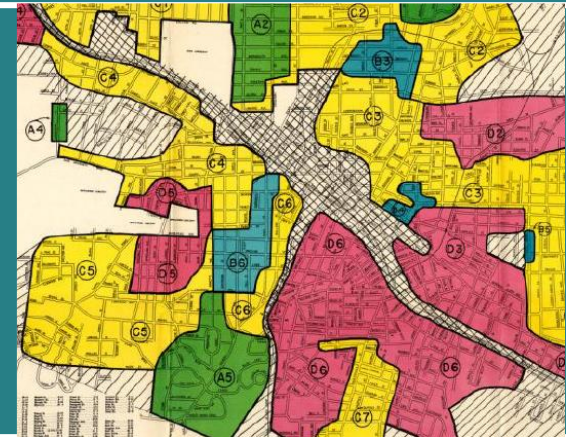


Ensuring Fair Housing & Equal Access to Credit

November 6, 2015



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Overview

- Major laws
 - Fair Housing Act
 - Equal Credit Opportunity Act
- Fair lending vs. unfair lending
- Using free data to show discriminatory patterns
- Limitations and future opportunities

FHA – Protected Classes

- Fair Housing Act
- Federal:
 - race, color, religion, sex, handicap, familial status, national origin
- Illinois adds:
 - ancestry, age, marital status, military discharge status, military status, and order of protection

ECOA – Protected Classes

- Equal Credit Opportunity Act
- Federal:
 - race, color, religion, national origin, sex, marital status, age, or because you get public assistance
 - limited exceptions, such as age and immigration status

Disparate Impact

- Facially neutral practice or policy
- Results in different outcomes correlated with protected class status
- Alternative to achieve policy objective with less negative impact on protected class

Some Unfair Lending Practices

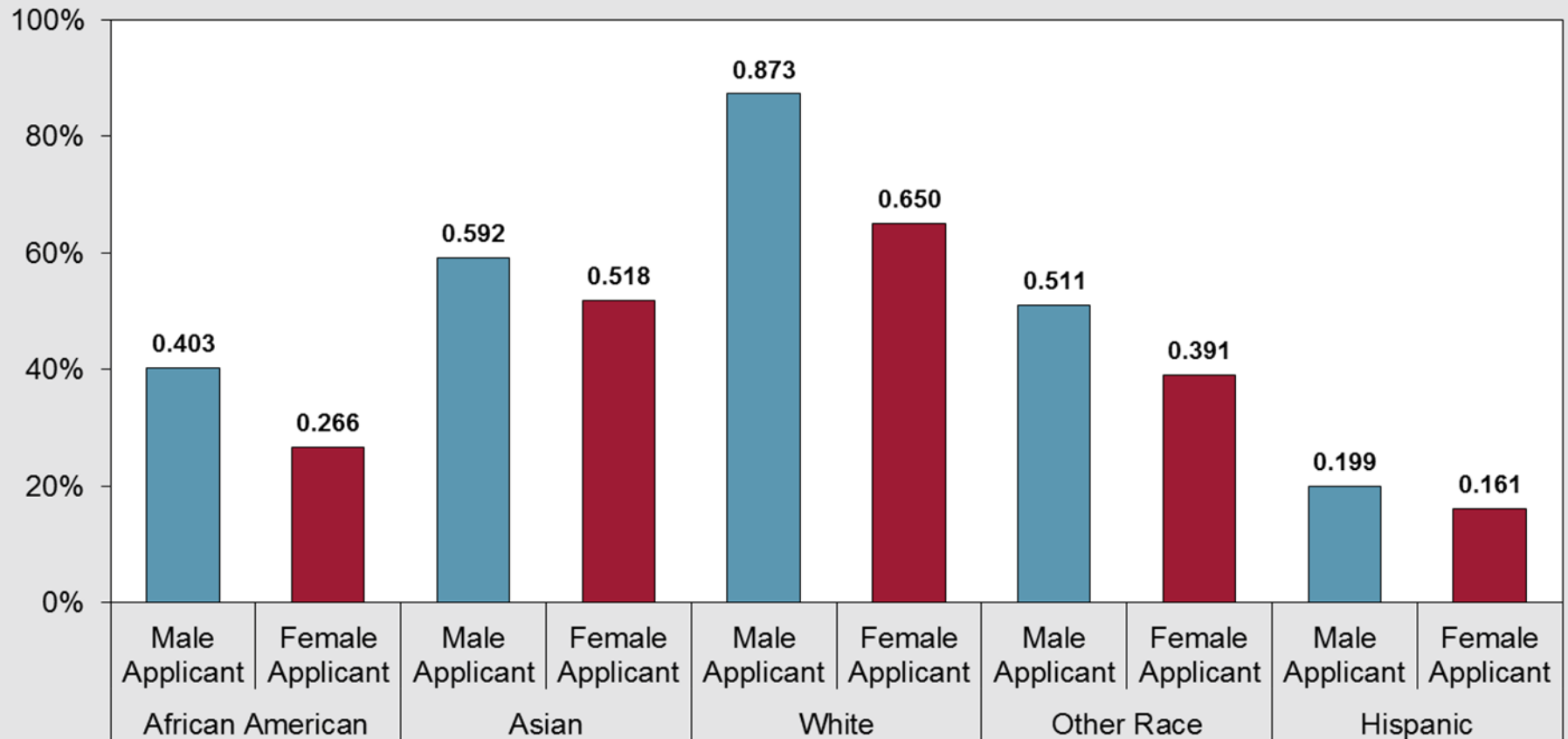
- Redlining
 - not making loans in certain neighborhoods
- Overcharging for credit
 - putting borrower into higher cost loan
 - putting borrower into loan with unfavorable terms
- Denial based on protected class status
 - for example, pregnancy or parental leave

