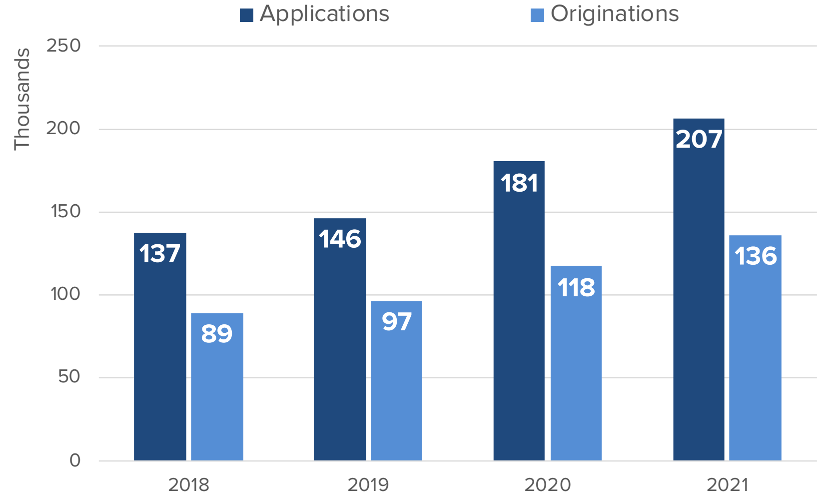
Despite a general increase in the percentage of loan originations to Black female applicants, loan originations to this group continue to lag behind those of White female applicants. In 2021, 77 percent of loan applications from White female prospective borrowers were originated, continuing an upward trajectory (Exhibit 27). The gap in origination rates between Black and White female applicants, however, has been closing over the past decade. For both Black and White applicants, male-female applicants applying jointly have higher origination rates than applicants applying alone.

Over the past few years, denial rates have decreased for both Black and White female applicants. A significant gap, however, persists between Black female applicants and their White counterparts: in 2021, 15 percent of applications submitted by Black females were denied, compared to 6 percent of applications submitted by White females. Denial rates for FHA-insured loans have generally been higher than those for conventional loans among White female applicants, especially after the Great Recession. Until 2017, the opposite trend was observed among Black female applicants. Since that time, the denial rates for FHA loans to Black females have been higher than denial rates for conventional loans to that group of applicants (Exhibit 28).

The debt-to-income ratio is the most reported reason for loan denial among female applicants, followed by credit history and collateral. There are some differences among Black and White

EXHIBIT 27

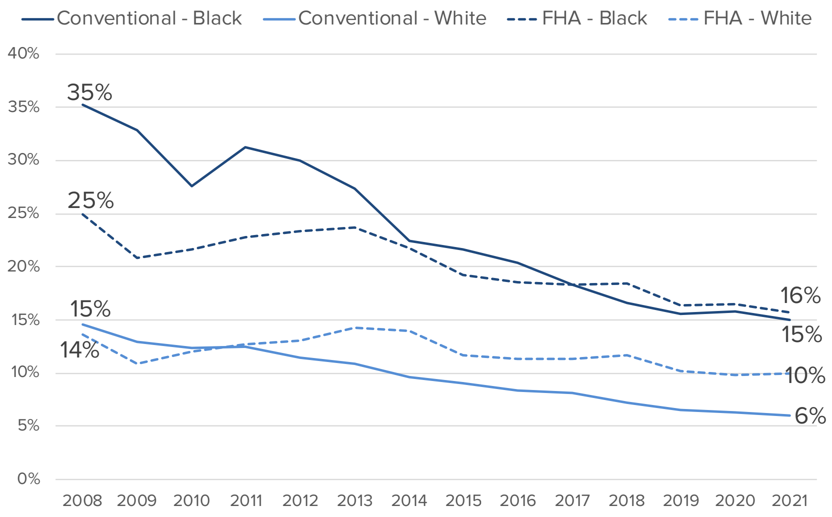
Loan Applications and Originations Female Black Applicants, 2018-2021



Source: Authors' calculations of HMDA data (2018-2021)

EXHIBIT 28

Denial Rates by Type of Loan and Female Applicant Race



Source: Authors' calculations of HMDA data (2008-2021)

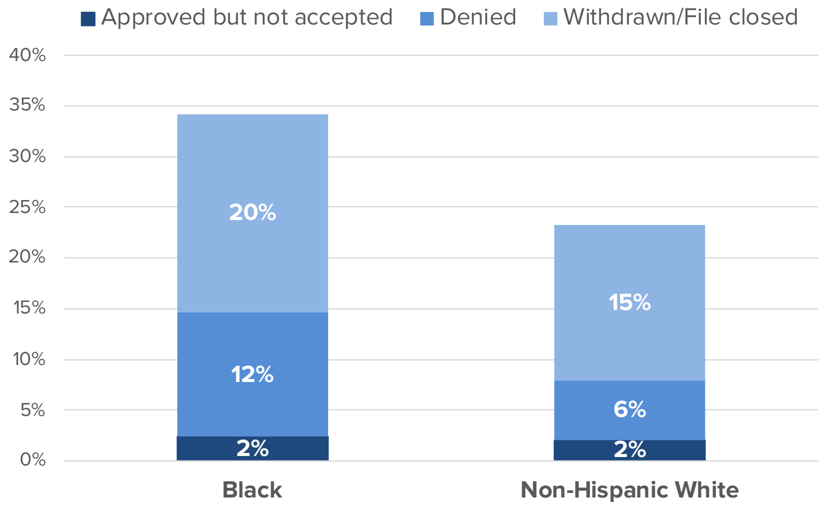
applicants, however, regarding the incidence of each of these factors in loan dispositions. Thirty-two percent of applications denied to Black females were rejected because of the debt-to-income ratio, compared to 27 percent to White applicants.

Credit history is reported as the main denial reason for 26 percent of Black applicants compared to 18 percent from White applicants. Collateral was a more common reason for denial for White applicants than for Black applicants (17 percent versus 9 percent). The loan origination failure rate is also higher among Black female applicants than among their White counterparts (Exhibit 29). In 2021, 20 percent of applications submitted by Black females were withdrawn or were reported as closed for incompleteness, compared to 15 percent of applications from Whites.

Black female borrowers continue to receive a larger proportion of high-cost loans than White female borrowers. Even though the share of high-cost loans is half of that recorded in 2014 (31 percent), fifteen percent of all Black female borrowers received high-cost loans in 2021, nearly three times the share among their White counterparts (6 percent) (Table 18 and Exhibit 30).

EXHIBIT 29

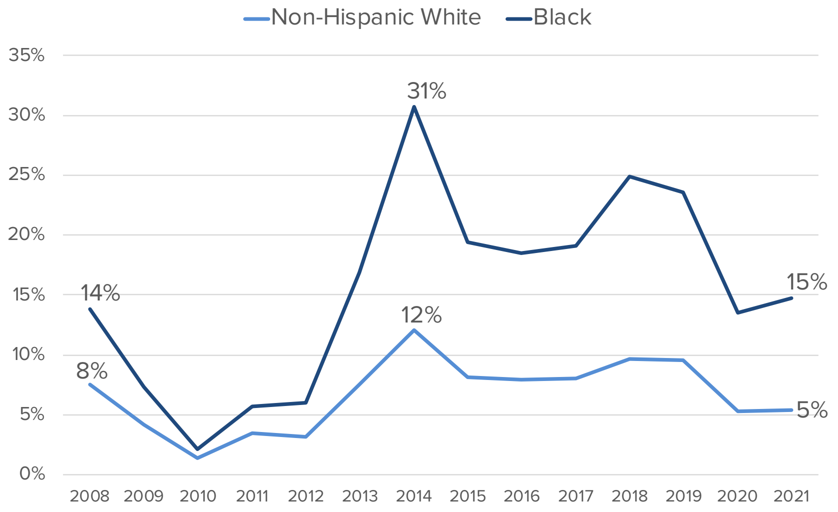
Loan Origination Failure Rate
Female Applicants by Race, 2021



Source: Authors' calculations of 2021 HMDA data

EXHIBIT 30

Percentage of High-Cost Loans
Female Borrowers by Race



Source: Authors' calculations of HMDA data (2008-2021)

ACCESS TO MORTGAGE CREDIT BY BLACK MILLENNIAL APPLICANTS

The National Association of Realtors indicates that millennials made up the largest segment of Black homebuyers in the wake of the COVID-19 pandemic.[69] The surge in homebuying observed in 2020 was facilitated by low interest rates, reduced personal spending, and the ability to work remotely. As previously stated, greater locational flexibility may also have facilitated a relocation out of high-cost cities to more affordable suburban areas or to areas where owning a home was less expensive than renting.

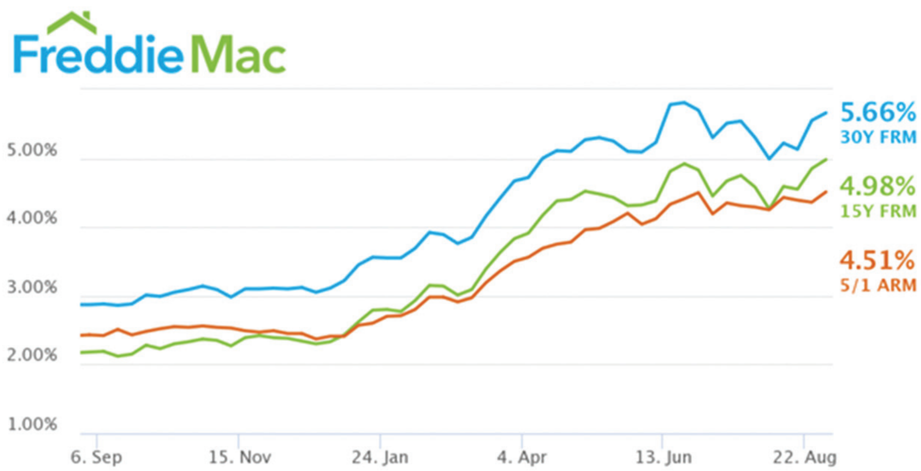
This trend continued in 2021, when it is estimated that millennials were also the fastest growing generation among Black homebuyers, even though declining affordability may have contributed to a slower growth rate of Black millennial homebuyers since Spring 2021.[70] Their growth rate further slowed down in 2022 because of increasing interest rates, skyrocketing home prices, and the drop in the inventory of homes for sale (see Exhibits 31 and 32).[71]

An analysis by Realtor.com® found that the share of Black millennial homebuyers jumped from 18.5 percent in the period from October 2017 to September 2018, to 22.2 percent between October 2020 and September 2021.

It is estimated that first-time Black millennial homebuyers were the major contributors among

EXHIBIT 31

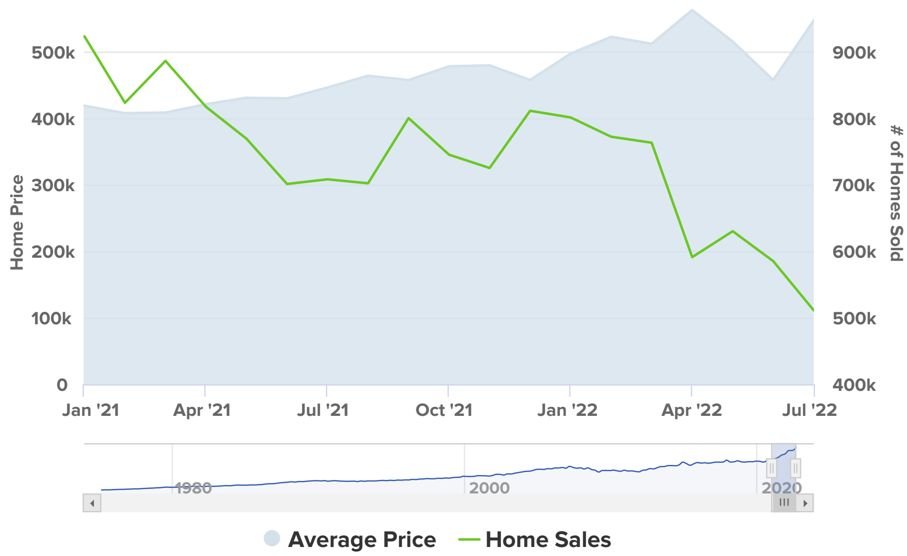
Primary Morthahe Market Survey®
U.S. Weekly Average Mortgage rates as of 09/01/2022



Source: www.freddiemac.com/pmms

EXHIBIT 32

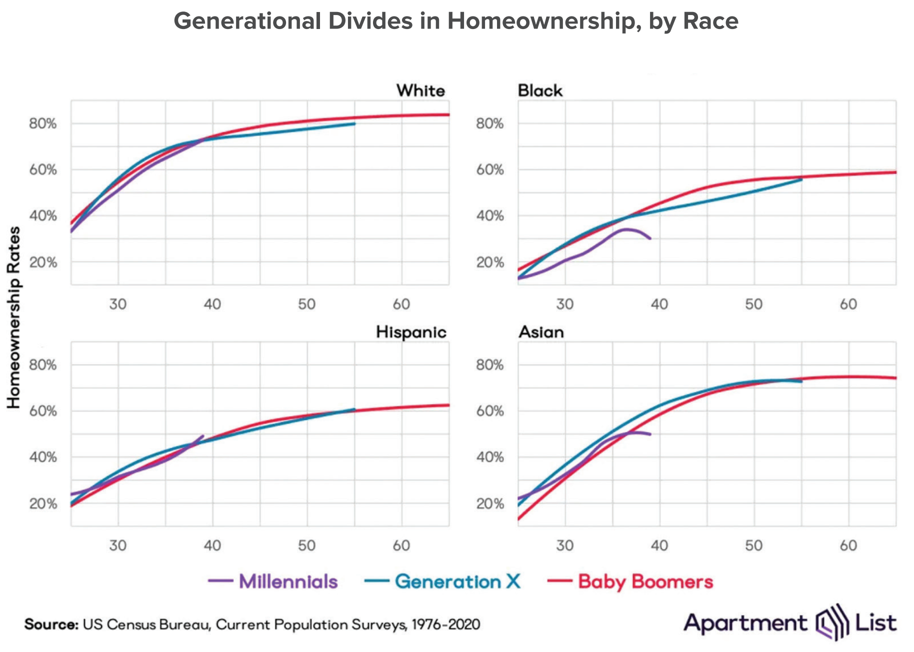
New Home Prices vs. Sales



Source: www.mortgagenewsdaily.com/data/new-home-prices all generations to the increase in Black homeownership rates observed in 2020 and 2021.[72] Despite their increase in the past few years, however, Black millennial homeownership continues to lag far behind that of previous Black generations, as well as Millennials of other racial and ethnic groups. Among the oldest millennials, for example, Black homeownership is 42 percentage points lower than that for older White millennials (Exhibit 33).

As the Urban Institute points out, this generational racial divide reflects the fact that Blacks are significantly less likely to purchase homes at an early age compared to Whites.[73] Even though it is estimated that 20 percent of Black millennials are mortgage-ready,[74] Black millennials experience a disproportionate disadvantage in accessing homeownership compared to their White counterparts.

EXHIBIT 33



Source: https://www.apartmentlist.com/research/millennial-homeownership-2021

Black college graduate millennials, for example, have less than one tenth the wealth of their White counterparts.[75] Further, student loan debt represents a major challenge for Black millennial homebuyers, as it can limit the amount of savings that can be used for a down payment. Black millennials owe more per capita in student loans and carry that debt longer than other groups.[76] And because Black households have less wealth and fewer savings on average than White households, Black millennials rely less on their families' financial resources when purchasing a home than White millennials.[77]

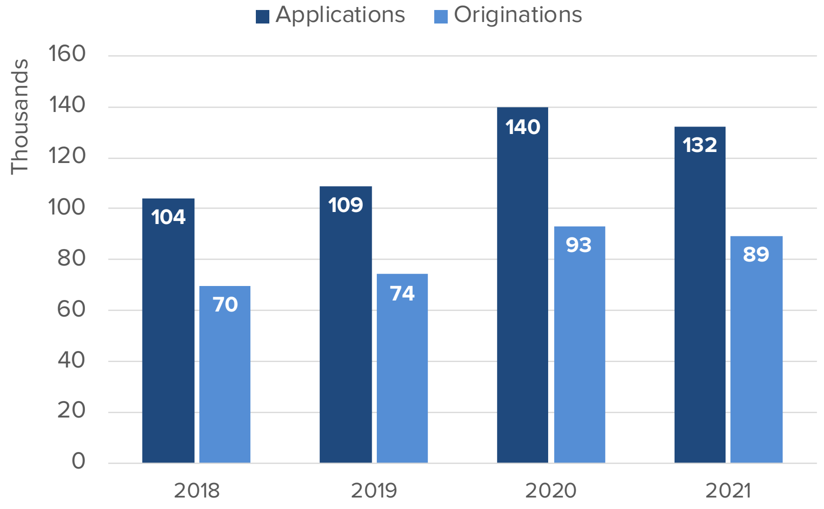
Despite their success last year relative to all generations of Black homeowners, HMDA data indicate that in 2021 the number applications from Blacks in the millennial age groups was slightly lower than in last year than in 2020 (-5 percent). That reality represents a setback relative to 2020 when the number of applications from Black millennials increased by over 28 percent relative to the previous year of 2019 (Exhibit 34). Loan originations also decreased compared to 2020 (-4 percent) whereas Black millennials experienced an increase of 25 percent in originations in 2020, relative to 2019.

White millennials experienced an even steeper decline in 2021 applications (-20 percent) and originations (-19 percent). However, there remains a significant gap between Black and White millennials in their relative shares of total applicants. In 2021, millennials represented 33 percent of the White applicant pool compared to Black millennials (27 percent) (see Table 19). While the origination rate was 80 percent among White millennials, it remained much lower for Black millennials (68 percent).

Most importantly, applications from Black millennials were denied at nearly three times the rate of White millennials (15 percent versus 6 percent). Debt-to-income ratio is reported as the main reason for denial for 35 percent of Black millennial applicants compared to 27 percent of White millennial applicants. Credit history was the second most common reason for denial; in 2021, 20 percent of denied applications from Black millennials were rejected because of credit history, compared to 16 percent among White millennial applicants (Table 20).

EXHIBIT 34

Loan Applications and Originations
Millennial Black Applicants, 2018-2021



Source: Authors' calculations of HMDA data (2018-2021)

Fourteen percent of Black millennial borrowers received a high-cost loan in 2021 compared to only 4 percent of White millennial borrowers (Table 21). Seventy-three percent of White millennial homebuyers received a conventional loan in 2021, compared to only 41 percent of Black millennials.

Conversely, 42 percent of Black millennial borrowers received an FHA-insured loan, compared to 14 percent of White millennial borrowers. Nearly half of Black millennial borrowers received loans for properties located in majority-minority neighborhoods (45 percent) compared to only 11 percent of their White counterparts. Sixty-seven percent of Black millennial borrowers received loans for homes located in high-income neighborhoods, compared to 84 percent of White millennial borrowers.

The greatest number of loans to Black millennials (65 percent) were for properties located in the South, compared to 37 percent among White millennial borrowers.

Mortgage Credit Availability

CREDIT SCORING AND RELATED RISK ASSESSMENT

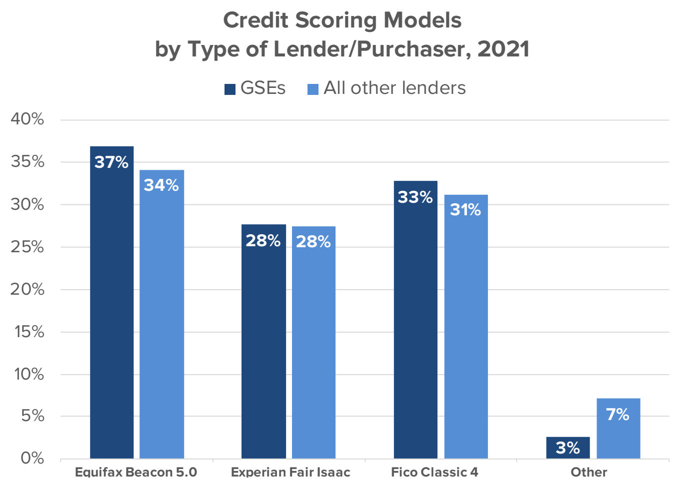
As discussed in previous SHIBA reports, mortgage lenders continue to rely largely on credit scores to evaluate the creditworthiness of prospective loan borrowers. An applicant's credit score weighs significantly on a lender's decision to originate a loan and to determine its terms. Fannie Mae and Freddie Mac (GSEs) – which own or guarantee more than 60 percent of the nation's home mortgages, including more than half of single-family home mortgage loans – routinely rely on borrowers' credit scores to determine what a borrower will be charged during the life of the securitized loan.

Since 2003, and through the fall of 2022, the GSEs required lenders to use the classic FICO score to underwrite mortgages that are to be purchased or securitized by the GSEs. Three versions of the classic FICO credit score were available through three major credit bureaus: Equifax Beacon® 5.0, Experian®/Fair Isaac Risk Model V2SM, and TransUnion FICO® Risk Score, Classic 04.

