**RESEARCH REPORT**

# Language Proficiency and Homeownership Access

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# Contents

# Acknowledgments

# Errata

This report was corrected January 12, 2024. On page 8, we corrected a sentence to say, "Korean EP households have a sightly lower share of heads who lived in the US for more than 21 years compared with LEP households," not two years, as stated in a previous version. Also, on page 15, we corrected a sentence to say, "Less than 26 percent of all households live in California, New York, and Texas combined." A previous version incorrectly stated that this figure applies only to LEP households.

# Language Proficiency and Homeownership Access

This report seeks to better understand the relationship between English proficiency and homeownership. The purchase of a home is among the largest and most important financial transactions in a person's lifetime, particularly given its impact on wealth creation (Neal et al. 2023). The process is also a complex financial transaction and involves significant documentation. This complexity is compounded for those who are not proficient in English. Translated documents, for example, may not be available from all lenders, limiting the options for households without a fluent English speaker. Even when translations are available, they may not be clear or easily understood. Terms such as ARMs (adjustable-rate mortgages) and balloon payments (large one-time payments due at the end of a loan) may still not be understandable to the average LEP consumer, even when translated.

This study builds upon previous research that finds limited English proficiency to be a barrier to homeownership (Golding, Goodman, and Strochak 2018) by adding individual- and neighborhood-level analysis. We also compare limited English proficient (LEP) households by the language spoken at home and map where LEP households are concentrated within the United States. Below are several key findings from our data analysis.

## Summary of Main Findings

- During the past 40 years, the LEP population increased by 2.9 times, and the number of LEP households increased by 3.2 times.

- In 2021, the homeownership rate of LEP households was 39.4 percent. The homeownership rate among English proficient (EP) households who do not speak English at home was 56.2 percent, while those who speak English at home had a homeownership rate of 67.2 percent.

- About 70 percent of the LEP population speaks Spanish at home. The Chinese-speaking population was the second largest, accounting for 7 percent.

- LEP household heads are more likely to be immigrants, be older, and have less educational attainment and lower incomes compared with EP household heads who do not speak English at home. LEP households are more likely to be multigenerational.

- We find variations of demographic and socioeconomic characteristics within LEP households by language spoken at home.

- More than half of LEP households are concentrated in California, Texas, and New York, where homes are expensive.

- Even after controlling for household demographic and socioeconomic characteristics, neighborhood share of LEP households, and locational affordability, LEP households are about 6.2 percentage points less likely to be homeowners than EP households. Without language barriers, the homeownership rate among LEP households could increase to 45.6 percent (294,000 more homeowners).

- There are variations in the differences between EP and LEP households' homeownership rates across language spoken at home.

- Neighborhoods with higher shares of LEP households have lower homeownership rates.

Following the data analyses, we provide detailed information on actions the Federal Housing Finance Agency (FHFA), the government-sponsored enterprises (GSEs), and the Consumer Financial Protection Bureau (CFPB) have already taken. The 2017 FHFA scorecard required the GSEs to identify major obstacles LEP borrowers face in accessing credit throughout the mortgage cycle, and the 2018 scorecard required the finalization, publication, and implementation of a multiyear action plan, translated mortgage documents, a translation clearinghouse. In 2023, lenders were required to collect borrower language information for loans to be eligible for sale to Freddie Mac and Fannie Mae. The CFPB has also taken several actions to help LEP speakers, including making translations of closing documents available online, creating homebuying guides in several languages, and disseminating reports about best practices among lenders. Our report concludes by laying out additional policy suggestions for improving language access in the mortgage market.

# Background

Limited English proficient people are those who do not speak English as their primary language and have a limited ability to speak, read, write, or understand English.[1] For this report, we define an LEP household as one for which the household head has limited English proficiency.

Since 1980, the number of LEP people and households has grown significantly, almost doubling from about 2 percent of the population to nearly 4 percent today. Additionally, the number of LEP

households has more than tripled in the past 40 years: 12.9 million people and about 4.7 million households have heads who do not speak fluent English as of 2021. Meanwhile, the LEP homeownership rate was 39.4 percent in 2021, significantly lower than the rate among EP households (65.5 percent), which mirrors the homeownership rate for the general population (64.5 percent).

TABLE 1

**Number of LEP Households and the Size of the LEP Population**

|  | 1980 | 1990 | 2000 | 2010 | 2021 |
|---|---|---|---|---|---|
| Household | 1,504,560 | 2,183,638 | 3,558,281 | 4,624,744 | 4,824,231 |
| Population | 4,493,200 | 6,644,459 | 10,998,924 | 13,574,757 | 12,904,448 |

**Sources**: Decennial Censuses and the American Community Survey.
**Note:** LEP = limited English proficient.

LEP borrowers are not a negligible share of the housing market.[2] But with limited ability to speak, read, and write in English, LEP households face increased search and information frictions throughout the mortgage process. LEP households and individuals lack access to financial literacy and education,[3] which can lead to these households and individuals being less empowered than others to take actions that support their financial goals, such as buying a home (CFPB 2017). A recent study of LEP home purchase mortgage holders found that before the application, LEP borrowers knew less about the mortgage market and process than other comparable mortgage holders (Liu 2023). They also encountered more problems during the mortgage application process, such as having to submit more corrective paperwork. Even after the application and receipt of a loan, LEP borrowers were less familiar with their own mortgage contracts and terms than comparable EP borrowers. This may be in part because of the prevalence of technical terms in the mortgage market and the inconsistency of translated terms. Research has suggested that translations can sometimes create more confusion than clarity (CFPB 2017). The cost of credit was also found to be greater for LEP borrowers. These borrowers were found to pay higher interest rates for the same products, despite having the same delinquency rate and performance as comparable EP borrowers (Liu 2023).

According to data from the National Survey of Mortgage Originations (NSMO) from the fourth quarter of 2016 to the first quarter of 2020, 15 percent of purchase mortgage borrowers who speak a language other than English at home indicated that the language of the broker or lender was an important factor in their choice for lender or broker, and about 11 percent said that the language of documents was an important factor. These are all separate questions in the survey to which borrowers can answer whether the factor is "important" or "not important." Borrowers do not rank the order of the factors. But only about 7 percent of these borrowers actually received documents in their primary

language, and only 5 percent of these borrowers had a broker or lender actually translate for them (figure 1). This indicates a significant gap between the stated needs of LEP borrowers in the mortgage shopping process and what materials are available to them. The next section delves deeper into who the LEP population and households are, by languages spoken at home.

**Responses to Survey Questions on Language Factors in Lender Choice and the Mortgage Process, among Borrowers Who Speak a Language Other Than English at Home**
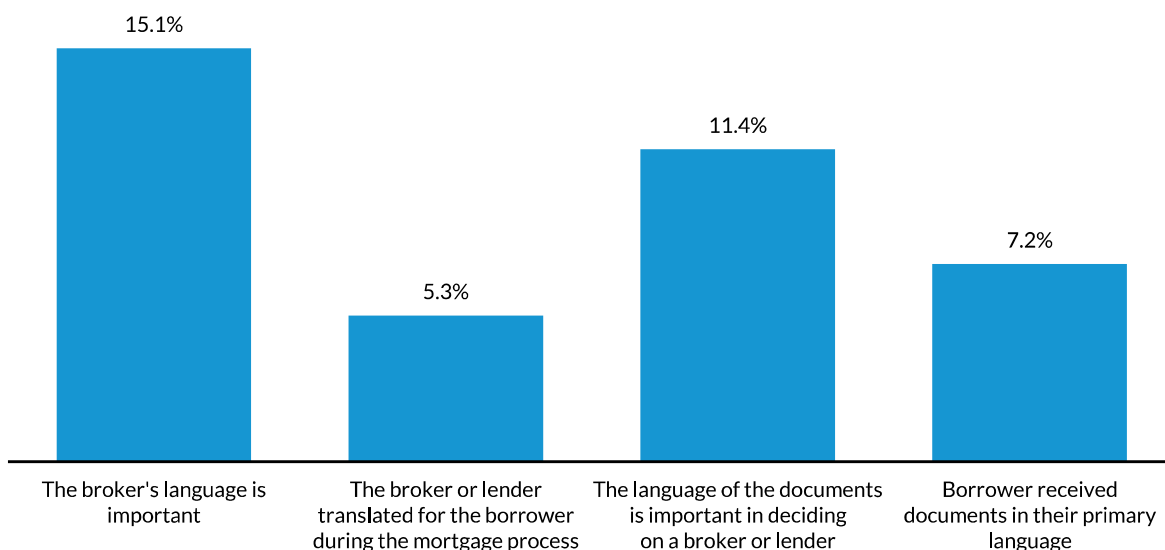


**Source:** Urban Institute analysis of the National Survey of Mortgage Originations.
**Notes:** Purchase mortgages only. Responses come from survey waves 12 through 25, when all the questions were asked.

**LEP Speakers Are Not a Monolithic Group**

We use "LEP" to describe all borrowers who lack English proficiency, but the term is not monolithic. LEP borrowers come from different regions of the world, speak different languages, and have different cultural considerations, desires, socioeconomic statuses, and needs in the housing market. Throughout our analyses, we disaggregate by language spoken wherever possible. This is important because the experiences and policy implications for these borrowers may differ significantly. A 2017 report identified some of the differences across LEP borrowers speaking different primary languages.[a] For example, Spanish-speaking LEP borrowers had a strong preference for Spanish documents, relied strongly on family members and other "trusted advisers" throughout the homebuying process, and expressed serious concerns about falling victim to fraud. Additionally, Spanish-speaking LEP borrowers were more likely to rely on family to translate for them, which may be in part because Latino households see the homebuying process as a multigenerational affair and are more likely to live in multigenerational households.[b]

Vietnamese- and Korean-speaking LEP borrowers, on the other hand, preferred documents in their native language but used English documents and tried to compare them with the translations. Vietnamese-speaking LEP borrowers also tended to rely heavily on family to translate documents and home loan concepts for them, while Korean-speaking LEP borrowers often gained context and clarity online and trusted translated documents based on the source. For example, Korean-speaking LEP borrowers expressed trust in government and large banks but were wary of real estate agents and housing counselors. Chinese-speaking LEP borrowers tended to use only the Chinese-translated documents, but they were aware of difficulties with translation quality. Unlike other LEP borrowers, Chinese-speaking LEP borrowers tended to express that no single source was sufficient to validate translated documents. Many reached out to experienced friends, consulted a lawyer, and checked online information and translations.

There were some similar trends across groups. One was many participants relying on children to translate documents, which the report suggested as a serious issue, as many children are not capable of translating complex mortgage terms conceptually.[c] Clearly, although LEP borrowers may face increased frictions and barriers in the mortgage market, their experiences and comfort with the housing finance system differ greatly and so should policies and regulations aimed at increasing language access.

[a] Kleimann Communication Group, *Language Access for Limited English Proficiency Borrowers: Final Report* (McLean, VA: Freddie Mac; Washington, DC: Fannie Mae, 2017).
[b] Kleimann Communication Group, *Language Access for Limited English Proficiency Borrowers;* and Amalie Zinn, Janneke Ratcliffe, and Noerena Limón, *Priorities for Advancing Latino Homeownership: Research Agenda* (Washington, DC: Urban Institute, 2023).
[c] Kleimann Communication Group, *Language Access for Limited English Proficiency Borrowers.*

# Who Are LEP Households and Populations?

## Most Frequent Language Spoken at Home (Population)

Figure 2 presents the 10 most common languages LEP households speak at home. Nine million individuals (accounting for 70 percent of the LEP population nationwide) speak Spanish, which is overwhelmingly the most spoken language at home other than English. Second to Spanish is Chinese,[4] accounting for 7.1 percent of the LEP population, followed by Vietnamese. Those who speak languages beyond the top 10 account for about 8.6 percent of the LEP population, and each group accounts for less than 1 percent of the LEP population. Therefore, we combined these additional languages into a single "other" category to ensure statistical accuracy.

