



# RURAL RESEARCH SYMPOSIUM

 Freddie Mac

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#RuralHousingResearch



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# Access to Credit Discussion: Homebuyers Who Were Turned Down on Earlier Application Using NSMO Public Use Data

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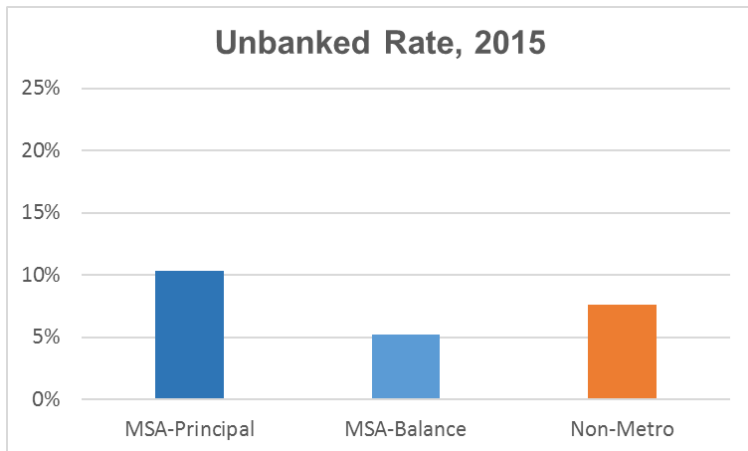
# INTRODUCTION

- Existing Access to Credit Metrics
  - Unbanked and Underbanked Rates (FDIC)
  - Credit Invisibility and Unscorability Rates (CFPB)
  - Mortgage Application Denial Rate (HMDA)
- These metrics are measures of failure.
- On the other side of failure, there is also a margin of success.
- National Survey of Mortgage Originations (NSMO) Public Use Data can be used to study homebuyers who were turned down on earlier application(s) but were eventually successful in getting a mortgage.
- Understanding eventually successful homebuyers with earlier challenges could be a key to better understanding mortgage access to credit.
- NSMO charts in this presentation are stylized facts.

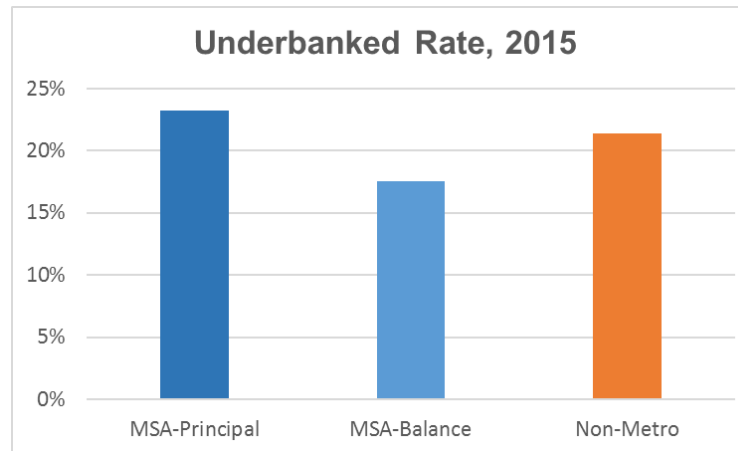


# GEOGRAPHY

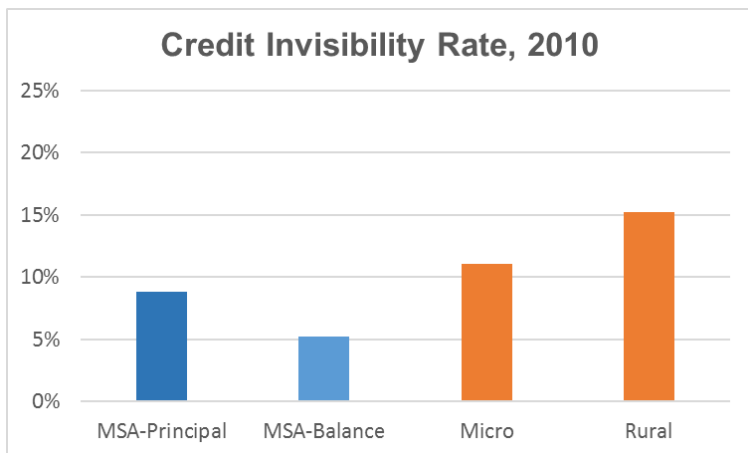
Similarity in geographic patterns of failure and marginal success.



