TENNESSEE HOME LOAN TRENDS IN 2025:

ANALYSIS FROM HOME MORTGAGE DISCLOSURE ACT (HMDA) DATA

Tennessee Housing Development Agency

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THDA MORTGAGE REPORT: Calendar Year 2025

Analysis from Home Mortgage Disclosure Act (HMDA) data

RESEARCH AND PLANNING

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EXECUTIVE SUMMARY

The Home Mortgage Disclosure Act (HMDA) provides one of the most comprehensive sources of publicly available information on mortgage activity, allowing examination of applications, originations, denials, borrower characteristics, loan products, loan costs, and the geographic distribution of mortgage credit. This report examines Tennessee mortgage lending from 2018 through 2025, a period that includes the pandemic-era housing expansion, the subsequent sharp increase in mortgage rates, and a housing market increasingly constrained by affordability.

Conventional mortgages remained the principal source of home purchase financing in Tennessee, accounting for 61 percent of home purchase originations in 2025. Although this was down from 63 percent in 2024, it remained above the 59 percent recorded in 2018. Government-backed programs nevertheless continued to provide an important financing alternative, particularly for borrowers with lower incomes, smaller funds for downpayment, or other characteristics affecting access to conventional credit.

The refinance market continued to reflect the effects of the higher rate environment. Conventional loans accounted for 51 percent of refinance originations in 2025, recovering modestly from 49 percent in 2024 but remaining below the 56 percent share recorded in 2023. Federal Housing Administration (FHA)-insured refinance loans remained at 25 percent in both 2024 and 2025. The more notable shift was in Veteran Administration (VA) lending: VA-insured mortgages accounted for 23 percent of refinance originations in both years, up substantially from 15 percent in 2023. Although mortgage rates eased during the latter part of 2025, their persistence above six percent for the full year limited the broad refinancing incentive that characterized earlier low-rate periods. Thus, changes in refinance composition are better understood as shifts within a comparatively constrained refinance market rather than as evidence of a broad-based refinancing recovery.

The demographic composition of Tennessee’s home purchase market continued to evolve gradually. White borrowers remained the largest group, but their share of home purchase originations declined from 81 percent in 2018 to 77 percent in 2025. Hispanic borrowers exhibited one of the clearest longer-term changes, with their share rising from 4.4 percent in 2018 to 8.6 percent in 2024 before edging slightly down to 8.4 percent in 2025. The Black borrowers’ share followed a different pattern: after remaining relatively stable from 2022 to 2024, it declined to 6.6 percent in 2025, compared with 7.5 percent in 2018. Among refinance loans, the Black borrowers’ share declined from 10 percent in 2024 to 8.6 percent in 2025.

These demographic trends should be interpreted alongside an important HMDA data limitation. The share of home-purchase originations for which borrower race was unavailable increased from 7.4 percent in 2018 to 10.9 percent in 2025. Missing demographic information was even more common among refinance originations. Consequently, observed changes in borrower composition may reflect both actual changes in the mortgage market and changes in the portion of borrowers for whom demographic information is available. This distinction is particularly important when interpreting relatively small year-to-year changes among individual racial and ethnic groups.

Affordability pressures are also visible in borrower incomes. Conventional home-purchase borrowers had the highest income in 2025, with a median income of $120,000 and an average of $171,347, while Farm Service Agency (FSA)/Rural Housing Services (RHS) borrowers recorded the lowest median income, at $79,000. The statewide averages conceal even greater geographic variation. Williamson County recorded the highest median borrower income at $211,000 and an average of $308,138. Its median home-purchase borrower income was approximately 1.84 times the county's $114,800 median family income. Against a backdrop of continued home-price appreciation statewide, this gap illustrates how households successfully obtaining mortgage financing in higher-cost markets may represent a substantially higher-income segment of the local population. Tennessee's continued price increases in 2025 make these borrower-income differences particularly relevant rather than merely descriptive.

At the same time, low- and moderate-income households increased their representation among successful home purchasers. Borrowers with incomes at or below 80 percent of the applicable Area Median Family Income accounted for 26 percent of home-purchase originations in 2025, up from 22 percent in 2024. The LMI share among refinance borrowers, in contrast, edged down from 30 percent to 29 percent. Longer-term refinance comparisons require caution because missing income represented only 4 percent of refinance originations in 2022 and 3 percent in 2023 but increased to 17 percent in 2024 and 19 percent in 2025. Changes in LMI refinance shares therefore cannot be attributed solely to changes in borrower composition.

Income and neighborhood characteristics also intersect with race and ethnicity. In 2025, 39 percent of Black home-purchase borrowers and 35 percent of Hispanic borrowers were classified as LMI based on borrower income, compared with 26 percent of home-purchase borrowers overall. Sixteen percent of all home-purchase loan originations were for properties located in LMI census tracts. Among Black borrowers, however, 27 percent of home-purchase originations were for properties in LMI tracts, compared with 16 percent among White borrowers. Refinance lending displayed a broadly similar geographic pattern. These measures capture two distinct dimensions of mortgage access: the income position of the borrower and the economic characteristics of the neighborhood receiving mortgage investment.

Mortgage-product choice further illustrates differences across borrower groups. Government-backed FHA, VA, and RHS loans accounted for 39 percent of all Tennessee home-purchase originations in 2025 but 63 percent of originations to Black borrowers. By comparison, only 21 percent of loans to Asian borrowers were government-backed. The longer-term series is notable because Black borrowers made comparatively greater use of conventional mortgages during the strong 2021–2022 housing expansion; by 2025, the product distribution had shifted back toward the earlier pattern in which government-backed financing accounted for a clear majority of Black home-purchase originations.

This distinction is economically important because mortgage costs also varied substantially by product. In 2025, average total loan costs for FHA home-purchase mortgages were approximately 1.85 times the average for conventional mortgages. VA loan costs were about 1.24 times conventional costs, while FSA/RHS costs were approximately 1.17 times as high. These comparisons do not demonstrate that loan type itself causes the difference—loan amounts, borrower characteristics, mortgage insurance, fees, points, and other features also vary—but they show that borrowers using different pathways into homeownership can face substantially different financing-cost structures. The finding is particularly relevant given the disproportionately high reliance on government-backed financing among some borrower groups.

Mortgage approval outcomes showed considerably less change at the aggregate level. Tennessee's overall home-purchase denial rate declined only slightly, from 7.8 percent in 2024 to 7.7 percent in 2025. Beneath that statewide average, however, differences across borrower groups persisted. The denial rate for Black applicants increased from 14.8 percent to 15.6 percent, approximately twice the statewide rate, while the Hispanic denial rate increased modestly from 10.2 percent to 10.5 percent. Debt-to-income ratio remained the most frequently cited reason for home-purchase denials throughout the 2018–2025 period, followed by credit history and collateral. For refinance applications, credit history was cited most frequently, followed by debt-to-income ratio and incomplete credit applications. The prominence of DTI is particularly relevant in a market in which higher home prices and elevated mortgage rates increased the monthly payment associated with a given purchase price.

Taken together, the 2025 results portray a Tennessee mortgage market that was neither simply improving nor deteriorating. Home sales were essentially flat while prices continued to rise, mortgage rates remained elevated for most of the year, and financing conditions continued to place a premium on borrower income and repayment capacity. At the same time, higher conventional and FHA loan limits helped mortgage programs adjust to increasing home values, and the earlier reduction in FHA mortgage insurance premiums continued to support the affordability of FHA financing.

Within that environment, the HMDA data reveal several important developments: LMI households increased their share of home-purchase originations; Hispanic borrowers retained a substantially larger presence than in 2018; government-backed programs continued to provide an important path to homeownership; and refinancing remained constrained by the interest-rate environment. At the same time, substantial differences persisted across borrower groups in mortgage-product use, neighborhood location, loan costs, and denial outcomes. Changes in the availability of demographic and income information further underscore the need for caution when interpreting relatively small changes across years.

Overall, the 2018–2025 evidence suggests that affordability, access to credit, the type and cost of financing available to borrowers, and the visibility provided by HMDA data have become increasingly interconnected. The 2025 mortgage market illustrates why changes in lending outcomes should not be evaluated independently of the broader housing and financial environment in which borrowers and lenders make their decisions.

KEY FINDINGS

- **Mortgage activity continued to recover in 2025 but remained below the pandemic-era peak.** Tennessee recorded approximately 280,000 mortgage applications, up about 12 percent from nearly 250,000 in 2024 and more than 20 percent from roughly 230,000 in 2023. The increase marks a second year of recovery following the sharp contraction in mortgage activity after 2021, although activity remained below the exceptionally high levels recorded during the low interest rate period.

- **Conventional mortgages remained dominant, but government-backed lending remained critical.** Conventional loans accounted for 61 percent of home purchase originations, while FHA-, VA- and FSA/RHS-insured loans together represented 39 percent.

- **Lower- and moderate-income homebuyers increased their market presence.** LMI borrowers accounted for 26 percent of home purchase originations in 2025, up from 22 percent in 2024.

- **Mortgage product use continued to differ substantially across borrower groups**. Government-backed loans accounted for 63 percent of home purchase loans to Black borrowers, compared with 39 percent overall and 21 percent among Asian borrowers.

- **Demographic differences in mortgage outcomes persisted.** The Statewide home purchase denial rate was 7.7 percent, compared with 15.6 percent for Black applicants and 10.5 percent for Hispanic applicants. Debt-to-income ratio remained the most frequently cited reason for home purchase denials.

- **Borrower income and neighborhood patterns reveal important differences in access.** Thirty-nine percent of Black and 35 percent of Hispanic home purchase borrowers were LMI, compared with 26 percent overall; 27 percent of Black borrowers purchased in LMI census tracts compared with 16 percent statewide.

- **Data completeness remains important for interpreting HMDA trends.** Missing demographic and income information varies across years, loan purposes and application outcomes, meaning relatively small changes in borrower composition should be interpreted cautiously.

INTRODUCTION

This study provides an annual assessment of mortgage market activity and lending patterns in Tennessee, utilizing data from the Home Mortgage Disclosure Act (HMDA).[i] The primary objective is to compare the demographic characteristics of borrowers and the types of lenders operating within the state, with a particular focus on the period following the 2018 revisions to HMDA reporting requirements.[ii] These regulatory changes have introduced new and modified data points, enabling a more comprehensive analysis of mortgage market dynamics. Unless otherwise specified, the findings presented pertain exclusively to mortgage applications and originations within Tennessee.

The aim of this report is to examine mortgage activity and evolving trends in Tennessee between 2018 and 2025. Central research questions addressed in this analysis include: How do mortgage trends in Tennessee during this period compare? How do conventional loans differ from government-insured loans, such as those under the Federal Housing Administration (FHA)? Are there regional variations in the purchase of investment properties and second homes? What are the primary factors contributing to loan denials? Each of these inquiries is examined through the lens of borrower demographics and geographical distribution, employing robust analytic frameworks to assess trends across social and spatial dimensions.