**LEP Population, by Language Spoken at Home**
*10 most frequently spoken languages*
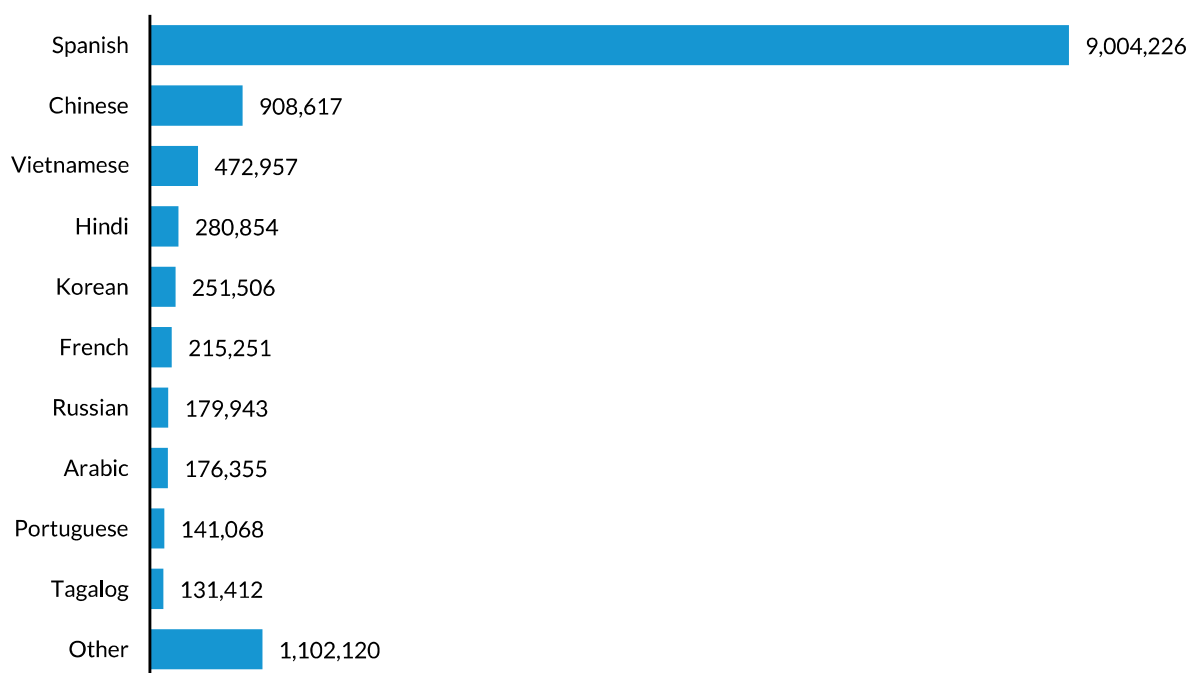


| Language | Population |
|----------|-----------|
| Spanish | 9,004,226 |
| Chinese | 908,617 |
| Vietnamese | 472,957 |
| Hindi | 280,854 |
| Korean | 251,506 |
| French | 215,251 |
| Russian | 179,943 |
| Arabic | 176,355 |
| Portuguese | 141,068 |
| Tagalog | 131,412 |
| Other | 1,102,120 |

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**Source**: 2017–21 American Community Survey.
**Notes:** LEP = limited English proficient. The US Census Bureau defines Tagalog as "Filipino, Tagalog." Per linguists, Filipino and Tagalog are dialects of the same language. We use "Tagalog" throughout this report.

## LEP Household Share (Population)

Not everyone who speaks a language other than English at home is LEP. In fact, among those who do not speak English at home, only about 24 percent are LEP, while the remaining speak fluent English. This share varies by the language spoken at home. For example, among those who speak Vietnamese at home, only 55 percent speak English fluently, while among those who speak Hindi at home, 89 percent speak fluent English. Those who speak fluent English are likely to have lower language barriers during the homebuying process, but they still may not be familiar with mortgage terminologies, especially if they come from countries that have different housing finance systems and policies compared with the US.

In the next five figures, we examine the characteristics of LEP households compared with EP households. We have restricted this sample solely to the population that does not speak English at home. Because homeownership is defined at the household level, we selected household heads instead of looking at the total population for the following analysis.

FIGURE 3
**LEP Share, by Language Spoken at Home**
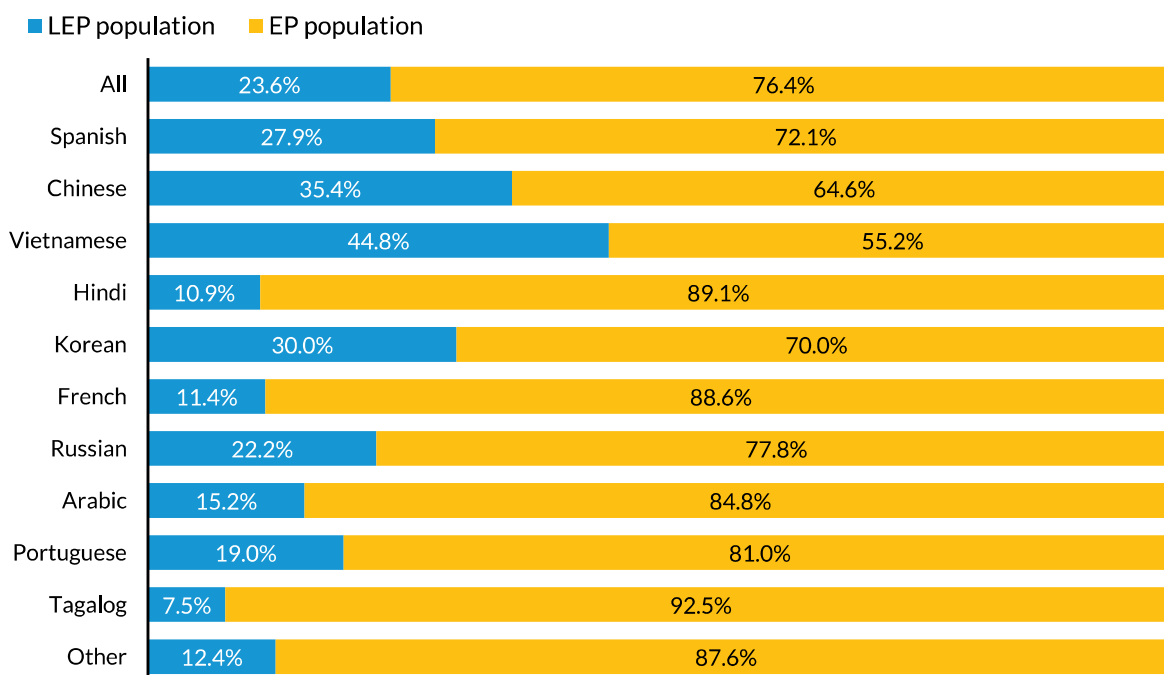


■ LEP population   ■ EP population

| | LEP population | EP population |
|---|---|---|
| All | 23.6% | 76.4% |
| Spanish | 27.9% | 72.1% |
| Chinese | 35.4% | 64.6% |
| Vietnamese | 44.8% | 55.2% |
| Hindi | 10.9% | 89.1% |
| Korean | 30.0% | 70.0% |
| French | 11.4% | 88.6% |
| Russian | 22.2% | 77.8% |
| Arabic | 15.2% | 84.8% |
| Portuguese | 19.0% | 81.0% |
| Tagalog | 7.5% | 92.5% |
| Other | 12.4% | 87.6% |

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**Source**: 2017–21 American Community Survey.
**Notes:** EP = English proficient; LEP = limited English proficient. Households who speak English at home are excluded.

## Citizenship Status (Household Head)

About 90 percent of LEP household heads are immigrants,[5] a substantially higher share than among EP household heads, of whom 60 percent are immigrants (figure 4). The share of immigrants varies by language spoken at home. On the high side, more than 97 percent of Chinese and Vietnamese LEP household heads are immigrants, while 89 percent of Spanish-speaking LEP household heads are immigrants. At the lower end of the range, 82 percent of French-speaking LEP household heads are immigrants. The immigrant share varies more among EP households. Within this group, Spanish-speaking heads are most likely to be born US citizens (54 percent), while only 7.5 percent of Hindi-speaking heads were born US citizens. Additionally, among immigrants, LEP household heads are more likely to be noncitizens, while EP household heads are more likely to be naturalized citizens. Vietnamese-, Russian-, and Tagalog-speaking household heads have a high share of naturalized citizens, even among LEP households.

## Years in the US (Immigrant Household Heads Only)

English proficiency, generally, improves with the length of time individuals have resided in the US. Among immigrants, half of LEP household heads have lived in the US for at least 21 years compared with 57 percent of EP household heads (figure 5). This relationship largely holds for most languages. Korean EP households have a slightly lower share of heads who lived in the US for more than 21 years compared with LEP households. For most languages, the share of household heads that arrived within the past five years is higher among LEP households than it is for EP households.

## Age (Household Head)

LEP household heads are more likely to be older than EP household heads (figure 6). Forty-three percent of LEP household heads are 55 and older compared with 31 percent of EP household heads. Russian-speaking household heads have the highest share of the older population among LEP households, as 78 percent are 55 and older. Arabic- and Portuguese-speaking households have a higher share of heads younger than 35 among LEP households, while among EP households, Chinese-speaking households have the highest share of heads in these age groups. Overall, a slightly lower share of LEP households is in their prime homebuying years (ages 35 to 44) compared with EP households.

## FIGURE 4
## Citizenship Status, by Language Spoken at Home

*Limited English proficient households*

■ Naturalized citizen   ■ Noncitizen   ■ US-born citizen

| Language | Naturalized citizen | Noncitizen | US-born citizen |
|---|---|---|---|
| All | 34.4% | 55.6% | 10.1% |
| Spanish | 26.5% | 62.1% | 11.3% |
| Chinese | 57.9% | 39.6% | 2.5% |
| Vietnamese | 75.3% | 22.1% | 2.6% |
| Hindi | 54.6% | 41.0% | 4.3% |
| Korean | 60.8% | 35.8% | 3.4% |
| French | 36.2% | 45.8% | 18.1% |
| Russian | 73.3% | 24.0% | 2.8% |
| Arabic | 44.7% | 50.0% | 5.4% |
| Portuguese | 32.2% | 63.4% | 4.4% |
| Tagalog | 68.8% | 24.0% | 7.2% |
| Other | 47.9% | 39.7% | 12.4% |

*English proficient households*

■ Naturalized citizen   ■ Noncitizen   ■ US-born citizen

| Language | Naturalized citizen | Noncitizen | US-born citizen |
|---|---|---|---|
| All | 38.1% | 21.9% | 40.0% |
| Spanish | 26.4% | 19.2% | 54.4% |
| Chinese | 53.4% | 31.2% | 15.4% |
| Vietnamese | 76.2% | 7.9% | 15.8% |
| Hindi | 53.7% | 38.8% | 7.5% |
| Korean | 54.6% | 27.6% | 17.9% |
| French | 41.4% | 20.5% | 38.1% |
| Russian | 70.7% | 17.6% | 11.7% |
| Arabic | 58.7% | 23.9% | 17.4% |
| Portuguese | 41.7% | 32.3% | 26.0% |
| Tagalog | 74.4% | 16.4% | 9.2% |
| Other | 45.2% | 24.0% | 30.9% |

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**Source:** 2017–21 American Community Survey.
**Note:** We use the English proficiency of the household head.