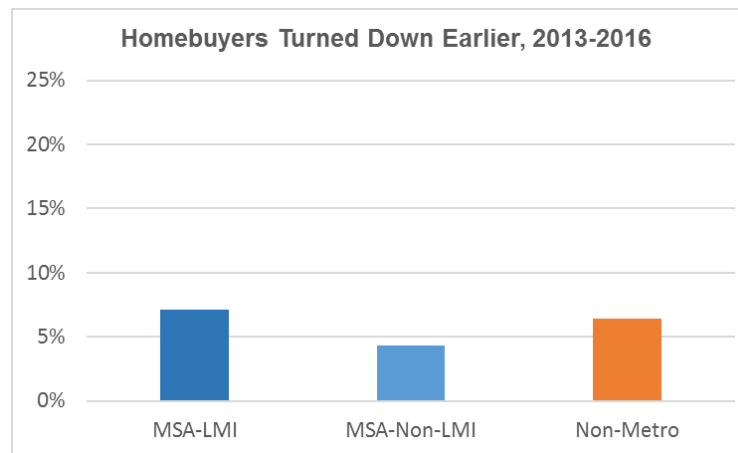
Source: FDIC National Survey of Unbanked and Underbanked Households



Source: FDIC National Survey of Unbanked and Underbanked Households



Source: CFPB Consumer Credit Panel

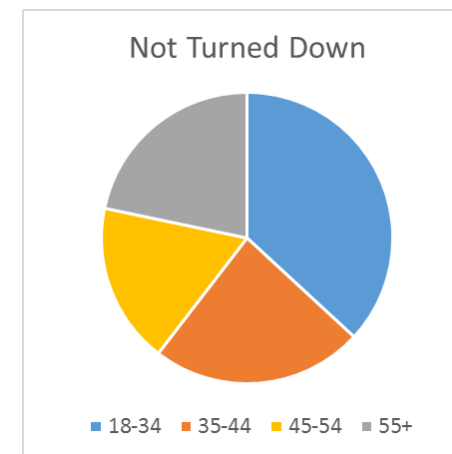
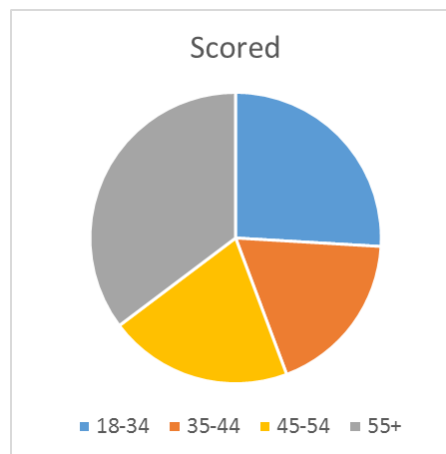
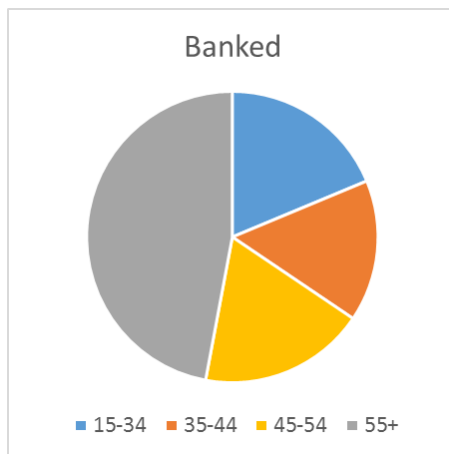
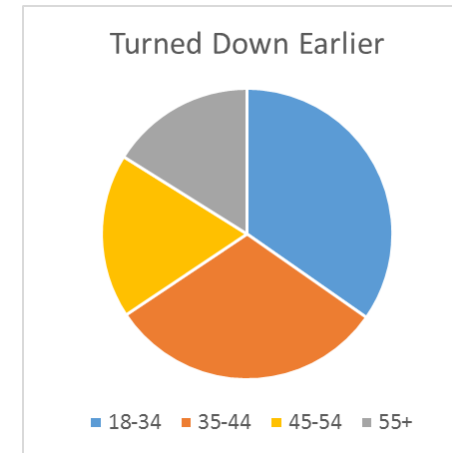
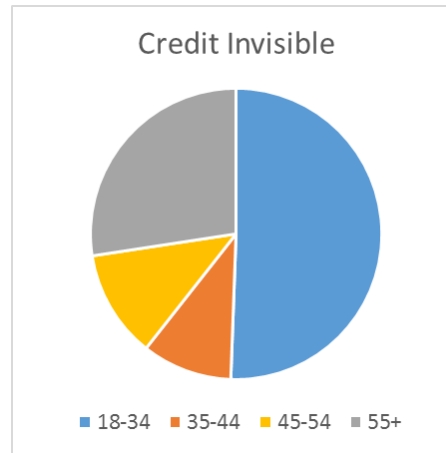
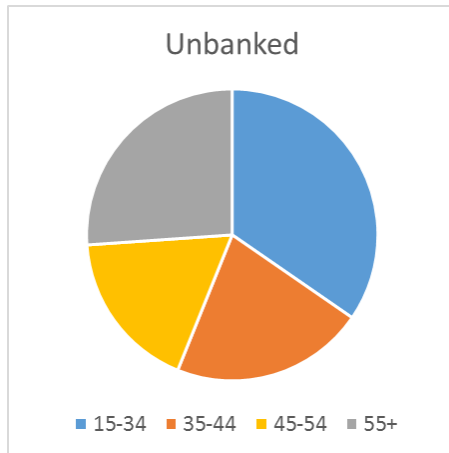


Source: NSMO Public Use File



# AGE DISTRIBUTION

Unbanked and underbanked tend to be younger compared to banked; credit invisible and unscored even younger compared to scored; but homebuyers turned down earlier are somewhat older than those not turned down.