FINDINGS

A. Mortgage Applications and Originations

1,227 institutions reported data on 278,563 closed-end home mortgage loan applications and purchased loans in Tennessee.[iii] These loan applications led to 142,520 closed-end loan originations (regardless of occupancy, construction type or lien status, including both single-family and multifamily dwellings), for $51 billion. Both the number of applications and originations in 2025 were higher than their levels in the previous year. Tennessee's loan applications were 12 percent higher than in 2024.

In Table 1, the number of loans reported to HMDA and distinct actions taken by the financial institutions are separated for 1-4 family, multifamily[iv] and manufactured dwellings. Loans for 1-4 family dwellings are further separated based on the loan purpose, which includes home purchase, refinance, and home improvement.

Table 1A: Applications and Actions by the Financial Institutions, 2018-2025, Annual Volume

ALL	2018	2019	2020	2021	2022	2023	2024	2025
Applications*	287,383	335,649	488,452	519,930	329,514	227,970	248,977	278,563
Originated	148,345	180,160	280,241	294,621	174,730	118,948	128,969	142,520
Denied	39,168	37,611	47,853	50,604	39,010	28,070	31,638	33,206
Purchased**	47,004	52,399	59,892	64,053	38,287	28,017	31,714	37,468
Other***	52,866	65,479	100,466	110,652	77,487	52,935	56,656	65,369
Home Purchase	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Applications*	167,650	176,440	189,070	200,638	170,705	138,661	140,529	144,978
Originated	97,100	104,412	115,467	121,034	100,471	81,113	81,901	83,941
Denied	10,356	9,898	11,797	10,980	10,220	7,701	7,516	7,552
Purchased**	37,212	36,464	31,735	34,652	27,443	23,036	24,870	26,321
Other***	22,982	25,666	30,071	33,972	32,571	26,811	26,242	27,164
Refinancing	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Applications*	92,662	131,102	271,073	286,890	123,136	56,561	74,250	98,058
Originated	41,881	65,737	154,906	161,549	61,123	26,556	35,230	45,978
Denied	19,006	18,365	26,604	30,218	18,254	9,691	13,168	15,138
Purchased**	8,837	14,998	27,586	28,605	9,473	4,076	5,480	9,728
Other***	22,938	32,002	61,977	66,518	34,286	16,238	20,372	27,214
Home Imp.	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Applications*	6,344	6,574	5,007	6,381	8,768	7,788	7,914	6,835
Originated	2,980	3,150	2,482	3,433	4,705	3,811	3,879	3,479
Denied	1,839	2,195	1,364	1,421	2,276	2,219	2,359	1,928
Purchased**	494	164	139	110	53	40	155	149
Other***	1,031	1,065	1,022	1,417	1,734	1,718	1,521	1,279
Multifamily	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Applications*	993	1,089	1,140	1,331	1,399	859	814	921
Originated	807	887	951	1,162	1,175	669	634	699
Denied	75	78	73	55	91	58	61	60
Purchased**	1	3	2	0	1	6	12	20
Other***	110	121	114	114	132	126	107	142
Manufactured	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Applications*	19,734	20,444	22,162	24,690	25,506	24,101	25,470	27,771
Originated	5,577	5,974	6,435	7,443	7,256	6,799	7,325	8,423
Denied	7,892	7,075	8,015	7,930	8,169	8,401	8,534	8,528
Purchased**	460	770	430	686	1,317	859	1,197	1,250
Other***	5,805	6,625	7,282	8,631	8,764	8,042	8,414	9,570

*Applications reported by financial institutions to HMDA during the year regardless of the action taken, lien status or occupancy type. Only open-end LOCs (except reverse mortgage) and loans for purposes other than purchase, refinance and home improvement are excluded.

**Purchased includes loans purchased by the financial institution during the year.

***Other includes applications that were approved but not accepted by the applicant, withdrawn by the applicant, and files closed for incompleteness, preapproval requests that were denied and that were approved but not accepted by the applicant.

Table 1B: Applications and Actions by the Financial Institutions, 2018-2025, Annual Percent Change

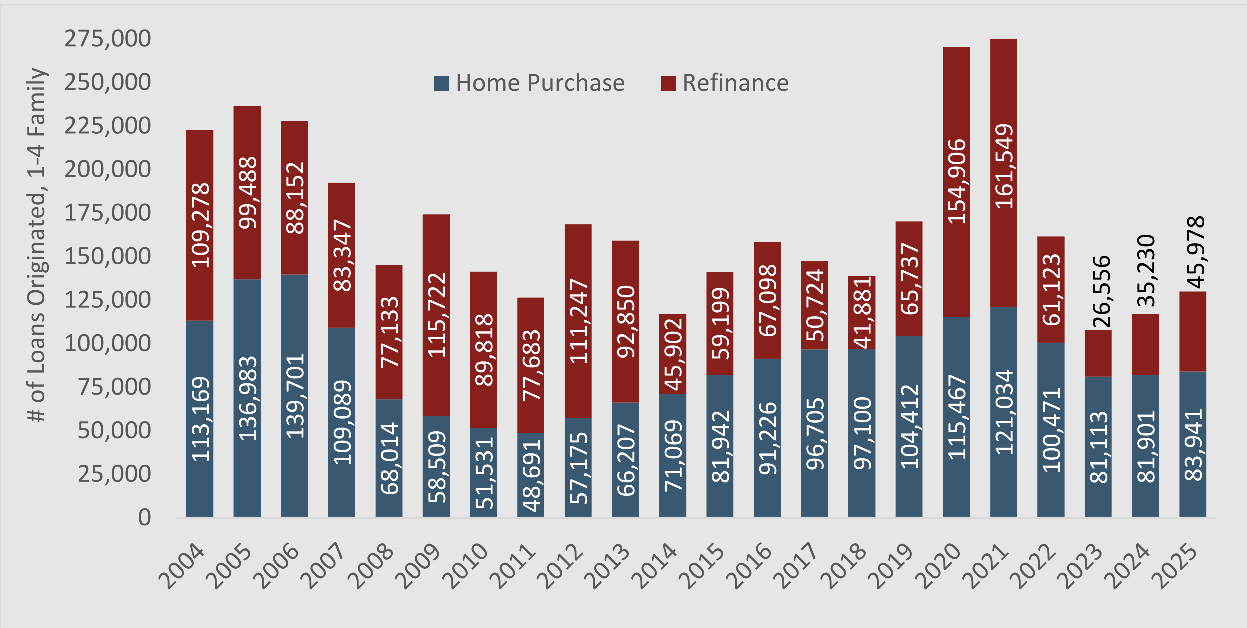
ALL	**18-19**	**19-20**	**20-21**	**21-22**	**22-23**	**23-24**	**24-25**
Applications*	17%	46%	6%	-37%	-31%	9%	12%
Originated	21%	56%	5%	-41%	-32%	8%	11%
Denied	-4%	27%	6%	-23%	-28%	13%	5%
Purchased**	11%	14%	7%	-40%	-27%	13%	18%
Other***	24%	53%	10%	-30%	-32%	7%	15%
Home Purchase	**18-19**	**19-20**	**20-21**	**21-22**	**22-23**	**23-24**	**24-25**
Applications*	5%	7%	6%	-15%	-19%	1%	3%
Originated	8%	11%	5%	-17%	-19%	1%	2%
Denied	-4%	19%	-7%	-7%	-25%	-2%	0%
Purchased**	-2%	-13%	9%	-21%	-16%	8%	6%
Other***	12%	17%	13%	-4%	-18%	-2%	4%
Refinancing	**18-19**	**19-20**	**20-21**	**21-22**	**22-23**	**23-24**	**24-25**
Applications*	41%	107%	6%	-57%	-54%	31%	32%
Originated	57%	136%	4%	-62%	-57%	33%	31%
Denied	-3%	45%	14%	-40%	-47%	36%	15%
Purchased**	70%	84%	4%	-67%	-57%	34%	78%
Other***	40%	94%	7%	-48%	-53%	25%	34%
Home Imp.	**18-19**	**19-20**	**20-21**	**21-22**	**22-23**	**23-24**	**24-25**
Applications*	4%	-24%	27%	37%	-11%	2%	-14%
Originated	6%	-21%	38%	37%	-19%	2%	-10%
Denied	19%	-38%	4%	60%	-3%	6%	-18%
Purchased**	-67%	-15%	-21%	-52%	-25%	288%	-4%
Other***	3%	-4%	39%	22%	-1%	-11%	-16%
Multifamily	**18-19**	**19-20**	**20-21**	**21-22**	**22-23**	**23-24**	**24-25**
Applications*	10%	5%	17%	5%	-39%	-5%	13%
Originated	10%	7%	22%	1%	-43%	-5%	10%
Denied	4%	-6%	-25%	65%	-36%	5%	-2%
Purchased**	200%	-33%	-100%	NA	500%	100%	67%
Other***	10%	-6%	0%	16%	-5%	-15%	33%
Manufactured	**18-19**	**19-20**	**20-21**	**21-22**	**22-23**	**23-24**	**24-25**
Applications*	4%	8%	11%	3%	-6%	6%	9%
Originated	7%	8%	16%	-3%	-6%	8%	15%
Denied	-10%	13%	-1%	3%	3%	2%	0%
Purchased**	67%	-44%	60%	92%	-35%	39%	4%
Other***	14%	10%	19%	2%	-8%	5%	14%

In 2025, approximately 250,000 (90 percent of total) applications were for 1-4 family site-built homes (including purchase, refinance, and home improvement loans); 921 were for site-built multifamily dwellings; and the remaining 27,771 loan applications were for manufactured homes (both 1-4 family and multifamily).