FIGURE 5

**Years in the US, by Language Spoken at Home**

*Limited English proficient households*

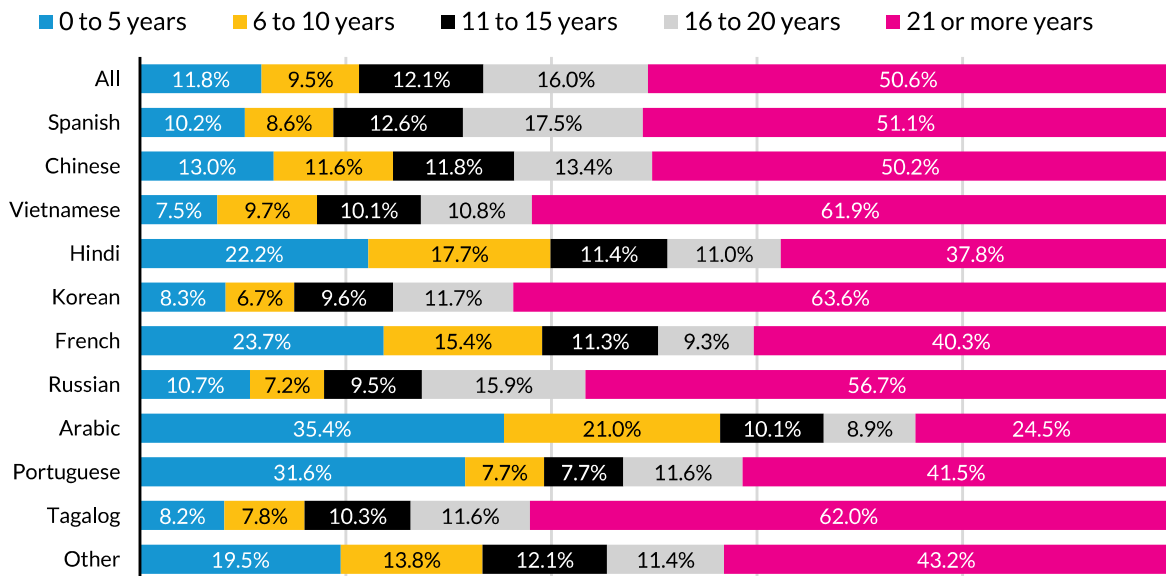| | 0 to 5 years | 6 to 10 years | 11 to 15 years | 16 to 20 years | 21 or more years |
|---|---|---|---|---|---|
| All | 11.8% | 9.5% | 12.1% | 16.0% | 50.6% |
| Spanish | 10.2% | 8.6% | 12.6% | 17.5% | 51.1% |
| Chinese | 13.0% | 11.6% | 11.8% | 13.4% | 50.2% |
| Vietnamese | 7.5% | 9.7% | 10.1% | 10.8% | 61.9% |
| Hindi | 22.2% | 17.7% | 11.4% | 11.0% | 37.8% |
| Korean | 8.3% | 6.7% | 9.6% | 11.7% | 63.6% |
| French | 23.7% | 15.4% | 11.3% | 9.3% | 40.3% |
| Russian | 10.7% | 7.2% | 9.5% | 15.9% | 56.7% |
| Arabic | 35.4% | 21.0% | 10.1% | 8.9% | 24.5% |
| Portuguese | 31.6% | 7.7% | 7.7% | 11.6% | 41.5% |
| Tagalog | 8.2% | 7.8% | 10.3% | 11.6% | 62.0% |
| Other | 19.5% | 13.8% | 12.1% | 11.4% | 43.2% |

*English proficient households*

| | 0 to 5 years | 6 to 10 years | 11 to 15 years | 16 to 20 years | 21 or more years |
|---|---|---|---|---|---|
| All | 10.2% | 8.8% | 10.1% | 14.1% | 56.8% |
| Spanish | 5.2% | 5.4% | 8.7% | 15.9% | 64.7% |
| Chinese | 16.3% | 11.8% | 9.0% | 10.6% | 52.1% |
| Vietnamese | 5.0% | 6.6% | 6.8% | | 78.3% |
| Hindi | 19.9% | 14.3% | 12.7% | 13.7% | 39.5% |
| Korean | 10.3% | 7.6% | 10.3% | 11.6% | 60.3% |
| French | 11.5% | 11.8% | 11.5% | 13.8% | 51.4% |
| Russian | 9.0% | 8.1% | 9.4% | 16.1% | 57.3% |
| Arabic | 18.1% | 15.8% | 12.0% | 11.5% | 42.5% |
| Portuguese | 18.0% | 8.3% | 9.7% | 15.1% | 48.9% |
| Tagalog | 6.1% | 7.4% | 11.7% | 12.3% | 62.4% |
| Other | 13.8% | 11.6% | 11.8% | 13.6% | 49.2% |

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**Source:** 2017–21 American Community Survey.

**Note:** We use the English proficiency of the household head.

FIGURE 6
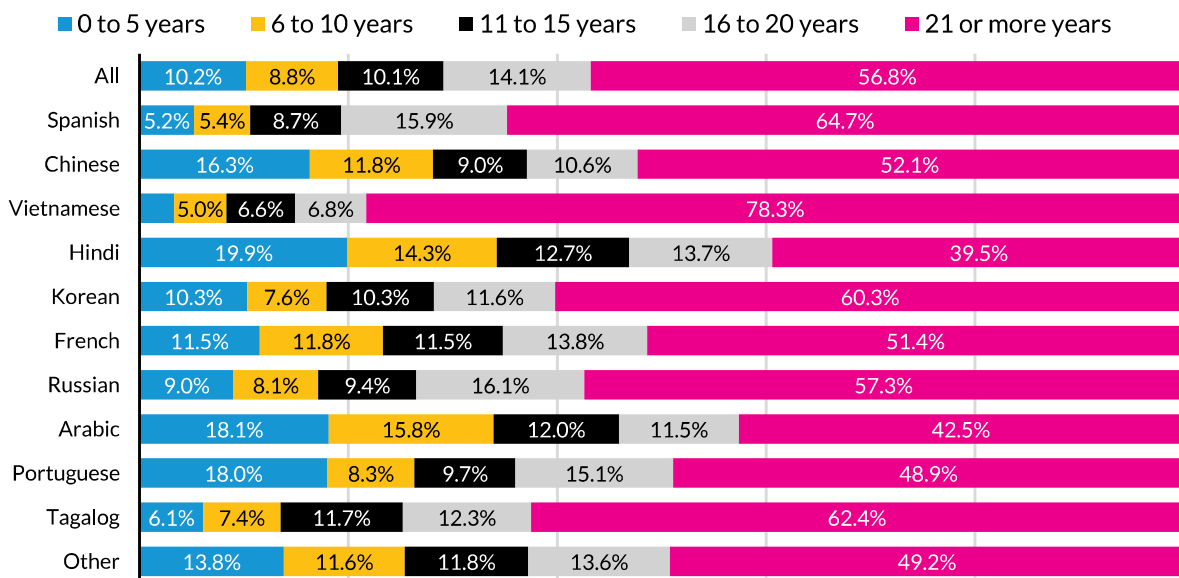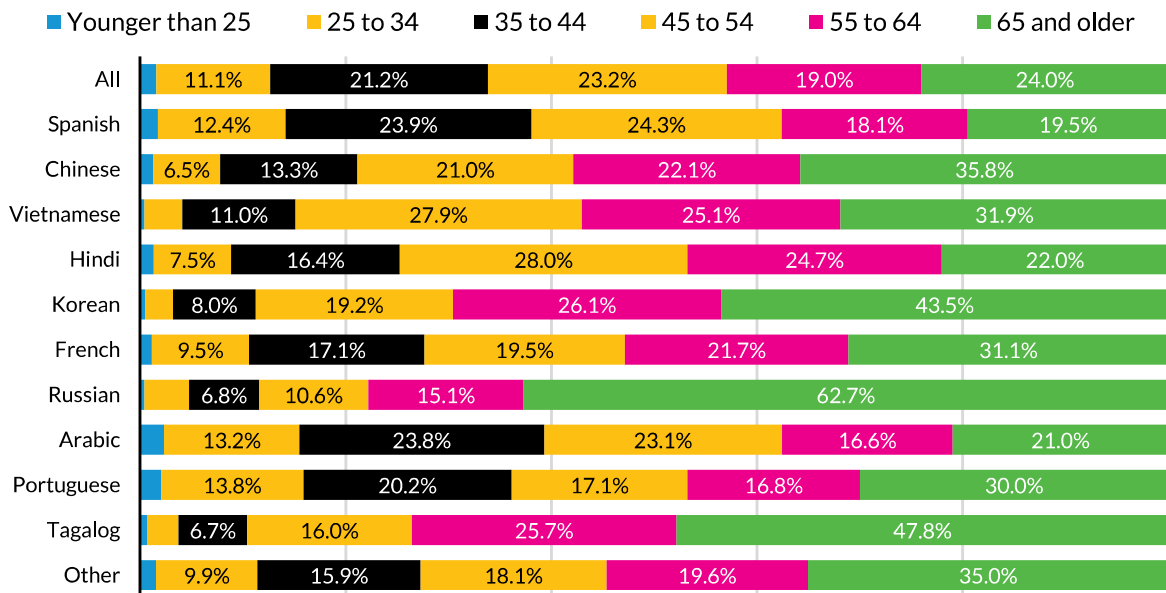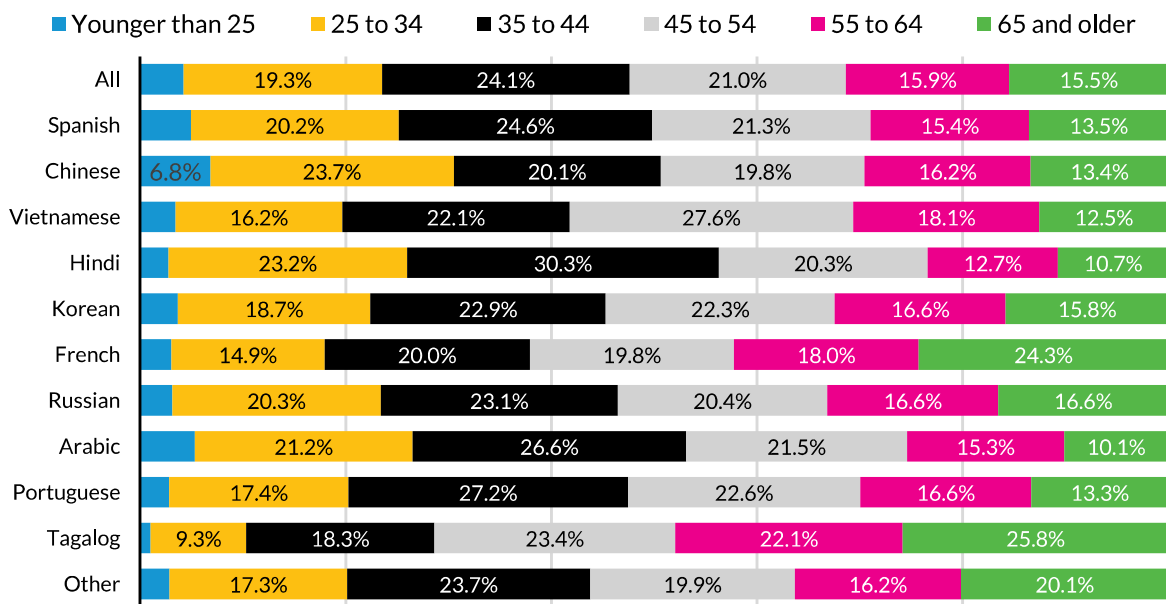**Age, by Language Spoken at Home**

*Limited English proficient households*

| | Younger than 25 | 25 to 34 | 35 to 44 | 45 to 54 | 55 to 64 | 65 and older |
|---|---|---|---|---|---|---|
| All | | 11.1% | 21.2% | 23.2% | 19.0% | 24.0% |
| Spanish | | 12.4% | 23.9% | 24.3% | 18.1% | 19.5% |
| Chinese | | 6.5% | 13.3% | 21.0% | 22.1% | 35.8% |
| Vietnamese | | | 11.0% | 27.9% | 25.1% | 31.9% |
| Hindi | | 7.5% | 16.4% | 28.0% | 24.7% | 22.0% |
| Korean | | | 8.0% | 19.2% | 26.1% | 43.5% |
| French | | 9.5% | 17.1% | 19.5% | 21.7% | 31.1% |
| Russian | | | 6.8% | 10.6% | 15.1% | 62.7% |
| Arabic | | 13.2% | 23.8% | 23.1% | 16.6% | 21.0% |
| Portuguese | | 13.8% | 20.2% | 17.1% | 16.8% | 30.0% |
| Tagalog | | | 6.7% | 16.0% | 25.7% | 47.8% |
| Other | | 9.9% | 15.9% | 18.1% | 19.6% | 35.0% |

*English proficient households*

| | Younger than 25 | 25 to 34 | 35 to 44 | 45 to 54 | 55 to 64 | 65 and older |
|---|---|---|---|---|---|---|
| All | | 19.3% | 24.1% | 21.0% | 15.9% | 15.5% |
| Spanish | | 20.2% | 24.6% | 21.3% | 15.4% | 13.5% |
| Chinese | 6.8% | 23.7% | 20.1% | 19.8% | 16.2% | 13.4% |
| Vietnamese | | 16.2% | 22.1% | 27.6% | 18.1% | 12.5% |
| Hindi | | 23.2% | 30.3% | 20.3% | 12.7% | 10.7% |
| Korean | | 18.7% | 22.9% | 22.3% | 16.6% | 15.8% |
| French | | 14.9% | 20.0% | 19.8% | 18.0% | 24.3% |
| Russian | | 20.3% | 23.1% | 20.4% | 16.6% | 16.6% |
| Arabic | | 21.2% | 26.6% | 21.5% | 15.3% | 10.1% |
| Portuguese | | 17.4% | 27.2% | 22.6% | 16.6% | 13.3% |
| Tagalog | | 9.3% | 18.3% | 23.4% | 22.1% | 25.8% |
| Other | | 17.3% | 23.7% | 19.9% | 16.2% | 20.1% |

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**Source:** 2017–21 American Community Survey.