**Source:** FDIC National Survey of Unbanked and Underbanked Households

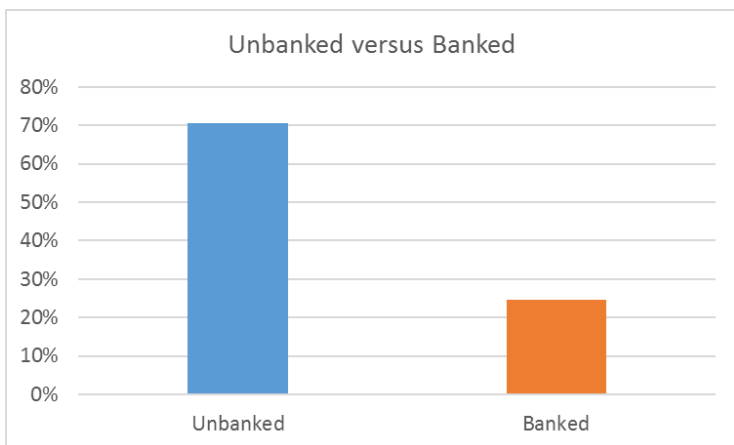
**Source:** CFPB Consumer Credit Panel

**Source:** NSMO Public Use File

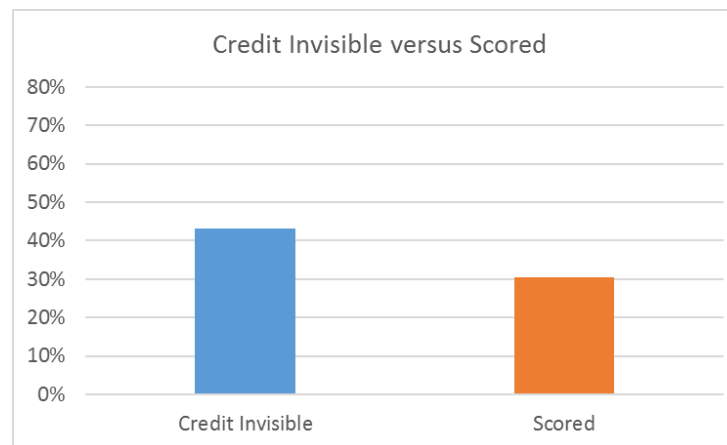


# MINORITY SHARE

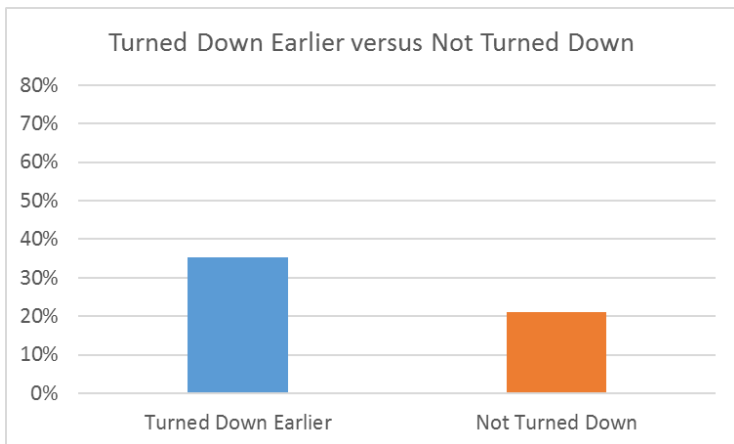
Higher minority share: unbanked and underbanked compared to banked; credit invisible and unscored compared to scored; and homebuyers turned down earlier compared to those not turned down.