B. Loan Purpose

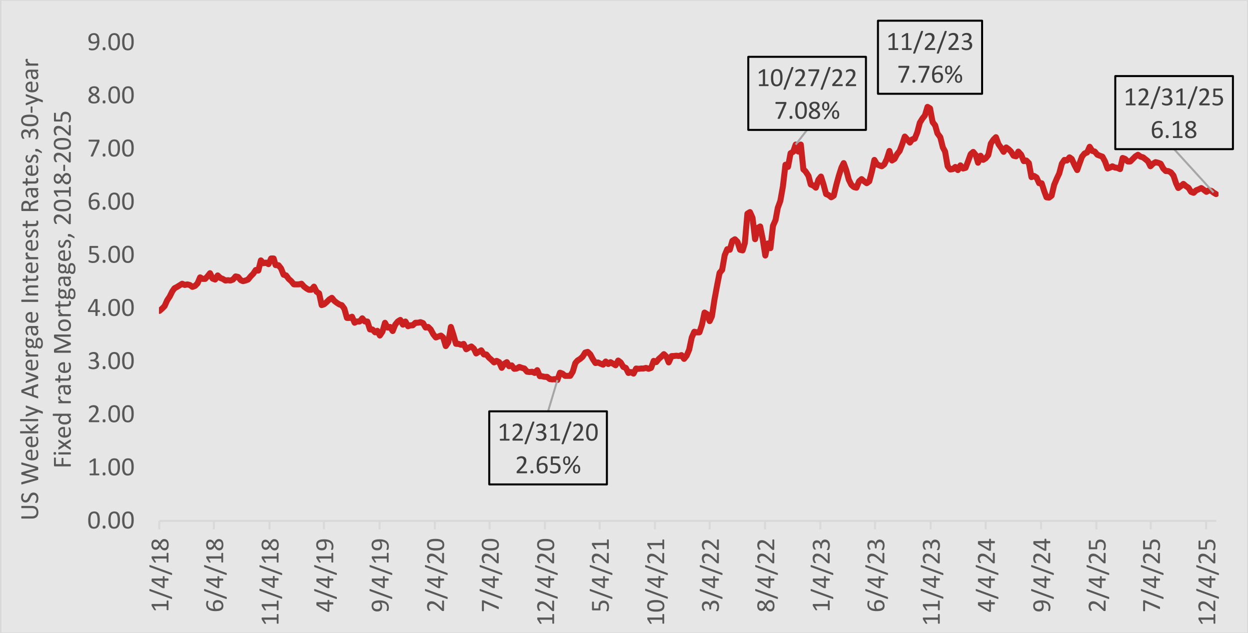
Loan originations for 1-4 family site-built homes increased by 11 percent from 2024 to 2025. Focusing specifically on home purchase and refinance loan originations,[v] total originations reached their lowest level in two decades in 2023. This was the lowest level observed since 2004, when THDA began tracking mortgage trends using HMDA data. The sharp decline in refinance activity was the primary driver of the overall decrease in originations. Refinance loan originations fell by 57 percent between 2022 and 2023 and accounted for only one-quarter of all originations in 2023, the lowest share recorded in 20 years. Following these historic lows in both total originations and refinance activity, mortgage lending began to recover. In 2025, financial institutions originated nearly 130,000 loans for one-to-four-family, site-built dwellings, with refinance loans accounting for 35 percent of all originations.

Figure 1: Mortgage Loans Originated for 1-4 Family, Site-Built Dwellings, 2004-2025



The low levels of refinance loan originations in 2022 and 2023 were likely driven by rising interest rates that began in late 2021, when the Federal Reserve raised the federal funds rate to combat inflation. According to Freddie Mac's Primary Mortgage Market Survey, the average rate on a 30-year fixed-rate mortgage rose sharply in 2022 and 2023, reaching nearly 8 percent and reducing homeowners' incentives to refinance. Mortgage rates eased slightly thereafter, declining from an average of 6.81 percent in 2023 to 6.72 percent in 2024 and 6.60 percent in 2025. This modest decline in borrowing costs helped stimulate refinance activity, resulting in higher refinance loan originations in 2024 and 2025. The trend in average interest rate for 30-year fixed rate mortgages is illustrated in Figure 2.

Figure 2: Weekly Average U.S. Interest Rate for 30-Year Fixed Mortgages, Freddie Mac, Primary Mortgage Market Survey, 2018-2025



Both cash-out and non-cash-out refinance[vi] activity increased, contributing to a 30 percent expansion in total refinance originations. The recent uptick was supported by the gradual decline in interest rates over the past two years, which improved refinancing incentives. This pattern echoes the refinancing boom of 2020 and 2021, when historically low borrowing costs prompted many homeowners to refinance primarily to obtain lower rates and better loan terms. Non-cash-out refinances accounted for 72 percent of refinance originations in 2020 and remained the dominant refinance product in 2021. By 2025, refinance volume had almost fully recovered to its 2018 level, with approximately half of all refinances motivated by rate and term improvements.

After falling substantially in 2022 and 2023, non-cash-out refinance volume began to recover as declining interest rates strengthened incentives to refinance for improved rates and loan terms. By comparison, in higher-rate environments, refinance activity tends to be concentrated in cash-out refinances, which allow homeowners to access accumulated home equity to address debt, medical expenses, and other financial obligations. [vii] In 2025, nearly 21,000 homeowners refinanced through non-cash-out transactions, representing a 48 percent increase over the 2024 level.

Table 2: First-lien Refinance Loans Originated for 1-4 Family, Site-Built Dwellings by Purpose, 2018-2025

	2018	2019	2020	2021	2022	2023	2024	2025
Total Refinance	40,841	64,738	154,233	161,084	59,738	23,579	31,470	40,932
Non-Cash-Out	17,548	35,529	113,610	99,599	19,534	7,812	13,845	20,533
Cash-Out	23,293	29,209	40,623	61,485	40,204	15,767	17,625	20,399
Annual % Change		**18-19**	**19-20**	**20-21**	**21-22**	**22-23**	**23-24**	**24-25**
Total Refinance		59%	138%	4%	-63%	-61%	33%	30%
Non-Cash-Out		102%	220%	-12%	-80%	-60%	77%	48%
Cash-Out		25%	39%	51%	-35%	-61%	12%	16%
% of Total	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Non-Cash-Out	43%	55%	74%	62%	33%	33%	44%	50%
Cash-Out	57%	45%	26%	38%	67%	67%	56%	50%

Mortgage loan originations for owner-occupied properties constituted 87 percent of all home purchase loan originations, stable in the last three years. Eleven percent of all home purchase loan originations were for investment purposes, unchanged from the previous year.

Table 3: First-lien Home Purchase Loans Originated for 1-4 Family, Site-Built Dwellings by Occupancy, 2018-2025

	2018	2019	2020	2021	2022	2023	2024	2025
Total	96,156	102,988	114,256	119,865	99,136	78,934	79,248	81,307
Owner Occupancy	84,307	89,857	100,739	101,649	83,495	68,542	68,798	70,616
Second Residences	3,255	3,844	4,704	5,826	3,623	1,975	1,864	1,966
Investment Property	8,594	9,287	8,813	12,390	12,018	8,417	8,586	8,725
Annual % Change		**18-19**	**19-20**	**20-21**	**21-22**	**22-23**	**23-24**	**24-25**
Total		7%	11%	5%	-17%	-20%	0%	3%
Owner Occupancy		7%	12%	1%	-18%	-18%	0%	3%
Second Residences		18%	22%	24%	-38%	-45%	-6%	5%
Investment Property		8%	-5%	41%	-3%	-30%	2%	2%
% of Total	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Owner-Occupied	88%	87%	88%	85%	84%	87%	87%	87%
Second Residences	3%	4%	4%	5%	4%	3%	2%	2%
Investment	9%	9%	8%	10%	12%	11%	11%	11%

C. Trends in First-Lien Mortgage Loans on Owner-Occupied, 1-4 Family Dwellings[viii]

The number of closed-end, first-lien home purchase loan originations for owner-occupied, site-built, 1-4 family dwellings declined from the previous year in Chattanooga and Memphis and stayed same in Cleveland and Nashville while increasing in the rest of the metro areas. Table 4 provides a look at trends in home purchase loan originations in MSAs[ix] between 2018 and 2025.

Table 4: First-Lien Home Purchase Loans Originated for Owner-Occupied 1-4 Family Dwellings, 2018-2025, MSA

MSA	2018	2019	2020	2021	2022	2023	2024	2025
Chattanooga	5,040	5,709	6,264	6,398	5,312	4,377	4,461	4,425
Clarksville	5,012	5,266	6,244	6,741	5,428	4,050	3,898	4,090
Cleveland	1,378	1,431	1,667	1,748	1,479	1,166	1,211	1,206
Jackson	1,817	1,914	2,029	2,090	1,742	1,408	1,414	1,525
Johnson City	2,088	2,282	2,518	2,656	2,174	1,709	1,824	1,916
Kingsport-Bristol	2,188	2,490	2,890	2,902	2,357	1,955	1,905	2,099
Knoxville	11,955	12,570	14,232	14,153	11,723	9,172	9,581	10,005
Memphis	9,842	9,910	10,603	10,433	8,633	7,242	7,139	7,024
Morristown	1,401	1,405	1,575	1,721	1,614	1,297	1,180	1,260
Nashville	31,387	33,736	38,340	36,814	29,358	25,086	25,286	25,308
Balance of State	12,005	12,883	14,171	15,738	13,433	10,899	10,764	11,682
TENNESEE	84,307	89,857	100,739	101,649	83,495	68,542	68,798	70,616

Even with the increasing home purchase loan originations in the last two years, the loan volumes in all MSAs were lower than the volumes in 2018, prior to the onset of the COVID-19 pandemic. A majority of MSAs in the state, and the state overall, experienced increases in home purchase loan originations, with year-over-year increases ranging from four percent in the Knoxville MSA to ten percent in the Kingsport-Bristol MSA. In all MSAs, the volume of home purchase loans was lower than levels observed in 2018. Home purchase loan volume in 2025 decreased compared to the previous year in 27 counties, stayed same in five counties and increased in the remaining 63 counties and the state overall. The rates of decline and increase were higher in rural counties with low mortgage activity. Among counties with more than 1,000 home purchase loan originations, Blount County registered the most significant increase, with a 14 percent annual increase in 2025. Additionally, first-lien refinance loan origination volumes were higher in 2025 than in 2024 in all MSAs.

Table 5: First-Lien Refinance Loans Originated for Owner-Occupied 1-4 Family Dwellings, 2018-2025, MSA

MSA	2018	2019	2020	2021	2022	2023	2024	2025
Chattanooga	2,197	3,460	8,735	9,311	3,204	1,162	1,586	2,120
Clarksville	1,086	2,230	5,447	6,092	2,395	1,012	1,726	2,108
Cleveland	576	874	2,031	2,281	878	358	516	653
Jackson	627	883	2,081	2,357	1,026	527	691	781
Johnson City	866	1,219	3,002	3,343	1,265	526	687	935
Kingsport-Bristol	988	1,292	2,829	3,262	1,277	575	895	1,051
Knoxville	4,632	7,508	18,952	20,371	7,346	2,713	3,746	4,912
Memphis	3,718	6,157	16,318	16,796	5,556	2,144	2,602	3,083
Morristown	672	997	1,912	2,317	1,024	362	553	804
Nashville	14,631	26,310	65,572	62,814	18,996	5,763	7,827	10,643
Balance of State	6,258	8,691	17,804	20,964	9,955	4,792	6,234	8,082
TENNESSEE	36,428	59,755	145,021	150,228	53,168	20,049	27,181	35,193

D. Conventional versus Government-Insured Loans

Conventional loans remained the dominant source of home purchase financing in Tennessee, accounting for 61 percent of all home purchase loan originations in 2025. This share declined from 63 percent in 2024 but remained above the 59 percent recorded in 2018. Government-backed mortgage programs have long provided an important alternative to conventional financing, particularly for borrowers who may have faced greater downpayment or credit constraints. Following the 2008 housing and financial crisis, these programs assumed an expanded role as conventional mortgage credit tightened.

