(in groups of years in the public use RFS data base) which were still outstanding as of the spring 1991 survey date. SMLA and HMDA data represent annual aggregate dollar volumes of loan originations. Table D.1 presents figures for 1987 through 1994.

TABLE D.1.—MULTIFAMILY MARKET ESTIMATES

[Billions of dollars]

Origination year	RFS mort- gages out- standing, spring 1991	SMLA origina- tions	HMDA origina- tions
1987 1988 1989 1990 1991 1992 1993	35.7 (avg.) 35.7 (avg.) 37.4 (avg.) 37.4 (avg.) 37.4 (avg.) 37.4 (avg.) 37.4 (avg.)	45.1 38.2 31.1 23.6 25.5 25.7 31.7	10.2
1994	37.4 (avg.)	31.3	15.2

The RFS figures in Table D.1 are expressed on an annualized basis, i.e., value of mortgages originated in 1987 and 1988 (and still outstanding as of 1991) divided by 2, and value originated in 1989–1991 (similarly), divided by $2\frac{1}{3}$ (based on the survey date approximately one-third of the way through 1991).

To address the public comments, it is necessary to understand the methods used to compile each of these sources. Findings from HUD's comparative analysis will then be presented.

RFS begins with a sample of properties based on the lists of properties constructed for the decennial censuses of population and housing. The owner of each property is then located and interviewed—whether an owner-occupant or an absentee owner of a property that contains entirely rental or vacant units. The survey instrument includes questions on the mortgage(s) that apply to the property, as well as on property and owner characteristics. Each owner is asked to identify the holder or servicer of any applicable mortgage loans, and a separate lender survey instrument is administered. Responses from the owner questionnaires are linked to responses from the lender questionnaires in the data base as released by the Census Bureau. The strength of this survey is that it presents a highly comprehensive picture of residential financing, since it is based on a property sample rather than on a survey of lenders. Consistent and rigorous statistical and operational quality control procedures are applied throughout.

The data that enter into SMLA are compiled by HUD from source materials generated in various ways from the

different institutional types of mortgage lenders. Data on savings associations are collected for HUD by the Office of Thrift Supervision; these data cover all thrifts, not a sample. Mortgage company and life insurance company data are collected through sample surveys conducted by the Mortgage Bankers Association of America and the American Council of Life Insurance, respectively. Data on commercial banks and mutual savings banks are collected on a HUD form from samples of such lenders. The Federal credit agencies and State credit agencies report their data directly to HUD. Local credit agency data are collected by HUD staff from a publication that lists their mortgage financing activities. HUD contracted with ICF, Inc., in 1994 to evaluate the methodology used in constructing the SMLA.¹² ICF concluded that, with respect to the survey of commercial banks and mutual savings banks, "while there do not appear to be any significant problems with the sampling plan, the sample has never been redrawn since the origination of the [SMLA], and . . . has very likely become seriously outdated" ¹³ With respect to mortgage bankers, ICF said that MBA staff had expressed "concern that estimated data on multifamily... originations may not be as reliable as corresponding data on single-family mortgage originations." Subsequently, MBA has stopped reporting multifamily originations data to HUD and has begun work to revise its survey procedures. With these two exceptions, ICF concluded that no efforts to improve data collection methodologies appeared warranted.

HMDA data are collected by lending institutions and reported to their respective regulators as required by law. HMDA was enacted as a mechanism to permit the public to determine locations of properties on which local depository institutions make mortgage loans, "to enable them to determine whether depository institutions are filling their obligations to serve the housing needs of the communities and neighborhoods in which they are located . . ." (12 USC 2801). HMDA reporting requirements apply to lenders which have offices in Metropolitan Statistical Areas and which have more than \$10 million in total assets. (For mortgage bankers, the \$10 million includes assets of any parent corporations, reporting is required only if home purchase loan

originations exceed 10 percent of total loan originations, and reporting since 1993 has been required only if the institution's annual home purchase loan origination volume is at least 100.) Reporting is required for all loans closed in the name of the lending institution and loans approved and later acquired by the lending institution, including multifamily loans. Thus, the HMDA data base concentrates on lending by depository institutions in metropolitan areas but, unlike SMLA and RFS, it is not a sample survey; it is intended to include loan-level data on all loans made by the institutions that are required to file reports.

The Urban Institute researchers concluded, based on comparison of the methodologies used in the three surveys and on reported problems with SMLA and HMDA (reviewed above), and on direct analyses of each data base (discussed below) that the RFS is "an excellent survey which represents a good source of information about multifamily originations in the years just prior to the survey, i.e., 1989–1991". They infer from RFS an estimate of at least \$30 billion per year of multifamily originations in 1987–1991.

With this in mind, we proceed to an examination of origination volumes reported by the three data sources by type of lender. Table D.2 shows the basic figures. The column headed "RFS" shows the annualized aggregate face value of multifamily loans outstanding as of the 1991 survey date that were originated in the indicated years, as in Table D.1, but disaggregated in table D.2 by category of loan servicer as of the 1991 survey date. The columns headed "SMLA" and "HMDA" show aggregate dollar volumes of loan originations by category of originator in the indicated years.

In addition to category of loan servicer, RFS also reports the category of holder. Use of data from the servicer category, as in Table D.2, produces the more reliable comparison with the other surveys because multifamily loans that are sold into the secondary market tend to remain serviced by the same category of originating lender. There are several major differences between the servicer and holder breakdowns in RFS Commercial banks hold 20-30 percent more loans for each origination period than they service. Mortgage bankers hold about one-quarter of the value of loans that they service—one would expect even fewer. Since independent mortgage banking companies are not

¹² Evaluation of Design and Implementation of the Gross Flows Survey of Mortgage Lending Activity, Final Report submitted to HUD, July 31, 1994.

¹³ HUD's Office of Housing has issued a Request for Proposals for help with improving the commercial banks component of SMLA.

¹⁴ "What We Know About Multifamily Mortgage Originations", p. 5.