**Source:** FDIC National Survey of Unbanked and Underbanked Households



**Source:** CFPB Consumer Credit Panel

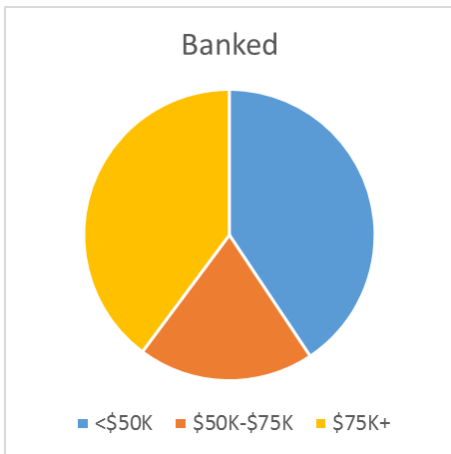
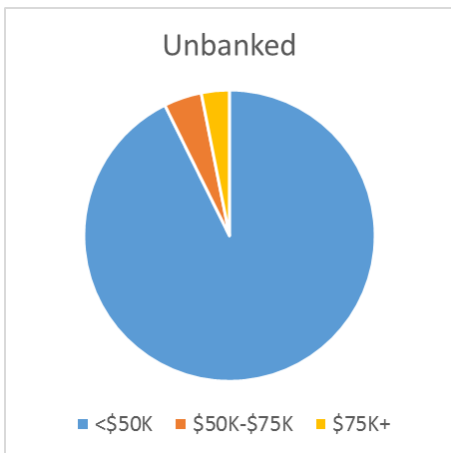


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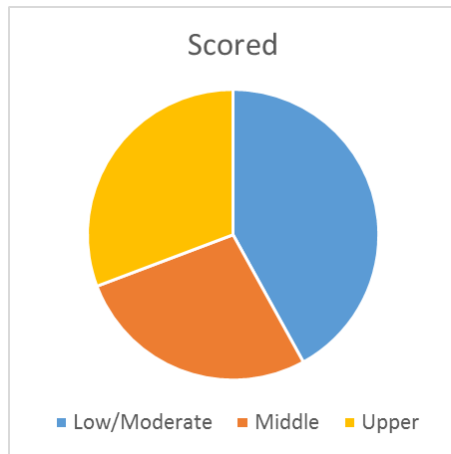
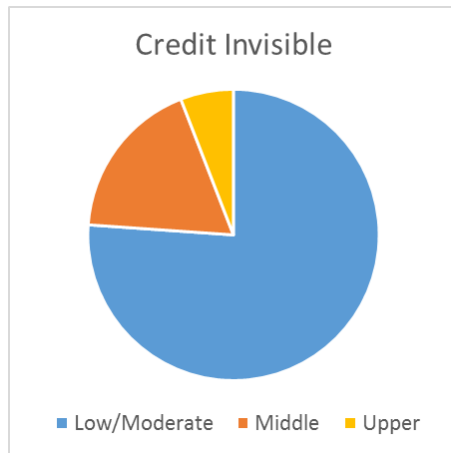


# INCOME DISTRIBUTION

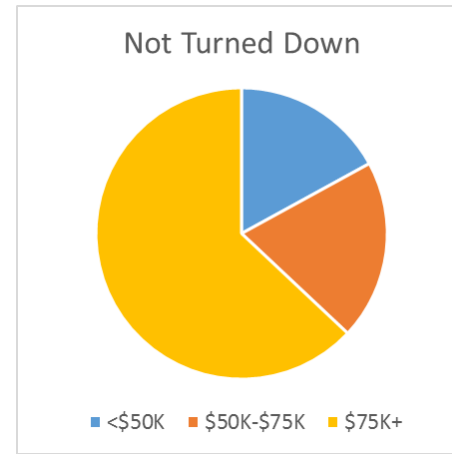
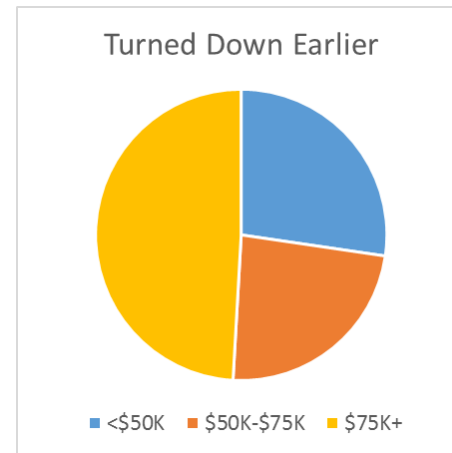
Lower income: unbanked and underbanked compared to banked; credit invisible and unscored compared to scored; and homebuyers turned down earlier compared to those not turned down.



