

# The Patterns of GSE Participation in Minority and Racially Changing Markets Reviewed From the Context of the Levels of Distress Associated With High Levels of FHA Lending

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## Abstract

*This study employs a case study methodology to analyze government-sponsored enterprise (GSE) lending in minority and racially changing areas, focusing specifically on the Washington, D.C. and Chicago metropolitan areas during 1994–96. Sources include Home Mortgage Disclosure Act data on mortgage lending, Mortgage Insurance Companies of America data on private mortgage insurance, U.S. Department of Housing and Urban Development Section 335 data on locations and delinquency status of Federal Housing Administration (FHA) loans, and the 1990 census of housing and population.*

*There are two main findings regarding GSE lending in minority and racially changing areas. First, the structure of the housing markets in terms of the patterns of housing values, incomes, and the differential distribution of minority populations across existing and newly developing areas affects the patterns of GSE purchases. Second, the particular constellation of lenders in the local markets influences the relative levels of FHA and GSE lending across different markets. In different markets the largest and most influential FHA, GSE, and minority lenders may be essentially the same or quite different. Individual lenders and small groups of lenders can significantly affect lending and GSE purchasing patterns.*

*Three major market patterns emerged from the study. First, the market share of GSE loans in minority areas is either lower than that in White areas or dependent on a small group of individual lenders for parity. Second, the market shares of Freddie*

*Mac's purchases show considerably more disparity by race than Fannie Mae's. Third, a high degree of overlap exists between the income groups served by the FHA and GSE markets. This, along with other supporting evidence, indicates that there may be a correspondingly high degree of potential substitution between the FHA and GSE markets.*

## The Historical Context and Issues

More than 25 years of policy development in fair lending and community reinvestment has been aimed at providing a flow of conventional home lending in minority and racially diverse or racially changing communities that parallels the flow of conventional lending in comparable White communities. The purchasing patterns of Fannie Mae and Freddie Mac, collectively referred to in this study as government-sponsored enterprises (GSEs), have become the focus of policies designed to increase this flow of conventional mortgage credit in the Nation's housing markets. The main empirical issue in this study is the level of home loan purchases by the GSEs in minority and racially diverse or racially changing neighborhoods compared with the levels in White communities. A related empirical issue is the extent to which individual lenders who sell their loans to Fannie Mae or Freddie Mac originate comparable levels of conventional loans in both White and minority or racially diverse neighborhoods.

This review is placed within the context of historical patterns of high market shares for Federal Housing Administration (FHA) lending in minority and racially changing market areas. High levels of FHA lending, especially in minority and racially changing areas, historically have been linked to high levels of FHA defaults and foreclosures in these same areas. These conditions are seen as community distress factors around which policy efforts have been developed to increase conventional lending and create a balance of FHA and conventional lending that is similar in comparable White, minority, and racially changing housing markets.

Although these two exploratory case studies cannot cover the range of patterns that exist in the markets across the United States, they do provide a basis for making some observations about the factors that influence the distributions of GSE purchases in markets where there are disproportionately high levels of FHA lending and FHA distress in minority and racially changing areas. The review of the structure of the two markets and the patterns of FHA, conventional, and GSE lending showed many similarities and some important and intriguing differences.

## Methodology

In this study, the purchasing patterns of the GSEs are reviewed in two case studies. In addition to past studies and literature, data on private mortgage insurance, conventional and FHA lending patterns, and lender testing studies are used to address relevant policy issues. This study examines several sets of public data and several segments of the home purchase lending markets to estimate the levels of GSE purchases in various racial markets in these two metropolitan areas. In addition, the study uses profiles of lending based on different borrower incomes, sources of private mortgage insurance, and loan sizes to estimate the potential for increased conventional lending and increased GSE purchases within the market of loans that fall within the GSE limits. These profiles are also used to assess the likelihood that existing FHA borrowers might be eligible for conventional loan products.

Public data sets are used to define the purchasing patterns of the GSEs and individual lenders. These data are also used to verify that in these two case study markets, minority and racially changing markets exhibit both higher levels of FHA lending and higher levels of FHA defaults and foreclosures than roughly comparable White markets. That is, the existence of the historical FHA patterns is verified for the two case study markets. To focus on the purchasing patterns of the GSEs, FHA lending is later extracted from the market, and GSE patterns are defined in terms of the conventional market of eligible loans.

This study measures the levels of FHA lending and the levels of conventional lending in different racial markets in portions of both the Washington, D.C. and Chicago metropolitan areas. The level of conventional lending is essentially all the loans that are not FHA.<sup>1</sup> With some exceptions, the single-family home purchase loans sold to the GSEs are conventional loans.<sup>2</sup> This does not mean, however, that the level of conventional lending in a market absolutely defines the level of purchases by the GSEs. Most of the conventional loans made in both of these local markets are not sold to the GSEs. In some cases, this is because the loans exceed the loan limits for the GSEs (and are defined as *jumbo* loans). In other cases, the loans are sold to other investors or simply held in portfolio by some types of lenders. Similarly, not all loans that could be sold to the GSEs may be eligible for FHA financing. In particular, the FHA loan limits in each of these two markets are lower than the GSE limits.

## The Findings

GSE purchasing patterns for all GSE-eligible loans showed racial disparities in the Chicago market and relative parity in the Washington, D.C. housing market. In this analysis we considered only loans that fell within the GSE loan limits. Minority areas received considerably lower levels of GSE purchases than White areas in the Chicago market but about equal and sometimes higher levels of GSE purchases in the D.C. study area. Although the minority and White markets in the D.C. area showed some levels of parity in GSE purchases, this parity appears to be related to some unique factors in the market. Racially changing areas in the Chicago study area received only marginally lower levels of GSE purchases than White areas. In the D.C. market, racially changing areas received somewhat higher levels of GSE purchases than White areas. FHA lending and FHA defaults and foreclosures were concentrated disproportionately in racially changing and minority areas in both markets.

## Interpretation of the Findings

The study suggests that there are at least two key factors that appear to influence the relative levels of GSE participation in different racial markets, aside from the individual purchasing practices of Fannie Mae and Freddie Mac themselves. These two key factors are the basic structure of the housing markets and the particular constellations and practices of the individual lenders in the market.

**Race and the Structure of the Housing Markets.** Both housing markets are similar with respect to the overall levels of minority populations that in this study are defined as either Black or Hispanic. Both study areas have large and distinct geographic concentrations of minority homeownership. In the D.C. study area, the minority market is overwhelmingly Black. In the Chicago study area, there are both large and distinct Hispanic and Black markets.<sup>3</sup> Also, clear areas of racial change are typically adjacent to existing minority market areas in both markets.

The minority populations are roughly similar in each of the two case study markets (based on 1990 census data). In the entire Chicago study area, about 34 percent of the population was minority. For the D.C. study area, about 37 percent of the population was minority. In the central city of Chicago, about 57 percent was minority, and in the District of Columbia 56 percent was minority.

It is not the level of minority population that makes the two study areas different. One key factor that helps explain differences in the GSE market share patterns in the racial areas of the two study areas is the distribution of the minority populations across the older and new growth segments of the markets. High market penetration figures are typically associated with new development areas. Both markets exhibit this pattern. However, the market penetration rate for minority areas is only 48 percent of the market penetration rate for White areas in the Chicago area, whereas the market penetration rate for minority areas in the D.C. study area is 62 percent of that for White areas. This is largely due to the exceptionally large minority population in the D.C. area living in new development and suburban areas compared with the minority population distribution in the Chicago market. This makes the housing market for Whites and minorities in the D.C. study area more comparable than the housing markets for Whites and minorities in the Chicago area. Most notably, it makes the housing market for minorities in the D.C. study area a more upscale and growing market than the minority market in the Chicago study area. This makes the minority market in the D.C. area generally more attractive to lenders and secondary market investors.

Historically, high overall market penetration (representing a high level of homes sales) has also been associated with racial change. Both markets present this profile as well. Market penetration rates are significantly higher in racially changing areas in the Chicago market, however, than in comparable areas in the D.C. study area market. This relates to the extremely high levels of market penetration in older housing areas in the Chicago market where racial change has historically been a rapid and dynamic process. In the Chicago market, 50 percent of the racially changing census tracts are in older areas that have market penetration rates above the market norm. In the D.C. study area, less than 5 percent of the racially changing census tracts are in older areas with market penetration levels above the average for the entire D.C. study area. In the D.C. study area, the majority of racially changing census tracts are in new development areas where the change associated with new development takes place more slowly than the change associated with the resegregation of older neighborhoods in the Chicago study area.

Therefore, the parity of GSE market shares in all racial areas in the D.C. market, compared with the lower levels of GSE market shares in the Chicago market, is explained in part by the fact that GSE market shares generally tend to be higher in highly competitive and newer growth areas. In Chicago these areas are overwhelmingly White. In the D.C. market, a large segment of the minority market is concentrated in high-growth and new development areas. Therefore, the attraction of these growth markets draws a higher share of GSE lending.

These differences even help to explain the lower distress levels in FHA markets in minority areas in D.C. compared with the comparable Chicago areas. Although the delinquency rates in the minority markets are higher in the D.C. market than the Chicago market, the default rates are somewhat lower in the D.C. market, and the foreclosure rates in the D.C. minority market are almost one-half that of the Chicago minority market. In part, the lower levels of default and foreclosure in the D.C. minority markets reflect the unique combination of concentrations of minority and racially changing markets in suburban and new growth areas. This provides for increasing housing values and high levels

of demand that help mitigate the effects of default by providing borrowers with more options to refinance or sell their homes to avoid foreclosure.

**The Role of Individual Lenders.** The role of individual lenders is even more significant in explaining the disparity in racial patterns in the Chicago GSE and the relative parity in the D.C. GSE. In both markets, a relatively small number of lenders dominate the lending and sale of loans to the GSEs in different markets. Despite the fact that the minority markets in these two study areas are two of the largest in the Nation, we find that they are still small enough to be significantly influenced by the lending patterns of a single large lender.

In the D.C. market, the dominant group of the largest FHA lenders, the largest GSE lenders, and the largest lenders in minority markets tend to be the same lenders; in the Chicago market, they tend to be different lenders. Most important, the large GSE lenders and the large lenders serving minority markets tend to be the same lenders in the D.C. market. This factor contributes to the parity in GSE lending across different racial areas in the D.C. market.

Parity in the D.C. market resulted from a few lenders selling conventional loans to the GSEs at levels far above the norm for the D.C. area. Parity in the racial markets in the D.C. area would disappear and be replaced by levels of disparity comparable to those in the Chicago market if just a handful of large GSE lenders in the minority areas reduced their GSE levels to the norm for the entire market. Indeed, parity would disappear in some years if just the single largest GSE lender in the minority areas were taken away.

**Persistent Differences Between Fannie Mae and Freddie Mac Patterns.** Aside from differences in the structure of the housing and lending markets, there are differences in the patterns of Fannie Mae and Freddie Mac. Both Fannie Mae and Freddie Mac show lower levels of purchases in minority areas than in White areas in the Chicago market. Although there are some instances in which Freddie Mac made improvements relative to Fannie Mae (notably in the Chicago market in 1996), Fannie Mae's relative performance in different racial markets was better than Freddie Mac's. In the Chicago market, for example, Fannie Mae had higher levels of market shares in the racially changing areas than in the White areas, whereas Freddie Mac always had lower market shares in the racially changing areas compared with the White areas. In the D.C. market, the GSEs showed relative parity in the different racial markets, largely because Fannie Mae's performance countered the systematic disparities in the Freddie Mac purchases. This pattern of Freddie Mac lagging behind Fannie Mae has been indicated for some time in other studies (Lind, 1996). Although Fannie Mae maintains a better record of service in the 3 years overall, in parts of these markets there is a trend of decline in Fannie Mae purchases over time.

## Policy Issues

The main policy issue is whether it is reasonable to assume that where the GSEs do not serve both majority and minority markets equally, the market share of conventional lending eligible for GSE purchases in minority and racially changing areas could be increased. If the market share of conventional lending could be increased in these minority markets, additional policy issues relate to how both the present patterns of origination by individual lenders and the present patterns of purchases by the GSEs could be changed to increase conventional lending in underserved minority markets.

The analysis of GSE market shares in conventional markets does not directly address the potential for substituting conventional loans for FHA loans. However, the analysis

revealed indicators of substantial overlap in the FHA, conventional, and GSE markets in terms of service to minority areas and lower income borrowers. Evidence of steering minority borrowers to FHA products even when they were more qualified than White applicants for conventional products exists in lender testing results in both study areas. The testing results indicate some level of substitution. Circumstantial evidence from overlapping markets and professional experience in the industry suggests a significant level of substitution.

Without actual applicant data we cannot, of course, provide statistical estimates of the extent to which FHA borrowers could have been provided with specific conventional loan products or the extent to which these borrowers would also have met the underwriting standards of the GSEs. The purpose of this study is to explore the patterns and raise key issues that will focus on future research and policy decisions. Yet, if the level of substitution is significant, then GSE lending could potentially replace some FHA lending and assist in making FHA and conventional lending patterns more equal among all racial groups.

A more speculative set of policy issues relates to what actions the U.S. Department of Housing and Urban Development (HUD) might take to stimulate more conventional lending in minority and racially changing communities. This study is not designed to provide a basis for the detailed evaluation of policy alternatives. It is, however, designed to focus on market patterns that can provide the context for policy review and initiatives. HUD has at least three avenues for policy initiatives. First, it can review the operations of the FHA single-family insurance programs to assess what changes might maintain the essential services to the housing markets that justify a government mortgage insurance program, being careful not to drive potential conventional lending from any market. Second, HUD can focus on fair lending enforcement activities to combat lending discrimination associated with product steering homebuyers from conventional to FHA lending. Third, HUD can review its goal setting for and monitoring of the GSEs.

In addition, HUD might link its oversight of the GSEs to its review of the performance and effects of its FHA program. In this context, for example, HUD might set goals for both FHA lending and conventional lending through the GSEs as a combined response to the identified needs of markets underserved by specific loan products. Markets with exceptionally high levels of FHA lending could be defined as *underserved conventional markets* that would be included among the target census tracts for GSE performance. Integrating issues of underserved markets and fair housing concerns, HUD could undertake special reviews of steering in underserved conventional markets, and special efforts might be directed at expanding the levels of conventional lending in the impacted areas. As noted in the next section, some policy work has already recommended that HUD link its FHA lending policies to its GSE oversight activities.

## A Brief Review of the Policy Issues for Research

The evolution of HUD's monitoring role regarding the GSEs stems from the original forces in the antiredlining movement of the 1970s that sought to create a viable and active conventional market in minority and racially changing neighborhoods. Although redlining is usually associated with the lack of lending, FHA policies in the late 1960s created a heavy flow of FHA lending in minority and racially changing communities. However, there was no conventional lending counterpart to Federal efforts to reach minority markets with government-insured loans. Because of a series of activities associated with FHA lending—some internal to the operations of the program and some related to exploitation of the FHA program for profiteering in minority and changing

markets—the high concentrations of FHA loans resulted in high concentrations of FHA foreclosures that contributed to blight and neighborhood decline (National Commission on Neighborhoods, 1979; Boyer, 1973). The antiredlining movement that was responsible for creating the Home Mortgage Disclosure Act (HMDA) and the Community Reinvestment Act (CRA), and which eventually contributed to the regulation and monitoring of the GSEs, was initiated in response to what the affected community residents considered to be too much FHA lending without a balance of conventional lending.

The concept of underserved markets that was originally used to shape HMDA legislation was not of markets that had no lending but of inner-city markets that did not have enough conventional lending. The high foreclosure rates in FHA lending destroyed whole communities in cities like Detroit, Cleveland, and Chicago, and the impacts of FHA lending contributed to neighborhood decline in many other cities, such as Baltimore, Washington, D.C., and Philadelphia (Boyer, 1973; Committee on Government Operations, 1972). Although the antiredlining movement that created both HMDA and CRA grew from the concept of communities that were underserved by conventional forms of financing, today the concept of underserved markets shapes goal setting for and monitoring of the GSEs.

Although the scandals associated with FHA programs in the 1970s have largely been eliminated, FHA foreclosures still tend to be highly concentrated in disproportionately minority and racially changing communities (Bradford, 1998; Bradford and Shlay, 1996; National Training and Information Center, 1994; Slayton, 1987). Moreover, factors associated with the management of the FHA program are seen by some observers as precipitating foreclosures on FHA loans even when borrowers might normally avoid foreclosure if their loans were serviced under the standards of the conventional market (Bradford, 1998). When an FHA foreclosure takes place, the property must be delivered vacant to HUD to file a claim for the insurance.<sup>4</sup> Thus foreclosed properties become vacant properties until they are sold and reoccupied. When a number of vacant foreclosed properties are concentrated in a single neighborhood, they can contribute to blight and undermine property values. This has been the basis for the FHA lending concerns of antiredlining organizations and community-based action and development organizations during the past 25 years.

FHA lending has clearly contributed to increased levels of homeownership for minorities discriminated against by the conventional markets. It has also contributed to blight in minority neighborhoods. Unfortunately, this blight fuels continued White flight and the myths that racial change leads to neighborhood decline. Thus the thrust of much of the fair lending and community reinvestment activity is still aimed at providing an active conventional lending market in these communities.

From the community's perspective, it is assumed that within the FHA market there is a significant number of homebuyers who are not qualified for a loan but who receive loans because of poor underwriting and some level of misrepresentation. In this view, part of the concentration of defaults and foreclosures is due to unsound loans. However, there is also a strong community view that a significant share of the FHA loans are made to borrowers who are steered to these products when they could qualify for and might be better served by conventional loans. Thus community policy initiatives have been aimed both at reforming FHA to eliminate poor underwriting and abuses of the program and at developing conventional products and conventional programs to replace, as much as possible, the FHA market that could be served conventionally. The goal is not to eliminate FHA but to create markets in which the uses of FHA are determined by informed borrowers. The assumption is that under these conditions, the levels of FHA lending in White and minority communities would be more comparable than they are today.

When HMDA and CRA were passed in the mid-1970s, efforts to secure active conventional markets in minority and racially changing communities were focused on depository institutions. Mortgage companies still were engaged primarily in FHA and U.S. Department of Veterans Affairs (VA) lending, and depository lenders represented the resources for conventional lending. The reinvestment literature of that time included a review of the roles of Fannie Mae and Freddie Mac (Bradford, Rubinowitz, and Grothaus, 1975; National Commission on Neighborhoods, 1979). Freddie Mac's role was much more limited then; Fannie Mae was the engine that fueled the FHA market because at that time it purchased FHA loans. In this context, CRA was the primary means of targeting conventional lending for inner-city, minority, and racially changing communities.

By the late 1970s, however, the dominant roles of Fannie Mae and Freddie Mac in the conventional markets were clearly emerging, and much of the focus on reinvestment and fair lending focused on their activities. In 1978 the Senate Banking Committee investigated discriminatory underwriting standards in both Fannie Mae and Freddie Mac, and by the time it held its hearings in December, both agencies had engaged in major revisions of their standards (Committee on Banking, Housing, and Urban Affairs, 1978). In the same year, the HUD Secretary issued regulations for monitoring Fannie Mae's fair lending activities with a preamble that made clear the major role that Fannie Mae now played in the mortgage markets. This was the source of the present legislation making HUD responsible for setting performance goals for both Fannie Mae and Freddie Mac and creating a more clearly defined role for HUD as the fair lending oversight agency for the GSEs.

On the community policy side, the National People's Action developed pilot programs with General Electric Mortgage Insurance Company and Fannie Mae in the late 1980s that eventually became the Community Home Buyer's Programs. It had become clear that the GSEs—not the depository lending institutions—were now the engine of the conventional mortgage market and that the private mortgage insurance (PMI) companies were the loan enhancement providers for this market. Special programs developed with the GSE and PMI industry were seen by community organizations as conventional alternatives to FHA programs. At this point and with these programs, the GSEs became the primary target of efforts to balance FHA and conventional markets in minority and racially changing communities.

The linkages among FHA distress factors (defaults and foreclosures), the imbalance of conventional and FHA lending in minority and racially changing communities, and the participation levels of the GSEs in these same communities have always been clear to the community-based organizations that have initiated antiredlining and fair lending policy. From the community perspective, a large share of FHA lending substitutes for conventional lending. In this view, it is presumed that much of the FHA lending can be replaced by conventional lending to achieve roughly the same amount of total lending in a community.

As the role of the GSEs in driving the conventional market has increased, the old anti-redlining groups have focused more on the role of the GSEs in the creation of a better balance between FHA and conventional lending in both inner-city and minority and racially changing communities. It is important to note that although there is a policy concern related to the role that the GSEs play by their direct purchases of conventional mortgages in minority and racially changing areas, the policy concern is broader. The GSEs typically do not purchase the majority of all conventional loans in a regional market. The purchasing practices of the GSEs, however, set the tone for the desirability of a market. If the GSEs show a strong interest in a market, other conventional lenders will also pursue that market. Therefore, policy concerns about the role of the GSEs in minority and



racially changing markets dominated by FHA lending are directed both at their direct participation in those markets and at the role they play as the bellwether for the entire conventional lending community.

In general, researchers and government analysts have not incorporated the possibility of substituting conventional loans for FHA loans in their work on fair housing.<sup>5</sup> Policy initiatives regarding CRA have concentrated largely on affordability issues rather than race discrimination issues. This has also contributed to the tendency to omit the FHA/GSE linkage from GSE behavior analyses and HMDA analyses.

The linkages between FHA lending and GSE activities have not been addressed thus far in HUD's own GSE oversight activities. Some researchers have maintained a focus on the relationship between FHA and conventional lending in areas defined as *underserved* by conventional lending (Peterman and Sanshi, 1991; Shlay, 1987 and 1996; Bradford, 1998). Shlay (1996) even included a review of the purchasing patterns of Ginnie Mae, Fannie Mae, and Freddie Mac in her review of both conventional and FHA lending patterns in the Washington, D.C. and Baltimore markets. But, for the most part, the focus on FHA and conventional linkages has been lost. Recently, however, more attention is being paid by researchers and government analysts to the various lenders, insurance providers, and investors that serve the FHA-eligible market (Canner, Passmore, and Surette, 1996; and Bunce and Scheessele, 1996). The Mortgage Credit Access Partnership (MCAP), sponsored by the Federal Reserve Bank of Chicago, specifically recommended that HUD establish a system that identifies geographic areas at risk for high FHA concentrations of loans, defaults, and foreclosures and also recommended that HUD assess the role played by the GSEs in supplying a balance of conventional lending in such at-risk communities (Mortgage Credit Access Partnership, 1997). The General Accounting Office (GAO) has previously assessed the roles played by government insurance programs and the PMI industry in serving lower income and minority borrowers (U.S. General Accounting Office, 1996).

## Brief Summary of Related Research

No studies are known that actually address the specific relationships between GSE purchasing patterns and the patterns of FHA lending and FHA impacts. In the larger policy arena, the focus on the role of the GSEs is simply a refined targeting of the original concerns about access to conventional lending in minority and racially changing areas. Many of the studies that were presented as evidence of the need for loan disclosure at the original HMDA hearings (Committee on Banking, Housing, and Urban Affairs, 1975; Northwest Community Housing Association, 1973; Home Ownership Development Program, 1973; Feins, 1977) did focus on the dual housing finance markets in White and minority areas. The Northwest Community Housing Association study indicated how the lending patterns changed from depository institutions to mortgage companies (which meant from conventional to FHA lending) as racial change took place in one community that was compared with a similar White community in which the mortgage lending patterns remained unchanged during the 10-year study period. In the Home Ownership Development Program (1973) study in Baltimore, the markets defined by different types of loan products were compared with different racial and economic profiles of communities in that city. Feins traced 25 years of mortgage lending in several paired communities in Chicago and demonstrated how racial change was related to high levels of FHA lending. As noted above, some more recent studies using HMDA data have maintained the focus on FHA versus conventional markets in minority areas.

Based on its continued concerns about the concentrations of FHA lending and on the difficulty of getting data, the National People's Action supported an amendment that became Section 335 of the Affordable Housing Act of 1990. This required HUD to make quarterly public disclosures of the status of the most recent 20 quarters of FHA loans, by originating lender, by census tract, and by year of origination. The National Training and Information Center (NTIC) has focused policy attention on the continued concentrations of FHA lending and FHA defaults and foreclosures in certain neighborhoods (1994). NTIC has developed continuous city-by-city reviews of these data and published a study of these patterns and concentrations in 20 cities (1997). GAO also published a review of the concentrations of FHA foreclosed properties in six cities (U.S. General Accounting Office, 1997).

Although not focused on the racial disparities in levels of FHA lending, Canner, Passmore, and Surrence (1996); Canner and Passmore (1995); and Bunce and Scheessele (1996) do focus on FHA lending to minorities compared with other types of loans. These studies provide useful technical recommendations and design approaches that can be used in focusing on the linkages between GSE performance and FHA levels in minority and racially changing areas. Bradford and Shlay (1996) indicate the continued concentration of FHA lending in minority and racially changing areas. Bradford (1998) provides a detailed analysis of the concentrations of FHA lending and FHA defaults and foreclosures in the Chicago area, but neither this study nor Bradford and Shlay's (1996) provides a linkage to the performance of the GSEs in these markets.

Thus there has been research on conventional and FHA lending, some research on the concentrations of FHA lending in minority and racially changing areas, and some research on GSE lending in FHA-eligible markets. All this serves as a good prelude to research that revives the focus on the linkage between FHA lending and GSE lending in minority and racially changing areas, especially when these areas display high levels of FHA lending and distress.

## The Present Case Studies

This article provides an exploratory review of the patterns of FHA lending, FHA impacts, and GSE purchases in the Washington, D.C., and Chicago areas. These cities provide examples of two of the largest minority homebuying markets in the country. Chicago has large Hispanic and Black housing markets with relatively small areas of overlap. It may be seen as an example of large midwestern urban markets. The D.C. metropolitan market represents one of the largest Black single-family housing markets in the Nation. Although it is important because of its size, the Washington, D.C. market is somewhat of an anomaly in terms of Black markets because it represents a market with substantially higher Black incomes and larger Black suburban markets than most other major metropolitan areas.

Chicago has long been one of the most productive sources of mortgage market discrimination studies related to FHA lending. Historically, Washington has also provided several studies of discrimination in the mortgage markets.<sup>6</sup> Recently, some of these studies have concentrated on the issue of steering minority homebuyers to FHA lending (Greene & Associates, 1998; Fair Housing Council of Greater Washington, 1998). Washington was one of the cities included in the recent GAO review of FHA concentrations (U.S. General Accounting Office, 1997).

For the purposes of this study, the Chicago market will be referred to as the Chicago GSE study area. This area includes two counties, Cook and DuPage. The city of Chicago

is in Cook County. Based on the 1990 census, these two counties had a population of 5,886,730. Of this population, 61 percent was White (Anglo), a little more than 12 percent was Hispanic, and a little more than 22 percent was Black. The city of Chicago alone had a population of 2,832,155. Of this population, 39 percent was White, 38 percent was Black, and more than 19 percent was Hispanic. Chicago has a diverse population and diverse housing markets representing significant concentrations of neighborhoods that are White, Hispanic, and Black as well as many areas that are racially changing. The suburban areas defined in the remainder of Cook County and in DuPage County provide a wide range of housing markets and price ranges as well as a range of neighborhoods with different racial and ethnic concentrations.

For the purposes of this study, the Washington, D.C. market will be referred to as the D.C. GSE study area. This area includes the District of Columbia (as the central city), Montgomery and Prince George's Counties (in Maryland), and the counties and independent cities of Falls Church, Alexandria, Arlington, Fairfax, and Fairfax City (in Virginia). Based on the 1990 census, these counties and cities had a population of 3,223,098. Of this population, 58 percent was White (Anglo), less than 6.5 percent was Hispanic, and almost 31 percent was Black. The District of Columbia alone had a population of 889,019. Of this population, 40 percent was White, 49 percent was Black, and approximately 7.5 percent was Hispanic. Although the Hispanic population is significant, it is generally dispersed within the Black areas and across White areas. In the entire D.C. study area there is only one census tract that had more than a 50-percent Hispanic population in 1990 (actually 51 percent). There were, however, significant concentrations of Black populations in areas throughout the entire study area.

In both the Chicago and the D.C. study areas, the Hispanic and Black populations were combined to create a single *minority* category for analysis. The study systematically compares various measures for areas that are defined as predominantly *White*, predominantly *minority*, and areas that are estimated to be *racially changing*. Although the analysis of the Chicago area will sometimes provide separate analyses for Black and Hispanic lending patterns, the Black and Hispanic markets remain combined in the D.C. market analysis.

## Methodology and Design Approach

### Design

The design of the study is exploratory in nature. The effort is to define lending patterns and GSE purchasing patterns from different perspectives to make a reasonable assessment of the extent to which a larger share of the lending in minority and racially changing areas might be purchased by the GSEs or at least be shifted from the FHA to the conventional market.

Three tiers of loans are defined to separate the segments of the market that are eligible for FHA lending and GSE purchases. *Tier 1* includes loans that fall within the maximum FHA loan limits for each of the study areas. Tier 1 loans are loans that by their loan amount are FHA eligible. *Tier 2* loans are above the FHA limits but still within the upper limit for loans purchased by the GSEs. Tier 1 and Tier 2 loans are loans that by their loan amounts are GSE eligible. *Tier 3* loans are above the limits for Fannie Mae and Freddie Mac. The loans defined as Tier 3 loans are referred to in the market as jumbo loans. These loans are also known as nonconforming loans, indicating that they do not conform to the GSE loan limits.

The structure of the analysis comprises five stages and three perspectives. At each stage data are presented in uniform mapping and tabular formats that provide different means

of comparing patterns in White, minority, and racially changing markets in the two metropolitan areas. In the D.C. study area some additional forms of analysis are presented to explore the reasons why the GSEs appear from the initial presentations to serve the conventional Tier 1 market relatively evenly across different racial geographic areas. The Chicago market patterns sometimes include different tabulations and presentations for Black and Hispanic patterns.

The first two stages focus on overall patterns and FHA patterns. This is the first perspective. Once profiles of the overall and FHA markets are developed, we generally remove the FHA lending from the market and concentrate on the GSE patterns in the conforming conventional markets. This is the second perspective. Finally, an assessment is made of whether some part of the FHA market could be converted to a conventional market. This is the third perspective.

**The Overall Markets.** The first section of the analysis defines the overall lending markets and racial patterns. This provides data on the areas of racial concentration and racial change and on the overall level of home purchase market penetration. This section also defines the levels of Tier 1 and Tier 2 lending in the markets by the racial or ethnic composition of the lending areas.

**FHA Lending and Impacts.** The second section examines the patterns of FHA lending. This section also reviews the patterns of FHA delinquencies, defaults, and foreclosures. This section verifies that the historical concentrations of FHA lending and FHA distress factors are present in both of the study area markets.

**GSE Purchasing Patterns.** The third section examines the patterns of GSE purchases. These patterns are reviewed both for the overall markets and specifically for Tier 1 and Tier 2 loans.

**The Role of Individual Lenders.** The fourth section examines the patterns of lending for particular lenders. The concentration is on the largest lenders. The lending and GSE selling practices of particular lenders offer some possible explanations of differences in lending and GSE patterns in the two study areas.

**The Potential for Increased Conventional and GSE Lending in Minority Markets.** The final section reviews the findings from the previous stages and some additional data on privately insured mortgages that suggest the potential role for additional conventional and GSE lending in minority markets. In particular, this section raises questions about the extent of substitution between the FHA and conventional markets as related to the GSEs.

## Data Sets

This study looks at lending data for the years 1994 through 1996. Data for this study are taken from several public data sets, including:

- HMDA data for the years 1994 through 1996.<sup>7</sup>
- Disclosure data on mortgage insurance by PMI companies for the years 1994 through 1996 (provided as public disclosure to the Federal Financial Institutions Examination Council by the Mortgage Insurance Companies of America [MICA]).
- Section 335 data from HUD on the census tract locations of delinquency and the foreclosure status of FHA loans endorsed in 1994, 1995, and 1996.

- Data from the 1990 census of housing and population.

## Key Definitions

**Loans.** This study examines only the home purchase markets. The study excludes VA loans as they represent a unique product that is restricted to a selective segment of the population as a benefit of military service.

**Race and Racial Change.** Data are sometimes presented for both the race of individual borrowers and for the racial composition of geographic areas. The racial and ethnic focus of this study, however, is essentially on areas of racial concentration rather than on the race of individual borrowers. There have been efforts that have focused on the effects of FHA lending on individual borrowers.<sup>8</sup> This study is grounded in the impacts of high concentrations of FHA lending on neighborhoods. Therefore, the study uses data based on census tracts to create groups of geographic areas that are similar with regard to racial and ethnic diversity. The 1990 census data provide the basis for these classifications. All the census tracts in the study areas have been coded for racial composition. This study considers an area as being White (Anglo) if its minority population in 1990 was less than 25 percent and if it is not defined as a racially changing area today.

Because this study focuses on home lending, tracts are coded based on the racial and ethnic composition of homeowners in each census tract in 1990.<sup>9</sup> These data are time bound and fail to account for racial change in the past 9 years. Moreover, the history of the literature on FHA lending points to the period of racial change as the point at which lending is likely to shift from conventional to FHA (see, for example, Northwest Community Housing Association, 1973; Boyer, 1973; Feins, 1977; National Commission on Neighborhoods, 1979; Shlay, 1987; Bradford, 1998).

The HMDA data provide a valuable resource that can be used to estimate changes in the racial composition of areas, with reference to the homeownership markets. This analysis uses data from HMDA and 1990 census data at the tract level. The percentage of homeownership for desired racial and ethnic groups is calculated from the 1990 census for each tract. The HMDA data provide records coded by census tract that indicate the number of homebuyers who secured mortgages to purchase single-family homes. These data are coded by race and ethnicity. This allows for the calculation of the percentages, by race and ethnicity, of homebuyers. When the percentage of minority homebuyers in the HMDA data significantly exceeds the percentage of minority homeowners from the 1990 census, the tract is defined as *racially changing*. The data even provide a means of defining the few areas where majority populations are replacing minority populations.

Previous work in selected markets has indicated that these measures work well when stability is provided by using multiple years of HMDA data and by limiting the estimates to census tracts with significant numbers of loans, such as 50 or more loans over a multi-year period. As with all data, there are limitations and cautions. HMDA data only record purchases that require mortgages and then only mortgages supplied by lenders covered by HMDA. Coding errors do exist in the HMDA data, although the levels have declined greatly in recent years. HMDA data do not indicate from where the person is moving. Lenders who take applications by telephone or through the mail are not required to provide race data for the loans. Nonetheless, these data are powerful tools for estimating the current racial patterns in such small areas as census tracts between the census periods. As background to Bradford (1998) and as background to a current study under way in Baltimore (Bradford, Thompson, and Smith, 2000), estimates of racial change from HMDA data were verified by various methods of confirmation within local communities and site visits.

For this study *racially changing* census tracts are defined as tracts in which the percentage of home purchase loans to Blacks and Hispanics is more than 25 percent higher than the percentage of Black and Hispanic homeowners in 1990. For example, if the percentage of home purchase loans to Blacks and Hispanics in a tract is 45 percent, and the percentage of Black and Hispanic homeowners in 1990 was 15 percent, the difference would be 30 percent. This tract would be defined as racially changing. Three years of HMDA data are used to provide stability to this estimate. This estimate is only made for tracts that had at least 50 loans over the 3-year period.<sup>10</sup> Overlay patterns are used on the map exhibits in this study to identify minority and racially changing census tracts. In some cases a tract may exhibit both racially changing and predominantly minority patterns.<sup>11</sup> In the exhibits, however, tracts are classified as racially changing only if they were less than 50-percent minority in 1990.

## The Overall Markets

This section provides an overview and comparison of the markets in the two study areas and develops the context for the specific review and exploration of the purchasing patterns of the GSEs. First, the geographic racial patterns are defined for the two areas as a context for later analyses. Second, the overall market share patterns of conventional and FHA lending related to the race of borrowers and the racial composition of geographic areas are reviewed. The market penetration levels are compared for White and minority areas and in relation to the areas of older existing markets and new development.

In this study the following issues were examined: Do clear patterns of racial concentrations exist in the two study areas? Are there defined areas of racial change? Are FHA and conventional lending related to these areas of racial concentrations? Are the levels of market penetration in the two study areas related to race geographics and the distribution of older existing and new development areas? In other words, do the overall profiles of racial patterns and lending in these two study areas portray the historical patterns of race and FHA/conventional lending? Finally, the market share of Tier 1 loans that are high loan-to-value (LTV) loans—instruments that might possibly be served by either FHA or conventional products—was reviewed.

## Racial Concentration and Racial Change

This section begins with a presentation of the patterns of racial concentrations in the Chicago and D.C. study areas. This presentation defines areas in which the homeowners in 1990 were predominantly Black and Hispanic. Separate maps are provided for Black and Hispanic populations only in the Chicago market because these populations have distinctly separate concentrations there and because each separate population is quite large in this market. In the D.C. market area, there is only one census tract that is predominantly Hispanic. Only 36 percent of the Hispanic population in 1990 resided in census tracts that were predominantly minority. Hispanic populations in the D.C. study area tend to be dispersed among White populations. Finally, data are presented to define the areas of racial change, which is important to this study because doing so prevents confusion of White and minority lending patterns where racial compositions have changed markedly since the 1990 census, and because the background literature suggests that racially changing areas tend to have high levels of FHA lending and FHA impacts.

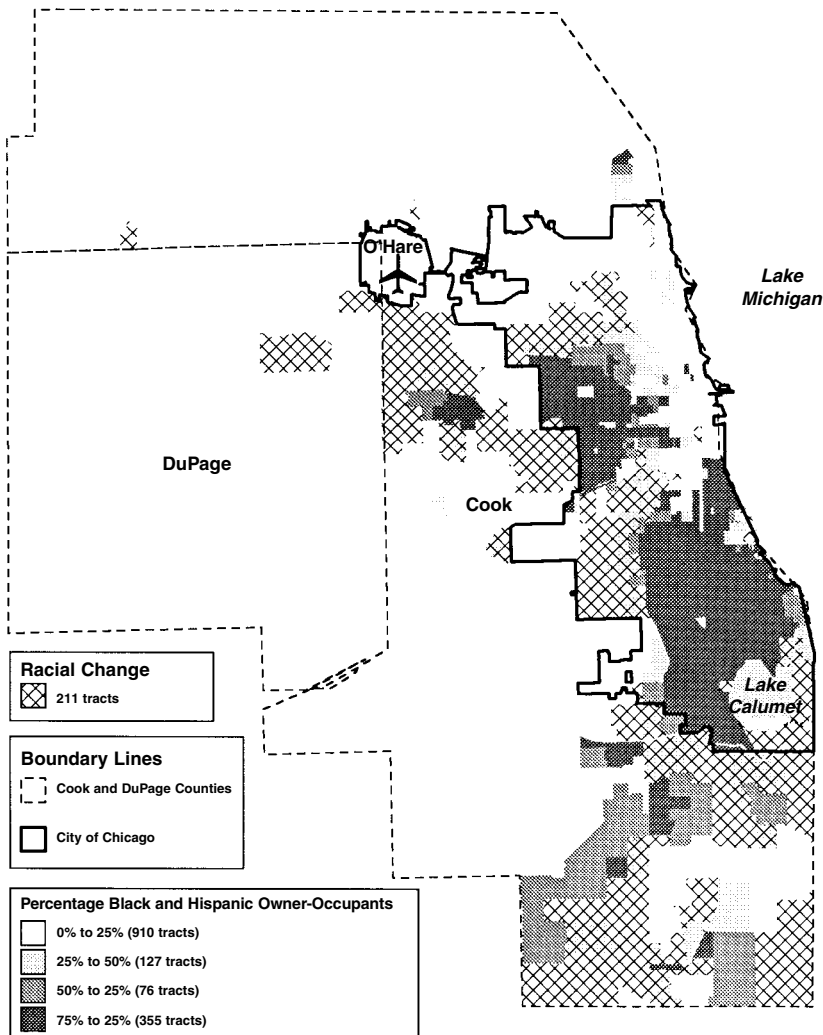
Exhibit 1 shows the distribution of the combined Black and Hispanic (minority) homeowner populations across the Chicago study area. In addition, the exhibit depicts the areas that are estimated by our method to be racially changing. There are high levels of minority concentrations both within the city of Chicago and in Cook County. In general, areas of racial

change border directly on areas of existing minority concentrations. Areas of minority concentration are generally contiguous, with some exception in the suburban minority areas west of Chicago. Exhibit 1 identifies 1,468 census tracts in the study area. Collectively, there are 431 census tracts that are predominantly minority in this exhibit. There are 211 tracts defined as racially changing that were predominantly White (Anglo) in 1990.

Exhibit 2 breaks down the minority and racially changing areas into specific Hispanic and Black categories. This exhibit depicts only those tracts in which the specific Hispanic or Black population of homeowners alone defined the predominant population of a

## Exhibit 1

### Chicago GSE Study Area: Owner-Occupied Race and Racial Change

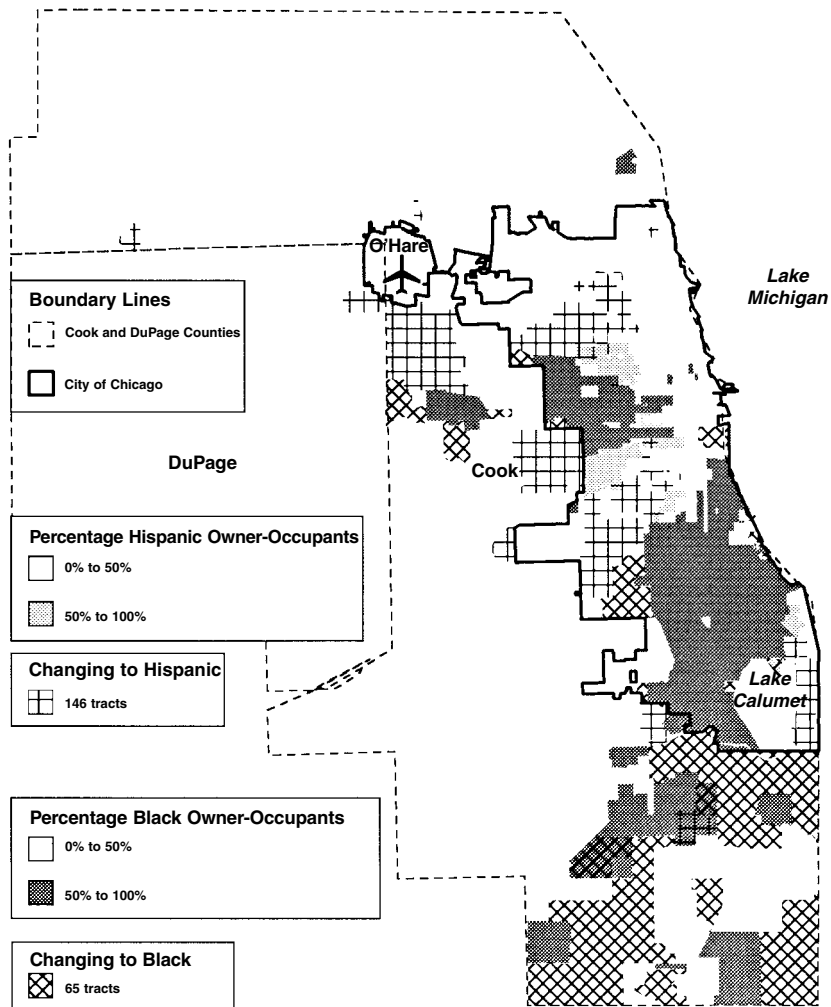


Note: Patterns for census tracts based on 1990 census and 1994–96 HMDA data. See text for specific definitions of measures.

census tract or defined racial change.<sup>12</sup> Here there are 146 tracts that were White (Anglo in 1990) that are now defined as changing to Hispanic. There are 65 tracts that were White (Anglo) in 1990 that are now defined as changing to Black. We can see that there are large areas of Hispanic and Black change. With minor exceptions, the areas of Hispanic change are contiguous to existing areas of Hispanic concentrations and the areas of Black change are contiguous to existing areas of Black concentrations. The exceptions are essentially in areas of Hispanic change on the south side of Chicago and just south or west of the city.

## Exhibit 2

### Chicago GSE Study Area: Black and Hispanic Homeowner Populations



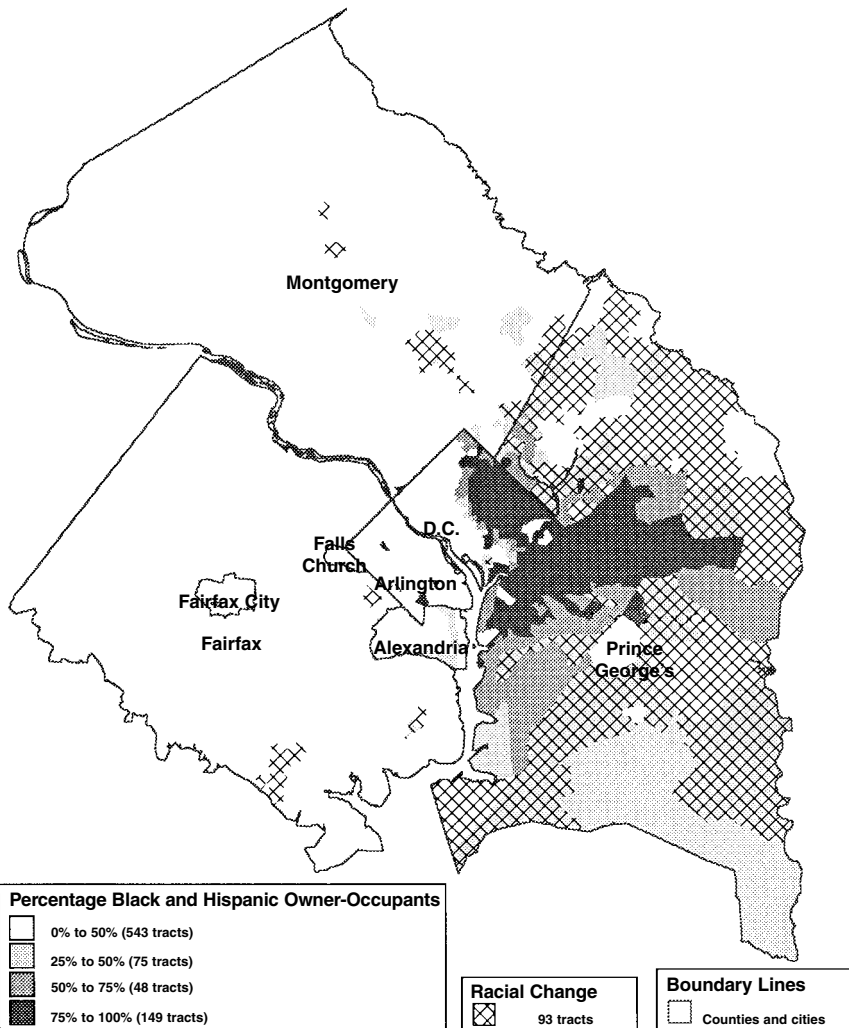
Note: Patterns for census tracts based on 1990 census and 1994–96 HMDA data. See text for specific definitions of measures.



Exhibit 3 describes the minority populations (Black and Hispanic combined) in the D.C. study area. As indicated in exhibit 3, the greatest concentration of the minority homeowner population is in the eastern half of the District and in the western and central section of Prince George’s County. There are 197 tracts defined as predominantly minority. There are 93 tracts that were predominantly White (Anglo) in 1990 that are now defined as racially changing. Here the areas of racial change are typically contiguous to existing minority concentrations or contiguous to areas that were at least 25 to 50 percent minority in 1990. There are a few nodes of minority concentration in Arlington and a strip of

### Exhibit 3

#### D.C. GSE Study Area: Owner-Occupied Race and Racial Change



Note: Patterns for census tracts based on 1990 census and 1994–96 HMDA data. See text for specific definitions of measures.

mixed minority homeownership west of the Old Town section of Alexandria. Generally speaking, there are few parts of Prince George's County that remain White and unchanging today.

## The Size and Structure of the Markets

Lending patterns for the two study areas are defined in terms of the market share of loans for different types of loans (FHA, conventional, GSE purchases, etc.) and for different borrower submarkets (White individuals, minority areas, racially changing areas, etc.). This measure provides a basis for comparing the relative role of different products, purchasers, or institutions in the market. Lending patterns are also defined in terms of market penetration. This provides a measure of the comparative level of activity in different markets and submarkets for different borrower groups and different loan products or institutions.

**The Basic Racial Distribution of Loans.** Both study areas have active home purchase markets. HMDA data for the Chicago study area records 234,797 home purchase loans in the 3 years of the study period that were either FHA or conventional. Of these loans, 59,768 (more than 25 percent) were made in predominantly minority or racially changing areas. More than 97 percent of all the loans for the Chicago study area reported racial data. Exhibit 4 shows the racial distribution of these loans. In the White tracts, only 9 percent of the loans went to Blacks or Hispanics. In the minority tracts, only 10 percent of the loans went to Whites. This indicates how the racial segregation in the population is reflected in home purchase loans. Exhibit 4 also indicates how the lending defines the areas of racial change. In the racially changing tracts (tracts that were predominantly White in 1990), 66 percent of the loans went to minorities.

Exhibit 4 also shows the percentage of loans that were conventional for each group. Approximately 90 percent of the loans to Whites in White tracts were conventional, but 76 percent of the loans to Whites in minority tracts were conventional. For Blacks and Hispanics as a group, 70 percent of the loans to these borrowers in White tracts were conventional, but only 47 percent of the loans to minorities in minority tracts were conventional. For Whites, at least 76 percent of their loans were conventional regardless of the racial composition of the area in which the house was located. This shows that in terms of conventional lending it matters less where White applicants live. However, Black and Hispanic borrowers are much more likely to secure a conventional loan if they are buying a home in a White area than if they are buying a home in a minority or racially changing area.

In the D.C. study area, 133,194 FHA or conventional home purchase loans were reported under HMDA during the study period. Of these loans, 32,289 (or 24 percent) were made in predominantly minority or racially changing areas.<sup>13</sup> Thus the share of the study area market that is in minority or racially changing areas is about the same for both study areas. Almost 97 percent of these loans reported race data, about the same as in the Chicago study area. Exhibit 5 shows the racial distribution of these loans. In the White tracts, about 13 percent of the loans went to Blacks or Hispanics. In the minority tracts, less than 9 percent of the loans went to Whites. In the racially changing tracts (tracts that were predominantly White in 1990), 64 percent of the loans went to minorities. These profiles are quite similar for both study areas, with the White areas in the D.C. study area having somewhat higher levels of minority borrowers.