Prove It with Free Data

- Home Mortgage Disclosure Act (HMDA)
 - covers most mortgage applications
 - available from the CFPB or FFIEC
- Variables you can use
 - applicant's race, gender, ethnicity
 - some loan characteristics
 - neighborhood characteristics
 - census tract of the property

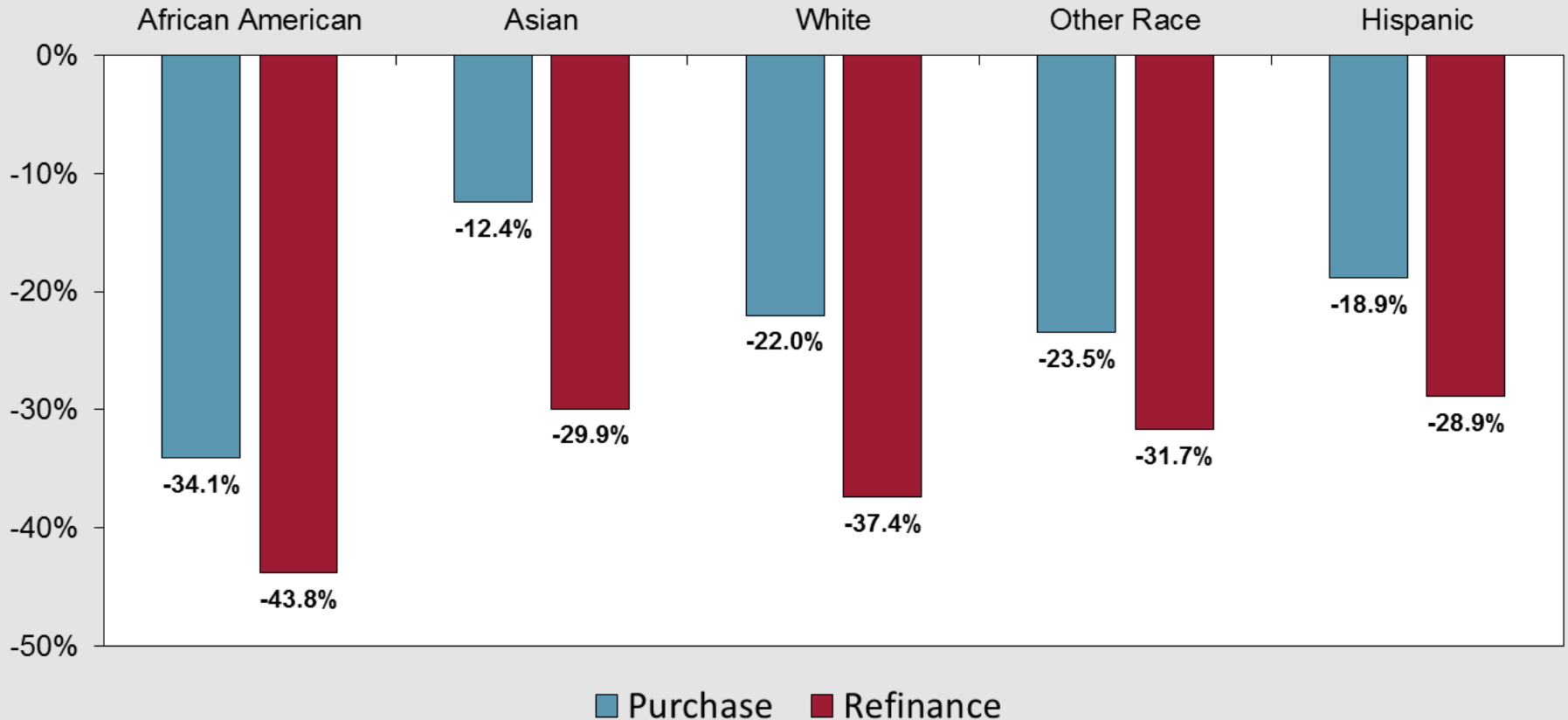
Gender-related Disparities

**Probability of Purchase Loan Origination,
with Opposite Gender Co-applicant**



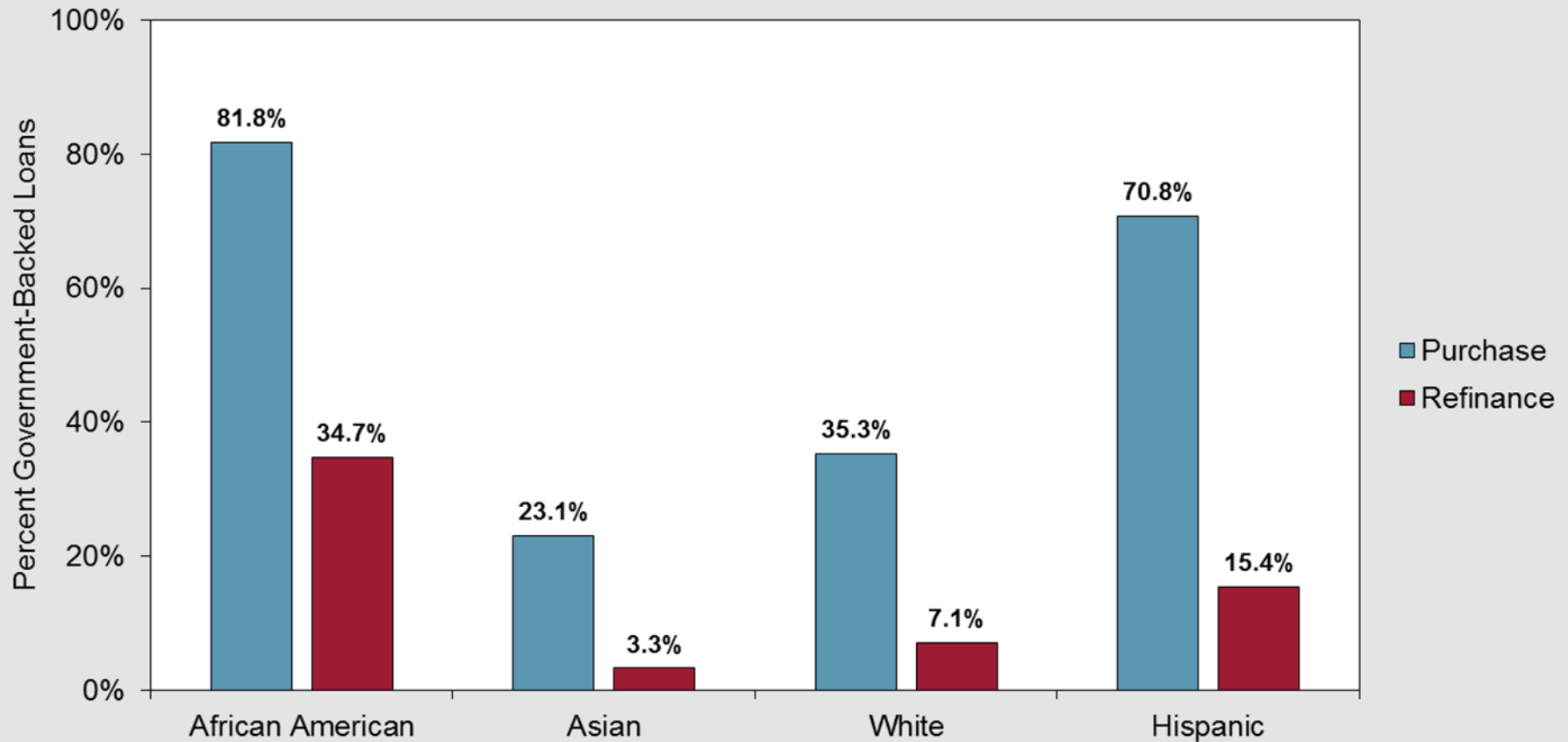
Gender-related Disparities (2)