Exhibit 36 illustrates the distribution of credit scoring models used to evaluate borrowers of loans purchased by the GSEs versus all other loans. In 2021, the Equifax Beacon and FICO Classic 4 were the most popular scoring models, particularly for GSE-purchased loans, even though the classic FICO models have significant limitations, are outdated, and do not reflect the availability of alternative information that would potentially increase the chance for millions of prospective borrowers to access mortgage credit (Exhibit 35).[78]

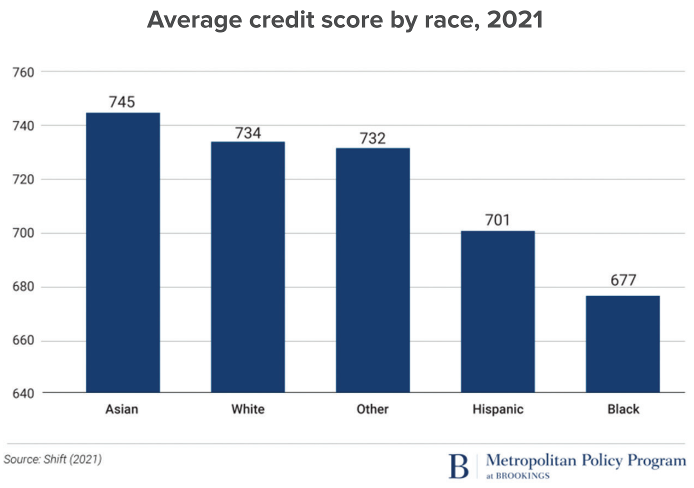
In recent years, and especially during the COVID-19 pandemic, lenders and financial regulators have become increasingly concerned about the ability of FICO scores to reflect the creditworthiness of many Americans, especially among communities of color. There are significant racial disparities in credit scores. In 2021, for example, the average FICO score for Blacks was 677 compared to 734 for Whites (Exhibit 36).[79]

EXHIBIT 35



Source: Authors' calculations of 2021 HMDA data

EXHIBIT 36



Source: https://www.brookings.edu/research/an-analysis-of-financial-institutions-in-black-majority-communities-black-borrowers-and-depositors-face-considerable-challenges-in-accessing-banking-services/

The algorithms used to calculate credit scores such as FICO and VantageScore typically combine borrowers' credit reports, including payment history, amounts owed, types of credit used, credit utilization ratio, the age of a person's accounts, and credit inquiries. Race is not taken into consideration for the computation of credit scores. Race, however, indirectly determines an individual's credit rating, which is built on an individual's financial history.

A history of discrimination in housing and labor markets against Blacks, for example, continues to limit income levels and generational wealth for that population, which in turn affects their credit scores.[80] In addition, among the 53 million Americans who do not have FICO scores, Black and Hispanic adults are more likely than their White counterparts not to have a traditional credit score.[81] The FDIC indicates that nearly 14 percent of Black households are unbanked, compared to 2.5 percent of White households.[82] Blacks also access a disproportionate share of payday and other high cost loans that are not factored into traditional credit scores, are more risky than traditional bank and credit card loans, and are often predatory.[83]

For several years, some large banks as well as the Federal Housing Finance Administration (FHFA) have been considering the use of alternative information to better assess borrowers' credit profiles, such as cash-flow information, data on savings and deposit accounts, and information related to on-time payments for utilities, telecom, and Netflix.[84] In August 2021, FHFA announced that Fannie Mae will consider including positive rent payment history in its risk assessment of prospective, first-time homebuyers, in order to help borrowers to build more comprehensive credit history files to obtain home mortgage loans.[85]

Furthermore, in March 2022, FHFA held a public listening session during which lenders, consumer groups, and other stakeholders provided input and discussed the pros and cons of a new FHFA scoring model based on multiple models and alternative data.[86] Supporters of flexibility in credit modeling argued that these would favor more competition among credit score providers in the mortgage market, which would ultimately benefit credit invisible borrowers.

Other participants raised concerns about potential harmful outcomes that might arise for borrowers with incomplete credit portfolios. In addition, there was broad concern about the costs associated with the transition to a new flexible credit scoring model.

In October of 2022, FHFA announced the validation and approval of two newer and more sophisticated, and accurate credit scoring models, namely, FICO 10T and VantageScore 4.0. FHFA's examination has been underway for nearly a decade; the review process began in 2014. The announcement indicates that the change will not be immediate but rather will be rolled out in a multi-year effort.

Over the past decade, millions of Black households whose credit worthiness was potentially misrepresented by the use of outdated credit scoring models, missed out on uniquely affordable home prices in the years immediately following the 2008 housing crisis, as well as more than a decade of near-historically low mortgage interest rates. As a result, while the use of updated credit scores by FHFA is to be commended, the harm done to Black homeownership gains and Black wealth should not be overlooked or forgotten.

Blacks have also paid potentially billions of dollars on excess fees at the GSEs because of their use of outdated credit scores to price loans at the borrower level. Exhibit 37 illustrates the matrix used by Fannie Mae to adjusts loan-level prices across different credit score brackets and loan-to-value (LTV) ranges. Loan-level price adjustments (LLPAs) vary by up to 3 percentage points for borrowers with LTV ratios greater than 80 percent. For example, a borrower with a credit score lower than 620 will pay 3 percentage point more than a borrower with a credit score equal to or greater than 740 for a loan with an LTV of 80 percent or higher.

EXHIBIT 37

Fannie Mae's LLPA by Credit Score/LTV Ratio

Representative Credit Score	LTV Range Applicable for all loans 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," 2022, available at https://singlefamily.fanniemae.com/media/9391/display
[1] A minimum required credit score of 620 generally applies to all loans delivered to Fannie Mae.

EXHIBIT 38

Freddie Mac's Indicator Score/Loan-To-Value Matrix

Product	Credit Score [1, 2]	LTV Ratios All Eligible							
		≤ 60%	> 60% & ≤ 70%	> 70% & ≤ 75%	> 75% & ≤ 80%	> 80% & ≤ 85%	> 85% & ≤ 90%	> 90% & ≤ 95%	> 95%
All Eligible Product	≥ 740	0.00%	0.25%	0.25%	0.50%	0.25%	0.25%	0.25%	0.75%
	≥ 720 & < 740	0.00%	0.25%	0.50%	0.75%	0.50%	0.50%	0.50%	1.00%
	≥ 700 & < 720	0.00%	0.50%	1.00%	1.25%	1.00%	1.00%	1.00%	1.50%
	≥ 680 & < 700	0.00%	0.50%	1.25%	1.75%	1.50%	1.25%	1.25%	1.50%
	≥ 660 & < 680	0.00%	1.00%	2.25%	2.75%	2.75%	2.25%	2.25%	2.25%
	≥ 640 & < 660	0.50%	1.25%	2.75%	3.00%	3.25%	2.75%	2.75%	2.75%
	≥ 620 & < 640	0.50%	1.50%	3.00%	3.00%	3.25%	3.25%	3.25%	3.50%
	< 620	0.50%	1.50%	3.00%	3.00%	3.25%	3.25%	3.25%	3.75%

Source: https://guide.freddiemac.com/ci/okcsFattach/get/1001717_5 (05/04/2022).

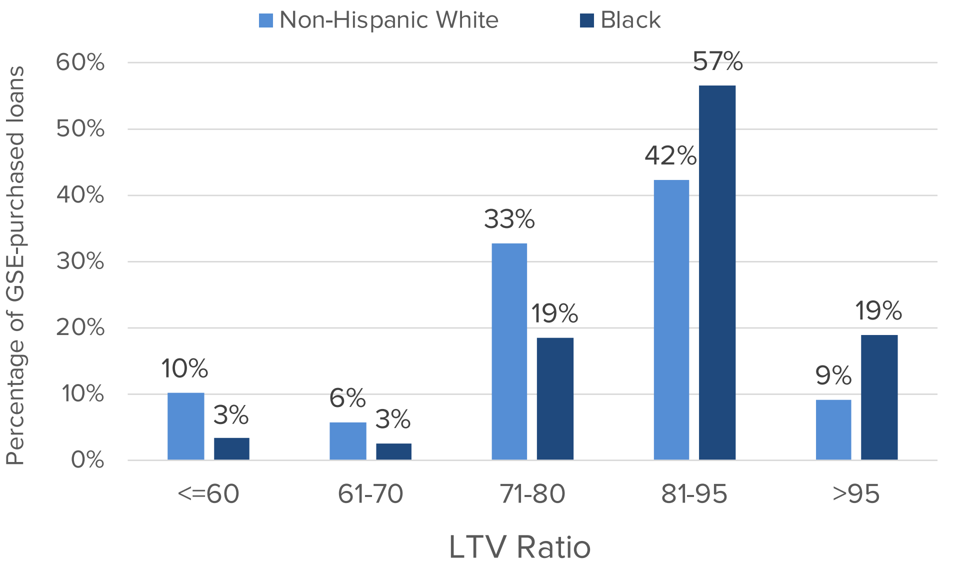
Freddie Mac uses similar criteria to adjust loan prices (Exhibit 38). Borrowers with lower credit scores, who are disproportionately represented among communities of color and low-income communities, are likely to bear higher costs when obtaining a mortgage loan.

Pricing mortgages at a loan level has important racially disparate impacts because people of color, due to generations of financial and labor market discrimination are more likely than Whites to lack the financial resources needed to make large down-payments and are more likely to have lower credit scores.[87]

Exhibit 39 illustrates the distribution of GSE-purchased loans by race and LTV ratio. In 2021, 76 percent of GSE-purchased loans to Blacks had an LTV ratio greater than 80 compared to 51 percent of loans to White borrowers. Publicly available HMDA data do not report borrowers' credit scores. However, based on the very large distribution of GSE-purchased loans with an LTV ratio greater than 80 among Black borrowers, and given the fact that Blacks typically have a lower credit score than Whites, it is reasonable to conclude that a greater percentage of Black borrowers were charged higher fees than White borrowers.

EXHIBIT 39

LTV Ratios
GSE-Purchased Loans With Terms Greater Than 15 Years by Borrower Race



Source: Authors' calculations of 2021 HMDA data

Our analysis of HMDA data indicates that in 2021, total costs for loans purchased by the GSEs were an average of $4,852 for Black borrowers compared to an average of $4,323 for White borrowers. In 2020, total costs averaged $4,779 for Black borrowers and $4,228 for White borrowers. Gaps in the costs of GSE-purchased loans by race exist across different LTV brackets (Exhibit 40).

EXHIBIT 40

Distribution of average costs and interest rates by LTV ratio and race, GSE-purchased loans, 2021

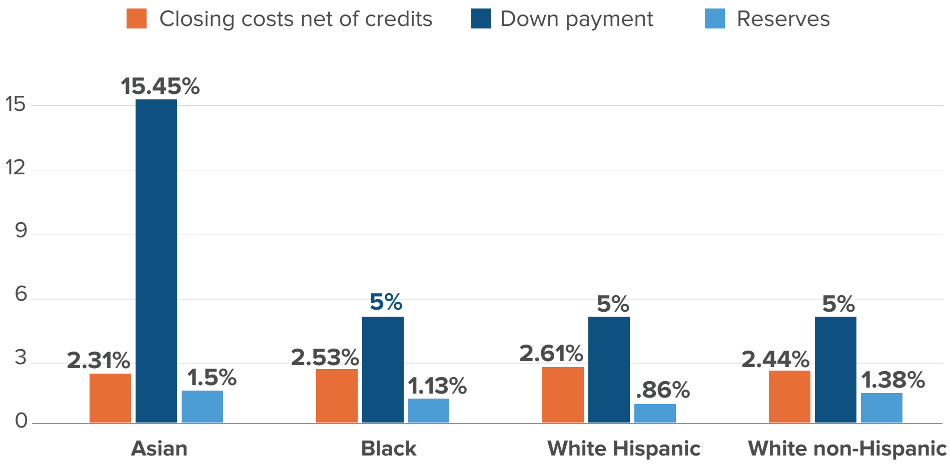
	Black Borrowers			Non-Hispanic White Borrowers		
LTV Brackets	Total Costs	Origination Costs	Interest Rate	Total Costs	Origination Costs	Interest Rate
<=60	$4,094	$1,797	2.90	$3,850	$1,561	2.84
60-70	$4,828	$2,282	2.99	$4,392	$1,890	2.92
70-80	$5,098	$2,424	3.10	$4,411	$1,907	3.01
80-95	$5,063	$2,081	3.11	$4,470	$1,741	3.05
>95	$4,113	$1,568	3.17	$3,781	$1,456	3.13
Total	**$4,852**	**$2,044**	**3.11**	**$4,323**	**$1,761**	**3.02**

Source: Authors' calculations of 2021 HMDA data

These results are consistent with the findings of a study conducted by Fannie Mae on closing costs for first-time borrowers and low-income homebuyers.[88] The study indicates that closing costs are disproportionally higher for first-time, low-income, and minority borrowers, relative to the home purchase price. In particular, the closing costs net of credits for Black and Hispanic borrowers are a larger share of sale price than for Asian and White borrowers. Black and Hispanic borrowers also exhibit lower reserve levels (Exhibit 41). A more detailed discussion of the GSEs fee structure follows.

EXHIBIT 41

Median closing costs, downpayments, and reserves as a percent of sale price for low-income first-time homebuyers by race and ethnicity.



Source: https://www.fanniemae.com/media/42286/display.

GSE STRUCTURE AND LEVEL OF GUARANTEE FEES

The GSEs acquire single-family loans from sellers and bundle these loans into mortgage-backed securities (MBS), which are then sold into the secondary market. The GSEs assume the credit risk on these loans and ensure that investors receive principal and interest payments. In exchange for this guarantee and to cover administrative costs and the cost of holding capital, the GSEs charge a guarantee fee. Guarantee fees come in two forms: ongoing and upfront. Both types of fees are factored into a loan's interest rate paid by the borrowers.

While ongoing fees are paid monthly until the loan is paid off, upfront fees consist of one-time payments that sellers make to the GSEs upon loan delivery. Upfront fees are typically used to cover specific risk attributes, including product types, LTV ratios, and the borrower's credit score. Increases in guarantee fees and the structure of LLPAs impact the ability of low-income borrowers and borrowers of color, who typically have lower credit scores, to access affordable credit; high fees can price financially marginal, but creditworthy borrowers, out of the housing market. Guarantee fees are also higher for mortgages with low downpayments, thus disproportionately impacting borrowers with fewer savings resources, which include Black consumers.[89]

Both Fannie Mae and Freddie Mac determine their own estimated costs of guaranteeing a loan based on several cost variables and on a target rate of return on capital. Cost variables include borrowers' credit scores and LTV ratios, which directly affect Fannie Mae's LLPA and Freddie Mac's Credit Fees in Price. The inclusion of these variables took effect in 2008, when the Great Recession and GSE conservatorship led to major changes in the structure and level of GSE G-fees.

Prior to 2008, the GSEs charged similar guarantee fees across credit score brackets. In 2008, the GSEs increased ongoing fees based on risks associated with product type and introduced two new upfront fees (a fee based on a borrower's credit score and LTV ratio, and an additional 25-basis-point adverse market delivery charge). The adverse market fee was charged on all loans made in weak housing markets and was particularly harmful to low-income borrowers and borrowers of color because it increased the cost of borrowing and discouraged homebuying in their communities. Exhibit 42 provides a timeline of the evolution of guarantee fees after the Great Recession.

In 2011, Congress directed the GSEs to increase the ongoing fee by 10 basis points on new home loans. That fee was paid directly to the U.S. Treasury each quarter until October 2021. Upon expiration of the fee, lawmakers have suggested to repurpose the fee to raise an estimated $21 billion over the next 10 years to contribute to funding for the proposed bipartisan $1 trillion infrastructure bill.[90]

Critics have suggested alternative scenarios where FHFA could instead retain and redirect the expiring fee to support affordable housing and equitable homeownership in underserved markets, consistent with the Biden administration's racial equity goals. Advocates have also recommended to end LLPAs, which price many borrowers, especially borrowers of color, out of the homeownership market. If FHFA retained the money from the G-fee extension, there would be no need to raise premiums on low-risk loans or charge risk-priced fees to underserved borrowers to limit losses to Fannie Mae and Freddie Mac.

After the start of the pandemic, in early 2020, FHFA allowed the GSEs to purchase loans already in forbearance with an upfront fee add-on of 500 basis points for first-time home buyers and 700 basis points for all others. This provision expired with loans closed through December 31, 2020. In addition, during the same year, FHFA directed the GSEs to introduce a 50-basis point upfront Adverse Market Refinance Fee on cash-out and rate-term refinances to cover projected COVID-19 losses of at least $6 billion at the GSEs.[91] In July of 2021, FHFA announced that the GSEs would eliminate the Adverse Market Refinance Fee for loan deliveries effective August 1, 2021.

The 2021 FHFA report on guarantee fees in 2020 indicates that between 2019 and 2020 the average single-family guarantee fee decreased 2 basis points to 54 basis points. The upfront portion of the guarantee fee, which is based on credit risk attributes, decreased 2 basis points to 11 basis points. In contrast, the ongoing portion of the guarantee fee, which is based on the product type, remained unchanged at 43 basis points.

The report further indicates that the average guarantee fee for loans with LTV at or below 70 percent, and those with LTV above 70 percent and at or below 80 percent, decreased by 1 and 2 basis points, respectively. In contrast, the average guarantee fee for loans with LTV above 80 percent and at or below 90 percent, and those with LTV above 90 percent increased by 1 and 3 basis points, respectively.

Every year the GSEs are tested against a hypothetical financial crisis scenario. The financial tests, also known as stress tests, performed in 2021, showed that Fannie Mae and Freddie Mac would face up to $20 billion in combined credit losses in the event of a severe economic downturn. The stress test results released by FHFA in 2021, however, show that the GSEs have a large enough capital cushion to cover those losses, partly because the GSEs would still report income driven by strong home price appreciation.

In addition, the GSEs are allowed to hold significantly more capital, as much as all their earnings, until they meet the requirements laid out in FHFA's new capital framework. This GSE capital holding arrangement was enabled in the 2021 amendment to the Preferred Stock Purchase Agreement between the FHA and the U.S. Treasury.[92]

Given the fact that the GSEs have enough capital to cover eventual credit losses, the argument can be made that Fannie Mae and Freddie Mac, which are required by Congress to promote access to mortgage credit in underserved markets, should not charge LLPAs since the greater cost of risk-based pricing penalizes Black borrowers for having less income and fewer savings, which is a direct result of years of federally-sponsored and enforced housing discrimination.

EXHIBIT 42

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. The Enterprises pay this fee 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. FHFA raised fees more on loans with terms longer than 15 years than on shorter-term loans to better align the gaps and made fees more uniform across sellers with varying loan delivery volumes. 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 directed the Enterprises to set minimum ongoing guarantee fees by product type, effective in November 2016, consistent with FHFA's responsibility to ensure the safety and soundness of the Enterprises.
September 2018 & March 2019	The Enterprises implemented a 25-basis point upfront fee for loans on second homes where LTV exceeds 85 percent.
April 2020	FHFA allowed the Enterprises to purchase loans in forbearance, with an upfront fee add-on of 500 basis points for first-time home buyers and 700 basis points for all others, effective for loans closed through December 31, 2020, following multiple extensions.
August 2020	FHFA directed the Enterprises to introduce a 50-basis point upfront Adverse Market Refinance Fee, effective December 1, 2020, for cash-out and rate-term refinances. The Enterprises excluded loans with principal balance less than or equal to $125,000, those associated with HomeReady/Home Possible, and construction-to-permanent loans meeting certain criteria.
July 2021	FHFA announced that the Enterprises would eliminate the Adverse Market Refinance Fee for loan deliveries effective August 1, 2021.
November 2021	The Infrastructure Investment and Jobs Act extended to 2032 the existing 10-basis point ongoing fee arising from the Temporary Payroll Tax Cut Continuation Act of 2011, which was due to expire in 2022. The Enterprises remit the proceeds from this fee to the U.S. Department of the Treasury.

Source: FHFA, "Fannie Mae and Freddie Mac Single-Family Guarantee Fees in 2020," December 2021, available at www.fhfa.gov/AboutUs/Reports/ReportDocuments/GFee-Report-2020.pdf.

DISPARATE HOME APPRAISAL PRACTICES

Historically, homes in predominantly Black neighborhoods have appreciated less or have been valued at an amount that is lower than similar homes in predominantly White neighborhoods, even after taking housing location and characteristics into consideration.[93] Lower rates of appreciation in Black neighborhoods negatively impact Black homeowners' ability to accumulate home equity, with important repercussions on the racial wealth gap.

Under-appraisal of homes in Black communities remains pervasive. A 2018 study from the Brookings Institution shows owner-occupied homes in predominantly Black neighborhoods are undervalued by an average of $48,000 compared to similar homes in predominantly White neighborhoods.[94] In March 2022, the Washington Post reported that during the pandemic home values climbed, except for those in Black communities, including in the wealthiest Black neighborhoods.[95]

Appraisal bias is among the key factors that contribute to lower housing demand in Black neighborhoods[96] which in turn, further depresses home prices; areas most likely to be under-appraised include those that were formerly redlined (i.e., the practice of systematically denying mortgages and other financial services to communities based on their racial makeup) neighborhoods.[97]

During the home purchase process, mortgage lenders require an appraisal to assess the property's worth and a low valuation can affect a homebuyer's mortgage loan, including its approval, downpayment, interest rate, and insurance requirements. Any one of these issues can also disrupt a home sale. Appraisals that are below contract prices, for example, may require higher downpayments from loan applicants which, in turn, may cause a home sale to fall through.[98]

Modern appraisal practices, such as the sales comparison or market approach, were designed to maintain objectivity during the valuation of properties across different neighborhoods. Appraisers work under a code of ethics and are regulated by state agencies, which are then regulated by the appraisal subcommittee of the Federal Financial Institutions Examinations Council, which in turn coordinates with banking regulators.