Slightly more than 86 percent of the loans to Whites in White tracts were conventional and approximately 71 percent of the loans to Whites in minority tracts were conventional. For Blacks and Hispanics as a group, 61 percent of the loans to these borrowers in White tracts

## Exhibit 4

### Chicago GSE Study Area: Total Loans and Conventional Loans, by Applicant Race and Racial Status of Census Tract Group, 1994–96

Census Tract Group	Loans With Race Data (n)	3-Year Total Loans (%)		3-Year White Loans: Conventional %	3-Year Black and Hispanic Loans: Conventional %
		Whites	Blacks and Hispanics		
Predominantly White <sup>a</sup>	170,639	83.93	9.00	90.36	69.99
Predominantly minority <sup>b</sup>	19,606	10.09	88.48	75.78	47.38
Racially changing <sup>c</sup>	38,569	30.71	65.94	78.08	52.67
<b>All tracts</b>	<b>228,814</b>	<b>68.63</b>	<b>25.41</b>	<b>89.25</b>	<b>55.67</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Sources: HMDA, 1990 U.S. census

## Exhibit 5

### D.C. GSE Study Area: Total Loans and Conventional Loans, by Applicant Race and Racial Status of Census Tract Group, 1994–96

Census Tract Group	Loans With Race Data (n)	3-Year Total Loans (%)		3-Year White Loans: Conventional %	3-Year Black and Hispanic Loans: Conventional %
		Whites	Blacks and Hispanics		
Predominantly White <sup>a</sup>	97,429	76.55	13.18	86.14	61.06
Predominantly minority <sup>b</sup>	15,032	8.46	89.04	70.60	40.68
Racially changing <sup>c</sup>	16,291	28.93	63.94	64.38	45.70
<b>All tracts</b>	<b>128,752</b>	<b>62.57</b>	<b>28.46</b>	<b>84.62</b>	<b>49.25</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Note: Percentages may not sum to 100 due to rounding.

Sources: HMDA, 1990 U.S. census

were conventional, but only 41 percent of the loans to minorities in minority tracts were conventional. The D.C. study area shows an overall lower market share of conventional lending in all markets. Nonetheless, at least 64 percent of the loans to White applicants were conventional regardless of the racial composition of the area in which the house was located.

**Market Penetration Patterns.** Exhibit 6 shows the market penetration of home purchase loans for the Chicago study area for each year and the average of all 3 years. The level of market penetration is measured by the number of loans per 1,000 eligible housing units.

Eligible housing units are dwellings that qualify for single-family loans. This would be all 1- to 4-unit structures, all condominiums, and all mobile and modular housing units. The number of eligible units is estimated from 1990 census data.<sup>14</sup>

The levels of market penetration are about the same for 1994 and 1996, with levels for 1995 being lower. This reflects a national market profile of a reduced home purchase market for these years. Within the racial groups, market penetration is highest in the White areas, somewhat lower in the changing areas, and lowest in the minority areas. Indeed, in the minority areas, the levels of lending are less than one-half of lending levels in the White areas. This also reflects historical national patterns in which lending and home purchase rates are much lower in existing minority areas than in the overall market. This pattern is reflected in exhibit 7.

The overall average level of market penetration for the Chicago study area for the 3 years is 54 loans per 1,000 units. Exhibit 7 displays the 3-year average market penetration levels in four ranges. The first range is from the lowest level to 50 percent of the overall level (0 to 27 loans per 1,000 units). The second level is from 50 to 100 percent of the overall level. The third range is from 100 to 150 percent of the overall level. The last range is above 150 percent of the overall level. The black areas are tracts that have fewer than 200 eligible units. These were considered too small to provide reliable tract-by-tract penetration levels. Many of these tracts are in minority areas where a great supply of housing is apartment buildings. The established minority areas have the lowest penetration levels. The darkest shaded areas with the highest penetration levels tend to fall into three groups. First, there are the new growth areas at the outer edge of the study area. These are White, high-growth areas. Second, there are strips of high-lending areas along the lake in the city and to the north of the city. Third, there are pockets of high penetration that tend to fall at the edge of minority areas in many of the racially changing areas. These areas of high home sales activity represent the crest of a wave of home sales expanding outward from the low-lending minority areas into White suburban areas.

## Exhibit 6

### Chicago GSE Study Area: Home Purchase Market Penetration, by Racial Status of Census Tract Group, 1994–96

Census Tract Group	Tracts (n)	Market Penetration (Loans per 1,000 Eligible Units)			
		1994	1995	1996	3-Year Average
Predominantly White <sup>a</sup>	826	60.81	55.54	63.19	59.85
Predominantly minority <sup>b</sup>	431	28.30	28.77	28.72	28.60
Racially changing <sup>c</sup>	211	58.46	55.42	53.76	55.88
<b>All tracts</b>	<b>1,468</b>	<b>55.08</b>	<b>51.12</b>	<b>55.99</b>	<b>54.06</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

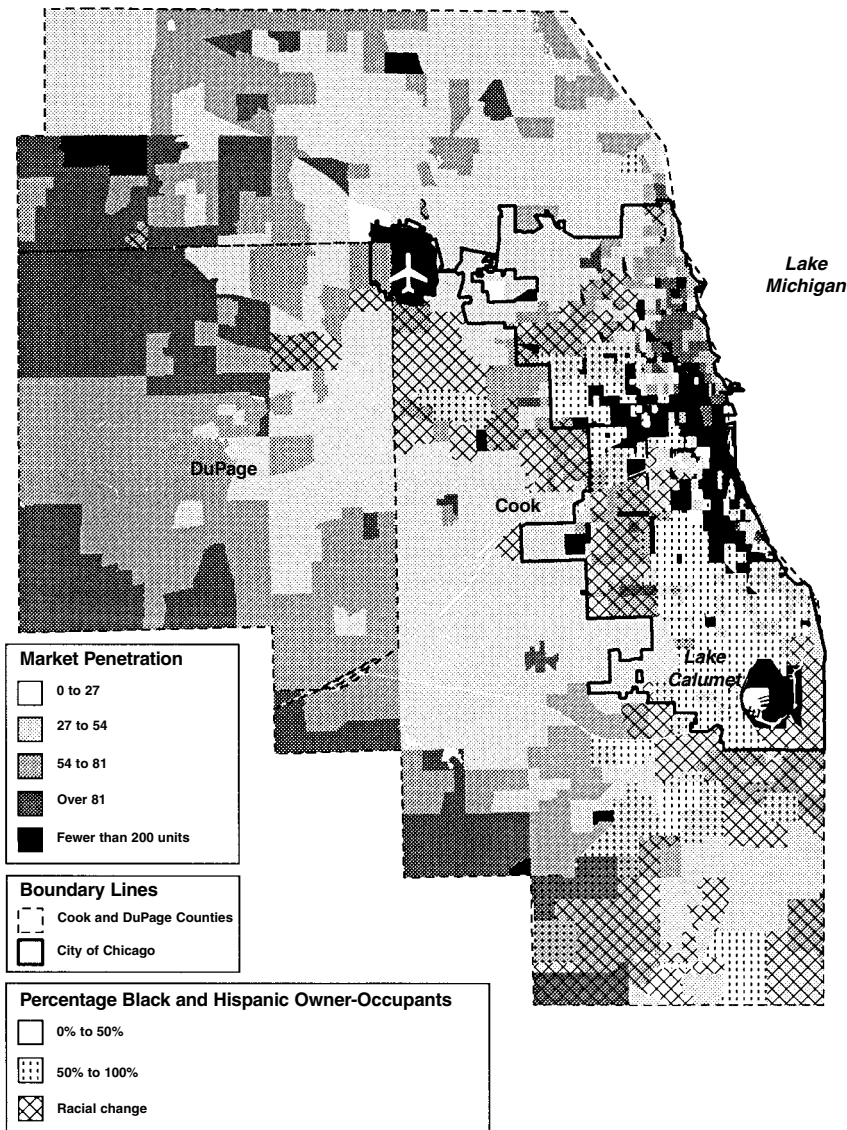
<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Note: Eligible units are structures with from one to four residential dwelling units (estimated from the 1990 census).

Sources: HMDA, 1990 U.S. census

## Exhibit 7

### Chicago GSE Study Area: Average Market Penetration, 1994–96

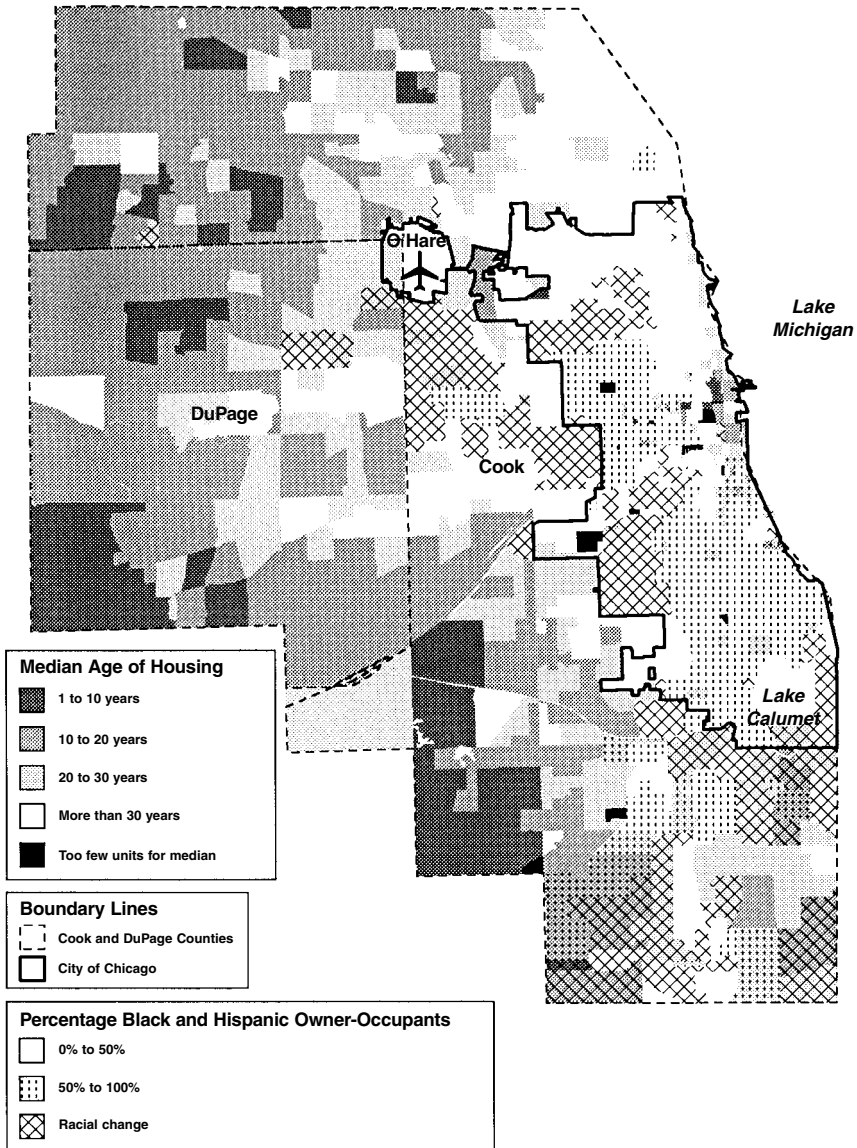


Note: Loans per 1,000 eligible 1- to 4-unit properties (3-year average). See text for specific definitions of measures.

Exhibit 8 indicates the median housing age for census tracts in the Chicago study area. The exhibit is designed to indicate the areas in which newer housing predominates. These are typically the areas of new growth that are often seen as being in the upscale stage of neighborhood growth and market stability. The exhibit shows the newest housing in the darkest shading areas (areas with a median age less than 10 years in 1990). The range for the oldest housing represents areas in which the median age was more than 30 years in 1990. Chicago has a cluster of newer housing around the downtown area

## Exhibit 8

### Chicago GSE Study Area: Median Age of Housing, 1990



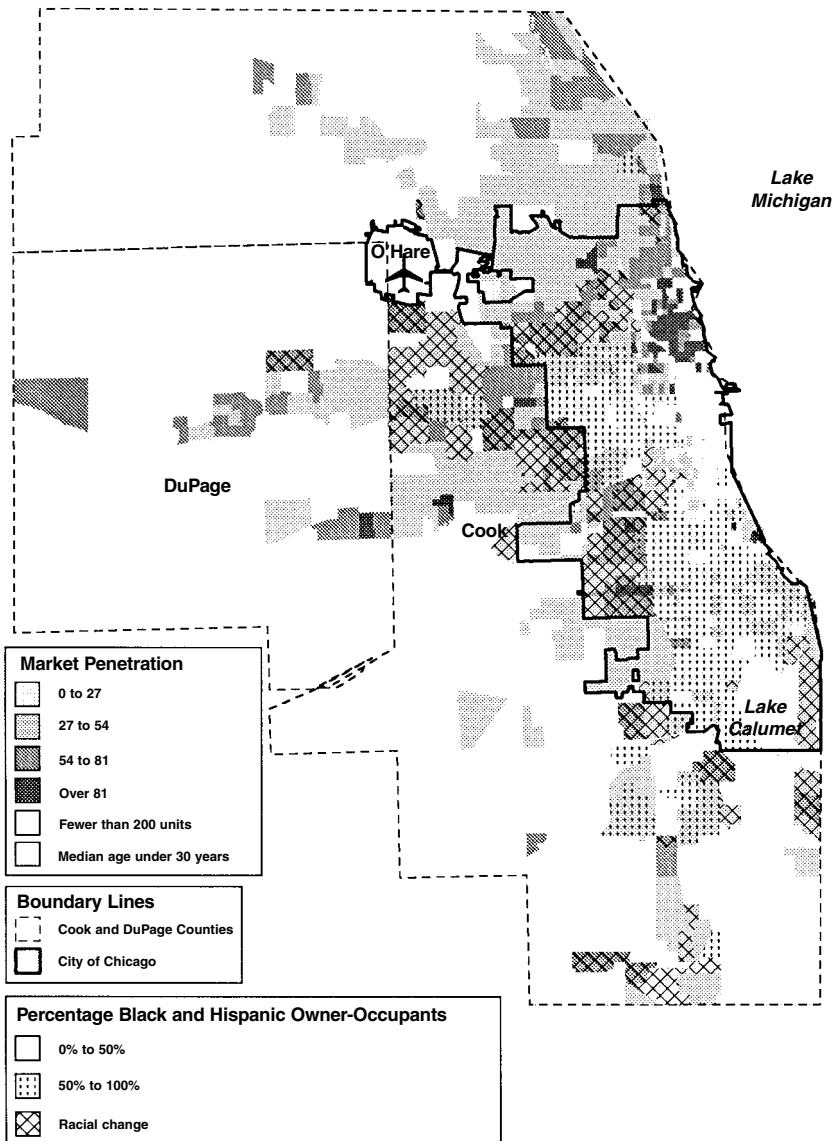
Note: 1990 census data for tracts. See text for specific definitions of measures.

along the lakefront (shown in the middle section of the exhibit). This represents condominium and townhouse in-town developments and many areas where old commercial space has been converted into residential uses (such as lofts). Aside from these islands, the city of Chicago and the northern and inner-ring suburbs are older areas. The outlying areas are the newer areas of high growth. The minority and racially changing areas are in the older neighborhoods in and near the city, with the exception of minority and racially changing areas in the southern suburbs of Chicago.

When the market penetration patterns in exhibit 7 are compared with the housing age patterns in exhibit 8, a general overlap exists between newer housing and market penetration. The exceptions tend to be in the high market penetration areas in the condominium markets along the lakeshore on the north side of Chicago and in the racially changing areas that have high levels of market penetration but older housing. Exhibit 9 shows more directly the overlap in the Chicago study area between older housing areas and the

## Exhibit 9

### Chicago Study Area: Market Penetration in Older Areas, 1994–96



Note: Loans per 1,000 eligible 1- to 4-unit properties (3-year average of 54) for 1990 tracts with a median housing age over 30 years.

## Exhibit 10

### D.C. GSE Study Area: Home Purchase Market Penetration, by Racial Status of Census Tract Group, 1994–96

Census Tract Group	Tracts ( <i>n</i> )	Market Penetration (Loans per 1,000 Eligible Units)			3-Year Average
		1994	1995	1996	
Predominantly White <sup>a</sup>	525	55.06	46.53	54.74	52.11
Predominantly minority <sup>b</sup>	197	33.67	31.75	30.82	32.08
Racially changing <sup>c</sup>	93	52.12	48.08	50.58	50.26
<b>All tracts</b>	<b>815</b>	<b>50.94</b>	<b>44.12</b>	<b>50.03</b>	<b>48.36</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Note: Eligible units are structures with from one to four residential dwelling units (estimated from the 1990 census).

Sources: HMDA, 1990 U.S. census

patterns of racial change in that market. This exhibit eliminates all tracts in which the median age for housing in 1990 is less than or equal to 30 years. Tracts with a median housing age of more than 30 years are represented in exhibit 9 by a shading for the market penetration level. The two darkest shadings represent tracts with market penetration levels above the 3-year average for the study area. The overlay of the dot pattern for minority tracts and the cross hatch pattern for racial change indicate a band of racial change in the older housing areas adjacent to the existing areas of minority concentrations. The only other systematic pattern for high market penetration is near the lakefront, especially in the gentrifying White areas.

The patterns for the D.C. study area show several important similarities when compared with the Chicago patterns. Exhibit 10 shows the market penetration rates for the D.C. study area for each of the 3 years and the average for all 3 years. The overall penetration rate for the D.C. area is just over 48 loans per 1,000 units. This is about 10 percent lower than in the Chicago area. As in the Chicago study area, the lending levels are higher in 1994 and 1996 than in 1995. Also, lending rates are highest in White areas, next highest in racially changing areas, and lowest in minority areas.

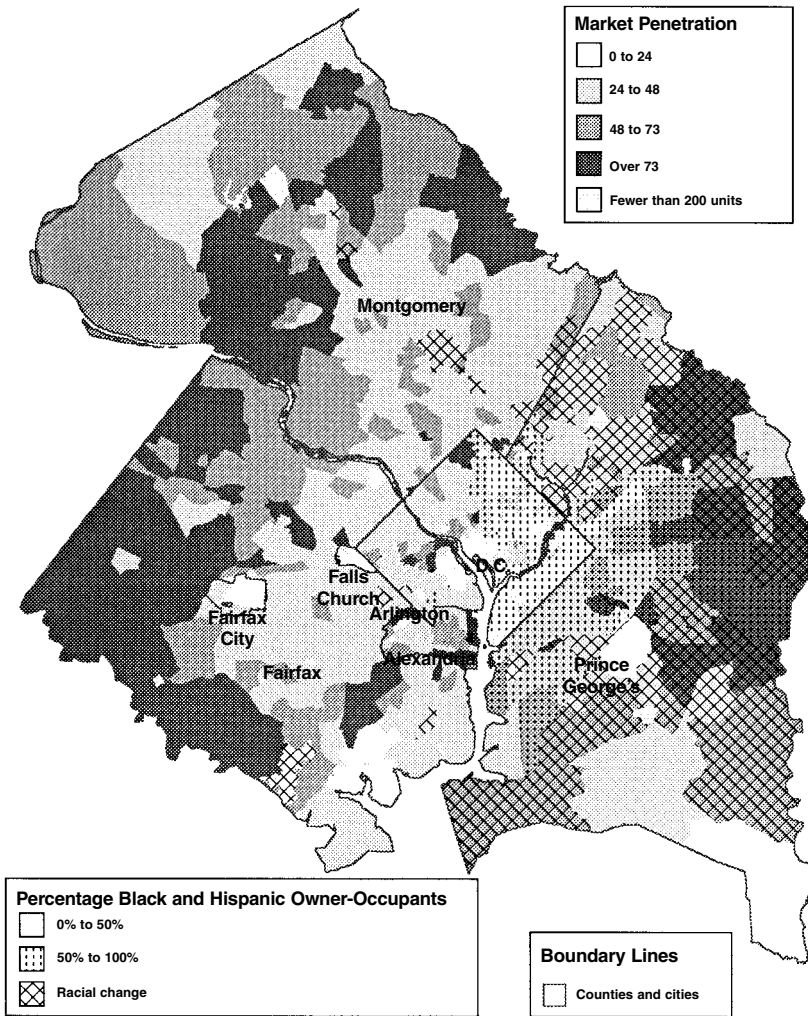
Exhibit 11 displays the average market penetration rates for the D.C. study area. The map uses the same convention as exhibit 7 to define the ranges of market penetration around the overall study area rate of 48.36 loans per 1,000 eligible units. The map shows the same general pattern of high penetration at the outer sections of the study area beyond the central city. The pattern of minority concentration and racial change is more concentrated in the D.C. study area, with the minority population expanding out of the District largely into Prince George's County. The existing minority areas in the District of Columbia show generally low levels of lending, much like the existing minority areas in the Chicago study area.

There are also some differences between the Chicago and D.C. patterns. In the D.C. area, the average market penetration rate for minority areas is 62 percent of the rate for the White areas. In the Chicago market, the average market penetration rate for minority areas is only 48 percent of the rate for the White areas. The higher market penetration rate for minority areas in the D.C. market relative to the White areas in the D.C. market



## Exhibit 11

### D.C. GSE Study Area: Average Market Penetration, 1994–96



Note: Loans per 1,000 eligible 1- to 4-unit properties (3-year average). See text for specific definitions of measures.

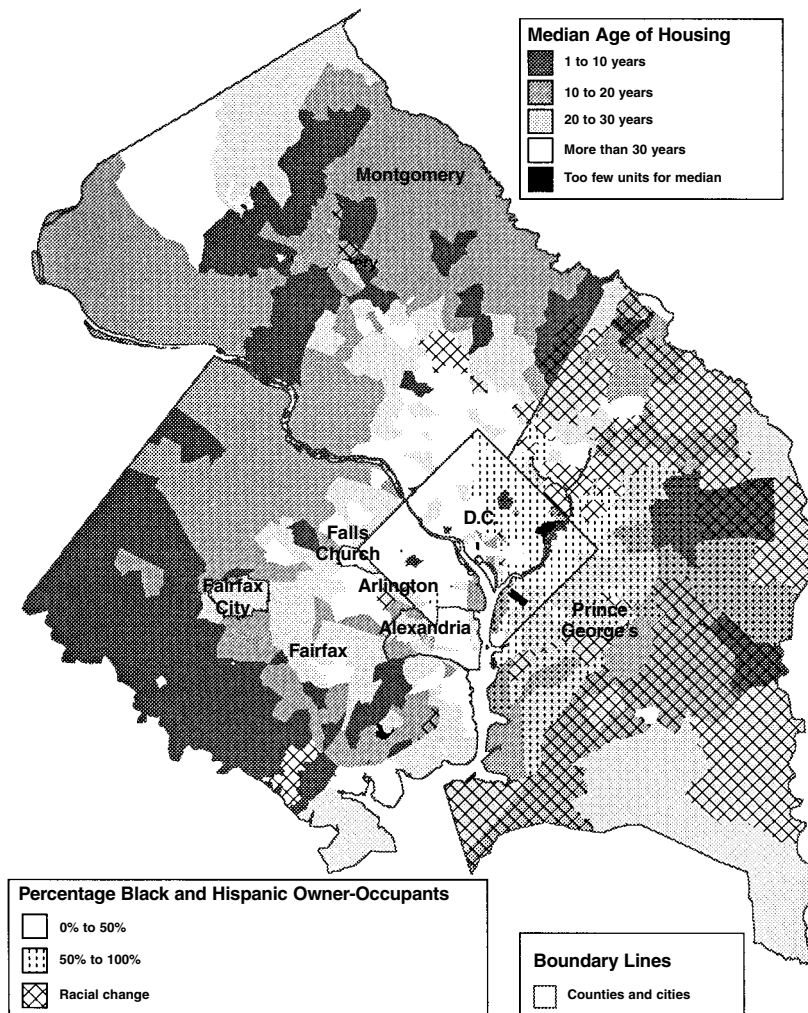
is related to a few high market penetration minority areas in the District and many high market penetration minority areas in Prince George's County. It is the racial distribution in new growth areas in the two markets, however, that provides the best explanation for the overall differences in relative minority and White penetration rates.

The overall demand for housing in the District has pushed up demand for housing in many minority areas and White areas. This indicates a market pressure in some minority parts of the District that does not exist in the Chicago city market. However, a more pervasive pattern that differentiates the D.C. market is found in the distribution of race

throughout the newly developing areas. Exhibit 12 shows the median housing age for the D.C. study area, revealing pockets of newer housing in the District like those in the central city of Chicago. But in the District several pockets of newer housing are in minority areas. Moreover, although the same pattern of newer housing is exhibited in the outer sections of the study areas in both Chicago and D.C., the areas of minority concentration and racial change are more heavily represented in the newer growth areas in the D.C. study area. In particular, Prince George's County is a unique leading area with high-growth and minority and changing areas running together throughout the county. These minority markets do not suffer from the stagnation that dominates so much of the minority and racially changing markets in the Chicago study area.

### Exhibit 12

D.C. GSE Study Area: Median Age of Housing, 1990

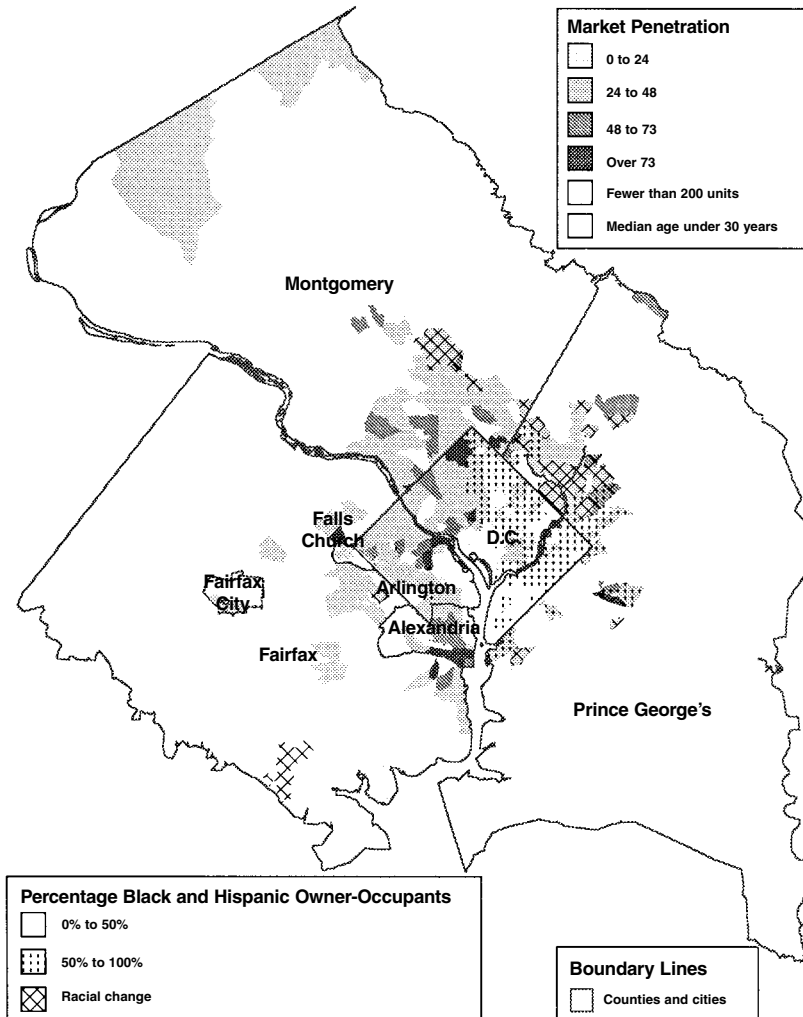


Note: 1990 census data for tracts. See text for specific definitions of measures.

Exhibit 13 eliminates census tracts that have a median age of housing equal to or less than 30 years in the 1990 census. This exhibit is comparable to exhibit 9 for the Chicago market area. Unlike the Chicago study area, the D.C. study area exhibits little overlap of older areas and racially changing areas. There were 93 census tracts in the D.C. study area that were defined as racially changing. Only 4 of these 93 census tracts (less than 5 percent) have market penetration levels above the average in the entire D.C. study area. In the Chicago study area, 106 of the 211 racially changing tracts (about 50 percent) have market penetration rates above the study area average.

## Exhibit 13

### D.C. GSE Study Area: Market Penetration in Older Areas, 1994–96



Note: Loans per 1,000 eligible 1- to 4-unit properties (3-year average of 48) for 1990 tracts with a median housing age over 30 years.

**Eligible FHA and GSE Markets.** Exhibit 14 shows the percentage of all home purchase loans in the two study areas that were Tier 1 (FHA eligible) and both Tier 1 and Tier 2 (GSE eligible). In this report, loans that are GSE eligible include both Tier 1 and Tier 2 loans. The exhibit provides these data for the 3 years as a whole.<sup>15</sup>

Overall in the Chicago study area, approximately 73 percent of the loans in White areas are Tier 1 and about 89 percent are Tier 1 and Tier 2. For both the racially changing and minority areas, the levels of Tier 1 loans in the market are well above 90 percent. In these minority and racially changing markets, the level of GSE-eligible loans (Tier 1 and Tier 2) is about 99 percent. Therefore, only about 10 percent of the loans in White areas fall above the GSE limits and only 1 percent of the loans in minority and racially changing areas fall above these limits. This is a market in which almost three-fourths of all the loans in any racial market fall within the FHA limits. This is clearly a market in which FHA and the GSEs can compete for the lion's share.

The patterns in the D.C. study area show both similarities and differences when compared with the Chicago study area. Less than one-half of the loans in White areas (48 percent) fall within the Tier 1 limits. Only 74 percent of the loans in racially changing areas fall within the FHA limits and 84 percent of the loans in minority areas fall within these limits. In the White areas, about 73 percent of the loans fall within the GSE limits although more than 90 percent of the loans in both the racially changing areas and the minority areas fall within the GSE limits. Therefore, the FHA market is very limited in the White areas of the D.C. market compared with the White areas of the Chicago market. The GSE market is only slightly more limited in the minority and racially changing

## Exhibit 14

Percentages of Tier 1 (FHA-Eligible) Loans and Tier 1 and Tier 2 (GSE-Eligible) Loans Among All Loans, by Racial Status of Census Tract Group in GSE Study Areas, 1994–96

Census Tract Group	3-Year Tier 1 Loans <sup>a</sup> (%)		3-Year Tier 1 and Tier 2 Loans <sup>b</sup> (%)	
	Chicago	D.C.	Chicago	D.C.
Predominantly White <sup>c</sup>	73.38	47.83	89.48	72.81
Predominantly minority <sup>d</sup>	95.84	84.33	99.09	94.86
Racially changing <sup>e</sup>	92.35	74.12	98.84	91.83
<b>All tracts</b>	<b>78.51</b>	<b>55.39</b>	<b>91.88</b>	<b>77.77</b>

<sup>a</sup>Tier 1 represents loans that for each year were within the FHA loan limit for a single-unit property.

<sup>b</sup>Tier 2 represents loans that for each year were above the FHA loan limit but within the GSE limit for a single-unit property.

<sup>c</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>d</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>e</sup>The definition for racially changing tracts is found in appendix A.

Note: Percentages for 3-year study period.

Sources: HMDA, 1990 U.S. census

D.C. market than in the Chicago market. The White GSE market in the D.C. study area is substantially more limited than the GSE market in the White areas of the Chicago market. Most clearly, the market in the White sections of the D.C. study area is more expensive than the White market in the Chicago area. Disparities between the values of loans in the White and minority and racially changing market areas are more pronounced in the D.C. study area than in the Chicago study area.

**High Loan-to-Value (LTV) Lending Profiles.** One can estimate the levels of equity in the lending markets by profiling data on the share of lending that is insured. Higher equity markets should, all else being equal, represent better investment potentials and lower risks. Both FHA loans and loans insured by PMI represent loans with high LTV levels. These loans represent low-equity lending. The market share of FHA loans and PMI loans combined represents the high LTV market. Within Tier 1, this is the market that FHA competes for most directly. To the extent that FHA loans might be made as conventional loans, the high LTV market of Tier 1 loans represents the pool of mortgages that represent the appropriate focus for possible substitution.

HMDA data provide codes for FHA loans. The PMI industry provides a voluntary disclosure for its members that parallels the HMDA format in most items. These disclosure data are referred to as Mortgage Insurance Corporations of America (MICA) data. MICA is a trade organization that collects these data from its individual members and passes them on to the Federal Financial Institutions Examination Council (FFIEC). In this study, MICA data are used to estimate the shares of privately insured loans by census tract and census tract groupings.<sup>16</sup>

Exhibit 15 lists the market shares (percentages) of all home purchase loans in the two study areas in Tier 1 that are high LTV loans. For the 3-year study period as a whole, the exhibit provides data on the percentage of all Tier 1 loans in the study that were FHA loans and the percentage of all Tier 1 loans that were either FHA or PMI loans.<sup>17</sup>

In the Chicago market area for the 3-year period, more than 42 percent of the Tier 1 loans in White areas were either FHA or PMI insured. This percentage is much higher for racially changing and minority areas. The percentage for racially changing areas is almost 64 percent and the percentage for minority areas is almost 73 percent. High LTV lending of all kinds is more common in racially changing areas than in White areas and more common in predominantly minority areas than in racially changing areas. To the extent that there could be substitutions in the market between FHA and high LTV conventional loans, these data suggest that this possibility may be greater in racially changing areas and minority areas than in White areas.

For the D.C. market, exhibit 15 provides comparable data on FHA and PMI lending shares in the Tier 1 market. In this market, the overall share that is represented by FHA and PMI loans combined is 57 percent for the White areas, 78 percent for the racially changing areas, and 85 percent for the minority areas. The levels of low-equity lending are all greater in the D.C. study area than in the comparable racial markets in the Chicago study area. Therefore, the D.C. study area market represents a market with less equity than the Chicago market. All else being equal, it may also represent a market in which there could be even greater levels of substitution between FHA and conventional high LTV Tier 1 loans.

## Summary

The market profiles indicate that both study areas have large and distinct geographic concentrations of minority homeownership. In the D.C. study area the minority market

## Exhibit 15

Percentages of High LTV Loans (FHA and PMI) Among Tier 1 Loans, by Racial Status of Census Tract Group in Chicago and D.C. GSE Study Areas, 1994–96

Census Tract Group	FHA (%)		PMI (%)		FHA or PMI (%)	
	Chicago	D.C.	Chicago	D.C.	Chicago	D.C.
Predominantly White <sup>a</sup>	15.34	34.95	27.08	21.83	42.42	56.77
Predominantly minority <sup>b</sup>	50.72	65.73	21.86	19.37	72.58	85.10
Racially changing <sup>c</sup>	41.53	62.65	22.14	15.21	63.66	77.86
<b>All tracts</b>	<b>24.26</b>	<b>45.08</b>	<b>25.55</b>	<b>20.28</b>	<b>49.81</b>	<b>65.35</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Note: Percentages for 3-year study period.

Sources: HMDA, 1990 U.S. census, MICA PMI data

is overwhelmingly Black. In the Chicago study area there are large and distinct Hispanic and Black markets. There are also clear areas of racial change in both markets that are typically adjacent to existing minority areas. In general both study areas exhibit classic historical segregation patterns. Few loans to Whites are made in the minority areas and few loans to minorities are made in the White areas, although there are marginally more loans made to minorities in the White areas in the D.C. market than in the Chicago market.

The market shares of conventional lending in both markets vary with the race of the borrowers and the racial composition of the area. White borrowers are somewhat less likely to use conventional loans if they are purchasing in a minority or racially changing area than if they are purchasing in a White area. Black and Hispanic borrowers are clearly more likely to use a conventional loan if they purchase in a White area than if they purchase in a minority or racially changing area. The market share of conventional lending is typically lower in the D.C. area than in the Chicago study area. In part this is simply a result of the housing values and consequent loan values in the two markets. A smaller share of the D.C. market than the Chicago market qualifies for Tier 1 loans eligible for FHA lending. Indeed, a smaller part of the D.C. market qualifies for either Tier 1 or Tier 2 loans. This is particularly the case for the White areas of the D.C. market. The market share of loans that are either Tier 1 or Tier 2 is more comparable in both study areas for the minority and racially changing areas than for the White market areas. Nonetheless, even in the racially changing and minority areas, the market shares of loans that are Tier 1 or Tier 2 are greater for the Chicago market than for the D.C. market.

The level of market penetration (volume of home purchase lending) in both study areas is higher in White areas, marginally lower in racially changing areas, and significantly lower in minority areas. High market penetration figures are typically associated with new development areas. Both markets exhibit this pattern. High market penetration has also been associated historically with racial change. Both markets present this profile as well. There is, however, one major difference in market penetration patterns. The market penetration rate for minority areas is 62 percent of the market penetration rate for White

areas in D.C.; the market penetration rate for minority areas in Chicago is only 48 percent that of White areas. This is largely due to the exceptionally large minority population in the D.C. area that lives in new developments and suburban areas when compared with the minority population distribution in the Chicago market. Indeed, the D.C. market is quite unique in the size of the minority population that lives in newer and growing suburban areas. Here, the market penetration patterns of growth dampen some of the traditional patterns of lower market penetration for minority populations.

Finally, both study areas contain large markets of Tier 1 loans that are high LTV loans. These are markets that, at least by loan size and equity requirements, are most likely to represent the submarkets in which conventional lending and FHA lending may compete for the same borrowers. It is in this market that we focus our analysis of GSE purchasing patterns. Note that a much larger share of Tier 1 loans are FHA in the D.C. market area than in the Chicago market area. Note also that the share of Tier 1 loans that are high LTV loans is greater in the D.C. market than in the Chicago market. This would be typical of high-cost housing and less affordable housing markets in which borrowers need more leverage (higher LTV loans) to purchase homes.

Both markets exhibit historical racial patterns in home purchase lending. The differences in the markets would suggest that the GSEs would play a lesser role in the overall D.C. market because of the smaller market share of eligible loans. FHA would be expected to play a somewhat larger role in the D.C. market because of the higher cost housing market that would potentially require more borrowers to use low-downpayment loan products. These differences do not, in themselves, provide a business necessity basis for differential racial patterns in the extent to which the GSEs purchase the conventional loans that meet their loan limits.

## **FHA Lending and Impacts**

Before presenting the patterns of GSE purchases and the data that indicate a likelihood of a larger GSE role in minority and racially changing Tier 1 markets, this section briefly reviews the indicators of FHA distress in the two study area markets. The key questions here are related to the extent to which these two study markets present profiles of high FHA market shares and high levels of FHA defaults and foreclosures disproportionately concentrated in racially changing and minority areas. It is markets that show racially disparate FHA distress factors that have been the targets of community and other public efforts to require the GSEs to stretch their regular and special loan programs as far as possible into such markets to create a better balance of conventional and FHA lending. The eventual health of the mortgage markets and housing markets in these racially changing and minority areas depends on a combination of increasing conventional lending to its maximum sound limits and repairing the many problems in the operation of FHA single-family programs.

This section summarizes the patterns of FHA lending in the two study areas. Data from the Section 335 disclosure of FHA loans, delinquency, and default are also presented in this section to compare lending patterns to patterns of distress in FHA lending. Although the Chicago market has a much larger share of loans that conform to the FHA (Tier 1) level, FHA lending represents a greater share of the D.C. market than the Chicago market in all racial categories. Our preliminary review of the two markets suggests that one reason for this difference is the less affordable housing market in the D.C. study area. This contributes to a much higher use of FHA lending within the Tier 1 market of eligible loans.

## FHA Market Share Patterns

We have already reviewed the market share of loans that are FHA eligible in the two study areas (see exhibit 14). Exhibit 15 presents the percentages of all Tier 1 loans in the two study areas that were FHA loans. In the Chicago market over the entire study period, a little more than 15 percent of the Tier 1 loans in White areas were actually FHA loans. In the racially changing areas, almost 42 percent of the Tier 1 loans were FHA loans. In the minority areas, almost 51 percent of the Tier 1 loans were FHA loans. The levels of Tier 1 FHA loans are, therefore, dramatically higher in racially changing and minority areas than in White areas. Conversely, in White areas 85 percent of the loans that met the FHA loan limits were made as conventional loans, although only one-half of the loans that met the FHA loan limits in minority areas were made as conventional loans.

Exhibit 16 shows the market shares of Tier 1 FHA lending in the Chicago market compared with the overlays of race and racial change. The FHA market share levels are divided into ranges based on the overall market share of Tier 1 FHA lending of 24.26 percent in the entire study area. The highest levels of FHA lending are heavily concentrated in minority and racially changing areas.

In the D.C. market area, a much smaller share of the loans in all racial markets (especially the White market) were Tier 1 loans. Nonetheless, the overall level of FHA lending in all racial markets is several percentage points higher than the comparable markets in the Chicago area. This is due to the fact that a much higher level of the FHA-eligible loans in the D.C. markets were actually made as FHA loans. Over the 3 years, almost 35 percent of the FHA-eligible loans in the White areas were made as FHA loans (compared with just 15 percent in the Chicago study area). For the racially changing areas in the D.C. market, 63 percent of the FHA-eligible loans were actually made as FHA loans (compared with less than 42 percent in the Chicago study area). In the minority areas in the D.C. market, 66 percent of the FHA-eligible loans were made as FHA loans (compared with 51 percent in the Chicago market).

Exhibit 17 shows the market shares of Tier 1 FHA lending for the D.C. market area. Here the ranges are based on the overall Tier 1 market share of 45.08 percent. This overall FHA market share of Tier 1 loans is nearly twice the overall level in the Chicago market. Nonetheless, when the FHA ranges on the map are anchored to this higher overall level, the patterns are very much the same. With the overall FHA level so high, there are fewer tracts with levels well above the overall level. Still, the levels of highest FHA lending are heavily concentrated in minority areas, and the next to highest levels are concentrated in racially changing areas.

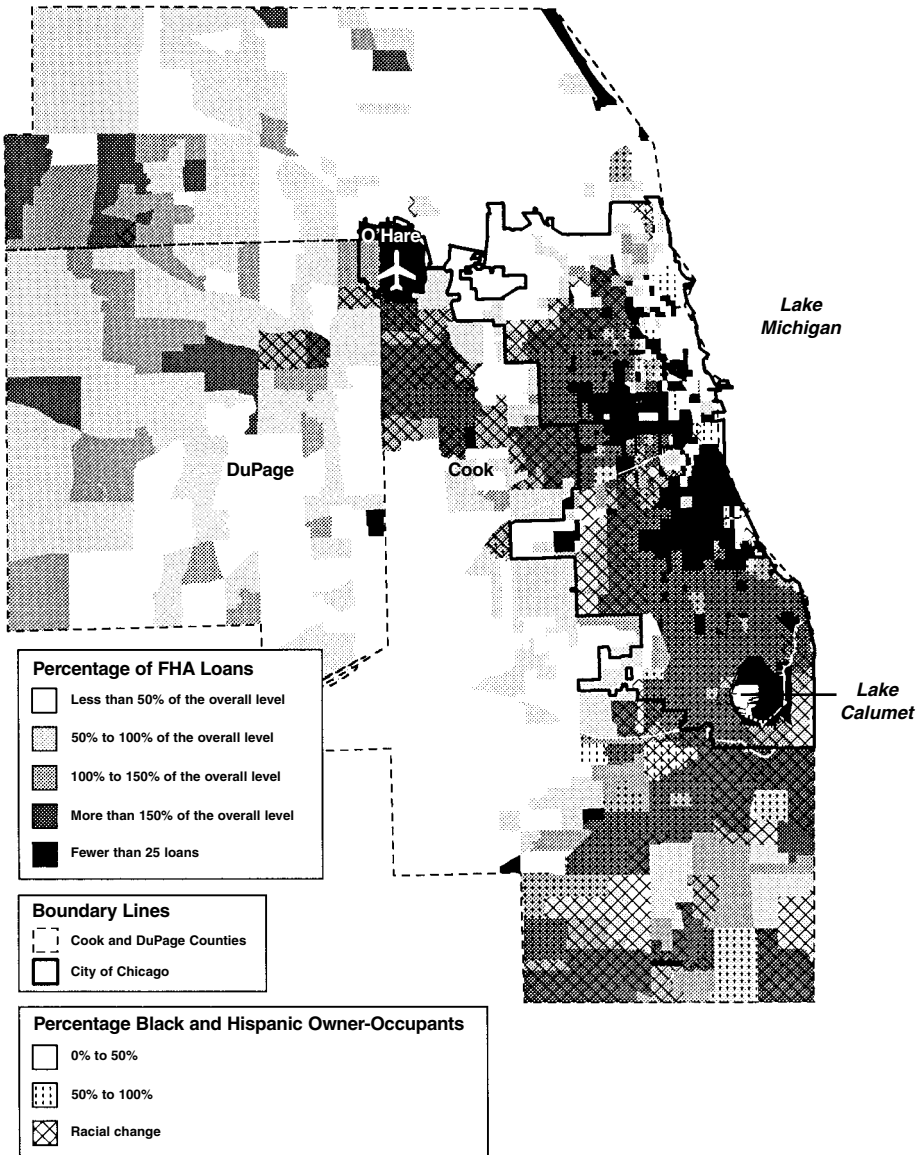
As we have noted, the D.C. market is a more highly leveraged lending market than the Chicago market. That is, a larger share of all loans are high LTV loans. This is expressed in the D.C. market as higher levels of both FHA and PMI loans in the Tier 1 market. As a result, a larger share of the Tier 1 loans in the D.C. market were made as FHA loans than in the Chicago market. However, the D.C. market has a much higher level of home loans that are above both the FHA and GSE limits. When the higher levels of FHA lending in Tier 1 are integrated into the entire market of all loans, the total market share of FHA loans in the two study areas is not so dramatically different.

Exhibit 18 indicates the market shares of FHA lending for the Chicago study area during the entire 3-year period for each racial group compared with the entire market of home purchase loans. Exhibit 18 also provides the same data for the D.C. study area. The overall market share of FHA lending is more than 11 percent in White areas in the Chicago market and just less than 17 percent for the White areas in the D.C. market. For racially



## Exhibit 16

### Chicago Study Area: Tier 1 Levels of FHA Lending, 1994–96

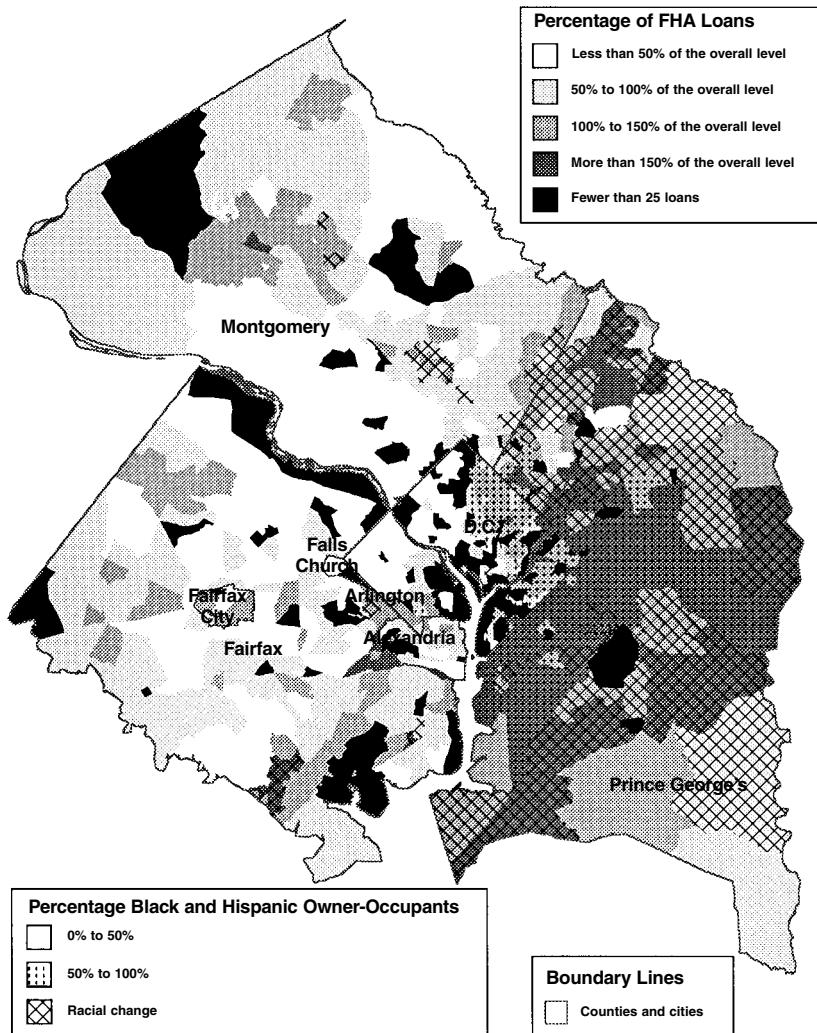


Note: Ranges based on an overall Tier 1 FHA level of 24.26 percent. See text for specific definitions of measures.

changing areas, the total market share of FHA loans in Chicago is more than 38 percent compared with more than 46 percent in D.C. In the predominantly minority areas, the market share of FHA loans is just less than 49 percent in the Chicago market and more than 55 percent in the D.C. market. In both study areas, FHA lending represents a small share of total lending in White areas and about one-half of all lending in minority areas.

## Exhibit 17

### D.C. GSE Study Area: Tier 1 Levels of FHA Lending, 1994–96



Note: Ranges based on an overall Tier 1 FHA level of 45.08 percent. See text for specific definitions of measures.

Levels of FHA lending in racially changing areas are closer to levels in minority areas than in White areas. Thus although the D.C. market still has marginally (and consistently) higher overall FHA concentrations in all racial areas, the patterns of differential racial impacts in the two study areas are quite similar.

### FHA Distress Patterns

Do the two study areas exhibit historical patterns of differential concentrations of FHA distress factors such as defaults and foreclosures? This section summarizes the patterns for the two study areas.<sup>18</sup>

Exhibit 19 presents data on the status of FHA loans made in the two study areas for the years 1994 through 1996. The status of the loans is a point-in-time profile from the end of March 1997. The exhibit provides data on the percentage of these loans that were delinquent, in default, or in the process of foreclosure (begun or completed). These measures represent distress categories for the FHA loans. Loans are delinquent when they are more than 30 days past due. They are in default when they are more than 90 days past due. The exhibit shows that levels for all distress categories are lowest in White areas, higher in racially changing areas, and highest in minority areas.

## Exhibit 18

Percentages of FHA Loans Among All Loans, by Racial Status of Census Tract Group in Chicago and D.C. GSE Study Areas, 1994–96

Census Tract Group	FHA Loans (%)	
	Chicago	D.C.
Predominantly White <sup>a</sup>	11.25	16.71
Predominantly minority <sup>b</sup>	48.61	55.43
Racially changing <sup>c</sup>	38.35	46.44
<b>All tracts</b>	<b>19.04</b>	<b>24.97</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Note: Percentages for 3-year study period.