**Percent Difference in Probability of Origination,
Female-Male Applicants vs. Male-Female Applicants**



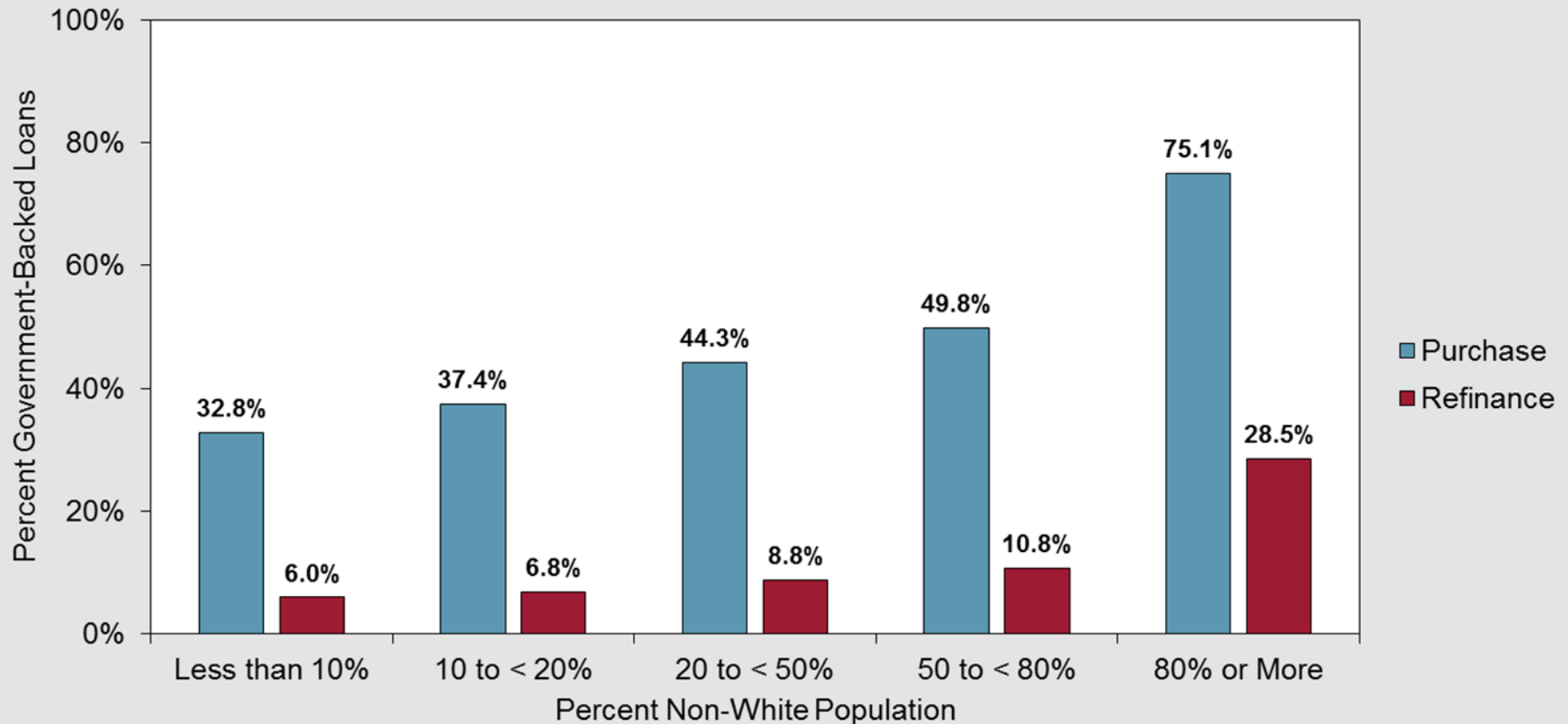
Potential Steering

Percent Government-backed Purchase Loans, by Race of Borrower

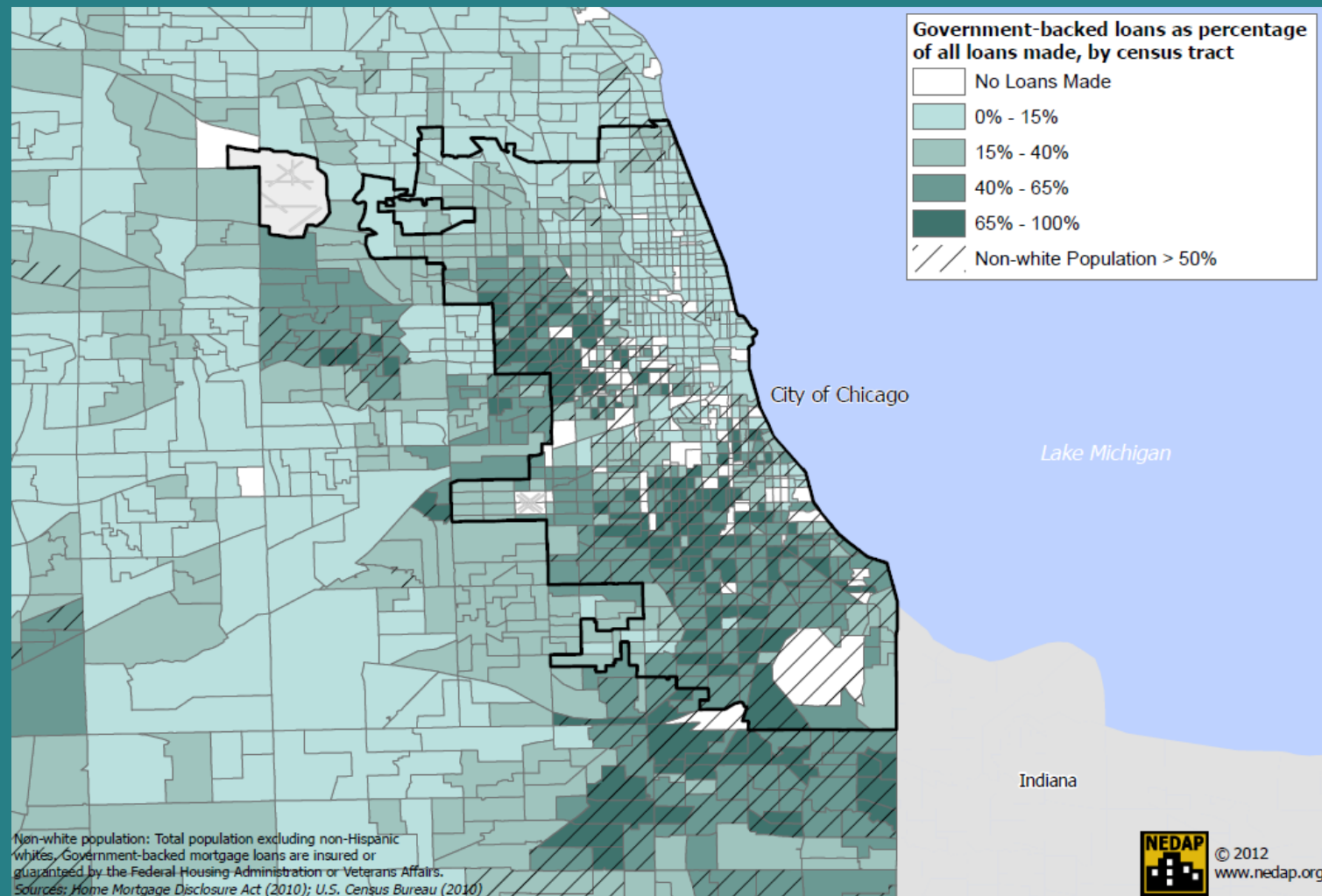


Potential Redlining

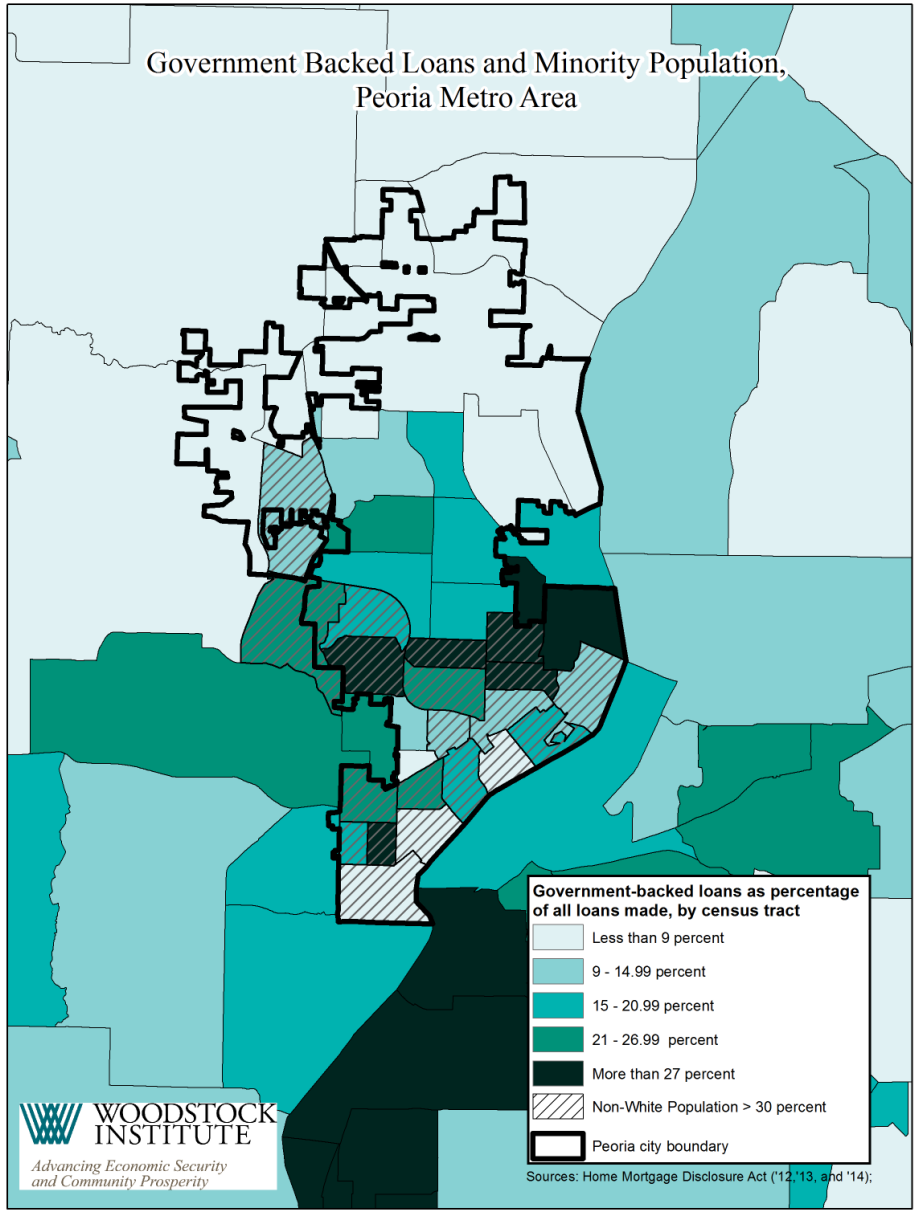
Percent Government-backed (FHA/VA) Purchase Loans, by Race of Census Tract



Potential Redlining Mapped



Government Backed Loans and Minority Population, Peoria Metro Area



