

Trends in CRA and LMI Mortgage Lending

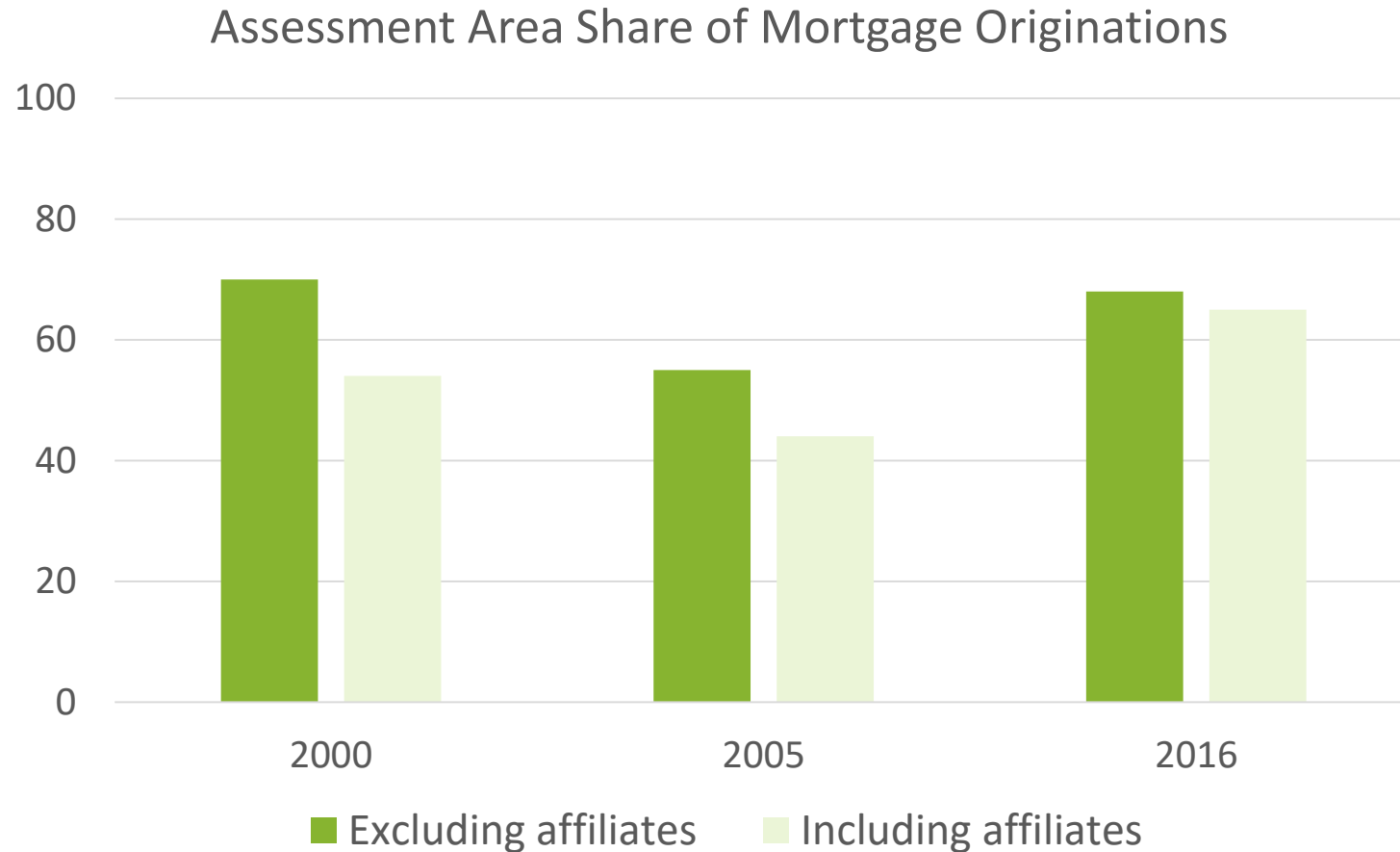
NEIL BHUTTA (FEDERAL RESERVE BOARD)