Sources: HMDA, 1990 U.S. census

## Exhibit 19

Status of FHA Loans Endorsed 1994–96, by Racial Status of Census Tract Group in Chicago and D.C. GSE Study Areas

Census Tract Group	Delinquent (%)		In Default (%)		In Foreclosure (%)	
	Chicago	D.C.	Chicago	D.C.	Chicago	D.C.
Predominantly White <sup>a</sup>	0.94	1.06	1.76	2.02	0.82	0.96
Predominantly minority <sup>b</sup>	3.19	4.20	7.85	6.68	4.66	2.48
Racially changing <sup>c</sup>	1.65	2.80	3.43	4.27	1.78	1.47
<b>All tracts</b>	<b>1.69</b>	<b>2.21</b>	<b>3.71</b>	<b>3.65</b>	<b>2.02</b>	<b>1.44</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Note: Loan status as of March 31, 1997.

Sources: HMDA, 1990 U.S. census, HUD Section 335 FHA data

In the Chicago study area, levels of defaults are four times higher in minority areas than in White areas. Levels of loans in the process of foreclosure are more than five times higher in minority areas than in White areas. Exhibit 20 shows the levels of FHA loans in the process of foreclosure (started or completed) for the Chicago study area. Because foreclosure is a relatively rare event, only tracts with 50 or more FHA loans are represented in the exhibit. Ranges are based on an overall rate of 2.02 percent of FHA loans in the process of foreclosure. There are 91 census tracts with foreclosure levels more than 150 percent of the overall area rate. All but three of these are in minority and racially changing areas. With rare exception, the White areas have either relatively few FHA loans (areas in white) or low foreclosure rates for the FHA loans they do have (the two lightest shadings). Thus the effects of foreclosed FHA properties are not significant issues in these White areas.

Exhibit 19 indicates that in the D.C. study area all levels of distress are lowest in White areas, higher in racially changing areas, and highest in minority areas. The differences in default and foreclosure levels are less severe than those in the Chicago market because, in part, overall levels of default and foreclosure are lower in the D.C. market, although the levels of delinquency are higher. The level of default is more than three times higher in minority areas than in White areas. The level of loans in the process of foreclosure is about 2.5 times the level in White areas.

Exhibit 21 shows the levels of FHA loans in the process of foreclosure for the D.C. study area. The ranges use the same convention used in the exhibits for the Chicago GSE study area. The overall level of FHA loans in the process of foreclosure is 1.44 percent. Only tracts with more than 50 FHA loans in the 3 years are represented on the map. Tracts with fewer than 50 loans are depicted in white. There are 71 tracts with foreclosure rates above 150 percent of the overall area level. All but 12 of these are in minority or racially changing areas. Of the 12 tracts that are White, 8 are adjacent to minority and racially changing tracts. These patterns do not appear to be as extreme as those in Chicago, but the concentrations of high levels of foreclosures are clearly in minority and racially changing areas. White areas have only isolated pockets of high foreclosure rates, or they simply have low numbers of FHA loans altogether.

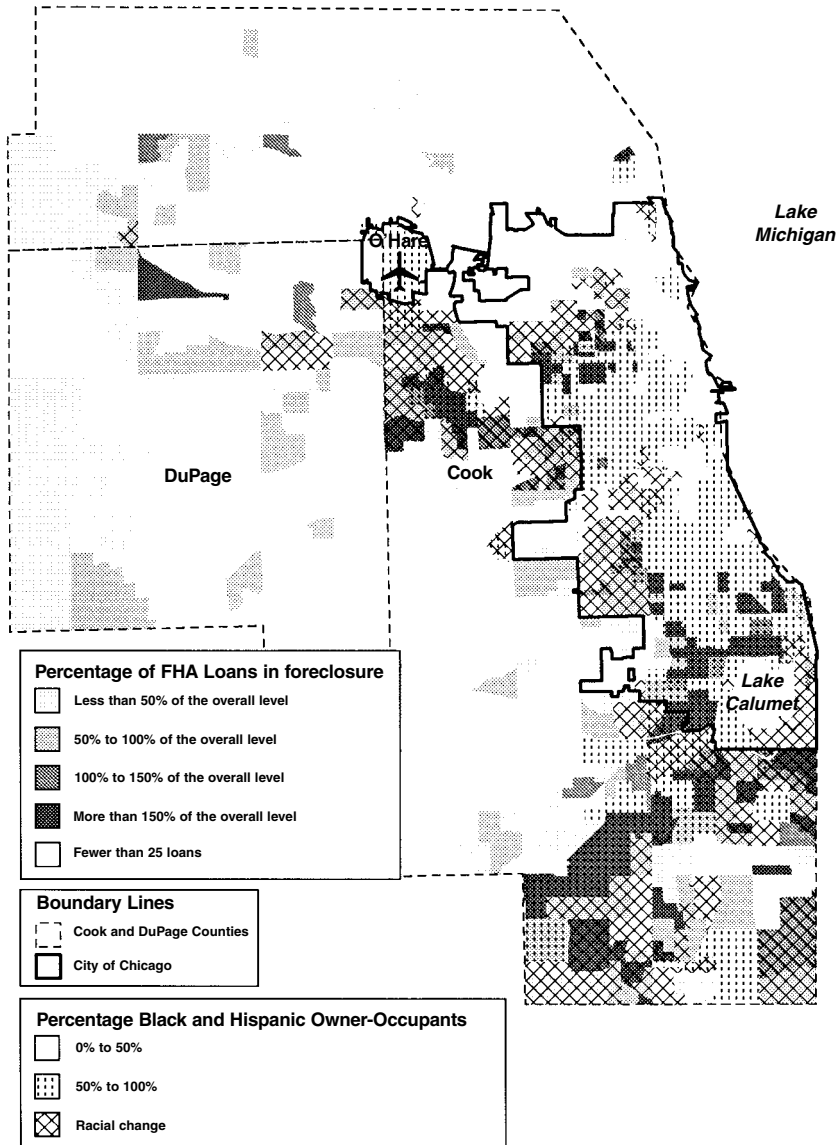
Generally, the foreclosure rates in the D.C. study area are concentrated in Prince George's County. In many parts of the county, lending levels indicate a fairly brisk and active real estate market. Therefore, although foreclosures in these areas hold the potential for depressing values and contributing to blight, they are less likely to do so than the concentrated foreclosures in the Chicago study area. Moreover, in growing markets such as Prince George's County where values tend to increase, borrowers can more easily sell their homes for enough to pay off their mortgage debts and avoid foreclosure. The market in the District of Columbia itself also has high-value homes and a competitive market overall. These conditions contribute to options that lower the eventual rate of foreclosures. Indeed, the rates of delinquent and defaulted loans in exhibit 19 indicate that these rates are similar for both the Chicago and D.C. markets. It is the eventual foreclosure rates that are lower in the D.C. market.

## Summary

The review of FHA distress indicates that both the Chicago and the D.C. study areas exhibit patterns of higher levels of FHA distress in minority and racially changing areas. Therefore, these study areas are fair examples of markets with historical patterns of FHA distress, which makes them appropriate markets in which to investigate the patterns of GSE purchases in minority and racially changing areas that suffer from high levels of

## Exhibit 20

### Chicago Study Area: FHA Loans in Foreclosure, 1994–96

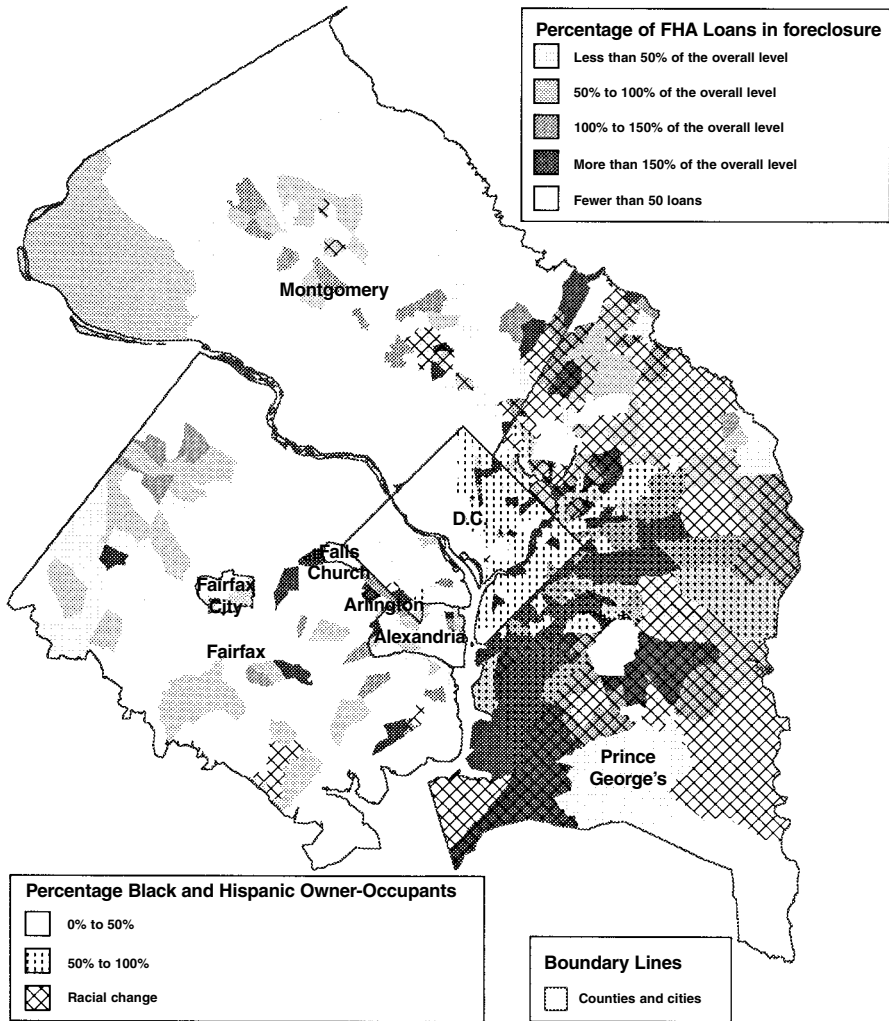


Note: Ranges based on an overall FHA level of 2.02 percent for 1994–96 loans. See text for specific definitions of measures.

FHA distress. The lower levels of foreclosure, together with the unique combination of concentrations of suburban and new growth areas in minority and racially changing markets, make the D.C. market less affected by FHA distress factors. A common theme in reviews of the GSEs has been that they lag behind in participating in minority and lower income markets (Bunce and Scheessele, 1996; Lind, 1996; and Brown, 1998). Given the differences described in the two study areas, one would expect that if GSE participation

## Exhibit 21

### D.C. Study Area: FHA Loans in Foreclosure, 1994–96



Note: Ranges based on an overall FHA level of 1.44 percent for 1994–96 loans. See text for specific definitions of measures.

in minority and racially changing markets is higher in one market than the other, the D.C. market would have the higher level of GSE participation.

## GSE Purchasing Patterns

The Federal Housing Enterprises Financial Safety and Soundness Act of 1992 required the HUD Secretary to establish goals for Fannie Mae and Freddie Mac purchases. These goals are designed to ensure that the GSEs meet their obligations as federally chartered institutions to help meet the Nation’s housing goals. HUD sets goals for both single-family and multifamily housing. The goals are based on HUD’s evaluation of the needs of underserved markets and the constraints of the marketplace. In 1995 HUD set goals that

were in force in 1996 through 2000. Goals are set both in terms of the income of homeowners and renters in underserved geographic areas. It is in the geographic targeting that minority markets are specifically defined. The geographic targets in metropolitan areas are defined as census tracts where either (a) the median income of families does not exceed 90 percent of the area median income (AMI) or (b) minorities make up 30 percent or more of the residents and the median income of families does not exceed 120 percent of AMI.

Although one would expect that geographically targeted loans would benefit minority homeowners, it is theoretically possible to meet the geographic goals either by lending to Whites in areas with 30 percent or more minority population or by lending to Whites in census tracts with median incomes of less than 90 percent AMI. That is to say, the goals, at whatever level they are set, do not require the GSEs to purchase loans in predominantly minority or racially changing areas and do not require that they purchase loans made to minority borrowers. The GSEs have met their recent goals. Nonetheless, reviews of their performance that show the GSEs lagging behind the market have indicated that they have low levels of minority loan purchases relative to the overall eligible market.

The GSE goals do not allow Fannie Mae and Freddie Mac to count FHA loan purchases as part of their goals. With rare exception, Fannie Mae and Freddie Mac do not purchase FHA loans, although their purchases of FHA loans have increased in recent years. HUD indicates that in 1997 Fannie Mae bought 45,000 FHA-insured loans as part of a total volume of 1.5 million single-family mortgages. Freddie Mac purchased 2,000 FHA loans as part of its total volume of 1.1 million single-family purchases. In the D.C. study area, over the 3-year period in review, the GSEs purchased 538 FHA loans (97 percent of them by Fannie Mae). This is less than 4 percent of all the Tier 1 loans purchased by the GSEs in the D.C. study area. In the Chicago study area, the GSEs purchased 370 FHA loans (90 percent of them by Fannie Mae) over the 3-year period. This is less than 1 percent of the Tier 1 loans they purchased in this market. Therefore, of Tier 1 loans, the GSE-purchased loans and FHA loans are essentially exclusive in the Chicago market and have a very small overlap in the D.C. market.

This section examines the patterns of GSE purchases in the two study area markets. Although we need to consider FHA lending levels in some instances, the critical GSE loan purchases are measured in relation to the conforming conventional loan markets (that is, with the FHA loans taken out of the market). The section is divided into two major parts, one for each study area. Within each part there are four areas of focus. First, there is a brief review of the FHA patterns. Where the level of FHA lending is high among Tier 1 and Tier 2 loans, the opportunities for the GSEs to purchase loans are, to some extent, diminished. Therefore, when measuring the market share of loans purchased by the GSEs in our study areas, one needs to recognize the market share of FHA lending. Indicators that suggest whether some reasonable share of the FHA market might be served by conventional loans purchased by the GSEs are considered later in the article. This section simply examines the relative patterns.

A second focus is on the market shares of the GSEs across both the Tier 1 and Tier 2 markets. Although Tier 1 lending represents the markets in which FHA and the GSEs compete directly for loans, the total Tier 1 and Tier 2 markets are also important to review as these markets represent the submarkets in which the GSEs provide leadership for the entire conventional market. To the extent that the entire market in minority and racially changing areas conforms to Tier 1 limits, the role of the GSEs in providing maximum levels of conventional lending to balance FHA lending is largely defined by the direct role the GSEs play in the Tier 1 market share of loans. Where the market in minority and

racially changing areas is also defined by a substantial submarket of Tier 2 loans, the GSE role is important both in its direct participation and in its role of leading the conventional market in general.

The third focus is on the comparison of Fannie Mae with Freddie Mac. To avoid too much switching back and forth between the reviews of different submarket Tier levels, the comparison of Fannie Mae and Freddie Mac is done separately for the reviews of the total Tier 1 and Tier 2 and individual Tier 1 market reviews. A fourth focus is on Tier 1 loans only. This is the market where FHA and the GSEs are in direct competition.

## The Chicago Study Area

**Reviewing the FHA Patterns.** The review of the overall markets in the Chicago study area shows that Tier 1 and Tier 2 loans accounted for 89 percent of the loans in White areas and 99 percent of the loans in racially changing and minority areas. FHA lending accounted for 15 percent of the loans in White areas, 42 percent of the loans in racially changing areas, and 51 percent of the loans in minority areas. Therefore, the majority of the Tier 1 and Tier 2 market was available for the GSEs in the White market, although slightly less than half of the market was available in minority areas.

**GSE Market Shares in the Tier 1 and Tier 2 Submarkets.** Exhibit 22 displays the overall Tier 1 and Tier 2 market share of GSE purchases reported in the HMDA data for the Chicago study area. Over the course of the 3 years, the levels of purchases increase more rapidly in White areas than in racially changing or minority areas. Indeed,

### Exhibit 22

Chicago GSE Study Area: GSE Market Share of Tier 1 and Tier 2 Loans, by Racial Status of Census Tract Group, 1994–96

Census Tract Group	Tracts ( <i>n</i> )	GSE Loans (%)			3-Year Average
		1994	1995	1996	
Predominantly White <sup>a</sup>	826	30.49	31.03	36.46	32.75
Predominantly minority <sup>b</sup>	431	12.92	13.29	13.48	13.23
Racially changing <sup>c</sup>	211	20.57	21.18	22.51	21.39
<b>All tracts</b>	<b>1,468</b>	<b>27.06</b>	<b>27.39</b>	<b>32.02</b>	<b>28.87</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year. Tier 1 and Tier 2 loans are loans within the Fannie Mae and Freddie Mac loan limits for that year (which include all loans within the FHA limits for single-unit properties). *GSE loans* are defined here as loans reported in HMDA data as purchased by either Fannie Mae or Freddie Mac.

Sources: HMDA, 1990 U.S. census



it increases less than 1 percent in the minority areas. The exhibit indicates that the overall levels of GSE purchases are higher in White areas than in racially changing areas and lowest in minority areas. The GSE purchase levels are about 2.5 times higher in White areas than in minority areas, although there is only a small percentage difference in the level of Tier 1 and Tier 2 loans in these areas.

Exhibit 23 shows the market share of GSE purchases related to only the conventional loans in Tier 1 and Tier 2. The disparities still exist, but they are greatly reduced. There is only a very small difference between White tracts and racially changing tracts. The level of GSE purchases for White tracts in this exhibit, however, is almost 1.5 times the level in minority tracts. We note that over time the levels of GSE purchases increase in the White and racially changing areas, but not clearly in the minority areas. Separate comparisons of GSE market shares for Hispanic and Black areas did not show significantly different patterns.

**Comparing Fannie Mae and Freddie Mac in the Tier 1 and Tier 2 Conventional Markets.** Fannie Mae and Freddie Mac can be compared best by looking at their individual market shares of the conventional loans in Tier 1 and Tier 2. These data are presented in exhibit 24. For Fannie Mae, the levels in racially changing areas are actually slightly higher than in White areas. In minority areas overall, Fannie Mae purchases are lower, and the trend has been for its share to decline over the 3-year period. For Freddie Mac over the 3 years, purchase levels were always highest in White areas, lower in racially changing areas, and lowest in predominantly minority areas. Freddie Mac’s market share was almost twice as high in White areas as in minority areas. There was, however, a

### Exhibit 23

Chicago GSE Study Area: GSE Market Share of Tier 1 and Tier 2 Conventional Loans, by Racial Status of Census Tract Group, 1994–96

Census Tract Group	Tracts (n)	GSE Loans (%)			3-Year Average
		1994	1995	1996	
Predominantly White <sup>a</sup>	826	34.84	35.45	41.79	37.46
Predominantly minority <sup>b</sup>	431	26.34	24.29	27.48	25.97
Racially changing <sup>c</sup>	211	32.89	33.84	38.59	34.95
<b>All tracts</b>	<b>1,468</b>	<b>34.08</b>	<b>34.44</b>	<b>40.58</b>	<b>36.42</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year. Tier 1 and Tier 2 loans are loans within the Fannie Mae and Freddie Mac loan limits for that year (which include all loans within the FHA limits for single-unit properties). GSE loans are defined here as loans reported in HMDA data as purchased by either Fannie Mae or Freddie Mac.

Sources: HMDA, 1990 U.S. census

## Exhibit 24

### Chicago GSE Study Area: Fannie Mae and Freddie Mac Market Shares of Tier 1 and Tier 2 Conventional Loans, by Racial Status of Census Tract Group, 1994–96

Census Tract Group	Tracts (n)	1994		1995		1996		3-Year Average	
		Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)
Predominantly White <sup>a</sup>	826	22.43	12.41	22.76	12.68	22.72	19.07	22.63	14.82
Predominantly minority <sup>b</sup>	431	19.54	6.80	18.50	5.79	16.20	11.28	18.09	7.88
Racially changing <sup>c</sup>	211	23.11	9.77	24.58	9.26	22.87	15.72	23.54	11.42
<b>All tracts</b>	<b>1,468</b>	<b>22.37</b>	<b>11.71</b>	<b>22.74</b>	<b>11.70</b>	<b>22.37</b>	<b>18.21</b>	<b>22.48</b>	<b>13.93</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year. Tier 1 and Tier 2 loans are loans within the Fannie Mae and Freddie Mac loan limits for that year (which include all loans within the FHA limits for single-unit properties).

Sources: HMDA, 1990 U.S. census

significant increase in its share of the GSE market in 1996, almost doubling its level of service in minority areas. Nonetheless, even in 1996, Freddie Mac's level of purchases in White areas was 1.7 times higher than in minority areas.

**GSE Market Shares in the Tier 1 Submarket.** This section reviews GSE activity in Tier 1 loans only, in which the GSEs compete directly with FHA. The analysis uses two approaches to reviewing the performance of the GSEs in the Tier 1 market. The first approach provides a detailed presentation of the market shares of the GSEs for Tier 1 conventional loans in the different racial markets. The second approach examines the performance of the GSEs specifically within the Tier 1 market of higher income borrowers. This approach makes allowance for the claim that, at the lower income levels in particular, borrowers may not qualify for even the special GSE loan programs.

Exhibit 25 summarizes the market share patterns for the GSEs in the Chicago Tier 1 conventional market. Data are provided for each year and for the 3 years combined. No FHA loans are included in the GSE purchases.<sup>19</sup> For the GSEs overall, market shares of purchases are slightly higher for predominantly White areas than for racially changing areas or for the market of Black and Hispanic borrowers as individuals. However, GSE purchases are consistently lower in predominantly minority areas than in predominantly White areas. Over the 3 years as a whole, the market share for the GSEs in the Tier 1 conventional market in White areas is more than 36 percent. In the predominantly minority areas, the percentage is about 25 percent.

Exhibit 26 provides a comparison of Fannie Mae and Freddie Mac for shares in the Tier 1 conventional market. A comparison of the patterns for Fannie Mae and Freddie Mac shows that overall Fannie Mae tends to have a market share in racially changing areas and for Black and Hispanic borrowers as individuals that is just slightly higher than its market share in White areas. Yet, in predominantly minority areas, its share is lower than in White areas. Moreover, although Fannie Mae's record is fairly constant for racially

## Exhibit 25

### Chicago GSE Study Area: Total GSE Market Shares of Tier 1 Conventional Loans, by Racial Status of Census Tract Group and Borrower, 1994–96

Census Tract Group	GSE Loans (%)			3-Year Average
	1994	1995	1996	
Predominantly White <sup>a</sup>	34.47	34.50	40.42	36.48
Predominantly minority <sup>b</sup>	26.16	23.37	26.51	25.27
Racially changing <sup>c</sup>	32.76	33.30	38.21	34.59
<b>All tracts</b>	<b>33.66</b>	<b>33.42</b>	<b>39.17</b>	<b>35.40</b>
<b>Borrowers</b>				
Black and Hispanic	31.36	32.79	36.63	33.52

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year. GSE loans are defined here as loans reported in HMDA data as purchased by either Fannie Mae or Freddie Mac.

Sources: HMDA, 1990 U.S. census

## Exhibit 26

### Chicago GSE Study Area: Fannie Mae and Freddie Mac Market Shares of Tier 1 Conventional Loans, by Racial Status of Census Tract Group and Borrower: 1994–96

Census Tract Group	1994		1995		1996		3-Year Average	
	Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)
Predominantly White <sup>a</sup>	22.39	12.07	22.19	12.30	22.14	18.28	22.25	14.24
Predominantly minority <sup>b</sup>	19.41	6.75	17.99	5.39	15.80	10.71	17.74	7.53
Racially changing <sup>c</sup>	23.12	9.64	24.16	9.14	22.49	15.72	23.28	11.31
<b>All tracts</b>	<b>22.32</b>	<b>11.34</b>	<b>22.19</b>	<b>11.23</b>	<b>21.77</b>	<b>17.40</b>	<b>22.10</b>	<b>13.30</b>
<b>Borrowers</b>								
Black and Hispanic	22.78	8.58	24.27	8.53	21.57	15.06	22.92	10.60

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year.

Sources: HMDA, 1990 U.S. census

changing areas and for Black and Hispanic borrowers over the 3 years, its market share in predominantly minority areas has declined over the years. By 1996 its market share in predominantly White areas was 1.4 times its market share in minority areas.

For Freddie Mac, market shares in minority areas, in racially changing areas, and for Black and Hispanic borrowers are always lower than its market share in White areas for all 3 years. There is a dramatic increase in Freddie Mac's market shares for the entire market in 1996. This made its market share in predominantly minority areas twice what it had been in 1995. Still its market share in predominantly White areas over the 3 years was 1.9 times its share in predominantly minority areas. Although both GSEs have consistently lower market shares in predominantly minority areas, Fannie Mae shows a better performance than Freddie Mac.

Although Fannie Mae and Freddie Mac have an obligation to serve the lower income and affordable markets, it is clear that some FHA lending goes to purchasers who could not normally qualify for conventional loans. With the special homebuyers programs in force by both GSEs, it is not clear what portion of the FHA market remains beyond their service, but clearly some part of the FHA market may be beyond their service capabilities. Therefore, to make the comparisons more effective and informative, a second analysis is presented that reviews GSE Tier 1 purchasing patterns for loans in which the applicant's income was greater than 80 percent of the HUD estimated median family income for the year when the loan was made. This should provide a better comparison of the markets in which it is reasonable to assume that special GSE conventional products, if not all conventional products, could serve the same market served by FHA loans.<sup>20</sup> The full sets of exhibits of these data comparable to those for the full Tier 1 and Tier 2 analysis are found in appendix H. The following discussion summarizes the data contained in appendix H.

The market share of FHA loans for this higher income borrower pool in Tier 1 is smaller than the FHA market share for all Tier 1 borrowers. Compared with the FHA market level for Tier 1 as a whole (see exhibit 15), the share of FHA loans declined for all racial groups. It declined only 1 percent (to less than 14 percent) for White areas. It declined about 4 percent (to 38 percent) for racially changing areas. It declined about 6 percent (to less than 45 percent) for minority areas. Thus the pools of conventional loans were larger in this section of Tier 1 loans than for the overall Tier 1 market.

Despite the reduction in FHA loans in the higher income Tier 1 market, the patterns for the GSE purchases are similar to those in the entire Tier 1 market. The GSE market share of Tier 1 conventional loans is shown in exhibit 25. Exhibit 27 shows the GSE market shares of the higher income Tier 1 market for the individual years and the entire period. For the 3-year period as a whole, the GSE market share of higher income loans in predominantly White areas is 36.75 percent compared with 36.48 percent in the entire Tier 1 market (see exhibit 25). For higher income Tier 1 loans in both the minority and racially changing areas, the GSE market share increases by less than 1 percent compared with the entire Tier 1 market (shown by analysis of comparable racial groups in exhibit 25 and exhibit 27).

Exhibit 28 shows the shares for Fannie Mae and Freddie Mac in the higher income Tier 1 market for the Chicago study area. The increase in market share of the entire Tier 1 market for Freddie Mac in 1996 is even more dramatic for the higher income segment of the Tier 1 market (see exhibits 26 and 28). In addition, Freddie Mac exhibits a significant increase in the higher income section of the Tier 1 market for predominantly minority areas in 1995 compared with the entire minority Tier 1 market. Exhibit 26 shows that in 1995, Freddie Mac's market share of the entire Tier 1 predominantly minority conventional

**Exhibit 27**

Chicago GSE Study Area: GSE Market Share of Tier 1 Conventional Loans for Applicants With >80 Percent Median Family Income (MFI), by Racial Status of Census Tract Group, 1994–96

Census Tract Group	GSE Loans (%)			3-Year Average
	1994	1995	1996	
Predominantly White <sup>a</sup>	34.23	35.24	40.98	36.75
Predominantly minority <sup>b</sup>	26.46	25.22	26.68	26.07
Racially changing <sup>c</sup>	33.29	34.91	39.21	35.55
<b>All tracts</b>	<b>33.76</b>	<b>34.65</b>	<b>40.11</b>	<b>36.08</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limit for that year. GSE loans are defined here as loans reported in HMDA data as purchased by either Fannie Mae or Freddie Mac.

Sources: HMDA, 1990 U.S. census

market was 5.39 percent. In the higher income segment of this market in 1995 its market share increased to 7.29 percent. In 1996 Freddie Mac's market share in the entire Tier 1 predominantly minority conventional market was 10.71 percent. In the higher income segment of this market in 1996, its market share increased to 12.17 percent. Therefore, there is a pattern for Freddie Mac to increase its market share in racially changing and minority areas by investing in the higher income segments of these markets.

Fannie Mae's market shares in the higher income Tier 1 market show a consistent pattern of increases of less than 1 percent compared with the entire Tier 1 market. The only exception is an extremely small trend of declining market shares in predominantly minority areas. Overall, the patterns in the higher income segment of Tier 1 for the GSEs are no different than the patterns in the entire Tier 1 market.

**Summary for the Chicago Study Area.** In the Chicago market, the GSEs both show a significantly lower market share in predominantly minority areas than in White areas. This pattern cuts across the entire lending market, the Tier 1 and Tier 2 markets, the Tier 1 market alone, and the higher income segment of the Tier 1 market. Fannie Mae shows relative parity in its market shares in racially changing areas and in its market share of Tier 1 Black and Hispanic borrowers individually. However, Freddie Mac consistently shows lower market shares in racially changing areas compared with White areas and the lowest market shares in predominantly minority areas. Increases in Freddie Mac market shares in 1996 do not eliminate this pattern. These patterns are not affected by looking only at the higher income segments of the Tier 1 market. Overall, Freddie Mac makes a higher contribution to the low levels of service in minority areas than does Fannie Mae.

## Exhibit 28

### Chicago GSE Study Area: Fannie Mae and Freddie Mac Market Shares of Tier 1 Conventional Loans for Applicants With >80 Percent MFI, by Racial Status of Census Tract Group, 1994–96

Census Tract Group	1994		1995		1996		3-Year Average	
	Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)
Predominantly White <sup>a</sup>	22.04	12.19	22.19	13.05	21.86	19.12	22.03	14.72
Predominantly minority <sup>b</sup>	19.45	7.00	17.93	7.29	14.51	12.17	17.36	8.71
Racially changing <sup>c</sup>	22.94	10.35	25.06	9.85	22.75	16.46	23.63	11.91
<b>All tracts</b>	<b>22.05</b>	<b>11.71</b>	<b>22.36</b>	<b>12.29</b>	<b>21.62</b>	<b>18.48</b>	<b>22.02</b>	<b>14.06</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year. GSE loans are defined here as loans reported in HMDA data as purchased by either Fannie Mae or Freddie Mac.

Sources: HMDA, 1990 U.S. census

## The D.C. Study Area

The D.C. study area exhibits very different patterns in levels of FHA lending and levels of GSE purchases of conventional loans. A review of the overall markets in the study area shows that Tier 1 and Tier 2 loans accounted for 73 percent of the loans in White areas and 92 percent or more of the loans in racially changing and minority areas (see exhibit 14). These levels are considerably below the levels for Chicago, especially the levels for White areas in which the level of Tier 1 and Tier 2 loans was 89 percent. The main reason for this difference is that only 48 percent of the loans in White areas of the D.C. study area were Tier 1 loans; in Chicago more than 73 percent of the White area loans were Tier 1. Although all the racial markets in the D.C. study area are more upscale than their comparable Chicago markets, this is particularly so for White areas where less than one-half of the loans have FHA-eligible loan amounts.

**Reviewing the FHA Patterns.** Despite the constraint on loans eligible for FHA lending, FHA levels in Tier 1 are higher in all racial segments of the D.C. markets than in comparable Chicago market. As noted in the overall review of the D.C. market, the use of highly leveraged lending is much more common in this higher value market. FHA lending accounted for 35 percent of the loans in White areas (see exhibit 15) compared with just 15 percent in White areas in the Chicago market. FHA lending accounted for 63 percent of the loans in the racially changing markets compared with 42 percent of the loans in racially changing areas in the Chicago study area. In the minority areas, FHA lending accounted for 66 percent of the loans in the D.C. study area and only 51 percent in the Chicago study area. Therefore, a smaller percentage of the loans in all racial markets are conventional loans available for GSE purchases. Indeed, only about one-third of the loans in racially changing and minority areas of the D.C. study area were eligible for GSE purchases.

**GSE Market Shares in the Tier 1 and Tier 2 Submarkets.** Some effect of this constraint on GSE purchases is evident in the overall level of GSE purchases in the D.C. study area. Exhibit 29 shows the overall level of GSE purchases in the three racial markets over time and for the 3 years as a whole. The overall level of GSE purchases is lower in the D.C. Tier 1 and Tier 2 market—26 percent compared with 29 percent in the Chicago market (see exhibit 22). This slightly lower level of GSE purchases is largely explained by the larger market share for FHA lending in the D.C. area. Nonetheless, in the minority areas of the D.C. market, the market share of GSE purchases is somewhat higher than in the Chicago market—more than 15 percent in the D.C. study area and about 13 percent in the Chicago study area.

A comparison of GSE purchases in the conventional pool of loans in Tier 1 and Tier 2 in the D.C. study area shows that the levels of GSE purchases over all markets are slightly higher than in the Chicago study area. In the Chicago study area, the overall level of GSE purchases in the conventional pool of Tier 1 and Tier 2 loans is more than 36 percent (see exhibit 23). In the D.C. study area this figure is almost 38 percent. Exhibit 30 shows these levels for the 3 years individually and collectively for the entire period. Although the levels of GSE purchases in the Chicago racial markets are highest in White areas, next highest in racially changing areas, and lowest in minority areas, the levels of GSE purchases in the racial markets in the D.C. study area are almost identical. The slightly higher level of purchases in the racially changing areas overall is explained by a more than 4-percent increase in GSE levels in 1996. Generally, however, although the 3-year composite shows relative parity, there is a trend of decline in GSE levels in minority areas.

## Exhibit 29

D.C. GSE Study Area: GSE Market Share of Tier 1 and Tier 2 Loans, by Racial Status of Census Tract Group, 1994–96

Census Tract Group	Tracts ( <i>n</i> )	GSE Loans (%)			3-Year Average
		1994	1995	1996	
Predominantly White <sup>a</sup>	525	29.26	28.61	28.61	28.83
Predominantly minority <sup>b</sup>	197	17.76	15.45	12.96	15.45
Racially changing <sup>c</sup>	93	22.13	17.75	18.84	19.62
<b>All tracts</b>	<b>815</b>	<b>26.48</b>	<b>24.92</b>	<b>25.23</b>	<b>25.55</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year. Tier 1 and Tier 2 loans are loans within the Fannie Mae and Freddie Mac loan limits for that year (which include all loans within the FHA limits for single-unit properties). GSE loans are defined here as loans reported in HMDA data as purchased by either Fannie Mae or Freddie Mac.

Sources: HMDA, 1990 U.S. census

## Exhibit 30

### D.C. GSE Study Area: GSE Market Share of Tier 1 and Tier 2 Conventional Loans, by Racial Status of Census Tract Group, 1994–96

Census Tract Group	Tracts (n)	GSE Loans (%)			3-Year Average
		1994	1995	1996	
Predominantly White <sup>a</sup>	525	37.78	37.57	36.96	37.41
Predominantly minority <sup>b</sup>	197	38.89	37.55	34.47	37.16
Racially changing <sup>c</sup>	93	38.81	38.03	42.45	39.68
<b>All tracts</b>	<b>815</b>	<b>38.02</b>	<b>37.62</b>	<b>37.29</b>	<b>37.64</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year. Tier 1 and Tier 2 loans are loans within the Fannie Mae and Freddie Mac loan limits for that year (which include all loans within the FHA limits for single-unit properties). GSE loans are defined here as loans reported in HMDA data as purchased by either Fannie Mae or Freddie Mac.

Sources: HMDA, 1990 U.S. census

The 3-year overall parity in market shares in Tier 1 and Tier 2 for the GSEs is somewhat expected, given the high-value market areas in the District of Columbia and the newer growth minority areas in the suburban areas of the market. The market in the D.C. area is more upscale than in the comparable Chicago market. Moreover, even in the areas impacted by some levels of FHA distress, the foreclosure rates are lower than those in the Chicago market and many of the minority and racially changing areas with high FHA default and foreclosure rates are in newer growth areas and suburban markets in which values tend to grow and add security to a lender's investment.

**Comparing Fannie Mae and Freddie Mac in the Tier 1 and Tier 2 Conventional Markets.** Exhibit 31 compares the purchasing levels of Fannie Mae and Freddie Mac for all Tier 1 and Tier 2 conventional loans in the D.C. study area. In essence, the overall GSE market shares of relatively equal levels in all racial areas (see exhibit 30) mask different patterns for Fannie Mae and Freddie Mac. Exhibit 31 shows that the levels of GSE purchases are actually higher in racially changing and minority areas than in White areas for Fannie Mae. For Freddie Mac, there are still disparities in the levels of purchases, with White areas having the highest levels and minority areas having the lowest levels. Therefore, Fannie Mae has a profile of parity and even better than parity in minority and racially changing markets while Freddie Mac maintains a pattern similar to its profile in the Chicago market.

**GSE Market Shares in the Tier 1 Submarket.** Exhibit 32 presents the market shares of GSE lending in the Tier 1 conventional market over the 3 study years in predominantly White, racially changing, and predominantly minority areas.<sup>21</sup> The exhibit also indicates the GSE market share of loans to Black borrowers, the dominant minority group in



## Exhibit 31

### D.C. GSE Study Area: Fannie Mae and Freddie Mac Market Shares of Tier 1 and Tier 2 Conventional Loans, by Racial Status of Census Tract Group, 1994–96

Census Tract Group	Tracts (n)	1994		1995		1996		3-Year Average	
		Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)
Predominantly White <sup>a</sup>	525	23.39	14.39	24.50	13.07	21.88	15.08	23.16	14.25
Predominantly minority <sup>b</sup>	197	28.22	10.66	25.75	11.80	23.15	11.32	25.93	11.23
Racially changing <sup>c</sup>	93	25.88	12.92	25.50	12.53	27.09	15.36	26.13	13.55
<b>All tracts</b>	<b>815</b>	<b>24.17</b>	<b>13.84</b>	<b>24.72</b>	<b>12.89</b>	<b>22.45</b>	<b>14.84</b>	<b>23.72</b>	<b>13.91</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year. Tier 1 and Tier 2 loans are all loans within the Fannie Mae and Freddie Mac loan limits for that year (which include all loans within the FHA limits for single-unit properties).

Sources: HMDA, 1990 U.S. census

## Exhibit 32

### D.C. GSE Study Area: Total GSE Market Shares of Tier 1 Conventional Loans, by Racial Status of Census Tract Group and Borrower, 1994–96

Census Tract Group	GSE Loans (%)			3-Year Average
	1994	1995	1996	
Predominantly White <sup>a</sup>	34.63	31.63	29.74	31.86
Predominantly minority <sup>b</sup>	37.87	33.19	28.83	33.71
Racially changing <sup>c</sup>	36.53	31.83	37.26	35.35
<b>All tracts</b>	<b>35.31</b>	<b>31.85</b>	<b>30.41</b>	<b>32.49</b>
<b>Borrowers</b>				
Black	35.66	32.22	28.24	32.33

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are all loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year. GSE loans are defined here as loans reported in HMDA data as purchased by Fannie Mae or Freddie Mac.

Sources: HMDA, 1990 U.S. census

the D.C. market. In the Chicago market, the market share of GSE Tier 1 conventional lending increases each year for the White and racially changing areas, as well as for the Black and Hispanic borrowers as a whole. In the D.C. Tier 1 conventional market, the GSE market shares decline each year for both the White areas and the predominantly minority areas, as well as for Black borrowers. In the racially changing areas, however, the highest level of GSE market shares is in 1996. This indicates a generally declining GSE role except in racially changing areas. In these areas, however, the increase in lending is not directed to Black borrowers. This decline in the GSE market shares in both White and minority areas is paralleled by an increase in FHA lending in these markets. All other things being equal, this might indicate some substitution between FHA and conventional and GSE markets.

The decline in the GSE market share has been greater in the minority areas than in the White areas. As a result, the minority areas that had a slight advantage in GSE market shares in 1994 had fallen behind the White areas by 1996. For the minority markets, the GSE performance in the Tier 1 submarket has declined over time.

Exhibit 33 compares the performance of Fannie Mae and Freddie Mac in the Tier 1 conventional market. Fannie Mae's market share declined over time for all groups. In 1994 the predominantly minority areas had the highest market share of any racial grouping. By 1996 its market share in predominantly minority areas had dropped more than 7 percent.

Freddie Mac's market share for all Black borrowers in the Tier 1 market remained constant over time. But a separate analysis of its purchases of loans from Black borrowers in racially changing and predominantly minority areas revealed that its proportion of loans purchased from Black borrowers in these areas declined over the study period. Over the same period, its proportion of loans purchased from Black borrowers in White areas increased. The net result was a constant level of Black borrowers, but with the location of those borrowers shifting more toward White areas.

### Exhibit 33

D.C. GSE Study Area: Fannie Mae and Freddie Mac Market Shares of Tier 1 Conventional Loans, by Racial Status of Census Tract Group and Borrower, 1994–96

Census Tract Group	1994		1995		1996		3-Year Average	
	Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)
Predominantly White <sup>a</sup>	20.83	13.80	20.37	11.26	17.38	12.36	19.37	12.50
Predominantly minority <sup>b</sup>	27.44	10.43	21.70	11.48	19.96	8.88	23.37	10.34
Racially changing <sup>c</sup>	25.65	10.88	22.06	9.77	24.10	13.16	24.11	11.24
<b>All tracts</b>	<b>22.35</b>	<b>12.96</b>	<b>20.74</b>	<b>11.11</b>	<b>18.27</b>	<b>12.13</b>	<b>20.38</b>	<b>12.10</b>
<b>Borrowers</b>								
Black	25.57	10.08	22.11	10.11	18.16	10.07	22.25	10.09

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year.

Sources: HMDA, 1990 U.S. census

In predominantly White areas as a whole, Freddie Mac's market share dropped in 1995, but recovered somewhat in 1996 (see exhibit 33). Its market share in predominantly minority areas declined from 10.43 percent in 1994 to 8.88 percent in 1996. Therefore, although there are internal differences in the distribution of loans purchased from Black borrowers, both Fannie Mae and Freddie Mac show declines in their market shares in predominantly minority areas over time.

A review of the Tier 1 loans for borrowers with greater than 80 percent of the HUD-estimated median family income (MFI) for each of the lending years shows that there was a modest reduction in FHA lending for this higher end of the total Tier 1 pool in the Chicago market. These declines are much more dramatic in all of the racial groups in the D.C. study area. In the White areas, the overall FHA level drops by 14 percent to 21 percent. In the racially changing areas, the overall FHA level drops by 13 percent to 50 percent. In the minority areas, the overall FHA level drops by 11 percent to 55 percent. (See appendix H for a full set of exhibits for GSE purchases in Tier 1 loans for borrowers with incomes greater than 80 percent of the estimated MFI for the D.C. market area.)

The pool of Tier 1 borrowers with incomes above 80 percent of the HUD-estimated MFI for the D.C. market appears to represent borrowers with significantly more income in relation to the FHA loan limits than is the case in the Chicago market study area. The Tier 1 limits are the same for both markets in 1994 and 1995, with the D.C. market being only about \$3,000 higher (at \$155,250 versus \$152,362 for Chicago) in 1996. Yet, MFI in the D.C. study area is estimated by HUD to be 22 percent higher than that in Chicago in 1994 and 1995 (at \$62,700 for D.C. and \$51,300 for Chicago). In 1996 the HUD-estimated MFI in the District of Columbia is estimated to be more than 26 percent higher than that in Chicago (at \$68,300 for D.C. and \$54,100 for Chicago). Thus the higher income Tier 1 borrowers represent a significantly higher income group in the D.C. market than in the Chicago market. Income appears to play some significant role in the shift from FHA to conventional lending in this group.

Exhibit 34 shows the market share of purchases in the higher income Tier 1 D.C. conventional market. In the D.C. Tier 1 market overall, the market share of GSE purchases declines by about 5 percent, from 35.31 percent in 1994 to 30.41 percent in 1996 (see exhibit 32). In the submarket of higher income Tier 1 loans, the GSE market share declines from 35.59 percent to 28.13 percent in 1996 (more than 7 percent). Although this decrease is somewhat larger than the decrease in the overall Tier 1 market, the patterns are roughly the same. What is significantly different in the higher income Tier 1 D.C. market is the high market share for the GSEs in the predominantly minority areas compared with the White areas. For the entire Tier 1 market over the 3 years, the GSE market share in the White market is just below 32 percent and the market share in the predominantly minority areas is just below 34 percent—a difference of about 2 percent. In the higher income Tier 1 market, however, the GSE market share in the White areas is just below 31 percent and the market share in the predominantly minority areas is more than 39 percent—a difference of more than 8 percent. The GSEs as a whole do better in serving minority areas within the higher income range than they do among all borrowers.

Exhibit 35 shows the market shares for Fannie Mae and Freddie Mac in the higher income segment of the Tier 1 loans in the D.C. study area. Overall for Freddie Mac, the market share purchases in this income range of conventional loans is 11 to 12 percent for all racial groups. Overall for Fannie Mae, the level is 26 to 28 percent for racially changing and minority areas, respectively, but less than 19 percent for White areas. This indicates that the overall pattern of high levels of market share in the predominantly minority areas when compared with the White areas is almost exclusively a product of

## Exhibit 34

### D.C. GSE Study Area: GSE Market Share of Tier 1 Conventional Loans for Applicants With >80 Percent MFI, by Racial Status of Census Tract Group, 1994–96

Census Tract Group	GSE Loans (%)			3-Year Average
	1994	1995	1996	
Predominantly White <sup>a</sup>	34.43	32.48	26.83	30.78
Predominantly minority <sup>b</sup>	41.52	39.82	35.14	39.21
Racially changing <sup>c</sup>	38.77	36.26	38.71	37.97
<b>All tracts</b>	<b>35.59</b>	<b>33.45</b>	<b>28.13</b>	<b>32.08</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year. GSE loans are defined here as loans reported in HMDA data as purchased by either Fannie Mae or Freddie Mac.

Sources: HMDA, 1990 U.S. census

## Exhibit 35

### D.C. GSE Study Area: Fannie Mae and Freddie Mac Market Shares of Tier 1 Conventional Loans for Applicants With >80 Percent MFI, by Racial Status of Census Tract Group, 1994–96

Census Tract Group	1994		1995		1996		3-Year Average	
	Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)	Fannie Mae (%)	Freddie Mac (%)
Predominantly White <sup>a</sup>	20.56	13.87	20.82	11.66	15.44	11.39	18.57	12.21
Predominantly minority <sup>b</sup>	31.63	9.88	26.06	13.76	25.00	10.14	27.92	11.29
Racially changing <sup>c</sup>	26.54	12.22	26.49	9.77	24.27	14.44	25.87	12.10
<b>All tracts</b>	<b>22.27</b>	<b>13.32</b>	<b>21.82</b>	<b>11.63</b>	<b>16.57</b>	<b>11.56</b>	<b>19.95</b>	<b>12.13</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are all loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year. GSE loans are defined here as loans reported in HMDA data as purchased by either Fannie Mae or Freddie Mac.

Sources: HMDA, 1990 U.S. census

Fannie Mae's purchasing patterns. That is, higher incomes result in higher market shares in minority areas for Fannie Mae but not for Freddie Mac.

**Summary for the D.C. Study Area.** Overall, the D.C. market exhibits approximately equal levels of GSE purchases in both the Tier 1 and Tier 2 markets and in the Tier 1 market alone across all three census tract racial groups. One factor that helps account for this is the increasing values in minority areas that are concentrated in upscale D.C. markets and growing suburban markets. Within the higher income Tier 1 market, higher income status results in significantly higher GSE market shares in predominantly minority areas than in White areas. This could be explained in part by discrimination and patterns of racial segregation in the housing markets that disproportionately hold higher income minorities in predominantly minority areas. Indeed, Prince George's County is the highest income minority county in the Nation. Aside from these higher income patterns, however, GSE market shares in minority areas declined over the study period.

Within the GSE market, Fannie Mae has slightly higher market shares in the overall Tier 1 market in predominantly minority areas when compared with White areas. The significant increase in minority area market shares in the higher income Tier 1 market is essentially due to Fannie Mae's purchasing patterns. Freddie Mac shows no particular preference in purchasing patterns in the higher income Tier 1 markets. In the overall Tier 1 markets, Freddie Mac's market share is higher in White areas and lowest in predominantly minority areas. The next section shows how individual lenders heavily influence the patterns in the D.C. GSE markets.

## Summary

In Chicago the GSEs play a smaller role in the total, conventional, and Tier 1 markets in minority and racially changing areas compared with White areas. Therefore, they do not lead the market in either their direct role or their leadership role. In the D.C. study area, the GSEs as a whole show relative parity in market shares in all racial areas. Borrower income and the distribution of minorities in the high-value and growing housing markets in the D.C. area explain some of this pattern of parity.

In the Chicago Tier 1 market, GSE market shares are increasing in all racial areas except the predominantly minority areas. In the D.C. market, GSE market shares have increased in the racially changing areas, though this seems largely the result of increased lending to White borrowers in these areas. In the predominantly minority areas, GSE market share is decreasing, and decreasing more than in the White areas.

In Chicago, where incomes are significantly lower than in the D.C. market, the market shares for the GSEs are about the same in both the higher income Tier 1 market and the Tier 1 market as a whole. In the D.C. study area, where incomes are significantly higher, the GSE market shares are clearly higher in the predominantly minority areas compared with White areas in the higher income Tier 1 submarket yet only slightly higher in predominantly minority areas for the Tier 1 market as a whole. This indicates an influence of income that is more powerful in the minority areas than in the White areas.

Within the GSEs, in both markets, Freddie Mac consistently has its largest market share in White areas and its smallest market share in predominantly minority areas. Although Fannie Mae shows a higher level of service to predominantly minority areas in both study areas overall, its market shares in predominantly minority areas are decreasing in both study areas. Freddie Mac's market share in predominantly minority areas increased in 1996 in the Chicago market and decreased in the D.C. market. Therefore, internal GSE patterns vary by local markets in some ways even when general patterns are similar for both GSEs in both markets.

## The Role of Individual Lenders

Individual lenders develop different lending patterns and often specialize in different loan products. Large lenders are more likely to sell loans to the GSEs than small lenders. In different regional markets, a different constellation of local, regional, and national lenders participate in home lending. The level of market concentration in a small set of larger lenders varies from one regional market to another. The lenders that account for most of the FHA lending may or may not be the lenders that account for the largest share of all loans. The lenders that account for the majority of sales to the GSEs may not be the largest lenders or the lenders that account for the majority of FHA lending. The lenders that account for the most lending to minorities and in minority areas may not be the same lenders that sell the majority of loans to the GSEs.

Fannie Mae and Freddie Mac realize the importance of individual lenders and they develop specific relationships and special programs with selected lenders. In this section, the role of individual lenders is examined from two perspectives. First, the largest lenders for minority markets and for FHA and GSE lending are reviewed. Second, a set of individual lenders in the D.C. market whose lending accounts for the parity in White and minority areas is reviewed.

## The Role of the Top Lenders in Selected Markets and Products

Data were assembled for all of the lenders that made one or more FHA or conventional loans in the two study areas over the 3-year period. Five sets of rankings were developed: The total number of loans, the total number of FHA loans, the total number of loans sold to the GSEs, the total number of loans in minority census tracts, and the total number of loans to minorities. Rankings were developed for each year. Within each ranking category, lenders were sorted by the number of loans in a key category.