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*Advancing Economic Security
and Community Prosperity*

Additional Free Data Resources

- Decennial Census
 - race and ethnicity
- American Community Survey
 - income
- Woodstock Institute
 - data portal and mapping tool
 - technical assistance

Limitations in HMDA Data

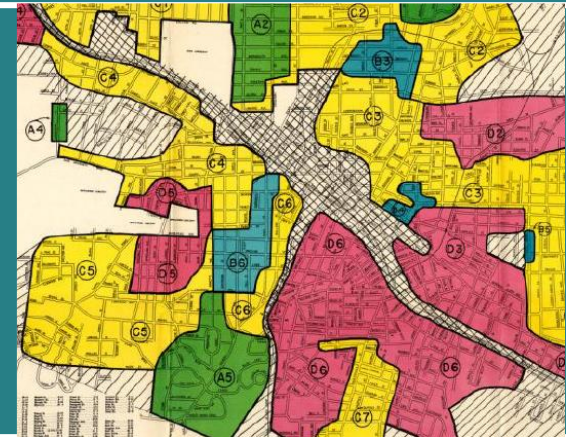
- Lack of key underwriting criteria data
 - property value, credit score, debt-to-income ratio
- Lack key loan data
 - points, fees, interest rate, prepayment penalty, loan term
- All included in new CFPB reporting requirements
 - may be made available in the future

CFPB as a Resource

- HMDA database in easier (relatively speaking) format
- Accurate information about mortgages
- Consumer Complaint Database
 - informs consumers and the CFPB
- Submit complaints to
 - <http://www.consumerfinance.gov/complaint>
 - call (855) 411-2372

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