



GSE Activity Report

Monday, February 6, 2023

Disparate Refinancing Reviewed

A new [post](#) from the Federal Reserve Bank of Atlanta summarizes key findings from recent pandemic-era mortgage refinancing research, reiterating [prior findings](#) that more White mortgage borrowers got lower refinancing interest rates in 2020 compared to Blacks. Of the estimated \$5 billion in total annual mortgage refinancing savings for all households by October 2020, Black households realized only \$198 million (approximately four percent) compared to \$3.8 billion (76%) for Whites. Findings also show gender-based disparities, with Black households having the highest proportion of refinancing applications by women compared to Whites and Hispanics. However, White borrowers with GSE-purchased mortgages had higher household incomes and credit scores than Black and Hispanic GSE-borrowers – a surprising conclusion given usual assertions that the GSEs' high-score requirements essentially exclude most minority households.

The post also reiterates recent FRB-Cleveland [findings](#) that pandemic-era forbearance options were used by those in need, not strategically by non-distressed borrowers. It does not provide policy recommendations, only noting that the findings reviewed could inform future policy decisions that improve home-retention for all races during economic downturns.