Within the government-insured programs segment, FHA-insured lending has been particularly sensitive to changes in program costs and eligibility. Changes in FHA mortgage insurance premiums, loan limits and broader mortgage market conditions have contributed to the shifts in FHA's share of home purchase lending over time. Beginning in Spring 2023, FHA financing became materially less expensive for most new borrowers following a 30-basis point reduction in the annual mortgage insurance premium. At the same time, successive increases in FHA loan limits preserved program eligibility as home prices increased.

Historically, conventional loans have accounted for a larger share of refinance originations than of home purchase originations in Tennessee. This pattern began to shift in 2022 and 2023, as the conventional share of refinance originations declined while FHA-insured loans gained market share. In 2023, conventional loans accounted for 56 percent of refinance originations, compared with 29 percent for FHA-insured loans and 15 percent for VA-insured loans. The composition shifted more noticeably in 2024: the conventional share fell to 49 percent, while the FHA-insured share declined to 25 percent and the VA-insured share increased sharply to 23 percent. In 2025, the conventional share recovered modestly to 51 percent, while FHA-insured loans remained at 25 percent and VA-insured loans held steady at 23 percent. Overall, the 2024-2025 period reflects a more diversified refinance market, with conventional loans accounting for roughly half of originations and VA-insured lending representing a substantially larger share than in earlier years.

Table 6: First-Lien Loans Originated for Owner-Occupied 1-4 Family Dwellings Share by Loan Type, 2018-2025

Home Purchase	2018	2019	2020	2021	2022	2023	2024	2025
Conventional	59%	61%	63%	67%	70%	65%	63%	61%
FHA	22%	21%	19%	16%	15%	21%	22%	22%
VA	12%	13%	12%	12%	12%	13%	13%	14%
FSA/RHS	6%	5%	6%	5%	3%	2%	2%	2%
Refinance	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Conventional	70%	66%	75%	78%	74%	56%	49%	51%
FHA	17%	16%	9%	9%	14%	29%	27%	25%
VA	14%	18%	16%	13%	12%	15%	23%	23%
FSA/RHS	0%	0%	0%	0%	0%	0%	0%	0%

E. Loans by Occupancy

Beginning with 2018 HMDA data, financial institutions were required to report occupancy using three categories; principal residence, second residence and investment property; replacing the previous distinction between owner-occupied and non-owner-occupied properties. This expanded classification provides a clearer picture of how mortgage credit is distributed across primary housing, second homes and investor-owned properties.

Across Tennessee, principal residences continued to account for the substantial majority of first-lien mortgage originations for site-built, single-family properties in 2025, consistent with the pattern observed throughout the 2018-2025 period. The concentration of lending for principal residences was particularly pronounced among refinance loans. Investment property lending represented a larger share of home improvement lending, underscoring the role of mortgage credit in maintaining and improving the state's investor-owned housing stock.

Second residence lending remained highly concentrated geographically. Sevier County continued to stand out because of its large vacation- and second-home market, recording the highest number of first-lien mortgage originations for second residences among Tennessee counties, followed by Davidson County. In previous years, Sevier County alone accounted for approximately one-fifth of all second residence mortgage originations statewide, illustrating the unusually important role that vacation and recreational properties play in the county's housing market. Investment-property lending was concentrated in the state's largest metropolitan counties, with Shelby and Davidson counties recording particularly large numbers of investor-property mortgage originations.

Loan type also varied substantially by occupancy status. Conventional mortgages accounted for nearly all loans originated for second residences and investment properties. In contrast, FHA- and VA-insured lending remained overwhelmingly concentrated among principal residences, reflecting the owner-occupancy requirements associated with these programs. Government backed lending consequently played little to no meaningful role in Tennessee's second home mortgage market and only a very limited role among loans reported for investment properties.

F. Demographic[x] and Income Trends[xi]

HMDA data permit detailed examination of mortgage applications, originations and denials by applicant demographic and socioeconomic characteristics. Financial institutions report information on the race, ethnicity, and sex of applicants and co-applicants when available,[xii] as well as loan amount requested and applicant income used in the credit decision. Income, however, is not required or applicable in all circumstances, and both demographic and income fields may contain responses indicating that information was not provided or was otherwise unavailable. Accordingly, analyses of lending outcomes by demographic characteristics must consider not only the characteristics that are reported but also extend and pattern of missing information.

Demographic information remains considerably less complete than income information. In the 2025 Tennessee home purchase analysis sample, race and ethnicity could be classified for approximately 86 percent of applications, while numeric income was available for 99 percent. Both demographic and income information were available for approximately 86 percent of applications. Thus, missing demographic information, not missing income, represents the more important limitation for analyses of differences in mortgage outcomes across population groups.

Importantly, demographic information is not missing uniformly across application outcomes. In 2025, demographic information was unavailable for approximately 12 percent of originated loans compared to 16 percent of denied applications, 16 percent of withdrawn applications and 17 percent of applications closed for incompleteness. Applications without classifiable demographic information also had a higher denial rate, approximately 18 percent, than applications for which demographic information was available, at approximately 14 percent. These differences indicate that applications with missing demographic information are not necessarily representative of applications with reported information. Consequently, analyses restricted to applicants with observable race and ethnicity should be interpreted with appropriate caution, as excluding applications with unavailable demographic information may affect measured differences in mortgage outcomes across demographic groups.

The availability of demographic information also varies across geographic areas and, to a lesser extent, mortgage products. These patterns may reflect differences in application channels, borrower reporting behavior, lender practices, and local market characteristics. For example, borrowers applying by telephone or online may be more likely to decline to provide demographic information. Therefore, missing information should not be automatically interpreted as a reporting deficiency; rather it represents an important feature of HMDA data that should be explicitly considered when evaluating changes in access to mortgage credit.

Table 7: Borrower Race and Ethnicity, Home Purchase Loans Originated, 2018-2025

Borrower Race	2018	2019	2020	2021	2022	2023	2024	2025
American Indian	0.2%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%
Asian	2.3%	2.2%	2.1%	2.7%	3.2%	3.5%	3.4%	3.0%
Black	7.5%	7.3%	7.6%	7.6%	7.3%	7.3%	7.2%	6.6%
Native Hawaiian	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
White	81.0%	80.1%	79.6%	77.1%	75.8%	75.2%	75.2%	76.6%
Other*	1.5%	1.6%	1.7%	1.9%	2.1%	2.4%	2.6%	2.5%
Race NA	7.4%	8.5%	8.6%	10.3%	11.1%	11.1%	11.1%	10.9%
Borrower Ethnicity	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2023**	**2023**
Hispanic or Latino	4.4%	4.9%	5.5%	6.3%	6.9%	8.1%	8.6%	8.4%
TOTAL Loans	84,307	89,857	100,739	101,649	83,495	68,542	68,798	70,616

NOTE: First lien mortgage loans originated for one-to-four family, site-built, owner-occupied homes.
*Other includes 2 or more races, joint and text only categories.

Between 2018 and 2025, the racial composition of home purchase loan originations in Tennessee changed gradually. White borrowers continued to account for the large majority of originations, although their share declined from 81 percent in 2018 to 77 percent in 2025. Over the same period, the share of originated loans for which borrower race was unavailable[xiii] increased from 7.4 percent to 10.9 percent.

The share of home purchase originations to Black borrowers fluctuated only modestly for much of the period. Black borrowers accounted for 7.5 percent of originations in 2018, and their share essentially remained unchanged from 2022 to 2024 before declining notably to 6.6 percent in 2025. The share of originations to Asian borrowers also varied within a relatively narrow range. After rising modestly through 2023, including an increase from 3.2 percent in 2022 to 3.5 percent in 2023, the Asian share declined to 3.0 percent by 2025.

A more pronounced long-term change is evident in lending to Hispanic borrowers. The Hispanic share of home purchase originations rose from 4.4 percent in 2018 to 8.6 percent in 2024, nearly doubling over the period. Although the share edged down slightly to 8.4 percent in 2025, it remained substantially above its 2018 level. This longer-term increase indicates a growing presence of Hispanic borrowers in Tennessee’s home purchase mortgage market.

Geographic patterns also remained closely associated with the demographic composition of local populations. In 2025, Shelby County recorded the highest share of Black borrowers among home purchase loan originations, at 26 percent, followed by Lauderdale County at 23 percent and Fayette County at 20 percent. These counties have consistently ranked among the highest in Tennessee for the share of home purchase loans originated for Black borrowers since 2018, broadly reflecting their underlying population characteristics. Nevertheless, each of the three counties recorded a lower Black borrower share in 2025 than in the previous year.

Refinance originations exhibited broadly similar racial patterns, although changes in 2025 were more pronounced for some groups. The share of refinance originations to Black borrowers declined from 10.0 percent in 2024 to 8.6 percent in 2025. Between 2021 and 2024, Black borrowers consistently accounted for at least 10 percent of refinance originations; by 2025, however, their share had fallen slightly below the 8.8 percent recorded in 2018. In contrast, the White share of refinance originations increased from 71.2 percent in 2024 to 72.4 percent in 2025.

Missing demographic information remained more prevalent among refinance loans than among home purchase loans. The share of refinance originations for which racial information was unavailable remained at 15.1 percent in both 2024 and 2025, substantially above the 11.6 percent recorded in 2018. The persistence of relatively high demographic data missingness among refinance loans should be considered when interpreting changes in racial and ethnic composition of refinance borrowers over time.