**Note:** We use the English proficiency of the household head.

## Educational Attainment (Household Heads)

LEP household heads are significantly less likely than EP household heads to have received a college education (figure 7). The share with a bachelor's degree is more than 29 percentage points lower for LEP households than for EP households. Less than 10 percent of LEP household heads hold a bachelor's degree, compared with more than 39 percent of EP household heads. More than half of LEP household heads have not completed high school, compared with less than 12 percent of EP household heads. Within LEP households, Russian- and Korean-speaking heads have a higher share of those with a bachelor's degree (47 percent and 36 percent, respectively). These household heads may have received a college education in their home country before coming to the US. Spanish-speaking LEP households have the lowest share of those with a bachelor's degree. Among EP household heads, more than 75 percent of Chinese- and Hindi-speaking heads have a bachelor's degree.
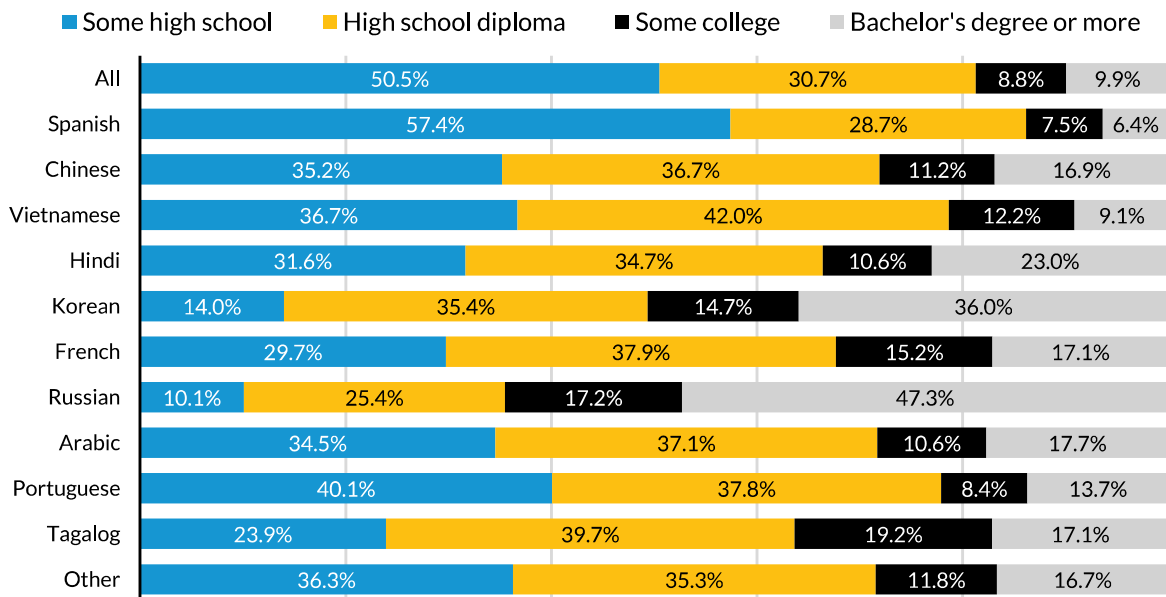
## Household Income

Household income distribution also shows a stark difference between LEP and EP households (figure 8). Overall, LEP households are more likely than EP households to have lower incomes, which directly affects access to homeownership. About 66 percent of LEP households earn up to 80 percent of the area median income (AMI), compared with only 41 percent of EP households. Among LEP households, Tagalog-speaking households have the lowest share of households earning up to 80 percent of the AMI and the highest share of those earning above 150 percent of the AMI. Russian- and Arabic-speaking households have highest share of households earning up to 80 percent of the AMI. Among EP households, Hindi-speaking households have the lowest share of those who earn up to 80 percent of the AMI and the highest share of those who earn above 150 percent of the AMI. Arabic- and Spanish-speaking households have a relatively higher share of those earning up to 80 percent of the AMI among EP households.
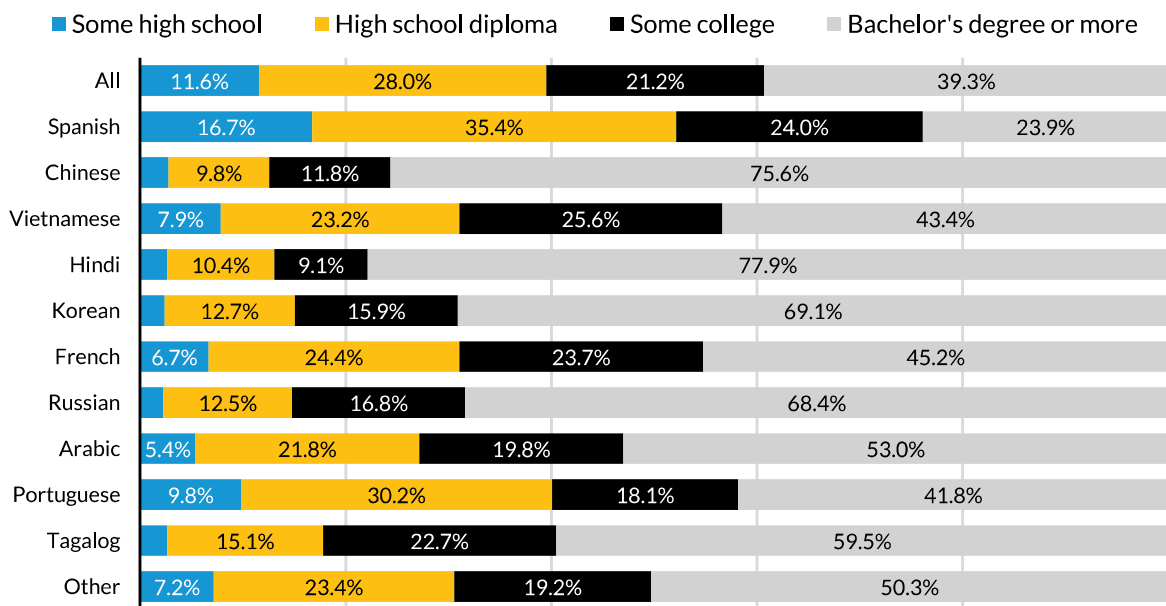
FIGURE 7
**Educational Attainment, by Language Spoken at Home**
*Limited English proficient households*

| | Some high school | High school diploma | Some college | Bachelor's degree or more |
|---|---|---|---|---|
| All | 50.5% | 30.7% | 8.8% | 9.9% |
| Spanish | 57.4% | 28.7% | 7.5% | 6.4% |
| Chinese | 35.2% | 36.7% | 11.2% | 16.9% |
| Vietnamese | 36.7% | 42.0% | 12.2% | 9.1% |
| Hindi | 31.6% | 34.7% | 10.6% | 23.0% |
| Korean | 14.0% | 35.4% | 14.7% | 36.0% |
| French | 29.7% | 37.9% | 15.2% | 17.1% |
| Russian | 10.1% | 25.4% | 17.2% | 47.3% |
| Arabic | 34.5% | 37.1% | 10.6% | 17.7% |
| Portuguese | 40.1% | 37.8% | 8.4% | 13.7% |
| Tagalog | 23.9% | 39.7% | 19.2% | 17.1% |
| Other | 36.3% | 35.3% | 11.8% | 16.7% |

*English proficient households*

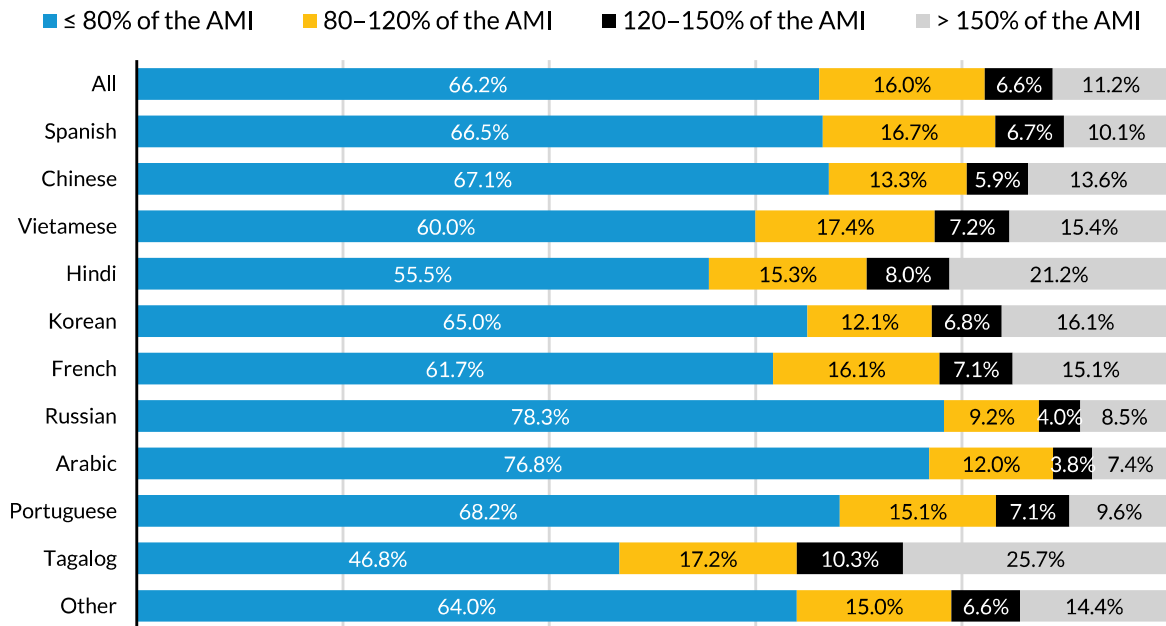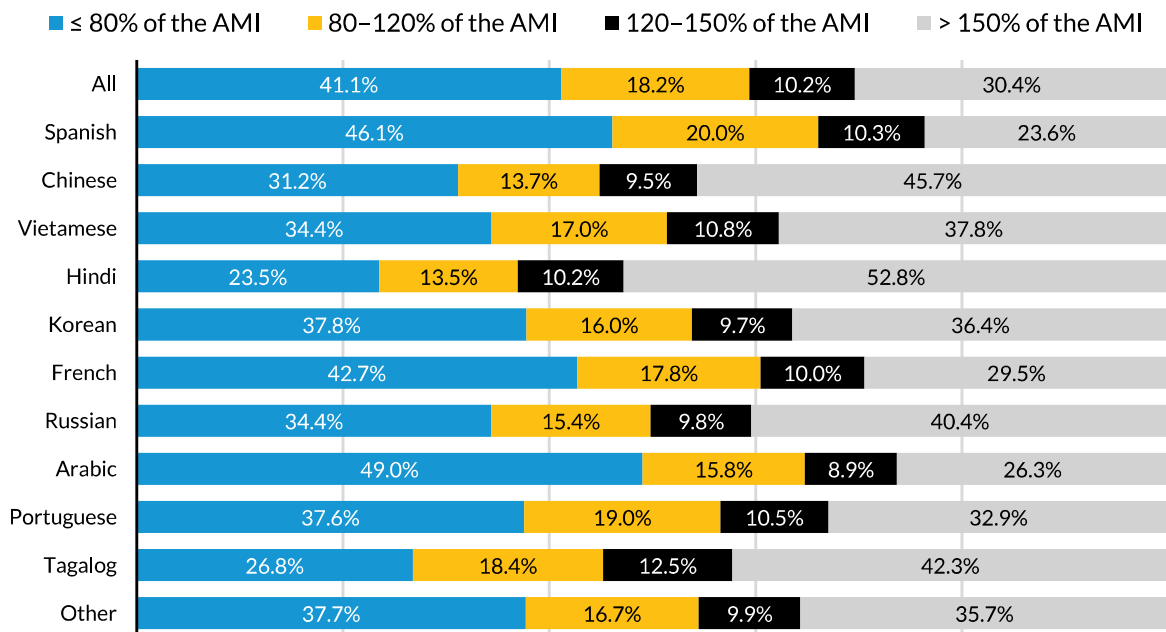| | Some high school | High school diploma | Some college | Bachelor's degree or more |
|---|---|---|---|---|
| All | 11.6% | 28.0% | 21.2% | 39.3% |
| Spanish | 16.7% | 35.4% | 24.0% | 23.9% |
| Chinese | | 9.8% | 11.8% | 75.6% |
| Vietnamese | 7.9% | 23.2% | 25.6% | 43.4% |
| Hindi | | 10.4% | 9.1% | 77.9% |
| Korean | | 12.7% | 15.9% | 69.1% |
| French | 6.7% | 24.4% | 23.7% | 45.2% |
| Russian | | 12.5% | 16.8% | 68.4% |
| Arabic | 5.4% | 21.8% | 19.8% | 53.0% |
| Portuguese | 9.8% | 30.2% | 18.1% | 41.8% |
| Tagalog | | 15.1% | 22.7% | 59.5% |
| Other | 7.2% | 23.4% | 19.2% | 50.3% |

