About the Home Mortgage Disclosure Act (HMDA)

One of the most comprehensive sources of publically available application-level information on the single-family one-to-four-unit residential segment is data from the Home Mortgage Disclosure Act data (HMDA) collected by the Federal Financial Institutions Examination Council (FFIEC). HMDA also provides partial data for the multifamily market that, when combined with MBA survey data, provides a thorough picture of multifamily lending. (Visit www.mba.org/multifamilylending for details.)

HMDA data are among the most comprehensive sources of originations data that exist, due to the fact that federal mandate requires financial institutions meeting or surpassing a relatively low threshold of criteria to report all of their application-level data to a central repository (the Loan Application Register, or LAR) each year. Firms that meet the single-family threshold must also report on their multifamily originations.

An institution is required to report information at the application level if it meets or exceeds certain asset and origination thresholds. The reporting thresholds are low and require any institution originating more than a handful of home purchase loans (>100) and/or holding > $40 million in assets to report their application-level data on an annual basis to the loan application register.

After it is determined that an institution meets or exceeds these thresholds, every loan application, origination and purchased (or correspondent) loan for the purpose of a (1) Home Purchase, (2) Refinance, or (3) Home Improvement must be reported in to the Central Repository (which covered about 90-92 percent of single-family loan originations [on a loan-count basis] and 59 percent of multifamily originations [on a dollar-volume basis] in 2010).

With some exceptions, for each transaction the reporting lender reports data on:

- The loan, such as its type and amount;
- The property, such as its location and type;
- The disposition of the application, such as whether it was denied, purchased through a correspondent channel or resulted in an origination; and
- The applicant (ethnicity, race, sex, and income).

In addition, each application record contains a “Respondent ID” and “Agency Code” which allow MBA to identify who originated the loan, and by extension, report information on that company along with the lending data including:

- The respondent’s location (mailing address, city, state and zip code).
- Organizational information such as assets (for any depository or depository-owned institutions which are required to report asset data to the FDIC), lender type (depository / non-depository), regulator and any federally chartered reporting codes that may allow for cross-reference to other data sources.
- Information about the parent company. (This is especially important because MBA reports all originations data at the parent-company level, so all subsidiary activity should, in theory, be reported at the parent level.)
MBA’s analysis of single-family lending typically isolates the application population with an action type of “Originated” and excludes those applications / originations that:

- Are not secured by a first lien
- Are for multifamily (or more-than-four-unit) properties
- Are for home improvement loans

These standard exclusions are what MBA economists have determined isolate the most representative set of single-family, one-to-four-unit properties, and make up the majority of the originated loans in the application register. (A description of MBA’s analysis of multifamily lending can be found at: www.mba.org/multifamilylending.)

1. **Can I obtain HMDA data broken out by week / month / quarter?**
   The HMDA data is only released on an annual basis.

2. **Do the data allow me to see originations on a by-lender basis?**
   Yes. Each origination record contains data on who originated the loan.

3. **Do the HMDA data allow me to see which bank branch the loan was originated in?**
   No. While there is information available which shows branches by lender, the LAR (or Central Repository) does not record which branch an application was registered and / or originated in.

4. **I notice that you sell and / or differentiate most reports by Retail / Broker and Correspondent, what does that mean?**
   The following definitions of retail, broker and correspondent mostly hold true within the HMDA data:

   **RETAIL LOAN**: mortgage loan funded by the company’s own capital, as opposed to the wholesale loan, where the capital was borrowed from other sources and usually “flipped” shortly after to the secondary market. Typically retail applications are those taken in traditional “brick-and-mortar” financial institutions.

   **BROKER**: a firm or individual who acts as an intermediary between lenders and borrowers, usually in exchange for a commission. A broker accepts loan applications and receives a fee for passing applications to lenders, not using their own capital for closing. Broker applications are not funded by the original party who took the application from the prospective borrower. There is no way to distinguish whether an application came through a retail or broker channel using HMDA data.