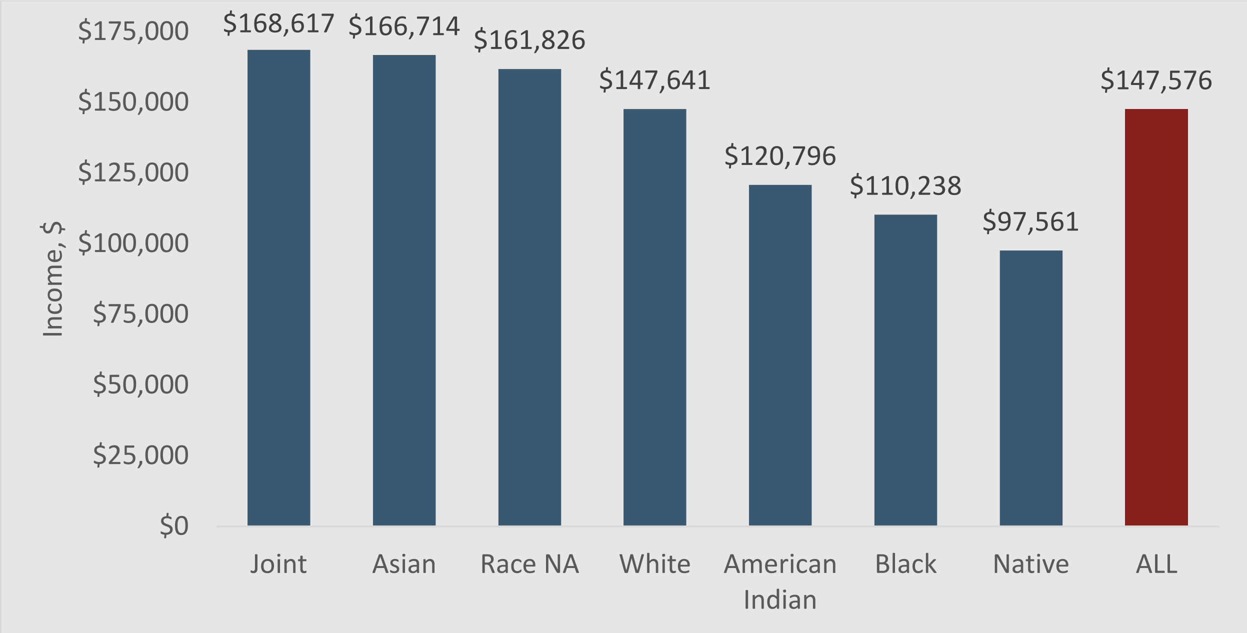
Table 8: Borrower Race and Ethnicity, Refinance Loans Originated, 2018-2025

Borrower Race	2018	2019	2020	2021	2022	2023	2024	2025
American Indian	0.3%	0.3%	0.2%	0.3%	0.3%	0.3%	0.4%	0.4%
Asian	0.8%	1.2%	1.9%	1.8%	1.0%	0.8%	1.4%	1.8%
Black	8.8%	7.8%	5.8%	7.2%	9.7%	11.0%	10.2%	8.6%
Native Hawaiian	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
White	77.4%	75.5%	77.5%	74.8%	72.8%	71.1%	71.2%	72.4%
Other*	1.0%	1.2%	1.3%	1.3%	1.2%	1.1%	1.6%	1.6%
Race NA	11.6%	14.0%	13.3%	14.5%	14.9%	15.6%	15.1%	15.1%
Borrower Ethnicity	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Hispanic or Latino	2.5%	2.6%	2.9%	3.1%	3.1%	2.9%	3.7%	4.1%
TOTAL Loans	36,428	59,755	145,021	150,228	53,168	20,049	27,181	35,193

NOTE: First lien mortgage loans originated for one-to-four family, site-built, owner-occupied homes.
*Other includes 2 or more races, joint and text only categories.

The median income of all home purchase loan borrowers (regardless of race or ethnicity)[xiv] was $106,000 and the average income was $147,576. Black borrowers had the second lowest average income at $110,000 after Native Hawaiian borrowers. Borrowers without race information had higher average incomes than White borrowers but remained below that of Asian borrowers and those classified as joint-race applicants.[xv]

Figure 3: Average Income by Race, Home Purchase Loans Originated, 2025



Borrower income varied substantially across mortgage products in 2025, reflecting the different borrower populations served by conventional and government-backed lending programs. Conventional home purchase borrowers continued to report the highest incomes, with a median income of $171,347. In contrast, borrowers using FSA/RHS loans had the lowest median income at $79,000. This difference underscores the important role of government-backed mortgage programs in providing access to homeownership for households with more moderate incomes, while conventional lending remains more heavily represented among higher income borrowers.

The sizable difference between average and median income, particularly among conventional borrowers, also highlights the uneven distribution of borrower incomes. The average income of conventional borrowers was more than $51,000 above the median, indicating that relatively small number of high-income borrowers pull the average upward. For this reason, median income provides a more representative measure of income of the typical mortgage borrower.

Geographic differences were even more pronounced. Williamson County recorded the highest borrower incomes in 2025, with a median of $211,000 and an average of $308,138. By comparison, the county's median family income was $114,800, meaning that the median income of home-purchase borrowers was approximately 84 percent higher, or about 1.84 times the countywide median family income. This gap illustrates an important feature of the local housing market: households successfully obtaining home purchase mortgages tend to have incomes substantially above those of the county's typical family. At the other end of the distribution, Lake County once again recorded the lowest median borrower income in the state. Together, these differences illustrate the considerable variation in the financial capacity of homebuyers across Tennessee's local housing markets.

To examine access to mortgage credit across income groups, applicant income was compared with the Area Median Family Income (AMFI) for the geographic area in which the property was located.[xvi] This comparison allows applicants to be classified by income relative to local income conditions and provides a basis for examining the distribution of applications and denials among low- and moderate-income (LMI) households. [xvii] The analysis also considers how mortgage lending patterns and outcomes vary across borrower income groups.

Among home purchase borrowers, the LMI share increased notably in 2025, rising to 26 percent from 22 percent in 2024. This reversed the decline observed in the previous year and indicates that low- and moderate-income borrowers represented a larger portion of Tennessee's home purchase mortgage market in 2025.

The pattern was different in the refinance market. LMI borrowers accounted for 29 percent of refinance originations in 2025, down slightly from 30 percent in 2024. Interpretation of the longer-term refinance trend, however, is complicated by substantial year-to-year variation in the availability of borrower income information. The share of refinance originations with missing income information fell to unusually low levels in 2022 and 2023, four percent and three percent, respectively, after remaining in double digits in earlier years. Beginning in 2024, the missing income share returned to double digit levels reaching 17 percent in 2024 and increasing further to 19 percent in 2025.

These shifts in data availability are important when interpreting changes in the income composition of refinance borrowers. Because borrowers with unavailable income cannot be assigned to an AMFI-based income category, unusually low missing income shares in 2022 and 2023 mechanically increased the proportion of refinance originations that could be classified as LMI, middle-, or upper-income. Conversely, the return to higher levels of missing income in 2024 and 2025 reduces the share assigned to those categories. As a result, changes in the reported LMI share of refinance lending should be interpreted together with changes in income-data availability rather than reflecting changes in borrower composition alone.

Table 9: Originated Loans by Borrower Income and Loan Purpose, 2018-2025

Borrower (Home Purchase)	2018	2019	2020	2021	2022	2023	2024	2025
LMI	28%	26%	28%	27%	26%	23%	22%	26%
Middle Income	27%	27%	28%	27%	28%	29%	28%	28%
High Income	44%	45%	43%	45%	45%	47%	49%	45%
Missing	1%	1%	1%	1%	1%	1%	1%	1%
Borrower (Refinance)	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
LMI	31%	22%	17%	22%	37%	38%	30%	29%
Middle Income	24%	21%	19%	22%	27%	28%	23%	21%
High Income	39%	41%	44%	42%	33%	31%	31%	30%
Missing	6%	17%	20%	15%	4%	3%	17%	19%

Census tracts are categorized as low-to-moderate-income (LMI) tracts, middle-income tracts, or high-income tracts, based on the ratio of census tract median family income to AMFI.[xviii] The following table provides a breakdown of closed-end first-lien loans originated for site-built, 1-4 family dwellings, segmented by tract income and loan purpose.

Table 10: Originated Loans by Neighborhood Characteristics and Loan Purpose, 2018-2025

Tract (Home Purchase)	2018	2019	2020	2021	2022	2023	2024	2025
LMI Tract	12,555	13,518	15,539	16,368	14,370	12,487	11,942	11,623
Moderate-Inc Tract	39,347	41,600	47,265	48,419	40,561	33,274	33,223	34,516
High-Inc Tract	32,117	34,477	37,666	36,569	27,948	22,337	23,202	24,098
Missing	288	262	269	293	616	444	431	379
ALL LOANS	**84,307**	**89,857**	**100,739**	**101,649**	**83,495**	**68,542**	**68,798**	**70,616**
% in LMI Tract	15%	15%	15%	16%	17%	18%	17%	16%
Tract (Refinance)	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
LMI Tract	5,794	7,899	16,516	19,199	8,290	3,757	4,702	5,782
Moderate-Inc Tract	18,047	28,304	62,648	68,410	27,613	10,893	14,516	18,695
High-Inc Tract	12,417	23,387	65,448	62,233	16,876	5,234	7,769	10,589
Missing	170	165	409	386	389	165	194	127
ALL LOANS	**36,428**	**59,755**	**145,021**	**150,228**	**53,168**	**20,049**	**27,181**	**35,193**
% in LMI Tract	16%	13%	11%	13%	16%	19%	17%	16%

Lenders continued to originate the majority of both home-purchase and refinance loans in middle and upper-income census tracts. The share of home purchase originations in LMI tracts remained relatively stable through much of the study period, accounting for approximately 15 percent of originations between 2018 and 2020 before increasing to 18 percent in 2023. That share subsequently declined to 17 percent in 2024 and 16 percent in 2025.

Differences were more pronounced when neighborhood income was examined by borrower race. In 2025, 27 percent of home purchase loans originated to Black borrowers were for properties located in LMI census tracts, down from 30 percent in 2023 but still substantially higher than the 16 percent share for all home purchase originations statewide. By comparison, 16 percent of home purchase loans originated for White borrowers were for properties in LMI tracts. Thus, Black home purchase borrowers remained considerably more likely than White borrowers, and home purchase borrowers overall, to finance properties located in LMI neighborhoods. Refinance lending showed a broadly similar pattern, with the distribution of originations across tract income categories varying by borrower race in much the same way as observed for home-purchase loans.

Table 11: Originated Loans by Neighborhood Characteristics, Race and Loan Purpose, 2025

Tract (Home Purchase)	White	Black	NA	Other	Hispanic	ALL Borrowers
LMI Tract	8,481	1,272	1,286	584	1,299	11,623
Mod Inc Tract	27,073	2,026	3,633	1,784	2,924	34,516
High Inc Tract	18,220	1,342	2,706	1,830	1,695	24,098
Missing	291	15	48	25	27	379
Total	54,065	4,655	7,673	4,223	5,945	70,616
% in LMI	16%	27%	17%	14%	22%	16%
Tract (Refinance)	**White**	**Black**	**NA**	**Other**	**Hispanic**	**ALL Borrowers**
LMI Tract	3,822	880	903	177	232	5,782
Mod Inc Tract	13,985	1,339	2,815	556	788	18,695
High Inc Tract	7,585	805	1,589	610	410	10,589
Missing	87	11	24	5	4	127
Total	25,479	3,035	5,331	1,348	1,434	35,193
% in LMI	15%	29%	17%	13%	16%	16%

Based on reported borrower income relative to Area Median Family Income (AMFI), 39 percent of Black home purchase borrowers and 35 percent of Hispanic home purchase loan borrowers were classified as low- to moderate-income (LMI) in 2025. Both shares were substantially higher than the 26 percent recorded among all home purchase borrowers, indicating that LMI borrowers represented a considerably larger portion of Black and Hispanic homebuyers than of the overall home purchase borrower population.