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**Source:** 2017–21 American Community Survey.
**Note:** We use the English proficiency of the household head.

FIGURE 8
**Income Relative to the AMI, by Language Spoken at Home**

*Limited English proficient households*

| | ≤ 80% of the AMI | 80–120% of the AMI | 120–150% of the AMI | > 150% of the AMI |
|---|---|---|---|---|
| All | 66.2% | 16.0% | 6.6% | 11.2% |
| Spanish | 66.5% | 16.7% | 6.7% | 10.1% |
| Chinese | 67.1% | 13.3% | 5.9% | 13.6% |
| Vietamese | 60.0% | 17.4% | 7.2% | 15.4% |
| Hindi | 55.5% | 15.3% | 8.0% | 21.2% |
| Korean | 65.0% | 12.1% | 6.8% | 16.1% |
| French | 61.7% | 16.1% | 7.1% | 15.1% |
| Russian | 78.3% | 9.2% | 4.0% | 8.5% |
| Arabic | 76.8% | 12.0% | 3.8% | 7.4% |
| Portuguese | 68.2% | 15.1% | 7.1% | 9.6% |
| Tagalog | 46.8% | 17.2% | 10.3% | 25.7% |
| Other | 64.0% | 15.0% | 6.6% | 14.4% |

*English proficient households*

| | ≤ 80% of the AMI | 80–120% of the AMI | 120–150% of the AMI | > 150% of the AMI |
|---|---|---|---|---|
| All | 41.1% | 18.2% | 10.2% | 30.4% |
| Spanish | 46.1% | 20.0% | 10.3% | 23.6% |
| Chinese | 31.2% | 13.7% | 9.5% | 45.7% |
| Vietamese | 34.4% | 17.0% | 10.8% | 37.8% |
| Hindi | 23.5% | 13.5% | 10.2% | 52.8% |
| Korean | 37.8% | 16.0% | 9.7% | 36.4% |
| French | 42.7% | 17.8% | 10.0% | 29.5% |
| Russian | 34.4% | 15.4% | 9.8% | 40.4% |
| Arabic | 49.0% | 15.8% | 8.9% | 26.3% |
| Portuguese | 37.6% | 19.0% | 10.5% | 32.9% |
| Tagalog | 26.8% | 18.4% | 12.5% | 42.3% |
| Other | 37.7% | 16.7% | 9.9% | 35.7% |

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**Source:** 2017–21 American Community Survey.

**Notes:** AMI = area median income. We use the English proficiency of the household head.

## Location (Household)

Overall, LEP households are concentrated in relatively expensive states, which can also have an impact on their likelihood of owning a home.

Table 2 presents the three states with the largest number of LEP households. Less than 26 percent of all households live in California, New York, and Texas combined, but more than 51 percent of all LEP households live in these states combined.

California has the greatest concentration of LEP households overall and the highest concentration for LEP Spanish, Chinese, Vietnamese, Korean, Tagalog, and other speakers. Hindi- and Russian-speaking LEP households, however, are most likely to live in New York. Almost 42 percent of Russian-speaking households live in New York. French-speaking LEP households are most likely to live in Florida, and Portuguese-speaking LEP households are most likely to live in Massachusetts. Arabic-speaking LEP households are most likely to live in Michigan.

The top three states of residence also vary by the language spoken at home.

TABLE 2

**The Three Most Common States for Each Language Spoken at Home among LEP Households**

| | Three most common states | Total share in the three states |
|---|---|---|
| All LEP households | California (25.6%), Texas (15.7%), New York (10.1%) | 51.4% |
| **By language spoken at home** | | |
| Spanish | California (25.2%), Texas (19.7%), Florida (11.8%) | 56.7% |
| Chinese | California (38.7%), New York (27.6%), Massachusetts (4.1%) | 70.4% |
| Vietnamese | California (36.9%), Texas (14.2%), Washington (4.3%) | 55.4% |
| Hindi | New York (22.2%), California (17.2%), New Jersey (11.1%) | 50.5% |
| Korean | California (39.6%), New York (9.5%), New Jersey (6.9%) | 53.0% |
| French | Florida (35.3%), New York (12.1%), Massachusetts (9.7%) | 57.1% |
| Russian | New York (41.8%), California (15.7%), Washington (5.0%) | 62.5% |
| Arabic | Michigan (18.7%), California (15.8%), New York (8.7%) | 43.2% |
| Portuguese | Massachusetts (38.0%), New Jersey (14.3%), Florida (14.1%) | 66.4% |
| Tagalog (Filipino) | California (47.3%), Hawaii (16.9%), Nevada (5.7%) | 66.9% |
| Other | California (19.9%), New York (12.4%), Illinois (8.2%) | 40.5% |

**Source:** 2017–21 American Community Survey.
**Note:** LEP = limited English proficient.

But LEP households are not evenly distributed within and across states. In most parts of the country, the LEP population makes up a very small share of the total. In nearly 40 percent of census tracts, LEP individuals make up less than 2 percent of the total population. In certain census tracts in Arizona, California, Florida, New Mexico, and Texas, a larger share of the population is LEP (figure 9).

This suggests that developing geographically targeted language services for homebuyers where LEP populations are concentrated could be an effective way to help them access homeownership.
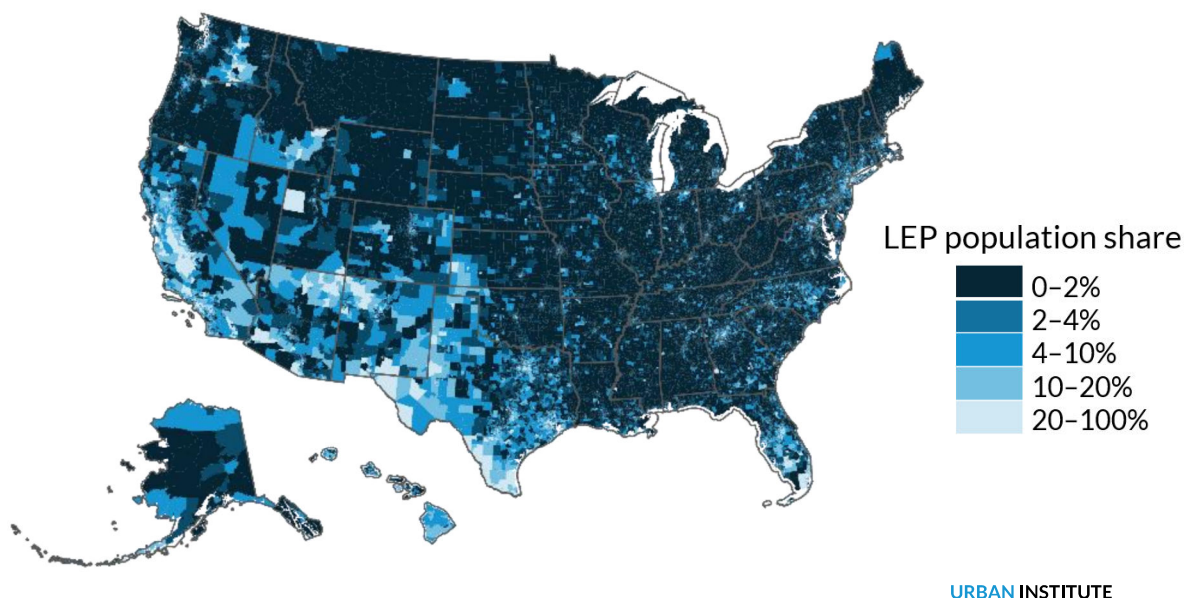
**LEP Share of the Population, by Census Tract**