   **CORRESPONDENT ORIGINATION**: A mortgage loan originated by a specialized type of mortgage banker whose function is limited to the origination of mortgage loans which are sold to other mortgage or investment bankers under a specific commitment. Correspondent loans are similar to those in the broker channel except for one very distinct difference: correspondent originations are funded before they are sold, so the purchasing party is buying a loan, not an application for a prospective borrower (as is the case in the broker channel).

   **CONSUMER-DIRECT**: Included in the Retail / Broker Pool in MBA Origination reports. Any loan application that involves direct interaction with the consumer which is not conducted in a retail (or brick-and-mortar) branch. Some examples of the consumer-direct channel are companies that solicit consumers to call their call center or apply online for loans via direct mail. Consumer-direct applications / originations are also part of the retail / broker population.

5. **Is there information on different loan amount buckets or average loan tranches?**
   MBA can customize a report for you. Please email MBAResearch@mba.org to learn more about customizing your origination report.

6. **What geographic areas can MBA provide reports on?**
   The HMDA data is extremely specific with regard to geography, and reports can be tailored to the National, State, Metro Market, County or Census-Tract levels. Visit www.mba.org/HMDA for a list of these markets.

7. **What about occupancy status? Can I see a break out of non-owner-occupied versus owner-occupied?**
   Yes. Occupancy status is available for every origination. Most of MBA’s standard reports do not include occupancy status, although it can be added as a custom option at any time to any report.

8. **Why does the HMDA data seem so old?**
   There is a nine-month lag between the close of the calendar year and the data release (e.g. 2012 data will not be available until September of 2013). MBA unfortunately does not have control over this, but turns around the data as quickly as possible and warehouses multiple years of previous data.

9. **Is HMDA coverage specific to single-family?**
   No, coverage on the multifamily (more than five units) side is 59 percent on a dollar-volume basis in 2010 while market coverage on the single-family side is approximately 92 percent of all new loans originated.
10. Does the HMDA data include information on loan applications?

Yes. In fact, every record in the LAR (or Central Repository) represents an application in some form. MBA typically isolates only the applications which closed (resulted in origination or were funded), but each respondent must report one of the following eight dispositions for each application:

A. [1-Loan originated]
B. [2-Application approved but not accepted]
C. [3-Application denied by financial institution]
D. [4-Application withdrawn by applicant]
E. [5-File closed for incompleteness]
F. [6-Loan purchased by the institution]
G. [7-Preapproval request denied by financial institution]
H. [8-Preapproval request approved but not accepted (optional reporting)]

Action type A (or “Loan originated”) is the retail broker population, while action type F (or Loan purchased by the institution) is the exclusion for the correspondent population.

To isolate the application population, MBA looks at everything except the “Preapproval request denied” and “Preapproval request approved” (action types A–F) and excludes records for multifamily properties and records for home improvement.

11. Do the data show information about why applications with action type “Application denied by financial institution” were denied?

Yes, there is a field to report primary, secondary and tertiary reasons for denial. However, this is not a required field and institutions who do report are not required to indicate order of relevance (so primary reason may not necessarily be the main reason the application was denied).

12. What is Purchaser Type? Is it a mandatory field?

Many institutions sell their loans to institutional investors, servicing shops or the Government Sponsored Entities (Fannie Mae, Freddie Mac, Ginnie Mae, Farmer Mac) for servicing and/or securitization. If an institution sells all/a majority portion of their loans in the same calendar year in which the register is published, they must report who it was sold to. This is known as “Purchaser Type.” There are several types of purchasers including:

A. Loan was not originated or was not sold in calendar year covered by register
B. Fannie Mae (FNMA)
C. Ginnie Mae (GNMA)
D. Freddie Mac (FHLMC)
E. Farmer Mac (FAMC)
F. Private securitization
G. Commercial bank, savings bank or savings association
H. Life insurance company, credit union, mortgage bank, or finance company
I. Affiliate institution
J. Other type of purchaser

When a loan was not sold in a calendar year or sold to an affiliate institution, MBA considers that loan as retained for servicing, although that is an assumption and may not necessarily hold true. MBA sells Retail/Broker Originations by Purchaser Channel reports via our web store (visit www.mba.org/HMDA and see product 3050-57) and also includes it as one of the national reports in MBA’s HMDA DataBook. Please email MBAResearch@mba.org for more information.