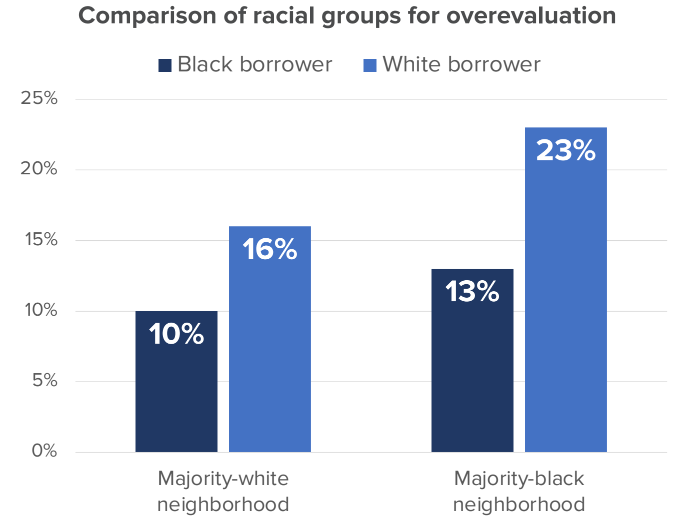
Most importantly, like mortgage lenders and brokers, appraisers must abide by the Fair Housing Act, which prohibits discrimination based on race, national origin, color, sex, familial status, and disability. Numerous accounts, however, show that racial bias in home appraisals is very common.[99] A 2021 Freddie Mac study examining appraisals for home loans purchased from 2015 to 2020 shows that appraisals in Black neighborhoods are more likely to fall short of the contracted price than those in White neighborhoods, even when taking structural and neighborhood characteristics into consideration.[100]

A Research Note published by Freddie Mac in 2022 confirms that appraisal outcomes differ for properties in predominantly Black neighborhoods relative to those in predominantly White neighborhoods, even after controlling for important factors that affect home values and appraisal practices.[101]

Furthermore, a 2022 Fannie Mae study found that homes owned by White borrowers are more frequently overvalued than homes owned by Black borrowers (Exhibit 43).[102] Overvaluations of White-owned homes are more likely to occur in majority-Black neighborhoods, particularly in southern states.

A recent study on the relationship between neighborhood racial composition and home appraisals,[103] concluded that the sales comparison approach, used by appraisers to determine home valuations, plays a key role in perpetuating the devaluation of homes in Black neighborhoods. This valuation method is based on house price estimates for similar homes sold in the same or other Black neighborhoods. As a result, historical racialized appraisals continue to perpetuate unfair and biased home under valuations.

EXHIBIT 43



Source: https://www.fanniemae.com/media/42541/display

FAILED STRUCTURE AND OVERSIGHT OF THE COMMUNITY REINVESTMENT ACT

The Community Reinvestment Act (CRA) was enacted in 1977 to combat redlining and other forms of racial discrimination in lending. The practice of redlining, which had started in the 1930s, resulted in the consistent shifting of investment away from central cities where people of color were concentrated.

The Home Owners' Loan Corporation (HOLC), a government-sponsored corporation established in 1933 as part of the New Deal, institutionalized redlining to evaluate the quality of neighborhoods. Neighborhoods with large populations of African Americans and other people of color received the lowest ratings and were deemed too risky to secure government-backed mortgages based on the racial composition of the community, not its financial characteristics of the borrowers.[104] Subsequently, the Federal Housing Administration and the Veterans Administration loan programs adopted the HOLC rating system to determine where to approve mortgages.[105] Research has shown that the 1930s-era HOLC ratings have continued to have lasting and significant effects on urban neighborhoods' levels of disinvestment, access to credit, and racial segregation patterns.[106]

CRA mandates that banks must serve the entire community in which they conduct business. The Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Board, which jointly enforce CRA, conduct regular evaluations of depository institutions' records of meeting the credit needs of the communities they serve.[107]

Depository institutions are rated based on their performance in their assessment areas — geographic areas in which banks have their main office, their branches, and their deposit-taking automated teller machines.[108] Banks are evaluated on lending, investment, and service, based on institutional size.[109] Banks' records are taken into consideration when depository institutions seek to establish new, or relocate existing branches. The ability of banks to merge or acquire another bank largely depends on their CRA ratings, which are assigned using a four-tier rating system; outstanding, satisfactory, needs to improve, and substantial noncompliance.[110]

Several studies indicate that since its passage, CRA has contributed to an increase in investments and access to credit in underserved low- and moderate-income (LMI) communities.[111] Outcomes incentivized by CRA include the presence of brick-and-mortar bank branches, loans to small businesses, and home mortgage loans in LMI communities.[112] The positive effects that CRA has had on credit availability in neighborhoods of color, however, has been a source of debate since its passage; racial disparities persist in credit availability for Black small business owners and home seekers, as well as in access to credit in largely Black communities.[113]

A major weakness with CRA is built into the design of the law. The law does not rate banks based on their service to people or communities of color. Rather, banks are rated based on their service to lower-income communities, even though discrimination against Blacks and Black communities was one of the major motivations for the passage of the law.[114] Assessment criteria are largely based on the income levels of communities that depository institutions serve.[115]

Lending, services, and investments only count toward a positive CRA assessment if they are made to low- and moderate-income people or places, in addition to distressed or underserved middle-income nonmetropolitan census tracts and designated disaster areas.[116] Income levels are defined in the following ways:

- **Low income:** 0 percent to 49 percent of the median area income, defined as the median income of the metropolitan area or nonmetropolitan part of the state.
- **Moderate income:** 50 percent to 79 percent of the median area income.
- **Middle income:** 80 percent to 119 percent of the median area income.
- **High income:** 120 percent or more of the median area income.

In the past two years, financial regulators have made a significant effort to modernize CRA due to several concerns related to coverage, enforcement, and public accountability. In July 2021 the Office of the Comptroller of the Currency (OCC) announced its intent to rescind CRA rules passed by the Trump administration, which significantly weakened banks requirements to serve low-income communities.[117] A joint rulemaking to improve the effectiveness of CRA has been proposed by the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the OCC.[118]

Substantial bank mergers over the past decade, for example, have consolidated much of the financial services market, leading to the decline of many independent community banks that were covered by CRA and were vital to meeting the credit needs of underserved communities. Mortgage lending has shifted from banks to affiliates or independent mortgage companies that are exempt from CRA coverage.[119]

CRA exemptions leave borrowers of color exposed to discriminatory practices such as steering and redlining as well as predatory lending.[120] And the strength of CRA has been eroded by grade inflation.[121] In 2020, for instance, only two banks were given a grade of "substantial noncompliance."[122]

Further, CRA evaluations are not published in standard format, so making performance comparisons across CRA-covered institutions can be difficult.[123] Moreover, reported CRA data are largely provided at the aggregated national level, making it difficult to fully evaluate the extent to which an institution is effectively serving all of its geographies.[124]

Most recently, there has also been increasing awareness of the benefits/necessity of including support for disaster preparedness and climate resilience as qualifying activities in CRA exams.[125] To date, however, there is no action on that front.

Even the most recent proposed rulemaking[126] fails to mention race as a key element of the criteria used for the evaluation of depository institutions' performance. Given the persistence of racial disparities in home mortgage and small business lending,[127] it is important that financial institutions' records are examined and evaluated based on the level of lending to people and communities of color, particularly areas that continue to display significant racial disparities in homeownership rates, access to home mortgage credit, and small business lending.

Disproportionate Harm of Climate Change on Black Communities

FEDERAL HOUSING POLICY AND RESULTING ENVIRONMENTAL CRISIS FOR BLACK COMMUNITIES

Decades of systemic environmental racism have made communities of color particularly vulnerable to the effects of climate change.[128] These communities, particularly Black communities, are disproportionately affected by environmental hazards and severe natural disasters.[129] Race has historically represented the main determinant of the placement of toxic facilities in the United States.[130]

A region along the Mississippi River in Louisiana known as "Cancer Alley," that is predominantly inhabited by Blacks, is home to more than 30 chemical plants that emit carcinogenic pollutants into the air. Residents of these communities experience alarming rates of cancer and miscarriages.[131] Flint, Michigan, home to a large Black population, represents another example of environmental injustice.[132] The water crisis in Flint has had a severe impact on Black children exposed to lead, with 80 percent having diagnosable learning disabilities.[133] The water crisis in Jackson, Mississippi, is a further notable example of how climate change disproportionally threatens Black communities.[134]

Black communities are on the front lines of climate change as a lack of resources and outdated housing stock and infrastructure, including a lack of adequate insulation and air conditioning in homes, make them more vulnerable to the adverse effects of extreme weather and climate change.[135] The Environmental Protection Agency (EPA) indicates that even though climate change affects all Americans, Blacks are disproportionately exposed to the highest impacts of climate change, including those associated with extreme temperatures and coastal and inland flooding.[136]

Black communities are disproportionately concentrated within a mile of sites that are vulnerable to flooding.[137] A 2021 Redfin study shows that homes located in formerly redlined areas are more likely to be at high risk of flooding than those located in non-redlined areas.[138] Examples of how natural disasters have profoundly impacted Black communities are abundant.

Hurricane Katrina disproportionately harmed Black residents in New Orleans; the storm's negative impact was greatly exacerbated by the effects of decades of residential segregation which left residents in Black neighborhoods incapable of fully preparing for, or evacuating from, high storm hazard areas. Black communities were plagued with much of the City's mostly poorly maintained public infrastructure.[139] And the high poverty rate of the residents translated into their lowered ability to escape the storm due to having limited access to personal vehicles (thus greater dependence on public transportation).[140]

Making matters worse is the fact that flood insurance premiums are often unaffordable for homeowners of color, most of whom also do not have the financial resources to make home repairs and address the impacts of severe weather events.[141]

In 2021, HUD investigated the Texas General Land Office's design and operation of the Hurricane Harvey State Mitigation Competition and concluded that the state of Texas discriminated based on race and national origin when distributing funds to impacted neighborhoods.[142] The state steered federal funds toward White affluent areas by utilizing two scoring criteria that substantially disadvantaged Black and Hispanic communities.[143]

The disparate distribution of federal funds and grants has a history that dates back to the Jim Crow era, when Blacks were prohibited from accessing the Southern legal system. In the South, more than a third of Black-owned land is still passed down informally; without formal deeds, Black landowners are barred access to federal moneys, including those related to natural disasters.[144]

Federal programs like Urban Renewal initiatives that supported the construction of major highways in Black neighborhoods, have increased the likelihood in these communities of being exposed not only to higher levels of pollution, but also to higher levels of heat, which is considered one of the major threats to public health.[145] Numerous studies document racial disparities in heat-related mortality.[146]

Several studies connect land cover characteristics, land use planning, and zoning to the urban heat island effect that continues to impact Black communities.[147] A history of redlining, restrictive covenants, slum-clearance, the siting of subsidized housing, and unequal investment have greatly shaped the character of urban development and access to amenities such as greenspace[148] Areas that were subject to redlining are more vulnerable to heat because their built environments are often characterized by the combination of heat-retaining materials and limited greenspace.[149]

Climate gentrification is the process whereby affluent residents of areas at high risk of flooding or exposed to rising sea levels, relocate to safer higher-ground minority and low-income neighborhoods. This phenomenon can be observed in coastal cities such as Miami and New Orleans.[150]

Major natural disasters discourage housing activity and accelerate deteriorating housing conditions in affected and adjacent areas. This process has ripple negative effects on the volume of mortgage loan originations, home prices, rents, and property values.[151] Further, decreasing property values trigger higher negative equity rates, which leads to increased foreclosures, lowered household wealth, and eroded local tax bases. This spiraling effect from natural disasters undermines the ability of communities, especially Black and Latino residential areas, to prepare for, and respond to, natural disasters, or rebuild or relocate in the aftermath of severe weather events.

Low-income Black and Latino communities are also more likely than other communities to experience infrastructure failures and to be exposed to pollution and other environmental hazards due to the poor and failing infrastructure in the neighborhood where they reside.[152]

The increasing disproportionate exposure of Black communities to major natural disasters demands bold policy solutions in housing to dismantle decades-long investment inequities and the outcomes of environmental racism.

Since President Biden took office and began encouraging initiatives that would address climate change and racial equity, financial regulators have made a commitment to treat climate change impacts as a priority. For instance, the Federal Reserve, the OCC and the FDIC have sought public input related to the modernization of CRA with particular consideration of disaster preparedness and climate resilience as qualifying activities in CRA exams.[153]

Further, FHFA made a commitment to treat climate change impacts as a priority in its oversight of the GSEs[154] and added resiliency to climate risk as one of the assessment criteria in its 2022 Scorecard for Fannie Mae and Freddie Mac.[155]

The Strategic Plan for Fiscal Years 2022-2026[156] explicitly addresses climate change as one of the GSE's major priorities; the plan recognizes the disproportionate risks that climate change poses to underserved communities of color. Specifically, FHFA directed Fannie Mae and Freddie Mac to draft plans with the goal of promoting equitable access to affordable and sustainable housing by reducing racial and ethnic homeownership gaps and reducing underinvestment or undervaluation in formerly redlined areas.[157]

The goals, unfortunately, emphasize the importance of data collection and analytics, but do not offer or mandate any specific actionable strategies to enhance climate resiliency while promoting sustainable homeownership in underserved communities of color.[158]

INFRASTRUCTURE AND CLIMATE LEGISLATION

Two recent pieces of federal legislation, the Infrastructure and Jobs Act and the Inflation Reduction Act, to provide more than $1.5 trillion to address the nation's crumbling infrastructure and shift the nation toward a more environmentally sensitive energy future. Unfortunately, neither law explicitly directs funding to address environmental justice with any specificity and associated dollars.[159]

On November 15, 2021, President Biden signed the Infrastructure and Jobs Act, popularly known as the Bipartisan Infrastructure Bill, into law. The law will invest $1.2 trillion to rebuild the country's aging public works system, including funding for transportation improvement projects, environmental cleanup, access to broadband, water supply distribution, and energy grid development, among other climate-change related efforts. The law reauthorizes federal spending on existing infrastructure programs and provides $550 billion in funding for new initiatives over the next five years.[160]

The law allocates $110 billion to building and repairing roads and bridges, $66 billion to upgrades and maintenance of the U.S. passenger rail system, and $39 billion to modernize public transit. By targeting the transportation system, the law could increase employment opportunities, especially in the construction industry, reduce commute times, and help minimize transportation emissions. It is estimated that the law will generate about 660,000 jobs by 2025.[161]

Investment in public transportation could benefit Black communities, since individuals residing in these communities are twice as likely as their White counterparts to depend on public transit and Black communities often lack sufficient and reliable public transportation options.[162]

The bill includes $47 billion in resiliency funding for cybersecurity and climate change mitigation. The legislation will invest $21 billion in environmental remediation, such as the cleanup of Superfund and brownfield sites that pose significant public health threats to Black and Latino communities.

The legislation includes $65 billion of investment in clean energy transmission and allocates $55 billion to upgrade the water infrastructure across the U.S., including disadvantaged communities of color where access to clean drinking water is often limited and exposure to lead is disproportionately higher than in other communities.

Finally, the legislation addresses the digital divide by providing $65 billion of funding for broadband infrastructure nationwide. Improving access to and increasing the affordability of reliable high-speed internet is particularly critical in rural areas and in Black communities; Blacks are 9 percent less likely than Whites to have internet access.[163]

The infrastructure bill is historic, even though the funding included in the legislation is much less than the $2.3 trillion that the Biden administration had originally requested in March 2021. The original proposal included $387 billion, some of which would have been spent to fund public housing, thus benefiting the housing needs of many low-income families of color. By cutting back on funding for housing, the government missed a critical opportunity to aggressively address the shortage of affordable housing that is plaguing the nation and is particularly challenging for Black households.

The $284 billion in new investment in transportation include $1 billion to right the wrongs of the 1950s and 1960s and reconnect communities that have been impacted by structural racism and inequitable transportation infrastructure. The U.S. Interstate Highway System construction and the Urban Renewal program, for instance, intentionally segregated Black communities thus isolating these communities from high-opportunity areas.[164] In other instances, highways cut directly through dense Black urban neighborhoods and in the process, upended the social infrastructure and bulldozed the business districts of those communities.

Funding for the Reconnect Communities initiative fell from $24 billion to $1 billion. This amount is not enough to address the many needs of Black communities that were negatively impacted by the construction of the United States' highways.[165] The Reconnect Communities initiative contained in the bill also lacks any enforcement measures.[166]

In addition, the promise to address racial equity in infrastructure may not be met since the decision on how to spend the $1 billion falls largely on individual state capitals to decide funding priorities, many of which do not share Biden's racial equity vision.[167] Unless the federal government works directly with state and local governments and advocates to identify and invest in the specific needs of Black communities, funding to address infrastructure inequities may not be forthcoming.

The Inflation Reduction Act of 2022, which was recently signed into law, has been hailed as the most important environmental legislation in U.S. history. The major thrust of that new law, unfortunately, focuses on clean air and renewable energy; there are relatively few dollars and little specificity aimed at addressing environmental harm done to distressed inner-city communities. As such, this historic environmental legislation law lacks important provisions that could have contributed to the racial equity agenda.[168] The legislation provides for significant investments in climate and energy programs that will benefit

American families by reducing energy costs and increasing the climate resilience of affordable housing.

The legislation, however, falls short of addressing two very urgent challenges that affect low-income families and people of color, in particular:

1. the shortage of affordable housing and skyrocketing home prices;
2. a crumbling infrastructure, especially in communities of color and in formerly redlined neighborhoods.

   Moving forward, any major legislation should include those elements given their importance for reducing racial inequalities and for closing the racial wealth gap.

The EPA's website directly addresses the issue of advancing environmental justice. Its stated commitments are to accomplish the following goals:

- "[E]mpower underserved communities to confront longstanding pollution challenges with billions of dollars in grant funding. We know that solutions don't come from Washington, DC – they come from the communities on the ground. That's exactly what this law delivers.
- [P]rovide grants and technical assistance to schools serving low-income communities so they can address ongoing air pollution and improve the health and safety for students and staff." [169]

The vagueness of the EPA's commitments to historically disenfranchised communities make it clear communities of color will need to work hard to ensure the needs and voices of Black communities are addressed.

The Economy and Black Homeownership

ECONOMIC OUTPUT AND INFLATION

The U.S. economic output fell by 1.6 percent in the first quarter of 2022, followed by another, albeit smaller 0.6 percent decline in the second quarter.[170] The third quarter continued that improving momentum by growing at an expectedly 2.6 percent pace. While that should be good news to investors and consumers alike, the economy remains stronger than desired by the Federal Reserve Board (the Fed) that is attempting to slow the economic output in order to tame inflation. Inflation in the U.S. currently stands at a 40-year high of 8.2 percent.[171]

The Fed's primary inflation-fighting tool is interest rate hikes that are intended to dampen demand for products and services. The Fed's actions are also intended to discourage employers from hiring new workers. In theory, less demand will lower prices and, consequently, inflation. Lowering demand could, however, lead to an economic downturn. Eight of the past nine times the Fed has tightened monetary policy to rein in inflation, it has resulted in a recession.[172]

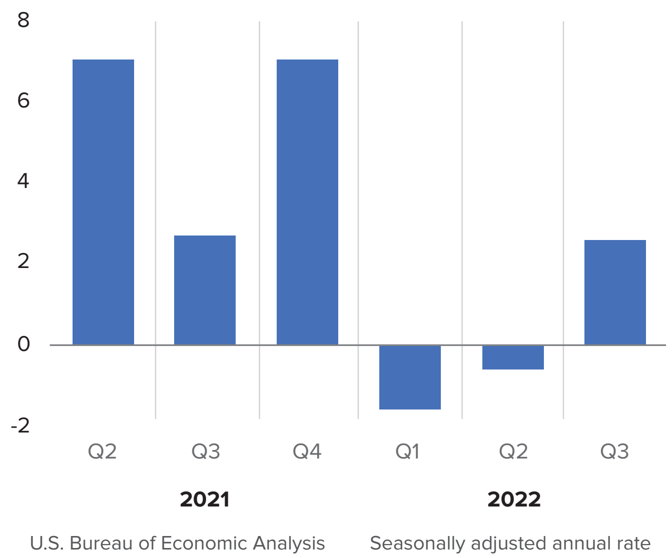
Fed officials are aware of the potential negative economic consequences of over-slowing economic output to tame inflation. Bank of America estimates that if the Fed continues its current course, the U.S. could soon begin to lose 175,000 jobs per month.[173]

For most American households, a recession could result in extraordinary financial pain, for others, financial ruin. A recent *LendingClub* survey found that at the start of 2022, 64 percent of Americans report living paycheck-to-paycheck.[174]

Neither high inflation nor slower economic growth are positive economic environments for homebuyers. Both scenarios are disproportionately harmful to Black households. According to the U.S. Bureau of Labor Statistics, the September unemployment rate for Blacks was 5.8 percent, almost twice that for White workers, at 3.1 percent.[175] Of the more than a million workers that could lose their jobs through the coming year, a disproportionate share would be Black, assuming historic unemployment patterns.