LEP population share
- 0–2%
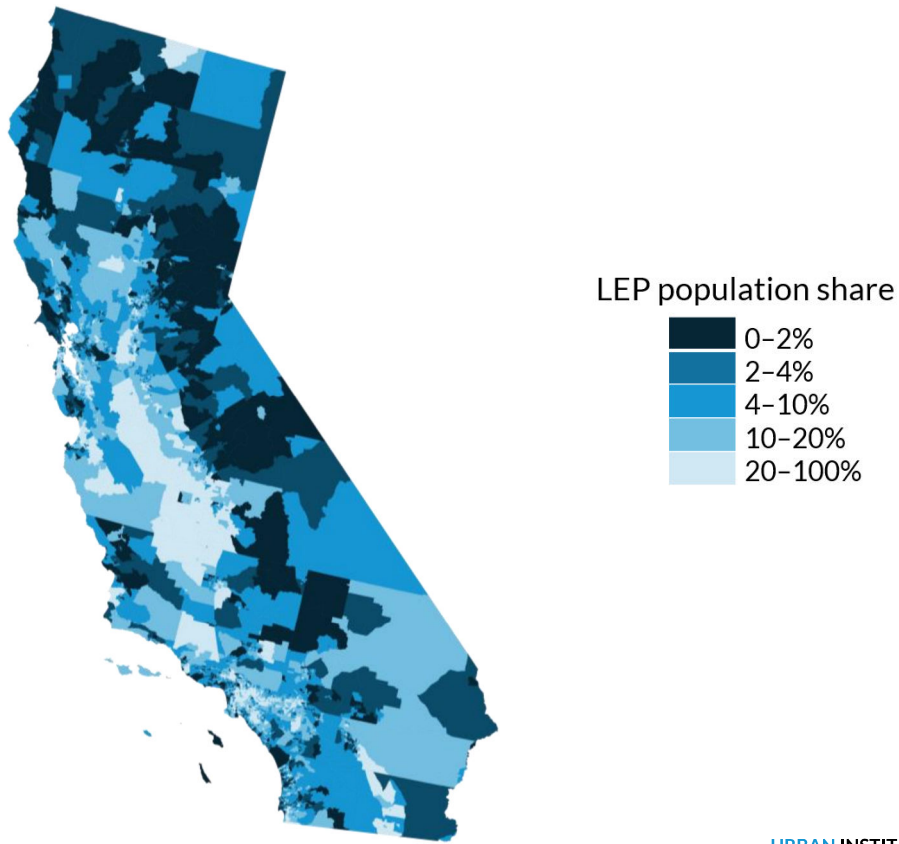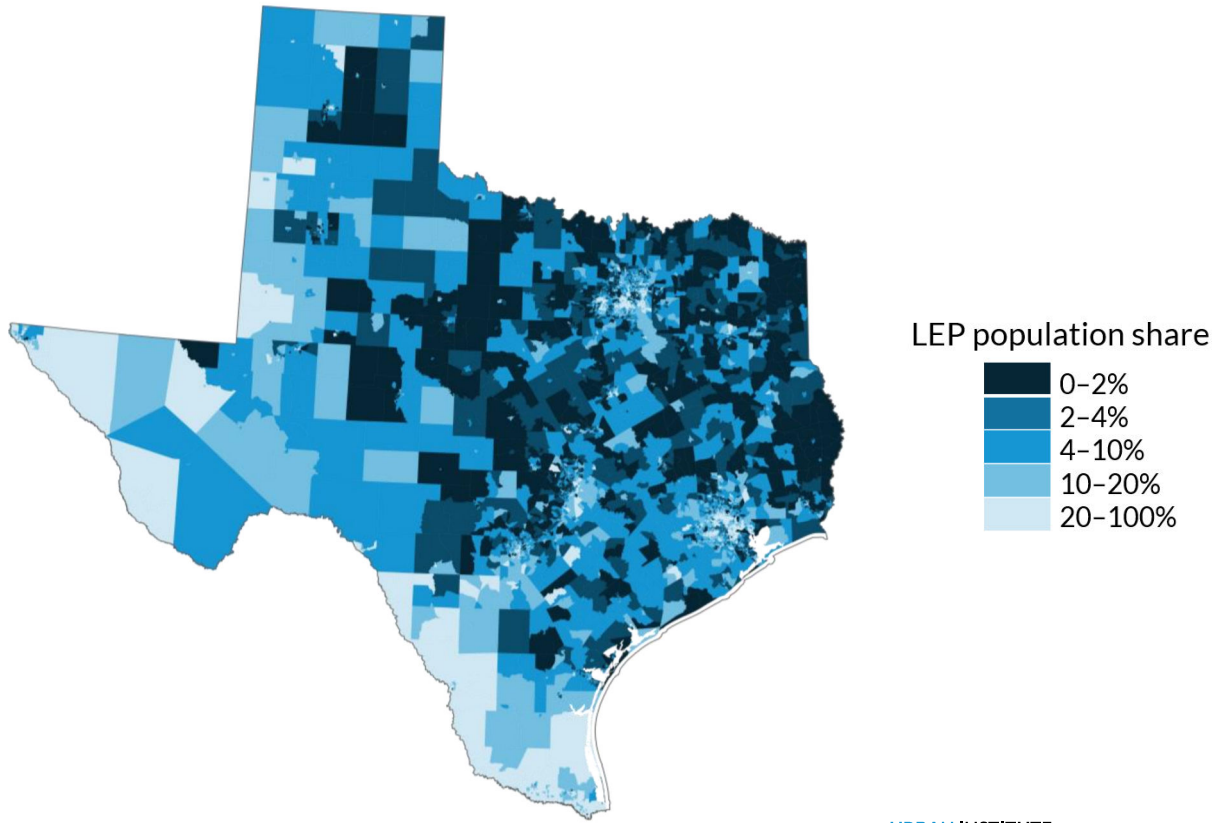- 2–4%
- 4–10%
- 10–20%
- 20–100%

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**Source:** Urban Institute analysis of 2017–21 American Community Survey data, five-year estimates.
**Note:** LEP = limited English proficient.

Even in California, New York, and Texas, where LEP households are most concentrated, the LEP population is not evenly distributed. On the contrary, the LEP population is highly concentrated by region in these states. In California, the LEP population makes up a larger share of the total population in southern census tracts and particularly near Los Angeles, the Inland Empire, and the Central Valley (figure 10). In Texas, the LEP population composes a larger share of the population in the western part of the state, with concentrations along the Mexican border and south of San Antonio (figure 11). In New York, LEP individuals make up a greater share of the population in the southeastern part of the state, New York City and Long Island (figure 12). Nationwide, in only about 10.5 percent of census tracts do LEP people make up 20 percent or more of the population, but the LEP population makes up 20 percent or more of the population in more than 30 percent of census tracts in California and more than 20 percent of tracts in Texas and New York.

FIGURE 10

**LEP Share of the Population, by Census Tract, California**



LEP population share

- 0–2%
- 2–4%
- 4–10%
- 10–20%
- 20–100%

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**Source:** Urban Institute analysis of 2017–21 American Community Survey data, five-year estimates.

**Note:** LEP = limited English proficient.
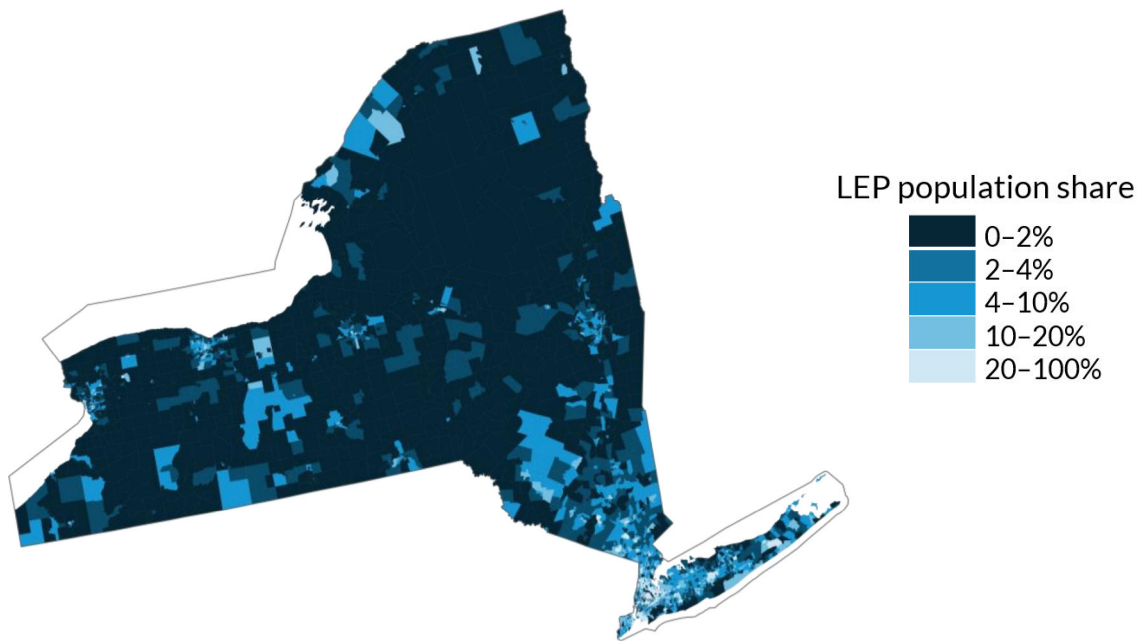
FIGURE 11
**LEP Share of the Population, by Tract, Texas**



LEP population share

- 0–2%
- 2–4%
- 4–10%
- 10–20%
- 20–100%

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**Source:** Urban Institute analysis of 2017–21 American Community Survey data, five-year estimates.
**Note:** LEP = limited English proficient.

FIGURE 12
**LEP Share of the Population, by Tract, New York**



LEP population share
- 0–2%
- 2–4%
- 4–10%
- 10–20%
- 20–100%

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**Source:** Urban Institute analysis of 2017–21 American Community Survey data, five-year estimates.
**Note:** LEP = limited English proficient.

## Homeownership, Language Spoken at Home, and LEP Status

LEP households have substantially lower homeownership rates than households with heads who speak fluent English. Less than 40 percent of LEP households are homeowners (figure 13). The homeownership rate of EP households who do not speak English at home is lower (56 percent) than those who speak English at home (67 percent).[6] The gap could reflect the challenges to understanding and accessing mortgages among EP households who do not speak English at home, but we need to control for differences in household and locational characteristics to estimate the actual homeownership gap between the two groups. In the regression analysis, we investigate how much the homeownership gap remains across the three groups once we control for the observable characteristics that affect the likelihood of owning a home.

## FIGURE 13
### Homeownership Rates, by English Proficiency and Speaking English at Home
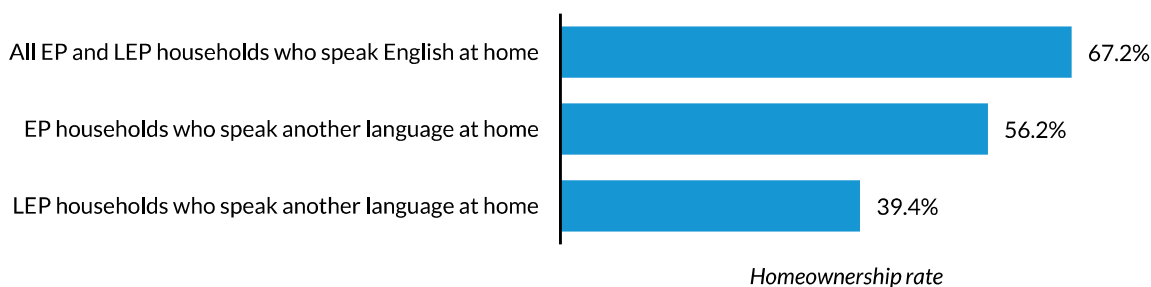
| | Homeownership rate |
|---|---|
| All EP and LEP households who speak English at home | 67.2% |
| EP households who speak another language at home | 56.2% |
| LEP households who speak another language at home | 39.4% |

*Homeownership rate*

**Source**: 2017–21 American Community Survey.
**Note:** EP = English proficient; LEP = limited English proficient.

The homeownership rate also varies by the languages spoken at home. For all groups, EP households have higher homeownership rates than LEP households (figure 14). Russian-speaking households show the largest gap between the two groups (37 percentage points), while Korean-speaking households show the smallest gap (10 percentage points). Among LEP households, less than 30 percent of Russian- and Arabic-speaking households are homeowners, while more than 50 percent of Vietnamese- and Tagalog-speaking households are homeowners. Most EP households who do not speak English at home are likely to have a lower homeownership rate than the general population, but those who speak Chinese, Vietnamese, or Tagalog are exceptions. In fact, Vietnamese-speaking EP households have a homeownership rate 10 percentage points higher than the US homeownership rate. Just as there are variations in the homeownership outlook across LEP households by language spoken, these households have distinct desires and needs in the mortgage and homeownership processes, and policies to improve LEP homeownership rates by language will need to consider these varied preferences. See box 1 on page 5.