13. How many institutions report to HMDA?

In 2010, 8,124 institutions reported data into the LAR (or Central Repository). When these ~8,100 companies are rolled up and listed by their parent company list, the list goes to ~6,700 institutions. Due to the fact that two respondents with the same parent company can report different organizational components, this ~6,700 number can increase slightly depending on how many organizational components your report contains.

For example, ABC Subsidiary 1 reports as an Institution Regulated by the OCC while ABC Subsidiary 2 reports as an Institution Regulated by HUD. Since both of these respondents/institutions have the same parent company, a list of companies with origination volume only would condense these two companies into one record and sum their origination volume. However, if the same report was customized to include regulator type in addition to parent name and origination volume, the two Subsidiaries of ABC would no longer roll up into a single record due to the variation in the regulator which they claim to report to. What this means is that although MBA can customize your report to include statistics on a company such as company type (depository/independent mortgage bank/thrift/credit union), assets, regulator (FDIC, OCC, NCUA, CFPB, HUD), mailing address, city, state, zip code — there may be duplicate records for a single company due to discrepancies in reporting.

14. Does HMDA provide information by lender and/or lender rankings?

Yes. Lender lists/rankings can be obtained at each geographic level.
15. Do the data contain information on Home Equity Lines of Credit (HELOCs)?
Reporting information on HELOCs is optional for respondents and there is no specific way to isolate those originations that are specifically HELOCs. If a respondent/lender does choose to report on a HELOC origination, only the amount of the credit line that has been drawn upon by the borrower when an institution submits data is reported on.

16. The Dodd-Frank Act established the Consumer Financial Protection Bureau (CFPB) and eliminated the Office of Thrift Supervision (OTS), does this mean that thrift institutions will disappear from the HMDA data?
No, the Dodd-Frank Act charged the CFPB with all responsibilities formerly imposed by the OTS. While this changes the regulatory/reporting structure and burdens of thrift institutions to essentially mimic those of small community depository institutions, it does not take away an institution’s Thrift Charter. While thrift institutions will now report to the Office of the Comptroller of the Currency (OCC) and/or state regulators, they still exist as a separate segment.

17. Speaking of segments — what type of information is available regarding the institutions that report to HMDA?
The “Other Lender Code” lets you see whether the respondent is regulated by OCC, FDIC, FRS, NCUA, HUD or CFPB.*

18. How do you handle a situation in which a lender has 10 subsidiary companies, each one reporting under a separate name?
This is one of MBA’s key value-adds to the Data on Demand custom origination reports. There are hundreds of companies who own multiple companies that report to the LAR (or Central Repository). MBA uses proprietary methods, sources and techniques to assign subsidiaries to their parent company. MBA spends a significant amount of time and effort on this “parent company roll-up.”

19. Are you able to differentiate between different origination channels?
Somewhat. The HMDA data allow you to see any loans that were originated through either the Retail or Broker channel OR the Correspondent channel.

20. Can I view sample reports?
Yes, please visit www.mba.org/HMDA to see a list of sample reports.

21. How do you price custom reports?
There are so many different reports available, due to geographic variability and lender specifications, that it is difficult for MBA to produce a standard pricing matrix. MBA’s pricing team works hard to ensure that all products are priced fairly and spends time to ensure that you are getting the best, most reliable data possible. MBA offers a selection of reports for online purchase. Visit www.mba.org for current availability.