**Source:** FDIC National Survey of Unbanked and Underbanked Households



**Source:** CFPB Consumer Credit Panel



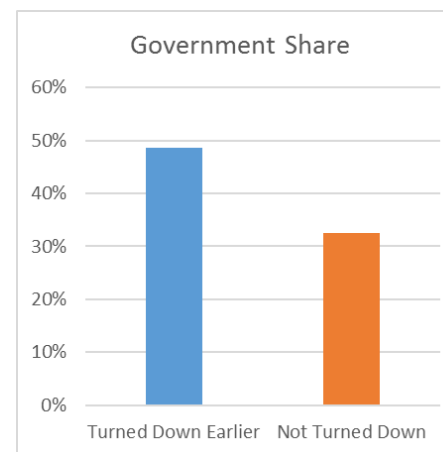
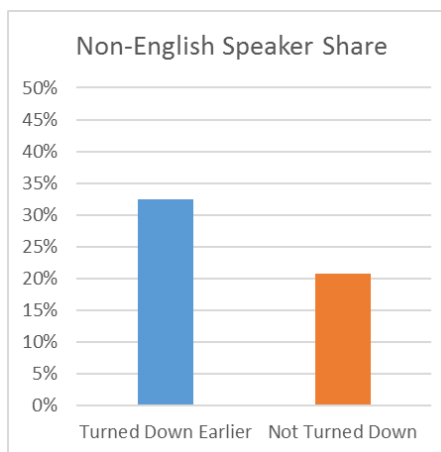
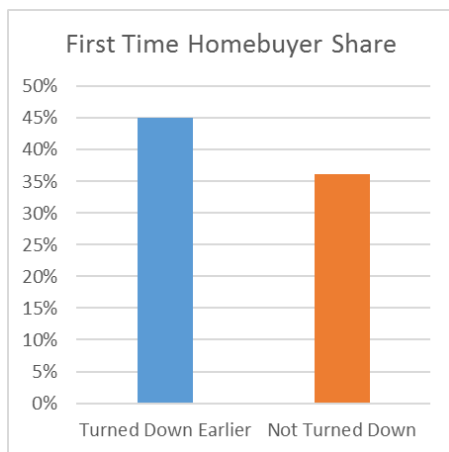
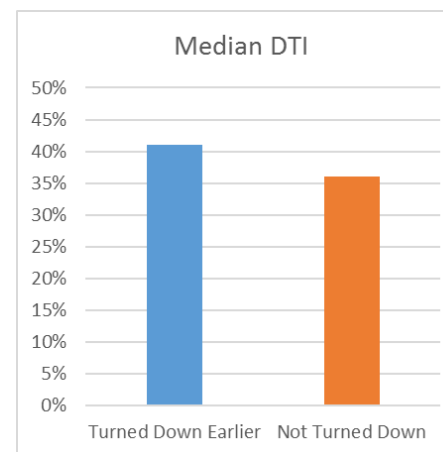
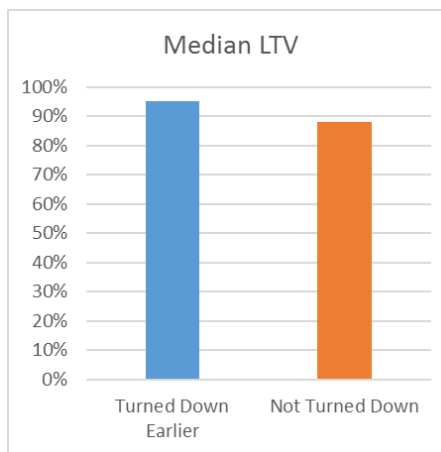
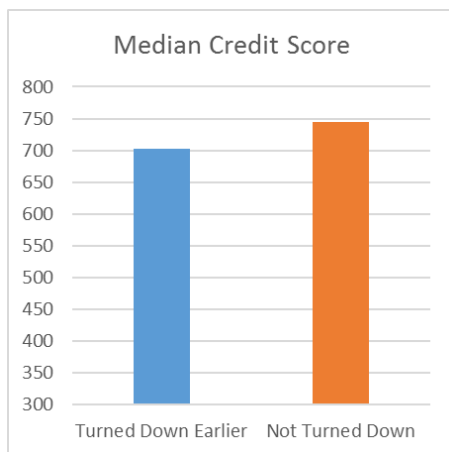
**Source:** NSMO Public Use File





# OTHER CHARACTERISTICS OF HOMEBUYERS

Homebuyers turned down earlier have lower credit score, higher LTV and DTI. More of them are first time homebuyers and non-English speakers at home.