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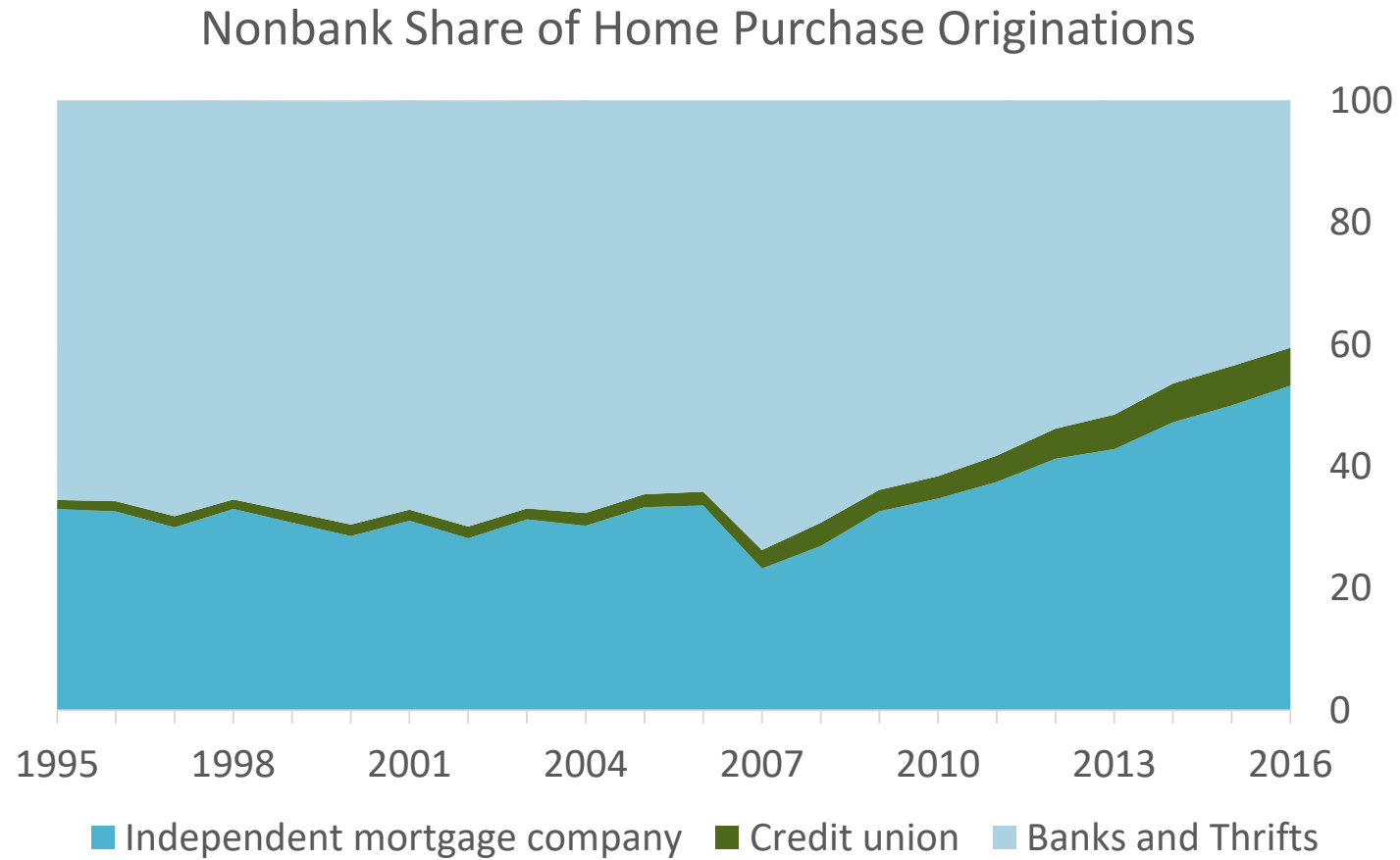
Preliminaries

