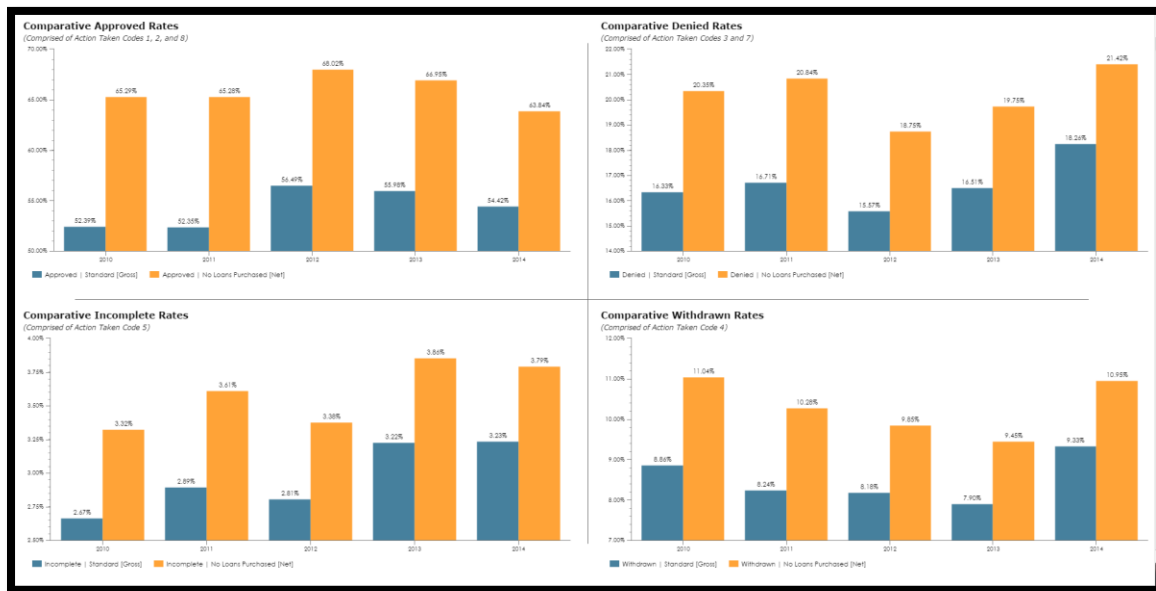


*This is the first in a series entitled **HMDA : Insights Capitalizing on New Perspectives** prepared to provide mortgage lenders with advanced analytical insight to enhance governance, risk management and compliance activities in a challenging – and changing – environment.*

### Summary:

- Excluding Loans Purchased (i.e., Action Type 6) in evaluating a lender’s lending profile is necessary as the purchase decision is distinct from the origination decision.
- Mortgage TrueView HMDA Insight Dashboards<sup>1</sup> show that differences between the aggregate Action Taken Rates<sup>2</sup> inclusive of all Action Taken codes (i.e., Gross Rate) and aggregate Action Taken Rates excluding Loans Purchased (i.e., Net Rate) are significant (Chart 1).

**Chart 1 | Comparative Action Taken Rates | 2010 - 2014**



- While the overall results are noteworthy, it is essential to evaluate – and understand – the results in the MSAs/MDs where a lender conducts business.

### Analysis:

Loans Purchased by all HMDA Respondents and the relationship of such applications to Actioned Applications (i.e., Action Taken Codes 1-5, 7 and 8) (“Loans Purchased Rate”) are significant (Table 1).

Mortgage TrueView Insight Dashboards show MSA/MD-specific 2014 Loan Purchase Rates ranging from 1.42% to 37.41% (with the range for the top 20 MSAs based on Actioned Applications ranging from 13.30% to 26.57% as shown in Chart 2).

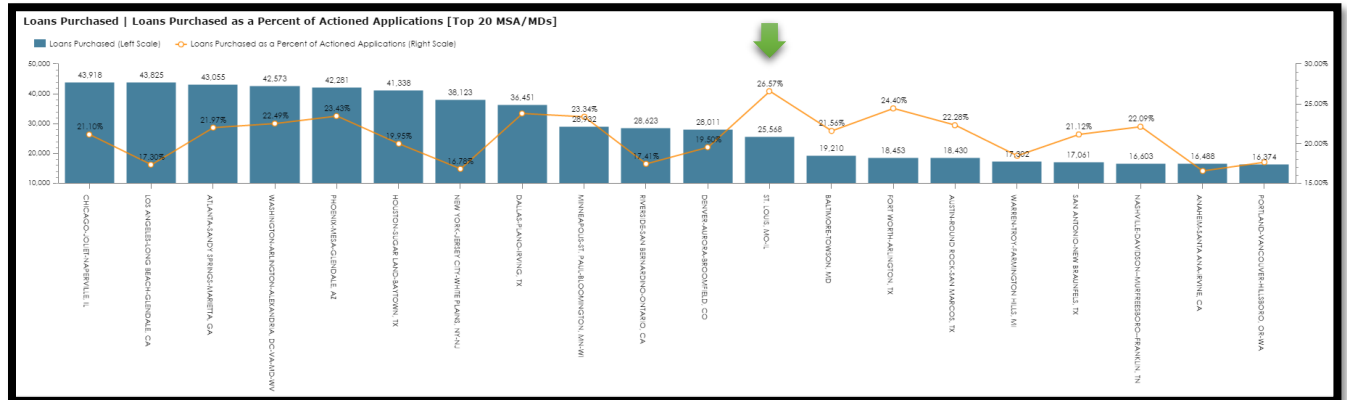
**Table 1 | Summary of Loans Purchased**