22. Does the typical MBA report include origination for home improvement?
No, in order to isolate the most representative set of residential originations data for trend analysis and market segmentation, MBA has a standard set of exclusions/criteria that make up its “single-family originations” population. Unless explicitly stated, this standard residential population does not include home improvement originations. While a home improvement loan is technically a mortgage, it does not represent a new home purchase transaction — nor does it represent a rate/term refinance transaction — so many in the industry categorize it as more of a personal or consumer loan secured by the underlying property which is being improved. For this reason, MBA economists exclude home improvement originations from their standard reports (in addition to excluding originations for multifamily loans and originations not secured by a first lien). While MBA does not include home improvement originations in their standard reports — home improvement loans can be included as part of a Custom Origination Report for a small surcharge, by contacting MBAResearch@mba.org. To give some perspective, single-family home improvement originations represented just over one percent of all single-family retail/broker originations on a dollar-volume basis in 2010, and limiting the application population to either the Retail/Broker (i.e. those with an Application Disposition/Action Type of originated) or the Correspondent Population (Application Disposition/Action Type of purchased).

OCC = Office of the Comptroller of Currency
FDIC = Federal Deposit Insurance Commission
FRS = Federal Reserve System
NCUA = National Credit Union Administration
HUD = Department of Housing and Urban Development
CFPB = Consumer Protection Financial Bureau
23. How Can I Use the HMDA data?

It depends on your business model. There are two main types of companies that particularly value MBA’s Residential DataBook and custom origination reports:

Loan Origination / Loan Production Companies

If you are in the business of single-family mortgage lending (an originator) then the originations data can really help you understand the market[s] in which your organization does business. Our product-mix reports can show you at the National, State, Metro Market or County level what the origination landscape looks like and will give you an idea about what demand is for different loan products within that market. This gives you the ability to benchmark your offerings in a specific market / state / region / territory against the average for that area to see if there may be opportunities which you may not be aware of.

For example — using one of the product-mix reports, you may see that you are focusing on refinances in a market in which 80 percent of all originations were for home purchase loans in the past year. Furthermore, of those home purchase originations, almost all were for FHA loans. If you are focusing the majority of your sales / marketing / advertising efforts on attracting conventional refinance business, a localized product-mix report might help you see that it could be time to reevaluate your strategy and perhaps think about bringing in some underwriters with expertise in originating FHA loans for home purchase.

Loan Production Support Companies / Service-Based Firms (Who Do Not Originate Loans)

MBA’s Residential Mortgage Originations DataBook is a valuable prospecting tool for the mortgage industry. Whether it’s document management, data warehousing, appraisal services or anything in between, the DataBook allows you to compare your client lists to those of your colleagues and identify opportunities for new business. If you need to identify potential new clients, better understand the operating models / markets of your existing clients or perform regional / territorial analysis on the markets you occupy to adjust resources accordingly, the Residential Mortgage Originations DataBook has the information you need. The reporting thresholds are low — these data include companies which may be newer and smaller, but growing, and in need of your production-support solutions.

Our lender ranking reports are also available at the National, State, Metro Market or County level, and can be customized to show either the top 100 lenders for a given area or all lenders for a given area. Lender ranking reports are valuable to organizations who originate loans because they allow you to take a look at the strategic operations of the lenders who rank above your firm to see why they might be attracting more business (many think they know how these lists will fall in the markets they operate in but are often surprised).

The MBA Residential Mortgage Originations DataBook (available via www.mba.org/HMDA), contains (among other things) a product-mix report for all states and the U.S., the top 100 lenders for all states and the U.S. as well as a variety of other national-level reports. For a full description of its contents, visit www.mba.org.

Any report, and even reports not listed, can be tailored to show just what you need and formatted exactly how you need it (additional fees and surcharges may apply).

For additional information, to view samples or order reports, visit www.mba.org/HMDA.