EXHIBIT 44

Real GDP: Percent change from preceding quarter



Source: Bureau of Economic Analysis. U.S. Department of Commerce. October 6, 2022

MORTGAGE INTEREST RATES, DOWNPAYMENTS, AND AFFORDABILITY

At the same time, the damaging impacts of high interest rates and inflation are already clear throughout the economy, including the housing market. Mortgage interest rates have more than doubled since last year, with the national rate for 30-year fixed rate loans at over 7 percent.[176] Because higher mortgage interest rates decrease home purchase affordability, Blacks, relative to Whites, will be further disadvantaged in their homeownership search.

The effects of slower growth and higher borrowing rates is a contributing factor for Fannie Mae's estimate that mortgage lenders will complete only roughly half as many single-family home loans this year, relative to 2021.[177] Higher interest rates have also translated into higher downpayments to lower debt-to-income ratios and minimize interest costs; Redfin estimates the average mortgage downpayment has doubled from 2019, rising from $32,917 to $62,500 today.[178]

The combination of high interest rates and an uncertain economic outlook are also contributing to an increase in the cancellation of home sale agreements that are greater now than at any previous period since the start of pandemic in 2020; roughly 15 percent of all homes under contract are being canceled this year compared to 11 percent one year ago.[179]

Compounding the challenge to homeownership attainment caused by high mortgage interest rates and rising downpayment amounts, is the fact that home prices remain far out of reach of many prospective borrowers, having experienced double-digit increases in many U.S. markets over the past two years. Miami and Tampa Fl, experienced the fastest full-year home price increases of nearly 32 percent from last June to June of 2022.[180]

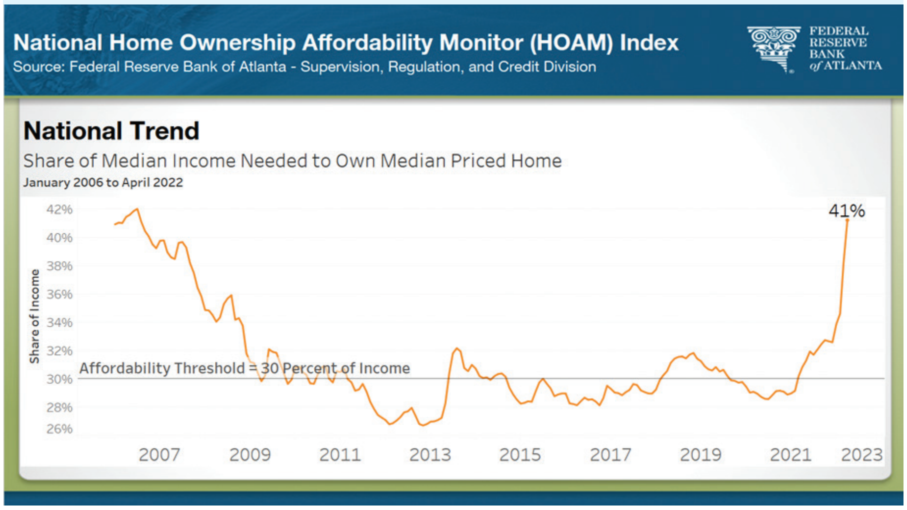
Home price appreciation has slowed slightly in 2022 relative to the previous two years. According to S&P Cre Logic Case Shiller National Home Price Index, home prices fell by 0.3 percent between June and July of 2022.[181] This is the first month-over month decline in home prices since 2019.

Although a welcome relief to home seekers, home prices, nevertheless, continue to rise year over year, with the median existing home price increasing 7.7 percent nationally, between August of 2021 and August 2022; double-digit year-over-year home price increases also continue in many cities.[182]

The combined effects of high mortgage rates and home prices is that homeownership affordability is declining at an historic rate, according to the Atlanta Federal Reserve (Atlanta Fed). The Atlanta Fed reported three key affordability measures, including[183]

1. Its homeownership affordability index (HOAM) fell in April to 72.9 percent, its lowest level since 2006;
2. A median-income household would need to spend 41.2 percent of its income to afford the median-priced home, also for the first time since 2006, and
3. Over just the past year, a household would need to pay an additional $634 more per month to own a median priced home.

EXHIBIT 45

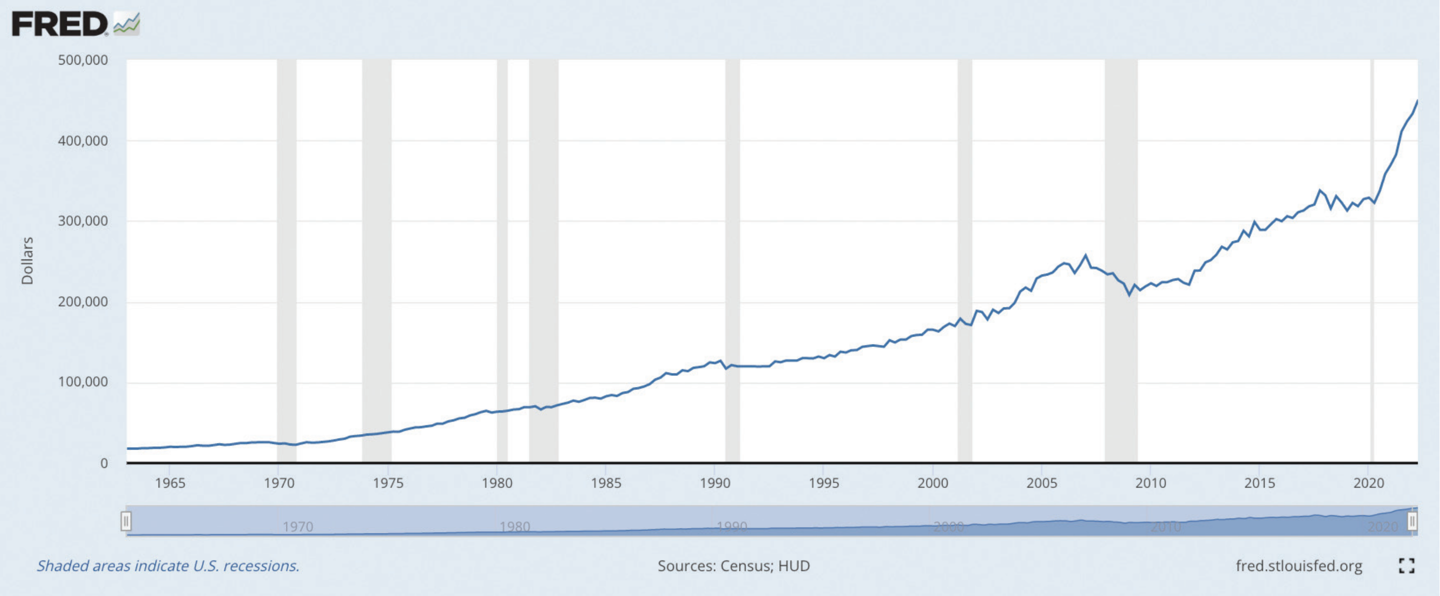


Source: Purviance, Domonic. "Homeownership Affordability Declines by Record Levels." *Community and Economic Development.* Federal Reserve Bank of Atlanta. July 11, 2022.

The disproportionate impact on Blacks, relative to Whites, of the rising homeownership unaffordability can be immediately gleaned when comparing the median incomes of those two populations. The median Black household earns just 62 cents for every dollar earned by a White household. Annualized, this income disparity translates into a median annual income of $46,600 for Blacks and $74,912 for Whites.[184]

EXHIBIT 46

Median Sales Prices for Houses Sold for the United States



Source: Federal Reserve Bank of St. Louis. 2nd Quarter, 2022.

NEAR-TERM OUTLOOK FOR HOME PRICES

Whether home prices will fall significantly in the coming year is a matter of substantial speculation. The housing bubble of the early- to mid-2000s was due to unsustainable prices built on a foundation of abusive and fraudulent home loan products that engulfed the housing finance system and resulted in a dramatic crash in home prices. Today's home prices are driven by a lack of housing stock and restrictive local zoning ordinances that together ensure continued tight housing market supply.

This perspective is reflected in the outlook projected by Lawrence Yun, Chief Economist with the National Association of Realtors. According to Yun: "Despite weaker sales, multiple offers are still occurring with more than a quarter of homes selling above list price due to limited inventory. The current lack of supply underscores the vast contrast with the previous major market downturn from 2008 to 2010, when inventory levels were four times higher than they are today."[185] Yun does, however, point out that high priced U.S. housing markets may experience steeper price declines than areas that have experienced more modest recent gains.

Some economists, however, expect the softening economy and high interest rates to have a more significant negative impact on home prices. Moody's Chief Economist, Mark Zandi, for example, projects the skyrocketing unaffordability of homes could trigger a home price correction,[186] bringing home prices back to some more reasonable level relative to wages. Zandi is not alone in expecting potentially steep home price declines. CoreLogic interim Chief Economist, Selma Hepp, believes home prices will decline, but views that as a positive for home purchasers.[187]

To the extent price correction would result from an economic downturn, lower home prices would not necessarily benefit moderate-income or Black households since they would be disproportionately negatively impacted by job and wage losses and/or drawdowns on their savings.

Other factors that will impact future home prices include the extent to which young households value and pursue homeownership in a manner similar previous generations. As more Americans reach their golden years, and age out of the single-family housing market, a large inventory of formally elderly-owned housing stock will come to market. The extent to which that stock offsets the failure of builders to keep pace with household growth will contribute to the direction of home prices over the next decade and beyond.

INSTITUTIONAL INVESTORS IN SINGLE FAMILY HOUSING

Upward price pressure on the affordable housing inventory is being generated by the growing presence of large investment banks that have been buying modest-priced homes and converting it to rental accommodations. Entry of institutional investors soared during the aftermath of the 2008 housing crisis, spurred by a glut of distressed properties selling at bargain-basement prices. The federal government played a major role in attracting institutional investors by offering them properties in bulk through the GSEs and FHA.

The investment banks created an infrastructure that enabled them to rent properties until the housing market recovered. But with tight rental markets existing throughout the U.S. rents in many markets have been outpacing home price increases, making renting properties a lucrative business.

When combined with traditional mom and pop landlords and other private investors, the combined investor share of owner-occupied housing has grown tremendously. An analysis by the Washington Post (the Post), that examined home purchases in 40 U.S. metropolitan areas last year, found that 15 percent were bought by investors.[188]

Much of the housing stock that was acquired in the immediate aftermath of the housing crisis was in Black neighborhoods where large numbers of owners were recipients of reckless subprime and FHA loans. Investor acquisition of properties in Black neighborhoods, however, continues today. The Post report found that last year, 30 percent of home sales in majority Black neighborhoods were to investors compared to 12 percent in non-Black neighborhoods.

Investors have many advantages in the home purchase arena relative to the typical owner-occupant; investors can waive inspections and appraisals and pay cash. As a result, they can edge out prospective homebuyers, including those that could comfortably afford to buy. The result is that Blacks are particularly harmed by the growth of investors in the owner-occupied housing market; investors limit supply disproportionately in Black neighborhoods and investors can outbid the typical Black buyer, even when the home is affordable stock.

POSSIBLE VERSUS PROBABLE BLACK ECONOMIC OUTLOOK

A recent study by McKinsey & Company titled, “The Economic State of Black America: What is and What Could Be,” presents a sobering image of the current economic state of Blacks in America. The focus of the report, however, is not to share negative data and statistics. Rather, the thrust of the report is to provide an honest baseline of the economic challenges that face Blacks, and the potential benefits of overcoming historic barriers to Black economic success.

The report, for example, examines the differentials between Black and White wages, and estimates that bringing parity between the wages of those two groups would increase Black wages by $220 billion annually. Achieving this figure would mean increasing the Black median wage by 30 percent and bringing one million additional Black workers into the labor market.[189]

The report notes that closing this wage disparity from a logistical perspective may not be as challenging as it might at first seem; less than 4 percent of occupational categories account for 60 percent of the aggregate wage gap between Blacks and Whites. The report concludes with a series of systemic recommendations to bring economic justice to Black America.

Recommendations

ELIMINATE LOAN LEVEL PRICE ADJUSTMENTS

NAREB has repeatedly cited the need to eliminate risk-based or loan level pricing for a variety of reasons. The most obvious is that assessing higher borrowing costs to households who are financially weaker is irrational since the higher the cost, the less affordable is the transaction and the greater the risk of mortgage default.

The federal housing finance system was launched in the 1930s with the establishment of, among other institutions, the FHA and Fannie Mae. At that time, and for the next 70 years, FHA and the GSEs charged all borrowers roughly the same price for mortgage credit. That pricing structure was fair and worked. That system allowed financially vulnerable White applicants with fair credit histories to pay the same for mortgage credit as wealthy White borrowers with strong credit histories.

Blacks were not able to take advantage of that system because federal housing finance institutions blatantly prevented access to that system by Blacks for the first quarter century of its operation; federal financial regulators allowed more subtle, but equally damaging, financial market discrimination to flourish against Blacks up to the 2008 housing market collapse.

The change to borrower-level risk pricing was a response to a housing finance system crisis that directly resulted from the failure of that system's regulators to purge reckless and predatory loan products. As a result, LLPA unfairly and disproportionately penalizes the populations that were the principal victims of exploitative lending, namely financially vulnerable Blacks and Latinos. Use of LLPAs is also discriminatory against Black households because Blacks are more likely to be charged more for mortgage loans as a direct result of decades of blatant federal housing agency discrimination.

ELIMINATE PENALTY FEES TO ACCESS DOWN PAYMENT ASSISTANCE

Downpayment assistance is one of the most important forms of homebuyer assistance available, particularly in the current market characterized by both high home prices and mortgage interest rates. Helping borrowers increase their downpayments improves mortgage accessibility and sustainability by lowering debt-to-income ratios, lowering monthly mortgage interest and principal payments, and improving the safety and soundness of the loan by improving its affordability.

Ironically, downpayment assistance can be considered a "risk" element in some lending programs and borrowers can be charged between 1 to 1.5, percentage points or more, if they accept that help. Charging borrowers more to use downpayment assistance is unfair and irrational. Charging higher fees directly contradicts the purpose of downpayment assistance, which is to lower the cost of the loan to borrowers and decrease its overall risk.

Further, to the extent that down payment assistance is considered a risk feature by a government housing finance agency, that additional charge should be considered discriminatory as it applies to Black households. A key justification for downpayment assistance to Blacks is to compensate, partially, for the lack of savings among Black households, relative to Whites, do to decades of legalized discrimination. Finally, consider that many White households receive downpayment assistance from their parents in the form of intergenerational wealth transfers; no additional fees are assessed for those transactions.

RECALCULATE THE IMPACT OF STUDENT LOAN DEBT

Loans are approved and priced based on a snapshot of the prospective borrower's credit score and debt to income ratio at the time of a mortgage application, regardless of whether the applicant has the potential to substantially increase their future income. In the case of student loans, however, if student debt is deferred, the cost of student loan repayments must be included in the mortgage loan applicant's debt-to-income calculation. NAREB feels this different treatment of income and student debt represents an irrational contradiction in the underwriting process; if borrowers cannot receive credit for future earnings increases, why should they be penalized for not-as-yet required education loan repayments? Some student debt is deferred for years, if not decades. In fact, the Biden administration has recently extended the pandemic-era student loan moratorium and has announced plans to forgive billions in existing student loans.[190]

LEVERAGE SPECIAL PURPOSE CREDIT PROGRAMS

Recognizing the effects of historic discrimination against Blacks in the U.S. and the need for unique and creative approaches to serving the credit needs of historically disenfranchised populations, the 1974 Equal Credit Opportunity Act authorized the creation of Special Purpose Credit Programs (SPCPs). SPCPs were intended to meet the credit needs of historically disenfranchised households by providing credit to "an economically disadvantaged class of persons."[191] SPCPS can be established and operated by nonprofit and for-profit entities although different rules apply for the different types of entities.

SPCPs differ from other special lending structures in that SPCPs can target services to economically disadvantaged populations on the basis of prohibited characteristics such as race, national origin, or sex, without being in violation of equal opportunity or fair lending laws.[192] CFPB has suggested that lending institutions use Home Owners Loan Corporation (HOLC) redlining maps to establish their SPCPs since the benefits of the SPACs would be flow to areas that were directly targeted and harmed by discriminatory federal housing policy.[193]

This is critical since major laws, such as the CRA, do not, for example, consider the race of beneficiaries. That flaw allows banks to receive CRA credit for providing loans to middle- and higher-income White customers in gentrifying neighborhoods while overlooking a community's historically disadvantaged households.

Although in existence for decades, SPCS have not taken hold as a significant vehicle to promote affordable homeownership although recent interest in these financial vehicles has captured substantial attention. The modest data that might exist regarding the use of SPACs is not immediately publicly available. Another challenge is that lenders that operate SPACs may not publicly disclose or advertise that their affordable programs are SPACs, per se.

Chase Bank, for example, manages a SPAC as its "$5000 Chase Homebuyer Grant." The program was launched in February of 2021 as part of "the firm's $30 billion Path Forward commitment to help close the racial wealth gap. That commitment includes helping an additional 40,000 Black or Latinx families buy a home over the next five years."[194]

LISC San Diego also a SPCP under the name San Diego Black Homebuyers Program The program was launched with a $1 million grant from the San Diego Foundation to "to advance homeownership and wealth building opportunities for Black individuals and families with low-to-medium incomes." [195] The program supports first-time homeownership by providing grants of $40,000 to assist with downpayment and/or closing cost assistance. Program eligibility includes that recipients must be Black/African America.

The National Fair Housing Alliance (NFHA) is particularly leading the charge to promote the use of SPCPs.[196] In a 2020 special publication on SPCPs, NFHA outlines in detail, the legal requirements of SPCPs and the legal protections provided to entities that desire to implement them.

One of the reasons this potentially important credit tool has not been utilized more fully relates to confusion regarding its legality, despite the legal analyses of some important nonprofit organizations and legal experts. On July 19, 2022, the Consumer Financial Protection Bureau (CFPB) acknowledged there remains "a need for further guidance on how to develop SPCPs consistent with ECOA.' [197] Until the legal uncertainties are resolved, the implementation of SPCPs will likely be constrained.

NAREB hopes this heightened attention to the many benefits of SPCPs will attract funding and ultimately provide an alternative and productive lending channel to meet the mortgage credit needs of Black households who continue to be underserved by the U.S. housing finance system.

END DISCRIMINATORY AND ABUSIVE APPRAISAL PRACTICES

More needs to be done to address the pervasive racial bias in home appraisals that continue to devalue homes in Black communities and undermine the major source of wealth for Black households. In a January 2022 report, NFHA recommends that governance of the appraisal industry should be reviewed to ensure that civil rights and consumer advocates play an active role in rulemaking. The report further recommends that fair housing training be required for every appraiser seeking professional credentials and given the large racial disparities in the industry, the Appraisal Foundation should ensure that more individuals of color enter the profession.

Further, in 2021, as part of its efforts to commemorate the 100th anniversary of the Tulsa massacre, the Biden administration announced the creation of the PAVE Task Force, an interagency initiative charged with the evaluation of the causes, extent, and consequences of appraisal bias. The task force formulated an Action Plan that includes several policy initiatives designed to reduce the prevalence and impact of appraisal bias.[199] These initiatives include the potential use of alternatives and modifications to the sales comparison approach to home appraisals that may yield more accurate and equitable home valuation in the future.

FIX THE BROKEN AND OUT-OF-DATE HOUSING FINANCE SYSTEM

The U.S. housing finance system is both broken and out-of-date.[200] The current housing finance system that was launched in the 1930s was not designed to address the homeownership challenges or racial inequalities that exist today. Federal housing finance agencies established in the 1930s were designed to support loans in new and emerging suburban communities. They were not equipped to address housing needs in older urban communities that contain large shares of housing stock in need of repair or renovation prior to purchase. Those housing finance institutions were also not designed to address the substantial racial economic disparities that exist today.

Further, today's housing finance system was also built on powerful discriminatory pillars that institutionalized lending discrimination and fueled hyper- racial segregation.[201] The extreme poverty that system created, as well as the institutional biases that remain, cannot adequately be addressed by the current structure and operation of either FHA or the GSEs.

American needs a 21st Century housing finance system that has adequate capacity and flexibility to innovate and create affordable homeownership programs that can create millions, not hundreds, of new Black homeowners. Further, the housing finance system needs the expertise and ability to aggressively tackle housing renovation in older communities so that lower- and moderate-income households can compete with higher-income gentrifiers in the urban neighborhoods.

The most direct route to accomplish these goals is to release the GSEs from conservatorship and re-charter them as an independent federal housing and community investment corporation.[202] A government corporation, while supervised by the federal government, operates with substantially more autonomy than a federal agency. The federal reserve serves as a useful example of an independent federal entity. “Government ownership, via a government corporation, offers the advantages of government authority, centralization, standardization, and transparency.”[203]

Rather than profit-maximization being the focus and goal of the restructured GSEs, success for the federal corporation would be based on its performance to expand affordable homeownership while meeting strict safety and soundness standards. Rather than profits, the new agency could lower borrowing costs for all consumers, by eliminating unnecessarily fees and risk-based pricing.