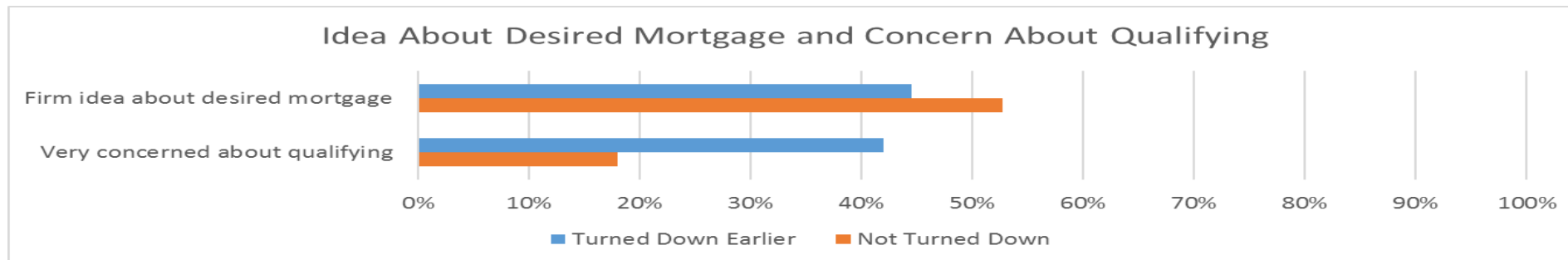
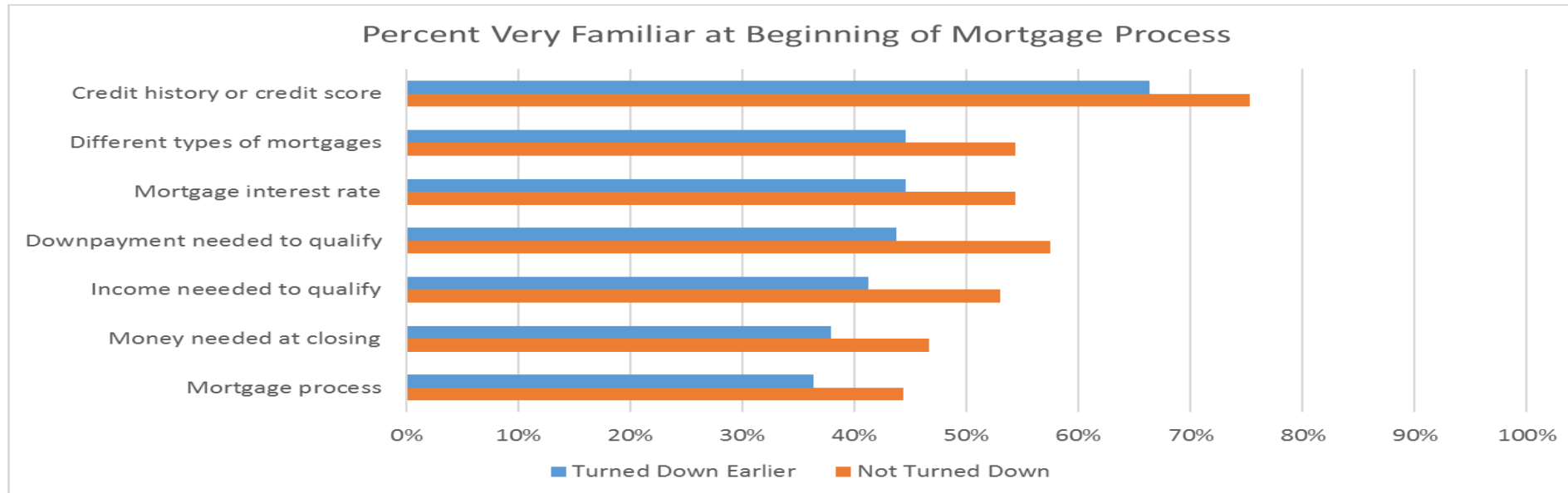


Source: NSMO Public Use File



# HOMEBUYERS AT THE START OF MORTGAGE PROCESS

Homebuyers turned down earlier less familiar with mortgage requirements and more concerned about qualifying.