1. These slides represent my research and views, and do not necessarily represent the views of the Federal Reserve
2. Most of this material reflects work with Dan Ringo (FRB), Steve Laufer (FRB), and Jimmy Kelliher (FRB)
 - Review of 2016 HMDA data [\[link\]](#)
 - Research notes on LMI lending [\[link 1\]](#) [\[link 2\]](#)
3. This research focuses on mortgage lending, which is just one aspect of the Community Reinvestment Act (CRA)

Banks still lend locally

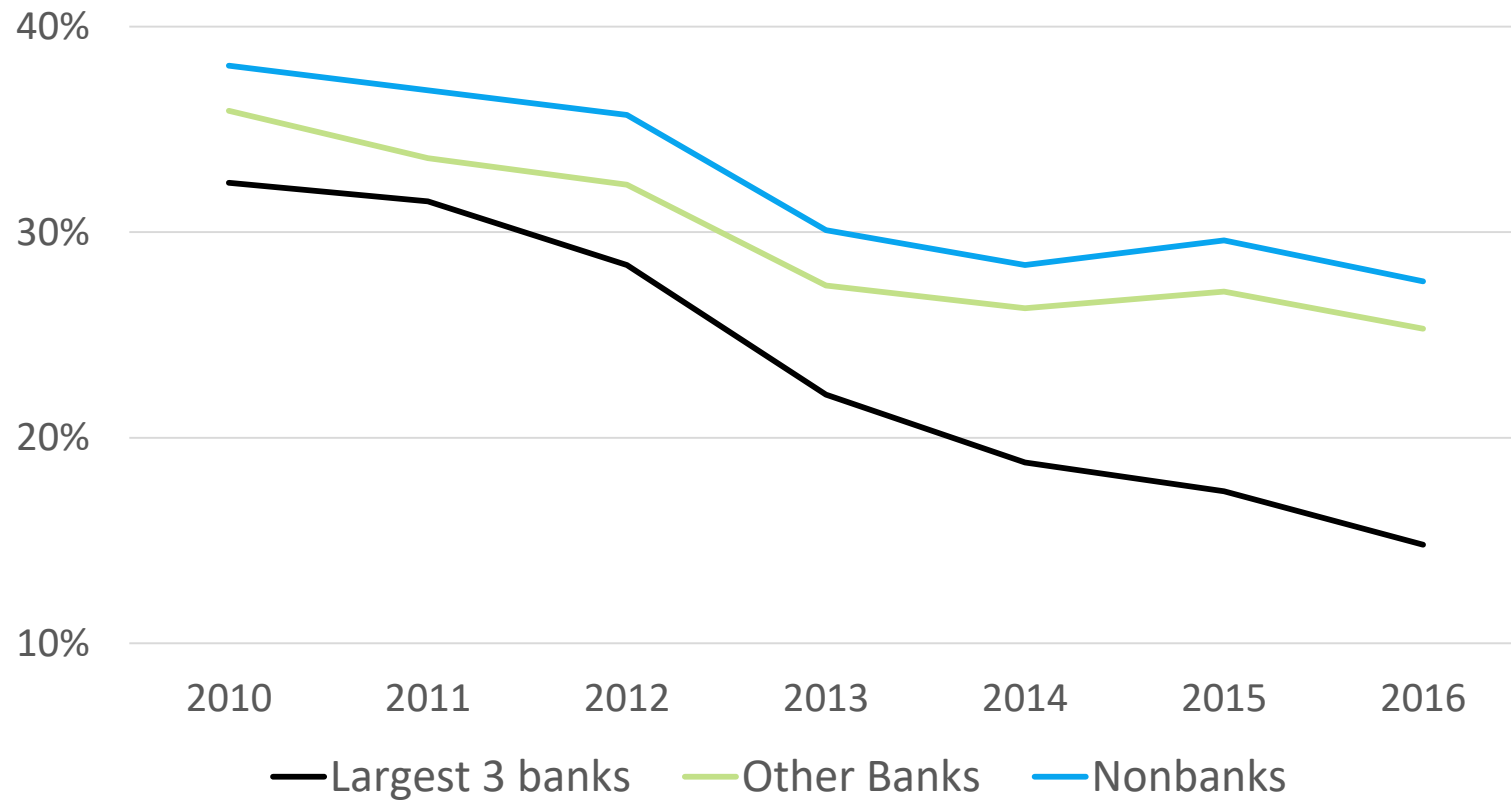


Banks have been losing market share

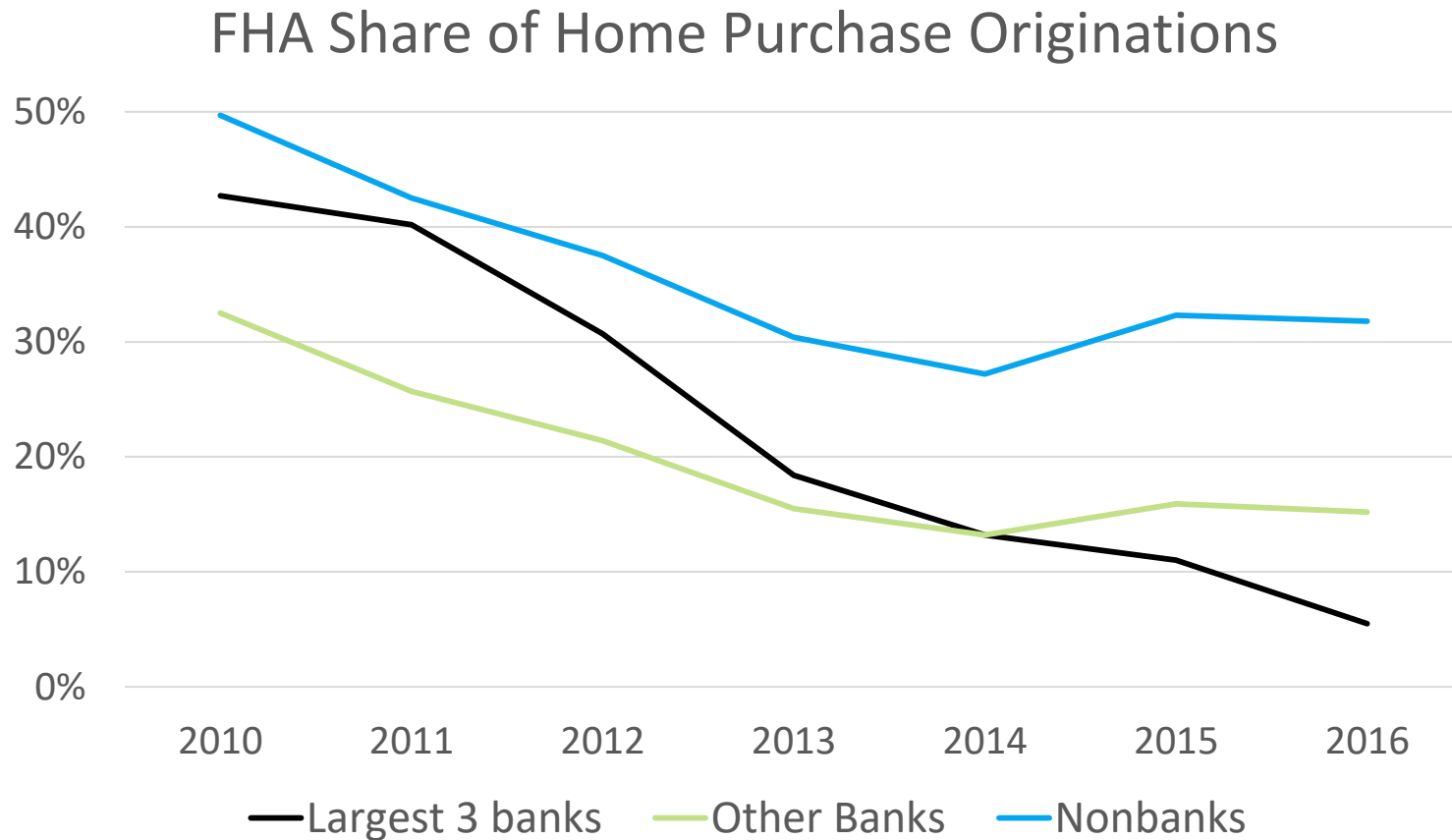


Nonbanks tend to do more LMI lending

Share of Home Purchase Originations to LMI Borrowers



Largest banks have become reluctant to do FHA lending



Does it matter if big banks reduce their LMI lending?