In addition, as part of its community reinvestment activities, this new housing institution could also address the affordable rental housing shortage. The severe lack of affordable rental housing is a major contributor to the inability of lower- and moderate-income families to save for downpayment.

The enormous revenue generated by the GSEs should flow to ensuring best-in-class workforce and operating infrastructure, adequate loss reserves, and creating viable, accessible, safe and sound affordable lending programs. Today’s excess GSE earnings flow to federal deficit reduction. That action not only fails to meet the nation’s housing needs, it also constitutes a hidden tax on homebuyers and prioritizes meeting the homeownership needs of, disproportionately, of higher-income households.

There is little current discussion in Washington regarding the future of the GSEs. Prior to the Biden administration, momentum was gaining to recapitalize the GSEs and release them as private lending institutions with the mission of providing affordable homeownership. That approach to dealing with the GSEs would provide benefits neither to the federal government nor prospective homebuyers:

> The combination of releasing the GSEs from conservatorship, hamstringing them with excessive capital requirements, and the loosening of underwriting standards is a recipe for disaster. It would unleash the “private label” Wall Street securitization machine that financed the junk mortgages of the housing bubble. Rolling back underwriting requirements enables Wall Street to return to dodgy mortgage products and releasing the GSEs from conservatorship will create an uneven regulatory playing field that favors Wall Street.[204]

An alternative outcome of privatization is that the privatized housing institutions would abandon affordable lending completely and serve even higher-income households than they do today.

Initiatives such as SPCPs can provide important capital to prospective buyers whose credit profiles differ from traditional credit histories but who, nevertheless, represent sound credit risks. Those types of programs in the current lending environment, however, can only serve as niche providers; they cannot substitute for the market power of the GSEs and FHA. On the other hand, the establishment of a new, independent federal housing agency could encourage innovative programs, such as SPCPs, by providing a secondary market to those programs that work.

Conclusion

Black households continue to struggle to achieve homeownership. Given the level of historic, systemic, federally sanctioned and enforced discrimination against Blacks in the housing market, its impressive that Blacks have achieved any meaningful level of homeownership.

The fact that nearly half of Black households were homeowners in 2004 speaks to the tenacity of Black America and its willingness to continue to struggle for equality in this nation.

Blacks, however, should and must not be perpetually forced to overcome unfair and unreasonable hurtles to achieve the American Dream of homeownership. White households did not achieve a homeownership rate of nearly 75 percent without substantial federal assistance designed to meet their needs and increase their wealth. Powerful federal housing finance institutions have offered to White households, low-cost financing, long-term, fixed rate loans since the 1930s.

This report has listed several steps that should be taken to level the playing field between Blacks and Whites related to ensuring fair access to homeownership opportunities. Those recommendations include eliminate loan level pricing, remove fees associated with downpayment assistance, recalculate the way in which student loan debt is treated in the underwriting process, eliminate appraisal bias, and restructure the housing finance system to create new and innovative programs that meet the needs of America's 21 Century housing challenges.

Fixing these basics could greatly increase Black homeownership without the need for excessive amounts of federal funding or risking the safety and soundness of the housing finance system.
Most importantly, however, is to fix the broken federal housing finance system itself. Fannie Mae and Freddie Mac must be removed from the current conservatorship status to a federal housing finance corporation structure and allowed to pursue broadly, housing and community development. The current system was not designed to deal with distressed inner-city communities with high levels of homes in need to renovation or replacement.

The current system was also not designed to meet the needs of households whose incomes and credit profiles differ from those of White households. And by fixing the system itself, innovative programs, such as SPCPs can be better supported, and actions such as appraisal bias, can be more aggressively prevented.

Appendix

DETAILED 2021 HMDA TABULATIONS

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Applications	**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**	**4,897,108**	**5,037,176**	**5,575,499**	**5,934,319**
Originated	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	3,600,410	3,739,532	4,108,148	4,400,889
Approved but not accepted	190,510	130,090	120,223	112,962	109,986	130,686	112,300	116,596	122,152	135,376	116,302	117,382	117,610	122,162
Denied	414,166	346,998	293,292	309,925	337,726	385,097	360,287	374,084	390,124	448,457	400,923	369,464	403,369	400,439
Withdrawn/File closed	354,866	323,017	294,816	296,372	324,784	394,417	431,907	415,622	554,227	725,892	779,473	810,798	946,372	1,010,829
Non Hispanic White Applicant														
Applications	**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**	**2,918,506**	**2,926,713**	**3,152,438**	**3,145,282**
Originated	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	2,236,728	2,260,266	2,432,039	2,445,167
Approved but not accepted	111,326	77,924	66,477	69,580	69,213	82,392	69,699	72,251	73,874	81,697	67,432	65,897	63,382	61,895
Denied	211,554	188,224	147,521	173,079	194,194	221,936	203,313	205,316	205,571	232,497	196,111	174,583	179,591	166,548
Withdrawn/File closed	195,240	182,932	157,783	175,262	197,301	243,591	260,867	251,058	318,249	407,752	418,235	425,967	477,426	471,672
Black Applicant														
Applications	**214,892**	**180,219**	**119,818**	**161,319**	**172,061**	**186,074**	**206,182**	**245,425**	**300,503**	**361,457**	**358,433**	**376,037**	**437,680**	**495,503**
Originated	116,371	109,728	74,055	98,416	105,379	113,723	130,176	164,585	198,217	236,419	233,269	249,367	285,468	327,927
Approved but not accepted	12,363	7,361	5,407	6,958	6,176	7,417	7,407	8,289	9,318	10,130	8,983	9,683	10,507	11,858
Denied	52,903	37,458	23,173	33,441	36,219	38,956	37,898	41,653	47,032	54,126	49,783	47,687	55,407	59,246
Withdrawn/File closed	33,255	25,672	17,183	22,504	24,287	25,978	30,701	30,898	45,936	60,782	66,398	69,300	86,298	96,472
Latino Applicant														
Applications	**250,023**	**246,316**	**266,711**	**214,872**	**229,359**	**255,496**	**284,984**	**380,455**	**453,381**	**458,463**	**497,079**	**535,084**	**619,807**	**674,860**
Originated	137,877	155,587	168,788	140,712	153,239	169,493	193,892	272,525	319,710	324,269	348,237	382,392	433,420	484,483
Approved but not accepted	19,483	13,429	14,887	10,517	9,736	10,404	10,015	12,340	13,862	13,330	12,397	12,707	13,695	14,596
Denied	56,267	43,920	45,851	35,449	37,433	41,986	41,016	49,893	54,036	50,164	55,206	52,946	61,242	59,597
Withdrawn/File closed	36,396	33,380	37,185	28,194	28,951	33,613	40,061	45,697	65,773	70,700	81,239	87,039	111,450	116,184
Asian Applicant														
Applications	**148,098**	**157,965**	**198,249**	**133,389**	**152,881**	**189,503**	**187,777**	**220,991**	**257,327**	**297,790**	**300,457**	**295,989**	**318,293**	**430,286**
Originated	88,755	105,677	133,862	89,722	105,700	130,781	131,352	162,198	184,921	213,022	212,017	209,806	222,255	305,331
Approved but not accepted	14,082	9,822	13,650	8,127	7,969	10,064	8,051	8,483	8,913	9,499	8,206	7,880	7,208	8,526
Denied	22,639	20,833	24,805	17,872	19,979	23,586	20,987	22,955	23,961	26,496	25,749	22,585	24,231	27,103
Withdrawn/File closed	22,622	21,633	25,932	17,668	19,233	25,072	27,387	27,355	39,532	48,773	54,485	55,718	64,599	89,326
Other Race/Ethnicity Applicant														
Applications	**31,066**	**30,601**	**33,451**	**22,525**	**24,045**	**27,426**	**29,482**	**29,603**	**36,155**	**48,972**	**28,617**	**30,843**	**39,097**	**45,666**
Originated	17,868	19,337	20,865	14,917	16,115	17,894	19,974	21,436	25,533	33,733	19,179	21,063	26,744	31,161
Approved but not accepted	2,244	1,487	1,749	1,122	1,058	1,195	1,074	968	1,118	1,265	677	730	826	940
Denied	6,531	5,182	5,454	3,685	3,970	4,715	4,398	3,664	4,178	5,871	3,504	3,399	4,133	4,608
Withdrawn/File closed	4,423	4,595	5,383	2,801	2,902	3,622	4,036	3,535	5,326	8,103	5,257	5,651	7,394	8,957
Joint Applicants														
Applications	**66,665**	**66,226**	**63,597**	**58,814**	**69,835**	**88,051**	**96,062**	**29,518**	**34,589**	**160,397**	**199,760**	**214,189**	**253,981**	**283,643**
Originated	46,298	48,631	46,595	43,594	52,839	65,910	72,580	22,990	26,214	120,968	148,552	159,704	188,843	214,678
Approved but not accepted	4,679	3,238	3,236	2,793	2,675	3,436	3,098	946	1,058	4,206	4,420	4,745	4,890	5,286
Denied	8,373	7,273	6,884	6,291	7,215	8,974	8,560	2,314	2,644	12,016	14,576	13,891	16,319	16,250
Withdrawn/File closed	7,315	7,084	6,882	6,136	7,106	9,731	11,824	3,268	4,673	23,207	32,212	35,849	43,929	47,429
Missing Race/Ethnicity														
Applications	**305,864**	**288,921**	**258,259**	**245,615**	**261,404**	**301,431**	**311,044**	**382,758**	**451,254**	**544,758**	**594,256**	**658,321**	**754,203**	**859,079**
Originated	168,017	180,263	159,370	147,835	164,525	187,899	196,942	267,339	309,805	355,647	402,428	456,934	519,379	592,142
Approved but not accepted	26,333	16,829	14,817	13,865	13,159	15,778	12,956	13,319	14,009	15,249	14,187	15,740	17,102	19,061
Denied	55,899	44,108	39,604	40,108	38,716	44,944	44,115	48,289	52,702	67,287	55,994	54,373	62,446	67,087
Withdrawn/File closed	55,615	47,721	44,468	43,807	45,004	52,810	57,031	53,811	74,738	106,575	121,647	131,274	155,276	180,789

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 2021)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Applications for Conventional Loans	**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**	**3,247,459**	**3,325,809**	**3,702,605**	**4,151,173**
Originated	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	2,421,277	2,498,060	2,766,489	3,117,337
Approved but not accepted	148,332	72,063	65,528	64,055	67,869	87,529	73,998	74,365	79,173	92,996	82,956	82,873	80,125	86,109
Denied	276,063	161,525	129,578	144,957	164,228	204,924	194,942	198,262	205,567	254,707	231,050	212,747	236,309	243,946
Withdrawn/File closed	245,187	158,789	141,607	144,854	169,972	233,253	264,695	248,211	331,409	455,043	512,176	532,129	619,682	703,781
Non Hispanic White Applicant														
Applications	**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**	**2,034,599**	**2,045,273**	**2,237,078**	**2,334,357**
Originated	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	1,576,220	1,593,015	1,742,103	1,832,330
Approved but not accepted	87,255	45,508	38,264	42,045	45,198	57,556	48,318	48,782	51,025	59,061	50,608	49,129	46,409	46,688
Denied	142,666	94,706	72,620	87,572	101,682	124,763	117,061	116,171	115,667	138,954	118,992	107,351	114,458	109,548
Withdrawn/File closed	137,815	96,174	82,234	92,182	110,539	151,403	169,634	160,180	203,116	268,718	288,779	295,778	334,108	345,791
Black Applicant														
Applications	**94,617**	**39,307**	**23,949**	**35,491**	**42,036**	**56,456**	**66,696**	**75,466**	**96,285**	**134,856**	**140,593**	**148,741**	**173,099**	**213,449**
Originated	42,290	20,148	13,616	19,403	23,801	33,153	41,478	49,482	62,481	87,635	91,902	98,332	112,410	140,935
Approved but not accepted	7,646	2,098	1,265	1,912	1,869	2,738	2,611	2,849	3,204	4,064	3,823	3,980	4,078	5,105
Denied	28,075	11,092	5,649	9,581	10,784	12,966	12,850	13,858	16,097	20,816	19,007	18,780	22,173	25,459
Withdrawn/File closed	16,606	5,969	3,419	4,595	5,582	7,599	9,757	9,277	14,503	22,341	25,861	27,649	34,438	41,950
Latino Applicant														
Applications	**137,842**	**65,053**	**57,702**	**57,009**	**67,932**	**94,889**	**115,133**	**150,503**	**189,043**	**218,062**	**258,981**	**279,120**	**318,715**	**385,843**
Originated	65,765	36,854	34,460	35,223	43,939	62,246	78,024	106,564	132,687	153,475	181,714	199,379	224,130	278,398
Approved but not accepted	14,004	4,564	3,949	3,303	3,454	4,497	4,463	5,393	6,368	6,831	6,999	7,416	7,396	8,464
Denied	36,101	13,951	10,701	11,042	12,204	16,202	16,747	20,618	22,670	24,084	27,761	26,502	30,228	32,423
Withdrawn/File closed	21,972	9,684	8,592	7,441	8,335	11,944	15,899	17,928	27,318	33,672	42,507	45,823	56,961	66,558
Asian Applicant														
Applications	**131,467**	**116,116**	**143,833**	**96,840**	**116,471**	**155,968**	**157,770**	**177,906**	**210,334**	**256,779**	**262,793**	**257,319**	**276,068**	**388,530**
Originated	77,746	77,403	97,567	65,509	81,632	108,926	111,426	131,250	151,913	184,584	185,964	182,873	193,474	276,535
Approved but not accepted	13,217	7,829	10,876	6,429	6,513	8,720	6,937	7,022	7,484	8,422	7,428	7,085	6,398	7,784
Denied	20,031	14,699	16,656	12,079	13,826	17,768	16,373	17,265	18,266	21,669	21,416	18,590	20,061	23,108
Withdrawn/File closed	20,473	16,185	18,734	12,823	14,500	20,554	23,034	22,369	32,671	42,104	47,985	48,771	56,135	81,103
Other Race/Ethnicity Applicant														
Applications	**18,507**	**11,393**	**10,595**	**8,235**	**9,532**	**12,438**	**13,685**	**14,361**	**17,636**	**24,032**	**14,504**	**15,431**	**19,309**	**24,237**
Originated	9,527	6,363	5,867	5,103	6,061	7,956	9,090	10,355	12,482	16,399	9,632	10,416	13,163	16,524
Approved but not accepted	1,639	666	582	453	477	609	552	519	598	711	400	419	436	503
Denied	4,395	2,160	2,053	1,573	1,786	2,217	2,163	1,805	1,932	2,865	1,769	1,738	2,066	2,418
Withdrawn/File closed	2,946	2,204	2,093	1,106	1,208	1,656	1,880	1,682	2,624	4,057	2,703	2,858	3,644	4,792
Joint Applicants														
Applications	**39,231**	**28,587**	**28,372**	**28,411**	**36,646**	**52,047**	**57,724**	**18,633**	**21,607**	**97,193**	**124,135**	**133,040**	**160,900**	**193,643**
Originated	25,770	20,255	20,527	20,768	27,731	39,264	43,923	14,578	16,480	73,694	93,217	99,743	121,164	148,215
Approved but not accepted	3,419	1,702	1,689	1,614	1,689	2,320	1,991	615	718	2,817	3,072	3,289	3,238	3,735
Denied	5,217	3,165	2,890	2,951	3,434	4,689	4,705	1,308	1,446	6,597	8,011	7,689	9,051	9,623
Withdrawn/File closed	4,825	3,465	3,266	3,078	3,792	5,774	7,105	2,132	2,963	14,085	19,835	22,319	27,447	32,070
Missing Race/Ethnicity														
Applications	**216,118**	**144,691**	**132,243**	**130,555**	**153,273**	**198,970**	**204,802**	**243,427**	**287,368**	**364,481**	**411,854**	**446,885**	**517,436**	**611,114**
Originated	114,838	88,135	81,062	78,468	98,076	127,239	133,247	172,362	199,889	243,603	282,628	314,302	360,045	424,400
Approved but not accepted	21,152	9,696	8,903	8,299	8,669	11,089	9,126	9,185	9,776	11,090	10,626	11,555	12,170	13,830
Denied	39,578	21,752	19,009	20,159	20,512	26,319	25,043	27,237	29,489	39,722	34,094	32,097	38,272	41,367
Withdrawn/File closed	40,550	25,108	23,269	23,629	26,016	34,323	37,386	34,643	48,214	70,066	84,506	88,931	106,949	131,517

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 2021)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Applications for Nonconventional Loans	**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**	**1,649,649**	**1,711,367**	**1,872,894**	**1,783,146**
Originated	686,673	1,050,119	873,626	879,435	918,113	893,756	891,441	1,115,518	1,218,641	1,296,906	1,179,133	1,241,472	1,341,659	1,283,552
Approved but not accepted	42,178	58,027	54,695	48,907	42,117	43,157	38,302	42,231	42,979	42,380	33,346	34,509	37,485	36,053
Denied	138,103	185,473	163,714	164,968	173,498	180,173	165,345	175,822	184,557	193,750	169,873	156,717	167,060	156,493
Withdrawn/File closed	109,679	164,228	153,209	151,518	154,812	161,164	167,212	167,411	222,818	270,849	267,297	278,669	326,690	307,048
Non Hispanic White Applicant														
Applications	**597,807**	**892,746**	**701,853**	**764,835**	**804,845**	**801,037**	**762,579**	**892,528**	**958,059**	**1,027,451**	**883,907**	**881,440**	**915,360**	**810,925**
Originated	447,423	680,054	523,190	568,713	601,556	586,840	563,713	689,036	730,173	772,238	660,508	667,251	689,936	612,837
Approved but not accepted	24,071	32,416	28,213	27,535	24,015	24,836	21,381	23,469	22,849	22,636	16,824	16,768	16,973	15,207
Denied	68,888	93,518	74,901	85,507	92,512	97,173	86,252	89,145	89,904	93,543	77,119	67,232	65,133	57,000
Withdrawn/File closed	57,425	86,758	75,549	83,080	86,762	92,188	91,233	90,878	115,133	139,034	129,456	130,189	143,318	125,881
Black Applicant														
Applications	**120,275**	**140,912**	**95,869**	**125,828**	**130,025**	**129,618**	**139,486**	**169,959**	**204,218**	**226,601**	**217,840**	**227,296**	**264,581**	**282,054**
Originated	74,081	89,580	60,439	79,013	81,578	80,570	88,698	115,103	135,736	148,784	141,367	151,035	173,058	186,992
Approved but not accepted	4,717	5,263	4,142	5,046	4,307	4,679	4,796	5,440	6,114	6,066	5,160	5,703	6,429	6,753
Denied	24,828	26,366	17,524	23,860	25,435	25,990	25,048	27,795	30,935	33,310	30,776	28,907	33,234	33,787
Withdrawn/File closed	16,649	19,703	13,764	17,909	18,705	18,379	20,944	21,621	31,433	38,441	40,537	41,651	51,860	54,522
Latino Applicant														
Applications	**112,181**	**181,263**	**209,009**	**157,863**	**161,427**	**160,607**	**169,851**	**229,952**	**264,338**	**240,401**	**238,098**	**255,964**	**301,092**	**289,017**
Originated	72,112	118,733	134,328	105,489	109,300	107,247	115,868	165,961	187,023	170,794	166,523	183,013	209,290	206,085
Approved but not accepted	5,479	8,865	10,938	7,214	6,282	5,907	5,552	6,947	7,494	6,499	5,398	5,291	6,299	6,132
Denied	20,166	29,969	35,150	24,407	25,229	25,784	24,269	29,275	31,366	26,080	27,445	26,444	31,014	27,174
Withdrawn/File closed	14,424	23,696	28,593	20,753	20,616	21,669	24,162	27,769	38,455	37,028	38,732	41,216	54,489	49,626
Asian Applicant														
Applications	**16,631**	**41,849**	**54,416**	**36,549**	**36,410**	**33,535**	**30,007**	**43,085**	**46,993**	**41,011**	**37,664**	**38,670**	**42,225**	**41,756**
Originated	11,009	28,274	36,295	24,213	24,068	21,855	19,926	30,948	33,008	28,438	26,053	26,933	28,781	28,796
Approved but not accepted	865	1,993	2,774	1,698	1,456	1,344	1,114	1,461	1,429	1,077	778	795	810	742
Denied	2,608	6,134	8,149	5,793	6,153	5,818	4,614	5,690	5,695	4,827	4,333	3,995	4,170	3,995
Withdrawn/File closed	2,149	5,448	7,198	4,845	4,733	4,518	4,353	4,986	6,861	6,669	6,500	6,947	8,464	8,223
Other Race/Ethnicity Applicant														
Applications	**12,559**	**19,208**	**22,856**	**14,290**	**14,513**	**14,988**	**15,797**	**15,242**	**18,519**	**24,940**	**14,113**	**15,412**	**19,788**	**21,429**
Originated	8,341	12,974	14,998	9,814	10,054	9,938	10,884	11,081	13,051	17,334	9,547	10,647	13,581	14,637
Approved but not accepted	605	821	1,167	669	581	586	522	449	520	554	277	311	390	437
Denied	2,136	3,022	3,401	2,112	2,184	2,498	2,235	1,859	2,246	3,006	1,735	1,661	2,067	2,190
Withdrawn/File closed	1,477	2,391	3,290	1,695	1,694	1,966	2,156	1,853	2,702	4,046	2,554	2,793	3,750	4,165
Joint Applicants														
Applications	**27,434**	**37,639**	**35,225**	**30,403**	**33,189**	**36,004**	**38,338**	**10,885**	**12,982**	**63,204**	**75,625**	**81,149**	**93,081**	**90,000**
Originated	20,528	28,376	26,068	22,826	25,108	26,646	28,657	8,412	9,734	47,274	55,335	59,961	67,679	66,463
Approved but not accepted	1,260	1,536	1,547	1,179	986	1,116	1,107	331	340	1,389	1,348	1,456	1,652	1,551
Denied	3,156	4,108	3,994	3,340	3,781	4,285	3,855	1,006	1,198	5,419	6,565	6,202	7,268	6,627
Withdrawn/File closed	2,490	3,619	3,616	3,058	3,314	3,957	4,719	1,136	1,710	9,122	12,377	13,530	16,482	15,359
Missing Race/Ethnicity														
Applications	**89,746**	**144,230**	**126,016**	**115,060**	**108,131**	**102,461**	**106,242**	**139,331**	**163,886**	**180,277**	**182,402**	**211,436**	**236,767**	**247,965**
Originated	53,179	92,128	78,308	69,367	66,449	60,660	63,695	94,977	109,916	112,044	119,800	142,632	159,334	167,742
Approved but not accepted	5,181	7,133	5,914	5,566	4,490	4,689	3,830	4,134	4,233	4,159	3,561	4,185	4,932	5,231
Denied	16,321	22,356	20,595	19,949	18,204	18,625	19,072	21,052	23,213	27,565	21,900	22,276	24,174	25,720
Withdrawn/File closed	15,065	22,613	21,199	20,178	18,988	18,487	19,645	19,168	26,524	36,509	37,141	42,343	48,327	49,272