Table 12: Originated Home Purchase Loans by Borrower Race, Ethnicity and Income, 2025

Borrower Income	Black	NA	Other	White	ALL	Hispanic
Low-to-mod-Income	1,825	1,972	795	13,732	18,324	2,054
Middle-Income	1,493	2,082	1,202	15,175	19,952	1,777
High-Income	1,309	3,533	2,211	24,585	31,638	2,079
Missing	28	86	15	573	702	35
Total	4,655	7,673	4,223	54,065	70,616	5,945
LMI Borrowers % of Total	39%	26%	19%	25%	26%	35%

Reliance on conventional and government-backed mortgages varied considerably across borrower groups in 2025. Table 13 presents originated home purchase loans by borrower race and ethnicity and distinguishes conventional loans from government-backed products including FHA- VA- and FSA/RHS-insured mortgage. The table shows the share of government-backed loans within total home purchase originations for each borrower group.

Black borrowers continued to rely disproportionally on government-backed mortgage products. In 2025, 63 percent of home purchase loans originated for Black borrowers were FHA-, VA- or FSA/RHS-insured, compared with 39 percent of home purchase originations overall. By contrast, only 21 percent of loans originated to Asian borrowers were government backed, indicating substantially greater access to conventional financing among this group.

The longer-term pattern also suggests that the mortgage product mix is responsive to broader housing and credit market conditions. During 2021 and 2022, when home purchase activity was particularly strong, Black borrowers made comparatively greater use of conventional mortgages. More recently, however, the distribution has shifted back toward the pattern observed in earlier years, with government-backed products once again accounting for a clear majority of home purchase lending to Black borrowers. While these changes do not by themselves establish why borrowers selected particular mortgage products, they suggest that access to conventional financing may vary across market conditions and borrower demographics.

Government-backed mortgages can expand access to homeownership through features such as lower downpayment requirement and, in some program, more flexible underwriting standards. At the same time, the costs and terms of these products differ from conventional mortgages. FHA-insured loans, for example, generally include mortgage insurance premiums, while VA and FSA/RHS programs have their own eligibility requirements and fee structures. Consequently, the heavy reliance on government-backed financing among some borrower groups has implications not only for access to mortgage credit but also for the financing costs and loan structures experienced by those borrowers.

Table 13: Home Purchase Loans, Borrower Race, Percent Nonconventional Loans, 2018-2025

Race/Ethnicity	2018	2019	2020	2021	2022	2023	2024	2025
Asian	17%	17%	18%	13%	12%	19%	18%	21%
Black	68%	64%	61%	57%	53%	60%	62%	63%
White	39%	38%	36%	31%	28%	33%	35%	36%
Joint	46%	44%	43%	35%	35%	43%	46%	46%
Race NA	37%	36%	36%	33%	31%	37%	39%	43%
Other Minority	54%	53%	48%	47%	45%	51%	50%	55%
ALL LOANS	41%	39%	37%	33%	30%	35%	37%	39%
Hispanic-Latino	50%	47%	45%	38%	36%	42%	43%	46%

NOTE: "Other Minority" includes American Indian, Native Hawaiian, 2- or more-minority races and text only categories

The following table compares the average cost paid by home purchase loan borrowers between 2018 and 2025 across mortgage products.[xix] Throughout the period, government-backed mortgages generally carried higher average upfront loan costs than conventional mortgages, although the magnitude of the difference carried by program.

Table 14: Average Loan Cost Paid by Borrower by Loan Type, 2018-2025

YEAR	Conv.	FHA	VA	FSA/RHS	ALL LOANS	FHA % Conv.	VA % Conv.	FSA/RHS % Conv.
2018	$3,656	$6,657	$5,556	$4,438	$4,628	1.82	1.52	1.21
2019	$3,971	$7,267	$5,901	$4,766	$4,996	1.83	1.49	1.20
2020	$3,848	$7,722	$6,811	$5,157	$5,050	2.01	1.77	1.34
2021	$4,281	$8,103	$7,705	$5,335	$5,363	1.89	1.80	1.25
2022	$5,851	$10,340	$9,045	$6,349	$6,943	1.77	1.55	1.09
2023	$6,277	$11,670	$8,746	$7,260	$7,751	1.86	1.39	1.16
2024	$6,385	$12,109	$8,295	$7,399	$7,935	1.90	1.30	1.16
2025	$6,468	$11,967	$8,040	$7,579	$7,981	1.85	1.24	1.17

The largest cost differential was consistently associated with FHA-insured loans. In 2025, the average total loan cost for an FHA borrower was approximately 1.85 times that of a conventional borrower, or about 85 percent higher. The corresponding differences were considerably smaller for other government-backed products: average cost for VA loans were approximately 1.24 times those of conventional loans, while FSA/RHS loan costs were about 1.17 times as high.

These differences are important when considering the role of government-backed lending in expanding access to homeownership. FHA, VA and FSA/RHS programs can provide financing options for borrowers who may have limited downpayment resources or who meet specific eligibility requirements, but the associated fee and insurance structures can result in different borrowing costs. The persistent cost gap, particularly for FHA loans, therefore, highlights a potential tradeoff between broader access to mortgage credit and the transaction costs associated with obtaining that financing. Because the figures presented here are unadjusted averages, however, they should not be interpreted as showing that loan type alone accounts for the cost differences. [xx]

G. Denial Rates and Denial Reasons

Denial rates[xxi] for home purchase loan applications remained relatively stable overall in 2025, although trends varied across racial and ethnic groups. The statewide denial rate declined slightly to 7.7 percent, from 7.8 percent in 2024. Differences across borrower groups, however, remained substantial.

Black applicants continued to experience the highest denial rate among applicants with reported racial classifications. Their denial rate increased from 14.8 percent in 2024 to 15.6 percent in 2025, **approximately twice the statewide rate**. Except for 2024, when applicants with unavailable race information recorded a slightly higher denial rate of 15.0 percent compared with 14.8 percent for Black applicants, Black applicants consistently experienced highest denial rates among racial groups throughout the study period.

Applicants classified as “Other Minority” including American Indian or Alaska Native, Native

Hawaiian or Other Pacific Islander, and applicants reporting two or more minority races, generally recorded the next-highest denial rates among identified racial groups. Hispanic applicants also experienced comparatively elevated denial rates. Their home purchase denial rate increased modestly from 10.2 percent in 2024 to 10.5 percent in 2025, although this year-over-year change was not statistically significant.

Overall, the 2025 denial rates indicate that the slight improvement in statewide denial rate was not experienced uniformly across demographic groups. Persistent differences in denial rates, particularly high denial rate among Black applicants, remain an important feature of Tennessee's home purchase mortgage market.

Table 15: Denial Rates, Home Purchase, Conventional and Nonconventional, Race and Ethnicity, 2018-2025

YEAR	ALL	Asian	Black	Race NA	Other	White	Hispanic	Not Hispanic	Ethnicity NA
2018	9.4%	10.9%	16.0%	14.7%	13.1%	8.4%	11.5%	8.9%	13.7%
2019	8.5%	10.3%	15.4%	12.6%	11.9%	7.4%	11.3%	8.0%	11.7%
2020	9.0%	11.1%	17.0%	14.2%	11.4%	7.8%	11.1%	8.6%	11.5%
2021	8.0%	8.4%	13.5%	14.0%	10.1%	7.1%	9.6%	7.6%	10.1%
2022	8.9%	11.9%	16.0%	14.0%	11.2%	7.7%	10.7%	8.4%	11.0%
2023	8.2%	9.4%	16.1%	12.4%	10.4%	7.0%	10.4%	7.7%	10.4%
2024	7.8%	8.7%	14.8%	15.0%	10.3%	6.6%	10.2%	7.1%	10.3%
2025	7.7%	10.2%	15.6%	12.8%	9.1%	6.6%	10.5%	7.2%	9.4%

Moreover, applicants seeking nonconventional loans (e.g., FHA-, VA-, or FSA/RHS-insured loans) faced higher denial rates compared to those applying for conventional loan products, further exacerbating the inequality in access to mortgage financing.

Table 16: Denial Rates, Home Purchase, Nonconventional, Race and Ethnicity, 2018-2025

YEAR	ALL	Asian	Black	Race NA	Other	White	Hispanic	Not Hispanic	Ethnicity NA
2018	11.8%	15.5%	16.2%	15.7%	13.4%	10.6%	12.7%	11.3%	16.3%
2019	10.5%	12.2%	15.6%	14.5%	11.0%	9.2%	12.9%	10.0%	14.2%
2020	11.4%	13.7%	18.2%	13.4%	15.2%	10.0%	12.1%	11.2%	13.5%
2021	10.4%	12.3%	13.6%	12.0%	16.8%	9.5%	10.7%	10.1%	12.4%
2022	12.3%	15.9%	17.0%	14.6%	13.3%	11.0%	12.8%	11.9%	14.5%
2023	10.6%	11.2%	17.1%	12.8%	13.2%	9.0%	11.7%	10.2%	12.4%
2024	9.5%	11.1%	15.9%	11.9%	13.4%	7.8%	10.3%	8.9%	12.3%
2025	9.3%	12.2%	16.6%	9.8%	12.4%	7.9%	10.7%	9.0%	10.2%

Debt-to-income ratio (DTI) remained the most frequently cited reason[xxii] for denial of home purchase mortgage loan applications throughout the 2018-2025 period, followed by credit history and insufficient collateral. Table 17 shows that the relative importance of these reasons varied across racial groups, although DTI was leading cited reason for denial in each group. DTIrelated denials were particularly prevalent among Asian and Black applicants.

The pattern differed for refinance applications. Credit history was the most frequently cited reason for refinance denials, followed by high DTI and incomplete credit applications. These differences suggest that the factors associated with unsuccessful mortgage applications vary by loan purpose. Repayment capacity, as reflected in DTI, appears to be especially important for home purchase applicants, while credit history plays a larger role in refinance decisions.