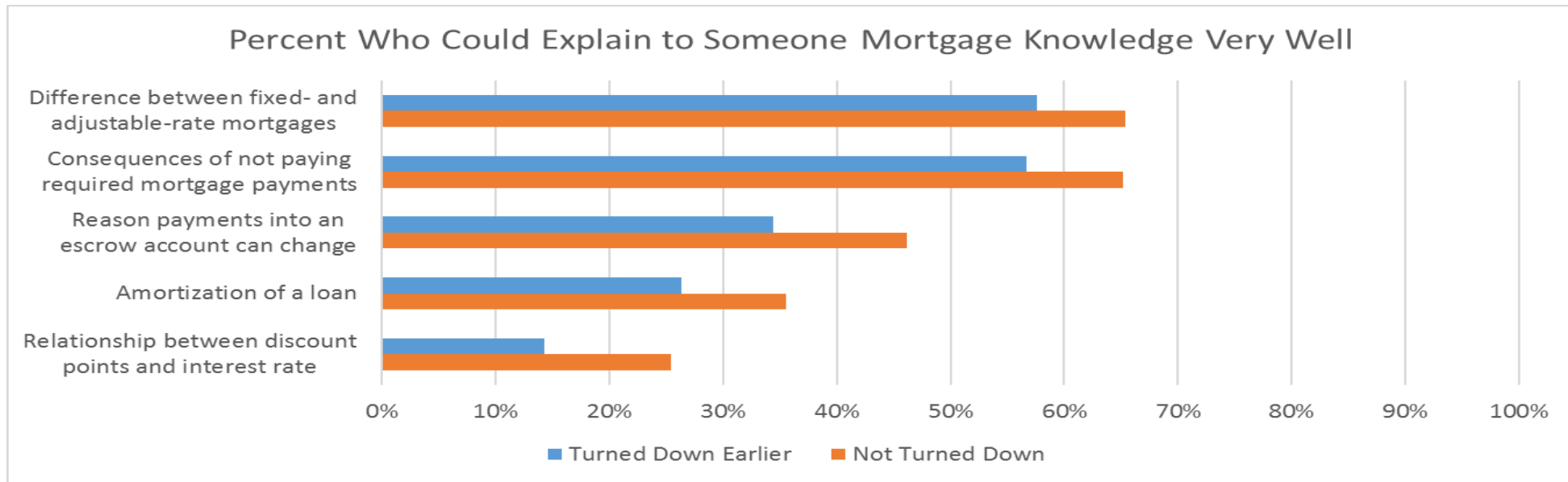


Source: NSMO Public Use File



# MORTGAGE KNOWLEDGE OF HOMEBUYERS

Homebuyers turned down earlier reported lower level of mortgage knowledge.

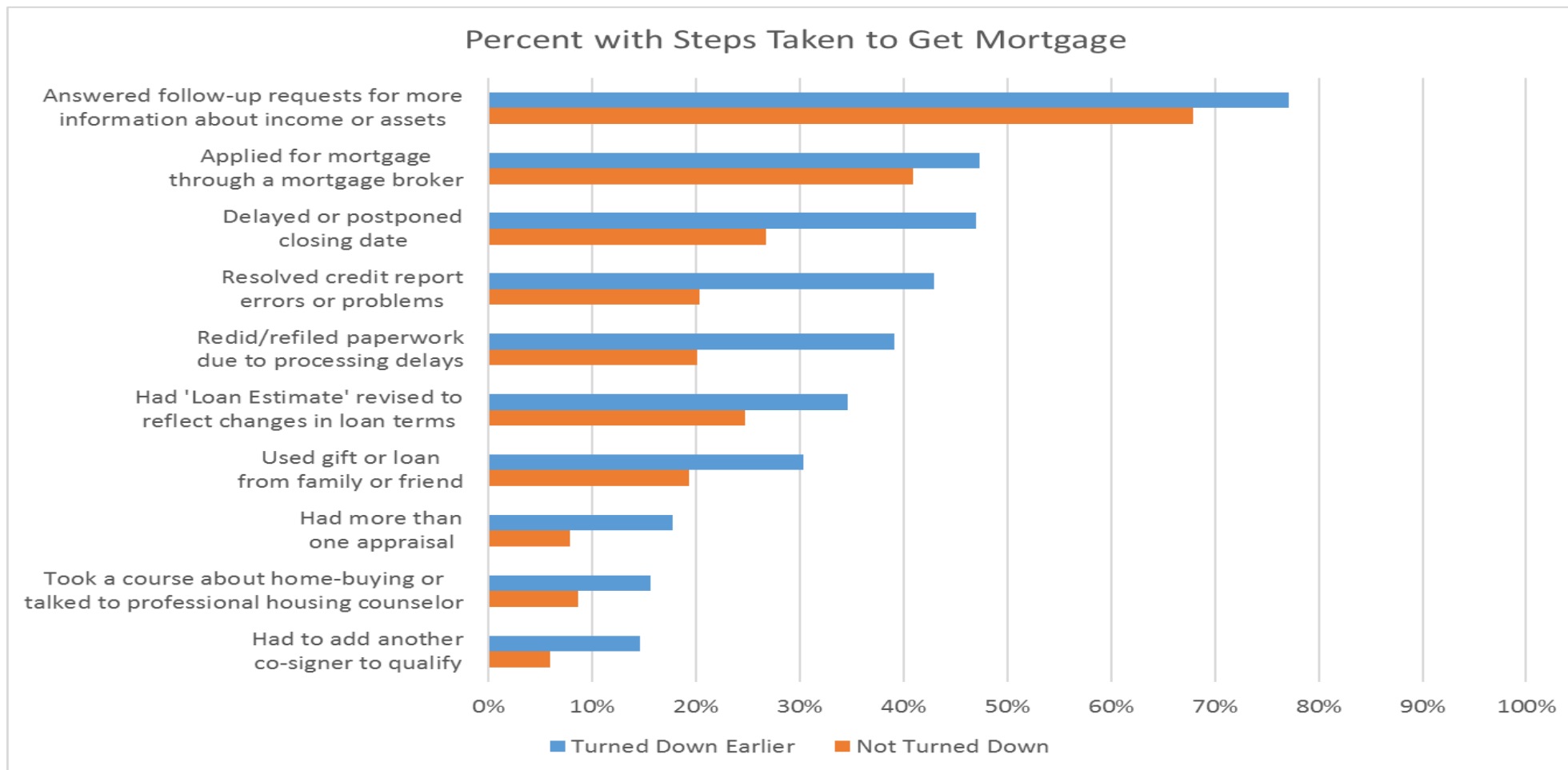


Source: NSMO Public Use File



# STEPS TAKEN BY HOMEBUYERS TO GET MORTGAGE

Homebuyers turned down earlier faced additional impediments and had to take additional steps at a higher rate. They also applied through a broker and got counseling at a higher rate.