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, 2021

	Applications	Originated	Approved but not accepted	Denied	Withdrawn/File closed
BLACK APPLICANTS					
TOTAL APPLICATIONS	**495,503**	**327,927**	**11,858**	**59,246**	**96,472**
Applicant income					
Less or equal to 50% of AMI	54,481	31,209	1,305	11,692	10,275
50% - 80% of AMI	149,310	100,360	3,594	17,986	27,370
80% - 120% of AMI	147,265	101,401	3,479	14,519	27,866
More than 120% of AMI	144,447	94,957	3,480	15,049	30,961
Loan type					
Nonconventional	282,054	186,992	6,753	33,787	54,522
Conventional	213,449	140,935	5,105	25,459	41,950
GSE/FHA					
GSE-purchased*	67,737	67,737			
FHA-insured	198,717	130,240	5,090	25,633	37,754
Loan cost					
High cost*	46,881	44,858	2,023		
Property location					
Low-moderate income neighborhood	154,326	96,022	4,259	21,712	32,333
Higher income neighborhood	341,177	231,905	7,599	37,534	64,139
Majority minority neighborhood	220,100	141,731	5,703	27,838	44,828
Midwest	80,729	53,325	1,917	10,141	15,346
Northeast	56,417	38,005	1,436	6,818	10,158
South	318,138	209,271	7,544	38,369	62,954
West	40,219	27,326	961	3,918	8,014
NON-HISPANIC WHITE APPLICANTS					
TOTAL APPLICATIONS	**3,145,282**	**2,445,167**	**61,895**	**166,548**	**471,672**
Applicant income					
Less or equal to 50% of AMI	229,455	162,881	4,761	27,813	34,000
50% - 80% of AMI	674,019	530,267	12,911	39,530	91,311
80% - 120% of AMI	808,918	644,230	15,029	36,983	112,676
More than 120% of AMI	1,432,890	1,107,789	29,194	62,222	233,685
Loan type					
Nonconventional	810,925	612,837	15,207	57,000	125,881
Conventional	2,334,357	1,832,330	46,688	109,548	345,791
GSE/FHA					
GSE-purchased*	968,810	968,810			
FHA-insured	420,731	314,288	8,432	34,406	63,605
Loan cost					
High cost*	115,561	111,314	4,247		
Property location					
Low-moderate income neighborhood	479,976	353,984	10,628	33,094	82,270
Higher income neighborhood	2,665,306	2,091,183	51,267	133,454	389,402
Majority minority neighborhood	300,102	225,169	6,035	17,648	51,250
Midwest	814,550	652,614	14,562	41,257	106,117
Northeast	440,030	346,861	7,929	24,404	60,836
South	1,280,987	975,671	27,402	72,827	205,087
West	609,715	470,021	12,002	28,060	99,632

*Information applicable only to originated loans

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, 2021

	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	495,503	327,927	11,858	59,246	96,472	3,145,282	2,445,167	61,895	166,548	471,672
Midwest	80,729	53,325	1,917	10,141	15,346	814,550	652,614	14,562	41,257	106,117
Less or equal to 50% of AMI	15,147	9,177	348	2,853	2,769	94,994	70,941	1,908	9,587	12,558
50%-80% of AMI	28,841	19,670	705	3,272	5,194	217,770	176,071	4,001	11,357	26,341
80%-120% of AMI	20,788	14,263	510	2,006	4,009	208,334	170,760	3,571	8,640	25,363
More than 120% of AMI	15,953	10,215	354	2,010	3,374	293,452	234,842	5,082	11,673	41,855
Northeast	56,417	38,005	1,436	6,818	10,158	440,030	346,861	7,929	24,404	60,836
Less or equal to 50% of AMI	7,005	4,160	166	1,510	1,169	37,287	26,642	722	4,836	5,087
50%-80% of AMI	18,653	12,815	450	2,155	3,233	103,562	82,313	1,821	6,437	12,991
80%-120% of AMI	16,719	11,656	449	1,721	2,893	112,771	91,050	1,918	5,330	14,473
More than 120% of AMI	14,040	9,374	371	1,432	2,863	186,410	146,856	3,468	7,801	28,285
South	318,138	209,271	7,544	38,369	62,954	1,280,987	975,671	27,402	72,827	205,087
Less or equal to 50% of AMI	30,690	16,961	750	6,957	6,022	73,527	49,284	1,679	10,310	12,254
50%-80% of AMI	93,851	62,440	2,246	11,670	17,495	252,688	193,629	5,376	16,422	37,261
80%-120% of AMI	97,254	66,698	2,221	9,690	18,645	329,466	256,588	6,675	16,711	49,492
More than 120% of AMI	96,343	63,172	2,327	10,052	20,792	625,306	476,170	13,672	29,384	106,080
West	40,219	27,326	961	3,918	8,014	609,715	470,021	12,002	28,060	99,632
Less or equal to 50% of AMI	1,639	911	41	372	315	23,647	16,014	452	3,080	4,101
50%-80% of AMI	7,965	5,435	193	889	1,448	99,999	78,254	1,713	5,314	14,718
80%-120% of AMI	12,504	8,784	299	1,102	2,319	158,347	125,832	2,865	6,302	23,348
More than 120% of AMI	18,111	12,196	428	1,555	3,932	327,722	249,921	6,972	13,364	57,465
CONVENTIONAL LOANS	213,449	140,935	5,105	25,459	41,950	2,334,357	1,832,330	46,688	109,548	345,791
Midwest	37,099	24,780	856	4,546	6,917	612,689	497,800	11,076	26,131	77,682
Less or equal to 50% of AMI	6,327	3,971	150	1113	1093	62,678	48,163	1,262	5,529	7,724
50%-80% of AMI	11,712	8,200	276	1,236	2,000	145,519	119,568	2,728	6,354	16,869
80%-120% of AMI	8,930	6,162	213	849	1,706	149,993	124,553	2,622	5,175	17,643
More than 120% of AMI	10,130	6,447	217	1348	2,118	254,499	205,516	4,464	9,073	35,446
Northeast	27,743	18,978	680	3,169	4,916	355,862	283,039	6,369	17,498	48,956
Less or equal to 50% of AMI	3,234	1,950	71	684	529	26,008	18,891	470	3,190	3,457
50%-80% of AMI	8,013	5,581	199	890	1,343	73,284	58,881	1,264	4,077	9,062
80%-120% of AMI	7,776	5,500	193	769	1,314	86,950	70,838	1,443	3,637	11,032
More than 120% of AMI	8,720	5,947	217	826	1,730	169,620	134,429	3,192	6,594	25,405
South	127,912	82,945	3,057	15,854	26,056	886,709	679,889	19,482	45,755	141,583
Less or equal to 50% of AMI	12,437	6,983	263	2,880	2,311	46,779	32,064	1,092	6,081	7,542
50%-80% of AMI	32,314	21,461	779	4,022	6,052	148,959	115,365	3,177	8,799	21,618
80%-120% of AMI	33,184	22,305	741	3,478	6,660	199,768	156,260	4,115	9,299	30,094
More than 120% of AMI	49,977	32,196	1274	5,474	11,033	491,203	376,200	11,098	21,576	82,329
West	20,695	14,232	512	1,890	4,061	479,097	371,602	9,761	20,164	77,570
Less or equal to 50% of AMI	970	584	21	190	175	17,700	12,331	366	2,085	2,918
50%-80% of AMI	3,572	2,496	83	343	650	69,762	55,383	1,216	3,172	9,991
80%-120% of AMI	5,219	3,680	124	451	964	111,742	89,248	2,056	3,987	16,451
More than 120% of AMI	10,934	7,472	284	906	2,272	279,893	214,640	6,123	10,920	48,210
NONCONVENTIONAL LOANS	282,054	186,992	6,753	33,787	54,522	810,925	612,837	15,207	57,000	125,881
Midwest	43,630	28,545	1,061	5,595	8,429	201,861	154,814	3,486	15,126	28,435
Less or equal to 50% of AMI	8,820	5,206	198	1,740	1,676	32,316	22,778	646	4,058	4,834
50%-80% of AMI	17,129	11,470	429	2,036	3,194	72,251	56,503	1,273	5,003	9,472
80%-120% of AMI	11,858	8,101	297	1,157	2,303	58,341	46,207	949	3,465	7,720
More than 120% of AMI	5,823	3,768	137	662	1,256	38,953	29,326	618	2,600	6,409
Northeast	28,674	19,027	756	3,649	5,242	84,168	63,822	1,560	6,906	11,880
Less or equal to 50% of AMI	3,771	2,210	95	826	640	11,279	7,751	252	1,646	1,630
50%-80% of AMI	10,640	7,234	251	1,265	1,890	30,278	23,432	557	2,360	3,929
80%-120% of AMI	8,943	6,156	256	952	1,579	25,821	20,212	475	1,693	3,441
More than 120% of AMI	5,320	3,427	154	606	1133	16,790	12,427	276	1,207	2,880
South	190,226	126,326	4,487	22,515	36,898	394,278	295,782	7,920	27,072	63,504
Less or equal to 50% of AMI	18,253	9,978	487	4,077	3,711	26,748	17,220	587	4,229	4,712
50%-80% of AMI	61,537	40,979	1,467	7,648	11,443	103,729	78,264	2,199	7,623	15,643
80%-120% of AMI	64,070	44,393	1,480	6,212	11,985	129,698	100,328	2,560	7,412	19,398
More than 120% of AMI	46,366	30,976	1053	4,578	9,759	134,103	99,970	2,574	7,808	23,751
West	19,524	13,094	449	2,028	3,953	130,618	98,419	2,241	7,896	22,062
Less or equal to 50% of AMI	669	327	20	182	140	5,947	3,683	86	995	1,183
50%-80% of AMI	4,393	2,939	110	546	798	30,237	22,871	497	2,142	4,727
80%-120% of AMI	7,285	5,104	175	651	1,355	46,605	36,584	809	2,315	6,897
More than 120% of AMI	7,177	4,724	144	649	1,660	47,829	35,281	849	2,444	9,255

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, 2021

	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	327,927	31,209	100,360	101,401	94,957	2,445,167	162,881	530,267	644,230	1,107,789
GSE-Purchased	67,764	6,269	17,504	19,076	24,915	968,810	64,957	201,538	257,367	444,948
FHA-Insured	130,340	15,389	48,407	42,930	23,614	314,288	35,862	103,472	101,047	73,907
Midwest										
Total Loans	53,325	9,177	19,670	14,263	10,215	652,614	70,941	176,071	170,760	234,842
GSE-Purchased	12,907	1,861	4,115	3,416	3,515	279,882	28,096	70,779	74,643	106,364
FHA-Insured	23,864	4,798	9,947	6,493	2,626	89,396	16,085	33,723	25,254	14,334
Northeast										
Total Loans	38,005	4,160	12,815	11,656	9,374	346,861	26,642	82,313	91,050	146,856
GSE-Purchased	9,536	983	2,752	2,860	2,941	139,825	10,459	31,994	39,032	58,340
FHA-Insured	16,906	2,029	6,524	5,439	2,914	42,295	5,990	16,206	13,019	7,080
South										
Total Loans	209,271	16,961	62,440	66,698	63,172	975,671	49,284	193,629	256,588	476,170
GSE-Purchased	37,253	3,075	9,147	10,506	14,525	341,741	18,375	62,639	85,393	175,334
FHA-Insured	82,009	8,347	29,997	28,013	15,652	136,801	11,438	40,983	44,993	39,387
West										
Total Loans	27,326	911	5,435	8,784	12,196	470,021	16,014	78,254	125,832	249,921
GSE-Purchased	8,068	350	1,490	2,294	3,934	207,362	8,027	36,126	58,299	104,910
FHA-Insured	7,561	215	1,939	2,985	2,422	45,796	2,349	12,560	17,781	13,106

Table 7. Distribution of denial reasons of first lien purchase loans of occupied 1-to-4 family homes by applicant income, Conventional and nonconventional loan applications, Black and Non-Hispanic White applicants, 2021

	BLACK APPLICANT					NON-HISPANIC WHITE APPLICANT				
Type of loan and denial reason	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	58,724	11,586	17,831	14,418	14,889	162,627	26,981	38,514	36,131	61,001
Debt-to-income ratio	20,074	6,098	6,750	4,085	3,141	47,134	13,730	12,038	8,688	12,678
Employment history	2,222	534	661	512	515	6,260	1,365	1,687	1,276	1,932
Credit history	12,703	1,626	3,353	3,282	4,442	28,135	3,513	6,671	6,633	11,318
Collateral	6,824	987	2,204	1,873	1,760	27,959	2,809	6,483	6,723	11,944
Insufficient cash	2,778	430	928	757	663	7,373	919	1,912	1,712	2,830
Unverifiable information	2,939	424	728	765	1,022	8,466	882	1,619	1,832	4,133
Credit application incomplete	5,799	724	1,684	1,577	1,814	20,848	1,895	4,379	5,092	9,482
Mortgage insurance denied	67	14	23	14	16	169	31	38	45	55
Other	5,318	749	1,500	1,553	1,516	16,283	1,837	3,687	4,130	6,629
Conventional	25,003	4,774	6,355	5,465	8,409	105,934	16,132	21,489	21,321	46,992
Debt-to-income ratio	8,223	2,467	2,343	1,608	1,805	31,692	8,569	7,110	5,632	10,381
Employment history	679	165	138	134	242	3,137	584	678	586	1,289
Credit history	5,807	779	1,214	1,164	2,650	17,269	2,155	3,640	3,538	7,936
Collateral	3,372	480	1024	823	1045	19,330	1,710	3,844	4,189	9,587
Insufficient cash	1,063	141	302	266	354	4,626	465	932	978	2,251
Unverifiable information	1,158	135	241	260	522	5,939	521	927	1,126	3,365
Credit application incomplete	2,333	241	516	599	977	13,925	1023	2,404	3,045	7,453
Mortgage insurance denied	31	7	9	5	10	108	19	24	28	37
Other	2,337	359	568	606	804	9,908	1086	1,930	2,199	4,693
Nonconventional	33,721	6,812	11,476	8,953	6,480	56,693	10,849	17,025	14,810	14,009
Debt-to-income ratio	11,851	3,631	4,407	2,477	1,336	15,442	5,161	4,928	3,056	2,297
Employment history	1,543	369	523	378	273	3,123	781	1,009	690	643
Credit history	6,896	847	2,139	2,118	1,792	10,866	1,358	3,031	3,095	3,382
Collateral	3,452	507	1180	1050	715	8,629	1,099	2,639	2,534	2,357
Insufficient cash	1,715	289	626	491	309	2,747	454	980	734	579
Unverifiable information	1,781	289	487	505	500	2,527	361	692	706	768
Credit application incomplete	3,466	483	1168	978	837	6,923	872	1,975	2,047	2,029
Mortgage insurance denied	36	7	14	9	6	61	12	14	17	18
Other	2,981	390	932	947	712	6,375	751	1,757	1,931	1,936

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, 2021

	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										
Bank, Savings Institution, or Credit Union										
Applications	97,843	13,775	29,434	24,778	29,856	957,508	73,261	187,855	218,241	478,151
Originated	61,456	7,607	19,158	16,325	18,366	733,306	50,121	144,819	171,287	367,079
Approved but not accepted	2,159	276	664	504	715	21,243	1,636	3,996	4,610	11,001
Denied	15,209	3,485	4,199	3,052	4,473	63,902	11,435	14,158	12,809	25,500
Withdrawn/File Closed	19,019	2,407	5,413	4,897	6,302	139,057	10,069	24,882	29,535	74,571
Mortgage Companies Affiliated with Depositories										
Applications	29,902	2,356	9,080	10,138	8,328	137,546	9,651	31,572	39,218	57,105
Originated	20,457	1,385	6,158	7,138	5,776	109,871	7,192	25,424	31,849	45,406
Approved but not accepted	636	82	195	190	169	2,971	265	634	766	1,306
Denied	3,762	583	1,281	1,061	837	5,973	996	1,567	1,534	1,876
Withdrawn/File Closed	5,047	306	1,446	1,749	1,546	18,731	1,198	3,947	5,069	8,517
Independent Mortgage Companies										
Applications	335,667	34,361	101,606	104,353	95,347	1,872,113	134,924	424,121	515,495	797,573
Originated	227,834	20,277	69,463	73,207	64,887	1,474,316	98,365	337,735	414,892	623,324
Approved but not accepted	8,351	872	2,473	2,617	2,389	34,070	2,660	7,725	9,061	14,624
Denied	34,757	6,369	10,972	9,235	8,181	84,054	13,178	21,322	20,288	29,266
Withdrawn/File Closed	64,725	6,843	18,698	19,294	19,890	279,673	20,721	57,339	71,254	130,359