Year	Loans Purchased	% of Actioned Applications
<b>2010</b>	<b>3,329,010</b>	<b>24.61%</b>
<b>2011</b>	<b>2,944,662</b>	<b>24.69%</b>
<b>2012</b>	<b>3,167,577</b>	<b>20.40%</b>
<b>2013</b>	<b>2,794,424</b>	<b>19.60%</b>
<b>2014</b>	<b>1,752,016</b>	<b>17.31%</b>

<sup>1</sup> Mortgage TrueView Dashboards can be accessed by 2015 HMDA Survey participants using their complementary access credentials. Non-participants may obtain credentials by sending a request to [hmda@mortgage>trueview.com](mailto:hmda@mortgage>trueview.com).

<sup>2</sup> Approved includes loans originated, applications approved not accepted, and preapproval requests approved but not accepted. Denied loans include applications denied by the financial institution and preapproval requests denied by financial institution.

Chart 2 | Loans Purchased | Loans Purchased as a Percent of Actioned Applications [Top 20 MSAs/MDs] : 2014



Mortgage TrueView Insight Dashboards show that the St. Louis, MO-IL MSA has the highest 2014 Loan Purchase Rate – 26.57% – among the top 20 MSAs based on Actioned Applications. Table 2 presents the Top 20 lenders (based on Total Applications) in the St. Louis, MO-IL MSA and shows their respective Loans Purchased Rate. Table 2 shows that the St. Louis, MO-IL MSA Loans Purchased Rate of 26.57% is primarily

Table 2 | Top 20 Lenders [Based on Total Applications] : St. Louis, MO-IL MSA

De-identified Respondent	Actioned Applications	Loans Purchased	Total Applications	Memo: Loans Purchased Rate
Respondent 1	8,356	4	8,360	0.05%
Respondent 2	3,973	4,273	8,246	107.55%
Respondent 3	5,595	1,498	7,093	26.77%
Respondent 4	991	3,613	4,604	364.58%
Respondent 5	3,429	536	3,965	15.63%
Respondent 6	3,571	2	3,573	0.05%
Respondent 7	3,307	2	3,309	0.05%
Respondent 8	156	3,106	3,262	1991.03%
Respondent 9	2,965	1	2,966	0.05%
Respondent 10	1,028	1,317	2,345	128.11%
Respondent 11	2,138	3	2,141	0.14%
Respondent 12	2,048	1	2,049	0.05%
Respondent 13	1,601	168	1,769	10.49%
Respondent 14	278	1,469	1,747	528.42%
Respondent 15	925	703	1,628	76.00%
Respondent 16	1,359	197	1,556	14.50%
Respondent 17	1,460	1	1,461	0.05%
Respondent 18	1,393	1	1,394	0.05%
Respondent 19	1	1,359	1,360	135900.00%
Respondent 20	797	551	1,348	69.13%
<b>Total   Top 20</b>	<b>45,371</b>	<b>18,804</b>	<b>64,175</b>	<b>41.45%</b>
<b>Total   All Lenders</b>	<b>96,246</b>	<b>25,371</b>	<b>121,617</b>	<b>26.57%</b>
<b>Total   Top 20 / Total   All Lenders</b>	<b>47.14%</b>	<b>74.12%</b>	<b>52.77%</b>	

attributable to 8 (highlighted) lenders that have Loans Purchased Rates significantly higher than the average Loans Purchased rate for the St. Louis, MO-IL MSA.

Four of the eight lenders – Respondents 4, 8, 14, and 19 – show significant Loans Purchase Rates with Respondent 19 reporting 1 Actioned Application and 1,359 Loans Purchased.

Despite significant Loans Purchase Rates, two of the eight lenders – Respondents 2 and 10 – also show significant Actioned Applications, 3,973 and 1,028, respectfully.

It is clear from Table 2 that including Loans Purchased as Approved Applications significantly misstates the lending activity for the highlighted lenders. By extension, including Loans Purchased misstates the lending activity for all lenders and provides

an inaccurate view of lending activity for the overall market.

\* \* \* \* \*

Our next HMDA Insight will focus on how adjusting Action Taken rates makes a difference in establishing a more meaningful benchmark for purposes of evaluating lending activities.

*“It is a capital mistake to theorize before one has data. Insensibly one begins to twist facts to suit theories, instead of theories to suit facts.”* – The Adventures of Sherlock Holmes, A Scandal in Bohemia