Measures were calculated that compared the top 5 lenders, the top 10 lenders, and the top 25 lenders with the entire market. The measures related to shares of all loans, levels of GSE purchases, shares of GSE loans sold to Fannie Mae and Freddie Mac individually, overall levels of FHA lending, levels of FHA lending by race, levels of lending in minority census tracts, and levels of lending to minority individuals.<sup>22</sup>

The analysis concentrates on the largest lenders in each category because a small group of lenders in each market tends to control the majority of loans in any given category. In general, the success of any strategy to increase GSE lending or to change the patterns for FHA lending would depend upon the adoption of that strategy by the major lenders dealing in these products. The same applies to strategies for lending to minority individuals and in minority and racially changing areas.

**An Example From the Chicago Study Area in 1996.** Before moving to a review of the major patterns in the two study areas, a few examples of the variations in lender patterns will help set the context. The Chicago market study area in 1996 provides a useful example of these variations in products and markets by lender. There were 628 lenders that operated in the Chicago study area in 1996. The top 25 lenders represent 4 percent of all these lenders. The top 25 lenders account for 50 percent of all the conventional and FHA loans made in 1996 (see appendix I). This shows how the market is concentrated in a few lenders.

Of the top 25 total lenders, 15 are also top 25 GSE lenders—the 25 lenders with the largest numbers of loans sold to the GSEs. The top 10 GSE lenders are also among the 25 largest total lenders. Only 4 of the top 25 total lenders do not report any loans sold to

the GSEs. The largest GSE lenders, however, do not always have the highest percentage of conventional loans reported sold to the GSEs. For example, LaSalle Bank FSB was the sixth-largest GSE lender in 1996, but reported selling only 28 percent of its conventional loans to the GSEs. However, Countrywide is the fourth-largest GSE lender and reported selling 80 percent of its conventional loans to the GSEs. Thus, large lenders can be major GSE sellers but still sell a small percentage of their conventional loans sold to the GSEs. In fact, the largest GSE lender in 1996 (Chase Manhattan Mortgage) was also the largest total lender and the largest FHA lender.

In our Chicago area example for 1996, the top 25 GSE lenders have a lower share of the minority and minority tract markets than the top total lenders. The top 25 GSE lenders account for 40 percent of minority loans and 38 percent of minority tract loans compared with 50 percent of minority loans and 47 percent of minority tract loans for the top total lenders. The top minority lenders, however, account for 59 percent of all minority loans and 55 percent of all minority tract loans. Although the top minority lenders and top GSE lenders are not the same lenders, there is considerable overlap. Of the top minority lenders, 13 are also top 25 GSE lenders. Of the top 25 minority lenders, 20 report at least 90 loans sold to GSEs.

Regarding racial geography, the top 25 minority tract lenders account for 58 percent of minority loans and 56 percent of minority tract loans. Of the top 25 minority tract lenders, 13 are also among the top 25 GSE lenders. Only 7 of the top 25 minority tract lenders did not report at least 90 sales to GSEs. Thus many of the top minority tract lenders are already top GSE lenders as well.

The top 25 FHA lenders account for 52 percent of all minority loans and 45 percent of loans in minority tracts. FHA lenders do sell to the GSEs. Only 7 of the top 25 FHA lenders report fewer than 90 sales to the GSEs. However, only 9 of the top 25 FHA lenders are also among the top 25 GSE lenders. Thus the major FHA lenders and the top GSE lenders are not the same lenders.

The top 25 GSE lenders report selling 60 percent of their conventional loans to the GSEs, and they account for more than 72 percent of all the GSE purchases reported in 1996. The top minority lenders report selling 47 percent of their conventional loans to the GSEs and account for 56 percent of all GSE loans. The FHA lenders report selling 57 percent of their conventional loans to the GSEs but account for only 37 percent of all GSE loans. However, these top FHA lenders account for 77 percent of all FHA loans. Thus many of the largest FHA lenders sell a high percentage of their conventional loans to the GSEs, but they make proportionally fewer conventional loans than the largest GSE lenders.<sup>23</sup>

**The Top Lenders in the Chicago Study Area for 1994–96.** Exhibit 36 presents a summary of the lender tabulations for the Chicago study area. The exhibit summarizes measures for the top 25 FHA lenders, the top 25 GSE lenders, and the top 25 lenders in minority census tracts for each year. In addition, the exhibit presents an average figure for each measure for the 3 years. Overall, the exhibit shows how the GSE and FHA lenders are significantly different. The top 25 minority tract lenders are also significantly different from the top 25 GSE lenders and, in some cases, the top 25 FHA lenders.

The major GSE lenders are not the same as the major FHA lenders. The top GSE lenders account for an average of 71 percent of all GSE loans over the 3 years. The top FHA lenders account for an average of only 34 percent of all GSE loans. The top 25 FHA lenders account for an average of 79 percent of all FHA loans, although the top GSE lenders account for an average of only 38 percent of all FHA loans. Still, an average of

**Exhibit 36**

Chicago GSE Study Area: Top 25 Lender Market Shares and Loan Distributions, 1994–96

Lender Categories	Shares of Entire Market (%)				GSE Lending (%)			FHA Lending (%)		
	All Loans	Minority Tract Loans <sup>a</sup>	Minority Loans	FHA Loans	GSE Loans	Conventional Loans Sold to GSEs	GSE Loans Sold to Fannie Mae	GSE Loans Sold to Freddie Mac	FHA Loans to Whites	FHA Loans to Blacks and Hispanics
									28.33	28.67
<b>Top 25 FHA lenders</b>										
1994	31.46	48.40	52.51	81.47	26.75	41.88	70.87	29.13	32.98	72.91
1995	36.93	47.28	53.12	79.05	37.14	42.38	72.55	27.45	24.70	65.90
1996	33.76	45.33	51.82	77.38	36.68	56.98	60.29	39.71	28.33	71.23
<b>3-year average</b>	<b>34.05</b>	<b>47.00</b>	<b>52.48</b>	<b>79.30</b>	<b>33.52</b>	<b>47.08</b>	<b>67.90</b>	<b>32.10</b>	<b>28.67</b>	<b>70.01</b>
<b>Top 25 GSE lenders</b>										
1994	38.30	35.31	36.43	38.75	69.63	56.27	68.35	31.65	12.48	43.07
1995	40.16	35.12	39.09	35.87	72.28	54.46	66.81	33.19	9.63	38.34
1996	43.03	37.91	39.71	39.36	72.45	59.82	52.08	47.92	10.13	44.39
<b>3-year average</b>	<b>40.50</b>	<b>36.11</b>	<b>38.41</b>	<b>37.99</b>	<b>71.45</b>	<b>56.85</b>	<b>62.41</b>	<b>37.59</b>	<b>10.75</b>	<b>41.93</b>
<b>Top 25 minority tract lenders</b>										
1994	44.33	58.07	59.33	66.79	45.53	35.98	69.53	30.47	15.01	56.88
1995	45.02	55.95	58.06	64.72	47.32	36.26	68.62	31.38	14.19	52.28
1996	45.48	56.14	57.96	66.96	54.57	49.02	55.20	44.80	15.54	56.39
<b>3-year average</b>	<b>44.94</b>	<b>56.72</b>	<b>58.45</b>	<b>66.16</b>	<b>49.14</b>	<b>40.42</b>	<b>64.45</b>	<b>35.55</b>	<b>14.91</b>	<b>55.18</b>

<sup>a</sup>Minority tracts are census tracts where more than 50 percent of the owner-occupants are Black and Hispanic.

Note: There were 573 lenders in 1994, 568 lenders in 1995, and 628 lenders in 1996.

Sources: HMDA, 1990 U.S. census



55 percent of minority borrowers received FHA loans from the top minority tract lenders, although only 15 percent of the White borrowers for these lenders received FHA loans. Although FHA market shares are high in minority areas, the top lenders in minority tracts are not the same as either the top FHA lenders or the top GSE lenders. The top minority tract lenders account for an average of 66 percent of all FHA loans and an average of 49 percent of all GSE loans. The top minority tract lenders, however, appear to be moving over time toward becoming the major GSE lenders as well. At the end of the study period in 1996 the top minority tract lenders accounted for almost 55 percent of the GSE loans, up about 9 percent from their share in 1994.

In the Chicago study area, the top GSE lenders sell an average of 57 percent of their conventional loans to the GSEs. The top FHA lenders average 47 percent of their conventional loans sold to the GSEs and the top minority tract lenders average about 40 percent of their conventional loans sold to the GSEs. However, for 1996, the level of sales of conventional loans to the GSEs is greatly improved for both the top FHA lenders and top minority tract lenders.

The distribution of GSE loans sold to Fannie Mae versus Freddie Mac is roughly the same for all types of lenders. The notable pattern is that for all three types of top lenders, there was a significant increase in the percentage of GSE loans sold to Freddie Mac in 1996. This should be placed in the context of the earlier analysis that indicated that Freddie Mac was increasing its share in the Chicago market. The improved performance of Freddie Mac, then, is heavily influenced by a small set of particular lenders who are expanding the proportion of their conventional loans that they sell to the GSEs. In particular, in the Chicago study area, the lenders who are increasing their share of conventional loans sold to Freddie Mac are the top lenders in minority areas. The effect of this in the minority market is diminished because although lenders increased their sales to Freddie Mac in 1996, they reduced their sales to Fannie Mae (see exhibit 24).

Such switches can be the result of competition between Fannie Mae and Freddie Mac. They can also be the result of mergers and acquisitions in which the dominant partner in the new lending institution places all or most of the GSE business for the newly created lender with a single GSE when the previous two companies had split the business between the GSEs. Moreover, when new lenders come into a market and take business from existing lenders, they may channel the GSE share of the business to a different GSE investor than the one used by their competitors. Such internal shifts have a considerable effect on the relative performance of one GSE compared with the other, but they do not necessarily create a larger GSE market.

**The Top Lenders in the D.C. Study Area for 1994–96.** Exhibit 37 presents a summary exhibit for the D.C. study area. There are notable differences when compared with the Chicago study area. In the D.C. study area there is more overlap between the patterns of the top 25 GSE lenders and the top 25 FHA lenders. The top 25 GSE lenders account for an average of 75 percent of all GSE loans—comparable to the 71.5 percent in the Chicago study area. The top 25 FHA lenders in the D.C. market, however, account for an average of 54 percent of all GSE loans—about 20 percent higher than in the Chicago market.

The top minority tract lenders in the D.C. area account for an average of 56 percent of all GSE loans—7 percent higher than in the Chicago market. Moreover, the level of GSE loans is increasing for both the top FHA lenders and top minority tract lenders in the D.C. area. It was more than 62 percent for both sets of lenders in 1996. We see that over time in the D.C. markets, the top FHA lenders are increasingly becoming the same as the top minority tract lenders. The top 25 FHA lenders accounted for 69 percent of minority tract

## Exhibit 37

D.C. GSE Study Area: Top 25 Lender Market Shares and Loan Distributions, 1994–96

Lender Categories	Shares of Entire Market (%)				GSE Lending (%)			FHA Lending (%)		
	All Loans	Minority Tract Loans <sup>a</sup>	Minority Loans	FHA Loans	GSE Loans	Conventional Loans Sold to GSEs	GSE Loans Sold to Fannie Mae	GSE Loans Sold to Freddie Mac	FHA Loans to Whites	FHA Loans to Blacks and Hispanics
<b>Top 25 FHA lenders</b>										
1994	36.85	54.22	52.14	68.20	44.89	40.91	66.57	33.43	27.43	64.43
1995	48.78	59.52	61.22	69.71	54.30	35.11	68.06	31.94	23.27	63.31
1996	55.63	69.25	66.15	74.50	62.77	35.41	59.97	40.03	20.19	64.72
<b>3-year average</b>	<b>47.09</b>	<b>61.00</b>	<b>59.84</b>	<b>70.80</b>	<b>53.99</b>	<b>37.14</b>	<b>64.87</b>	<b>35.13</b>	<b>23.63</b>	<b>64.15</b>
<b>Top GSE lenders</b>										
1994	40.37	45.09	45.04	45.44	72.41	47.08	65.43	34.57	16.70	47.31
1995	44.51	46.28	46.44	50.71	73.64	46.44	67.03	32.97	18.32	57.95
1996	48.09	55.60	53.79	55.58	77.82	47.29	61.08	38.92	17.81	59.22
<b>3-year average</b>	<b>44.32</b>	<b>48.99</b>	<b>48.42</b>	<b>50.58</b>	<b>74.62</b>	<b>46.94</b>	<b>64.51</b>	<b>35.49</b>	<b>17.61</b>	<b>54.83</b>
<b>Top minority tract lenders</b>										
1994	46.27	65.02	60.47	57.71	50.05	29.48	66.01	33.99	16.18	50.63
1995	51.44	64.81	63.80	65.56	56.08	32.25	65.88	34.12	19.16	59.38
1996	54.48	71.18	66.69	72.16	62.31	35.68	62.29	37.71	19.29	64.04
<b>3-year average</b>	<b>50.73</b>	<b>67.00</b>	<b>63.65</b>	<b>65.14</b>	<b>56.15</b>	<b>32.47</b>	<b>64.73</b>	<b>35.27</b>	<b>18.21</b>	<b>58.02</b>

<sup>a</sup>Minority tracts are census tracts where more than 50 percent of the owner-occupants are Black and Hispanic.

Note: There were 328 lenders in 1994, 334 lenders in 1995, and 386 lenders in 1996.

Sources: HMDA, 1990 U.S. census

loans in 1996; the top 25 minority tract lenders accounted for 71 percent. Because of the growing overlap among the top GSE, FHA, and minority area lenders, the top GSE lenders accounted for 56 percent of all minority tract loans in 1996 compared with just 38 percent for the top GSE lenders in the Chicago market. Therefore, the top GSE lenders, the top FHA lenders, and the top minority area lenders tend to be much more the same in the D.C. study area than in the Chicago study area.

Interestingly, the top GSE lenders average only 47 percent of their conventional loans sold to the GSEs. In Chicago that figure was 57 percent. The top FHA lenders in the D.C. study area average 37 percent of their conventional loans sold to the GSEs. In Chicago, the figure rose to 57 percent in 1996; in the D.C. market the figure declined to 35 percent in 1996. Thus the overlap between the top FHA lenders and top GSE lenders in the D.C. market is not based on the share of conventional loans sold to the GSEs but on the sheer volume (number) of total loans and total GSE loans made by these lenders. That is, the D.C. market is dominated more than the Chicago market by large lenders that operate heavily in both the FHA and GSE markets. Therefore, although the top GSE lenders in the D.C. market sell a smaller share of their conventional loans to the GSEs, the greater relative size of these lenders results in roughly equal market shares for the GSEs in both markets in the Tier 1 conventional loans. The lower overall market share in the Chicago area is largely due to the low GSE market in the minority areas, although all the racial areas in the D.C. market have reasonable parity.

## **The Role of Specific Lenders in the GSE Parity for All Racial Areas in the D.C. Study Area**

Not only are GSE market shares affected by groups of large lenders, but just a few lenders, and even a single lender, may have an important effect on GSE market shares. This is especially true in minority areas where the total number of loans is small compared with that in White areas. In this context, a single lender may play a dominant role. For example, in the Tier 1 minority tracts in the D.C. market, there were 679 conventional loans sold to the GSEs in 1994. A review of the lenders involved in these transactions reveals that just the five lenders with the largest number of these loans accounted for 44 percent of the entire 679 loans, with a single lender, B.F. Saul Mortgage Company, accounting for 11 percent.

The effect of these lenders on the GSE market share of minority tracts compared with the market share of White tracts can be estimated. In 1994 the GSE market share of Tier 1 conventional loans across all markets was 35.31 percent. It was 34.63 percent in White areas. The comparable GSE market share was 37.87 percent in minority areas. Thus minority areas had better GSE market shares. For just the five lenders that accounted for 44 percent of the GSE loans, the GSE market share was 50.59 percent—more than 15 percent above the market share norm for the entire D.C. market. Had these five lenders simply had a GSE market share at the D.C. market norm for 1994, the GSE market share of all Tier 1 conventional loans in minority areas would have dropped to 32.85 percent—below the market share for White areas.

In 1995 the GSE market share in Tier 1 conventional loans for White areas was 31.63 percent—at about the overall D.C. study area level. The comparable GSE market share for minority areas was 33.19 percent. In this one year, the five lenders with the most GSE loans in minority areas accounted for 52 percent of all such loans. Had their GSE market shares been at the areawide level for 1995, the GSE market share in minority areas would have dropped to 23.64 percent—about 8 percent below the White area level. This would have made the gap between the White and minority areas about what it was for the

Chicago market. Moreover, in this year, one lender, B.F. Saul Mortgage Company, accounted for 28 percent of all the GSE Tier 1 loans in minority areas. Subtracting the loans of B.F. Saul alone would have reduced the total GSE market share in minority areas to 26.80 percent—about 5 percent below the GSE market share in White areas.

In 1996 the five lenders with the greatest number of GSE loans in the minority tracts sold almost 68 percent of their Tier 1 conventional loans to the GSEs. For the market as a whole only 30 percent of the Tier 1 conventional loans were sold to the GSEs. Again, if the top five GSE sellers in the minority tracts had simply performed at the overall market level, the GSE market share in minority tracts would have been 22 percent compared with a level of 29.74 percent in White areas. This, again, would have made the disparity between the White and minority tracts about what it was in the Chicago market. In 1996 B.F. Saul accounted for 10 percent of the GSE loans in the Tier 1 segment of the minority tracts. Without the B.F. Saul GSE loans, the GSE market share in the minority tracts would have been 27.51 percent—below the market share for White areas.

It is not so unreasonable to consider what the market would have looked like without the B.F. Saul lending. In August 1994 the U.S. Department of Justice (DOJ) filed a complaint and a simultaneous settlement order (consent decree) with Chevy Chase Federal Savings Bank.<sup>24</sup> Chevy Chase carried out its mortgage lending through B.F. Saul Mortgage Company, its mortgage banking subsidiary, which was also a defendant in the case. The suit was filed in Washington, D.C., and covered the metropolitan area. A press release from DOJ stated that this was “an unprecedented case against a Washington, D.C. area bank for refusing to make its services available in predominantly African American neighborhoods.” As a result of the settlement, B.F. Saul was required to increase its lending in minority communities. Without B.F. Saul’s dramatic increase in lending in minority areas, the GSE market shares in minority areas might well have failed to reach parity with the GSE levels in White areas. The difference in the patterns in the Chicago and D.C. markets is partly the result of a major fair lending lawsuit and settlement by DOJ.

## Summary

To the extent that there is overlap in the FHA and GSE markets—and the potential for substitution of products—the GSE market shares are reflective of internal decisions by a set of lenders that are both the top GSE sellers and the top FHA lenders. The best levels of GSE service would be expected in minority markets when the lenders that dominate the minority markets are also top GSE lenders. Therefore, increases in the conventional market share and the GSE shares in minority markets may be largely a matter of affecting the internal business decisions and incentives of a single set of large lenders. This is likely the case in the D.C. study area. In the Chicago study area, however, this is less the case. It may be more difficult to increase the levels of conventional and GSE lending in minority areas in markets like Chicago because these loans often flow from different lenders altogether. The potentially positive note in the Chicago market is that the data suggest that the top minority area lenders in Chicago are becoming larger GSE lenders as well. However, the high overlap between the top GSE, top FHA, and top minority tract lenders can be seen as contributing to parity in the D.C. racial markets.

The review of the role of individual lenders also indicates how the GSE patterns are reflective of the aggregate decisions and practices of individual lenders. The minority markets are a relatively small part of the overall lending markets in the study areas, although these are two of the largest minority markets in the Nation. In such small markets, the roles of individual lenders are often critical to the market patterns. This indicates how tenuous parity in the racial markets in the D.C. study area is and how dependent it has

been on just a handful of lenders. In this situation, parity is not so much a matter of market forces as the result of as few as one or two individual lenders in any given year.

## **The Potential for Increased Conventional and GSE Lending in Minority Markets**

To increase the levels of GSE lending in minority markets in both the Chicago and D.C. study areas, two patterns need to change. First, the share of conventional loans going to the GSEs needs to increase. Second, and especially important for the D.C. market, conventional loans need to be substituted for FHA loans. This assumes that there is a significant number of FHA borrowers who would qualify for some conventional lending products. In these instances, there is substitution between the FHA and conventional markets.

No direct data on the qualifications of borrowers in these two markets exists. Without such data, it cannot be estimated what range of FHA borrowers might be served by both the conventional markets and the GSEs. However, some data sources can be used to examine the potential for increased levels of GSE purchases and for moving part of the FHA market into the conventional market. The analysis of the GSE levels in the existing conventional market does not go to the heart of the question of substitution. Instead it addresses the GSEs supporting and providing industry leadership for the conventional markets that presently exist in minority and racially changing areas compared with White areas.

The more speculative but critical question is the extent to which the existing FHA markets could be converted to a conventional market supported by the power of the GSEs. Can the levels of FHA lending in racially changing and White areas be brought more in line with the levels in White areas? Can the GSE market serve a substantial portion of the market now being served by FHA lending? Does substantial overlap exist between FHA and GSE markets? Over many years of work with members of the lending and private mortgage insurance industry, the author has been assured from a number of sources that from one-fourth to as much as two-thirds of the FHA market could be served by the private sector through various loan products. Although community-based organizations have also claimed that a large, although precisely unknown, share of the FHA market could be served by conventional loans sold to the GSEs, HUD has generally maintained that the two markets have little overlap (Bunce et al., 1995).

Three different indicators that suggest that there is some substantial potential overlap in the FHA and GSE markets will be analyzed. First, there are the patterns of private mortgage insurance (PMI) lending that indicate conventional high loan-to-value (LTV) markets. Second, there are data from the study areas on the comparative income ranges served by the FHA and GSE markets. These first two indicators show substantial overlap in the geographic markets and income ranges or borrowers served by FHA lending, overall conventional lending, and GSE purchases. Overlap, however, is not the same as substitution. For substitution to exist, borrowers must be qualified for both FHA and conventional loans. Evidence of direct substitution comes from the third indicator—the results of lender testing in the two study areas.

## **The High LTV PMI Market Patterns**

Data provided by the PMI industry to review the levels of high LTV loans in the two study areas also can be used to explore the conventional markets further, especially within the Tier 1 level. Exhibit 38 shows the percentage of Tier 1 conventional loans that have PMI. For the Chicago market area, 32 percent of the conventional loans are PMI loans in

White areas. That increases to almost 38 percent for the racially changing areas and to more than 44 percent for the minority areas. We see that PMI provides a larger market share segment in minority areas than in White areas.

In the D.C. market area, the PMI market provides insurance to about 34 percent of the conventional Tier 1 loans in White areas, to about 41 percent of these loans in racially changing areas, and to about 57 percent of these loans in minority areas. As in the Chicago market, the PMI market supports a larger share of the Tier 1 conventional market in racially changing and minority areas than in White areas. As in the Chicago market, this indicates some potential for using private mortgage insurance to serve borrowers that qualify for both FHA and conventional loans.

We can also review the extent to which PMI loans serve lower income buyers—a market ostensibly served by FHA lending. Exhibit 39 shows the percentage of PMI loans that went to borrowers with incomes below 80 percent of the HUD-estimated MFI for the metropolitan statistical area (MSA) in the year of the loan. PMI lending provides much higher levels of coverage for lower income borrowers in racially changing and minority areas than in White areas. This parallels the lower overall MFIs in racially changing and minority areas in general. The overall level of PMI lending to lower income borrowers in the Chicago study area is 2.7 times higher in minority areas than in White areas. In the D.C. study area, the level of PMI lending in minority areas is more than 2.5 times the level in White areas. The actual percentages and the ratio are lower than those in the Chicago study area, ranging from just more than 18 percent in White areas to just less than 47 percent in minority areas.

Together, these exhibits suggest that PMI can and does respond to conventional options for lending in racially changing and minority areas. This does not necessarily show that the private mortgage insurers have done all they can to provide conventional alternatives to FHA lending. For example, the levels of PMI lending in racially changing and minority areas in the D.C. study area are substantially below the levels for these same areas in the

### Exhibit 38

Percentages of Loans With PMI Among Tier 1 Conventional Loans, by Racial Status of Census Tract Group in GSE Study Areas, 1994–96

Census Tract Group	PMI Loans (%)	
	Chicago	D.C.
Predominantly White <sup>a</sup>	31.99	33.55
Predominantly minority <sup>b</sup>	44.35	56.54
Racially changing <sup>c</sup>	37.86	40.72
<b>All tracts</b>	<b>33.73</b>	<b>36.92</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Note: Tier 1 represents loans for each year that were within the FHA loan limit for a single-unit property. Percentages for 3-year study period.

Sources: HMDA, 1990 U.S. census, Mortgage Insurance Companies of America (MICA)

## Exhibit 39

Percentages of Loans With Borrower Incomes <80 Percent of MFI Among Loans With PMI, by Racial Status of Census Tract Group in GSE Study Areas, 1994–96

Census Tract Group	Loans With Borrower Income <80% MFI	
	Chicago	D.C.
Predominantly White <sup>a</sup>	20.66	18.37
Predominantly minority <sup>b</sup>	55.60	46.70
Racially changing <sup>c</sup>	38.20	28.74
<b>All tracts</b>	<b>25.69</b>	<b>22.02</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Note: Tier 1 represents loans for each year that were within the FHA loan limit for a single-unit property. Percentages for 3-year study period.

Sources: HMDA, 1990 U.S. census, MICA

Chicago study area.<sup>25</sup> Nonetheless, the PMI market plays a major role in the racially changing and minority markets in both the Chicago and the D.C. study areas. The data show that PMI is widely available in racially changing and minority areas for the share of the market that is not FHA insured. This suggests that to the extent that borrowers in racially changing and minority areas use high LTV loans, the PMI industry can provide a large share of these loans with insurance. The insurance limits the risk for the GSEs, allowing them to make loans that might also have qualified for FHA insurance marketable in the secondary conventional markets. To the extent that there is substitution with borrowers that qualify for FHA and high LTV conventional lending, the GSEs should be able to increase their market share in the Tier 1 markets by working with their lenders to place more loans in the conventional markets than in the FHA markets (assuming that the borrowers are not unfairly steered to these conventional loans).

### Income Profiles for the FHA and GSE Markets in the Study Areas

HUD has taken the position that there is little overlap in the FHA and GSE markets (Bunce, et al., 1995). Some of the HMDA data can be used to examine this premise. The individual borrower characteristics that would determine whether a borrower could qualify only for an FHA loan because of cash reserves or credit history cannot be examined. Aside from serving markets of borrowers with limited cash reserves and less-than-perfect credit profiles, FHA has historically been seen as serving lower income markets than could be served by the conventional market. Although public data cannot be used to assess the financial and credit profiles of borrowers, HMDA data can be used to examine the extent to which FHA, the conventional market, and the GSEs serve lower income markets.

Exhibit 40 displays the percentages of Tier 1 loans in the two study areas over the 3 years of the study made to borrowers with incomes below the MSA HUD estimated MFI and the percentage that are below 50 percent of the HUD estimated MFI (very low-income borrowers). These figures are calculated for FHA loans, for all conventional loans, and for the GSEs. In addition, we have calculated separately these percentages for Black and Hispanic borrowers.

## Exhibit 40

FHA, Conventional, and GSE Internal Market Shares of Loans for Borrowers With Incomes Below the MSA MFI and <50 Percent of the MFI for All Tier 1 Loans: 1994–96

Tier 1 Loans	FHA Loans		Conventional Loans		GSE Loans	
	All	Black or Hispanic	All	Black or Hispanic	All	Black or Hispanic
<b>Percentage less than MFI</b>						
Chicago	72.20	77.20	57.16	71.06	58.65	71.79
D.C.	86.10	88.52	64.62	80.12	71.99	82.81
<b>Percentage less than 50 percent of MFI</b>						
Chicago	9.02	11.34	8.17	12.50	7.83	11.22
D.C.	19.66	21.06	11.43	19.18	11.08	15.92

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for a given year. MSA MFIs are estimated by HUD for each year.

Sources: HMDA, 1990 U.S. census, HUD Section 335 data

In the Chicago study area, the conventional and GSE markets have substantially lower percentages of borrowers below the HUD-estimated MFI levels than do the FHA markets. Also, overall, both the conventional and GSE markets have lower levels of borrowers with incomes below 50 percent of the MSA MFI than does the FHA market, although there is roughly only a 1-percent difference. For the entire Chicago study area, 72 percent of all FHA loans go to borrowers with incomes below MFI. This is about the same as the percentage of the subgroup of Black and Hispanic borrowers served by both the conventional market and the GSEs as a whole for borrowers with incomes below MFI. The conventional market serves a somewhat higher percentage of these borrowers with incomes below 50 percent of the MSA MFI than does FHA. The GSE market serves about the same percentage of these borrowers as does FHA.

Since part of the conventional market is composed of subprime lenders whose legitimate role in the markets is to serve borrowers who cannot meet the credit standards of either the conventional or FHA markets, one might assume that the higher level of service for very low-income borrowers in the Black and Hispanic markets is related to the role of subprime lenders. Although there are undoubtedly subprime lenders working in minority areas in the Chicago market (National Training and Information Center, 1999), these lenders have historically been more active in the home equity and refinance markets, not the home purchase markets. Although the role of these lenders has increased dramatically in the home purchase markets in recent years, for the most part this occurred after this study.

Finally, note that the levels of service to very low-income Black and Hispanic borrowers are virtually identical for FHA and the GSEs as a whole (11.34 percent for FHA and 11.22 percent for the GSEs). Since the GSEs were not significantly invested in subprime loans in the study period, this provides further evidence that the ability of the conventional market to serve lower income borrowers in minority areas is not explained adequately by the role of subprime lenders.



Exhibit 40 also provides data on service to lower income borrowers in the D.C. area for the entire study period. In the D.C. market overall, the percentage of borrowers in the Tier 1 market with incomes below the MSA MFI and below 50 percent of the MSA MFI is greater than in the Chicago market. This may be attributed partly to the fact that the Chicago market has a significantly lower MFI and that the absolute value of incomes in the very low-income market in Chicago places severe constraints on people's ability to purchase a home through any type of loan product. As a consequence of these differences in income, the D.C. market serves a much higher level of very low-income borrowers as does the Chicago market. Still, in the D.C. market, these incomes were between \$31,350 and \$34,150 during the study period. These populations also may be composed of a larger share of single adults and small families than in the Chicago market, making MFI estimates less significant in the D.C. market for defining the ability to purchase housing where a larger share of the market is defined by condominiums and townhouses rather than more expensive detached single-family homes. In addition, one might expect in the D.C. market, in which housing costs overall are higher than those in the Chicago market, that more buyers would need the general downpayment cost savings of the FHA program.

Exhibit 40 shows that, as in the Chicago market, the overall conventional and GSE markets serve a lower share of borrowers below MFI and below 50 percent of the MFI than does the FHA market. As in Chicago, these same disparities hold for the Black market in the D.C. area, the dominant minority segment of the D.C. market. One can see a somewhat different profile, however, when focusing just on the percentages of loans made to Blacks in the D.C. market with incomes below 50 percent of the MSA MFI. For FHA loans, 21 percent of these loans go to very low-income borrowers. For conventional loans, the percentage is slightly lower, at about 19 percent. For the GSEs as a whole, the level falls to about 16 percent. Where there is relative parity in the FHA, conventional, and GSE markets in the Chicago area, the conventional and GSE markets in the D.C. area do lag behind the FHA market in service to very low-income Blacks, although the disparities are not large.

Exhibit 41 provides a comparison of Fannie Mae and Freddie Mac with the overall performance of the GSEs as shown in exhibit 40. Fannie Mae always serves a larger share of each low-income or racial market than does Freddie Mac, although the differences are slight in both study areas for borrowers with incomes less than 50 percent of the estimated MFI.

It was indicated in the preceding section that parity in GSE market shares across racial groups in the D.C. area depends upon the above-normal performance of a few lenders in the minority area market. Over the total 3-year period, the top five producers of GSE loans in minority areas accounted for almost 46 percent of all the GSE loans in the Tier 1 part of the minority area market. When their share of GSE loans by borrower income was examined, it was found that they made 87 percent of their GSE loans in minority areas to borrowers below the MSA MFI and approximately 21 percent of their loans to borrowers with incomes below 50 percent of the MSA MFI. Their performance for very low-income borrowers is better than the profile for FHA.

## **Lending Tests in the Chicago and D.C. Markets**

At present, there is evidence in both the Chicago and D.C. markets that borrowers are steered by some lenders away from conventional loans toward FHA loans. In both markets, fair housing groups have sent out paired testers seeking home purchase loans from various major lenders. In both cases the minority applicants were as well, or better, qualified for a conventional loan than their White counterparts. Nonetheless, in repeated testing in

## Exhibit 41

Fannie Mae and Freddie Mac Market Shares of Loans for Borrowers With Incomes Below the MSA MFI and <50 Percent of the MFI for all Tier 1 Loans, 1994–96

Tier 1 Loans	Fannie Mae		Freddie Mac		Total GSE	
	All	Black or Hispanic	All	Black or Hispanic	All	Black or Hispanic
<b>Percentage less than MFI</b>						
Chicago	60.44	73.08	55.68	69.01	58.65	71.79
D.C.	73.99	84.84	68.63	78.32	71.99	82.81
<b>Percentage less than 50 percent of MFI</b>						
Chicago	8.03	11.30	7.49	11.05	7.83	11.22
D.C.	11.16	16.30	10.93	15.10	11.08	15.92

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for a given year. MSA MFIs are estimated by HUD for each year.

Sources: HMDA, 1990 U.S. census

the Chicago market (Bradford, 1998) and in an extensive lender auditing program in the D.C. market (Fair Housing Council of Greater Washington, 1998), minority testers were disproportionately recommended or offered FHA loans over conventional loans. This indicates that, to some degree, there is substitution in the FHA and conventional markets. It also indicates that when there is such substitution, minorities in these two markets are steered toward FHA loans more often than Whites. In the Chicago testing, this steering was also linked to particular minority and racially changing areas.

### Summary

This review shows that there is considerable overlap in the geographic markets and lower income markets for FHA lending, overall conventional lending, and GSE purchasing. In both study areas, the PMI market provides higher levels of service to minority Tier 1 conventional loan borrowers than to borrowers in White areas, paralleling the distribution of incomes. HMDA data indicate substantial overlap between the FHA and GSE markets in these two study areas. From the testing data, especially, it can be inferred that there is also some level of substitution in these markets between FHA and conventional lending. The testing evidence indicates steering of conventionally qualified minority borrowers to FHA products.

The indicators of overlap are most extreme for the Chicago market in which home values are lower. Without actual data on borrower qualifications, the magnitude of the substitution between the FHA and conventional or GSE markets cannot be estimated. It is possible that the level of substitution may be quite large. Nonetheless, it remains for further research to compare borrower eligibility and estimate the extent of this substitution. The larger this substitution and the more the conventional market can develop private loan programs to serve the FHA market, the more likely it is that a reasonable balance of FHA and conventional lending could replace the historically lopsided role of FHA in minority and racially changing communities.

## Conclusion

These two exploratory case studies cannot cover the full range of patterns that exist in housing markets across the United States. They do, however, provide a basis for making some observations about the factors that influence the distributions of GSE purchases in markets in which there are disproportionately high levels of FHA lending and FHA distress in minority and racially changing areas. Both the Chicago and D.C. study areas show traditional patterns of FHA distress concentrated disproportionately in racially changing and minority areas. The review of the structure of the two markets and the patterns of FHA, conventional, and GSE lending showed many similarities and some important and intriguing differences.

Racially changing areas in the Chicago study received only marginally lower levels of GSE purchases than did White areas. In the D.C. market, racially changing areas received somewhat higher levels of GSE purchases than did White areas. Minority areas received lower levels of GSE purchases than White areas in the Chicago market but about equal and sometimes higher levels of GSE purchases in the D.C. study area. During the time period of the studies, Fannie Mae generally had higher levels of GSE purchases in minority markets than did Freddie Mac. Freddie Mac typically showed patterns of the highest levels of GSE purchases in White areas, lower levels in racially changing areas, and the lowest levels in minority areas. From the analysis of these patterns, observations can be made about the factors that seem to affect these GSE purchasing patterns in racially changing and minority areas.

## The Two Key Market Factors Emerging from the Exploratory Study

The study suggests that there are at least two key factors that appear to influence the relative levels of GSE participation in different racial markets aside from the individual purchasing practices of Fannie Mae and Freddie Mac. These two key factors are the basic structure of the housing markets and the particular constellations and practices of the individual lenders in the market.

**The Structures of Different Markets.** The overall structure of the two housing markets seems to contribute to some of the patterns. Some of the structural forces are simple. The Chicago market has a higher overall level of GSE lending, which can be explained in part by the fact that a larger share of the Chicago housing market conforms to the Tier 1 and Tier 2 limits. However, some patterns are more complex. Although the D.C. market has a larger proportion of loans above the FHA limits, it has a higher overall level of FHA lending than the Chicago market. This is explained by the significantly higher proportion of the entire D.C. market that relies on high LTV loans. In the higher cost housing market, buyers seek out highly leveraged loan products more often than in the lower cost Chicago market.

The most important structural factor that seems to explain differences in the GSE market share patterns in the different racial areas of the two markets is the distribution of the minority populations across the older and new growth segments of the markets. Parity in GSE market shares in all racial areas in the D.C. market compared with the lower levels of GSE market shares in the Chicago market is explained in part by the fact that GSE market shares generally tend to be higher in highly competitive and newer growth areas. In Chicago, these areas are overwhelmingly White. In the D.C. market, a large segment of the minority market is concentrated in high-growth and new development areas. Therefore, the attraction of these growth markets draws a higher share of GSE lending.

To the extent that strong competitive markets and growing markets represent markets with relatively rapid sales rates and increasing housing values, the concentration of minority buyers in these largely suburban and upscale city areas can mitigate the effects of FHA distress. In the D.C. market, the levels of default are as high in minority areas as in the Chicago market. But in the more upscale and growing minority markets, these defaults seem to produce lower foreclosure rates. So, even when the distress factors exist, the structure of the market may lessen their impacts. This may also reduce the extent to which these distress factors might discourage conventional lending and GSE purchases.

**The Impacts of Individual Lenders.** The GSE patterns are also affected by the matrix of different types and different sizes of lenders in the market. In both markets, a relatively small number of all lenders dominate the lending and the sale of loans to the GSEs in different markets. In the Chicago market the groups of the largest FHA lenders, the largest GSE sellers, the largest lenders to minority borrowers, and the largest lenders in minority areas often tend to be composed of significantly different constellations of individual lenders. To some degree, this means that the lenders that dominate in the FHA markets are significantly different from those lenders that dominate the market of GSE sellers. Most important for the issues in this study, the dominant GSE lenders and the dominant lenders in minority markets are often different lenders. This means that efforts to increase GSE lending and efforts to shift FHA lending to conventional markets would often require trying to change the lenders that operate in a community.

In the D.C. market the dominant group of the largest FHA lenders, the largest GSE lenders, and the largest lenders in minority markets tend to be the same lenders. Most important, the large GSE lenders and the large lenders serving minority markets tend to be the same lenders in the D.C. market. This factor contributes to parity in GSE lending in Tier 1 conventional markets across different racial areas. In this market, efforts to increase GSE lending or to convert some share of the FHA lending to conventional lending typically involves dealing with the internal business decisions of a single set of lenders.

Despite the fact that the minority markets in these two study areas are two of the largest in the Nation, we find that they are still small enough to be significantly influenced by the lending patterns of a single large lender. Parity in the racial markets in the D.C. area would disappear and would be replaced by levels of disparity comparable to those in the Chicago market if just a handful of large GSE lenders in the minority areas reduced their GSE levels to the norm for the entire market. Indeed, parity would disappear in some years if just the largest GSE lender in the minority areas were gone.

Parity in the D.C. market resulted from a few lenders selling conventional loans to the GSEs at levels far above the norm for the D.C. area. Thus, parity can be enhanced or undermined by the normal process of mergers and acquisitions as they affect changes in the business practices of the newly formed lenders.

### The Three Key Market Patterns Emerging From the Study

**The Disparity Between White and Minority Areas.** The study shows that there are either significant disparities between the levels of GSE purchases in the conventional White and minority market areas or that the parity that exists depends upon a small group of individual lenders. The Chicago market indicated significant disparities, whereas the D.C. market indicated how parity was dependent on a small group of lenders—and sometimes on a single large lender.

**Persistent Differences Between Fannie Mae and Freddie Mac Patterns.** Although there were some instances in which Freddie Mac made improvements relative to Fannie Mae

(notably in the Chicago market in 1996), Fannie Mae's performance in different racial markets was better than Freddie Mac's. In the Chicago market, for example, Fannie Mae had higher levels of market shares in the racially changing areas than in the White areas for Tier 1 conventional loans while Freddie Mac always had lower market shares in the racially changing areas compared with the White areas. In the D.C. market, although the GSEs as a whole showed relative parity in the different racial markets, this was largely due to Fannie Mae's performance that countered the disparities in the Freddie Mac purchases.

To some degree the different performances may relate to Fannie Mae working more with lenders that provide service to minority areas and markets. On the other hand, it may also reflect a general problem with Freddie Mac's business and marketing operations for lenders in both these study area markets. This pattern of Freddie Mac lagging behind Fannie Mae has been indicated for some time in other studies (for example, Lind, 1996). Although Fannie Mae maintains a better record of service in the 3 years overall, in parts of these markets there is a trend of decline in Fannie Mae purchases over time.

**The Overlap in the FHA and GSE Markets.** The analysis of GSE market shares in conventional markets does not go to the heart of the question of the potential for substituting conventional loans for FHA loans. However, the pattern of PMI lending and an analysis of the lower income markets served by FHA, the general conventional market, and the GSEs in both study areas reveal indicators of substantial overlap in the FHA and GSE markets. Evidence of steering minority buyers qualified for conventional loans to FHA loan products exists in testing patterns in both market areas. The testing results indicate some level of substitution. The analysis of the overlap in lower income markets shows an extremely high level of overlap in the Chicago market and a significant overlap in the D.C. market area. These different sources of data all point to the potential for increasing the overall levels of conventional lending in Tier 1 markets, although no precise estimates of the extent of substitution can be made from these data.

## Some Basic Recommendations

Based on the exploratory work in this study, some preliminary recommendations can be made. The unifying concept for these recommendations is that HUD could link its oversight of the GSE housing goals with its fair lending efforts in ways that could increase the shares of conventional and GSE lending in the racially changing and minority areas that presently suffer some distress from the impacts of high levels of FHA lending and foreclosures.

**Identify Areas of High FHA Distress.** First, HUD has committed itself to developing a neighborhood watch process in its monitoring of FHA lenders. This program needs to define racially changing and minority areas in which FHA lending and foreclosures are significantly higher than in the overall local markets.

**Test for Steering.** HUD needs to allocate some share of its enforcement resources to identifying lenders with extremely high levels of FHA lending so that these lenders can be tested for loan product steering. In this process, HUD needs to recognize the reality of substitution between FHA and conventional loans at some level. Testing can also be used for audits that can indicate the ways in which lenders explain the options, advantages, and disadvantages between FHA and conventional products. The effort would be to ensure that borrowers are offered full choices but not steered to particular loan products—FHA or conventional.

**Define New GSE Target Census Tracts.** The identification of census tracts with abnormally high levels of FHA lending or FHA foreclosures would allow HUD to respond to

the problem by adding a new category of targeted census tracts to the GSE goals. Using the existing general target definition of underserved areas, HUD could define census tracts by a measure of FHA versus conventional lending. Thus HUD could define census tracts that are underserved in terms of conventional lending. These tracts could be added to the target census tracts defined by income and race.

**Review Financial Incentives for Using Different Loan Products.** One difficulty in changing the lending patterns of large lenders is that lenders presently receive a greater servicing fee for FHA loans than for conventional loans. As part of the process of eliminating incentives for loan steering, HUD could review the relative financial incentives that may influence lenders to promote either FHA or conventional products. In this way, efforts to expand the mortgage markets can be tailored to a realistic assessment of the practical financial incentives for the lender as well as the various financial advantages and disadvantages the borrower perceives.

**Develop Marketing Programs Based on Specific Regional Housing Market Profiles.** This study indicates that there are market forces that interact with racial concentrations to create advantages or disadvantages for borrowers in the conventional markets. The key forces identified in this study, for example, are differences in new development patterns, race, and the value of housing relative to the median income of residents. HUD could develop profiles of different market areas that could be used to develop marketing programs related to the varying issues in different housing markets. This means developing target programs below the national level.

**Develop Profiles of the Individual Lenders in the Market.** HUD could develop profiles of individual lenders and patterns of activity in different markets in which conventional and GSE patterns show disparities across racial markets. Depending on whether the major FHA, minority market, and GSE lenders are the same lenders, different approaches would need to be taken to increase conventional lending and GSE purchases in minority markets.

The need to review individual lender patterns regarding GSE purchases may be heightened by the increasing practice of both GSEs to develop largely exclusive contracts for loan purchases with major lending institutions. This links the patterns of individual lenders more tightly with the patterns of GSE purchases. Moreover, it links GSE marketing arrangements more closely with GSE performance in serving minority markets.

**Provide Improved GSE Public Data Sets.** This study has suggested that there are variations in local markets that relate to both the levels of FHA lending and the levels of GSE purchases in different local racial markets. HMDA data was used with imperfect measures of GSE purchases because the GSE public use data set does not provide for full analysis of lending by census tract and local areas. One clear recommendation of this study is to recognize the need for improved disclosure of GSE lending at the census tract level. Clearly, local racial patterns and the need to define local lender patterns require disclosure at this level.

**Collect and Disseminate Data on the Substitution Between the FHA and Conventional Markets.** Using its newly developed automated underwriting systems that are run through the GSEs, HUD could collect and release data on the eligibility of FHA borrowers for conventional loans. The new technology now makes it possible to assess eligibility for multiple loan products and to provide that data to the public.

## Appendix A

### Definition and Sensitivity of Racial Change Measures

A review of the sensitivity of the measures of racial change compares the levels of Home Mortgage Disclosure Act (HMDA)-reported lending to minorities to the levels of minorities in the 1990 census. In most cases, Federal Housing Administration (FHA) patterns—and many government-sponsored enterprise (GSE) and private mortgage insurance (PMI) patterns—are different in racially changing areas than they are in White areas. These patterns are so clear that it would be misleading not to make an effort to extract racially changing areas from the full set of tracts that were predominantly White in 1990. The issue is to find a measure that is both reasonably valid and reliable.

In the 1998 study of FHA lending in the Chicago market, the author used a definition for racial change that compared the percentage of minority applicants from HMDA data for a census tract to the percentage of the minority population reported for that tract in 1990. The present study employs some revisions that were indicated in a review of the previous FHA study and also from reviews of this measure in other metropolitan areas, especially areas in which alternative sources of local information and local experience could indicate racial change on a localized basis. In addition, the exploration of minority housing market patterns used in work related to homeowners insurance discrimination lawsuits provided some context for defining racial change measures.

First, the author reviewed 1990 U.S. census data on the year residents moved into their owner-occupied units with regard to insurance discrimination cases in Philadelphia, Richmond, and Toledo. Reviews of several other metropolitan areas in relation to insurance enforcement projects were made as part of the process of developing background data for studies of the impediments to fair housing. These metropolitan areas included Baltimore, Birmingham (Alabama), Chicago, Cincinnati, Milwaukee, and Washington, D.C. The analyses revealed clear patterns of stability among minority (generally Black and Hispanic) homeowners in these metropolitan areas. The rate of most recent move-in times (last year, last 5 years, and even last 10 years) was consistently lower in minority areas than in White areas. This provides some assurance that using home purchase lending data does measure new additions to the owner-occupied market rather than simply counting residents who move around in the same small area.

Second, the measure for this study is based on loans made to minorities rather than applications from minorities. While applicant data represents potential minority markets, data from loans show people who actually moved into homes in the area.

Third, it is more useful to compare the percentage of minorities receiving home purchase loans to the percentage of minority owner-occupants in 1990, rather than to the entire minority population. Indeed, in some areas with large rental markets, the rental markets may change well in advance of the single-family markets. Mapping the data for minority owner-occupants (Black and Hispanic in our study) rather than for the entire minority population thus indicates some census tracts where racial change was indicated, both in tracts that were more than 50-percent minority in 1990 and even in some that were 75-percent minority in 1990. One can see this in the overlap of tracts defined as minority in 1990 and tracts defined as racially changing in exhibit A-1. Typically, these were areas with large rental markets, indicating that the single-family portion of the markets changed after the rental markets did. Compared with the author's previous study of FHA markets, the measure of racial change using only the owner-occupied minority levels in 1990 provides a smaller number defined as changing, all else being equal. However, the

additional tracts identified by the previous method tend to be adjacent to tracts identified as changing by either technique. Thus, the number of tracts is smaller, but the pattern of locations is essentially the same.

In the present study, the initial measures of racial change defined a tract as changing if the percentage of Black and Hispanic home purchase loans was more than 25 percent higher than the percentage of Black and Hispanic homeowners in the 1990 census. These patterns of racial change for 1994 in Chicago are illustrated in exhibit A-1. Only tracts that had at least 25 HMDA home purchase loans reported with race data in a given year were included; there are 193.

Varying the parameters of the measure does produce some differences. Exhibit A-2 includes only tracts that had 50 or more home purchase loans. This reduces the number of eligible tracts to 123. Still, the pattern remains essentially unchanged. Exhibit A-3 uses the same threshold of 50 loans, but reduces the difference in minority levels in the loans and the 1990 census measure to 15 percent. This increases the number of tracts to 179, and, in this case, the pattern begins to change. Here a few tracts emerge in isolated areas of northern Cook and DuPage Counties. These are almost all areas with Hispanic homebuyers that have relatively low levels of change indicated by the measure. Historical patterns show that Hispanics are not as restricted in their housing market as Blacks. This option suggests that it may be possible to measure racial change at lower levels, but only in areas with high loan volumes.

In the option defined in exhibit A-4, the original threshold of 25 loans was used, but the difference in minority populations was raised to 50 percent. This change has the most dramatic effect on the number of tracts. It is reduced to only 67, but they are still in the same areas suggested by the pattern for exhibit A-1.

Exhibit A-5 illustrates a definition based on combining the 3 years of lending data. Because numbers are greater here, we can raise the threshold to 50 loans to provide some additional stability. Here, 229 tracts are identified as changing, but the pattern of locations remains essentially the same as those found in our original measures in exhibit A-1.

Based on this review, we decided to use the measure in exhibit A-5, using a threshold of 50 loans and a minority population difference of 25 percent for lending data from all 3 years. This provides us with a reasonably broad measure of change, but one that also seems consistent. In the lending analysis, although we provided data for each year, we decided to use the same base of tracts defined as minority, White, or racially changing for all years. The locations of the tracts defined for all 3 years are consistent with the patterns for individual years, but we believe the 3-year measure provides more reliability.