Table 17: Denial Reason, Home Purchase Loans, 2025

DENIAL REASON*	Asian	Black	NA	Other	White	Total
Debt-to-Income Ratio	46.1%	40.7%	37.6%	38.8%	35.7%	37.3%
Credit History	6.5%	19.0%	19.7%	13.6%	14.3%	14.8%
Collateral	5.3%	8.5%	4.2%	10.9%	12.4%	11.0%
Other	7.8%	9.8%	9.9%	8.9%	8.3%	8.6%
Credit Application Incomplete	10.2%	6.8%	8.5%	10.6%	8.4%	8.5%
Insufficient Cash (downpayment, closing costs)	9.8%	5.5%	10.3%	5.8%	8.0%	7.5%
Unverifiable Information	8.6%	4.1%	4.7%	6.6%	5.3%	5.4%
Employment History	4.9%	2.3%	2.3%	3.5%	3.8%	3.5%
Exempt	0.8%	3.3%	2.8%	1.1%	3.7%	3.2%
Mortgage Insurance Denied	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%

**While other denial reasons can be unreported, Denial Reason 1 is always provided for denied loans, except for the exempt loans.*

METHODOLOGY

A. Data and Coverage

The HMDA data are the most comprehensive source of publicly available information on the mortgage market to determine whether financial institutions are serving the housing needs in their communities and to identify possible discriminatory lending patterns. Many depository and non-depository lenders are required to collect and disclose information about housing-related loans (including home purchase, home improvement and refinancing) and applications for those loans in addition to applicants' and borrowers' income, race, ethnicity and gender. The law governing HMDA was enacted in 1975, initially falling within the regulatory authority of the Federal Reserve Board. In 2011, regulatory authority was transferred to the Consumer Financial Protection Bureau (CFPB). Whether an institution is required to report depends on its asset size, its location, and whether it is in the business of residential mortgage lending. Because some institutions are exempt from HMDA reporting requirements HMDA data do not include all residential loan applications.

Starting in January 2018, the data collected with HMDA increased based on Congress's amendment after Dodd-Frank Act in 2010. Before this change, any depository institution that originated at least one home purchase loan in the preceding year was required to report. In 2017, depository institutions that originated fewer than 25 covered closed-end mortgages in either of the preceding two years were exempt from HMDA reporting. This 25 loans coverage threshold was increased to 100 loans in May of 2020 by the 2020 HMDA rule and became effective on July 1, 2020.

Before 2017, depository institutions were required to make a modified (to protect applicant and borrower privacy) version of their Loan Application Registers (LARs), available to members of the public on request. With these changes, the Consumer Financial Protection Bureau has collected and made available on its website the modified LAR file for each institution that has filed 2017 HMDA data. The loan-level data provided to the public with modified LAR files will be updated with resubmissions and/or late submissions.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 made reporting open-end lines of credit (OLCs)[xxiii] mandatory. In this report, unless otherwise specified, the open-end lines of credit (except reverse mortgages) and loans for purposes other than home purchase, refinance and home improvement are excluded.

In previous HMDA reports, we used 10 years of data to identify longer-term trends. This 10-year lookback was especially useful in the years following the housing market crisis to determine if markets recovered. Because the mortgage markets recovered fully from these events and to take advantage of new and improved data present in 2018 data and onwards, we decided to analyze HMDA data for 2018 through 2025 (an eight-year trend). This also allows us to both consider a depth of issues not possible before as well as the impact of Covid19 on mortgage markets.

HMDA data includes applications for open-end and closed-end mortgages; for home purchase, refinance, home improvement and other purposes; for first- and second-lien; for owner occupancy, second residence and investment properties; single-family and multifamily residences; for manufactured and site-built homes. In this report, we focused on selected closed-end mortgages for first-lien, owner-occupied, 1-4 family site-built homes, which are comparable to the loans THDA funded.

B. "Refinance" and "Cash-out Refinance" Loans

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 modified the definitions and values of some existing data points and required reporting of 27 new data points. Refinance loans were separated into "refinance" and "cash-out refinance," a nuance that was not available in previous years. A refinancing is a closed-end mortgage loan or open-end line of credit in which a new dwelling-secured debt obligation satisfies and replaces an existing dwelling-secured debt obligation by the same borrower.[xxiv] A financial institution reports a covered loan or an application as a cash-out refinancing if it is a refinancing and the financial institution considered it to be a cash-out refinancing when processing the application or setting the terms under its or an investor's guidelines. One contributing reason could be the amount of cash received by the borrower at closing or account opening. If a financial institution does not distinguish between cash-out refinancing and refinancing under its own guidelines, sets the terms of all refinancing without regard to the amount of cash received by the borrower at loan closing or account opening, and does not offer loan products under investor guidelines, the institution reports all refinancing as refinancing, rather than cash-out refinancing.[xxv] Cash-out refinance borrowers use the equity in their homes for other purposes, while non-cash-out refinance borrowers aim to take advantage of lower rates or adjust the length of their mortgage (change to longer term to reduce the monthly payments or to shorter term to pay off the mortgage sooner while lowering the rate).

C. Missing Demographic Information

Missing race and ethnicity data within HMDA has been and continues to be a concern. As a component of data validation, we compared the characteristics of applicants whose race or ethnicity was missing (either left blank or coded as NA) with other applicants to determine the extent of potential bias. For this analysis of missing data, we compare income and loan amounts. Furthermore, we apply this analysis to the base sample of this report, which includes closed-end mortgages for first-lien 1-4 family site-built homes. The following tables provide this information separated by years to consider both the extent and persistence of these trends over time.

Percentages of applicants without race information (Race is NA) consistently increased each year between 2018 and 2025; from 21 percent in 2018 to 29 percent of applicants with missing race information in 2025. The applicants without the race information had similar average income and loan amounts to White applicants while they, on average, had higher income and borrowed more than the Black applicants. Missing race applicants were behind Asian applicants, on average, in terms of income and loan amount.

In some instances, financial institutions reporting HMDA data may mark the "applicant's income" field as "not applicable (NA)." There are several reasons why this may be the case. The institution may not consider the applicant's income when making underwriting decisions; the loan or application might be for a multifamily dwelling; the transaction may be a loan purchase and the institution chose not to collect the information; the transaction may be a loan to an employee of the institution and the institution sought to protect the employee's privacy, even though institution relied on his or her income to make a determination of approval; or the borrower or applicant is a corporation, partnership, or other entity that is not a natural person. [xxvi] Of all loans reported (regardless of purpose or action) in 2025, nearly 60,000 did not have income information. That number represents less than 17 percent of all reported loans in the year. The incidence of observations without income information declined to one percent among first-lien, site-built, owner occupied, 1-4 family home purchase loans originated.

Table 18: Race, Income and Loan Amount, Home Purchase Loans, 2018-2025

2018	Borrower	Borrower	Income	Income	Loan Amount	Loan Amount
RACE	Count	%	Average	Median	Average	Median
2+ minority	208	0%	$74,040	$55,000	$190,529	$175,000
AIAN	693	0%	$70,811	$55,000	$172,504	$155,000
Asian	4,983	2%	$114,972	$85,000	$242,546	$215,000
Black	20,878	8%	$71,239	$57,000	$174,027	$155,000
Joint	2,691	1%	$113,625	$90,000	$237,553	$215,000
Race NA	**55,501**	**21%**	**$106,453**	**$72,000**	**$214,221**	**$185,000**
NHPI	326	0%	$74,398	$60,500	$182,178	$165,000
Text-Only	11	0%	$87,636	$73,000	$191,364	$155,000
White	176,201	67%	$97,452	$70,000	$205,475	$175,000
Total	261,492	100%	$96,558	$69,000	$205,728	$175,000
2019	Borrower	Borrower	Income	Income	Loan Amount	Loan Amount
RACE	Count	%	Average	Median	Average	Median
2+ minority	255	0%	$73,017	$62,000	$209,628	$195,000
AIAN	838	0%	$70,739	$57,000	$201,325	$185,000
Asian	5,942	2%	$120,389	$95,000	$266,387	$245,000
Black	22,750	7%	$72,982	$59,000	$191,106	$175,000
Joint	3,471	1%	$122,105	$94,000	$256,201	$235,000
Race NA	**68,678**	**22%**	**$104,818**	**$76,000**	**$231,650**	**$205,000**
NHPI	328	0%	$80,066	$62,000	$194,878	$185,000
Text-Only	10	0%	$58,111	$67,000	$210,000	$200,000
White	205,231	67%	$105,524	$74,000	$229,789	$195,000
Total	307,503	100%	$103,250	$73,000	$228,216	$195,000
2020	Borrower	Borrower	Income	Income	Loan Amount	Loan Amount
RACE	Count	%	Average	Median	Average	Median
2+ minority	387	0%	$305,094	$66,000	$225,724	$205,000
AIAN	1096	0%	$86,580	$64,000	$223,403	$195,000
Asian	10,429	2%	$332,483	$102,000	$281,379	$255,000
Black	30,533	7%	$312,150	$63,000	$210,579	$195,000
Joint	5,494	1%	$413,032	$102,000	$274,294	$245,000
Race NA	**98,635**	**21%**	**$321,518**	**$84,000**	**$250,946**	**$225,000**
NHPI	427	0%	$93,874	$75,000	$229,543	$205,000
Text-Only	5	0%	$344,000	$246,000	$303,000	$245,000
White	312,908	68%	$329,965	$81,000	$246,211	$215,000
Total	459,914	100%	$327,786	$81,000	$245,907	$215,000

2021	Borrower	Borrower	Income	Income	Loan Amount	Loan Amount
RACE	Count	%	Average	Median	Average	Median
2+ minority	533	0%	$137,090	$69,000	$225,901	$205,000
AIAN	1574	0%	$91,762	$65,000	$230,140	$205,000
Asian	12,396	3%	$139,730	$109,000	$305,990	$275,000
Black	35,318	7%	$85,966	$65,000	$220,503	$205,000
Joint	6,126	1%	$135,163	$102,000	$300,640	$255,000
Race NA	**118,432**	**24%**	**$118,904**	**$85,000**	**$274,349**	**$235,000**
NHPI	491	0%	$89,983	$67,000	$233,249	$205,000
Text-Only	32	0%	$68,067	$62,000	$190,000	$165,000
White	314,184	64%	$114,815	$80,000	$259,820	$215,000
Total	489,086	100%	$114,209	$80,000	$262,017	$225,000
2022	Borrower	Borrower	Income	Income	Loan Amount	Loan Amount
RACE	Count	%	Average	Median	Average	Median
2+ minority	354	0%	$104,646	$75,000	$257,938	$235,000
AIAN	1028	0%	$93,678	$71,500	$257,860	$225,000
Asian	7,964	3%	$160,650	$116,000	$376,488	$325,000
Black	24,019	8%	$92,310	$69,000	$243,998	$215,000
Joint	4,086	1%	$142,787	$109,000	$345,149	$305,000
Race NA	**74,801**	**25%**	**$125,961**	**$87,000**	**$317,305**	**$265,000**
NHPI	304	0%	$106,114	$78,500	$283,618	$235,000
Text-Only	14	0%	$107,769	$100,000	$215,714	$190,000
White	180,963	62%	$138,212	$84,000	$298,894	$245,000
Total	293,533	100%	$132,544	$84,000	$301,630	$255,000
2023	Borrower	Borrower	Income	Income	Loan Amount	Loan Amount
RACE	Count	%	Average	Median	Average	Median
2+ minority	248	0%	$100,843	$84,500	$273,307	$245,000
AIAN	640	0%	$103,534	$76,500	$266,875	$245,000
Asian	5,685	3%	$177,751	$126,500	$388,492	$335,000
Black	15,519	8%	$97,117	$74,000	$254,635	$235,000
Joint	2,913	2%	$152,494	$119,000	$369,816	$325,000
Race NA	**51,110**	**27%**	**$136,628**	**$93,000**	**$325,470**	**$285,000**
NHPI	206	0%	$107,210	$80,500	$289,903	$255,000
Text-Only	35	0%	$102,829	$79,000	$332,714	$245,000
White	113,643	60%	$140,318	$94,000	$315,433	$265,000
Total	189,999	100%	$136,962	$93,000	$315,944	$275,000