FIGURE 14
**Homeownership Rates among Households Who Do Not Speak English at Home**
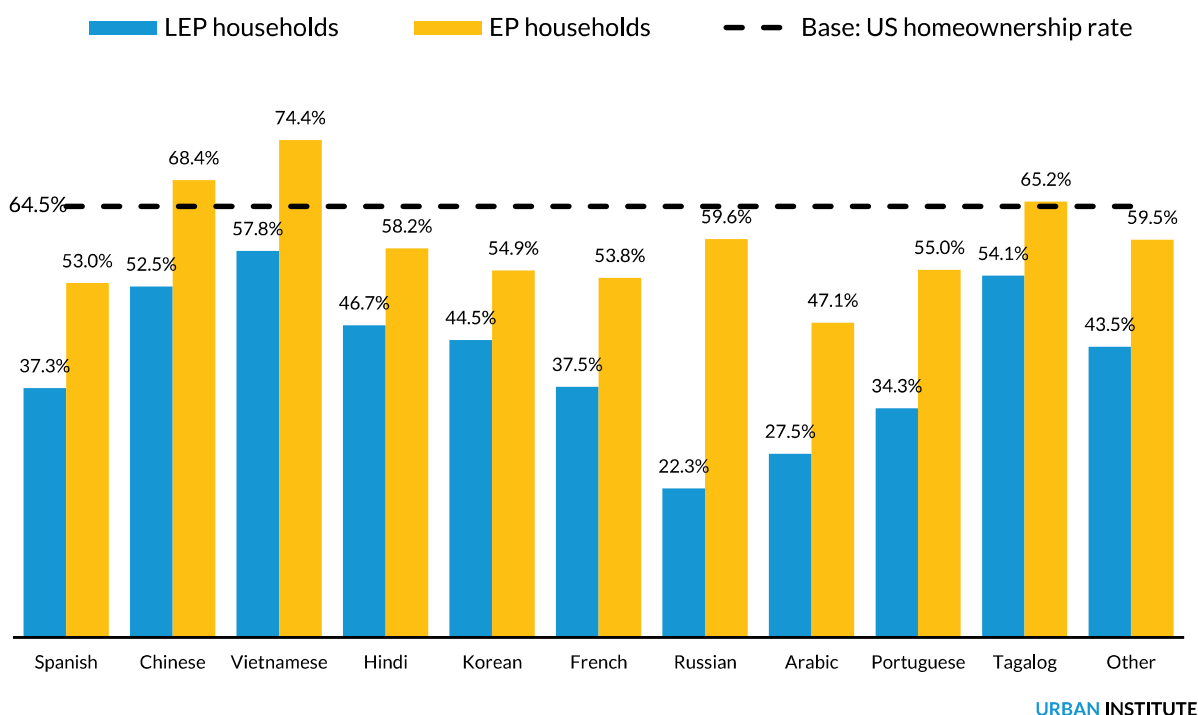


Legend: ■ LEP households   ■ EP households   – – Base: US homeownership rate

| Language | LEP | EP |
|---|---|---|
| Spanish | 37.3% | 53.0% |
| Chinese | 52.5% | 68.4% |
| Vietnamese | 57.8% | 74.4% |
| Hindi | 46.7% | 58.2% |
| Korean | 44.5% | 54.9% |
| French | 37.5% | 53.8% |
| Russian | 22.3% | 59.6% |
| Arabic | 27.5% | 47.1% |
| Portuguese | 34.3% | 55.0% |
| Tagalog | 54.1% | 65.2% |
| Other | 43.5% | 59.5% |

Base: US homeownership rate 64.5%

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**Source:** 2017–21 American Community Survey.
**Note:** EP = English proficient; LEP = limited English proficient.

## Regression Analysis

The homeownership outcomes of LEP households are related to factors other than language, including differences in income, education, location, age, family composition, immigration status, and years in the US. To isolate the impact of English proficiency on homeownership, we employ linear regression analysis.[7] This allows us to control for other observable factors and estimate the homeownership gap between LEP and EP households, all else held constant.

The first regression model (table 3) uses regression analysis to estimate the homeownership gap between LEP and EP households. The first column includes no controls—that is, we did not hold any other household characteristics constant. Incomes, educational attainment, immigration status, or other characteristics could differ greatly. In the second column, we control for household and locational characteristics that affect the likelihood of owning a home. Finally, in the third column, we control for the share of LEP households in a neighborhood, a proxy for neighborhood characteristics.

Without any control variables, LEP households' likelihood of owning a home is 26.1 percentage points lower than for EP households. Column (2) adds household demographic and socioeconomic variables, as well as locational variables that capture local housing affordability. Demographic variables included are the household head's age, sex, race or ethnicity, and marital status. We also control for the presence of children younger than 18, which is correlated with homeownership propensity (Choi et al. 2018). Socioeconomic variables included are educational attainment, unemployment, household income, citizenship status, and years in the US. Housing affordability variables include the log value of the median home value over the median rent and the log value of the median home value over the median income. Both variables are calculated using the household data at the metropolitan statistical area (MSA) level for those who reside in MSAs. For those who do not reside in the MSA, housing affordability values are calculated using household data at the state level, excluding households living in the MSA. Once the control variables are added, LEP households are 13.3 percentage points less likely than EP households to own a home. The coefficients of all other control variables are presented in appendix table A.1.

Finally, in column (3), we add the Public Use Microdata Area (PUMA) level share of LEP households to examine whether a higher LEP share is correlated with lower homeownership rates. We find that in PUMAs where the LEP share is high, the homeownership rate is significantly lower. Once we include the PUMA share of LEP households, the coefficient for the LEP household dummy declines. From regression (3), we find that without the language barrier, the LEP household homeownership rate could potentially be 6.2 percentage points higher (39.4 percent versus 45.6 percent), and we would have 294,000 more LEP homeowner households. In the regression model, we cannot control some key variables that also affect the likelihood of owning a home, including credit scores and wealth. Although the data are currently not available, LEP households are likely to have less wealth and lower credit scores compared with EP households. Therefore, once these variables are added, the effect of language proficiency on homeownership is likely to decline.

**TABLE 3**

**LEP Homeownership Regression**

*Language spoken at home*

| | Dependent Variable: Homeownership | | |
|---|---|---|---|
| | (1) | (2) | (3) |
| LEP households | -0.261*** | -0.133*** | -0.062*** |
| | (0.001) | (0.001) | (0.001) |
| PUMA share of LEP households | | | -0.395*** |
| | | | (0.0003) |
| Household demographic variables | N | Y | Y |
| Household socioeconomic variables | N | Y | Y |
| Housing affordability | N | Y | Y |
| Observations | 6,066,504 | 6,066,504 | 6,066,504 |
| $R^2$ | 0.011 | 0.288 | 0.298 |

**Source:** 2017–21 American Community Survey.

**Notes:** LEP = limited English proficient; MSA = metropolitan statistical area. Demographic control variables include age, sex, race and ethnicity, marital status, and presence of children younger than 18. Socioeconomic variables include income, education, unemployment, citizenship status, and years in the US. Housing affordability variables include the log value of the median home value over the median rent and the log value of the median home value over the median income. Both variables are calculated using household data at the MSA level for those who reside in MSAs. For those who do not reside in MSAs, the value is calculated using household data at the state level, excluding households living in MSAs. Public Use Microdata Area variables include median credit score and median wealth for households living in each Public Use Microdata Area.

*** $p < 0.01$.

To ensure the results in the first regression truly represented the homeownership barriers for those with limited English proficiency, we estimate a second set of regressions, in which we include three groups in the analysis: LEP households, EP households who speak a language other than English at home, and households who speak English at home. Again, the first column includes no controls, the second column includes controls for household and locational characteristics that affect the likelihood of owning a home, and the third column controls for the share of LEP households in a neighborhood, a proxy for neighborhood characteristics.

The regression results are shown in table 4. The base category is households who speak English at home. Without including any control variables, those EP households who do not speak English at home are 11.0 percentage points less likely to own a home, and LEP households are 27.8 percentage points less likely to own a home compared with the base group. Once we include control variables, we find that the differences in the likelihood of owning a home become smaller. In fact, once we include the LEP share by PUMA, EP households who do not speak English at home are only 1.0 percentage point less likely to own a home compared with English-speaking households. For LEP households, the gap is 7.1 percentage points. This shows that even after controlling for household and locational control variables, LEP households are likely to face greater barriers to obtaining mortgages and accessing homeownership compared with fluent English speakers who do not speak English at home.

TABLE 4
**LEP Homeownership Regression**

*English spoken at home*

| | Dependent Variable: Homeownership | | |
|---|---|---|---|
| | (1) | (2) | (3) |
| EP households who speak another language at home | -0.110*** (0.001) | -0.039*** (0.001) | -0.010*** (0.001) |
| LEP households who speak another language at home | -0.278*** (0.001) | -0.158*** (0.001) | -0.071*** (0.001) |
| PUMA share of LEP households | | | -0.391*** (0.003) |
| Household demographic variables | N | Y | Y |
| Household socioeconomic variables | N | Y | Y |
| Housing affordability | N | Y | Y |
| Observations | 6,066,504 | 6,066,504 | 6,066,504 |
| $R^2$ | 0.018 | 0.289 | 0.297 |

**Source:** 2017–21 American Community Survey.

**Notes:** EP = English proficient; LEP = limited English proficient; MSA = metropolitan statistical area; PUMA = Public Use Microdata Area. Demographic control variables include age, sex, race and ethnicity, marital status, and presence of children younger than 18. Socioeconomic variables include income, education, unemployment, citizenship status, and years in the US. Housing affordability variables include the log value of the median home value over the median rent and the log value of the median home value over the median income. Both variables are calculated using the household data at the MSA level for those who reside in MSAs. For those who do not reside in MSAs, the value is calculated using household data at the state level, excluding households living in MSAs. PUMA variables include median credit score and median wealth for households living in each PUMA.
*** $p < 0.01$.

Finally, we look at the likelihood of owning a home for LEP households by language spoken at home compared with EP households, after including all the control variables. We find that all LEP households have a statistically significantly lower likelihood of owning a home compared with EP households, even after we control for household and locational characteristics. But the differences vary across the groups. For example, Russian-speaking LEP households are 38 percentage points less likely to own a home compared with EP households, while Chinese-speaking LEP households have only a 0.7 percentage point lower likelihood of owning a home compared with the base group. This suggests there are unobservable factors (e.g., wealth, credit scores, and preferences toward homeownership) that differ across LEP households that affect their likelihood of homeownership. The level of language services available for each group to help access homeownership also could explain some of the variation across these households.

FIGURE 15
**LEP Households' Likelihood of Owning a Home, by Language, Compared with EP Households**
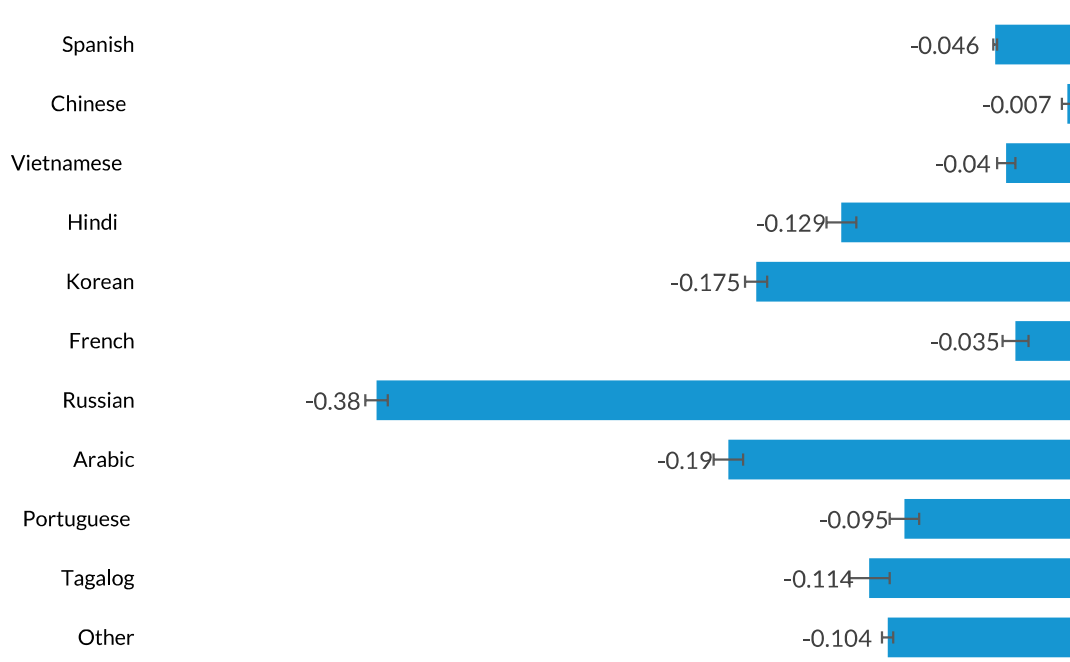


Source: 2017–21 American Community Survey.
Notes: EP = English proficient; LEP = limited English proficient. Numbers on the bars represent the differences in homeownership likelihood for each group of LEP households compared with EP households after controlling for all the control variables shown in appendix table A.1, column 3. All coefficients are statistically significant at the 99 percent level.

Using these coefficients, we estimate what the homeownership rate would be for each LEP household if they have the same likelihood of owning a home after controlling for differences in the observed variables. Table 5 shows the estimated homeownership rate for each group of households and the additional number of homeowners we would have in that scenario. If LEP households for each group had the same homeownership rate with EP households once we control for differences in demographic and socioeconomic characteristics and location, we find that the homeownership rates among Russian and Arabic speakers would increase the most, and the homeownership rate among Chinese speakers would increase the least. But the difference between current and estimated homeownership rates needs to be interpreted with caution, as there may be variables that differ more than between LEP and EP households for some languages. For example, the wealth gap between Russian-speaking households may be much larger between LEP and EP households than for Chinese-speaking households.