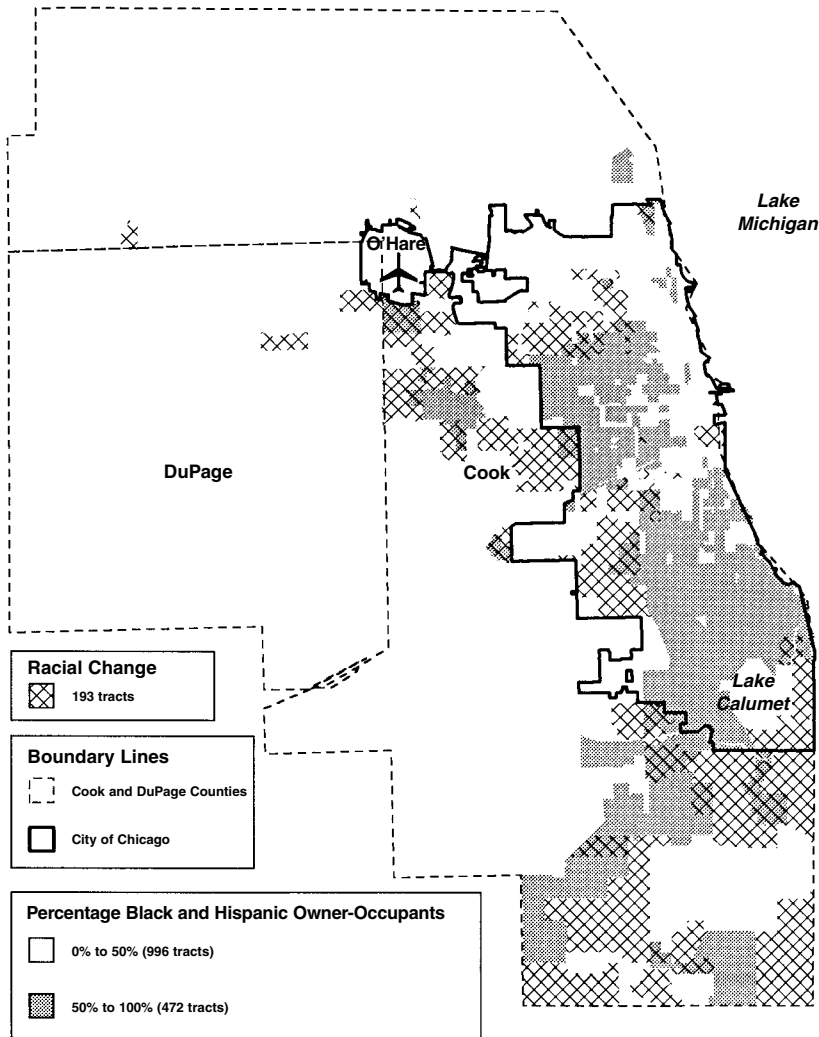
Two final revisions were made in the measure used in the exhibits in this report. First, fair housing laws prohibit discrimination based on the racial composition of an area. The concept is based on prohibiting adverse actions based on one's perception of an area's racial composition. Therefore, in the initial measures of racial change, the entire population is used as the basis for defining the racial composition of tracts in 1990. Fair housing law also has been interpreted to prohibit adverse actions based on the anticipated racial or ethnic population of an area; this is where racial change enters the picture. In the lending context, however, a lender's perception of an area is most likely to be influenced by the racial and ethnic characteristics seen in the homebuying segments of the population.

The original definition of minority population attempted to account for areas of high minority rental populations by calculating race only for tracts that had 100 or more



## Exhibit A-1

### 1994 Chicago Study Area—Base Data for Racial Change Tracts

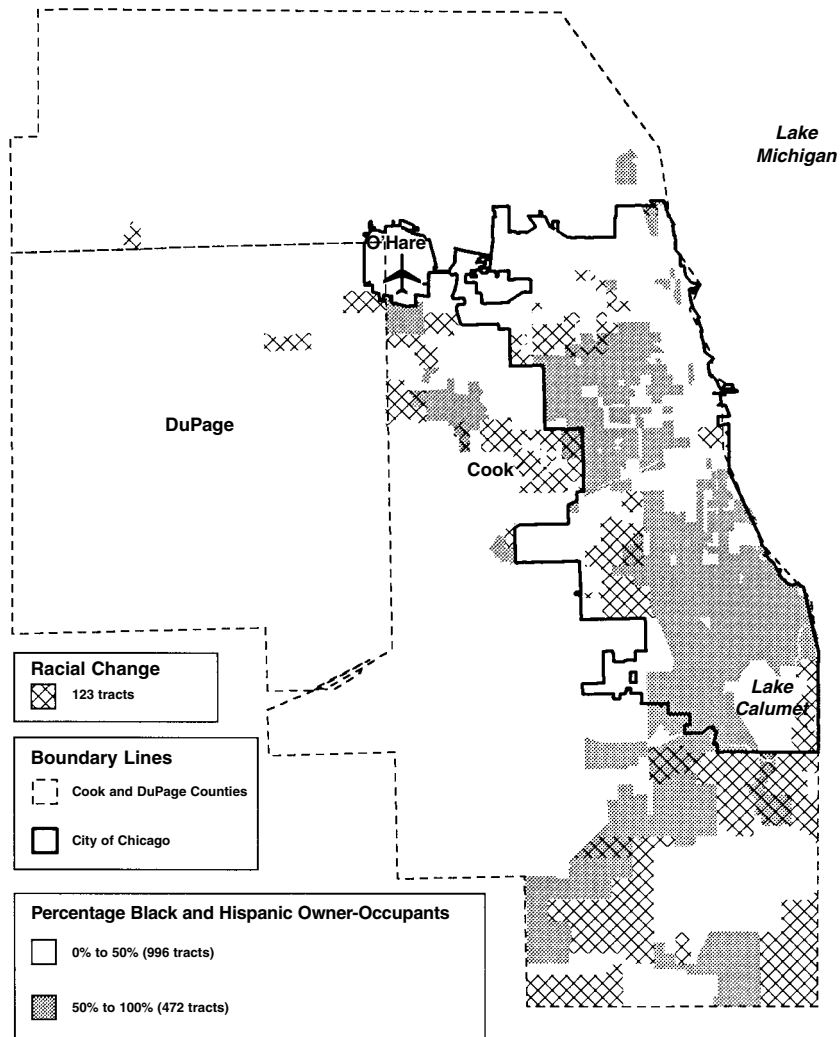


Note: Tracts are defined as *racially changing* if there are at least 25 home purchase loans and the percentage of loans to Blacks and Hispanics is more than 25 percent greater than the 1990 percentage of Black and Hispanic homeowners.

single-family housing units. In reviewing census and lending patterns in high-minority rental areas, however, we found that although the rental population was often predominantly minority, the owner-occupied portions of the census tracts were often predominantly White. Therefore, the measure of the base percentage of minority populations was changed to reflect race and ethnicity of owner-occupied housing. The definition of the majority population for the purposes of the exhibits in this study is based on the percentage of owner-occupied units that are owned by either Blacks or Hispanics. This figure is calculated for all tracts that have owner-occupied units. This adds census tracts to the minority areas that were previously excluded because of low levels of single-family units, and it eliminates

## Exhibit A-2

### 1994 Chicago Study Area—Option 1 for Racial Change Tracts



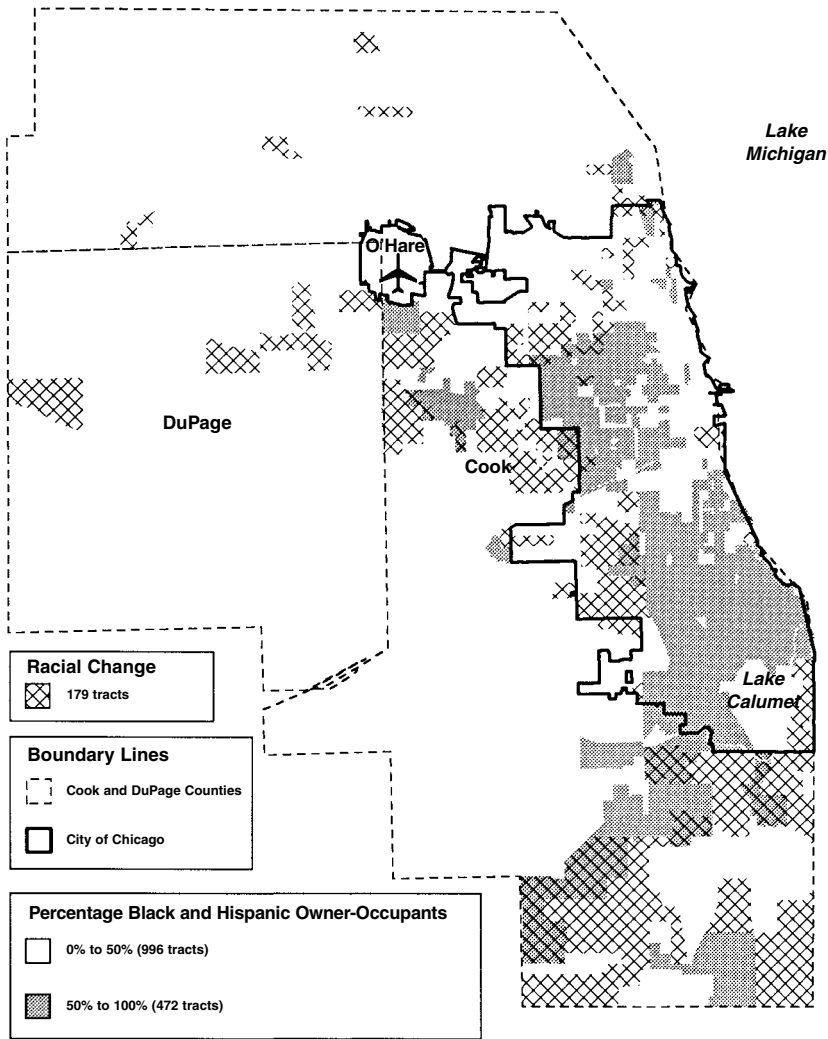
Note: Tracts are defined as *racially changing* if there are at least 50 home purchase loans and the percentage of loans to Blacks and Hispanics is more than 25 percent greater than the 1990 percentage of Black and Hispanic homeowners.

some tracts from minority areas where the owner-occupied population was predominantly White. The net result is that the number of census tracts defined as predominantly minority decreases from 472 to 431.

Finally, for the exhibits, tracts that were defined as racially changing, but that were already also defined as predominantly minority, were defined only as predominantly minority. This reduced the 3-year total of racially changing tracts from 229 to 211. Exhibit 1 in the article reflects the final version of the race and racial change definitions.

### Exhibit A-3

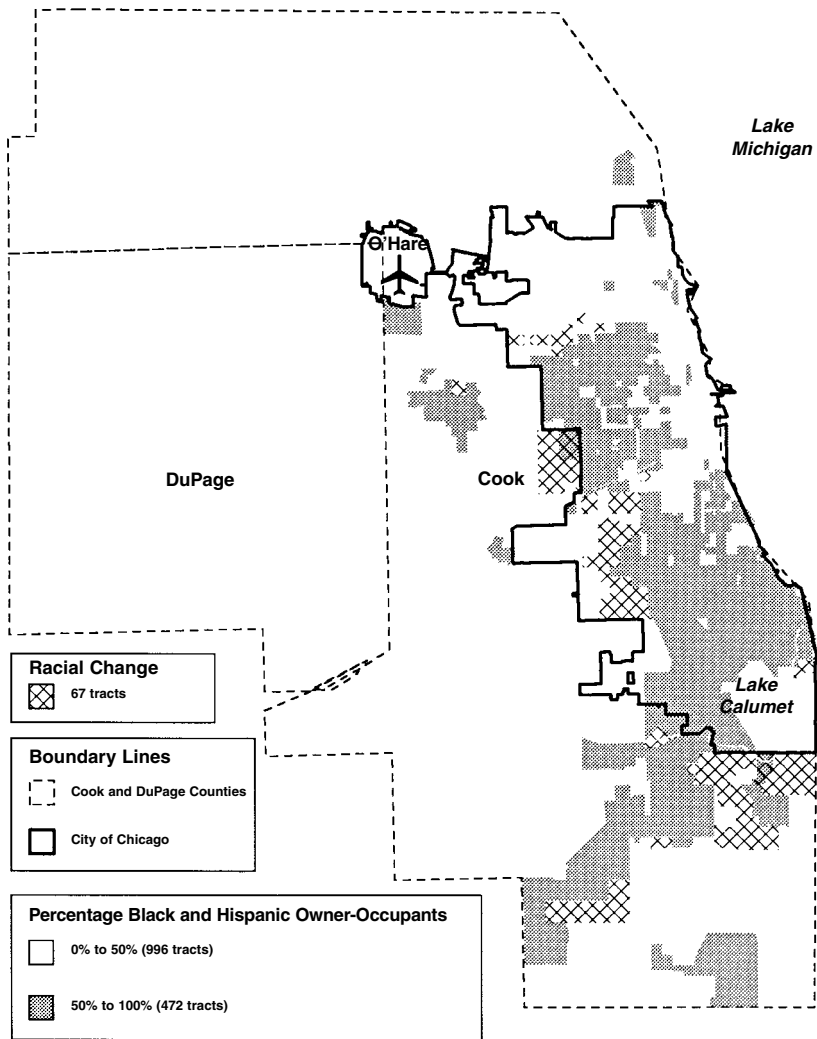
#### 1994 Chicago Study Area—Option 2 for Racial Change Tracts



Note: Tracts are defined as *racially changing* if there are at least 50 home purchase loans and the percentage of loans to Blacks and Hispanics is more than 15 percent greater than the 1990 percentage of Black and Hispanic homeowners.

### Exhibit A-4

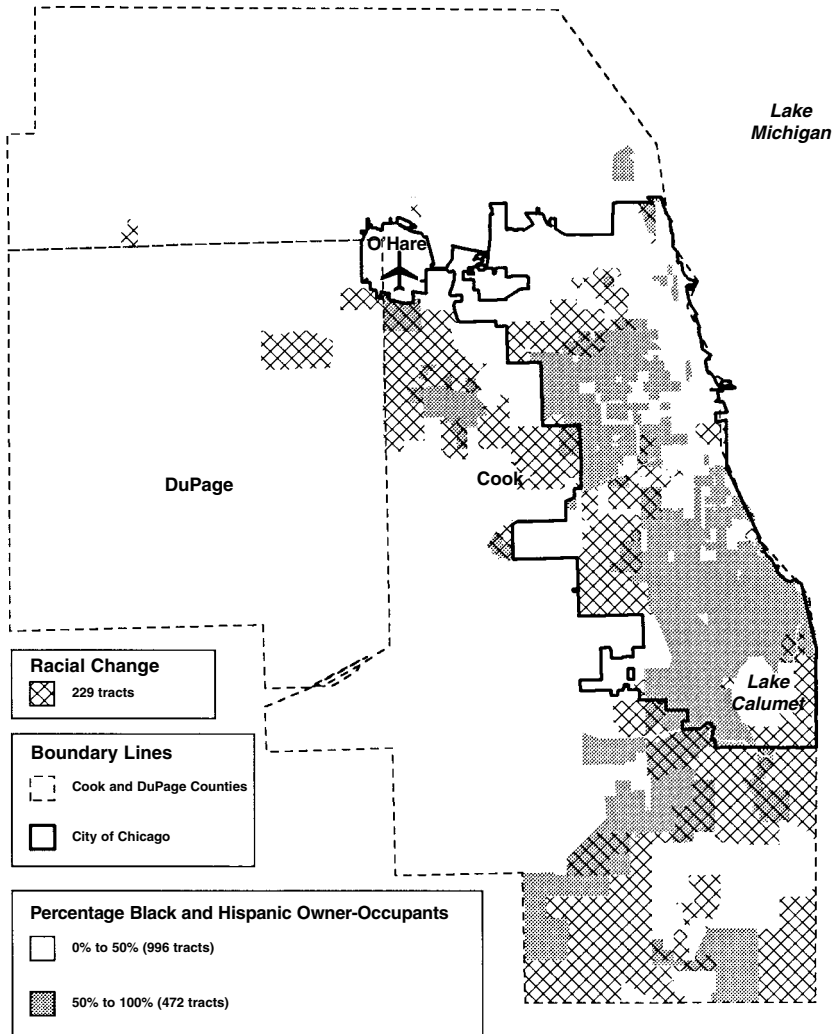
#### 1994 Chicago Study Area—Option 3 for Racial Change Tracts



Note: Tracts are defined as *racially changing* if there are at least 25 home purchase loans and the percentage of loans to Blacks and Hispanics is more than 50 percent greater than the 1990 percentage of Black and Hispanic homeowners.

## Exhibit A-5

1994-96 Chicago Study Area—Option 4 for Racial Change Tracts (Based on 3 Years of Home Purchase Loans)



Note: Tracts are defined as *racially changing* if there are at least 50 home purchase loans and the percentage of loans to Blacks and Hispanics is more than 25 percent greater than the 1990 percentage of Black and Hispanic homeowners.

## Appendix B

### Exhibit B–1

#### Base Data Table Fields and Formulas for Census and Lending Data

Field	Name	Definition	Formula
A	TRACT_ID	Tract ID	
B	AREANAME	Tract name	
C	STATE	State code	
D	COUNTY	County code	
E	PERSONS	Number of people, 1990	
F	XPOPHIS	Percentage population Hispanic, 1990	
G	XPOPBLK	Percentage population Black, 1990	
H	XPOPMIN	Percentage population minority, 1990	
I	MEDFINC	1990 median family income (MFI)	
J	XMEDINC	Percentage of MSA MFI, 1990	
K	XOWNBLK	Percentage Black owner-occupied, 1990	
L	XOWNHISP	Percentage Hispanic owner-occupied, 1990	
M	XOWNMIN	Percentage minority owner-occupied, 1990	
N	OWNER_OCC	Number of owner-occupied units, 1990	
O	UNITS	Estimated number of 1- to 4-unit structures, 1990	
P	LCT94	Total conventional loans, 1994	
Q	LCW94	White conventional loans, 1994	
R	LCB94	Black conventional loans, 1994	
S	LCH94	Hispanic conventional loans, 1994	
T	LCA94	Asian conventional loans, 1994	
U	LCO94	Native American and other conventional loans, 1994	
V	LGT94	Total FHA loans, 1994	
W	LGW94	White FHA loans, 1994	
X	LGB94	Black FHA loans, 1994	
Y	LGH94	Hispanic FHA loans, 1994	
Z	LGA94	Asian FHA loans, 1994	
AA	LGO94	Native American and other FHA loans, 1994	
AB	TOTWH94	Total White loans, 1994	
AC	TOTBL94	Total Black loans, 1994	
AD	TOTHIS94	Total Hispanic loans, 1994	
AE	TOTAS94	Total Asian loans, 1994	
AF	TOTOTH94	Total Native American and other loans, 1994	

## Exhibit B-1 (continued)

Base Data Table Fields and Formulas for Census and Lending Data

Field	Name	Definition	Formula
AG	TOTWRAC94	Total loans with race, 1994	
AH	XBLLNS94	Percentage Black loans, 1994	
AI	XHISLNS94	Percentage Hispanic loans, 1994	
AJ	XASLNS94	Percentage Asian loans, 1994	
AK	XMINLNS94	Percentage minority loans, 1994	
AL	XBLHISLNS9	Percentage Black and Hispanic loans, 1994	
AM	TOTLNS94	Total loans, 1994	
AN	PURFNMA94	Loans purchased by Fannie Mae, 1994	
AO	PURFHLMC94	Loans purchased by Freddie Mac, 1994	
AP	TIER194	Number of Tier 1 loans, 1994	
AQ	TIER294	Number of Tier 2 loans, 1994	
AR	TIER394	Number of Tier 3 loans, 1994	
AS	LCT95	Total conventional loans, 1995	
AT	LCW95	White conventional loans, 1995	
AU	LCB95	Black conventional loans, 1995	
AV	LCH95	Hispanic conventional loans, 1995	
AW	LCA95	Asian conventional loans, 1995	
AX	LCO95	Native American and other conventional loans, 1995	
AY	LGT95	Total FHA loans, 1995	
AZ	LGW95	White FHA loans, 1995	
BA	LGB95	Black FHA loans, 1995	
BB	LGH95	Hispanic FHA loans, 1995	
BC	LGA95	Asian FHA loans, 1995	
BD	LGO95	Native American and other FHA loans, 1995	
BE	TOTWH95	Total White loans, 1995	
BF	TOTBL95	Total Black loans, 1995	
BG	TOTHIS95	Total Hispanic loans, 1995	
BH	TOTAS95	Total Asian loans, 1995	
BI	TOTOTH95	Total Native American and other loans, 1995	
BJ	TOTWRAC95	Total loans with race, 1995	
BK	XBLLNS95	Percentage Black loans, 1995	
BL	XHISLNS95	Percentage Hispanic loans, 1995	
BM	XASLNS95	Percentage Asian loans, 1995	
BN	XMINLNS95	Percentage minority loans, 1995	
BO	TOTLNS95	Total loans, 1995	
BP	PURFNMA95	Loans purchased by Fannie Mae, 1995	

**Exhibit B-1 (continued)****Base Data Table Fields and Formulas for Census and Lending Data**

<b>Field</b>	<b>Name</b>	<b>Definition</b>	<b>Formula</b>
BQ	PURFHLMC95	Loans purchased by Freddie Mac, 1995	
BR	TIER195	Number of Tier 1 loans, 1995	
BS	TIER295	Number of Tier 2 loans, 1995	
BT	TIER395	Number of Tier 3 loans, 1995	
BU	LCT96	Total conventional loans, 1996	
BV	LCW96	White conventional loans, 1996	
BW	LCB96	Black conventional loans, 1996	
BX	LCH96	Hispanic conventional loans, 1996	
BY	LCA96	Asian conventional loans, 1996	
BZ	LCO96	Native American and other conventional loans, 1996	
CA	LGT96	Total FHA loans, 1996	
CB	LGW96	White FHA loans, 1996	
CC	LGB96	Black FHA loans, 1996	
CD	LGH96	Hispanic FHA loans, 1996	
CE	LGA96	Asian FHA loans, 1996	
CF	LGO96	Native American and other FHA loans, 1996	
CG	TOTWH96	Total White loans, 1996	
CH	TOTBL96	Total Black loans, 1996	
CI	TOTHIS96	Total Hispanic loans, 1996	
CJ	TOTAS96	Total Asian loans, 1996	
CK	TOTOTH96	Total Native American and other loans, 1996	
CL	TOTWRAC96	Total loans with race, 1996	
CM	XBLLNS96	Percentage Black loans, 1996	
CN	XHISLNS96	Percentage Hispanic loans, 1996	
CO	XASLNS96	Percentage Asian loans, 1996	
CP	XMINLNS96	Percentage minority loans, 1996	
CQ	TOTLNS96	Total loans, 1996	
CR	PURFNMA96	Loans purchased by Fannie Mae, 1996	
CS	PURFHLMC96	Loans purchased by Freddie Mac, 1996	
CT	TIER196	Number of Tier 1 loans, 1996	
CU	TIER296	Number of Tier 2 loans, 1996	
CV	TIER396	Number of Tier 3 loans, 1996	
CW	GTR50MAP	>50 percent Black and Hispanic tract code	= IF(O2 > 99,(IF((F2 + G2) > 50,1,0)),0)
CX	Change94	Racial change tract in 1994	= IF((P2 + V2) > 24, IF(((AH2 + AI2) - (\$K2 + \$L2)) > 25,1,0),0)



## Exhibit B-1 (continued)

Base Data Table Fields and Formulas for Census and Lending Data

Field	Name	Definition	Formula
CY	Change95	Racial change tract in 1995	= IF((AS2 + AY2) > 24, IF(((BK2 + BL2) - (\$K2 + \$L2)) > 25, 1, 0), 0)
CZ	Change96	Racial change tract in 1996	= IF((BU2 + CA2) > 24, IF(((CM2 + CN2) - (\$K2 + \$L2)) > 25, 1, 0), 0)
DA	FHATEIR194	Percentage of Tier 1 loans FHA, 1994	= IF(AP2 > 19, ((V2 / AP2) * 100), 200)
DB	FHATIER195	Percentage of Tier 1 loans FHA, 1995	= IF(BR2 > 19, ((AY2 / BR2) * 100), 200)
DC	FHATEIR196	Percentage of Tier 1 loans FHA, 1996	= IF(CT2 > 19, ((CA2 / CT2) * 100), 200)
DD	GSETIER1294	Percentage of Tier 1 and Tier 2 loans purchased by GSEs, 1994	= IF((AP2 + AQ2) > 19, ((AN2 + AO2) / (AP2 + AQ2) * 100), 200)
DE	GSETIER1295	Percentage of Tier 1 and Tier 2 loans purchased by GSEs, 1995	= IF((BR2 + BS2) > 19, ((BP2 + BQ2) / (BR2 + BS2) * 100), 200)
DF	GSETIER1296	Percentage of Tier 1 and Tier 2 loans purchased by GSEs, 1996	= IF((CT2 + CU2) > 19, ((CR2 + CS2) / (CT2 + CU2) * 100), 200)
DG	XBLKHISP	Percentage population Black and Hispanic 1990 (if population ≥ 100)	= IF(O2 > 99, (F2 + G2), 0)
DH	GSECON94	Percentage of conventional Tier 1 and Tier 2 loans GSE, 1994	= IF((AP2 + AQ2 - V2) > 19, ((AN2 + AO2) / (AP2 + AQ2 - V2) * 100), 200)
DI	GSECON95	Percentage of conventional Tier 1 and Tier 2 loans GSE, 1995	= IF((BR2 + BS2 - AY2) > 19, ((BP2 + BQ2) / (BR2 + BS2 - AY2) * 100), 200)
DJ	GSECON96	Percentage of conventional Tier 1 and Tier 2 loans GSE, 1996	= IF((CT2 + CU2 - CA2) > 19, ((CR2 + CS2) / (CT2 + CU2 - CA2) * 100), 200)
DK	PMICT94	Number of PMI loans, 1994	
DL	PMITIER194	Number of PMI loans Tier 1, 1994	
DM	PMITIER294	Number of PMI loans Tier 2, 1994	
DN	PMIAPIN14	Number of PMI loans applicable income <50 percent of MFI, 1994	
DO	PMIAPIN24	Number of PMI loans applicable income 50 to 80 percent of MFI, 1994	
DP	PMIWINC4	Number of PMI loans with applicable income, 1994	
DQ	PMICT95	Number of PMI loans, 1995	
DR	PMITIER195	Number of PMI loans Tier 1, 1995	
DS	PMITIER295	Number of PMI loans Tier 2, 1995	
DT	PMIAPIN15	Number of PMI loans applicable income <50 percent of MFI, 1995	

**Exhibit B-1 (continued)****Base Data Table Fields and Formulas for Census and Lending Data**

<b>Field</b>	<b>Name</b>	<b>Definition</b>	<b>Formula</b>
DU	PMIAPIN25	Number of PMI loans applicable income 50 to 80 percent of MFI, 1995	
DV	PMIWINC5	Number of PMI loans with applicable income, 1995	
DW	PMICT96	Number of PMI loans, 1996	
DX	PMITIER196	Number of PMI loans Tier 1, 1996	
DY	PMITIER296	Number of PMI loans Tier 2, 1996	
DZ	PMIAPIN16	Number of PMI loans applicable income <50 percent of MFI, 1996	
EA	PMIAPIN26	Number of PMI loans applicable income 50 to 80 percent of MFI, 1996	
EB	PMIWINC6	Number of PMI loans with applicable income, 1996	
EC	XHIGHLTV94	Percentage of loans FHA or PMI, 1994	= IF(AM2 > 19,(((DK2 + V2) / AM2) · 100),200)
ED	XHIGHLTV95	Percentage of loans FHA or PMI, 1995	= IF(BO2 > 19,(((AY2 + DQ2) / BO2) · 100),200)
EE	XHIGHLTV96	Percentage of loans FHA or PMI, 1996	= IF(CQ2 > 19,(((CA2 + DW2) / CQ2) · 100),200)
EF	PMITier194	Percentage of Tier 1 loans PMI, 1994	= IF(DK2 > 19,((DL2 / DK2) · 100),200)
EG	PMITier195	Percentage of Tier 1 loans PMI, 1995	= IF(DQ2 > 19,((DR2 / DQ2) · 100),200)
EH	PMITier196	Percentage of Tier 1 loans PMI, 1996	= IF(DW2 > 19,((DX2 / DW2) · 100),200)
EI	PMILOWIN94	Percentage of PMI loans applicable income <80 percent of MFI, 1994	= IF(DP2 > 19,(((DN2 + DO2) / DP2) · 100),200)
EJ	PMILOWIN95	Percentage of PMI loans applicable income <80 percent of MFI, 1995	= IF(DV2 > 19,(((DT2 + DU2) / DV2) · 100),200)
EK	PMILOWIN96	Percentage of PMI loans applicable income <80 percent of MFI, 1996	= IF(EB2 > 19,(((DZ2 + EA2) / EB2) · 100),200)
EL	XTier13YR	Percentage of loans Tier 1, 3 years	= IF((AM2 + BO2 + CQ2) > 24,(((AP2 + BR2 + CT2) / (AM2 + BO2 + CQ2)) · 100),200)
EM	XFHA94	Percentage of loans FHA, 1994	= IF(AM2 > 19,((V2 / AM2) · 100),200)
EN	XFHA95	Percentage of loans FHA, 1995	= IF(BO2 > 19,((AY2 / BO2) · 100),200)
EO	XFHA96	Percentage of loans FHA, 1996	= IF(CQ2 > 19,((CA2 / CQ2) · 100),200)

**Exhibit B-1 (continued)**

**Base Data Table Fields and Formulas for Census and Lending Data**

Field	Name	Definition	Formula
EP	XAAHISX3YR	Percentage of loans Black and Hispanic, 3 years	= IF((\$AG2 + \$BJ2 + \$CL2) > 24, ((((\$AC2 + \$AD2 + \$BF2 + \$BG2 + \$CH2 + \$CI2) / (\$AG2 + \$BJ2 + \$CL2)) * 100),200)
EQ	Change3YR	Racial change tract code, 3 years	= IF((\$AG2 + \$BJ2 + \$CL2) > 49, IF(((EP2) - (\$K2 + \$L2)) > 25,1,0),0)
ER	XTier194	Percentage of loans Tier 1, 1994	= IF(AM2 > 19,((AP2 / AM2) * 100),200)
ES	XTier195	Percentage of loans Tier 1, 1995	= IF(BO2 > 19,((BR2 / BO2) * 100),200)
ET	XTier196	Percentage of loans Tier 1, 1996	= IF(CQ2 > 19,((CT2 / CQ2) * 100),200)
EU	XTier1294	Percentage of loans Tier 1 and Tier 2, 1994	= IF(AM2 > 19,(((AP2 + AQ2) / AM2) * 100),200)
EV	XTier1295	Percentage of loans Tier 1 and Tier 2, 1995	= IF(BO2 > 19,(((BR2 + BS2) / BO2) * 100),200)
EW	XTier1296	Percentage of loans Tier 1 and Tier 2, 1996	= IF(CQ2 > 19,(((CT2 + CU2) / CQ2) * 100),200)
EX	XFNMA94	Percentage of Tier 1 and Tier 2 loans Fannie Mae, 1994	= IF((AP2 + AQ2) > 19,(AN2 / (AP2 + AQ2) * 100),200)
EY	XFNMA95	Percentage of Tier 1 and Tier 2 loans Fannie Mae, 1995	= IF((BR2 + BS2) > 19,(BP2 / (BR2 + BS2) * 100),200)
EZ	XFNMA96	Percentage of Tier 1 and Tier 2 loans Fannie Mae, 1996	= IF((CT2 + CU2) > 19,(CR2 / (CT2 + CU2) * 100),200)
FA	XFHLMC94	Percentage of Tier 1 and Tier 2 loans Freddie Mac, 1994	= IF((AP2 + AQ2) > 19,(AO2 / (AP2 + AQ2) * 100),200)
FB	XFHLMC95	Percentage of Tier 1 and Tier 2 loans Freddie Mac, 1995	= IF((BR2 + BS2) > 19,(BQ2 / (BR2 + BS2) * 100),200)
FC	XFHLMC96	Percentage of Tier 1 and Tier 2 loans Freddie Mac, 1996	= IF((CT2 + CU2) > 19,(CS2 / (CT2 + CU2) * 100),200)
FD	XFNMACON94	Percentage of Tier 1 and Tier 2 conventional loans Fannie Mae, 1994	= IF((AP2 + AQ2 - V2) > 19, (AN2 / (AP2 + AQ2 - V2) * 100),200)
FE	XFNMACON95	Percentage of Tier 1 and Tier 2 conventional loans Fannie Mae, 1995	= IF((BR2 + BS2 - AY2) > 19, (BP2 / (BR2 + BS2 - AY2) * 100),200)
FF	XFNMACON96	Percentage of Tier 1 and Tier 2 conventional loans Fannie Mae, 1996	= IF((CT2 + CU2 - CA2) > 19, (CR2 / (CT2 + CU2 - CA2) * 100),200)
FG	XFHLMCCON94	Percentage of Tier 1 and Tier 2 conventional loans Freddie Mac, 1994	= IF((AP2 + AQ2 - V2) > 19, (AO2 / (AP2 + AQ2 - V2) * 100),200)
FH	XFHLMCCON95	Percentage of Tier 1 and Tier 2 conventional loans Freddie Mac, 1995	= IF((BR2 + BS2 - AY2) > 19, (BQ2 / (BR2 + BS2 - AY2) * 100),200)

**Exhibit B-1 (continued)****Base Data Table Fields and Formulas for Census and Lending Data**

<b>Field</b>	<b>Name</b>	<b>Definition</b>	<b>Formula</b>
FI	XFHLMCCON96	Percentage of Tier 1 and Tier 2 conventional loans Freddie Mac, 1996	$= \text{IF}((\text{CT2} + \text{CU2} - \text{CA2}) > 19, (\text{CS2} / (\text{CT2} + \text{CU2} - \text{CA2}) \cdot 100), 200)$
FJ	MEDVALUE	Median home value, 1990	
FK	MedAge	Median age of dwelling, 1990	
FL	Rate94	Loans per 1,000 1- to 4-unit structures, 1994	$= \text{IF}(\$02 > 100, ((\text{AM2} / \$02) \cdot 1000), 200)$
FM	Rate95	Loans per 1,000 1- to 4-unit structures, 1995	$= \text{IF}(\$02 > 100, ((\text{BO2} / \$02) \cdot 1000), 200)$
FN	Rate96	Loans per 1,000 1- to 4-unit structures, 1996	$= \text{IF}(\$02 > 100, ((\text{CQ2} / \$02) \cdot 1000), 200)$
FO	Rate3YR	Annual loans per 1,000 1- to 4-unit structures, 3 years	$= \text{IF}(\$02 > 100, (((\text{AM2} + \text{BO2} + \text{CQ2}) / \$02) \cdot 1000) / 3), 200)$
FP	XFHATIER13YR	Percentage of Tier 1 loans FHA, 3 years	$= \text{IF}((\text{AP2} + \text{BR2} + \text{CT2}) > 24, (((\text{V2} + \text{AY2} + \text{CA2}) / (\text{AP2} + \text{BR2} + \text{CT2})) \cdot 100), 200)$
FQ	XGSE123YR	Percentage of Tier 1 and Tier 2 loans GSE, 3 years	$= \text{IF}((\text{AP2} + \text{AQ2} + \text{BR2} + \text{BS2} + \text{CT2} + \text{CU2}) > 24, (((\text{AN2} + \text{AO2} + \text{BP2} + \text{BQ2} + \text{CR2} + \text{CS2}) / (\text{AP2} + \text{AQ2} + \text{BR2} + \text{BS2} + \text{CT2} + \text{CU2})) \cdot 100), 200)$
FR	XGSECON3YR	Percentage of Tier 1 and Tier 2 conventional loans GSE, 3 years	$= \text{IF}(((\text{AP2} + \text{AQ2} + \text{BR2} + \text{BS2} + \text{CT2} + \text{CU2}) - (\text{V2} + \text{AY2} + \text{CA2})) > 24, (((\text{AN2} + \text{AO2} + \text{BP2} + \text{BQ2} + \text{CR2} + \text{CS2}) / ((\text{AP2} + \text{AQ2} + \text{BR2} + \text{BS2} + \text{CT2} + \text{CU2}) - (\text{V2} + \text{AY2} + \text{CA2})) \cdot 100), 200)$
FS	XHIGHLTV3YR	Percentage of loans FHA or PMI, 3 years	$= \text{IF}((\text{AM2} + \text{BO2} + \text{CQ2}) > 24, (((\text{DK2} + \text{V2} + \text{AY2} + \text{DQ2} + \text{CA2} + \text{DW2}) / (\text{AM2} + \text{BO2} + \text{CQ2})) \cdot 100), 200)$
FT	XPMITIER13YR	Percentage of PMI loans Tier 1, 3 years	$= \text{IF}((\text{DK2} + \text{DQ2} + \text{DW2}) > 24, (((\text{DL2} + \text{DR2} + \text{DX2}) / (\text{DK2} + \text{DQ2} + \text{DW2})) \cdot 100), 200)$
FU	XPMILOWINC3YR	Percentage of PMI loans applicable income <80 percent MFI, 3 years	$= \text{IF}((\text{DP2} + \text{DV2} + \text{EB2}) > 24, (((\text{DN2} + \text{DO2} + \text{DT2} + \text{DU2} + \text{DZ2} + \text{EA2}) / (\text{DP2} + \text{DV2} + \text{EB2})) \cdot 100), 200)$
FV	XFHA3YR	Percentage of loans FHA, 3 years	$= \text{IF}((\text{AM2} + \text{BO2} + \text{CQ2}) > 24, (((\text{V2} + \text{AY2} + \text{CA2}) / (\text{AM2} + \text{BO2} + \text{CQ2})) \cdot 100), 200)$
FW	XTIER123YR	Percentage of loans Tier 1 and Tier 2, 3 years	$= \text{IF}((\text{AM2} + \text{BO2} + \text{CQ2}) > 24, (((\text{AP2} + \text{AQ2} + \text{BR2} + \text{BS2} + \text{CT2} + \text{CU2}) / (\text{AM2} + \text{BO2} + \text{CQ2})) \cdot 100), 200)$

**Exhibit B-1 (continued)**

**Base Data Table Fields and Formulas for Census and Lending Data**

Field	Name	Definition	Formula
FX	XFNMA3YR	Percentage of Tier 1 and Tier 2 loans Fannie Mae, 3 years	$= IF((AP2 + AQ2 + BR2 + BS2 + CT2 + CU2) > 24, ((AN2 + BP2 + CR2) / (AP2 + AQ2 + BR2 + BS2 + CT2 + CU2)) \cdot 100, 200)$
FY	XFHLMC3YR	Percentage of Tier 1 and Tier 2 loans Freddie Mac, 3 years	$= IF((AP2 + AQ2 + BR2 + BS2 + CT2 + CU2) > 24, ((AO2 + BQ2 + CS2) / (AP2 + AQ2 + BR2 + BS2 + CT2 + CU2)) \cdot 100, 200)$
FZ	XFNMACON3YR	Percentage of Tier 1 and Tier 2 conventional loans Fannie Mae, 3 years	$= IF(((AP2 + AQ2 + BR2 + BS2 + CT2 + CU2) - (V2 - AY2 + CA2)) > 24, ((AN2 + BP2 + CR2) / ((AP2 + AQ2 + BR2 + BS2 + CT2 + CU2) - (V2 + AY2 + CA2))) \cdot 100, 200)$
GA	XFHLMCCON3YR	Percentage of Tier 1 and Tier 2 conventional loans Freddie Mac, 3 years	$= IF(((AP2 + AQ2 + BR2 + BS2 + CT2 + CU2) - (V2 + AY2 + CA2)) > 24, ((AO2 + BQ2 + CS2) / ((AP2 + AQ2 + BR2 + BS2 + CT2 + CU2) - (V2 + AY2 + CA2))) \cdot 100, 200)$
GB	NUMAAOWN	Number of Black owner-occupied units, 1990	$= ((K2 \cdot \$N2) / 100)$
GC	NUMHISOWM	Number of Hispanic owner-occupied units, 1990	$= ((L2 \cdot \$N2) / 100)$
GD	X3YRCHANGE	Percentage racial change estimate, 3 years	$= IF((\$AG2 + \$BJ2 + \$CL2) > 49, (EP2 - (((FP2 + FQ2) / N2) \cdot 100)), 0)$
GE	XOWNAAHIS	Percentage Black and Hispanic owner-occupied, 1990	$= IF((FP2 + FQ2) > 49, (((FP2 + FQ2) / N2) \cdot 100), 0)$
GF	XLNSWH3YR	Percentage of loans to Whites, 3 years	$= IF((\$AG2 + \$BJ2 + \$CL2) > 0, (((\$AB2 + \$BE2 + \$CG2) / (\$AG2 + \$BJ2 + \$CL2)) \cdot 100), 0)$
GG	ChangeW3YR	Tract code changing to White, 3 years	$= IF((\$AG2 + \$BJ2 + \$CL2) > 50, IF(((FT2) - (100 - \$M2)) > 25, 1, 0), 0)$
GH	XOWNWH	Percentage White owner-occupied, 1990	$= SUM(100 - M2)$
GI	XOWNAAHISP	Percentage Black and Hispanic owner-occupied, 1990	$= + (K2 + L2)$
GJ	XOWNMINORITY	Percentage minority owner-occupied, 1990	$= + M2$
GK	XWHCon94	Percentage of White loans conventional, 1994	$= IF(AB2 > 9, ((Q2 / AB2) \cdot 100), 200)$
GL	XWHCon95	Percentage of White loans conventional, 1995	$= IF(BE2 > 9, ((AT2 / BE2) \cdot 100), 200)$

**Exhibit B-1 (continued)****Base Data Table Fields and Formulas for Census and Lending Data**

<b>Field</b>	<b>Name</b>	<b>Definition</b>	<b>Formula</b>
GM	XWHCon96	Percentage of White loans conventional, 1996	$= \text{IF}(\text{CG2} > 9, ((\text{BV2} / \text{CG2}) \cdot 100), 200)$
GN	XWHCON3YR	Percentage of White loans conventional, 3 years	$= \text{IF}((\text{AB2} + \text{BE2} + \text{CG2}) > 19, (((\text{Q2} + \text{AT2} + \text{BV2}) / (\text{AB2} + \text{BE2} + \text{CG2})) \cdot 100), 200)$
GO	XAAHCon94	Percentage Black and Hispanic loans conventional, 1994	$= \text{IF}((\text{AC2} + \text{AD2}) > 9, (((\text{R2} + \text{S2}) / (\text{AC2} + \text{AD2})) \cdot 100), 200)$
GP	XAAHCon95	Percentage Black and Hispanic loans conventional, 1995	$= \text{IF}((\text{BF2} + \text{BG2}) > 9, (((\text{AU2} + \text{AV2}) / (\text{BF2} + \text{BG2})) \cdot 100), 200)$
GQ	XAAHCon96	Percentage Black and Hispanic loans conventional, 1996	$= \text{IF}((\text{CH2} + \text{CI2}) > 9, (((\text{BW2} + \text{BX2}) / (\text{CH2} + \text{CI2})) \cdot 100), 200)$
GR	XAAHCON3YR	Percentage Black and Hispanic loans conventional, 3 years	$= \text{IF}((\text{AC2} + \text{AD2} + \text{BF2} + \text{BG2} + \text{CH2} + \text{CI2}) > 19, (((\text{R2} + \text{S2} + \text{AU2} + \text{AV2} + \text{BW2} + \text{BX2}) / (\text{AC2} + \text{AD2} + \text{BF2} + \text{BG2} + \text{CH2} + \text{CI2})) \cdot 100), 200)$
GS	XTier1FHAPM I94	Percentage of Tier 1 loans FHA or PMI, 1994	$= \text{IF}(\text{AP2} > 19, (((\text{V2} + \text{DL2}) / \text{AP2}) \cdot 100), 200)$
GT	XTier1FHAPM I95	Percentage of Tier 1 loans FHA or PMI, 1995	$= \text{IF}(\text{BR2} > 19, (((\text{AY2} + \text{DR2}) / \text{BR2}) \cdot 100), 200)$
GU	XTier1FHAPM I96	Percentage of Tier 1 loans FHA or PMI, 1996	$= \text{IF}(\text{CT2} > 19, (((\text{CA2} + \text{DX2}) / \text{CT2}) \cdot 100), 200)$
GV	XTier1FHAPM I3YR	Percentage of Tier 1 loans FHA or PMI, 3 years	$= \text{IF}((\text{AP2} + \text{BR2} + \text{CT2}) > 19, (((\text{V2} + \text{DL2} + \text{AY2} + \text{DR2} + \text{CA2} + \text{DX2}) / (\text{AP2} + \text{BR2} + \text{CT2})) \cdot 100), 200)$
GW	LoansWith Race3YR	Number of loans with race data, 3 years	$= (\text{AG2} + \text{BJ2} + \text{CL2})$
GX	TotLns3Yr	Total home purchase loans, 3 years	$= (\text{AM2} + \text{BO2} + \text{CQ2})$
GY	XLnsWith Race3yr	Percentage of loans with race data, 3 years	$= \text{IF}(\text{GX2} > 0, ((\text{GW2} / \text{GX2}) \cdot 100), 0)$
GZ	NumTier13YR	Number of Tier 1 loans, 3 years	$= (\text{AP2} + \text{BR2} + \text{CT2})$
HA	NumTier1and 23YR	Number of Tier 1 and Tier 2 loans, 3 years	$= (\text{AP2} + \text{AQ2} + \text{BR2} + \text{BS2} + \text{CT2} + \text{CU2})$
HB	TotPMI3YR	Number of PMI loans, 3 years	$= (\text{DK2} + \text{DQ2} + \text{DW2})$
HC	PMITier13YR	Number of PMI loans Tier 1, 3 years	$= (\text{DL2} + \text{DR2} + \text{DX2})$
HD	Tier1Con94	Number of Tier 1 loans conventional, 1994	$= (\text{AP2} - \text{V2})$
HE	Tier1Con95	Number of Tier 1 loans conventional, 1995	$= (\text{BR2} - \text{AY2})$
HF	Tier1Con96	Number of Tier 1 loans conventional, 1996	$= (\text{CT2} - \text{CA2})$
HG	TierCon3YR	Number of Tier 1 loans conventional, 3 years	$= \text{SUM}(\text{HD2} + \text{HE2} + \text{HF2})$

## Exhibit B-1 (continued)

Base Data Table Fields and Formulas for Census and Lending Data

Field	Name	Definition	Formula
HH	XHIP3YR	Percentage of loans Hispanic, 3 years	$= \text{IF}((\$AG2 + \$BJ2 + \$CL2) > 24, ((\$AD2 + \$BG2 + \$CI2) / (\$AG2 + \$BJ2 + \$CL2)) \cdot 100, 200)$
HI	XBLK3YR	Percentage of loans Black, 3 years	$= \text{IF}((\$AG2 + \$BJ2 + \$CL2) > 24, ((\$AC2 + \$BF2 + \$CH2) / (\$AG2 + \$BJ2 + \$CL2)) \cdot 100, 200)$
HJ	CHNGH3YR	Change code Hispanic, 3 years	$= \text{IF}((\$AG2 + \$BJ2 + \$CL2) > 49, \text{IF}(((HH2) - (\$L2)) > 25, 1, 0), 0)$
HK	CHNGB3YR	Change code Black, 3 years	$= \text{IF}((\$AG2 + \$BJ2 + \$CL2) > 49, \text{IF}(((HI2) - (\$K2)) > 25, 1, 0), 0)$
HL	XCONH3YR	Percentage Hispanic loans conventional, 3 years	$= \text{IF}((AD2 + BG2 + CI2) > 19, (((S2 + AV2 + BX2) / (AD2 + BG2 + CI2)) \cdot 100), 200)$
HM	XCONB3YR	Percentage Black loans conventional, 3 years	$= \text{IF}((AC2 + BF2 + CH2) > 19, (((R2 + AU2 + BW2) / (AC2 + BF2 + CH2)) \cdot 100), 200)$

Sources: HMDA, 1990 U.S. census

## Appendix C

### Exhibit C–1

Chicago GSE Study Area: Number of Total Home Loans and Tier 1 (FHA-Eligible) Loans by Racial Status of Census Tract Groups, 1994–96

Census Tract Group	1994		1995		1996		3-Year		
	Tracts	Loans	Tier 1 Loans	Loans	Tier 1 Loans	Loans	Tier 1 Loans	Loans	Tier 1 Loans
Predominantly White <sup>a</sup>	826	59,283	44,803	54,143	40,068	61,603	43,565	175,029	128,436
Predominantly minority <sup>b</sup>	431	6,736	6,540	6,848	6,554	6,837	6,477	20,421	19,571
Racially changing <sup>c</sup>	211	13,722	12,852	13,007	12,046	12,618	11,438	39,347	36,336
<b>All tracts</b>	<b>1,468</b>	<b>79,741</b>	<b>64,195</b>	<b>73,998</b>	<b>58,668</b>	<b>81,058</b>	<b>61,480</b>	<b>234,797</b>	<b>184,343</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Note: Tier 1 represents loans for each year that were within the FHA loan limit for a single-unit property.

Sources: HMDA, 1990 U.S. census

### Exhibit C–2

D.C. GSE Study Area: Number of Total Home Loans and Tier 1 (FHA-Eligible) Loans by Racial Status of Census Tract Groups, 1994–96

Census Tract Group	1994		1995		1996		3-Year		
	Tracts	Loans	Tier 1 Loans	Loans	Tier 1 Loans	Loans	Tier 1 Loans	Loans	Tier 1 Loans
Predominantly White <sup>a</sup>	525	35,537	15,555	30,036	14,473	35,332	18,233	100,905	48,261
Predominantly minority <sup>b</sup>	197	5,437	4,516	5,127	4,352	4,977	4,237	15,541	13,105
Racially changing <sup>c</sup>	93	5,789	4,155	5,341	3,998	5,618	4,261	16,748	12,414
<b>All tracts</b>	<b>815</b>	<b>46,763</b>	<b>24,226</b>	<b>40,504</b>	<b>22,823</b>	<b>45,927</b>	<b>26,731</b>	<b>133,194</b>	<b>73,780</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Note: Tier 1 represents loans for each year that were within the FHA loan limit for a single-unit property.

Sources: HMDA, 1990 U.S. census



## Appendix D

### Exhibit D-1

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#### Market Penetration and Eligible Single-Family Unit Measures

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- $(\text{Home Purchase Loans/Single-Family Eligible Units}) \times 1,000 = \text{Loans Per 1,000 Single-Family Eligible Units}$
- Home purchase loans are all loans defined as home purchase loans in the 1994–96 HMDA data.
- Single-family eligible units are taken from the 1990 Census of Housing. The definition is an estimate. The base figure is taken from data that report the number of units in all housing structures in a census tract. The base figure is the total of:

The number of single-unit detached housing units,  
**plus** the number of single-unit attached housing units (row houses, townhomes, etc.),  
**plus** the number of units in structures with 2 units, divided by 2,  
**plus** the number of units in structures with 3 to 4 units divided by 3.5.