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, 2021

	Applications	Originated	Approved but not accepted	Denied	Withdrawn/File closed	Applications	Originated	Approved but not accepted	Denied	Withdrawn/File closed
	BLACK APPLICANTS					NON-HISPANIC WHITE APPLICANTS				
TOTAL CONVENTIONAL LOANS	**190,578**	**123,313**	**4,583**	**21,267**	**35,644**	**2,180,411**	**1,719,977**	**43,281**	**99,424**	**317,729**
Bank, Savings Institution, or Credit Union	**62,231**	**38,652**	**1,548**	**10,070**	**11,961**	**821,637**	**632,836**	**19,168**	**51,841**	**117,792**
Up to 25% Black census tract	**31,821**	**20,869**	**756**	**4,156**	**6,040**	**769,861**	**597,934**	**17,533**	**46,477**	**107,917**
Applicant income										
Less or equal to 50% of AMI	3,136	1,743	55	831	507	54,685	38,051	1,289	8,143	7,202
50% - 80% of AMI	7,689	5,146	180	1,052	1,311	138,417	107,682	3,169	9,890	17,676
80% - 120% of AMI	7,556	5,040	177	876	1,463	166,923	132,034	3,769	9,179	21,941
More than 120% of AMI	13,440	8,940	344	1,397	2,759	409,836	320,167	9,306	19,265	61,098
26% - 50% Black census tract	**13,802**	**8,801**	**342**	**2,133**	**2,526**	**35,408**	**26,910**	**806**	**2,393**	**5,299**
Applicant income										
Less or equal to 50% of AMI	2,101	1,211	54	532	304	3,754	2,591	81	515	567
50% - 80% of AMI	4,375	2,877	114	624	760	8,088	6,181	170	582	1,155
80% - 120% of AMI	3,366	2,183	64	452	667	7,997	6,159	177	515	1,146
More than 120% of AMI	3,960	2,530	110	525	795	15,569	11,979	378	781	2,431
51% - 100% Black census tract	**16,608**	**8,982**	**450**	**3,781**	**3,395**	**16,368**	**7,992**	**829**	**2,971**	**4,576**
Applicant income										
Less or equal to 50% of AMI	3,400	1,830	67	871	632	1,239	769	43	237	190
50% - 80% of AMI	5,305	3,233	158	867	1,047	2,363	1,691	60	213	399
80% - 120% of AMI	3,422	2,114	91	524	693	2,158	1,495	59	177	427
More than 120% of AMI	4,481	1,805	134	1,519	1,023	10,608	4,037	667	2,344	3,560
Mortgage Companies Affiliated with Depositories	**10,233**	**3,144**	**252**	**527**	**539**	**94,115**	**76,270**	**2,092**	**2,961**	**12,792**
Up to 25% Black census tract	**6,345**	**4,542**	**141**	**531**	**1,131**	**87,061**	**70,626**	**1,903**	**2,729**	**11,803**
Applicant income										
Less or equal to 50% of AMI	404	254	16	81	53	5,298	4,068	147	443	640
50% - 80% of AMI	1,543	1132	23	129	259	17,191	14,085	353	615	2,138
80% - 120% of AMI	1,834	1,316	40	134	344	22,547	18,632	443	597	2,875
More than 120% of AMI	2,564	1,840	62	187	475	42,025	33,841	960	1,074	6,150
26% - 50% Black census tract	**2,005**	**1,463**	**50**	**150**	**342**	**5,592**	**4,494**	**142**	**187**	**769**
Applicant income										
Less or equal to 50% of AMI	193	138	5	21	29	521	400	14	34	73
50% - 80% of AMI	580	427	17	52	84	1,397	1,145	32	43	177
80% - 120% of AMI	567	417	13	34	103	1,436	1,180	38	41	177
More than 120% of AMI	665	481	15	43	126	2,238	1,769	58	69	342
51% - 100% Black census tract	**1,883**	**1,339**	**45**	**159**	**340**	**1,462**	**1,150**	**47**	**45**	**220**
Applicant income										
Less or equal to 50% of AMI	258	169	10	40	39	161	128	3	13	17
50% - 80% of AMI	586	415	10	55	106	384	316	14	10	44
80% - 120% of AMI	572	418	9	38	107	362	298	9	1	54
More than 120% of AMI	467	337	16	26	88	555	408	21	21	105
Independent Mortgage Companies	**118,114**	**81,517**	**2,783**	**10,670**	**23,144**	**1,264,659**	**1,010,871**	**22,021**	**44,622**	**187,145**
Up to 25% Black census tract	**72,049**	**50,842**	**1,615**	**6,004**	**13,588**	**1,183,626**	**950,033**	**20,436**	**41,033**	**172,124**
Applicant income										
Less or equal to 50% of AMI	4,720	3,002	109	727	882	69,833	53,155	1,281	5,284	10,113
50% - 80% of AMI	15,328	11,014	300	1,329	2,685	225,453	184,126	3,737	8,428	29,162
80% - 120% of AMI	19,656	14,163	439	1,518	3,536	298,402	243,930	4,873	9,118	40,481
More than 120% of AMI	32,345	22,663	767	2,430	6,485	589,938	468,822	10,545	18,203	92,368
26% - 50% Black census tract	**23,437**	**16,234**	**582**	**2,143**	**4,478**	**59,638**	**47,541**	**1,043**	**2,271**	**8,783**
Applicant income										
Less or equal to 50% of AMI	2,580	1,633	60	393	494	5,775	4,439	95	391	850
50% - 80% of AMI	6,548	4,602	157	626	1163	14,686	11,861	269	558	1,998
80% - 120% of AMI	6,597	4,607	172	567	1251	15,388	12,426	246	527	2,189
More than 120% of AMI	7,712	5,392	193	557	1570	23,789	18,815	433	795	3,746
51% - 100% Black census tract	**22,628**	**14,441**	**586**	**2,523**	**5,078**	**21,395**	**13,297**	**542**	**1,318**	**6,238**
Applicant income										
Less or equal to 50% of AMI	3,210	1,945	71	509	685	2,032	1,464	55	164	349
50% - 80% of AMI	7,087	4,712	172	727	1,476	4,441	3,421	91	175	754
80% - 120% of AMI	6,202	4,171	157	592	1282	4,377	3,340	91	180	766
More than 120% of AMI	6,129	3,613	186	695	1,635	10,545	5,072	305	799	4,369

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, 2021

	Applications	Originated	Approved but not accepted	Denied	Withdrawn/File closed	Applications	Originated	Approved but not accepted	Denied	Withdrawn/File closed
	BLACK APPLICANTS					NON-HISPANIC WHITE APPLICANTS				
TOTAL FHA-INSURED LOANS	**194,498**	**128,123**	**4,951**	**24,746**	**36,678**	**414,672**	**310,620**	**8,308**	**33,561**	**62,183**
Bank, Savings Institution, or Credit Union	**24,124**	**15,445**	**411**	**3,612**	**4,656**	**60,289**	**44,261**	**987**	**5,885**	**9,156**
Up to 25% Black census tract	**9,951**	**6,505**	**163**	**1,415**	**1,868**	**53,754**	**39,696**	**822**	**5,227**	**8,009**
Applicant income										
Less or equal to 50% of AMI	1,333	733	24	336	240	7,059	4,624	98	1,252	1,085
50% - 80% of AMI	3,681	2,464	62	501	654	18,005	13,445	277	1,651	2,632
80% - 120% of AMI	3,082	2,103	45	345	589	16,043	12,266	239	1,216	2,322
More than 120% of AMI	1,855	1,205	32	233	385	12,647	9,361	208	1,108	1,970
26% - 50% Black census tract	**5,974**	**3,928**	**93**	**851**	**1,102**	**4,829**	**3,571**	**84**	**418**	**756**
Applicant income										
Less or equal to 50% of AMI	991	578	13	219	181	801	528	13	118	142
50% - 80% of AMI	2,340	1,586	35	304	415	1,610	1,192	26	136	256
80% - 120% of AMI	1,718	1,154	29	204	331	1,321	1,026	24	82	189
More than 120% of AMI	925	610	16	124	175	1,097	825	21	82	169
51% - 100% Black census tract	**8,199**	**5,012**	**155**	**1,346**	**1,686**	**1,706**	**994**	**81**	**240**	**391**
Applicant income										
Less or equal to 50% of AMI	2,071	1,158	39	486	388	330	198	3	52	77
50% - 80% of AMI	3,336	2,117	57	456	706	501	333	11	43	114
80% - 120% of AMI	1,826	1,182	36	222	386	372	261	8	35	68
More than 120% of AMI	966	555	23	182	206	503	202	59	110	132
Mortgage Companies Affiliated with Depositories	**13,909**	**9,023**	**277**	**2,259**	**2,350**	**23,081**	**17,530**	**450**	**1,890**	**3,211**
Up to 25% Black census tract	**7,221**	**4,603**	**111**	**1,256**	**1,251**	**20,729**	**15,783**	**390**	**1,698**	**2,858**
Applicant income										
Less or equal to 50% of AMI	478	232	11	189	46	2,194	1,558	56	311	269
50% - 80% of AMI	2,367	1,475	49	466	377	6,483	5,034	113	503	833
80% - 120% of AMI	2,716	1,824	31	357	504	6,968	5,393	130	485	960
More than 120% of AMI	1,660	1072	20	244	324	5,084	3,798	91	399	796
26% - 50% Black census tract	**3,288**	**2,188**	**66**	**513**	**521**	**1,797**	**1,356**	**37**	**148**	**256**
Applicant income										
Less or equal to 50% of AMI	314	175	13	93	33	263	187	10	31	35
50% - 80% of AMI	1,207	800	26	190	191	615	476	12	47	80
80% - 120% of AMI	1,132	771	18	150	193	539	409	9	36	85
More than 120% of AMI	635	442	9	80	104	380	284	6	34	56
51% - 100% Black census tract	**3,400**	**2,232**	**100**	**490**	**578**	**555**	**391**	**23**	**44**	**97**
Applicant income										
Less or equal to 50% of AMI	505	311	20	95	79	134	99	3	9	23
50% - 80% of AMI	1,365	907	42	193	223	186	143	6	13	24
80% - 120% of AMI	1,018	711	26	119	162	140	93	7	14	26
More than 120% of AMI	512	303	12	83	114	95	56	7	8	24
Independent Mortgage Companies	**156,465**	**103,655**	**4,263**	**18,875**	**29,672**	**331,302**	**248,829**	**6,871**	**25,786**	**49,816**
Up to 25% Black census tract	**73,827**	**50,048**	**1,883**	**8,657**	**13,239**	**297,705**	**226,116**	**6,085**	**22,821**	**42,683**
Applicant income										
Less or equal to 50% of AMI	6,890	3,898	160	1,508	1,324	35,519	24,441	780	4,767	5,531
50% - 80% of AMI	24,716	16,853	610	3,025	4,228	96,368	73,434	1,984	7,511	13,439
80% - 120% of AMI	25,997	18,199	690	2,491	4,617	95,078	74,335	1,875	5,909	12,959
More than 120% of AMI	16,224	11,098	423	1,633	3,070	70,740	53,906	1,446	4,634	10,754
26% - 50% Black census tract	**37,406**	**24,955**	**1,027**	**4,588**	**6,836**	**23,126**	**17,309**	**518**	**1,781**	**3,518**
Applicant income										
Less or equal to 50% of AMI	4,932	2,854	140	1020	918	3,845	2,647	84	469	645
50% - 80% of AMI	14,225	9,595	374	1,684	2,572	8,180	6,204	185	582	1,209
80% - 120% of AMI	12,046	8,298	341	1,233	2,174	6,392	4,944	147	373	928
More than 120% of AMI	6,203	4,208	172	651	1172	4,709	3,514	102	357	736
51% - 100% Black census tract	**45,232**	**28,652**	**1,353**	**5,630**	**9,597**	**10,471**	**5,404**	**268**	**1,184**	**3,615**
Applicant income										
Less or equal to 50% of AMI	8,783	5,130	249	1,537	1,867	1,784	1,173	45	224	342
50% - 80% of AMI	17,851	11,732	534	2,020	3,565	2,785	1,988	69	241	487
80% - 120% of AMI	11,934	8,052	363	1,219	2,300	1,786	1,252	65	133	336
More than 120% of AMI	6,664	3,738	207	854	1,865	4,116	991	89	586	2450

Table 11. Disposition of applications for first lien purchase loans of occupied 1-to-4 family homes by city and applicant income, Black applicants, 2021

	Baltimore MD	Chicago IL	Dallas TX	Detroit MI	Houston TX	Jacksonville FL	Los Angeles CA	Memphis TN	New York City NY	Philadelphia PA
Total Applications	4,002	6,519	1,380	1,983	3,643	4,181	1,382	2,131	4,417	4,316
Disposition										
Originated	2,569	3,767	818	1,154	2,204	2,518	862	1,403	2,821	2,878
Approved but not accepte	83	189	38	70	109	114	47	50	169	111
Denied	480	884	173	382	452	677	149	271	628	493
Withdrawn/File closed	870	1,679	351	377	878	872	324	407	799	834
Income										
Less or equal to 50% of AI	1,507	859	173	355	234	537	17	301	93	579
50%-80% of AMI	1,468	2,123	397	684	894	1,414	54	740	424	1,603
80%-120% of AMI	688	2,055	365	516	1,063	1,313	207	589	1,318	1,210
More than 120% of AMI	339	1,482	445	428	1,452	917	1,104	501	2,582	924
Income less or equal to 50% of AMI										
Applications	1,507	859	173	355	234	537	17	301	93	579
Originated	930	418	91	166	100	259	7	164	31	312
Approved but not accepte	33	17	6	9	8	22	0	11	3	14
Denied	224	206	30	113	70	145	6	65	41	135
Withdrawn/File closed	320	218	46	67	56	111	4	61	18	118
Income 50%-80% of AMI										
Applications	1,468	2,123	397	684	894	1,414	54	740	424	1,603
Originated	975	1,231	234	395	528	847	28	483	230	1,091
Approved but not accepte	31	70	10	22	29	53	1	20	19	48
Denied	148	287	63	132	134	232	11	93	87	166
Withdrawn/File closed	314	535	90	135	203	282	14	144	88	298
Income 80%-120% of AMI										
Applications	688	2,055	365	516	1,063	1,313	207	589	1,318	1,210
Originated	456	1,261	219	312	659	849	121	401	857	851
Approved but not accepte	14	63	10	24	37	30	9	11	61	25
Denied	69	228	37	77	120	182	22	65	207	107
Withdrawn/File closed	149	503	99	103	247	252	55	112	193	227
Income more than 120% of AMI										
Applications	339	1,482	445	428	1,452	917	1,104	501	2,582	924
Originated	208	857	274	281	917	563	706	355	1,703	624
Approved but not accepte	5	39	12	15	35	9	37	8	86	24
Denied	39	163	43	60	128	118	110	48	293	85
Withdrawn/File closed	87	423	116	72	372	227	251	90	500	191

Table 12. Disposition of applications for first lien purchase loans of occupied 1-to-4 family homes by city and applicant income, Non-Hispanic White applicants, 2021

	Baltimore MD	Chicago IL	Dallas TX	Detroit MI	Houston TX	Jacksonville FL	Los Angeles CA	Memphis TN	New York City NY	Philadelphia PA
Total Applications	3,180	16,492	7,577	750	10,934	9,791	14,539	2,605	17,943	7,927
Disposition										
Originated	2,555	12,837	5,697	532	8,168	6,957	10,397	2,128	13,316	6,246
Approved but not accepted	34	183	126	15	244	228	333	38	390	118
Denied	113	572	297	65	519	726	915	106	1,351	338
Withdrawn/File closed	478	2,900	1,457	138	2,003	1,880	2,894	333	2,886	1,225
Income										
Less or equal to 50% of AMI	429	423	173	54	189	695	109	90	195	181
50%-80% of AMI	1,075	1,960	839	145	1,018	2,336	255	458	1,045	1,115
80%-120% of AMI	763	3,883	1,354	157	2,027	2,823	1,071	650	2,835	2,055
More than 120% of AMI	913	10,226	5,211	394	7,700	3,937	13,104	1,407	13,868	4,576
Income less or equal to 50% of AMI										
Applications	429	423	173	54	189	695	109	90	195	181
Originated	328	288	96	31	97	411	45	58	90	114
Approved but not accepted	5	5	1	2	8	19	3	5	2	3
Denied	28	60	31	9	44	134	42	15	77	36
Withdrawn/File closed	68	70	45	12	40	131	19	12	26	28
Income 50%-80% of AMI										
Applications	1,075	1,960	839	145	1,018	2,336	255	458	1,045	1,115
Originated	872	1,572	614	99	733	1641	151	370	719	879
Approved but not accepted	10	27	17	5	14	56	8	7	19	24
Denied	35	91	51	18	64	193	43	24	161	67
Withdrawn/File closed	158	270	157	23	207	446	53	57	146	145
Income 80%-120% of AMI										
Applications	763	3,883	1,354	157	2,027	2,823	1,071	650	2,835	2,055
Originated	615	3,059	1,047	114	1,536	2,088	769	537	2,192	1,678
Approved but not accepted	15	38	23	1	41	56	27	11	63	28
Denied	29	160	53	9	101	180	101	26	218	83
Withdrawn/File closed	104	626	231	33	349	499	174	76	362	266
Income more than 120% of AMI										
Applications	913	10,226	5,211	394	7,700	3,937	13,104	1,407	13,868	4,576
Originated	740	7,918	3,940	288	5,802	2,817	9,432	1,163	10,315	3,575
Approved but not accepted	4	113	85	7	181	97	295	15	306	63
Denied	21	261	162	29	310	219	729	41	895	152
Withdrawn/File closed	148	1,934	1,024	70	1,407	804	2,648	188	2,352	786

Table 13. Distribution of applications and originations first lien purchase loans of occupied 1-to-4 family homes by region, 2020-2021

	Applications			Originations		
BLACK APPLICANTS	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**
TOTAL APPLICATIONS	**437,680**	**495,503**	**13%**	**285,468**	**327,927**	**15%**
Midwest	67,710	80,729	**19%**	44,183	53,325	**21%**
Northeast	45,570	56,417	**24%**	29,817	38,005	**27%**
South	288,867	318,138	**10%**	188,004	209,271	**11%**
West	35,533	40,219	**13%**	23,464	27,326	**16%**
NON-HISPANIC WHITE APPLICANTS						
TOTAL APPLICATIONS	**3,152,438**	**3,145,282**	**0%**	**2,432,039**	**2,445,167**	**1%**
Midwest	816,186	814,550	**0%**	648,604	652,614	**1%**
Northeast	431,185	440,030	**2%**	334,734	346,861	**4%**
South	1,275,878	1,280,987	**0%**	969,955	975,671	**1%**
West	629,189	609,715	**-3%**	478,746	470,021	**-2%**

Table 14. Distribution of high-cost loans by neighborhood income level, 2021

	Originated	High-cost	%
BLACK APPLICANTS			
TOTAL LOANS	**327,927**	**44,858**	**14%**
Neighborhood income			
Low-moderate income neighborhood	96,022	16,647	17%
Higher income neighborhood	231,905	28,211	12%
NON-HISPANIC WHITE APPLICANTS			
TOTAL LOANS	**2,445,167**	**111,314**	**5%**
Neighborhood income			
Low-moderate income neighborhood	353,984	25,379	7%
Higher income neighborhood	2,091,183	85,935	4%

Table 15. Disposition of applications for first lien purchase loans of occupied 1-to-4 family homes by year, gender and coapplicant status, Black and Non-Hispanic White applicants

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Black Applicant														
Total Applications	**214,892**	**180,219**	**119,818**	**161,319**	**172,061**	**186,074**	**206,182**	**245,425**	**300,503**	**361,457**	**358,433**	**376,037**	**437,680**	**495,503**
Originated	116,371	109,728	74,055	98,416	105,379	113,723	130,176	164,585	198,217	236,419	233,269	249,367	285,468	327,927
Approved but not accepted	12,363	7,361	5,407	6,958	6,176	7,417	7,407	8,289	9,318	10,130	8,983	9,683	10,507	11,858
Denied	52,903	37,458	23,173	33,441	36,219	38,956	37,898	41,653	47,032	54,126	49,783	47,687	55,407	59,246
Withdrawn/File closed	33,255	25,672	17,183	22,504	24,287	25,978	30,701	30,898	45,936	60,782	66,398	69,300	86,298	96,472
Male applicants	**71,579**	**60,896**	**41,647**	**58,218**	**62,100**	**70,633**	**77,937**	**88,249**	**107,002**	**134,648**	**130,837**	**136,768**	**157,893**	**170,312**
Originated	36,463	36,302	25,421	35,440	37,623	42,863	48,683	58,393	70,038	87,460	84,590	90,228	102,834	112,017
Approved but not accepted	4,322	2,564	1,891	2,443	2,185	2,744	2,788	3,014	3,273	3,759	3,222	3,510	3,802	4,004
Denied	19,267	13,009	8,280	12,277	13,450	15,121	14,777	15,708	17,169	20,612	18,556	17,505	19,810	20,492
Withdrawn/File closed	11,527	9,021	6,055	8,058	8,842	9,905	11,689	11,134	16,522	22,817	24,469	25,525	31,447	33,799
Female applicants	**88,291**	**78,193**	**50,851**	**69,126**	**70,741**	**74,856**	**80,649**	**92,537**	**113,040**	**142,419**	**137,457**	**146,481**	**180,593**	**206,617**
Originated	47,988	48,391	31,321	41,893	42,920	45,484	50,672	61,500	73,624	92,689	89,020	96,653	117,555	135,993
Approved but not accepted	5,019	3,170	2,343	3,047	2,703	3,083	2,916	3,128	3,625	4,098	3,509	3,920	4,431	5,097
Denied	21,764	15,776	9,770	14,382	14,953	15,669	14,834	16,015	18,197	21,501	19,384	18,770	22,729	25,036
Withdrawn/File closed	13,520	10,856	7,417	9,804	10,165	10,620	12,227	11,894	17,594	24,131	25,544	27,138	35,878	40,491
Joint male-female applicants	**46,949**	**35,294**	**23,043**	**29,277**	**33,635**	**36,055**	**42,615**	**57,941**	**71,906**	**73,583**	**74,820**	**78,917**	**83,779**	**98,232**
Originated	27,711	21,964	14,899	18,470	21,688	22,978	27,995	40,664	49,438	49,788	50,382	53,928	55,845	67,173
Approved but not accepted	2,610	1,384	980	1,234	1,095	1,382	1,520	1,859	2,151	1,997	1,806	1,865	1,866	2,265
Denied	9,768	7,213	4,128	5,702	6,527	6,967	7,107	8,480	9,961	9,979	9,388	9,180	10,364	10,729
Withdrawn/File closed	6,860	4,733	3,036	3,871	4,325	4,728	5,993	6,938	10,356	11,819	13,244	13,944	15,704	18,065
Non Hispanic White Applicant														
Applications	**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**	**2,918,506**	**2,926,713**	**3,152,438**	**3,145,282**
Originated	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	2,236,728	2,260,266	2,432,039	2,445,167
Approved but not accepted	111,326	77,924	66,477	69,580	69,213	82,392	69,699	72,251	73,874	81,697	67,432	65,897	63,382	61,895
Denied	211,554	188,224	147,521	173,079	194,194	221,936	203,313	205,316	205,571	232,497	196,111	174,583	179,591	166,548
Withdrawn/File closed	195,240	182,932	157,783	175,262	197,301	243,591	260,867	251,058	318,249	407,752	418,235	425,967	477,426	471,672
Male applicants	**572,824**	**584,343**	**465,338**	**547,196**	**637,080**	**743,610**	**757,073**	**833,812**	**910,520**	**1,061,663**	**996,555**	**1,003,132**	**1,092,596**	**1,082,893**
Originated	387,326	423,310	332,152	394,365	466,464	542,406	561,285	639,986	692,413	800,271	750,942	762,219	828,831	826,617
Approved but not accepted	35,537	25,831	22,681	23,773	23,777	28,016	23,837	24,762	25,038	27,227	22,713	22,333	22,215	21,467
Denied	81,385	70,941	54,913	66,477	76,131	86,827	79,626	81,240	81,250	90,347	76,376	68,488	70,362	65,010
Withdrawn/File closed	68,576	64,261	55,592	62,581	70,708	86,361	92,325	87,824	111,819	143,818	146,524	150,092	171,188	169,799
Female applicants	**373,646**	**394,355**	**315,295**	**357,239**	**408,008**	**461,150**	**459,779**	**516,203**	**573,701**	**657,963**	**609,962**	**617,381**	**690,520**	**692,960**
Originated	261,579	292,848	230,060	262,105	303,948	341,738	345,546	400,146	439,073	499,339	464,156	472,779	529,338	533,435
Approved but not accepted	23,086	16,945	14,758	15,026	14,867	17,079	14,332	15,120	16,067	17,560	14,110	14,309	13,830	13,972
Denied	47,615	43,467	34,483	40,097	44,601	49,821	44,895	46,757	47,903	52,863	44,162	39,453	41,636	40,147
Withdrawn/File closed	41,366	41,095	35,994	40,011	44,592	52,512	55,006	54,180	70,658	88,201	87,534	90,840	105,716	105,406
Joint male-female applicants	**792,322**	**729,049**	**581,172**	**667,127**	**783,655**	**933,777**	**949,233**	**1,042,442**	**1,113,162**	**1,284,675**	**1,206,462**	**1,209,003**	**1,263,085**	**1,247,687**
Originated	590,450	558,543	441,033	510,977	612,196	722,977	741,098	836,853	883,584	1,007,214	944,522	952,814	994,940	993,029
Approved but not accepted	49,621	32,961	27,029	28,948	28,733	35,282	29,788	30,789	31,076	34,635	27,721	27,177	25,217	24,190
Denied	73,959	66,135	52,321	60,280	66,969	78,300	72,195	71,664	70,535	80,231	66,814	59,258	59,633	53,421
Withdrawn/File closed	78,292	71,410	60,789	66,922	75,757	97,218	106,152	103,136	127,967	162,595	167,405	169,754	183,295	177,047