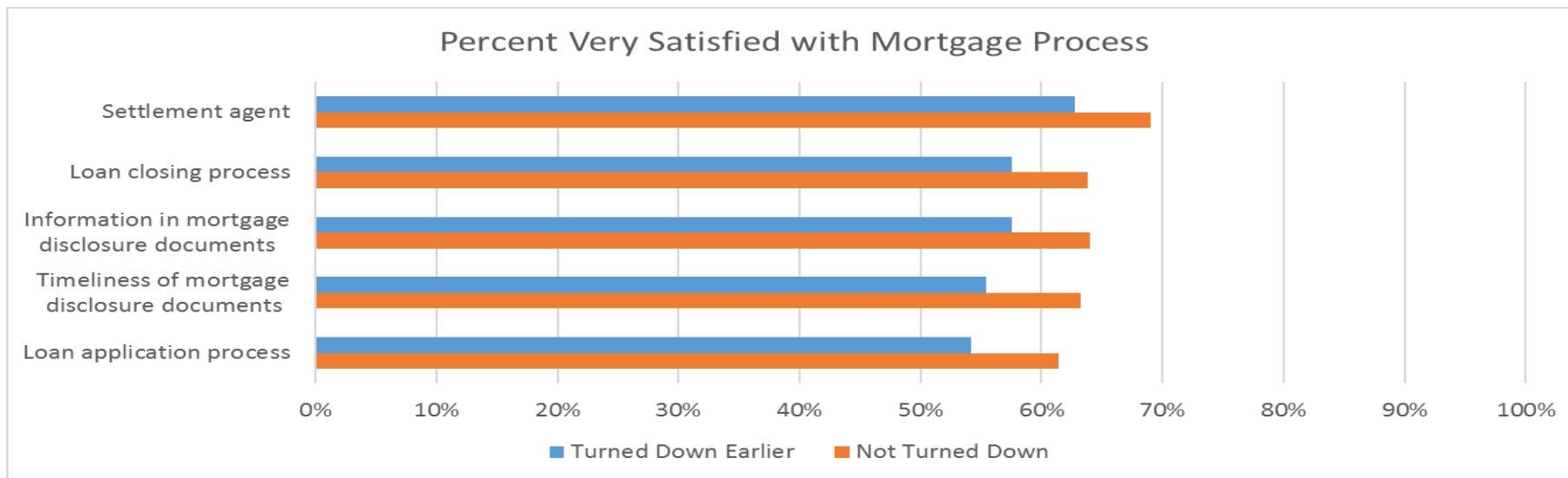
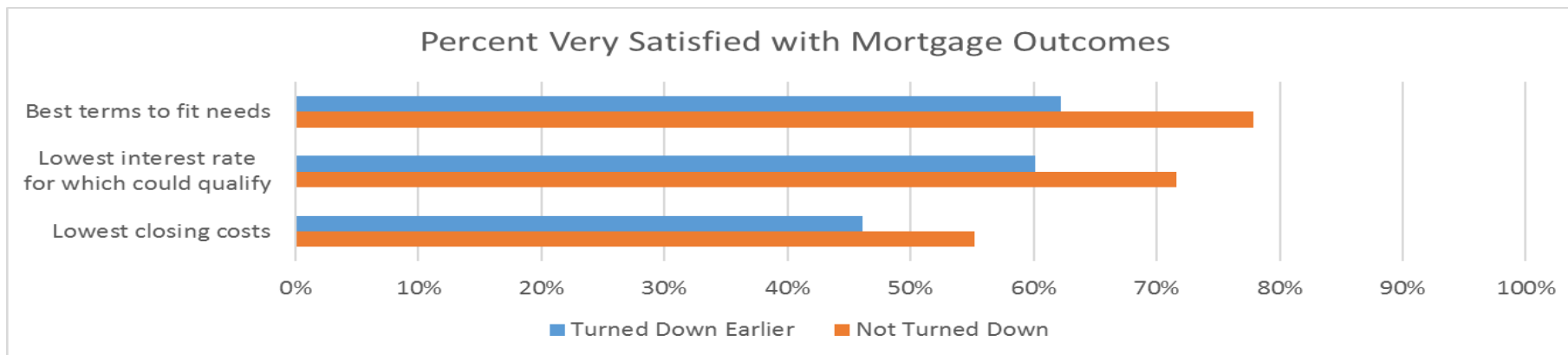


Source: NSMO Public Use File



# MORTGAGEE SATISFACTION OF HOMEBUYERS

Homebuyers turned down earlier reported lower level of satisfaction.



Source: NSMO Public Use File





You can download the NSMO public use data  
used in this presentation at  
**[www.fhfa.gov/nsmodata](http://www.fhfa.gov/nsmodata)**

# Rural Research Symposium