Added to this base figure are:

The number of mobile homes,  
**plus** the number of units in structures of 5 or more units that are owner-occupied (condominium estimate),  
**plus** the number of condominiums listed as vacant,  
**plus** the number of condominiums listed as rented.

This total is the estimate of the number of single-family eligible housing units.

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Sources: HMDA, 1990 U.S. census

## Appendix E

### Exhibit E-1

#### HMDA/PMI Match Counts

Area	Year	Match Run	HMDA Processed	HMDA/PMI Matched	PMI Matched (%)
Chicago	1994	1	63,949	6,170	26.58
Chicago	1994	2	57,779	1,942	8.36
Chicago	1994	3	55,837	3,290	14.17
<b>Total PMI</b>			<b>23,216</b>	<b>11,402</b>	<b>49.11</b>
Chicago	1995	1	59,158	6,344	29.35
Chicago	1995	2	52,814	1,552	7.18
Chicago	1995	3	51,262	2,941	13.61
<b>Total PMI</b>			<b>21,616</b>	<b>10,837</b>	<b>50.14</b>
Chicago	1996	1	63,485	6,652	34.12
Chicago	1996	2	56,833	1,444	7.41
Chicago	1996	3	55,389	2,559	13.12
<b>Total PMI</b>			<b>19,498</b>	<b>10,655</b>	<b>54.65</b>
D.C.	1994	1	46,492	5,959	35.71
D.C.	1994	2	40,533	1,018	6.10
D.C.	1994	3	39,515	2,047	12.27
<b>Total PMI</b>			<b>16,686</b>	<b>9,024</b>	<b>54.08</b>
D.C.	1995	1	39,858	4,456	35.64
D.C.	1995	2	35,402	526	4.21
D.C.	1995	3	34,876	1,482	11.85
<b>Total PMI</b>			<b>12,504</b>	<b>6,464</b>	<b>51.70</b>
D.C.	1996	1	45,163	3,990	39.69
D.C.	1996	2	41,173	486	4.83
D.C.	1996	3	40,687	1,150	11.44
<b>Total PMI</b>			<b>10,052</b>	<b>5,626</b>	<b>55.96</b>

Match Run 1 - PMI TractID = HMDA TractID  
 PMI LoanType = HMDA LoanType  
 PMI OwnOcc = HMDA OwnOcc  
 PMI AppRace = HMDA AppRace  
 PMI Applnc = HMDA Applnc  
 PMI LoanAmt = HMDA LoanAmt

Match Run 2 - PMI TractID = HMDA TractID  
 PMI LoanType = HMDA LoanType  
 PMI OwnOcc = HMDA OwnOcc  
 PMI AppRace = HMDA AppRace  
 PMI Applnc = HMDA Applnc  
 PMI LoanAmt  $\geq$  0.9 · HMDA LoanAmt AND  
 PMI LoanAmt  $\leq$  1.1 · HMDA LoanAmt

Match Run 3 - PMI TractID = HMDA TractID  
 PMI LoanType = HMDA LoanType  
 PMI OwnOcc = HMDA OwnOcc  
 PMI AppRace = HMDA AppRace  
 PMI Applnc  $\geq$  0.9 · HMDA Applnc AND  
 PMI Applnc  $\leq$  1.1 · HMDA Applnc  
 PMI LoanAmt = HMDA LoanAmt

Note: Data selected were only for home purchase with valid (not null) match fields.

Sources: HMDA, Mortgage Insurance Companies of America (MICA) PMI data

## Appendix F

### Exhibit F-1

#### FHA Section 335 Data Table Fields and Formulas for Loan and Census Data

Field	Name	Definition	Formula
A	TRACT_ID	Tract number	
B	AREANAME	Tract name	
C	STATE	State code	
D	COUNTY	County code	
E	PERSONS	Number of people, 1990	
F	XPOPHIS	Percentage population Hispanic, 1990	
G	XPOPBLK	Percentage population Black, 1990	
H	XPOPMIN	Percentage population minority, 1990	
I	MEDFINC	1990 MFI	
J	XMEDINC	Percentage of MSA MFI, 1990	
K	UNITST	Estimated number of 1- to 4-unit structures, 1990	
L	GTR50MAP	>50 percent Black and Hispanic tract code	
M	CHANGE94	Racial change tract in 1994	
N	CHANGE95	Racial change tract in 1995	
O	CHANGE96	Racial change tract in 1996	
P	XBLKHISP	Percentage population Black and Hispanic 1990 (if population $\geq$ 100)	
Q	CHANGE3YR	Racial change tract code, 3 years	
R	X3YRCHANGE	Percentage racial change estimate, 3 years	
S	CHANGEW3YR	Tract code changing to White, 3 years	
T	YEAR94	Year 1994	
U	LOANS94	FHA endorsements in 1994	
V	DEL94	Delinquent, 1994 loans	
W	FSTART94	Foreclosure started, 1994 loans	
X	FCOMP94	Foreclosure completed, 1994 loans	
Y	DEF94	Defaults 1994 loans	
Z	YEAR95	Year 1995	
AA	LOANS95	FHA endorsements in 1995	
AB	DEL95	Delinquent, 1995 loans	
AC	FSTART95	Foreclosure started, 1995 loans	
AD	FCOMP95	Foreclosure completed, 1995 loans	

**Exhibit F-1 (continued)****FHA Section 335 Data Table Fields and Formula for Loan and Census Data**

<b>Field</b>	<b>Name</b>	<b>Definition</b>	<b>Formula</b>
AE	DEF95	Defaults, 1995 loans	
AF	YEAR96	Year 1996	
AG	LOANS96	FHA endorsements in 1996	
AH	DEL96	Delinquent, 1996 loans	
AI	FSTART96	Foreclosure started, 1996 loans	
AJ	FCOMP96	Foreclosure completed, 1996 loans	
AK	DEF96	Defaults, 1996 loans	
AL	loans3yr	Total endorsements, 3 years	= SUM(U2 + AA2 + AG2)
AM	Del3yr	Total delinquencies, 3 years	= SUM(V2 + AB2 + AH2)
AN	Fstrt3yr	Foreclosures started, 3 years	= SUM(W2 + AC2 + AI2)
AO	Fcomp3yr	Foreclosures completed, 3 years	= SUM(X2 + AD2 + AJ2)
AP	Def3Yr	Defaults, 3 years	= SUM(Y2 + AE2 + AK2)
AQ	XDel3yr	Percentage loans in default, 3 years	= IF(\$A2 > 0,((AM2 / \$A2) · 100),200)
AR	XFstrt3yr	Percentage loans foreclosure started, 3 years	= IF(\$A2 > 0,((AN2 / \$A2) · 100),200)
AS	XFcom3yr	Percentage loans foreclosure completed, 3 years	= IF(\$A2 > 0,((AO2 / \$A2) · 100),200)
AT	Xdef3yr	Percentage loans in default, 3 years	= IF(\$A2 > 0,((AP2 / \$A2) · 100),200)
AU	Xtotfor3yr	Percentage loans foreclosure started or completed, 3 years	= IF(A2 > 0,(AR2 + AS2),200)
AV	Xtotdef3yr	Percentage loans foreclosure started or default, 3 years	= IF(A2 > 0,(AR2 + AT2),200)
AW	Xdel96	Percentage loans from 1996 in default	= IF(\$AG2 > 0,((AH2 / \$AG2) · 100),200)
AX	Xtotfor96	Percentage loans from 1996 in foreclosure process	= IF(\$AG2 > 0,(((AI2 + AJ2) / \$AG2) · 100),200)
AY	Xdef	Percentage loans from 1996 in default	= IF(\$AG2 > 0,((AK2 / \$AG2) · 100),200)
AZ	Xdeffor96	Percentage loans from 1996 in default or foreclosure	= IF(\$AG2 > 0,(((AI2 + AJ2 + AK2) / \$AG2) · 100),200)

Sources: FHA Section 335 data, 1990 U.S. census data

## Appendix G

### Exhibit G-1

Chicago Study Area: GSE Market Share of Tier 1 Conventional Loans by Racial Composition of Census Tract Groups and Race of Borrower, 1994-96

Year and Loan Category	Total Study Area	Predominantly White Tracts <sup>a</sup>	Predominantly Minority Tracts <sup>b</sup>	Racially Changing Tracts <sup>c</sup>	Black and Hispanic Borrowers
<b>1994</b>					
All Tier 1 conventional loans	49,665	38,444	3,184	8,031	9,687
Purchased by Fannie Mae	11,086	8,609	618	1,857	2,207
Purchased by Freddie Mac	5,630	4,641	215	774	831
<b>Total GSE purchases</b>	<b>16,716</b>	<b>13,250</b>	<b>833</b>	<b>2,631</b>	<b>3,038</b>
Purchased by Fannie Mae (%)	22.32	22.39	19.41	23.12	22.78
Purchased by Freddie Mac (%)	11.34	12.07	6.75	9.64	8.58
<b>Total GSE purchases (%)</b>	<b>33.66</b>	<b>34.47</b>	<b>26.16</b>	<b>32.76</b>	<b>31.36</b>
<b>1995</b>					
All Tier 1 conventional loans	45,542	34,344	3,564	7,634	10,029
Purchased by Fannie Mae	10,107	7,622	641	1,844	2,434
Purchased by Freddie Mac	5,115	4,225	192	698	855
<b>Total GSE purchases</b>	<b>15,222</b>	<b>11,847</b>	<b>833</b>	<b>2,542</b>	<b>3,289</b>
Purchased by Fannie Mae (%)	22.19	22.19	17.99	24.16	24.27
Purchased by Freddie Mac (%)	11.23	12.30	5.39	9.14	8.53
<b>Total GSE purchases (%)</b>	<b>33.42</b>	<b>34.50</b>	<b>23.37</b>	<b>33.30</b>	<b>32.79</b>
<b>1996</b>					
All Tier 1 conventional loans	46,939	36,975	3,165	6,799	9,051
Purchased by Fannie Mae	10,217	8,188	500	1,529	1,952

**Exhibit G-1 (continued)**

Chicago Study Area: GSE Market Share of Tier 1 Conventional Loans by Racial Composition of Census Tract Groups and Race of Borrower, 1994-96

<b>Year and Loan Category</b>	<b>Total Study Area</b>	<b>Predominantly White Tracts<sup>a</sup></b>	<b>Predominantly Minority Tracts<sup>b</sup></b>	<b>Racially Changing Tracts<sup>c</sup></b>	<b>Black and Hispanic Borrowers</b>
Purchased by Freddie Mac	8,167	6,759	339	1,069	1,363
<b>Total GSE purchases</b>	<b>18,384</b>	<b>14,947</b>	<b>839</b>	<b>2,598</b>	<b>3,315</b>
Purchased by Fannie Mae (%)	21.77	22.14	15.80	22.49	21.57
Purchased by Freddie Mac (%)	17.40	18.28	10.71	15.72	15.06
<b>Total GSE purchases (%)</b>	<b>39.17</b>	<b>40.42</b>	<b>26.51</b>	<b>38.21</b>	<b>36.63</b>
<b>Total (1994-96)</b>					
All Tier 1 conventional loans	142,146	109,763	9,913	22,464	28,767
Purchased by Fannie Mae	31,410	24,419	1,759	5,230	6,593
Purchased by Freddie Mac	18,912	15,625	746	2,541	3,049
<b>Total GSE purchases</b>	<b>50,322</b>	<b>40,044</b>	<b>2,505</b>	<b>7,771</b>	<b>9,642</b>
Purchased by Fannie Mae (%)	22.10	22.25	17.74	23.28	22.92
Purchased by Freddie Mac (%)	13.30	14.24	7.53	11.31	10.60
<b>Total GSE purchases (%)</b>	<b>35.40</b>	<b>36.48</b>	<b>25.27</b>	<b>34.59</b>	<b>33.52</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year.

Sources: HMDA, 1990 U.S. census

## Exhibit G-2

### D.C. Study Area: GSE Market Share of Tier 1 Conventional Loans by Racial Composition of Census Tract Groups and Race of Borrower, 1994-96

Year and Loan Category	Total Study Area	Predominantly White Tracts <sup>a</sup>	Predominantly Minority Tracts <sup>b</sup>	Racially Changing Tracts <sup>c</sup>	Black and Hispanic Borrowers
<b>1994</b>					
All Tier 1 conventional loans	14,163	10,358	1,793	2,012	2,698
Purchased by Fannie Mae	3,166	2,158	492	516	690
Purchased by Freddie Mac	1,835	1,429	187	219	272
<b>Total GSE purchases</b>	<b>5,001</b>	<b>3,587</b>	<b>679</b>	<b>735</b>	<b>962</b>
Purchased by Fannie Mae (%)	22.35	20.83	27.44	25.65	25.57
Purchased by Freddie Mac (%)	12.96	13.80	10.43	10.88	10.08
<b>Total GSE purchases (%)</b>	<b>35.31</b>	<b>34.63</b>	<b>37.87</b>	<b>36.53</b>	<b>35.66</b>
<b>1995</b>					
All Tier 1 conventional loans	12,639	9,549	1,585	1,505	2,266
Purchased by Fannie Mae	2,621	1,945	344	332	501
Purchased by Freddie Mac	1,404	1,075	182	147	229
<b>Total GSE purchases</b>	<b>4,025</b>	<b>3,020</b>	<b>526</b>	<b>479</b>	<b>730</b>
Purchased by Fannie Mae (%)	20.74	20.37	21.70	22.06	22.11
Purchased by Freddie Mac (%)	11.11	11.26	11.48	9.77	10.11
<b>Total GSE purchases (%)</b>	<b>31.85</b>	<b>31.63</b>	<b>33.19</b>	<b>31.83</b>	<b>32.22</b>
<b>1996</b>					
All Tier 1 conventional loans	15,361	12,471	1,363	1,527	2,125
Purchased by Fannie Mae	2,807	2,167	272	368	386
Purchased by Freddie Mac	1,864	1,542	121	201	214

**Exhibit G–2 (continued)****D.C. Study Area: GSE Market Share of Tier 1 Conventional Loans by Racial Composition of Census Tract Groups and Race of Borrower, 1994–96**

<b>Year and Loan Category</b>	<b>Total Study Area</b>	<b>Predominantly White Tracts<sup>a</sup></b>	<b>Predominantly Minority Tracts<sup>b</sup></b>	<b>Racially Changing Tracts<sup>c</sup></b>	<b>Black and Hispanic Borrowers</b>
<b>Total GSE purchases</b>	<b>4,671</b>	<b>3,709</b>	<b>393</b>	<b>569</b>	<b>600</b>
Purchased by Fannie Mae (%)	18.27	17.38	19.96	24.10	18.16
Purchased by Freddie Mac (%)	12.13	12.36	8.88	13.16	10.07
<b>Total GSE purchases (%)</b>	<b>30.41</b>	<b>29.74</b>	<b>28.83</b>	<b>37.26</b>	<b>28.24</b>
<b>Total (1994–96)</b>					
All Tier 1 conventional loans	42,163	32,378	4,741	5,044	7,089
Purchased by Fannie Mae	8,594	6,270	1,108	1,216	1,577
Purchased by Freddie Mac	5,103	4,046	490	567	715
<b>Total GSE purchases</b>	<b>13,697</b>	<b>10,316</b>	<b>1,598</b>	<b>1,783</b>	<b>2,292</b>
Purchased by Fannie Mae (%)	20.38	19.37	23.37	24.11	22.25
Purchased by Freddie Mac (%)	12.10	12.50	10.34	11.24	10.09
<b>Total GSE purchases (%)</b>	<b>32.49</b>	<b>31.86</b>	<b>33.71</b>	<b>35.35</b>	<b>32.33</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year.

Sources: HMDA, 1990 U.S. census



## Appendix H

### Exhibit H-1

Chicago GSE Study Area: Percentage of Total Loans and Conventional Loans by Applicant Race and Racial Status of Census Tract Groups, Tier 1 Loans for Applicants With >80 Percent MFI, 1994–96

Census Tract Group	Loans With Race Data (n)	3-Year Total Loans to Whites (%)	3-Year Total Loans to Blacks and Hispanics (%)	3-Year White Loans That Are Conventional (%)	3-Year Black and Hispanic Loans That Are Conventional (%)
Predominantly White <sup>a</sup>	82,443	84.16	8.99	87.89	68.35
Predominantly minority <sup>b</sup>	7,430	13.22	85.13	79.12	50.58
Racially changing <sup>c</sup>	18,524	33.07	63.46	78.01	52.43
<b>All tracts</b>	<b>108,397</b>	<b>70.57</b>	<b>23.52</b>	<b>86.98</b>	<b>56.60</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Sources: HMDA, 1990 U.S. census

### Exhibit H-2

Chicago GSE Study Area: FHA Percentage of Tier 1 Loans for Applicants With >80 Percent MFI by Racial Status of Census Tract Groups, 1994–96

Census Tract Group	Tracts (n)	1994		1995		1996		3-Year	
		Loans (n)	FHA Loans (%)	Loans (n)	FHA Loans (%)	Loans (n)	FHA Loans (%)	Loans (n)	FHA Loans (%)
Predominantly White <sup>a</sup>	826	29,505	13.54	27,313	13.63	27,335	13.75	84,153	13.64
Predominantly minority <sup>b</sup>	431	2,512	45.98	2,750	42.62	2,420	45.33	7,682	44.57
Racially changing <sup>c</sup>	211	6,746	37.25	6,583	37.57	5,496	39.54	18,825	38.03
<b>All tracts</b>	<b>1,468</b>	<b>38,763</b>	<b>19.77</b>	<b>36,646</b>	<b>20.11</b>	<b>35,251</b>	<b>19.94</b>	<b>110,660</b>	<b>19.93</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Note: Tier 1 represents loans for each year that were within the FHA loan limit for a single-unit property.

Sources: HMDA, 1990 U.S. census

### Exhibit H-3

#### Chicago GSE Study Area: GSE Percentage of Tier 1 Loans for Applicants With >80 Percent MFI by Racial Status of Tract Groups

Census Tract Group	Tracts (n)	1994		1995		1996		3-Year	
		Loans (n)	GSE Loans (%)	Loans (n)	GSE Loans (%)	Loans (n)	GSE Loans (%)	Loans (n)	GSE Loans (%)
Predominantly White <sup>a</sup>	826	29,505	29.59	27,313	30.43	27,335	35.35	84,153	31.74
Predominantly minority <sup>b</sup>	431	2,512	14.29	2,750	14.47	2,420	14.59	7,682	14.45
Racially changing <sup>c</sup>	211	6,746	20.89	6,583	21.80	5,496	23.71	18,825	22.03
<b>All tracts</b>	<b>1,468</b>	<b>38,763</b>	<b>27.09</b>	<b>36,646</b>	<b>27.68</b>	<b>35,251</b>	<b>32.11</b>	<b>110,660</b>	<b>28.88</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are all loans within the FHA loan limits for single-unit properties for that year. These loans also all fall within the Fannie Mae and Freddie Mac loan limits for that year. GSE loans are defined here as loans reported in HMDA data as purchased by either Fannie Mae or Freddie Mac.

Sources: HMDA, 1990 U.S. census

### Exhibit H-4

#### Chicago GSE Study Area: GSE Percentage of Tier 1 Conventional Loans for Applicants With >80 Percent MFI by Racial Status of Tract Groups

Census Tract Group	Tracts (n)	1994		1995		1996		3-Year	
		Loans (n)	GSE Loans (%)	Loans (n)	GSE Loans (%)	Loans (n)	GSE Loans (%)	Loans (n)	GSE Loans (%)
Predominantly White <sup>a</sup>	826	25,509	34.23	23,590	35.24	23,577	40.98	72,676	36.75
Predominantly minority <sup>b</sup>	431	1,357	26.46	1,578	25.22	1,323	26.68	4,258	26.07
Racially changing <sup>c</sup>	211	4,233	33.29	4,110	34.91	3,323	39.21	11,666	35.55
<b>All tracts</b>	<b>1,468</b>	<b>31,099</b>	<b>33.76</b>	<b>29,278</b>	<b>34.65</b>	<b>28,223</b>	<b>40.11</b>	<b>88,600</b>	<b>36.08</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year. GSE loans are defined here as loans reported in HMDA data as purchased by either Fannie Mae or Freddie Mac.

Sources: HMDA, 1990 U.S. census

## Exhibit H-5

### Chicago GSE Study Area: Fannie Mae and Freddie Mac Percentages of Tier 1 Loans for Applicants With >80 percent MFI by Racial Status of Census Tract Groups, 1994-96

Census Tract Group	Tracts (n)	1994		1995		1996		3-Year	
		Fannie Mae Loans (%)	Freddie Mac Loans (%)	Fannie Mae Loans (%)	Freddie Mac Loans (%)	Fannie Mae Loans (%)	Freddie Mac Loans (%)	Fannie Mae Loans (%)	Freddie Mac Loans (%)
Predominantly White <sup>a</sup>	826	19.05	10.54	19.16	11.27	18.86	16.49	19.02	12.71
Predominantly minority <sup>b</sup>	431	10.51	3.78	10.29	4.18	7.93	6.65	9.62	4.83
Racially changing <sup>c</sup>	211	14.39	6.49	15.65	6.15	13.76	9.95	14.65	7.38
<b>All tracts</b>	<b>1,468</b>	<b>17.69</b>	<b>9.40</b>	<b>17.87</b>	<b>9.82</b>	<b>17.31</b>	<b>14.80</b>	<b>17.63</b>	<b>11.26</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year.

Sources: HMDA, 1990 U.S. census

## Exhibit H-6

### Chicago GSE Study Area: Fannie Mae and Freddie Mac Percentages of Tier 1 Conventional Loans by Racial Status of Census Tract Groups for Applicants With >80 percent MFI, 1994-96

Census Tract Group	Tracts (n)	1994		1995		1996		3-Year	
		Fannie Mae Loans (%)	Freddie Mac Loans (%)	Fannie Mae Loans (%)	Freddie Mac Loans (%)	Fannie Mae Loans (%)	Freddie Mac Loans (%)	Fannie Mae Loans (%)	Freddie Mac Loans (%)
Predominantly White <sup>a</sup>	826	22.04	12.19	22.19	13.05	21.86	19.12	22.03	14.72
Predominantly minority <sup>b</sup>	431	19.45	7.00	17.93	7.29	14.51	12.17	17.36	8.71
Racially changing <sup>c</sup>	211	22.94	10.35	25.06	9.85	22.75	16.46	23.63	11.91
<b>All tracts</b>	<b>1,468</b>	<b>22.05</b>	<b>11.71</b>	<b>22.36</b>	<b>12.29</b>	<b>21.62</b>	<b>18.48</b>	<b>22.02</b>	<b>14.06</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year.

Sources: HMDA, 1990 U.S. census

## Exhibit H-7

### D.C. GSE Study Area: Percentage of Total Loans and Conventional Loans by Applicant Race and Racial Status of Census Tract Groups Tier 1 Loans for Applicants With >80 Percent MFI

Census Tract Group	Loans With Race Data (n)	3-Year Total Loans to Whites (%)	3-Year Total Loans to Blacks and Hispanics (%)	3-Year White Loans That Are Conventional Loans (%)	3-Year Black and Hispanic Loans That Are Conventional Loans (%)
Predominantly White <sup>a</sup>	23,050	77.38	12.41	80.05	58.50
Predominantly minority <sup>b</sup>	3,382	11.65	85.33	67.26	40.40
Racially changing <sup>c</sup>	4,398	34.38	57.96	63.23	37.47
<b>All tracts</b>	<b>30,830</b>	<b>64.04</b>	<b>26.91</b>	<b>78.50</b>	<b>45.74</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Sources: HMDA, 1990 U.S. census

## Exhibit H-8

### D.C. GSE Study Area: FHA Percentage of Tier 1 Loans for Applicants With >80 Percent MFI by Racial Status of Census Tract Groups

Census Tract Group	Tracts (n)	1994		1995		1996		3-Year	
		Loans (n)	FHA Loans (%)	Loans (n)	FHA Loans (%)	Loans (n)	FHA Loans (%)	Loans (n)	FHA Loans (%)
Predominantly White <sup>a</sup>	525	7,318	23.24	7,432	23.95	9,301	17.90	24,051	21.40
Predominantly minority <sup>b</sup>	197	1,264	51.98	1,260	56.75	968	56.20	3,492	54.87
Racially changing <sup>c</sup>	93	1,653	45.07	1,520	53.55	1,357	52.03	4,530	50.00
<b>All tracts</b>	<b>815</b>	<b>10,235</b>	<b>30.32</b>	<b>10,212</b>	<b>32.40</b>	<b>11,626</b>	<b>25.07</b>	<b>32,073</b>	<b>29.08</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Note: Tier 1 represents loans for each year that were within the FHA loan limit for a single-unit property.

Sources: HMDA, 1990 U.S. census

## Exhibit H-9

### D.C. GSE Study Area: GSE Percentage of Tier 1 Loans for Applicants With >80 Percent MFI by Racial Status of Census Tract Groups

Census Tract Group	Tracts (n)	1994		1995		1996		3-Year	
		Loans (n)	GSE Loans (%)	Loans (n)	GSE Loans (%)	Loans (n)	GSE Loans (%)	Loans (n)	GSE Loans (%)
Predominantly White <sup>a</sup>	525	7,318	26.43	7,432	24.70	9,301	22.03	24,051	24.19
Predominantly minority <sup>b</sup>	197	1,264	19.94	1,260	17.22	968	15.39	3,492	17.70
Racially changing <sup>c</sup>	93	1,653	21.29	1,520	16.84	1,357	18.57	4,530	18.98
<b>All tracts</b>	<b>815</b>	<b>10,235</b>	<b>24.80</b>	<b>10,212</b>	<b>22.61</b>	<b>11,626</b>	<b>21.07</b>	<b>32,073</b>	<b>22.75</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year. GSE loans are defined here as loans reported in HMDA data as purchased by either Fannie Mae or Freddie Mac.

Sources: HMDA, 1990 U.S. census

## Exhibit H-10

### D.C. GSE Study Area: GSE Percentage of Tier 1 Conventional Loans for Applicants With >80 Percent MFI by Racial Status of Census Tract Groups

Census Tract Group	Tracts (n)	1994		1995		1996		3-Year	
		Loans (n)	GSE Loans (%)	Loans (n)	GSE Loans (%)	Loans (n)	GSE Loans (%)	Loans (n)	GSE Loans (%)
Predominantly White <sup>a</sup>	525	5,617	34.43	5,652	32.48	7,636	26.83	18,905	30.78
Predominantly minority <sup>b</sup>	197	607	41.52	545	39.82	424	35.14	1,576	39.21
Racially changing <sup>c</sup>	93	908	38.77	706	36.26	651	38.71	2,265	37.97
<b>All tracts</b>	<b>815</b>	<b>7,132</b>	<b>35.59</b>	<b>6,903</b>	<b>33.45</b>	<b>8,711</b>	<b>28.13</b>	<b>22,746</b>	<b>32.08</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year. GSE loans are defined here as loans reported in HMDA data as purchased by either Fannie Mae or Freddie Mac.

Sources: HMDA, 1990 U.S. census

## Exhibit H-11

D.C. GSE Study Area: Fannie Mae and Freddie Mac Percentages of Tier 1 Loans for Applicants With >80 Percent MFI by Racial Status of Census Tract Groups, 1994–96

Census Tract Group	Tracts (n)	1994		1995		1996		3-Year	
		Fannie Mae Loans (%)	Freddie Mac Loans (%)	Fannie Mae Loans (%)	Freddie Mac Loans (%)	Fannie Mae Loans (%)	Freddie Mac Loans (%)	Fannie Mae Loans (%)	Freddie Mac Loans (%)
Predominantly White <sup>a</sup>	525	15.78	10.64	15.84	8.87	12.68	9.35	14.60	9.60
Predominantly minority <sup>b</sup>	197	15.19	4.75	11.27	5.95	10.95	4.44	12.60	5.10
Racially changing <sup>c</sup>	93	14.58	6.72	12.30	4.54	11.64	6.93	12.94	6.05
<b>All tracts</b>	<b>815</b>	<b>15.52</b>	<b>9.28</b>	<b>14.75</b>	<b>7.86</b>	<b>12.41</b>	<b>8.66</b>	<b>14.15</b>	<b>8.61</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year.

Sources: HMDA, 1990 U.S. census

## Exhibit H-12

D.C. GSE Study Area: Fannie Mae and Freddie Mac Percentages of Tier 1 Conventional Loans by Racial Status of Census Tract Groups for Applicants With >80 Percent MFI, 1994–96

Census Tract Group	Tracts (n)	1994		1995		1996		3-Year	
		Fannie Mae Loans (%)	Freddie Mac Loans (%)	Fannie Mae Loans (%)	Freddie Mac Loans (%)	Fannie Mae Loans (%)	Freddie Mac Loans (%)	Fannie Mae Loans (%)	Freddie Mac Loans (%)
Predominantly White <sup>a</sup>	525	20.56	13.87	20.82	11.66	15.44	11.39	18.57	12.21
Predominantly minority <sup>b</sup>	197	31.63	9.88	26.06	13.76	25.00	10.14	27.92	11.29
Racially changing <sup>c</sup>	93	26.54	12.22	26.49	9.77	24.27	14.44	25.87	12.10
<b>All tracts</b>	<b>815</b>	<b>22.27</b>	<b>13.32</b>	<b>21.82</b>	<b>11.63</b>	<b>16.57</b>	<b>11.56</b>	<b>19.95</b>	<b>12.13</b>

<sup>a</sup>Tracts are defined as *White* if they have less than 50 percent combined Black and Hispanic homeownership.

<sup>b</sup>Tracts are defined as *minority* if they have more than 50 percent combined Black and Hispanic homeownership.

<sup>c</sup>The definition for racially changing tracts is found in appendix A.

Notes: Tier 1 loans are loans within the FHA loan limits for single-unit properties for that year. These loans also fall within the Fannie Mae and Freddie Mac loan limits for that year.

Sources: HMDA, 1990 U.S. census

Appendix I

Exhibit I-1

Chicago GSE Study Area: Top 25 Total Lenders, 1994

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority		Total Minority Tract Loans	Total Minority Tract (%)	FHA (%)	White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)			Minority (%)	Minority Tract (%)					
Lasalle Taiman Bank, FSB	3,529	689	182	76.20	23.80	20.59	866	545	24.54	15.44	5.16	0.69	18.94	
Banc One Mortgage Corp.	2,621	1,893	1	77.97	22.03	72.25	267	197	10.19	7.52	0.04	0.00	0.37	
Bank United of Texas, FSB	2,613	489	1,711	51.12	48.88	54.21	1,362	783	52.12	29.97	65.48	49.10	80.40	
Home Savings of America, FA	2,552	321	0	81.62	18.38	12.58	418	204	16.38	7.99	0.00	0.00	0.00	
Countrywide Funding Corp.	2,274	1,541	124	67.29	32.71	71.67	488	229	21.46	10.07	5.45	2.81	15.78	
First National Bank of Chicago	2,157	0	52	0.00	0.00	0.00	522	325	24.20	15.07	2.41	1.93	3.83	
Margaretten and Co., Inc.	2,105	546	934	64.29	35.71	46.63	670	296	31.83	14.06	44.37	34.49	70.30	
Chase Manhattan Mortgage Corp.	2,069	1,133	7	71.49	28.51	54.95	239	150	11.55	7.25	0.34	0.06	2.51	
Norwest Mortgage, Inc.	2,001	845	959	45.09	54.91	81.09	640	289	31.98	14.44	47.93	31.67	82.34	
Chemical Residential Mortgage	1,893	238	779	63.45	36.55	21.36	748	298	39.51	15.74	41.15	26.90	63.50	
MidAmerica Federal Savings	1,583	0	79	0.00	0.00	0.00	399	91	25.21	5.75	4.99	1.84	14.54	
Midwest Funding Corp.	1,575	0	988	0.00	0.00	0.00	839	413	53.27	26.22	62.73	41.46	81.29	
St. Paul Federal Bank for Savings	1,201	82	2	63.41	36.59	6.84	187	110	15.57	9.16	0.17	0.00	1.07	
Old Kent Mortgage Co.	1,130	217	2	63.13	36.87	19.24	61	45	5.40	3.98	0.18	0.21	0.00	
Accubanc Mortgage Corp.	1,063	850	137	68.82	31.18	91.79	162	66	15.24	6.21	12.89	12.81	13.58	

## Exhibit I-1 (continued)

## Chicago GSE Study Area: Top 25 Total Lenders, 1994

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Crown Mortgage Co.	939	479	533	100.00	0.00	117.98	195	92	20.77	9.80	56.76	73.85
NBD Mortgage Co.	921	128	0	75.00	25.00	13.90	70	41	7.60	4.45	0.00	0.00
First Mortgage Corp.	864	0	598	0.00	0.00	0.00	535	240	61.92	27.78	69.21	80.19
Fleet Mortgage Corp.	834	349	363	80.52	19.48	74.10	324	149	38.85	17.87	43.53	65.12
Citibank, FSB	830	281	0	76.16	23.84	33.86	319	208	38.43	25.06	0.00	0.00
Draper and Kramer, Inc.	796	0	409	0.00	0.00	0.00	116	16	14.57	2.01	51.38	40.52
Household Bank, FSB	788	550	6	51.64	48.36	70.33	83	42	10.53	5.33	0.76	2.41
PNC Mortgage Corp. of America	775	443	106	62.08	37.92	66.22	108	60	13.94	7.74	13.68	21.30
Independence One Mortgage Corp.	772	88	566	92.05	7.95	42.72	429	184	55.57	23.83	73.32	83.92
SGB Corp. <sup>a</sup>	756	103	416	100.00	0.00	30.29	298	164	39.42	21.69	55.03	75.50
<b>1994 Chicago GSE area totals</b>	<b>79,741</b>	<b>19,935</b>	<b>15,163</b>	<b>65.63</b>	<b>34.37</b>	<b>30.87</b>	<b>19,395</b>	<b>10,836</b>	<b>24.32</b>	<b>13.59</b>	<b>19.02</b>	<b>44.61</b>
											<b>Group as Percentage of Area Totals</b>	
Top 5 lenders	17.04	24.75	13.31	71.96	28.04	42.63	17.54	18.07	25.03	14.41	14.85	39.31
Top 10 lenders	29.86	38.60	31.32	68.14	31.86	40.36	32.07	30.60	26.12	13.92	19.94	45.59
Top 25 lenders	48.46	56.51	59.05	69.51	30.49	37.95	53.34	48.33	26.77	13.55	23.17	48.73

<sup>a</sup>Doing business as WestAmerica Mortgage.

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census



**Exhibit I-2**

**Chicago GSE Study Area: Top 25 FHA Lenders, 1994**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Bank United of Texas, FSB	2,613	489	1,711	51.12	48.88	54.21	1,362	783	52.12	29.97	65.48	80.40
Midwest Funding Corp.	1,575	0	988	0.00	0.00	0.00	839	413	53.27	26.22	62.73	81.29
Norwest Mortgage, Inc.	2,001	845	959	45.09	54.91	81.09	640	289	31.98	14.44	47.93	82.34
Margaretten and Co., Inc.	2,105	546	934	64.29	35.71	46.63	670	296	31.83	14.06	44.37	70.30
Chemical Residential Mortgage	1,893	238	779	63.45	36.55	21.36	748	298	39.51	15.74	41.15	63.50
First Mortgage Corp.	864	0	598	0.00	0.00	0.00	535	240	61.92	27.78	69.21	80.19
Independence One Mortgage Corp.	772	88	566	92.05	7.95	42.72	429	184	55.57	23.83	73.32	83.92
American States Mortgage, Inc.	683	0	533	0.00	0.00	0.00	514	290	75.26	42.46	78.04	85.02
Crown Mortgage Co.	939	479	533	100.00	0.00	117.98	195	92	20.77	9.80	56.76	73.85
Carl I. Brown and Co.	551	0	486	0.00	0.00	0.00	296	191	53.72	34.66	88.20	90.20
Dependable Mortgage, Inc.	532	0	485	0.00	0.00	0.00	507	397	95.30	74.62	91.17	91.91
MicAmerica Mortgage Corp.	688	31	428	100.00	0.00	12.92	345	163	51.65	24.40	64.07	87.54
SGB Corp.*	756	103	416	100.00	0.00	30.29	298	164	39.42	21.69	55.03	75.50
ICM Mortgage Corp.	693	218	410	100.00	0.00	77.03	226	88	32.61	12.70	59.16	75.66
Draper and Kramer, Inc.	796	0	409	0.00	0.00	0.00	116	16	14.57	2.01	51.38	40.52
Fleet Mortgage Corp.	834	349	363	80.52	19.48	74.10	324	149	38.85	17.87	43.53	65.12
Berkshire Mortgage Corp.	257	0	257	0.00	0.00	0.00	197	100	76.65	36.91	100.00	100.00
Source One Mortgage	748	443	254	67.95	32.05	89.68	179	97	23.93	12.97	33.96	72.63
CTX Mortgage Co.	626	182	205	93.96	6.04	43.23	175	92	27.96	14.70	32.75	53.71

### Exhibit I-2 (continued)

#### Chicago GSE Study Area: Top 25 FHA Lenders, 1994

Lender	Total Loans	Total GSE Loans	GSE Loans		Conven- tional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
			Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Platinum Mortgage	320	110	99.09	0.91	92.44	117	76	36.56	23.75	62.81	67.52
BancPlus Mortgage Corp.	619	359	62.40	37.60	83.49	106	36	17.12	5.82	30.53	48.11
Lasalle Talman Bank, FSB	3,529	689	76.20	23.80	20.59	866	545	24.54	15.44	5.16	18.94
J. I. Kislak Mortgage Corp.	277	74	45.95	54.05	67.27	216	88	77.98	31.77	60.29	69.44
Greater Chicago Mortgage Corp.	154	0	0.00	0.00	0.00	139	97	90.26	62.99	100.00	100.00
Columbia National, Inc.	279	89	100.00	0.00	66.92	145	61	51.97	21.86	52.33	77.24
<b>1994 Chicago GSE area totals</b>	<b>79,741</b>	<b>19,935</b>	<b>65.63</b>	<b>34.37</b>	<b>30.87</b>	<b>19,395</b>	<b>10,836</b>	<b>24.32</b>	<b>13.59</b>	<b>19.02</b>	<b>44.61</b>
			<b>Group as Percentage of Area Totals</b>				<b>Group as Percentage of Area Totals</b>				
Top 5 lenders	12.78	10.62	53.49	46.51	43.98	21.96	19.19	41.81	20.41	52.72	76.31
Top 10 lenders	17.55	13.47	63.05	36.95	45.44	32.11	28.39	44.50	21.98	57.78	78.47
Top 25 lenders	31.46	26.75	70.87	29.13	41.88	52.51	48.40	40.60	20.91	49.25	72.91

<sup>a</sup>Doing business as WestAmerica Mortgage.

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census

**Exhibit I-3**

**Chicago GSE Study Area: Top 25 GSE Lenders, 1994**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Banc One Mortgage Corp.	2,621	1,893	1	77.97	22.03	72.25	267	197	10.19	7.52	0.04	0.37
Countrywide Funding Corp.	2,274	1,541	124	67.29	32.71	71.67	488	229	21.46	10.07	5.45	15.78
Chase Manhattan Mortgage Corp.	2,069	1,133	7	71.49	28.51	54.95	239	150	11.55	7.25	0.34	2.51
Accubanc Mortgage Corp.	1,063	850	137	68.82	31.18	91.79	162	66	15.24	6.21	12.89	13.58
Norwest Mortgage, Inc.	2,001	845	959	45.09	54.91	81.09	640	289	31.98	14.44	47.93	82.34
Lasalle Talman Bank, FSB	3,529	689	182	76.20	23.80	20.59	866	545	24.54	15.44	5.16	18.94
Household Bank, FSB	788	550	6	51.64	48.36	70.33	83	42	10.53	5.33	0.76	2.41
Margaretten and Co., Inc.	2,105	546	934	64.29	35.71	46.63	670	296	31.83	14.06	44.37	70.30
Bank United of Texas, FSB	2,613	489	1,711	51.12	48.88	54.21	1,362	783	52.12	29.97	65.48	80.40
Crown Mortgage Co.	939	479	533	100.00	0.00	117.98	195	92	20.77	9.80	56.76	73.85
Source One Mortgage	748	443	254	67.95	32.05	89.68	179	97	23.93	12.97	33.96	72.63
PNC Mortgage Corp. of America	775	443	106	62.08	37.92	66.22	108	60	13.94	7.74	13.68	21.30
Bancplus Mortgage Corp.	619	359	189	62.40	37.60	83.49	106	36	17.12	5.82	30.53	48.11
North American Mortgage Co.	451	356	55	70.22	29.78	89.90	145	93	32.15	20.62	12.20	26.90
Principal Residential Mortgage, Inc.	470	355	96	70.14	29.86	94.92	59	30	12.55	6.38	20.43	25.42
Fleet Mortgage Corp.	834	349	363	80.52	19.48	74.10	324	149	38.85	17.87	43.53	65.12
GN Mortgage Corp.	482	333	15	47.15	52.85	71.31	61	39	12.66	8.09	3.11	13.11
Medallion Mortgage Co.	537	324	1	92.90	7.10	60.45	71	48	13.22	8.94	0.19	0.00
Home Savings of America, FA	2,552	321	0	81.62	18.38	12.58	418	204	16.38	7.99	0.00	0.00

### Exhibit I-3 (continued)

Chicago GSE Study Area: Top 25 GSE Lenders, 1994

Lender	Total Loans	Total GSE Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Loans		Total Minority Tract Loans	White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
			Fannie Mae (%)	Freddie Mac (%)			Minority (%)	Minority Tract (%)			
Crossland Mortgage Corp.	350	301	61.13	38.87	88.79	75	34	21.43	9.71	3.14	5.33
Citibank, FSB	830	281	76.16	23.84	33.86	319	208	38.43	25.06	0.00	0.00
GMAC Mortgage Corp.	453	255	85.88	14.12	65.22	83	29	18.32	6.40	13.69	31.33
DMR Financial Services, Inc.	453	254	72.44	27.56	78.64	41	23	9.05	5.08	28.70	65.85
GE Capital Mortgage Services	664	252	44.44	55.56	37.95	90	64	13.55	9.64	0.00	0.00
PHH U.S. Mortgage Corp.	324	239	40.17	59.83	73.77	14	23	4.32	7.10	0.00	0.00
<b>1994 Chicago GSE area totals</b>	<b>79,741</b>	<b>19,935</b>	<b>65.63</b>	<b>34.37</b>	<b>30.87</b>	<b>19,395</b>	<b>10,836</b>	<b>24.32</b>	<b>13.59</b>	<b>19.02</b>	<b>44.61</b>
			<b>Group as Percentage of Area Totals</b>								
Top 5 lenders	12.58	31.41	68.49	31.51	71.16	9.26	8.59	17.91	9.28	12.25	35.24
Top 10 lenders	25.08	45.22	68.53	31.47	58.51	25.64	24.82	24.86	13.44	22.97	50.46
Top 25 lenders	38.30	69.63	68.35	31.65	56.27	36.43	35.31	23.13	12.53	19.24	43.07

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census

**Exhibit I-4**

**Chicago GSE Study Area: Top 25 Lenders to Minorities, 1994**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Bank United of Texas, FSB	2,613	489	1,711	51.12	48.88	54.21	1,362	783	52.12	29.97	65.48	80.40
Lasalle Talman Bank, FSB	3,529	689	182	76.20	23.80	20.59	866	545	24.54	15.44	5.16	18.94
Midwest Funding Corp.	1,575	0	988	0.00	0.00	0.00	839	413	53.27	26.22	62.73	81.29
Chemical Residential Mortgage	1,893	238	779	63.45	36.55	21.36	748	298	39.51	15.74	41.15	63.50
Margaretten and Co., Inc.	2,105	546	934	64.29	35.71	46.63	670	296	31.83	14.06	44.37	70.30
Nonwest Mortgage, Inc.	2,001	845	959	45.09	54.91	81.09	640	289	31.98	14.44	47.93	82.34
First Mortgage Corp.	864	0	598	0.00	0.00	0.00	535	240	61.92	27.78	69.21	80.19
First National Bank of Chicago	2,157	0	52	0.00	0.00	0.00	522	325	24.20	15.07	2.41	3.83
American States Mortgage, Inc.	683	0	533	0.00	0.00	0.00	514	290	75.26	42.46	78.04	85.02
Dependable Mortgage, Inc.	532	0	485	0.00	0.00	0.00	507	397	95.30	74.62	91.17	91.91
Countrywide Funding Corp.	2,274	1,541	124	67.29	32.71	71.67	488	229	21.46	10.07	5.45	15.78
Independence One Mortgage Corp.	772	88	566	92.05	7.95	42.72	429	184	55.57	23.83	73.32	83.92
Home Savings of America, FA	2,552	321	0	81.62	18.38	12.58	418	204	16.38	7.99	0.00	0.00
MidAmerica Federal Savings	1,583	0	79	0.00	0.00	0.00	399	91	25.21	5.75	4.99	14.54
MidAmerica Mortgage Corp.	668	31	428	100.00	0.00	12.92	345	163	51.65	24.40	64.07	87.54
Fleet Mortgage Corp.	834	349	363	80.52	19.48	74.10	324	149	38.85	17.87	43.53	65.12
Citibank, FSB	830	281	0	76.16	23.84	33.86	319	208	38.43	25.06	0.00	0.00
SGB Corp. <sup>a</sup>	756	103	416	100.00	0.00	30.29	298	164	39.42	21.69	55.03	75.50

### Exhibit I-4 (continued)

#### Chicago GSE Study Area: Top 25 Lenders to Minorities, 1994

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Carl I. Brown and Co.	551	0	486	0.00	0.00	0.00	296	191	53.72	34.66	88.20	90.20
Banc One Mortgage Corp.	2,621	1,893	1	77.97	22.03	72.25	267	197	10.19	7.52	0.04	0.37
Chase Manhattan Mortgage Corp.	2,069	1,133	7	71.49	28.51	54.95	239	150	11.55	7.25	0.34	2.51
ICM Mortgage Corp.	693	218	410	100.00	0.00	77.03	226	88	32.61	12.70	59.16	75.66
J. I. Kislak Mortgage Corp.	277	74	167	45.95	54.05	67.27	216	88	77.98	31.77	60.29	69.44
The Northern Trust Co.	588	0	0	0.00	0.00	0.00	202	139	34.35	23.64	0.00	0.00
Berkshire Mortgage Corp.	257	0	257	0.00	0.00	0.00	197	100	76.65	38.91	100.00	100.00
<b>1994 Chicago GSE area totals</b>	<b>79,741</b>	<b>19,935</b>	<b>15,163</b>	<b>65.63</b>	<b>34.37</b>	<b>30.87</b>	<b>19,395</b>	<b>10,836</b>	<b>24.32</b>	<b>13.59</b>	<b>19.02</b>	<b>44.61</b>
									<b>Group as Percentage of Area Totals</b>			
Top 5 lenders	14.69	9.84	30.30	65.09	34.91	27.55	23.12	21.55	38.28	19.93	39.21	64.37
Top 10 lenders	22.51	14.08	47.62	59.07	40.93	26.16	37.14	35.77	40.12	21.59	40.22	66.17
Top 25 lenders	44.24	44.34	69.41	70.20	29.80	35.71	61.18	57.41	33.64	17.63	29.84	57.23

<sup>a</sup>Doing business as WestAmerica Mortgage.

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census

**Exhibit I-5**

**Chicago GSE Study Area: Top 25 Lenders in Minority Tracts, 1994**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)	
				Fannie Mae (%)	Freddie Mac (%)			Minority (%)	Minority Tract (%)			
Bank United of Texas, FSB	2,613	489	1,711	51.12	48.88	54.21	1,362	783	52.12	29.97	65.48	80.40
Lasalle Taiman Bank, FSB	3,529	689	182	76.20	23.80	20.59	866	545	24.54	15.44	5.16	18.94
Midwest Funding Corp.	1,575	0	988	0.00	0.00	0.00	839	413	53.27	26.22	62.73	81.29
Dependable Mortgage, Inc.	532	0	485	0.00	0.00	0.00	507	397	95.30	74.62	91.17	91.91
First National Bank of Chicago	2,157	0	52	0.00	0.00	0.00	522	325	24.20	15.07	2.41	3.83
Chemical Residential Mortgage	1,893	238	779	63.45	36.55	21.36	748	298	39.51	15.74	41.15	63.50
Margaretten and Co., Inc.	2,105	546	934	64.29	35.71	46.63	670	296	31.83	14.06	44.37	70.30
American States Mortgage, Inc.	683	0	533	0.00	0.00	0.00	514	290	75.26	42.46	78.04	85.02
Norwest Mortgage, Inc.	2,001	845	959	45.09	54.91	81.09	640	289	31.98	14.44	47.93	82.34
First Mortgage Corp.	864	0	598	0.00	0.00	0.00	535	240	61.92	27.78	69.21	80.19
Countrywide Funding Corp.	2,274	1,541	124	67.29	32.71	71.67	488	229	21.46	10.07	5.45	15.78
Citibank, FSB	830	281	0	76.16	23.84	33.86	319	208	38.43	25.06	0.00	0.00
Home Savings of America, FA	2,552	321	0	81.62	18.38	12.58	418	204	16.38	7.99	0.00	0.00
Banc One Mortgage Corp.	2,621	1,893	1	77.97	22.03	72.25	267	197	10.19	7.52	0.04	0.37
Carl I. Brown and Co.	551	0	486	0.00	0.00	0.00	296	191	53.72	34.66	88.20	90.20
Independence One Mortgage Corp.	772	88	566	92.05	7.95	42.72	429	184	55.57	23.83	73.32	83.92
SGB Corp. <sup>a</sup>	756	103	416	100.00	0.00	30.29	298	164	39.42	21.69	55.03	75.50
MicAmerica Mortgage Corp.	668	31	428	100.00	0.00	12.92	345	163	51.65	24.40	64.07	87.54
Chase Manhattan Mortgage Corp.	2,069	1,133	7	71.49	28.51	54.95	239	150	11.55	7.25	0.34	2.51

## Exhibit I-5 (continued)

## Chicago GSE Study Area: Top 25 Lenders in Minority Tracts, 1994

Lender	Total Loans	Total GSE Loans		GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans		Total Minority Tract Loans	Total Loans		Black and Hispanic Loans: FHA (%)
		Total GSE Loans	Total FHA Loans	Fannie Mae (%)	Freddie Mac (%)			Minority (%)	Minority Tract (%)		Minority (%)	Minority Tract (%)	
Fleet Mortgage Corp.	834	349	363	80.52	19.48	74.10	324	149	17.87	38.85	43.53	28.66	65.12
The Northern Trust Co.	588	0	0	0.00	0.00	0.00	202	139	23.64	34.35	0.00	0.00	0.00
Cole Taylor Bank	680	5	2	100.00	0.00	0.74	116	132	19.41	17.06	0.29	0.00	0.86
St. Paul Federal Bank for Savings	1,201	82	2	63.41	36.59	6.84	187	110	9.16	15.57	0.17	0.00	1.07
Berkshire Mortgage Corp.	257	0	257	0.00	0.00	0.00	197	100	38.91	76.65	100.00	100.00	100.00
Source One Mortgage	748	443	254	67.95	32.05	89.68	179	97	12.97	23.93	33.96	23.26	72.63
<b>1994 Chicago GSE area totals</b>	<b>79,741</b>	<b>19,935</b>	<b>15,163</b>	<b>65.63</b>	<b>34.37</b>	<b>30.87</b>	<b>19,395</b>	<b>10,836</b>	<b>13.59</b>	<b>24.32</b>	<b>19.02</b>	<b>10.80</b>	<b>44.61</b>
		<b>Group as Percentage of Area Totals</b>		<b>Group as Percentage of Area Totals</b>									
Top 5 lenders	13.05	5.91	22.54	65.79	34.21	16.86	21.12	22.73	23.67	39.36	32.85	15.85	59.25
Top 10 lenders	22.51	14.08	47.62	59.07	40.93	26.16	37.14	35.77	21.59	40.12	40.22	23.04	66.17
Top 25 lenders	44.33	45.53	66.79	69.53	30.47	35.98	59.33	58.07	17.80	32.55	28.65	15.01	56.88

<sup>a</sup>Doing business as WestAmerica Mortgage.

