

a. GSE Performance: 1993 HMDA Data

HMDA data permit examination of the GSEs' performance in metropolitan areas.<sup>45</sup> According to 1993 HMDA data, 13.1 percent of Fannie Mae's single-family business was in underserved areas. Of its total underserved business, 23.8 percent was in low-income tracts (i.e., tracts with income not exceeding 80 percent of area median but with minority population less than 30 percent), 49.8 percent was in high-minority tracts (i.e., tracts with minority population greater than or equal to 30 percent and with incomes between 80 and 120 percent of the area

<sup>45</sup> HMDA data are not useful for examining rural performance. However this, by itself, will have little effect on the estimate of performance because the GSEs do only a small portion of their business in non-metropolitan areas. Share of metropolitan business in underserved areas will be very close to share of total business in underserved areas. Metropolitan underserved share is only an underestimate of total underserved share if the rural business is much more highly targeted to underserved areas than is the metropolitan business.

median), and 26.4 percent was in high-minority, low-income tracts.

Based on 1993 HMDA data 13.6 percent of Freddie Mac's single-family business was in underserved areas. Of its underserved business, 23.1 percent was in low-income tracts, 50.0 percent was in high-minority tracts, and 27.0 percent was in high-minority, low-income tracts.

HMDA data can also be used to compare GSE performance in low-income and high-minority census tracts with that of the overall market. Combined, GSE purchases accounted for a higher percentage of loans in high-income census tracts than in low-income census tracts. GSEs purchased 44 percent of the loans in under-50-percent income tracts, 47 percent of the loans in 50-80-percent income tracts, 51 percent of the loans in 80-100-percent income tracts, and 59 percent in the above-median income tracts. The GSE purchase share declined sharply relative to the market in very-high-minority tracts (over 90 percent).

b. GSE Performance: 1993 GSE Data

Table B.5 summarizes GSE purchases in underserved areas using the 1993 loan-level

data that Fannie Mae and Freddie Mac submitted to HUD. In 1993, 15.9 percent of Fannie Mae's business and 14.4 percent of Freddie Mac's business was in underserved areas. The share of GSE business in underserved areas varies rather dramatically by property type; for example, about 13 percent of Fannie Mae's single-family owner purchases were in underserved areas compared with over 30 percent for the three rental property types given in Table B.5.

As Table B.6 shows, approximately 40 percent of GSE purchases in underserved areas were mortgages of low- and moderate-income households. Thus above-median income households accounted for 60 percent of the mortgages that the GSEs purchased in underserved areas which suggests these areas are quite diverse. In central cities, one-third of the GSEs' low-mod purchases were in underserved areas, whereas in the suburbs, only 16 percent were. This reflects the much greater concentration of poverty in central cities.

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