From a CRA enforcement perspective? Yes.

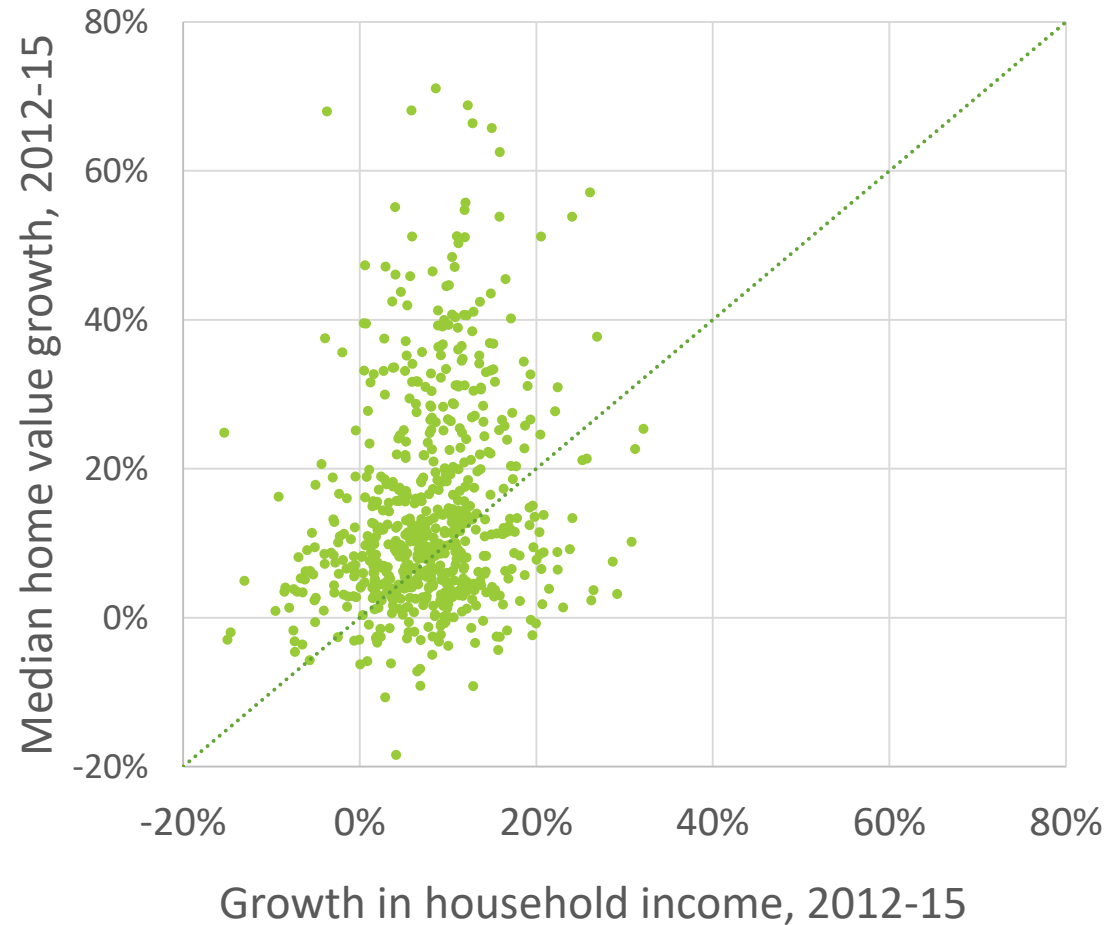
From households' perspective? Maybe not.