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census



**Exhibit I-6**

**Chicago GSE Study Area: Top 25 Total Lenders, 1995**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Chemical Residential Mortgage	3,700	1,356	1,415	59.37	40.63	59.34	1,247	556	33.70	15.03	38.24	70.41
Nonwest Mortgage, Inc.	2,957	1,276	1,163	66.38	33.62	71.13	834	416	28.20	14.07	39.33	78.78
Lasalle Taiman Bank, FSB	2,658	611	217	46.97	53.03	25.03	635	356	23.89	13.39	8.16	24.72
Countrywide Funding Corp.	2,396	0	275	0.00	0.00	0.00	662	377	27.63	15.73	11.48	28.85
MidAmerica Federal Savings	2,176	785	158	90.32	9.68	38.90	570	196	26.19	9.01	7.26	22.81
Chase Manhattan Mortgage Corp.	2,156	1,055	49	59.34	40.66	50.07	363	222	16.84	10.30	2.27	3.86
First National Bank of Chicago	1,887	778	34	86.76	13.24	41.99	509	255	26.97	13.51	1.80	2.75
Standard Federal Bank	1,753	19	3	100.00	0.00	1.09	180	112	10.27	6.39	0.17	1.67
Old Kent Mortgage Co.	1,576	1,130	64	38.05	61.95	74.74	180	109	11.42	6.92	4.06	6.11
Home Savings of America, FA	1,554	454	3	47.58	52.42	29.27	253	131	16.28	8.43	0.19	0.40
Bank United of Texas, FSB	1,508	204	1,056	52.45	47.55	45.13	785	436	52.06	28.91	70.03	83.95
Midwest Funding Corp.	1,469	0	769	0.00	0.00	0.00	709	375	48.26	25.53	52.35	70.10
NBD Mortgage Co.	1,091	332	0	100.00	0.00	30.43	78	59	7.15	5.41	0.00	0.00
First Mortgage Corp.	1,041	0	578	0.00	0.00	0.00	531	284	51.01	27.28	55.52	72.88
Citibank, FSB	1,031	304	3	63.49	36.51	29.57	477	213	46.27	20.66	0.29	0.63
PNC Mortgage Corp. of America	892	420	106	45.00	55.00	53.44	165	91	18.50	10.20	11.88	30.91
Crown Mortgage Co.	880	473	497	100.00	0.00	123.50	228	93	25.91	10.57	56.48	74.56
North American Mortgage Co.	849	572	236	79.55	20.45	93.31	449	245	52.89	28.86	27.80	41.65



**Exhibit I-7**

**Chicago GSE Study Area: Top 25 FHA Lenders, 1995**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Chemical Residential Mortgage	3,700	1,356	1,415	59.37	40.63	59.34	1,247	556	33.70	15.03	38.24	70.41
Northwest Mortgage, Inc.	2,957	1,276	1,163	66.38	33.62	71.13	834	416	28.20	14.07	39.33	78.78
Bank United of Texas, FSB	1,508	204	1,056	52.45	47.55	45.13	785	436	52.06	28.91	70.03	83.95
Midwest Funding Corp.	1,469	0	769	0.00	0.00	0.00	709	375	48.26	25.53	52.35	70.10
First Mortgage Corp.	1,041	0	578	0.00	0.00	0.00	531	284	51.01	27.28	55.52	72.88
Crown Mortgage Co.	880	473	497	100.00	0.00	123.50	228	93	25.91	10.57	56.48	74.56
MidAmerica Mortgage Corp.	461	0	461	0.00	0.00	0.00	362	143	78.52	31.02	100.00	100.00
Carl I. Brown Mortgage Co.	531	47	460	25.53	74.47	66.20	292	233	54.99	43.88	86.63	85.62
Dependable Mortgage, Inc.	512	0	449	0.00	0.00	0.00	477	308	93.16	60.16	87.70	88.26
Platinum Mortgage	778	275	443	90.91	9.09	82.09	439	179	56.43	23.01	56.94	70.39
ICM Mortgage Corp.	674	129	428	100.00	0.00	52.44	221	101	32.79	14.99	63.50	87.78
SGB Corp.*	695	67	416	100.00	0.00	24.01	305	145	43.88	20.86	59.86	78.69
Berkshire Mortgage Corp.	469	0	315	0.00	0.00	0.00	255	117	54.37	24.95	67.16	87.06
Countrywide Funding Corp.	2,396	0	275	0.00	0.00	0.00	662	377	27.63	15.73	11.48	28.85
Fleet Mortgage Corp.	778	381	266	91.08	8.92	74.41	274	138	35.22	17.74	34.19	56.57
Draper and Kramer Mortgage Corp.	490	0	253	0.00	0.00	0.00	90	25	18.37	5.10	51.63	57.78
North American Mortgage Co.	849	572	236	79.55	20.45	93.31	449	245	52.89	28.86	27.80	41.65
MCA Mortgage Corp.	427	168	234	39.88	60.12	87.05	185	70	43.33	16.39	54.80	71.35
Lasalle Taiman Bank, FSB	2,658	611	217	46.97	53.03	25.03	635	356	23.89	13.39	8.16	24.72
Columbia National, Inc.	372	114	204	96.49	3.51	67.86	212	80	56.99	21.51	54.84	68.87

### Exhibit I-7 (continued)

Chicago GSE Study Area: Top 25 FHA Lenders, 1995

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Loans		Total Minority Tract Loans	White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)			Minority (%)	Minority Tract (%)			
Bancplus Mortgage Corp.	532	126	191	86.51	13.49	36.95	118	30	22.18	5.64	35.90	62.71
Primera Mortgage Co. of Illinois	278	2	189	100.00	0.00	2.25	224	106	80.58	38.13	67.99	71.88
Market Street Mortgage Corp.	185	0	167	0.00	0.00	0.00	84	32	45.41	17.30	90.27	100.00
Source One Mortgage	508	332	161	73.19	26.81	95.68	145	69	28.54	13.58	31.69	64.83
MidAmerica Federal Savings	2,176	785	158	90.32	9.68	38.90	570	196	26.19	9.01	7.26	22.81
<b>1995 Chicago GSE area totals</b>	<b>73,998</b>	<b>18,629</b>	<b>13,916</b>	<b>66.03</b>	<b>33.97</b>	<b>31.01</b>	<b>19,454</b>	<b>10,807</b>	<b>26.29</b>	<b>14.60</b>	<b>18.81</b>	<b>42.25</b>
		<b>Group as Percentage of Area Totals</b>		<b>Group as Percentage of Area Totals</b>								
Top 5 lenders	14.43	15.22	35.79	62.02	37.98	49.81	21.11	19.13	38.46	19.36	46.66	74.96
Top 10 lenders	18.70	19.49	52.39	68.69	31.31	55.47	30.35	27.97	42.67	21.85	52.69	77.74
Top 25 lenders	36.93	37.14	79.05	72.55	27.45	42.38	53.12	47.28	37.82	18.70	40.26	65.90

<sup>a</sup>Doing business as WestAmerica Mortgage.

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census

**Exhibit I-8**

**Chicago GSE Study Area: Top 25 GSE Lenders, 1995**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Chemical Residential Mortgage	3,700	1,356	1,415	59.37	40.63	59.34	1,247	556	33.70	15.03	38.24	70.41
Nonwest Mortgage, Inc.	2,957	1,276	1,163	66.38	33.62	71.13	834	416	28.20	14.07	39.33	78.78
Old Kent Mortgage Co.	1,576	1,130	64	38.05	61.95	74.74	180	109	11.42	6.92	4.06	6.11
Chase Manhattan Mortgage Corp.	2,156	1,055	49	59.34	40.66	50.07	363	222	16.84	10.30	2.27	3.86
MidAmerica Federal Savings	2,176	785	158	90.32	9.68	38.90	570	196	26.19	9.01	7.26	22.81
First National Bank of Chicago	1,887	778	34	86.76	13.24	41.99	509	255	26.97	13.51	1.80	2.75
Lasalle Talmán Bank FSB	2,658	611	217	46.97	53.03	25.03	635	356	23.89	13.39	8.16	24.72
Banc One Mortgage Corp.	662	589	10	73.34	26.66	90.34	182	133	27.49	20.09	1.51	1.65
North American Mortgage Co.	849	572	236	79.55	20.45	93.31	449	245	52.89	28.86	27.80	41.65
Crown Mortgage Co.	880	473	497	100.00	0.00	123.50	228	93	25.91	10.57	56.48	74.56
Home Savings of America, FA	1,554	454	3	47.58	52.42	29.27	253	131	16.28	8.43	0.19	0.40
PNC Mortgage Corp. of America	892	420	106	45.00	55.00	53.44	165	91	18.50	10.20	11.88	30.91
Firstar Bank Milwaukee	628	402	71	15.17	84.83	72.17	62	34	9.87	5.41	11.31	56.45
Fleet Mortgage Corp.	778	381	266	91.08	8.92	74.41	274	138	35.22	17.74	34.19	56.57
First Nationwide Mortgage Corp.	697	364	1	88.74	11.26	52.30	78	44	11.19	6.31	0.14	0.00
Source One Mortgage	508	332	161	73.19	26.81	95.68	145	69	28.54	13.58	31.69	64.83
NBD Mortgage Co.	1,091	332	0	100.00	0.00	30.43	78	59	7.15	5.41	0.00	0.00
Sunbelt National Mortgage	369	312	0	73.08	26.92	84.55	122	61	33.06	16.53	0.00	0.00
Citibank, FSB	1,031	304	3	63.49	36.51	29.57	477	213	46.27	20.66	0.29	0.63



**Exhibit I-9**

**Chicago GSE Study Area: Top 25 Lenders to Minorities, 1995**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Chemical Residential Mortgage	3,700	1,356	1,415	59.37	40.63	59.34	1,247	556	33.70	15.03	38.24	70.41
Norwest Mortgage, Inc.	2,957	1,276	1,163	66.38	33.62	71.13	834	416	28.20	14.07	39.33	78.78
Bank United of Texas, FSB	1,508	204	1,056	52.45	47.55	45.13	785	436	52.06	28.91	70.03	83.95
Midwest Funding Corp.	1,469	0	769	0.00	0.00	0.00	709	375	48.26	25.53	52.35	70.10
Countrywide Funding Corp.	2,396	0	275	0.00	0.00	0.00	662	377	27.63	15.73	11.48	28.85
Lasalle Talmán Bank, FSB	2,658	611	217	46.97	53.03	25.03	635	356	23.89	13.39	8.16	24.72
MidAmerica Federal Savings	2,176	785	158	90.32	9.68	38.90	570	196	26.19	9.01	7.26	22.81
First Mortgage Corp.	1,041	0	578	0.00	0.00	0.00	531	284	51.01	27.28	55.52	72.88
First National Bank of Chicago	1,887	778	34	86.76	13.24	41.99	509	255	26.97	13.51	1.80	2.75
Citibank, FSB	1,031	304	3	63.49	36.51	29.57	477	213	46.27	20.66	0.29	0.63
Dependable Mortgage, Inc.	512	0	449	0.00	0.00	0.00	477	308	93.16	60.16	87.70	88.26
North American Mortgage Co.	849	572	236	79.55	20.45	93.31	449	245	52.89	28.86	27.80	41.65
Platinum Mortgage	778	275	443	90.91	9.09	82.09	439	179	56.43	23.01	56.94	70.39
Chase Manhattan Mortgage Corp.	2,156	1,055	49	59.34	40.66	50.07	363	222	16.84	10.30	2.27	3.86
MidAmerica Mortgage Corp.	461	0	461	0.00	0.00	0.00	362	143	78.52	31.02	100.00	100.00
SGB Corp. <sup>a</sup>	695	67	416	100.00	0.00	24.01	305	145	43.88	20.86	59.86	78.69
Carl I. Brown Mortgage Co.	531	47	460	25.53	74.47	66.20	292	233	54.99	43.88	86.63	85.62
Fleet Mortgage Corp.	778	381	266	91.08	8.92	74.41	274	138	35.22	17.74	34.19	56.57
Berkshire Mortgage Corp.	469	0	315	0.00	0.00	0.00	255	117	54.37	24.95	67.16	87.06

### Exhibit I-9 (continued)

Chicago GSE Study Area: Top 25 Lenders to Minorities, 1995

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Home Savings of America, FA	1,554	454	3	47.58	52.42	29.27	253	131	16.28	8.43	0.19	0.40
Crown Mortgage Co.	880	473	497	100.00	0.00	123.50	228	93	25.91	10.57	56.48	74.56
Primera Mortgage Co. of Illinois	278	2	189	100.00	0.00	2.25	224	106	80.58	38.13	67.99	71.88
ICM Mortgage Corp.	674	129	428	100.00	0.00	52.44	221	101	32.79	14.99	63.50	87.78
Columbia National, Inc.	372	114	204	96.49	3.51	67.86	212	80	56.99	21.51	54.84	68.87
Greater Chicago Mortgage Corp.	234	0	152	0.00	0.00	0.00	202	127	86.32	54.27	64.96	68.81
<b>1995 Chicago GSE area totals</b>	<b>73,998</b>	<b>18,629</b>	<b>13,916</b>	<b>66.03</b>	<b>33.97</b>	<b>31.01</b>	<b>19,454</b>	<b>10,807</b>	<b>26.29</b>	<b>14.60</b>	<b>18.81</b>	<b>42.25</b>
				<b>Group as Percentage of Area Totals</b>								
Top 5 lenders	16.26	15.22	33.62	62.02	37.98	38.57	21.78	19.99	35.22	17.96	38.89	68.02
Top 10 lenders	28.14	28.53	40.73	68.18	31.82	35.06	35.77	32.05	33.42	16.64	27.22	51.34
Top 25 lenders	43.30	47.68	73.56	71.03	28.97	40.73	59.19	53.97	35.93	18.20	31.94	56.83

<sup>a</sup>Doing business as WestAmerica Mortgage.

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census



**Exhibit I-10**

**Chicago GSE Study Area: Top 25 Lenders in Minority Tracts, 1995**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Chemical Residential Mortgage	3,700	1,356	1,415	59.37	40.63	59.34	1,247	556	33.70	15.03	38.24	70.41
Bank United of Texas, FSB	1,508	204	1,056	52.45	47.55	45.13	785	436	52.06	28.91	70.03	83.95
Nonwest Mortgage, Inc.	2,957	1,276	1,163	66.38	33.62	71.13	834	416	28.20	14.07	39.33	78.78
Countrywide Funding Corp.	2,396	0	275	0.00	0.00	0.00	662	377	27.63	15.73	11.48	28.85
Midwest Funding Corp.	1,469	0	769	0.00	0.00	0.00	709	375	48.26	25.53	52.35	70.10
Lasalle Talman Bank, FSB	2,658	611	217	46.97	53.03	25.03	635	356	23.89	13.39	8.16	24.72
Dependable Mortgage, Inc.	512	0	449	0.00	0.00	0.00	477	308	93.16	60.16	87.70	88.26
First Mortgage Corp.	1,041	0	578	0.00	0.00	0.00	531	284	51.01	27.28	55.52	72.88
First National Bank of Chicago	1,887	778	34	86.76	13.24	41.99	509	255	26.97	13.51	1.80	2.75
North American Mortgage Co.	849	572	236	79.55	20.45	93.31	449	245	52.89	28.86	27.80	41.65
Carl I. Brown Mortgage Co.	531	47	460	25.53	74.47	66.20	292	233	54.99	43.88	86.63	85.62
Chase Manhattan Mortgage Corp.	2,156	1,055	49	59.34	40.66	50.07	363	222	16.84	10.30	2.27	3.86
ContiMortgage	410	0	0	0.00	0.00	0.00	111	219	27.07	53.41	0.00	0.00
Citibank, FSB	1,031	304	3	63.49	36.51	29.57	477	213	46.27	20.66	0.29	0.63
MidAmerica Federal Savings	2,176	785	158	90.32	9.68	38.90	570	196	26.19	9.01	7.26	22.81
Platinum Mortgage	778	275	443	90.91	9.09	82.09	439	179	56.43	23.01	56.94	70.39
SGB Corp.*	695	67	416	100.00	0.00	24.01	305	145	43.88	20.86	59.86	78.69
MidAmerica Mortgage Corp.	461	0	461	0.00	0.00	0.00	362	143	78.52	31.02	100.00	100.00



**Exhibit I-11**

**Chicago GSE Study Area: Top 25 Total Lenders, 1996**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Chase Manhattan Mortgage Corp.	5,058	2,518	1,507	51.11	48.89	70.91	1,322	663	26.14	13.11	29.79	62.03
Nonwest Mortgage, Inc.	3,621	649	1,157	57.78	42.22	26.34	791	388	21.84	10.72	31.95	72.95
First Chicago NBD Mortgage Co.	3,058	1,313	29	100.00	0.00	43.35	583	371	19.06	12.13	0.95	3.77
Lasalle Bank, FSB	3,016	794	170	28.34	71.66	27.90	654	410	21.68	13.59	5.64	16.51
MidAmerica Federal Savings	2,391	520	132	97.31	2.69	23.02	328	130	13.72	5.44	5.52	31.10
Standard Federal Bank	2,332	1,651	57	10.66	89.34	72.57	252	304	10.81	13.04	2.44	2.78
Countrywide Home Loans	1,886	1,175	417	69.96	30.04	79.99	556	282	29.48	14.95	22.11	55.22
World Savings and Loan Assoc.	1,753	106	0	100.00	0.00	6.05	214	88	12.21	5.02	0.00	0.00
Old Kent Mortgage Co.	1,440	1,006	106	34.59	65.41	75.41	226	153	15.69	10.63	7.36	16.37
Accubanc Mortgage Corp.	1,295	737	435	55.09	44.91	85.70	370	188	28.57	14.52	33.59	54.86
Midwest Funding Corp.	1,293	0	597	0.00	0.00	0.00	479	215	37.05	16.63	46.17	66.39
GN Mortgage	1,203	91	588	6.59	93.41	14.80	436	183	36.24	15.21	48.88	66.97
Home Savings of America, FA	1,080	358	52	71.23	28.77	34.82	165	82	15.28	7.59	4.81	17.58
The Northern Trust Co.	1,043	0	0	0.00	0.00	0.00	278	166	26.65	15.92	0.00	0.00
Bank United	1,018	195	705	18.46	81.54	62.30	494	277	48.53	27.21	69.25	56.99
WestAmerica Mortgage Co.	1,000	153	692	100.00	0.00	49.68	344	202	34.40	20.20	69.20	85.47
Cole Taylor Bank	977	515	187	31.26	68.74	65.19	214	91	21.90	9.31	19.14	40.19
Standard Financial Mortgage	973	26	0	100.00	0.00	2.67	52	73	5.34	7.50	0.00	0.00
Standard Federal Bank	953	0	3	0.00	0.00	0.00	114	49	11.96	5.14	0.31	1.75

**Exhibit I-11 (continued)**

**Chicago GSE Study Area: Top 25 Total Lenders, 1996**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Citibank, FSB	946	238	6	66.81	33.19	25.32	190	83	20.08	8.77	0.63	2.11
FT Mortgage Co.	925	604	259	60.76	39.24	90.69	339	218	36.65	23.57	28.00	51.62
First Mortgage Corp.	896	0	442	0.00	0.00	0.00	482	302	53.79	33.71	49.33	64.32
Fleet Mortgage Corp.	839	545	251	79.63	20.37	92.69	269	125	32.06	14.90	29.92	59.48
Platinum Home Mortgage Corp.	813	311	507	88.42	11.58	101.63	400	154	49.20	18.94	62.36	75.25
Resource Bancshares Mortgage Group	783	602	169	11.13	88.87	98.05	127	68	16.22	8.68	21.58	56.69
<b>1996 Chicago GSE area totals</b>	<b>81,058</b>	<b>23,716</b>	<b>15,634</b>	<b>55.11</b>	<b>44.89</b>	<b>36.25</b>	<b>19,299</b>	<b>11,191</b>	<b>23.81</b>	<b>13.81</b>	<b>19.29</b>	<b>46.14</b>

	Group as Percentage of Area Totals		Group as Percentage of Area Totals	
Top 5 lenders	21.15	24.43	19.06	17.53
Top 10 lenders	31.89	44.14	27.44	26.60
Top 25 lenders	50.08	59.48	50.15	47.05

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census

**Exhibit I-12**

**Chicago GSE Study Area: Top 25 FHA Lenders, 1996**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Chase Manhattan Mortgage Corp.	5,058	2,518	1,507	51.11	48.89	70.91	1,322	663	26.14	13.11	29.79	62.03
Nonwest Mortgage, Inc.	3,621	649	1,157	57.78	42.22	26.34	791	388	21.84	10.72	31.95	72.95
Bank United	1,018	195	705	18.46	81.54	62.30	494	277	48.53	27.21	69.25	84.01
WestAmerica Mortgage Co.	1,000	153	692	100.00	0.00	49.68	344	202	34.40	20.20	69.20	85.47
Dependable Mortgage, Inc.	683	0	637	0.00	0.00	0.00	628	418	91.95	61.20	93.27	93.63
Midwest Funding Corp.	1,293	0	597	0.00	0.00	0.00	479	215	37.05	16.63	46.17	66.39
GN Mortgage	1,203	91	588	6.59	93.41	14.80	436	183	36.24	15.21	48.88	66.97
Crossland Mortgage Corp.	721	127	586	93.70	6.30	94.07	356	295	49.38	40.92	81.28	84.55
Platinum Home Mortgage Corp.	813	311	507	88.42	11.58	101.63	400	154	49.20	18.94	62.36	75.25
MCA Mortgage Corp.	678	192	472	35.42	64.58	93.20	515	209	75.96	30.83	69.62	77.67
First Mortgage Corp.	896	0	442	0.00	0.00	0.00	482	302	53.79	33.71	49.33	64.32
Accubanc Mortgage Corp.	1,295	737	435	55.09	44.91	85.70	370	188	28.57	14.52	33.59	54.86
Countrywide Home Loans	1,886	1,175	417	69.96	30.04	79.99	556	282	29.48	14.95	22.11	55.22
North American Mortgage Co.	772	359	364	62.95	37.05	87.99	396	188	51.30	24.35	47.15	64.39
Primera Mortgage Co.	454	1	354	100.00	0.00	1.00	384	144	84.58	31.72	77.97	81.51
Crown Mortgage Co.	564	216	352	100.00	0.00	101.89	114	33	20.21	5.85	62.41	77.19
Pulte Mortgage Corp.	507	117	305	100.00	0.00	57.92	186	75	36.69	14.79	60.16	88.17
Berkshire Mortgage Corp.	293	0	286	0.00	0.00	0.00	173	96	59.04	32.76	97.61	100.00
CTX Mortgage Co.	460	178	280	98.88	1.12	98.89	294	105	63.91	22.83	60.87	77.55
Republic Savings Bank	389	16	270	0.00	100.00	13.45	191	67	49.10	17.22	69.41	87.43

**Exhibit I-12 (continued)**

**Chicago GSE Study Area: Top 25 FHA Lenders, 1996**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		Black and Hispanic Loans: FHA (%)			
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)				
Draper and Kramer Mortgage Corp.	522	0	260	0.00	0.00	0.00	97	37	18.58	7.09	49.81	47.80	56.70	
FT Mortgage Co.	925	604	259	60.76	39.24	90.69	339	218	36.65	23.57	28.00	9.92	51.62	
Fleet Mortgage Corp.	839	545	251	79.63	20.37	92.69	269	125	32.06	14.90	29.92	14.90	59.48	
Cole Taylor Bank	977	515	187	31.26	68.74	65.19	214	91	21.90	9.31	19.14	13.92	40.19	
First Home Mortgage Corp.	496	0	187	0.00	0.00	0.00	170	118	34.27	23.79	37.70	15.28	78.24	
<b>1996 Chicago GSE area totals</b>	<b>81,058</b>	<b>23,716</b>	<b>15,634</b>	<b>55.11</b>	<b>44.89</b>	<b>36.25</b>	<b>19,299</b>	<b>11,191</b>	<b>23.81</b>	<b>13.81</b>	<b>19.29</b>	<b>10.82</b>	<b>46.14</b>	
				<b>Group as Percentage of Area Totals</b>										
Top 5 lenders	14.04	14.82	30.05	52.66	47.34	52.60	18.55	17.41	31.45	17.12	41.28	24.59	75.27	
Top 10 lenders	19.85	17.86	47.64	54.75	45.25	49.03	29.87	26.84	35.83	18.67	46.30	29.70	74.69	
Top 25 lenders	33.76	36.68	77.38	60.29	39.71	56.98	51.82	45.33	36.55	18.54	44.21	28.38	71.23	

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMIDA, 1990 U.S. census

**Exhibit I-13**

**Chicago GSE Study Area: Top 25 GSE Lenders, 1996**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Chase Manhattan Mortgage Corp.	5,058	2,518	1,507	51.11	48.89	70.91	1,322	663	26.14	13.11	29.79	62.03
Standard Federal Bank	2,332	1,651	57	10.66	89.34	72.57	252	304	10.81	13.04	2.44	2.78
First Chicago NBD Mortgage Co.	3,058	1,313	29	100.00	0.00	43.35	583	371	19.06	12.13	0.95	3.77
Countrywide Home Loans	1,886	1,175	417	69.96	30.04	79.99	556	282	29.48	14.95	22.11	55.22
Old Kent Mortgage Co.	1,440	1,006	106	34.59	65.41	75.41	226	153	15.69	10.63	7.36	16.37
Lasalle Bank, FSB	3,016	794	170	28.34	71.66	27.90	654	410	21.68	13.59	5.64	16.51
Accubanc Mortgage Corp.	1,295	737	435	55.09	44.91	85.70	370	188	28.57	14.52	33.59	54.86
Norwest Mortgage, Inc.	3,621	649	1,157	57.78	42.22	26.34	791	388	21.84	10.72	31.95	72.95
FT Mortgage Co.	925	604	259	60.76	39.24	90.69	339	218	36.65	23.57	28.00	51.62
Resource Bancshares Mortgage Group	783	602	169	11.13	88.87	98.05	127	68	16.22	8.68	21.58	56.69
Firstar Bank Milwaukee, NA	770	561	61	22.10	77.90	79.13	44	57	5.71	7.40	7.92	52.27
Fleet Mortgage Corp.	839	545	251	79.63	20.37	92.69	269	125	32.06	14.90	29.92	59.48
Flagstar Bank, FSB	622	540	8	35.19	64.81	87.95	125	94	20.10	15.11	1.29	3.20
MidAmerica Federal Savings	2,391	520	132	97.31	2.69	23.02	328	130	13.72	5.44	5.52	31.10
Principal Residential Mortgage, Inc.	684	518	115	64.86	35.14	91.04	117	64	17.11	9.36	16.81	18.80
Cole Taylor Bank	977	515	187	31.26	68.74	65.19	214	91	21.90	9.31	19.14	40.19
PNC Mortgage Corp. of America	671	374	95	34.22	65.78	64.93	162	88	24.14	13.11	14.16	29.63
North American Mortgage Co.	772	359	364	62.95	37.05	87.99	396	188	51.30	24.35	47.15	64.39
Home Savings of America, FA	1080	358	52	71.23	28.77	34.82	165	82	15.28	7.59	4.81	17.58

**Exhibit I-13 (continued)**

**Chicago GSE Study Area: Top 25 GSE Lenders, 1996**

Lender	Total Loans	Total GSE Loans		GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
		Total GSE Loans	Total FHA Loans	Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Banc One Mortgage	363	315	13	34.92	65.08	90.00	60	31	16.53	8.54	3.58	11.67
Platinum Home Mortgage Corp.	813	311	507	88.42	11.58	101.63	400	154	49.20	18.94	62.36	75.25
Crestar Mortgage Corp.	443	308	2	53.57	46.43	69.84	34	22	7.67	4.97	0.45	2.94
United Financial Mortgage Corp.	306	306	53	100.00	0.00	120.95	78	32	25.49	10.46	17.32	44.87
GE Capital Mortgage Services	347	302	7	41.72	58.28	88.82	21	29	6.05	8.36	2.02	0.00
NationsBanc Mortgage Corp.	386	302	1	73.18	26.82	78.44	31	11	8.03	2.85	0.26	3.23
<b>1996 Chicago GSE area totals</b>	<b>81,058</b>	<b>23,716</b>	<b>15,634</b>	<b>55.11</b>	<b>44.89</b>	<b>36.25</b>	<b>19,299</b>	<b>11,191</b>	<b>23.81</b>	<b>13.81</b>	<b>19.29</b>	<b>46.14</b>
		<b>Group as Percentage of Area Totals</b>					<b>Group as Percentage of Area Totals</b>					
Top 5 lenders	16.99	32.31	13.53	51.49	48.51	65.73	15.23	15.84	21.34	12.87	15.36	40.59
Top 10 lenders	28.89	46.59	27.54	48.75	51.25	57.82	27.05	27.21	29.75	13.01	18.39	33.42
Top 25 lenders	43.03	72.45	39.36	52.08	47.92	59.82	39.71	37.91	26.98	12.17	17.64	36.15

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census



**Exhibit I-14**

**Chicago GSE Study Area: Top 25 Lenders to Minorities, 1996**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Chase Manhattan Mortgage Corp.	5,058	2,518	1,507	51.11	48.89	70.91	1,322	663	26.14	13.11	29.79	62.03
Nonwest Mortgage, Inc.	3,621	649	1,157	57.78	42.22	26.34	791	388	21.84	10.72	31.95	72.95
Lasalle Bank, FSB	3,016	794	170	28.34	71.66	27.90	654	410	21.68	13.59	5.64	16.51
Dependable Mortgage, Inc.	683	0	637	0.00	0.00	0.00	628	418	91.95	61.20	93.27	93.63
First Chicago NBD Mortgage Co.	3,058	1,313	29	100.00	0.00	43.35	583	371	19.06	12.13	0.95	3.77
Countrywide Home Loans	1,886	1,175	417	69.96	30.04	79.99	556	282	29.48	14.95	22.11	55.22
MCA Mortgage Corp.	678	192	472	35.42	64.58	93.20	515	209	75.96	30.83	69.62	77.67
Bank United	1,018	195	705	18.46	81.54	62.30	494	277	48.53	27.21	69.25	84.01
First Mortgage Corp.	896	0	442	0.00	0.00	0.00	482	302	53.79	33.71	49.33	64.32
Midwest Funding Corp.	1,293	0	597	0.00	0.00	0.00	479	215	37.05	16.63	46.17	66.39
GN Mortgage	1,203	91	588	6.59	93.41	14.80	436	183	36.24	15.21	48.88	66.97
Platinum Home Mortgage Corp.	813	311	507	88.42	11.58	101.63	400	154	49.20	18.94	62.36	75.25
North American Mortgage Co.	772	359	364	62.95	37.05	87.99	396	188	51.30	24.35	47.15	64.39
Primera Mortgage Co. of Illinois	454	1	354	100.00	0.00	1.00	384	144	84.58	31.72	77.97	81.51
Accubanc Mortgage Corp.	1,295	737	435	55.09	44.91	85.70	370	188	28.57	14.52	33.59	54.86
Crossland Mortgage Corp.	721	127	586	93.70	6.30	94.07	356	295	49.38	40.92	81.28	84.55
WestAmerica Mortgage Co.	1,000	153	692	100.00	0.00	49.68	344	202	34.40	20.20	69.20	85.47
FT Mortgage Co.	925	604	259	60.76	39.24	90.69	339	218	36.65	23.57	28.00	51.62
MidAmerica Federal Savings	2,391	520	132	97.31	2.69	23.02	328	130	13.72	5.44	5.52	31.10
CTX Mortgage Co.	460	178	280	98.88	1.12	98.89	294	105	63.91	22.83	60.87	77.55
The Northern Trust Co.	1,043	0	0	0.00	0.00	0.00	278	166	26.65	15.92	0.00	0.00

### Exhibit I-14 (continued)

#### Chicago GSE Study Area: Top 25 Lenders to Minorities, 1996

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Fleet Mortgage Corp.	839	545	251	79.63	20.37	92.69	269	125	32.06	14.90	29.92	59.48
Standard Federal Bank	2,332	1,651	57	10.66	89.34	72.57	252	304	10.81	13.04	2.44	2.78
Old Kent Mortgage Co.	1,440	1,006	106	34.59	65.41	75.41	226	153	15.69	10.63	7.36	16.37
World Savings and Loan Assoc.	1,753	106	0	100.00	0.00	6.05	214	88	12.21	5.02	0.00	0.00
<b>1996 Chicago GSE area totals</b>	<b>81,058</b>	<b>23,716</b>	<b>15,634</b>	<b>55.11</b>	<b>44.89</b>	<b>36.25</b>	<b>19,299</b>	<b>11,191</b>	<b>23.81</b>	<b>13.81</b>	<b>19.29</b>	<b>46.14</b>
				<b>Group as Percentage of Area Totals</b>								
Top 5 lenders	19.04	22.24	22.39	60.68	39.32	44.19	20.61	20.11	25.77	14.58	22.67	53.17
Top 10 lenders	26.16	28.82	39.23	60.36	39.64	45.35	33.70	31.59	30.67	16.67	28.92	59.42
Top 25 lenders	47.68	55.76	68.72	56.14	43.86	47.39	59.02	55.21	29.47	15.99	27.80	57.36

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census

**Exhibit I-15**

**Chicago GSE Study Area: Top 25 Lenders in Minority Tracts, 1996**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)		
				Fannie Mae (%)	Freddie Mac (%)			Minority (%)	Minority Tract (%)				
Chase Manhattan Mortgage Corp.	5,058	2,518	1,507	51.11	48.89	70.91	1,322	663	26.14	13.11	29.79	18.69	62.03
Dependable Mortgage, Inc.	683	0	637	0.00	0.00	0.00	628	418	91.95	61.20	93.27	91.18	93.63
Lasalle Bank, FSB	3,016	794	170	28.34	71.66	27.90	654	410	21.68	13.59	5.64	2.69	16.51
Norwest Mortgage, Inc.	3,621	649	1,157	57.78	42.22	26.34	791	388	21.84	10.72	31.95	21.55	72.95
First Chicago NBD Mortgage Co.	3,058	1,313	29	100.00	0.00	43.35	583	371	19.06	12.13	0.95	0.27	3.77
Standard Federal Bank	2,332	1,651	57	10.66	89.34	72.57	252	304	10.81	13.04	2.44	2.15	2.78
First Mortgage Corp.	896	0	442	0.00	0.00	0.00	482	302	53.79	33.71	49.33	32.73	64.32
Crossland Mortgage Corp.	721	127	586	93.70	6.30	94.07	356	295	49.38	40.92	81.28	75.08	84.55
Countrywide Home Loans	1,886	1,175	417	69.96	30.04	79.99	556	282	29.48	14.95	22.11	9.12	55.22
Bank United	1,018	195	705	18.46	81.54	62.30	494	277	48.53	27.21	69.25	56.99	84.01
FT Mortgage Co.	925	604	259	60.76	39.24	90.69	339	218	36.65	23.57	28.00	9.92	51.62
Midwest Funding Corp.	1,293	0	597	0.00	0.00	0.00	479	215	37.05	16.63	46.17	34.47	66.39
MCA Mortgage Corp.	678	192	472	35.42	64.58	93.20	515	209	75.96	30.83	69.62	44.67	77.67
WestAmerica Mortgage Co.	1,000	153	692	100.00	0.00	49.68	344	202	34.40	20.20	69.20	52.65	85.47
North American Mortgage Co.	772	359	364	62.95	37.05	87.99	396	188	51.30	24.35	47.15	32.58	64.39
Accubanc Mortgage Corp.	1,295	737	435	55.09	44.91	85.70	370	188	28.57	14.52	33.59	25.28	54.86
GN Mortgage	1,203	91	588	6.59	93.41	14.80	436	183	36.24	15.21	48.88	42.11	66.97
Ford Consumer Finance Co., Inc.	289	0	0	0.00	0.00	0.00	177	173	61.25	59.86	0.00	0.00	0.00
The Northern Trust Co.	1,043	0	0	0.00	0.00	0.00	278	166	26.65	15.92	0.00	0.00	0.00
Platinum Home Mortgage Corp.	813	311	507	88.42	11.58	101.63	400	154	49.20	18.94	62.36	46.11	75.25
Old Kent Mortgage Co.	1,440	1,006	106	34.59	65.41	75.41	226	153	15.69	10.63	7.36	5.87	16.37

**Exhibit I-15 (continued)**

**Chicago GSE Study Area: Top 25 Lenders in Minority Tracts, 1996**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans		Total Minority Tract Loans	White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)			Minority (%)	Minority Tract (%)			
Primera Mortgage Co. of Illinois	454	1	354	100.00	0.00	1.00	384	144	84.58	31.72	77.97	81.51
MidAmerica Federal Savings	2,391	520	132	97.31	2.69	23.02	328	130	13.72	5.44	5.52	31.10
Fleet Mortgage Corp.	839	545	251	79.63	20.37	92.69	269	125	32.06	14.90	29.92	59.48
South Shore Bank of Chicago	143	0	4	0.00	0.00	0.00	127	125	88.81	87.41	2.80	2.36
<b>1996 Chicago GSE area totals</b>	<b>81,058</b>	<b>23,716</b>	<b>15,634</b>	<b>55.11</b>	<b>44.89</b>	<b>36.25</b>	<b>19,299</b>	<b>11,191</b>	<b>23.81</b>	<b>13.81</b>	<b>19.29</b>	<b>46.14</b>
				<b>Group as Percentage of Area Totals</b>			<b>Group as Percentage of Area Totals</b>					
Top 5 lenders	19.04	22.24	22.39	60.68	39.32	44.19	20.61	20.11	25.77	14.58	22.67	53.17
Top 10 lenders	27.50	35.51	36.50	51.69	48.31	50.79	31.70	33.15	27.45	16.64	25.60	56.47
Top 25 lenders	45.48	54.57	66.96	55.20	44.80	49.02	57.96	56.14	30.34	17.04	28.39	56.39

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic. Sources: HMDA, 1990 U.S. census

Appendix J

Exhibit J-1

D.C. GSE Study Area: Top 25 Total Lenders, 1994

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
NationsBanc Mortgage Corp.	2,057	369	147	77.78	22.22	19.32	559	452	27.18	21.97	7.15	5.90
B.F. Saul Mortgage Co.	1,923	441	416	38.78	61.22	29.26	571	375	29.69	19.50	21.63	40.63
GE Capital Mortgage Services	1,732	70	0	41.43	58.57	4.04	196	89	11.32	5.14	0.00	0.00
North American Mortgage Co.	1,680	587	638	72.06	27.94	56.33	673	489	40.06	29.11	37.98	63.15
Columbia First	1,342	0	39	0.00	0.00	0.00	299	168	22.28	12.52	2.91	8.70
Orestar Mortgage Corp.	1,224	534	348	48.69	51.31	60.96	341	233	27.86	19.04	28.43	50.15
Norwest Mortgage, Inc.	1,145	455	474	45.27	54.73	67.81	319	220	27.86	19.21	41.40	74.29
Ryland Mortgage Co.	1,074	1	146	100.00	0.00	0.11	229	167	21.32	15.55	13.59	19.65
First Savings Mortgage Corp.	1,065	0	163	0.00	0.00	0.00	108	55	10.14	5.16	15.31	48.15
Chase Manhattan Mortgage Corp.	955	288	100	65.28	34.72	33.68	148	94	15.50	9.84	10.47	26.35
American Home Funding Mortgage Service America Co.	847	368	289	82.61	17.39	65.95	251	150	29.63	17.71	34.12	62.55
NVR Mortgage Finance, Inc.	837	4	239	25.00	75.00	0.67	235	185	28.08	22.10	28.55	59.15
Countrywide Funding Corp.	836	251	102	55.38	44.62	34.20	230	67	27.51	8.01	12.20	15.65
CTX Mortgage Co.	802	397	81	70.53	29.47	55.06	159	113	19.83	14.09	10.10	20.13
James Madison Mortgage Co.	790	293	148	91.81	8.19	45.64	133	73	16.84	9.24	18.73	51.13
Ahmanson Mortgage Co.	709	405	211	85.43	14.57	81.33	155	93	21.86	13.12	29.76	56.13
	692	33	0	84.85	15.15	4.77	126	101	18.21	14.60	0.00	0.00

### Exhibit J-1 (continued)

#### D.C. GSE Study Area: Top 25 Total Lenders, 1994

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
First Washington Mortgage Corp.	662	146	449	53.42	46.58	68.54	451	341	68.13	51.51	67.82	74.72
Ameribanc Savings Bank, FSB	662	66	163	71.21	28.79	13.23	217	105	32.78	15.86	24.62	35.94
UFSB of Indianapolis	644	285	254	97.54	2.46	73.08	181	126	28.11	19.57	39.44	64.64
George Mason Mortgage Corp.	615	12	89	100.00	0.00	2.28	51	3	8.29	0.49	14.47	37.25
Maryland Federal Savings and Loan	603	0	26	0.00	0.00	0.00	151	97	25.04	16.09	4.31	13.25
First Security Mortgage Atlantic Coast Mortgage Co.	599	0	519	0.00	0.00	0.00	453	367	75.63	61.27	86.64	90.95
The Prudential Home Mortgage Co.	589	0	282	0.00	0.00	0.00	155	57	26.32	9.68	47.88	66.45
	577	57	8	5.26	94.74	10.02	55	30	9.53	5.20	1.39	1.82
<b>1994 D.C. GSE area totals</b>	<b>46,763</b>	<b>9,169</b>	<b>10,512</b>	<b>63.58</b>	<b>36.42</b>	<b>25.29</b>	<b>12,166</b>	<b>8,213</b>	<b>26.02</b>	<b>17.56</b>	<b>22.48</b>	<b>45.32</b>
				<b>Group as Percentage of Area Totals</b>			<b>Group as Percentage of Area Totals</b>					
Top 5 lenders	18.68	16.00	11.80	62.03	37.97	19.58	18.89	19.15	26.31	18.01	14.20	31.16
Top 10 lenders	30.36	29.94	23.51	57.01	42.99	23.41	28.30	28.52	24.25	16.50	17.41	36.60
Top 25 lenders	52.74	55.21	50.71	66.18	33.82	26.19	52.98	51.75	26.14	17.23	21.62	44.46

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census

## Exhibit J-2

### D.C. GSE Study Area: Top 25 FHA Lenders, 1994

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans		Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)			Minority (%)	Minority Tract (%)		Minority (%)	Minority Tract (%)		
North American Mortgage Co.	1,680	587	638	72.06	27.94	56.33	673	489	40.06	29.11	37.98	21.20	63.15	
First Security Mortgage	599	0	519	0.00	0.00	0.00	453	367	75.63	61.27	86.64	70.69	90.95	
Norwest Mortgage, Inc.	1,145	455	474	45.27	54.73	67.81	319	220	27.86	19.21	41.40	27.65	74.29	
First Washington Mortgage Corp.	662	146	449	53.42	46.58	68.54	451	341	68.13	51.51	67.82	52.13	74.72	
B.F. Saul Mortgage Co.	1,923	441	416	38.78	61.22	29.26	571	375	29.69	19.50	21.63	13.90	40.63	
Crestar Mortgage Corp.	1,224	534	348	48.69	51.31	60.96	341	233	27.86	19.04	28.43	19.42	50.15	
Margaretten and Co., Inc.	561	87	331	79.31	20.69	37.83	310	223	55.26	39.75	59.00	35.29	74.19	
Carl I. Brown and Co.	525	0	314	0.00	0.00	0.00	287	339	54.67	64.57	59.81	35.78	71.08	
American Home Funding	847	368	289	82.61	17.39	65.95	251	150	29.63	17.71	34.12	22.10	62.55	
Atlantic Coast Mortgage Co.	589	0	282	0.00	0.00	0.00	155	57	26.32	9.68	47.88	41.77	66.45	
MNC Mortgage Corp.	570	139	270	62.59	37.41	46.33	295	205	51.75	35.96	47.37	29.44	65.42	
UFSB of Indianapolis	644	285	254	97.54	2.46	73.08	181	126	28.11	19.57	39.44	29.81	64.64	
Colonial Savings	503	90	253	50.00	50.00	36.00	106	35	21.07	6.96	50.30	38.96	76.42	
Chemical Residential Mortgage	531	58	251	67.24	32.76	20.71	278	200	52.35	37.66	47.27	24.19	65.11	
Mortgage Service America Co.	837	4	239	25.00	75.00	0.67	235	185	28.08	22.10	28.55	17.25	59.15	
Columbia National, Inc.	501	156	223	100.00	0.00	56.12	287	210	57.29	41.92	44.51	28.64	57.84	
James Madison Mortgage Co.	709	405	211	85.43	14.57	81.33	155	93	21.86	13.12	29.76	22.29	56.13	
ICM Mortgage Corp.	370	70	205	100.00	0.00	42.42	93	29	25.14	7.84	55.41	50.87	67.74	
Banc One Mortgage Corp.	249	33	181	81.82	18.18	48.53	164	139	65.86	55.82	72.69	49.33	84.15	
Greater Atlantic Savings Bank	317	16	181	100.00	0.00	11.76	44	49	13.88	15.46	57.10	55.51	65.91	

## Exhibit J-2 (continued)

## D.C. GSE Study Area: Top 25 FHA Lenders, 1994

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)	
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)			
Market Street Mortgage Corp.	216	0	173	0.00	0.00	0.00	80	43	37.04	19.91	80.09	92.50	
Sentry Mortgage Bankers, LP	493	0	172	0.00	0.00	0.00	120	51	24.34	10.34	34.89	60.83	
First National Mortgage Corp.	540	113	169	64.60	35.40	30.46	194	141	35.93	26.11	31.30	58.25	
Mortgage Access Corp.	334	63	164	69.84	30.16	37.06	83	48	24.85	14.37	49.10	56.63	
Ameribanc Savings Bank, FSB	662	66	163	71.21	28.79	13.23	217	105	32.78	15.86	24.62	35.94	
<b>1994 D.C. GSE area totals</b>	<b>46,763</b>	<b>9,169</b>	<b>10,512</b>	<b>63.58</b>	<b>36.42</b>	<b>25.29</b>	<b>12,166</b>	<b>8,213</b>	<b>26.02</b>	<b>17.56</b>	<b>22.48</b>	<b>45.32</b>	
				<b>Group as Percentage of Area Totals</b>									
Top 5 lenders	12.85	17.77	23.74	53.90	46.10	46.37	20.28	21.82	41.06	29.82	41.54	66.60	
Top 10 lenders	20.86	28.55	38.62	57.72	42.28	45.97	31.33	34.02	39.07	28.64	41.62	65.81	
Top 25 lenders	36.85	44.89	68.20	66.57	33.43	40.91	52.14	54.22	36.81	25.84	41.61	64.43	

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census



**Exhibit J-3**

**D.C. GSE Study Area: Top 25 GSE Lenders, 1994**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
North American Mortgage Co.	1,680	587	638	72.06	27.94	56.33	673	489	40.06	29.11	37.98	63.15
Crestar Mortgage Corp.	1,224	534	348	48.69	51.31	60.96	341	233	27.86	19.04	28.43	50.15
Norwest Mortgage, Inc.	1,145	455	474	45.27	54.73	67.81	319	220	27.86	19.21	41.40	74.29
B.F. Saul Mortgage Co.	1,923	441	416	38.78	61.22	29.26	571	375	29.69	19.50	21.63	40.63
James Madison Mortgage Co.	709	405	211	85.43	14.57	81.33	155	93	21.86	13.12	29.76	56.13
Countrywide Funding Corp.	802	397	81	70.53	29.47	55.06	159	113	19.83	14.09	10.10	20.13
NationsBanc Mortgage Corp.	2,057	369	147	77.78	22.22	19.32	559	452	27.18	21.97	7.15	5.90
American Home Funding	847	368	289	82.61	17.39	65.95	251	150	29.63	17.71	34.12	62.55
CTX Mortgage Co.	790	293	148	91.81	8.19	45.64	133	73	16.84	9.24	18.73	51.13
Chase Manhattan Mortgage Corp.	955	288	100	65.28	34.72	33.68	148	94	15.50	9.84	10.47	26.35
UFSB of Indianapolis	644	285	254	97.54	2.46	73.08	181	126	28.11	19.57	39.44	64.64
NVR Mortgage Finance, Inc.	836	251	102	55.38	44.62	34.20	230	67	27.51	8.01	12.20	15.65
Source One Mortgage	272	248	5	79.44	20.56	92.88	62	32	22.79	11.76	1.84	0.00
Signet Mortgage Corp.	519	211	47	35.55	64.45	44.70	113	75	21.77	14.45	9.06	10.62
Republic Savings Bank	276	170	0	57.06	42.94	61.59	31	22	11.23	7.97	0.00	0.00
Atlantic Residential Mortgage	498	168	72	49.40	50.60	39.44	91	64	18.27	12.85	14.46	42.86
Columbia National, Inc.	501	156	223	100.00	0.00	56.12	287	210	57.29	41.92	44.51	57.84
PNC Mortgage Corp. of America	442	148	86	64.19	35.81	41.57	58	35	13.12	7.92	19.46	41.38
First Washington Mortgage Corp.	662	146	449	53.42	46.58	68.54	451	341	68.13	51.51	67.82	74.72