Table 16. Disposition of applications for first lien purchase conventional loans of occupied 1-to-4 family homes by year, gender and coapplicant status, Black and Non-Hispanic White applicants

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Black Applicant														
Total Applications	**94,617**	**39,307**	**23,949**	**35,491**	**42,036**	**56,456**	**66,696**	**75,466**	**96,285**	**134,856**	**140,593**	**148,741**	**173,099**	**213,449**
Originated	42,290	20,148	13,616	19,403	23,801	33,153	41,478	49,482	62,481	87,635	91,902	98,332	112,410	140,935
Approved but not accepted	7,646	2,098	1,265	1,912	1,869	2,738	2,611	2,849	3,204	4,064	3,823	3,980	4,078	5,105
Denied	28,075	11,092	5,649	9,581	10,784	12,966	12,850	13,858	16,097	20,816	19,007	18,780	22,173	25,459
Withdrawn/File closed	16,606	5,969	3,419	4,595	5,582	7,599	9,757	9,277	14,503	22,341	25,861	27,649	34,438	41,950
Male applicants	**33,880**	**12,834**	**7,911**	**11,789**	**14,035**	**19,639**	**23,226**	**24,815**	**32,013**	**47,395**	**48,277**	**50,424**	**58,743**	**70,831**
Originated	13,857	6,298	4,333	6,258	7,698	11,409	14,024	15,843	20,299	30,387	31,112	32,825	37,680	45,936
Approved but not accepted	2,823	715	443	655	625	952	938	978	1,091	1,494	1,348	1,387	1,401	1,706
Denied	11,003	3,720	1,938	3,297	3,773	4,568	4,687	4,880	5,660	7,558	6,785	6,612	7,589	8,787
Withdrawn/File closed	6,197	2,101	1,197	1,579	1,939	2,710	3,577	3,114	4,963	7,956	9,032	9,600	12,073	14,402
Female applicants	**39,341**	**16,823**	**10,472**	**15,055**	**17,296**	**23,148**	**27,162**	**29,230**	**37,552**	**57,425**	**59,381**	**63,920**	**76,427**	**92,449**
Originated	17,982	8,809	5,987	8,250	9,713	13,522	17,007	19,021	24,115	37,471	38,970	42,337	49,851	61,090
Approved but not accepted	3,134	870	527	784	772	1,100	1,017	1,092	1,218	1,680	1,508	1,716	1,828	2,242
Denied	11,491	4,738	2,476	4,114	4,495	5,492	5,231	5,550	6,488	8,797	8,040	8,120	9,665	11,183
Withdrawn/File closed	6,734	2,406	1,482	1,907	2,316	3,034	3,907	3,567	5,731	9,477	10,863	11,747	15,083	17,934
Joint male-female applicants	**18,630**	**8,569**	**4,960**	**7,765**	**9,516**	**12,351**	**14,823**	**19,373**	**24,159**	**26,217**	**27,589**	**29,342**	**32,241**	**41,561**
Originated	9,383	4,595	2,997	4,497	5,774	7,570	9,626	13,368	16,570	17,506	18,652	20,023	21,433	28,531
Approved but not accepted	1,482	448	269	420	404	610	596	698	810	802	762	742	716	973
Denied	4,600	2,245	1,064	1,872	2,165	2,498	2,541	2,982	3,396	3,700	3,329	3,257	3,953	4,287
Withdrawn/File closed	3,165	1,281	630	976	1,173	1,673	2,060	2,325	3,383	4,209	4,846	5,320	6,139	7,770
Non Hispanic White Applicant														
Applications	**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**	**2,034,599**	**2,045,273**	**2,237,078**	**2,334,357**
Originated	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	1,576,220	1,593,015	1,742,103	1,832,330
Approved but not accepted	87,255	45,508	38,264	42,045	45,198	57,556	48,318	48,782	51,025	59,061	50,608	49,129	46,409	46,688
Denied	142,666	94,706	72,620	87,572	101,682	124,763	117,061	116,171	115,667	138,954	118,992	107,351	114,458	109,548
Withdrawn/File closed	137,815	96,174	82,234	92,182	110,539	151,403	169,634	160,180	203,116	268,718	288,779	295,778	334,108	345,791
Male applicants	**365,766**	**258,766**	**207,854**	**252,771**	**318,482**	**418,299**	**441,252**	**468,729**	**519,812**	**642,227**	**631,024**	**634,364**	**702,314**	**736,733**
Originated	237,094	180,664	144,448	179,475	232,683	307,230	330,006	361,657	397,714	488,061	479,857	484,690	535,678	566,154
Approved but not accepted	27,119	13,695	11,907	12,924	14,006	17,754	14,798	14,940	15,672	18,026	15,689	15,375	14,885	14,944
Denied	54,185	33,439	25,155	30,858	36,311	44,687	42,009	41,655	42,050	49,797	42,710	38,912	41,885	40,236
Withdrawn/File closed	47,368	30,968	26,344	29,514	35,482	48,628	54,439	50,477	64,376	86,343	92,768	95,387	109,866	115,399
Female applicants	**251,899**	**184,412**	**151,985**	**177,262**	**222,648**	**287,116**	**300,805**	**325,458**	**365,678**	**445,192**	**437,323**	**443,437**	**498,032**	**517,105**
Originated	172,124	133,610	109,827	129,787	167,184	216,280	230,244	254,997	283,361	342,412	337,287	343,296	385,855	402,551
Approved but not accepted	18,195	9,317	8,041	8,417	9,196	11,572	9,703	9,952	10,838	12,465	10,562	10,523	10,092	10,292
Denied	32,470	21,327	16,619	19,663	22,805	27,892	25,571	26,422	26,827	31,666	27,133	24,632	26,710	26,411
Withdrawn/File closed	29,110	20,158	17,498	19,395	23,463	31,372	35,287	34,087	44,652	58,649	62,341	64,986	75,375	77,851
Joint male-female applicants	**548,063**	**403,568**	**327,140**	**402,879**	**507,420**	**655,410**	**681,393**	**724,958**	**774,788**	**918,533**	**892,233**	**897,999**	**958,444**	**985,787**
Originated	400,825	303,375	245,368	308,355	398,821	513,197	537,883	585,554	619,016	725,063	704,281	712,662	761,514	790,967
Approved but not accepted	39,798	21,391	17,320	19,710	20,855	26,913	22,603	22,833	23,358	26,903	22,123	21,649	19,875	19,685
Denied	50,405	36,479	28,401	34,197	39,342	48,362	45,651	44,752	43,349	51,838	43,700	39,185	40,607	37,497
Withdrawn/File closed	57,035	42,323	36,051	40,617	48,402	66,938	75,256	71,819	89,065	114,729	122,129	124,503	136,448	137,638

Table 17. Disposition of applications for first lien purchase FHA loans of occupied 1-to-4 family homes by year, gender and coapplicant status, Black and Non-Hispanic White applicants

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Black Applicant														
Total Applications	**101,361**	**113,269**	**78,724**	**96,221**	**97,094**	**92,869**	**96,906**	**122,166**	**147,163**	**160,071**	**150,828**	**156,966**	**184,556**	**198,742**
Originated	60,849	70,562	48,474	58,560	59,454	56,119	59,887	81,533	96,375	103,703	96,759	103,225	118,550	130,265
Approved but not accepted	4,069	4,426	3,578	4,151	3,407	3,570	3,463	3,938	4,644	4,671	3,849	4,203	4,683	5,090
Denied	21,782	21,477	14,871	18,931	19,545	19,255	18,341	20,787	23,082	24,313	22,424	21,031	24,896	25,633
Withdrawn/File closed	14,661	16,804	11,801	14,579	14,688	13,925	15,215	15,908	23,062	27,384	27,796	28,507	36,427	37,754
Male applicants	**29,098**	**35,074**	**24,877**	**31,606**	**32,252**	**32,320**	**33,398**	**40,367**	**47,975**	**53,161**	**48,523**	**50,188**	**58,363**	**57,902**
Originated	16,603	21,135	14,975	18,938	19,423	19,207	20,253	26,470	31,192	34,176	30,917	32,972	37,482	37,796
Approved but not accepted	1,199	1,427	1,164	1,359	1,135	1,253	1,213	1,311	1,507	1,554	1,220	1,360	1,547	1,519
Denied	6,906	7,004	4,908	6,463	6,732	6,962	6,623	7,279	7,730	8,274	7,340	6,722	7,769	7,518
Withdrawn/File closed	4,390	5,508	3,830	4,846	4,962	4,898	5,309	5,307	7,546	9,157	9,046	9,134	11,565	11,069
Female applicants	**44,583**	**53,939**	**36,628**	**46,426**	**45,283**	**42,893**	**43,658**	**53,515**	**63,722**	**69,878**	**63,392**	**66,443**	**83,492**	**92,369**
Originated	26,955	34,509	22,748	28,442	27,789	26,093	27,153	35,788	41,584	45,065	40,439	43,394	53,577	60,212
Approved but not accepted	1,753	2,103	1,676	2,023	1,685	1,709	1,561	1,717	2,071	2,106	1,676	1,840	2,132	2,371
Denied	9,533	9,662	6,732	8,959	8,993	8,612	7,993	8,914	9,954	10,574	9,483	8,845	11,018	11,666
Withdrawn/File closed	6,342	7,665	5,472	7,002	6,816	6,479	6,951	7,096	10,113	12,133	11,794	12,364	16,765	18,120
Joint male-female applicants	**22,716**	**19,936**	**14,037**	**14,818**	**15,952**	**14,910**	**16,948**	**24,361**	**30,342**	**30,960**	**30,538**	**32,561**	**34,239**	**38,321**
Originated	14,374	12,582	8,974	9,238	10,193	9,326	10,817	16,923	20,502	20,799	20,273	22,052	22,464	25,860
Approved but not accepted	922	733	586	608	488	509	589	747	913	835	740	773	765	929
Denied	4,292	3,820	2,485	2,804	3,035	3,005	3,064	3,734	4,414	4,354	4,257	4,196	4,740	4,870
Withdrawn/File closed	3,128	2,801	1,992	2,168	2,236	2,070	2,478	2,957	4,513	4,972	5,268	5,540	6,270	6,662
Non Hispanic White Applicant														
Applications	**472,231**	**681,331**	**549,361**	**532,429**	**532,898**	**484,224**	**424,996**	**546,820**	**588,842**	**586,849**	**482,836**	**478,397**	**481,466**	**420,887**
Originated	351,099	521,020	408,976	392,704	395,370	351,022	308,853	421,832	447,981	439,804	359,678	362,099	359,785	314,444
Approved but not accepted	19,577	25,261	22,232	19,579	16,328	15,161	11,907	13,833	14,034	13,552	9,714	9,550	9,450	8,432
Denied	54,100	67,110	57,799	59,156	61,477	59,984	50,937	55,666	56,778	55,082	45,291	39,557	38,780	34,406
Withdrawn/File closed	47,455	67,940	60,354	60,990	59,723	58,057	53,299	55,489	70,049	78,411	68,153	67,191	73,451	63,605
Male applicants	**152,420**	**231,392**	**188,759**	**187,700**	**194,190**	**181,161**	**162,165**	**207,492**	**221,134**	**218,817**	**180,187**	**179,451**	**183,280**	**158,967**
Originated	108,703	172,455	137,022	134,873	140,757	128,975	116,002	157,639	166,047	161,752	132,972	134,616	136,261	117,925
Approved but not accepted	6,407	8,973	7,994	7,174	6,228	5,833	4,743	5,473	5,391	5,158	3,741	3,695	3,727	3,293
Denied	20,506	25,363	21,536	22,871	24,435	24,134	20,675	22,961	22,972	21,865	17,800	15,711	15,209	13,387
Withdrawn/File closed	16,804	24,601	22,207	22,782	22,770	22,219	20,745	21,419	26,724	30,042	25,674	25,429	28,083	24,362
Female applicants	**104,835**	**174,830**	**142,584**	**141,561**	**141,050**	**125,335**	**109,529**	**144,561**	**158,564**	**155,399**	**123,586**	**124,265**	**133,010**	**122,444**
Originated	76,780	133,603	105,330	103,677	104,078	90,249	79,199	110,578	119,372	114,758	90,537	92,532	98,354	90,343
Approved but not accepted	4,357	6,475	5,853	5,350	4,372	3,966	3,063	3,804	3,860	3,744	2,562	2,642	2,571	2,530
Denied	12,797	17,096	15,205	15,897	16,341	15,681	13,297	15,144	15,681	15,184	12,360	10,810	10,996	10,280
Withdrawn/File closed	10,901	17,656	16,196	16,637	16,259	15,439	13,970	15,035	19,651	21,713	18,127	18,281	21,089	19,291
Joint male-female applicants	**192,047**	**246,221**	**194,181**	**180,671**	**176,883**	**158,856**	**137,743**	**178,565**	**191,739**	**189,909**	**155,359**	**153,168**	**143,790**	**119,584**
Originated	148,835	194,019	149,447	138,000	135,657	118,479	102,783	141,516	149,892	146,855	119,269	119,228	109,929	91,871
Approved but not accepted	7,920	8,823	7,468	6,316	5,134	4,783	3,678	4,134	4,341	4,186	2,906	2,824	2,713	2,234
Denied	18,068	20,833	18,060	17,449	17,934	17,617	14,809	15,621	16,103	15,388	12,584	10,851	10,410	8,723
Withdrawn/File closed	17,224	22,546	19,206	18,906	18,158	17,977	16,473	17,294	21,403	23,480	20,600	20,265	20,738	16,756

Table 18. High-cost loans, purchase loans of occupied 1-to-4 family homes by year, gender and coapplicant status, Black and Non-Hispanic White applicants

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Black Applicant														
Total loans	**116,371**	**109,728**	**74,055**	**98,416**	**105,379**	**113,723**	**130,176**	**164,585**	**198,217**	**236,419**	**233,269**	**249,367**	**285,468**	**327,927**
High-cost	16,237	7,773	1,504	5,020	5,629	16,851	34,557	27,139	31,769	41,323	53,622	55,713	36,488	44,858
Male applicants	**36,463**	**36,302**	**25,421**	**35,440**	**37,623**	**42,863**	**48,683**	**58,393**	**70,038**	**87,460**	**84,590**	**90,228**	**102,834**	**112,017**
High-cost	5,385	2,422	485	1,631	1,827	5,827	11,614	8,898	10,347	13,551	16,975	17,587	11,652	12,765
Female applicants	**47,988**	**48,391**	**31,321**	**41,893**	**42,920**	**45,484**	**50,672**	**61,500**	**73,624**	**92,689**	**89,020**	**96,653**	**117,555**	**135,993**
High-cost	6,643	3,528	666	2,394	2,559	7,670	15,557	11,928	13,578	17,670	22,171	22,737	15,899	20,046
Joint male-female applicants	**27,711**	**21,964**	**14,899**	**18,470**	**21,688**	**22,978**	**27,995**	**40,664**	**49,438**	**49,788**	**50,382**	**53,928**	**55,845**	**67,173**
High-cost	3,437	1,498	306	821	1,005	2,882	6,396	5,533	6,793	8,574	11,582	12,669	7,296	9,781
Non Hispanic White Applicant														
Total loans	**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**	**2,236,728**	**2,260,266**	**2,432,039**	**2,445,167**
High-cost	93,982	58,188	13,606	39,762	42,065	105,197	166,307	124,224	133,628	157,493	183,608	187,052	110,892	111,314
Male applicants	**387,326**	**423,310**	**332,152**	**394,365**	**466,464**	**542,406**	**561,285**	**639,986**	**692,413**	**800,271**	**750,942**	**762,219**	**828,831**	**826,617**
High-cost	32,287	18,971	4,406	12,917	14,140	38,484	61,934	47,425	50,094	59,118	68,081	69,412	41,382	40,081
Female applicants	**261,579**	**292,848**	**230,060**	**262,105**	**303,948**	**341,738**	**345,546**	**400,146**	**439,073**	**499,339**	**464,156**	**472,779**	**529,338**	**533,435**
High-cost	19,652	12,200	3,182	9,027	9,531	25,865	41,691	32,397	34,949	39,924	44,890	45,291	27,971	28,856
Joint male-female applicants	**590,450**	**558,543**	**441,033**	**510,977**	**612,196**	**722,977**	**741,098**	**836,853**	**883,584**	**1,007,214**	**944,522**	**952,814**	**994,940**	**993,029**
High-cost	38,294	24,607	5,485	16,204	16,914	36,907	57,111	41,068	44,622	52,531	61,782	63,938	36,553	37,076

Table 19. Disposition of applications for first lien purchase loans of occupied 1-to-4 family homes, Millennials, Black and Non-Hispanic White applicants (2018-2021)

	Black Applicant				Non Hispanic White Applicant			
	2018	2019	2020	2021	2018	2019	2020	2021
Total Applications	**358,433**	**376,037**	**437,680**	**495,503**	**2,918,506**	**2,926,713**	**3,152,438**	**3,145,282**
Originated	233,269	249,367	285,468	327,927	2,236,728	2,260,266	2,432,039	2,445,167
Approved but not accepted	8,983	9,683	10,507	11,858	67,432	65,897	63,382	61,895
Denied	49,783	47,687	55,407	59,246	196,111	174,583	179,591	166,548
Withdrawn/File closed	66,398	69,300	86,298	96,472	418,235	425,967	477,426	471,672
Millennials	**104,217**	**108,816**	**139,634**	**132,292**	**1,126,586**	**1,128,497**	**1,283,159**	**1,023,894**
Originated	69,702	74,179	93,113	89,405	885,026	892,584	1,015,427	818,996
Approved but not accepted	2,487	2,614	3,048	3,009	22,994	22,582	22,510	17,639
Denied	13,400	12,633	16,533	14,954	67,488	60,414	65,637	46,068
Withdrawn/File closed	18,628	19,390	26,940	24,924	151,078	152,917	179,585	141,191

Table 20. Distribution of denial reasons of first lien purchase loans of occupied 1-to-4 family homes, Millennial applicants 2021

	Black	White
Total	**14,834**	**44,982**
Debt-to-income ratio	5,124	12,254
Employment history	726	2,157
Credit history	2,905	7,150
Collateral	1,897	8,364
Insufficient cash	721	2,136
Unverifiable information	756	2,235
Credit application incomplete	1,455	6,258
Mortgage insurance denied	13	51
Other	1,237	4,377

Table 21. Distribution of first lien purchase loans of occupied 1-to-4 family homes by selected applicant and loan characteristics, Millennials 2021

	Black	White
TOTAL LOAN ORIGINATIONS	**89,405**	**818,996**
Applicant income		
Less or equal to 50% of AMI	9,040	51,514
50% - 80% of AMI	31,589	207,987
80% - 120% of AMI	28,623	245,619
More than 120% of AMI	20,153	313,876
Loan type		
Nonconventional	52,402	220,022
Conventional	37,003	598,974
GSE/FHA		
GSE-purchased	17,308	327,693
FHA-insured	37,920	117,128
Loan cost		
High cost*	12,662	37,357
Property location		
Low-moderate income neighborhood	29,494	134,156
Higher income neighborhood	59,911	684,840
Majority minority neighborhood	40,677	87,726
Midwest	14,518	238,397
Northeast	10,143	129,519
South	57,796	305,178
West	6,948	145,902

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The Elusive Dream of Black Homeownership

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