2024	Borrower	Borrower	Income	Income	Loan Amount	Loan Amount
RACE	Count	%	Average	Median	Average	Median
2+ minority	313	0%	$116,055	$81,000	$287,300	$275,000
AIAN	787	0%	$106,306	$79,000	$277,147	$245,000
Asian	6,072	3%	$197,084	$131,000	$407,454	$355,000
Black	16,437	8%	$288,201	$76,000	$270,443	$245,000
Joint	3,362	2%	$165,687	$122,000	$384,262	$345,000
Race NA	**59,177**	**28%**	**$136,904**	**$96,000**	**$345,535**	**$305,000**
NHPI	199	0%	$123,208	$78,000	$299,372	$265,000
Text-Only	12	0%	$114,727	$56,000	$303,333	$250,000
White	121,406	58%	$141,143	$98,000	$333,628	$285,000
Total	207,765	100%	$156,158	$97,000	$334,679	$285,000
2025	Borrower	Borrower	Income	Income	Loan Amount	Loan Amount
RACE	Count	%	Average	Median	Average	Median
2+ minority	273	0%	$119,237	$87,000	$314,634	$285,000
AIAN	894	0%	$122,384	$85,500	$300,873	$275,000
Asian	6,278	3%	$203,209	$135,000	$468,264	$355,000
Black	16,580	7%	$105,194	$78,000	$281,590	$255,000
Joint	3,716	2%	$173,148	$130,000	$406,300	$355,000
Race NA	**66,693**	**29%**	**$151,282**	**$97,000**	**$363,506**	**$305,000**
NHPI	219	0%	$113,672	$88,000	$338,881	$295,000
Text-Only	17	0%	$162,938	$137,500	$322,059	$255,000
White	137,433	59%	$151,155	$101,000	$352,332	$295,000
Total	232,103	100%	$149,306	$100,000	$354,232	$295,000

[i] For more information about what HMDA data is and what are the new and revised data elements in 2019 HMDA data, please reference the Methodology Section.

[ii] The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (DFA) and the 2015 HMDA Rule issued by Consumer Financial Protection Bureau (CFPB) mandated reporting of following new data fields: Age; Total Points and Fees; Rate Spread for all loans; Prepayment Penalty Term; Property Value; Introductory Rate Period; Non-Amortizing Features; Loan Term; Application Channel; Credit Score; Mortgage Loan Originator Identifier; Universal Loan Identifier; Property Address; Origination Charges; Discount Points; Lender Credits; Mandatorily Reported Reasons for Denial; Interest Rate; Debt-to-Income Ratio; Combined Loan-to-Value Ratio; Manufactured Home Secured Property Type; Manufactured Home Land Property Interest; Multifamily Affordable Units; Automated Underwriting System; Reverse Mortgage Flag; Open-End Line of Credit Flag; and Business or Commercial Purpose Flag.

[iii] To make this data comparable to the data reported in previous years, we excluded all open-end LOCs, except those open-end LOCs that are reverse mortgages, and applications for a loan purpose other than home purchase, home improvement, or refinance.

[iv] A multifamily property consists of five or more units

[v] Changes made to the HMDA reporting after 2018, altered how the loans for home improvement purpose were reported and added other purposes, which makes comparing total originations difficult and inaccurate.

[vi] In the cash-out refinance the homeowner borrows an amount greater than what they owe on their existing mortgage, while in non-cash-out refinances mortgage balance does not change. Non-cash-out refinances are more common when interest rates are declining allowing borrowers to take advantage of lower rates than their original mortgages. When the interest rates are increasing, the demand for non-cash-out refinance usually declines and cash-out refinances make up a larger proportion of all refinances.

[vii] For a more detailed quarterly analysis of cash-out refinance mortgages see: Office of Research blog: A look at cash-out refinance mortgages and their borrowers between 2013 to 2023.

[viii] The discussion in the following sections is based on first-lien mortgage loans on owner-occupied one- to four-family, site-built dwellings, unless otherwise specified.

[ix] Data for the Metropolitan Statistical Areas (MSAs), which include counties from other neighboring states, are only for the counties in Tennessee. “Kingsport” refers to the Kingsport-Bristol-Bristol MSA and Nashville refers to the Nashville-Davidson–Murfreesboro–Franklin MSA.

[x] For analysis of race and ethnicity, we relied on “derive race” and “derived ethnicity” categories, which combine the applicant and co-applicant’s race. For more information about how the derived race and ethnicity categories are determined, please see https://github.com/cfpb/hmda-platform/wiki/Derived-Fields-Categorization- 2018-Onward

[xi] For the analysis from this point on, unless otherwise specified, we will consider first-lien loans for owner-occupied, site-built, one- to four-family dwellings.

[xii] For purchased loans, the institutions do not have to collect or report race. If the borrower or applicant is not an actual person (for example, a corporation or a partnership), race will be “not applicable.” Each applicant can report belonging to up to five racial groups. In this report, we used the “derived race” and “derived ethnicity” variables provided with the data starting 2018. For more information about how these derived variables are determined, please see https://github.com/cfpb/hmda-platform/wiki/Derived-Fields-Categorization-2018-Onward

[xiii] Loans initiated online do not require the lender to submit demographic information unless the applicant offers it. Furthermore, lenders can delete demographic data information on loan records that they purchase from other institutions.

[xiv] First-lien, owner-occupied, home purchase loans for one- to four-family site-built homes.

[xv] Joint is one of the derived race categories including both the race for the applicant and co-applicant. An applicant is identified as “joint” if either the applicant is White and co-applicant is one of the minority race categories or the applicant is one of the minority race categories and co-applicant is White.

[xvi] The MFI reported in HMDA data files and used in these calculations is the estimated Tract MFI, which is the census tract's estimated MFI for each year, based on the HUD estimate for the Metropolitan Statistical Area

(MSA)/Metro Division (MD) or non-MSA/MD area where the tract is located. For tracts located outside of an MSA/MD, the MFI is the statewide non-MSA/MD MFI.

[xvii] A low- to moderate-income (LMI) applicant is defined as someone who earns less than 80 percent of area median family income. A middle-income applicant earns more than 80 percent but less than 120 percent of the estimated AMFI. If the applicant's income is more than 120 percent of the estimated AMFI, then the applicant is labeled as a high-income applicant.

[xviii] The ratio of tract median family income (MFI) to area median family income (AMFI) is defined as Tract to MSA income percentage and provided with HMDA data. Its categories are determined similar to applicants (a tract is defined as an LMI neighborhood if the ratio of tract median family income to Area median family income is 80 percent or less, defined as middle-income tract if the ratio is more than 80 percent but less than 120 percent and defined as high-income tract if the ratio is greater than 120 percent).

[xix] Starting in 2018, the new and modified data fields include "total loan costs," which applies to originated loans that are subject to the TILA-RESPA Integrated disclosure requirements in Regulation Z. Institutions that qualify for the partial exemption under the EGRRCPA are not required to report Total Loan Costs or Total Points and Fees. See "Introducing New and Revised Data Points in HMDA" by Office of Research at https://www.consumerfinance.gov/data-research/research- reports/introducing-new-revised-data-points-hmda/. Total loan costs reported at HMDA are the costs paid by the borrower such as appraisal fees, credit report fees, title insurance, and so on. If there are any seller paid costs, they are not included in total loan costs.

[xx] This analysis considers only the amount of total loan costs paid by closed-end, first-lien, owner-occupied, site-built, 1-4 family home purchase loan borrowers, and does not control for borrower and loan characteristics that might be influencing the total loan cost. The differences in total loan costs should be treated carefully. According to Consumer Financial Protection Bureau's (CFPB) examination of the new HMDA data fields, loan costs may be tied to the size of the loan and can be affected by factors such as the size of the down payment relative to the loan (as that will drive the need for mortgage insurance) as well as by choices made by consumers (such as the purchase of owners title insurance). The summary statistics reported in this section do not control for any such factors and these factors may explain some of the differences observed across enhanced loan types, loan purpose, demographic groups, etc.

[xxi] We calculated denial rates by dividing the number of loans denied by financial institutions by the total number of loan applications. We excluded withdrawn applications, applications closed for incompleteness, and loans that were originated previously and purchased by financial institutions during the reporting calendar year.

[xxii] Until the 2018 HMDA data release, financial institutions could report up to three denial reasons (selecting from nine potential denial reasons including Debt-to-Income Ratio, Employment History, Credit History, Collateral, Insufficient Cash (for downpayment and/or closing costs), Unverifiable Information, Credit Application Incomplete, Mortgage Insurance Denied and Other) for denied applicants, but this was not mandatory. The 2015 HMDA rule required listing a denial reason for all denied applicants. As such, starting in 2018, except the applicants who were denied by exempt financial institutions financial institutions provided at least one denial reason for all denied applicants. HMDA reporters that are insured depository institutions or insured credit unions and that originated fewer than 500 closed-end mortgages in each of the two preceding years qualify for this partial exemption with respect to reporting their closed-end transactions. HMDA reporters that are insured depository institutions or insured credit unions that originated fewer than 500 open-end lines of credit in each of the two preceding years also qualify for this partial exemption with respect to reporting their open-end transactions.

[xxiii] Open-end lines of credit secured by a dwelling (excluding reverse mortgages) are called home equity lines of credit (HELOCs).

[xxiv] See 2018 Guide to HMDA Reporting (page 59) for more detail

[xxv] See 2018 Guide to HMDA Reporting (page 59) for more detail

[xxvi] For more information about HMDA data fields see: A Guide to HMDA Reporting: Getting it Right (Edition effective January, 1, 2022), Federal Financial Institutions Examination Council, at https://www.ffiec.gov/hmda/pdf/2022Guide.pdf.