
APPENDIX 5.
HMDA DATA TECHNICAL NOTES

Appendix 5. HMDA Data Technical Notes

Home Mortgage Disclosure Act (HMDA) Data Technical Note

The most recent Home Mortgage Disclosure Act (HMDA) data set was analyzed for lending patterns (2008 Loan Application Register (LAR) & Transmittal Sheet (TS) Raw Data).

Data were reviewed for loan applications to purchase homes in the 2000 U.S. Decennial Census tracts that fall within the 2008 boundaries of Contra Costa County (see the HMDA maps for tract numbers and boundaries). There are 67,206 records in the HMDA data set.

The analysis was only concerned with fair lending practices for home purchases in which purchasers were the primary resident; therefore the HMDA data is limited to home purchase transactions reported as purchases by owner-occupants.

This exclusion reduced the data set by 40,611 records to 26,595 records. The excluded records included 3,542 home improvement records, 33,184 refinancing records, 6,812 records for properties not to be owner-occupied, and 357 “not applicable” records.

Another 5,713 loan purchase records for loans purchased by institutions (usually through foreclosure) and 7 “pre-approval” requests were excluded. These records were excluded because they do not represent loan types expected to include discriminatory lending practices.

The remaining 20,875 records represent actions reported by lenders in response to a request from a consumer for a new home loan to purchase a primary residence.

It should be noted that multiple applications by the same household may be present in the data set. Since the data set is anonymous, it does not contain a variable that can be used to filter out duplicates.

The HMDA data report information on the location of the property being mortgaged; the type, purpose and intended use of the loan; characteristics of the lender and borrower; and the “action” the lender took. This final variable is of interest to analyze lending patterns. It tells us the result of the lenders’ decisions regarding applications for mortgage credit.

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The action types reported in the HMDA data are:

1	loan originated
2	application approved but not accepted
3	application denied by a financial institution
4	application withdrawn by applicant
5	file closed for incompleteness
6	loan purchased by the institution
7	pre-approval request denied by financial institution
8	pre-approval request approved but not accepted

As previously mentioned, the data analysis was limited to certain action types that are relative to requests for new mortgage credit. Records for action types 6, 7, and 8 have been excluded.

The action types in the data set were organized according to three specific outcomes: denials, failures, and originations. It is important to note that applications resulting in denial are included in applications resulting in failure.

The analyzed outcomes were grouped as follows:

Total Applications	Action types 1, 2, 3, 4, 5
Denials	Action type 3
Failures	Action types 2, 3, 4, 5
Originations	Action type 1