- Can households obtain loans from other lenders?

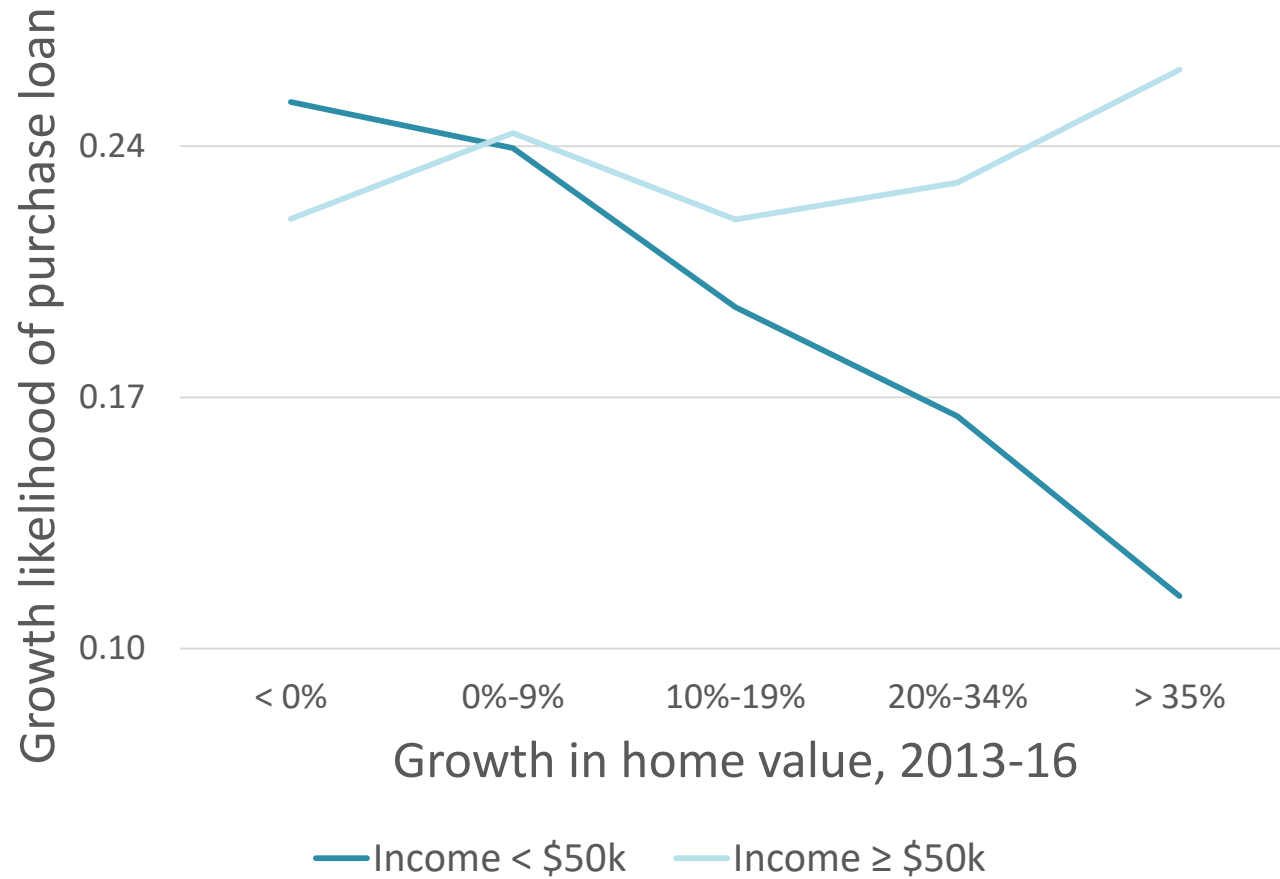
LMI lending has been declining for all types of lenders

Credit supply? Credit demand?

Rising house prices may be taking a toll



Is fast price growth impeding home buying for lower-income households?



Thank you