**Exhibit J-4**

**D.C. GSE Study Area: Top 25 Lenders to Minorities, 1994**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
North American Mortgage Co.	1,680	587	638	72.06	27.94	56.33	673	489	40.06	29.11	37.98	63.15
B.F. Saul Mortgage Co.	1,923	441	416	38.78	61.22	29.26	571	375	29.69	19.50	21.63	40.63
NationsBanc Mortgage Corp.	2,057	369	147	77.78	22.22	19.32	559	452	27.18	21.97	7.15	5.90
First Security Mortgage	599	0	519	0.00	0.00	0.00	453	367	75.63	61.27	86.64	90.95
First Washington Mortgage Corp.	662	146	449	53.42	46.58	68.54	451	341	68.13	51.51	67.82	74.72
Crestar Mortgage Corp.	1,224	534	348	48.69	51.31	60.96	341	233	27.86	19.04	28.43	50.15
Norwest Mortgage, Inc.	1,145	455	474	45.27	54.73	67.81	319	220	27.86	19.21	41.40	74.29
Margareiten and Co., Inc.	561	87	331	79.31	20.69	37.83	310	223	55.26	39.75	59.00	74.19
Columbia First	1,342	0	39	0.00	0.00	0.00	299	168	22.28	12.52	2.91	8.70
MNC Mortgage Corp.	570	139	270	62.59	37.41	46.33	295	205	51.75	35.96	47.37	65.42
Carl I. Brown and Co.	525	0	314	0.00	0.00	0.00	287	339	54.67	64.57	59.81	71.08
Columbia National, Inc.	501	156	223	100.00	0.00	56.12	287	210	57.29	41.92	44.51	57.84
Chemical Residential Mortgage	531	58	251	67.24	32.76	20.71	278	200	52.35	37.66	47.27	65.11
American Home Funding Mortgage Service America Co.	847	368	289	82.61	17.39	65.95	251	150	29.63	17.71	34.12	62.55
NVR Mortgage Finance, Inc.	837	4	239	25.00	75.00	0.67	235	185	28.08	22.10	28.55	59.15
Ryland Mortgage Co.	836	251	102	55.38	44.62	34.20	230	67	27.51	8.01	12.20	15.65
Ameribanc Savings Bank, FSB	1,074	1	146	100.00	0.00	0.11	229	167	21.32	15.55	13.59	19.65
GE Capital Mortgage Services	662	66	163	71.21	28.79	13.23	217	105	32.78	15.86	24.62	35.94
	1,732	70	0	41.43	58.57	4.04	196	89	11.32	5.14	0.00	0.00

**Exhibit J-4 (continued)**

**D.C. GSE Study Area: Top 25 Lenders to Minorities, 1994**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
First National Mortgage Corp.	540	113	169	64.60	35.40	30.46	194	141	35.93	26.11	31.30	58.25
UFSB of Indianapolis	644	285	254	97.54	2.46	73.08	181	126	28.11	19.57	39.44	64.64
Citibank, FSB	410	29	0	89.66	10.34	7.07	179	100	43.66	24.39	0.00	0.00
Banc One Mortgage Corp.	249	33	181	81.82	18.18	48.53	164	139	65.86	55.82	72.69	84.15
Countrywide Funding Corp.	802	397	81	70.53	29.47	55.06	159	113	19.83	14.09	10.10	20.13
James Madison Mortgage Co.	709	405	211	85.43	14.57	81.33	155	93	21.86	13.12	29.76	56.13
<b>1994 D.C. GSE area totals</b>	<b>46,763</b>	<b>9,169</b>	<b>10,512</b>	<b>63.58</b>	<b>36.42</b>	<b>25.29</b>	<b>12,166</b>	<b>8,213</b>	<b>26.02</b>	<b>17.56</b>	<b>22.48</b>	<b>45.32</b>
				<b>Group as Percentage of Area Totals</b>								
Top 5 lenders	14.80	16.83	20.63	62.15	37.85	32.47	22.25	24.64	39.11	29.24	31.34	53.16
Top 10 lenders	25.15	30.08	34.54	57.32	42.68	33.92	35.11	37.42	36.31	26.12	30.87	53.76
Top 25 lenders	48.46	54.47	59.49	66.62	33.38	30.44	61.75	64.50	33.15	23.37	27.60	50.43

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census

**Exhibit J-5**

**D.C. GSE Study Area: Top 25 Lenders in Minority Tracts, 1994**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
North American Mortgage Co.	1,680	587	638	72.06	27.94	56.33	673	489	40.06	29.11	37.98	63.15
NationsBanc Mortgage Co.	2,057	369	147	77.78	22.22	19.32	559	452	27.18	21.97	7.15	5.90
B.F. Saul Mortgage Co.	1,923	441	416	38.78	61.22	29.26	571	375	29.69	19.50	21.63	40.63
First Security Mortgage	599	0	519	0.00	0.00	0.00	453	367	75.63	61.27	86.64	90.95
First Washington Mortgage Corp.	662	146	449	53.42	46.58	68.54	451	341	68.13	51.51	67.82	74.72
Carl I. Brown and Co.	525	0	314	0.00	0.00	0.00	287	339	54.67	64.57	59.81	71.08
Crestar Mortgage Corp.	1,224	534	348	48.69	51.31	60.96	341	233	27.86	19.04	28.43	50.15
Margareten and Co., Inc.	561	87	331	79.31	20.69	37.83	310	223	55.26	39.75	59.00	74.19
Norwest Mortgage, Inc.	1,145	455	474	45.27	54.73	67.81	319	220	27.86	19.21	41.40	74.29
Columbia National, Inc.	501	156	223	100.00	0.00	56.12	287	210	57.29	41.92	44.51	57.84
MNC Mortgage Corp.	570	139	270	62.59	37.41	46.33	295	205	51.75	35.96	47.37	65.42
Chemical Residential Mortgage	531	58	251	67.24	32.76	20.71	278	200	52.35	37.66	47.27	65.11
Mortgage Service America Co.	837	4	239	25.00	75.00	0.67	235	185	28.08	22.10	28.55	59.15
Columbia First	1,342	0	39	0.00	0.00	0.00	299	168	22.28	12.52	2.91	8.70
Ryland Mortgage Co.	1,074	1	146	100.00	0.00	0.11	229	167	21.32	15.55	13.59	19.65
American Home Funding	847	368	289	82.61	17.39	65.95	251	150	29.63	17.71	34.12	62.55
First National Mortgage Corp.	540	113	169	64.60	35.40	30.46	194	141	35.93	26.11	31.30	58.25
Banc One Mortgage Corp.	249	33	181	81.82	18.18	48.53	164	139	65.86	55.82	72.69	84.15
UFSB of Indianapolis	644	285	254	97.54	2.46	73.08	181	126	28.11	19.57	39.44	64.64
Countrywide Funding Corp.	802	397	81	70.53	29.47	55.06	159	113	19.83	14.09	10.10	20.13

**Exhibit J-5 (continued)**

**D.C. GSE Study Area: Top 25 Lenders in Minority Tracts, 1994**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)	
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)			
Ameribanc Savings Bank, FSB	662	66	163	71.21	28.79	13.23	217	105	32.78	15.86	24.62	0.00	
Ahmanson Mortgage Co.	692	33	0	84.85	15.15	4.77	126	101	18.21	14.60	0.00	0.00	
Citibank, FSB	410	29	0	89.66	10.34	7.07	179	100	43.66	24.39	0.00	0.00	
Maryland Federal Savings and Loan	603	0	26	0.00	0.00	0.00	151	97	25.04	16.09	4.31	13.25	
Chase Manhattan Mortgage Corp.	955	288	100	65.28	34.72	33.68	148	94	15.50	9.84	10.47	26.35	
<b>1994 D.C. GSE area totals</b>	<b>46,763</b>	<b>9,169</b>	<b>10,512</b>	<b>63.58</b>	<b>36.42</b>	<b>25.29</b>	<b>12,166</b>	<b>8,213</b>	<b>26.02</b>	<b>17.56</b>	<b>22.48</b>	<b>45.32</b>	
				<b>Group as Percentage of Area Totals</b>									
Top 5 lenders	14.80	16.83	20.63	62.15	37.85	32.47	22.25	24.64	39.11	29.24	31.34	53.16	
Top 10 lenders	23.26	30.27	36.71	59.46	40.54	39.54	34.94	39.56	39.08	29.87	35.48	57.56	
Top 25 lenders	46.27	50.05	57.71	66.01	33.99	29.48	60.47	65.02	34.01	24.68	28.04	50.63	

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census

**Exhibit J-6**

**D.C. GSE Study Area: Top 25 Total Lenders, 1995**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans		Total Loans		White Loans: FHA (%)		Black and Hispanic Loans: FHA (%)	
				Fannie Mae (%)	Freddie Mac (%)			Minority (%)	Tract (%)	Minority (%)	Tract (%)	Minority (%)	Tract (%)	Minority (%)	Tract (%)
Chemical Residential Mortgage	1,763	383	465	54.57	45.43	29.51	533	300	30.23	17.02	26.38	15.46	52.72		
NationsBanc Mortgage Corp.	1,613	163	122	68.71	31.29	10.93	200	178	12.40	11.04	7.56	6.45	16.50		
First Savings Mortgage Corp.	1,404	14	170	100.00	0.00	1.13	159	94	11.32	6.70	12.11	7.80	39.62		
Countrywide Funding Corp.	1,243	0	235	0.00	0.00	0.00	471	317	37.89	25.50	18.91	10.09	36.94		
Norwest Mortgage, Inc.	1,198	458	456	68.78	31.22	61.73	332	201	27.71	16.78	38.06	26.06	69.88		
North American Mortgage Co.	1,159	477	566	69.81	30.19	80.44	554	391	47.80	33.74	48.84	34.54	66.61		
B.F. Saul Mortgage Co.	1,139	539	279	49.35	50.65	62.67	440	409	38.63	35.91	24.50	12.62	42.73		
Mortco, Inc.	1,019	528	431	100.00	0.00	89.80	343	192	33.66	18.84	42.30	26.61	73.18		
Ryland Mortgage Co.	982	31	204	3.23	96.77	3.98	287	150	29.23	15.27	20.77	21.00	31.71		
First Fidelity Bank, NA	865	142	93	83.80	16.20	18.39	143	86	16.53	9.94	10.75	6.82	27.97		
First Washington Mortgage Corp.	824	114	577	40.35	59.65	46.15	564	385	68.45	46.72	70.02	47.09	79.96		
Atlantic Coast Mortgage	820	114	416	49.12	50.88	28.22	268	104	32.68	12.68	50.73	37.22	77.24		
Chase Manhattan Mortgage Corp.	819	151	172	58.94	41.06	23.34	258	152	31.50	18.56	21.00	8.15	47.29		
George Mason Mortgage Corp.	812	0	195	0.00	0.00	0.00	94	27	11.58	3.33	24.01	22.03	42.55		
NVR Mortgage Finance, Inc.	730	251	186	57.77	42.23	46.14	228	141	31.23	19.32	25.48	16.19	47.81		
CMK T/A Mortgage Capital Investors	719	0	643	0.00	0.00	0.00	490	297	68.15	41.31	89.43	67.43	97.96		
Crestar Mortgage Corp.	713	277	236	50.18	49.82	58.07	239	143	33.52	20.06	33.10	20.56	56.90		
CTX Mortgage Co.	665	288	215	95.49	4.51	64.00	220	114	33.08	17.14	32.33	16.81	62.73		
Signet Mortgage Corp.	617	157	157	28.66	71.34	34.13	250	143	40.52	23.18	25.45	18.91	35.60		





**Exhibit J-7**

**D.C. GSE Study Area: Top 25 FHA Lenders, 1995**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
GMK T/A Mortgage Capital Investors	719	0	643	0.00	0.00	0.00	490	297	68.15	41.31	89.43	97.96
First Washington Mortgage Corp.	824	114	577	40.35	59.65	46.15	564	385	68.45	46.72	70.02	79.96
North American Mortgage Co.	1,159	477	566	69.81	30.19	80.44	554	391	47.80	33.74	48.84	66.61
Chemical Residential Mortgage	1,763	383	465	54.57	45.43	29.51	533	300	30.23	17.02	26.38	52.72
Northwest Mortgage, Inc.	1,198	458	456	68.78	31.22	61.73	332	201	27.71	16.78	38.06	69.88
Mortco, Inc.	1,019	528	431	100.00	0.00	89.80	343	192	33.66	18.84	42.30	73.18
Atlantic Coast Mortgage	820	114	416	49.12	50.88	28.22	268	104	32.68	12.68	50.73	77.24
Carl I. Brown Mortgage Co.	432	71	314	15.49	84.51	60.17	306	204	70.83	47.22	72.69	75.49
First Town Mortgage Corp.	507	0	311	0.00	0.00	0.00	346	226	68.24	44.58	61.34	70.23
American Home Funding	566	176	282	83.52	16.48	61.97	262	152	46.29	26.86	49.82	71.37
B.F. Saul Mortgage Co.	1,139	539	279	49.35	50.65	62.67	440	409	38.63	35.91	24.50	42.73
Crestar Mortgage Corp.	713	277	236	50.18	49.82	58.07	239	143	33.52	20.06	33.10	56.90
Countrywide Funding Corp.	1,243	0	235	0.00	0.00	0.00	471	317	37.89	25.50	18.91	36.94
The Mortgage Group, Inc.	265	0	219	0.00	0.00	0.00	183	56	69.06	21.13	82.64	88.52
CTX Mortgage Co.	665	288	215	95.49	4.51	64.00	220	114	33.08	17.14	32.33	62.73
UFSB of Indianapolis	580	240	212	90.00	10.00	65.22	111	58	19.14	10.00	36.55	63.96
Ryland Mortgage Co.	982	31	204	3.23	96.77	3.98	287	150	29.23	15.27	20.77	31.71
George Mason Mortgage Corp.	812	0	195	0.00	0.00	0.00	94	27	11.58	3.33	24.01	42.55
Riggs National Bank of D.C.	345	0	187	0.00	0.00	0.00	229	229	66.38	66.38	54.20	71.18

### Exhibit J-7 (continued)

#### D.C. GSE Study Area: Top 25 FHA Lenders, 1995

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
ICM Mortgage Corp.	427	72	187	100.00	0.00	30.00	99	15	23.19	3.51	43.79	52.53
NVR Mortgage Finance, Inc.	730	251	186	57.77	42.23	46.14	228	141	31.23	19.32	25.48	47.81
Chase Manhattan Mortgage Corp.	819	151	172	58.94	41.06	23.34	258	152	31.50	18.56	21.00	47.29
MNC Mortgage	381	106	171	61.32	38.68	50.48	205	123	53.81	32.28	44.88	61.46
First Savings Mortgage Corp.	1,404	14	170	100.00	0.00	1.13	159	94	11.32	6.70	12.11	39.62
Mortgage Access Corp.	245	18	159	27.78	72.22	20.93	65	42	26.53	17.14	64.90	70.77
<b>1995 D.C. GSE area totals</b>	<b>40,504</b>	<b>7,933</b>	<b>10,741</b>	<b>65.73</b>	<b>34.27</b>	<b>26.65</b>	<b>11,902</b>	<b>7,598</b>	<b>29.38</b>	<b>18.76</b>	<b>26.52</b>	<b>52.23</b>
				<b>Group as Percentage of Area Totals</b>								
Top 5 lenders	13.98	18.05	25.20	63.06	36.94	48.44	20.78	20.72	43.67	27.79	47.80	73.31
Top 10 lenders	22.24	29.26	41.53	70.87	29.13	51.06	33.59	32.27	44.39	27.22	49.53	73.34
Top 25 lenders	48.78	54.30	69.71	68.06	31.94	35.11	61.22	59.52	36.88	22.89	37.90	63.31

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census

**Exhibit J-8**

**D.C. GSE Study Area: Top 25 GSE Lenders, 1995**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Loans		Total Minority Tract Loans	White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)			Minority (%)	Minority Tract (%)			
B.F. Saul Mortgage Co.	1,139	539	279	49.35	50.65	62.67	440	409	38.63	35.91	24.50	42.73
Mortco, Inc.	1,019	528	431	100.00	0.00	89.80	343	192	33.66	18.84	42.30	73.18
North American Mortgage Co.	1,159	477	566	69.81	30.19	80.44	554	391	47.80	33.74	48.84	66.61
Norwest Mortgage, Inc.	1,198	458	456	68.78	31.22	61.73	332	201	27.71	16.78	38.06	69.88
Chemical Residential Mortgage	1,763	383	465	54.57	45.43	29.51	533	300	30.23	17.02	26.38	52.72
CTX Mortgage Co.	665	288	215	95.49	4.51	64.00	220	114	33.08	17.14	32.33	62.73
Crestar Mortgage Corp.	713	277	236	50.18	49.82	58.07	239	143	33.52	20.06	33.10	56.90
Bank of America, FSB	396	276	0	93.84	6.16	69.70	24	39	6.06	9.85	0.00	0.00
NVR Mortgage Finance, Inc.	730	251	186	57.77	42.23	46.14	228	141	31.23	19.32	25.48	47.81
UFSB of Indianapolis	580	240	212	90.00	10.00	65.22	111	58	19.14	10.00	36.55	63.96
Norwest Funding	255	214	2	56.07	43.93	84.58	27	16	10.59	6.27	0.78	7.41
PHH U.S. Mortgage Corp.	329	207	12	27.05	72.95	65.30	24	27	7.29	8.21	3.65	25.00
American Home Funding NationsBanc Mortgage Corp.	566	176	282	83.52	16.48	61.97	262	152	46.29	26.86	49.82	71.37
Signet Mortgage Corp.	1,613	163	122	68.71	31.29	10.93	200	178	12.40	11.04	7.56	16.50
Chase Manhattan Mortgage Corp.	617	157	157	28.66	71.34	34.13	250	143	40.52	23.18	25.45	35.60
First Fidelity Bank, NA	819	151	172	58.94	41.06	23.34	258	152	31.50	18.56	21.00	47.29
Columbia National, Inc.	865	142	93	83.80	16.20	18.39	143	86	16.53	9.94	10.75	27.97
Colonial Savings, FA	364	123	108	94.31	5.69	48.05	109	90	29.95	24.73	29.67	49.54
Inland Mortgage Corp.	361	118	148	55.93	44.07	55.40	94	25	26.04	6.93	41.00	62.77
First Washington Mortgage Corp.	265	118	108	23.73	76.27	75.16	58	19	21.89	7.17	40.75	79.31
	824	114	577	40.35	59.65	46.15	564	385	68.45	46.72	70.02	79.96

**Exhibit J-8 (continued)**

**D.C. GSE Study Area: Top 25 GSE Lenders, 1995**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Atlantic Coast Mortgage	820	114	416	49.12	50.88	28.22	268	104	32.68	12.68	50.73	77.24
PNC Mortgage Corp.	355	112	33	50.00	50.00	34.78	31	12	8.73	3.38	9.30	19.35
Navy Federal Credit Union	231	110	0	100.00	0.00	47.62	10	16	4.33	6.93	0.00	0.00
MNC Mortgage	381	106	171	61.32	38.68	50.48	205	123	53.81	32.28	44.88	61.46
<b>1995 D.C. GSE area totals</b>	<b>40,504</b>	<b>7,933</b>	<b>10,741</b>	<b>65.73</b>	<b>34.27</b>	<b>26.65</b>	<b>11,902</b>	<b>7,598</b>	<b>29.38</b>	<b>18.76</b>	<b>26.52</b>	<b>52.23</b>
				<b>Group as Percentage of Area Totals</b>							<b>Group as Percentage of Area Totals</b>	
Top 5 lenders	15.50	30.06	20.45	69.22	30.78	58.44	18.50	19.65	35.07	23.78	35.00	59.99
Top 10 lenders	23.11	46.85	28.36	72.24	27.76	58.85	25.41	26.16	32.30	21.23	32.54	58.70
Top 25 lenders	44.51	73.64	50.71	67.03	32.97	46.44	46.44	46.28	30.66	19.50	30.22	57.95

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.  
Sources: HMIDA, 1990 U.S. census

## Exhibit J-9

### D.C. GSE Study Area: Top 25 Lenders to Minorities, 1995

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
First Washington Mortgage Corp.	824	114	577	40.35	59.65	46.15	564	385	68.45	46.72	70.02	79.96
North American Mortgage Co.	1,159	477	566	69.81	30.19	80.44	554	391	47.80	33.74	48.84	66.61
Chemical Residential Mortgage	1,763	383	465	54.57	45.43	29.51	533	300	30.23	17.02	26.38	52.72
CMK T/A Mortgage Capital Investors	719	0	643	0.00	0.00	0.00	490	297	68.15	41.31	89.43	97.96
Countrywide Funding Corp.	1,243	0	235	0.00	0.00	0.00	471	317	37.89	25.50	18.91	36.94
B.F. Saul Mortgage Co.	1,139	539	279	49.35	50.65	62.67	440	409	38.63	35.91	24.50	42.73
First Town Mortgage Corp.	507	0	311	0.00	0.00	0.00	346	226	68.24	44.58	61.34	70.23
Mortco, Inc.	1,019	528	431	100.00	0.00	89.80	343	192	33.66	18.84	42.30	73.18
Norwest Mortgage, Inc.	1,198	458	456	68.78	31.22	61.73	332	201	27.71	16.78	38.06	69.88
Carl I. Brown Mortgage Co.	432	71	314	15.49	84.51	60.17	306	204	70.83	47.22	72.69	75.49
Ryland Mortgage Co.	982	31	204	3.23	96.77	3.98	287	150	29.23	15.27	20.77	31.71
Atlantic Coast Mortgage	820	114	416	49.12	50.88	28.22	268	104	32.68	12.68	50.73	77.24
American Home Funding	566	176	282	83.52	16.48	61.97	262	152	46.29	26.86	49.82	71.37
Chase Manhattan Mortgage Corp.	819	151	172	58.94	41.06	23.34	258	152	31.50	18.56	21.00	47.29
Signet Mortgage Corp.	617	157	157	28.66	71.34	34.13	250	143	40.52	23.18	25.45	35.60
Crestar Mortgage Corp.	713	277	236	50.18	49.82	58.07	239	143	33.52	20.06	33.10	56.90
Riggs National Bank of D.C.	345	0	187	0.00	0.00	0.00	229	229	66.38	66.38	54.20	71.18
NVR Mortgage Finance, Inc.	730	251	186	57.77	42.23	46.14	228	141	31.23	19.32	25.48	47.81
CTX Mortgage Co.	665	288	215	95.49	4.51	64.00	220	114	33.08	17.14	32.33	62.73
MNC Mortgage	381	106	171	61.32	38.68	50.48	205	123	53.81	32.28	44.88	61.46

### Exhibit J-9 (continued)

D.C. GSE Study Area: Top 25 Lenders to Minorities, 1995

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
NationsBanc Mortgage Corp.	1,613	163	122	68.71	31.29	10.93	200	178	12.40	11.04	7.56	16.50
The Mortgage Group, Inc.	265	0	219	0.00	0.00	0.00	183	56	69.06	21.13	82.64	88.52
First National Mortgage Corp.	474	0	134	0.00	0.00	0.00	163	89	34.39	18.78	28.27	53.99
First Savings Mortgage Corp.	1,404	14	170	100.00	0.00	1.13	159	94	11.32	6.70	12.11	39.62
First Fidelity Bank, NA	865	142	93	83.80	16.20	18.39	143	86	16.53	9.94	10.75	27.97
<b>1995 D.C. GSE area totals</b>	<b>40,504</b>	<b>7,933</b>	<b>10,741</b>	<b>65.73</b>	<b>34.27</b>	<b>26.65</b>	<b>11,902</b>	<b>7,598</b>	<b>29.38</b>	<b>18.76</b>	<b>26.52</b>	<b>52.23</b>
				<b>Group as Percentage of Area Totals</b>							<b>Group as Percentage of Area Totals</b>	
Top 5 lenders	14.09	12.28	23.14	60.37	39.63	30.23	21.95	22.24	45.76	29.61	43.55	67.19
Top 10 lenders	24.70	32.40	39.82	66.46	33.54	44.88	36.79	38.46	43.78	29.21	42.76	66.23
Top 25 lenders	52.49	55.97	67.41	65.65	34.35	31.67	64.47	64.17	36.09	22.93	34.06	60.65

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census

**Exhibit J-10**

**D.C. GSE Study Area: Top 25 Lenders in Minority Tracts, 1995**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans		Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)			Minority (%)	Minority Tract (%)		Minority Tract (%)	FHA (%)		
B.F. Saul Mortgage Co.	1,139	539	279	49.35	50.65	62.67	440	409	38.63	35.91	24.50	12.62	42.73	
North American Mortgage Co.	1,159	477	566	69.81	30.19	80.44	554	391	47.80	33.74	48.84	34.54	66.61	
First Washington Mortgage Corp.	824	114	577	40.35	59.65	46.15	564	385	68.45	46.72	70.02	47.09	79.96	
Countrywide Funding Corp.	1,243	0	235	0.00	0.00	0.00	471	317	37.89	25.50	18.91	10.09	36.94	
Chemical Residential Mortgage	1,763	383	465	54.57	45.43	29.51	533	300	30.23	17.02	26.38	15.46	52.72	
CMK T/A Mortgage Capital Investors	719	0	643	0.00	0.00	0.00	490	297	68.15	41.31	89.43	67.43	97.96	
Riggs National Bank of D.C.	345	0	187	0.00	0.00	0.00	229	229	66.38	66.38	54.20	18.45	71.18	
First Town Mortgage Corp.	507	0	311	0.00	0.00	0.00	346	226	68.24	44.58	61.34	42.50	70.23	
Carl I. Brown Mortgage Co.	432	71	314	15.49	84.51	60.17	306	204	70.83	47.22	72.69	67.50	75.49	
Norwest Mortgage, Inc.	1,198	458	456	68.78	31.22	61.73	332	201	27.71	16.78	38.06	26.06	69.88	
Mortco, Inc.	1,019	528	431	100.00	0.00	89.80	343	192	33.66	18.84	42.30	26.61	73.18	
NationsBanc Mortgage Corp.	1,613	163	122	68.71	31.29	10.93	200	178	12.40	11.04	7.56	6.45	16.50	
American Home Funding	566	176	282	83.52	16.48	61.97	262	152	46.29	26.86	49.82	32.73	71.37	
Chase Manhattan Mortgage Corp.	819	151	172	58.94	41.06	23.34	258	152	31.50	18.56	21.00	8.15	47.29	
Fyland Mortgage Co.	982	31	204	3.23	96.77	3.98	287	150	29.23	15.27	20.77	21.00	31.71	
Signet Mortgage Corp.	617	157	157	28.66	71.34	34.13	250	143	40.52	23.18	25.45	18.91	35.60	
Crestar Mortgage Corp.	713	277	236	50.18	49.82	58.07	239	143	33.52	20.06	33.10	20.56	56.90	
NVR Mortgage Finance, Inc.	730	251	186	57.77	42.23	46.14	228	141	31.23	19.32	25.48	16.19	47.81	





**Exhibit J-11**

**D.C. GSE Study Area: Top 25 Total Lenders, 1996**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
NationsBanc Mortgage Corp.	2,196	367	207	74.66	25.34	18.45	353	257	16.07	11.70	9.43	18.41
FT Mortgage Co.	2,089	664	1,226	50.30	49.70	76.94	1,012	491	48.44	23.50	58.69	76.19
First Savings Mortgage Corp.	2,064	12	231	100.00	0.00	0.65	209	194	10.13	9.40	11.19	37.32
B.F. Saul Mortgage Co.	1,769	712	399	50.28	49.72	51.97	532	415	30.07	23.46	22.56	59.21
Nonwest Mortgage, Inc.	1,679	214	483	56.07	43.93	17.89	417	214	24.84	12.75	28.77	67.15
Chase Manhattan Mortgage Corp.	1,519	497	421	48.49	51.51	45.26	453	217	29.82	14.29	27.72	53.86
First National Mortgage Corp.	1,349	178	828	56.74	43.26	34.17	842	583	62.42	43.22	61.38	76.72
George Mason Mortgage Corp.	1,207	0	242	0.00	0.00	0.00	131	74	10.85	6.13	20.05	38.17
North American Mortgage Co.	1,050	332	541	47.29	52.71	65.23	484	286	46.10	27.24	51.52	74.38
Dime Mortgage, Inc.	999	184	181	55.43	44.57	22.49	115	71	11.51	7.11	18.12	61.74
Crestar Mortgage Corp.	972	400	241	32.25	67.75	54.72	266	157	27.37	16.15	24.79	46.99
NVR Mortgage Finance, Inc.	924	391	211	84.14	15.86	54.84	272	172	29.44	18.61	22.84	39.71
First Union Mortgage Co.	866	79	63	44.30	55.70	9.84	177	126	20.44	14.55	7.27	16.38
Chase Manhattan Bank USA, NA	850	0	0	0.00	0.00	0.00	67	18	7.88	2.12	0.00	0.00
GMK T/A Mortgage Capital Investors	830	1	657	100.00	0.00	0.58	564	399	67.95	48.07	79.16	90.96
JFSB of Indianapolis	782	304	263	75.99	24.01	58.57	237	148	30.31	18.93	33.63	53.16
Countrywide Home Loans	763	378	217	65.87	34.13	69.23	321	215	42.07	28.18	28.44	52.65
Signet Mortgage Corp.	757	188	237	44.15	55.85	36.15	305	254	40.29	33.55	31.31	44.26
NationsBank, NA	729	0	0	0.00	0.00	0.00	60	46	8.23	6.31	0.00	0.00

### Exhibit J-11 (continued)

D.C. GSE Study Area: Top 25 Total Lenders, 1996

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Harbourton Mortgage Co.	684	25	373	40.00	60.00	8.04	318	227	46.49	33.19	54.53	77.99
CTX Mortgage Co.	674	365	299	97.81	2.19	97.33	251	130	37.24	19.29	44.36	70.92
The Long Island Savings Bank	643	70	97	100.00	0.00	12.82	175	61	27.22	9.49	15.09	28.57
Harbor Financial Mortgage Corp.	610	203	218	97.54	2.46	51.79	148	190	24.26	31.15	35.74	44.59
American Home Funding, Inc.	606	229	275	90.39	9.61	69.18	233	126	38.45	20.79	45.38	69.53
Bank of America, FSB	490	261	0	94.25	5.75	53.27	48	32	9.80	6.53	0.00	0.00
<b>1996 D.C. GSE area totals</b>	<b>45,927</b>	<b>9,368</b>	<b>12,004</b>	<b>60.20</b>	<b>39.80</b>	<b>27.62</b>	<b>12,572</b>	<b>7,692</b>	<b>27.37</b>	<b>16.75</b>	<b>26.14</b>	<b>54.61</b>
				<b>Group as Percentage of Area Totals</b>							<b>Group as Percentage of Area Totals</b>	
Top 5 lenders	21.33	21.02	21.21	55.76	44.24	27.15	20.07	20.42	25.75	16.04	25.99	59.81
Top 10 lenders	34.67	33.73	39.65	53.77	46.23	28.31	36.18	36.43	28.57	17.60	29.89	63.32
Top 25 lenders	59.01	64.62	65.89	63.50	36.50	31.55	63.55	66.34	29.48	18.83	29.19	59.94

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census

**Exhibit J-12**

**D.C. GSE Study Area: Top 25 FHA Lenders, 1996**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
FT Mortgage Co.	2,089	664	1,226	50.30	49.70	76.94	1,012	491	48.44	23.50	58.69	76.19
First National Mortgage Corp.	1,349	178	828	56.74	43.26	34.17	842	583	62.42	43.22	61.38	76.72
GMK T/A Mortgage Capital Investors	830	1	657	100.00	0.00	0.58	564	399	67.95	48.07	79.16	90.96
North American Mortgage Co.	1,050	332	541	47.29	52.71	65.23	484	286	46.10	27.24	51.52	74.38
Norwest Mortgage, Inc.	1,679	214	483	56.07	43.93	17.89	417	214	24.84	12.75	28.77	67.15
Chase Manhattan Mortgage Corp.	1,519	497	421	48.49	51.51	45.26	453	217	29.82	14.29	27.72	53.86
B.F. Saul Mortgage Co.	1,769	712	399	50.28	49.72	51.97	532	415	30.07	23.46	22.56	59.21
Harbourton Mortgage Co.	684	25	373	40.00	60.00	8.04	318	227	46.49	33.19	54.53	77.99
First Republic Mortgage Corp.	373	0	373	0.00	0.00	0.00	252	149	67.56	39.95	100.00	100.00
CTX Mortgage Co.	674	365	299	97.81	2.19	97.33	251	130	37.24	19.29	44.36	70.92
American Home Funding, Inc.	606	229	275	90.39	9.61	69.18	233	126	38.45	20.79	45.38	69.53
UFSB of Indianapolis	782	304	263	75.99	24.01	58.57	237	148	30.31	18.93	33.63	53.16
George Mason Mortgage Corp.	1,207	0	242	0.00	0.00	0.00	131	74	10.85	6.13	20.05	38.17
Crestar Mortgage Corp.	972	400	241	32.25	67.75	54.72	266	157	27.37	16.15	24.79	46.99
Mortgage Access Corp.	475	42	238	11.90	88.10	17.72	103	43	21.68	9.05	50.11	72.82
Signet Mortgage Corp.	757	188	237	44.15	55.85	36.15	305	254	40.29	33.55	31.31	44.26
First Savings Mortgage Corp.	2,064	12	231	100.00	0.00	0.65	209	194	10.13	9.40	11.19	37.32
Harbor Financial Mortgage Corp.	610	203	218	97.54	2.46	51.79	148	190	24.26	31.15	35.74	44.59
Countrywide Home Loans	763	378	217	65.87	34.13	69.23	321	215	42.07	28.18	28.44	52.65

## Exhibit J-12 (continued)

## D.C. GSE Study Area: Top 25 FHA Lenders, 1996

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
Riggs Bank, NA	348	2	211	100.00	0.00	1.46	222	189	63.79	54.31	60.63	75.68
NVR Mortgage Finance, Inc.	924	391	211	84.14	15.86	54.84	272	172	29.44	18.61	22.84	39.71
NationsBanc Mortgage Corp.	2,196	367	207	74.66	25.34	18.45	353	257	16.07	11.70	9.43	18.41
Ryland Mortgage Co.	459	93	191	11.83	88.17	34.70	124	51	27.02	11.11	41.61	53.23
Dime Mortgage, Inc.	999	184	181	55.43	44.57	22.49	115	71	11.51	7.11	18.12	61.74
Eastern Mortgage Services, Inc.	370	99	180	15.15	84.85	52.11	152	75	41.08	20.27	48.65	73.03
<b>1996 D.C. GSE area totals</b>	<b>45,927</b>	<b>9,368</b>	<b>12,004</b>	<b>60.20</b>	<b>39.80</b>	<b>27.62</b>	<b>12,572</b>	<b>7,692</b>	<b>27.37</b>	<b>16.75</b>	<b>26.14</b>	<b>54.61</b>
				<b>Group as Percentage of Area Totals</b>							<b>Group as Percentage of Area Totals</b>	
Top 5 lenders	15.24	14.83	31.11	51.33	48.67	42.58	26.40	25.65	47.43	28.20	53.38	77.43
Top 10 lenders	26.16	31.90	46.65	56.19	43.81	46.57	40.77	40.44	42.65	25.89	46.60	74.28
Top 25 lenders	55.63	62.77	74.50	59.97	40.03	35.41	66.15	69.25	32.55	20.85	35.00	64.72

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMIDA, 1990 U.S. census

**Exhibit J-13**

**D.C. GSE Study Area: Top 25 GSE Lenders, 1996**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans		Total Loans Minority Tract (%)	White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)			Minority (%)	Minority Tract (%)			
B.F. Saul Mortgage Co.	1,769	712	399	50.28	49.72	51.97	532	415	30.07	23.46	22.56	59.21
FT Mortgage Co.	2,089	664	1,226	50.30	49.70	76.94	1,012	491	48.44	23.50	58.69	76.19
Chase Manhattan Mortgage Corp.	1,519	497	421	48.49	51.51	45.26	453	217	29.82	14.29	27.72	53.86
Crestar Mortgage Corp.	972	400	241	32.25	67.75	54.72	266	157	27.37	16.15	24.79	46.99
NVR Mortgage Finance, Inc.	924	391	211	84.14	15.86	54.84	272	172	29.44	18.61	22.84	39.71
Countrywide Home Loans	763	378	217	65.87	34.13	69.23	321	215	42.07	28.18	28.44	52.65
NationsBanc Mortgage Corp.	2,196	367	207	74.66	25.34	18.45	353	257	16.07	11.70	9.43	18.41
CTX Mortgage Co.	674	365	299	97.81	2.19	97.33	251	130	37.24	19.29	44.36	70.92
North American Mortgage Co.	1,050	332	541	47.29	52.71	65.23	484	286	46.10	27.24	51.52	74.38
Flagstar Bank, FSB	336	306	13	33.33	66.67	94.74	79	46	23.51	13.69	3.87	7.59
UFSB of Indianapolis	782	304	263	75.99	24.01	58.57	237	148	30.31	18.93	33.63	53.16
PHH Mortgage Services	418	282	22	37.94	62.06	71.21	20	25	4.78	5.98	5.26	25.00
Bank of America, FSB	490	261	0	94.25	5.75	53.27	48	32	9.80	6.53	0.00	0.00
American Home Funding, Inc.	606	229	275	90.39	9.61	69.18	233	126	38.45	20.79	45.38	69.53
Norwest Mortgage, Inc.	1,679	214	483	56.07	43.93	17.89	417	214	24.84	12.75	28.77	67.15
Harbor Financial Mortgage Corp.	610	203	218	97.54	2.46	51.79	148	190	24.26	31.15	35.74	44.59
Standard Federal Bank	396	195	7	14.36	85.64	50.13	42	21	10.61	5.30	1.77	4.76
Signet Mortgage Corp.	757	188	237	44.15	55.85	36.15	305	254	40.29	33.55	31.31	44.26
Dime Mortgage, Inc.	999	184	181	55.43	44.57	22.49	115	71	11.51	7.11	18.12	61.74
First National Mortgage Corp.	1,349	178	828	56.74	43.26	34.17	842	583	62.42	43.22	61.38	76.72



**Exhibit J-14**

**D.C. GSE Study Area: Top 25 Lenders to Minorities, 1996**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)		
				Fannie Mae (%)	Freddie Mac (%)			Minority (%)	Minority Tract (%)				
FT Mortgage Co.	2,089	664	1,226	50.30	49.70	76.94	1,012	491	48.44	23.50	58.69	41.46	76.19
First National Mortgage Corp.	1,349	178	828	56.74	43.26	34.17	842	583	62.42	43.22	61.38	33.41	76.72
GMK T/A Mortgage Capital Investors	830	1	657	100.00	0.00	0.58	564	399	67.95	48.07	79.16	48.70	90.96
B.F. Saul Mortgage Co.	1,769	712	399	50.28	49.72	51.97	532	415	30.07	23.46	22.56	6.78	59.21
North American Mortgage Co.	1,050	332	541	47.29	52.71	65.23	484	286	46.10	27.24	51.52	33.73	74.38
Chase Manhattan Mortgage Corp.	1,519	497	421	48.49	51.51	45.26	453	217	29.82	14.29	27.72	16.47	53.86
Norwest Mortgage, Inc.	1,679	214	483	56.07	43.93	17.89	417	214	24.84	12.75	28.77	17.09	67.15
NationsBanc Mortgage Corp.	2,196	367	207	74.66	25.34	18.45	353	257	16.07	11.70	9.43	8.10	18.41
Countrywide Home Loans	763	378	217	65.87	34.13	69.23	321	215	42.07	28.18	28.44	18.85	52.65
Harbourton Mortgage Co.	684	25	373	40.00	60.00	8.04	318	227	46.49	33.19	54.53	35.94	77.99
Signet Mortgage Corp.	757	188	237	44.15	55.85	36.15	305	254	40.29	33.55	31.31	24.17	44.26
NVR Mortgage Finance, Inc.	924	391	211	84.14	15.86	54.84	272	172	29.44	18.61	22.84	17.17	39.71
Crestar Mortgage Corp.	972	400	241	32.25	67.75	54.72	266	157	27.37	16.15	24.79	16.19	46.99
First Republic Mortgage Corp.	373	0	373	0.00	0.00	0.00	252	149	67.56	39.95	100.00	100.00	100.00
CTX Mortgage Co.	674	365	299	97.81	2.19	97.33	251	130	37.24	19.29	44.36	26.28	70.92
UFSB of Indianapolis	782	304	263	75.99	24.01	58.57	237	148	30.31	18.93	33.63	25.59	53.16
American Home Funding, Inc.	606	229	275	90.39	9.61	69.18	233	126	38.45	20.79	45.38	29.53	69.53
Riggs Bank, NA	348	2	211	100.00	0.00	1.46	222	189	63.79	54.31	60.63	32.99	75.68
First Savings Mortgage Corp.	2,064	12	231	100.00	0.00	0.65	209	194	10.13	9.40	11.19	7.69	37.32

**Exhibit J-14 (continued)**

**D.C. GSE Study Area: Top 25 Lenders to Minorities, 1996**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
First Union Mortgage Co.	866	79	63	44.30	55.70	9.84	177	126	20.44	14.55	7.27	16.38
The Long Island Savings Bank	643	70	97	100.00	0.00	12.82	175	61	27.22	9.49	15.09	28.57
Eastern Mortgage Services, Inc.	370	99	180	15.15	84.85	52.11	152	75	41.08	20.27	48.65	73.03
Harbor Financial Mortgage Corp.	610	203	218	97.54	2.46	51.79	148	190	24.26	31.15	35.74	44.59
George Mason Mortgage Corp.	1,207	0	242	0.00	0.00	0.00	131	74	10.85	6.13	20.05	38.17
Columbia National, Inc.	385	164	148	100.00	0.00	69.20	125	107	32.47	27.79	38.44	71.20
<b>1996 D.C. GSE area totals</b>	<b>45,927</b>	<b>9,368</b>	<b>12,004</b>	<b>60.20</b>	<b>39.80</b>	<b>27.62</b>	<b>12,572</b>	<b>7,692</b>	<b>27.37</b>	<b>16.75</b>	<b>26.14</b>	<b>54.61</b>
				<b>Group as Percentage of Area Totals</b>							<b>Group as Percentage of Area Totals</b>	
Top 5 lenders	15.43	20.14	30.41	50.40	49.60	54.92	27.31	28.26	48.45	30.68	51.52	75.86
Top 10 lenders	30.33	35.95	44.59	54.78	45.22	39.27	42.13	42.95	38.02	23.72	38.43	68.18
Top 25 lenders	55.54	62.70	71.98	62.60	37.40	34.82	67.22	70.93	33.13	21.99	33.87	63.16

Notes: Minorities are defined as Blacks and Hispanics for this table. Minority tracts are tracts that are predominantly Black or Hispanic.

Sources: HMDA, 1990 U.S. census



**Exhibit J-15**

**D.C. GSE Study Area: Top 25 Lenders in Minority Tracts, 1996**

Lender	Total Loans	Total GSE Loans	Total FHA Loans	GSE Loans		Conventional Loans: GSE (%)	Total Black and Hispanic Loans	Total Minority Tract Loans	Total Loans		White Loans: FHA (%)	Black and Hispanic Loans: FHA (%)
				Fannie Mae (%)	Freddie Mac (%)				Minority (%)	Minority Tract (%)		
First National Mortgage Corp.	1,349	178	828	56.74	43.26	34.17	842	583	62.42	43.22	61.38	76.72
FT Mortgage Co.	2,089	664	1,226	50.30	49.70	76.94	1,012	491	48.44	23.50	58.69	76.19
B.F. Saul Mortgage Co.	1,769	712	399	50.28	49.72	51.97	532	415	30.07	23.46	22.56	59.21
CMK T/A Mortgage Capital Investors	830	1	657	100.00	0.00	0.58	564	399	67.95	48.07	79.16	90.96
North American Mortgage Co.	1,050	332	541	47.29	52.71	65.23	484	286	46.10	27.24	51.52	74.38
NationsBanc Mortgage Corp.	2,196	367	207	74.66	25.34	18.45	353	257	16.07	11.70	9.43	18.41
Signet Mortgage Corp.	757	188	237	44.15	55.85	36.15	305	254	40.29	33.55	31.31	44.26
Harbourton Mortgage Co.	684	25	373	40.00	60.00	8.04	318	227	46.49	33.19	54.53	77.99
Chase Manhattan Mortgage Corp.	1,519	497	421	48.49	51.51	45.26	453	217	29.82	14.29	27.72	53.86
Countrywide Home Loans	763	378	217	65.87	34.13	69.23	321	215	42.07	28.18	28.44	52.65
Norwest Mortgage, Inc.	1,679	214	483	56.07	43.93	17.89	417	214	24.84	12.75	28.77	67.15
First Savings Mortgage Corp.	2,064	12	231	100.00	0.00	0.65	209	194	10.13	9.40	11.19	37.32
Harbor Financial Mortgage Corp.	610	203	218	97.54	2.46	51.79	148	190	24.26	31.15	35.74	44.59
Riggs Bank, NA	348	2	211	100.00	0.00	1.46	222	189	63.79	54.31	60.63	75.68
NVR Mortgage Finance, Inc.	924	391	211	84.14	15.86	54.84	272	172	29.44	18.61	22.84	39.71
Crestar Mortgage Corp.	972	400	241	32.25	67.75	54.72	266	157	27.37	16.15	24.79	46.99
First Republic Mortgage Corp.	373	0	373	0.00	0.00	0.00	252	149	67.56	39.95	100.00	100.00
JFSB of Indianapolis	782	304	263	75.99	24.01	58.57	237	148	30.31	18.93	33.63	53.16
CTX Mortgage Co.	674	365	299	97.81	2.19	97.33	251	130	37.24	19.29	44.36	70.92



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## Notes

1. Conventional loans are assumed to be loans that are not insured or guaranteed by any government programs. For this study, VA loans were not included in the analysis as they represent a special market of eligibility and conditions that are unique. Loans made under the Rural Housing Service loan program also were not included because they are rare and atypical in the urban markets being studied. Therefore, FHA loans represent the single category of nonconventional loans in this study.
2. In recent years, generally after the period of the data used in this study, both Fannie Mae and Freddie Mac have been purchasing significant portfolios of FHA loans. Some of this is done to provide a broader base of performance data for evaluating its own underwriting systems and loan programs. Still, future studies will need to pay more attention to separating the patterns of FHA and conventional purchases for the GSEs. Some separation of FHA and conventional purchases is made in this study.
3. There are no other minorities in either market that have more than a single census tract in which they are the dominant population.
4. This requirement can be waived only in rare cases, such as when the occupant has a health condition that makes moving impossible.
5. Bunce and Scheessele (1996) did engage in a comparison of the markets served by FHA, the GSEs, and the remaining conventional market.
6. The earliest of these studies include the D.C. Commission of Residential Mortgage Investment (1976) and the D.C. Neighborhood Reinvestment Commission (1977).
7. Data from the GSE Public Use Database were not used because they fail to provide data at the census tract level that separates refinance, home purchase, and home improvement loans.
8. Litigation has been filed against HUD since 1974 seeking to protect homeowners in default from unreasonable foreclosure. This litigation created the Mortgage Assignment Program, which was eliminated in 1996. The history of this litigation includes demands to reinstate the Mortgage Assignment Program or a comparable form of required relief (see *Ferrell et al. v. Cuomo et al.*, originally filed as *Ferrell et al. v. Romney et al.*).
9. Many tracts have different racial compositions for the rental and ownership markets. In a strict fair housing sense, discrimination may be based on the racial composition of an area (regardless of the housing tenure status of the residents). However, this study examines the treatment of borrowers in the home purchase markets. Lenders may have views of an area based on the total minority population, but they are likely to be most familiar with the racial patterns that are related to homeowners.
10. Variations in this estimate were made to test for sensitivity. A Chicago example of the major variations is presented in appendix A.

11. A single tract may be defined as racially changing and predominantly minority, though this is rare. This can happen when a tract that was already predominantly minority continued to change rapidly after 1990.
12. The specific formulas for these calculations are found in exhibit B–1 in appendix B for the data fields in columns HJ and HK.
13. Appendix C contains exhibits with annual tabulations of these loans by each racial category. In addition, these exhibits list the number of loans that qualified as Tier 1 (FHA-eligible) loans.
14. The exact formula for this estimation is provided in appendix D.
15. The market shares of Tier 1 loans for the Chicago study area show small declines over the time period, especially in White areas. This appears to indicate an increase in loan values (and probably in housing values) at this end of the market. The upper limits for FHA loans in the Chicago market area did not change during the study period, thus placing a squeeze on the market for FHA loans.
16. Canner, Passmore, and Surrence (1996) matched PMI disclosure data to HMDA data. For this article a similar effort was made to match individual MICA data with the individual HMDA loan files. Several key codes (such as the race of the applicant, the loan amount, applicant income, type of loan, owner-occupancy status, and the census tract location) were used to seek matches. Over the 3 years of data and two markets, the process matched from 27 percent to 40 percent of the PMI records to HMDA records on all characteristics. Allowing the remainder of the unmatched records to match on a 10-percent variance for applicant income and loan amount increased the total matches from 49 percent to 56 percent over three matching runs (see appendix E). The results were not considered to be accurate enough to provide confidence that the matches were correct and that they represented an unbiased sample of HMDA records combined with PMI data. This applied particularly to the accuracy of data for such small areas as census tracts. Without a more productive matching outcome, it is not reasonable to try to project such measures as, for example, the percentage of PMI loans in any tract that were purchased by the GSEs. Therefore, the PMI data were only used in the aggregate to provide profiles of the PMI market and to provide estimates of the total number of loans in census tracts that were privately insured.
17. For FHA market shares, this measure is actually derived by taking the total number of FHA loans in a census tract or racial group and dividing by the total number of Tier 1 loans in that census tract or racial group. Some FHA loans are made above the Tier 1 limits for loans on properties with from two to four units. This can inflate the real percentage of FHA loans in Tier 1.
18. Appendix F contains the formats for calculating FHA distress factors from the Section 335 data.
19. Appendix G provides a comparable exhibit (G–1) that includes the raw numbers upon which the percentages in this exhibit are based.
20. Selecting higher income borrowers does not, of course, control for all the factors that might differentiate a homebuyer's decision to use an FHA loan or a conventional loan (Hendershott, LaFayette, and Haurin, 1997; Bunce, et al., 1995).

21. The percentages and the raw numbers of loans upon which they are based are found in appendix G, exhibit G-2.
22. The full set of exhibits for Chicago area lenders is in appendix I and the full set of exhibits for D.C. area lenders is in appendix J.
23. As a technical note, a few lenders report selling more than 100 percent of their conventional loans to the GSEs. Partly this may be a result of the definition of the percentage. It is really a ratio of the GSE sales to the number of conventional loans. It assumes that only conventional loans are sold to the GSEs. In some cases, the GSEs do purchase FHA loans. It is more likely, however, that these rates in excess of 100 percent are caused by improper coding by the lenders in HMDA reporting loan sales.
24. *U.S. Department of Justice v. Chevy Chase Federal Savings Bank and B.F. Saul Mortgage Company*, Complaint and Consent Decree, filed in the District of Columbia (August 22, 1994).
25. However, this study does not consider subprime conventional lending. A recent review of both the GSE and subprime lending markets in the Baltimore area indicates substantial levels of conventional subprime lending in the racially changing and minority areas there (Bradford, Thompson, and Smith, 2000).

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