TABLE 5
**Estimated Homeownership Rates for Limited English Proficient Households, by Language**

| Language spoken at home | Current homeownership rate | Estimated homeownership rate | Additional homeowners |
|---|---|---|---|
| Spanish | 37.3% | 41.9% | 159,605 |
| Chinese | 52.5% | 53.2% | 2,239 |
| Vietnamese | 57.8% | 61.8% | 6,010 |
| Hindi | 46.7% | 59.6% | 6,314 |
| Korean | 44.5% | 62.0% | 18,411 |
| French | 37.5% | 41.0% | 2,512 |
| Russian | 22.3% | 60.3% | 32,450 |
| Arabic | 27.5% | 46.5% | 9,519 |
| Portuguese | 34.3% | 43.8% | 4,938 |
| Tagalog (Filipino) | 54.1% | 65.5% | 3,043 |
| Other | 43.5% | 53.9% | 37,676 |

**Source:** Urban Institute calculations using 2017–21 American Community Survey data.

Figure 16 shows the homeownership rates and LEP shares of the population in all US census tracts. In our regression analysis, we found that PUMAs with higher LEP population shares had lower homeownership rates. In the map, the dark orange tracts are those for which the LEP share of the population is high, but the homeownership rate is low. This map contextualizes how much geography matters. In California, where more than one-quarter of all LEP households reside, many of the heavily concentrated LEP census tracts have lower homeownership rates. In southwestern Texas, on the other hand, more census tracts are green, meaning they have larger LEP populations and higher homeownership rates. A potentially effective outreach strategy could be targeted geographically to reach LEP borrowers in markets where homeownership rates are reasonable or high for EP households but where LEP borrowers may be missing out on key wealth-building opportunities. Our regression results can further clarify the areas where there is a sizable LEP population and a large gap between actual and predicted homeownership rates. Additionally, in markets where homeownership rates are low for both LEP and EP households, more than language outreach may be necessary to improve the homebuying outlook for LEP households. Localities may need to tackle supply shortages, high housing prices, or other issues in the housing market.

FIGURE 16
**Overall Homeownership Rate and LEP Share of Population, by Census Tract**
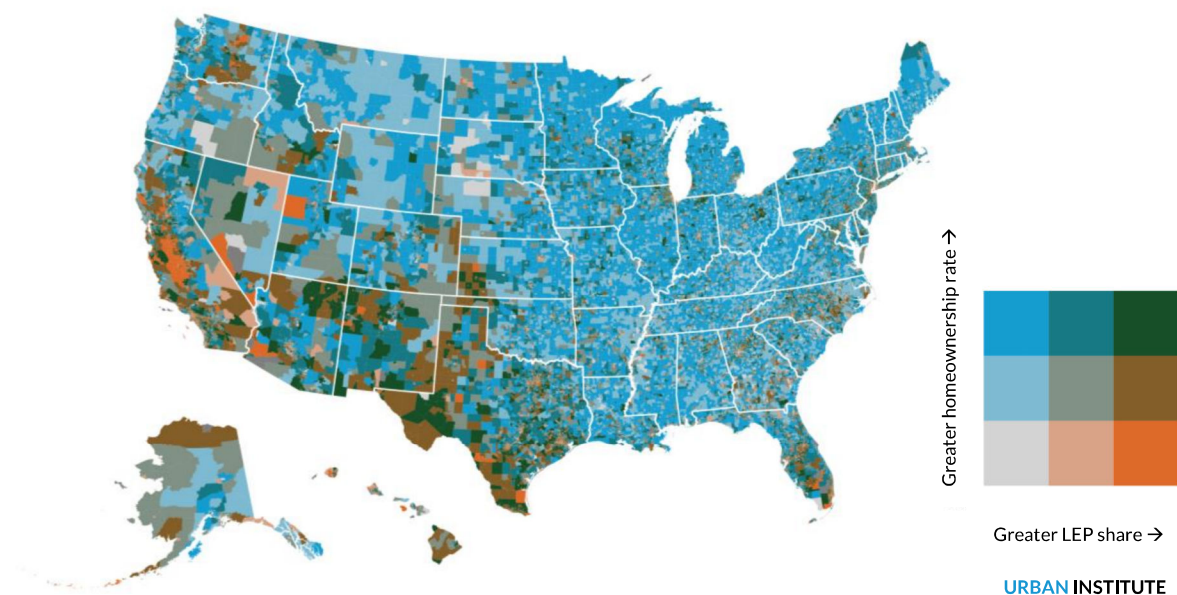


**Source**: Urban Institute analysis of 2017–21 American Community Survey, five-year estimates.
**Note:** LEP = limited English proficient.

# Implications for Policy

This report has provided considerable evidence that limited English proficiency remains a significant barrier to homeownership. But this barrier is not immovable. Policy actions can be taken to improve access to homeownership and wealth for LEP households.

The FHFA, GSEs, and CFPB have taken steps to decrease language barriers in the mortgage market. We first highlight these efforts before recommending additional work.

## Actions the FHFA and the GSEs Have Taken

In 2017, the FHFA's scorecard for Fannie Mae, Freddie Mac, and Common Securitization Solutions required the GSEs to identify major obstacles that LEP borrowers face in accessing mortgage credit, identify potential solutions, and develop multiyear plans to take action (FHFA 2016). In 2018, based on their findings, the FHFA and the GSEs published a multiyear plan with several milestones for 2018 and beyond (FHFA, Fannie Mae, and Freddie Mac 2018). To begin, they published the mortgage translation disclosure in the third quarter of 2018, a document lenders and servicers use to explain that mortgage

transactions are likely to be conducted in English and that not all communications related to the transaction will be in the borrower's preferred language. The disclosure refers borrowers to US Department of Housing and Urban Development–approved multilingual housing counseling services.

Also in 2018, a language access working group was formed to act as a roundtable to the FHFA and the GSEs to address the needs of consumers with limited English proficiency. The working group was composed of housing and consumer finance professionals with experience working with and supporting LEP consumers. This working group provided the FHFA and the GSEs insights and commentary about the elements of the multiyear plan.

Perhaps the more major effort in 2018 that stemmed from the 2017 findings was the FHFA and the GSEs collaborating to create the Mortgage Translation Clearinghouse, an online centralized collection of language resources to help lenders, servicers, and housing counselors in their service of LEP borrowers, available on the FHFA website. Initially, the clearinghouse website provided translations only in Spanish, but Chinese, Vietnamese, Korean, and Tagalog translations were added in 2019 and 2020. The clearinghouse also offers glossaries in each of the translated languages that established common terminology and served as standardized translation for all the documents on the clearinghouse. In addition, as highlighted in the multiyear plan, the Uniform Residential Loan Application was translated and remains available on the clearinghouse. In addition to translated documents, the clearinghouse offers an interpretive services page that leads consumers to industry resources that can provide someone who speaks their preferred language to discuss the mortgage process, mortgage documents, loan payments, staying in their home, or avoiding scams or fraud. The interpretive services page points consumers to resources available at the Department of Housing and Urban Development, the CFPB, and the Home Ownership Preservation Foundation.

Other recent research that compares outcomes of interest for Latino LEP borrowers—likely Spanish speaking—with Latino EP borrowers and non-Latino LEP borrowers found that providing translated mortgage documents improved the welfare and access of Latino LEP borrowers in the mortgage market, without introducing additional risks (Liu 2023). This research suggests that the materials made available on the clearinghouse since 2018 may be affecting the LEP homeownership rate listed in 2017–21 American Community Survey data. But there is limited information to indicate how often lenders use or refer borrowers to the clearinghouse translations.

In March 2023, the FHFA began enforcing an information collection requirement for lenders that sell loans to the GSEs. Lenders that sell to Fannie Mae and Freddie Mac are now required to use the Supplemental Consumer Information Form to collect information on borrowers' preferred language

and any housing counseling services they have used.[8] This information must be collected upon origination and maintained and transferred to servicers throughout the mortgage term. Although this information will be valuable to the FHFA and the GSEs in future actions, it does not directly aid LEP borrowers in accessing mortgage credit.

In April 2023, Fannie Mae published its Latino Housing Journey, as part of its Equitable Housing Finance Plan (Fannie Mae 2023). This report noted language barriers to homeownership. To help address the language barriers, in June 2022, Fannie Mae launched HomeView en Español, a Spanish-language update to HomeView, an online certificate course for first-time homebuyers.[9] The digital consumer education platform also provides free 24/7 access to information about financial literacy and homeownership.[10] The information is tailored to address key hurdles Latino households face in establishing and maintaining credit.

## Actions the CFPB Has Taken

In 2016, the CFPB published a report on the financial education programs that serve immigrant populations, which included information on language barriers and potential solutions, and in 2017, the bureau published a spotlight on serving LEP consumers (CFPB 2016, 2017). The spotlight report aggregated common actions financial institutions have taken to better serve LEP consumers, which included assessing consumers' language needs by reviewing demographic data and determining consumers' likely language preferences, having a central point of contact for internal technical assistance on language-related initiatives, developing written and verbal translation systems, training staff members and contracts on language and cultural competencies, and offering verbal interpretation service over the phone and multiple language settings on digital services.[11] The CFPB also offers financial education materials in Spanish, Chinese, Haitian Créole, Tagalog, Korean, Vietnamese, Russian, and Arabic, including glossaries of common financial terms in Spanish, Chinese, Vietnamese, Korean, and Tagalog.[12] But not all these translations are useful for mortgage lenders or applicants. They encompass consumer products, such as credit cards and auto loans. The CFPB also offers a Spanish version of its "Buying a House" tool, "Comprar Casa," which walks consumers through the homebuying process, with frequently asked questions and tools to aid them from homebuying preparation to closing.[13] The website has some information in Chinese, Vietnamese, Tagalog, Arabic, Russian, and Haitian Créole, but it is more limited. Beginning in 2022, the CFPB also released Spanish translations of certain disclosures, including loan estimates and closing disclosures,[14] as well as early-intervention clauses for mortgage servicers.[15]

In 2020, the CFPB put out a request for information on guidance to serve LEP consumers,[16] and in 2021, it published a "Statement Regarding the Provision of Financial Products and Services to Consumers with Limited English Proficiency," which encouraged financial institutions to better serve LEP consumers while remaining in compliance with federal laws and regulations.[17] Beyond the request for information, focus groups with members of communities that speak Arabic, Chinese, Haitian Créole, Korean, Russian, Spanish, Tagalog, and Vietnamese informed the statement, which detailed best practices for serving LEP consumers. The practices included the creation of mobile-friendly websites with less dense text and more digestible information in shorter paragraphs and brief videos; the inclusion of introductions to basic topics to ensure that those less familiar with US banking and financial systems do not use unreliable third-party translation tools to learn basic information; using plain language and avoiding formal and technical terms, including more culturally relevant speaking and writing styles, or even a combination of English and a foreign language for terms that do not have a clear translation; and mirroring web page layouts across languages so that multilingual consumers can more easily compare content. The GSEs and lenders can use this information in work to expand access to LEP households in the mortgage market.

## More Work Is Still Needed

Work has already been done to improve language access. If nothing else, there is well-researched guidance and information from the CFPB that other federal entities and individual lenders can lean on in their own work. But our research also suggests there is more to be done to truly improve access for LEP borrowers in the mortgage process.

First, lenders are critical. Lenders have many regular touchpoints with LEP consumers, and they can do more to ensure that borrowers are aware of available resources that can help them understand mortgage terms and options. Currently, mortgage lenders operate on a wide continuum of language services. At the positive end of the spectrum, at least one lender offers a full mortgage experience entirely in Spanish, providing not only a full Spanish website but a complete digital mortgage experience in Spanish where borrowers can select loan options, upload documents safely, and go through the preapproval process. Some lenders have Spanish-speaking mortgage experts who have passed a certification that ensures the individuals are fluent in financial terms. But this is not the norm. Among the 10 largest mortgage lenders by volume,[18] only 5 translate their entire websites into Spanish, and translation quality varies. At a minimum, lenders should be required to make borrowers who speak a language other than English at home aware of the clearinghouse resources and the CFPB resources.

Further, perhaps the full mortgage process in the Spanish-language model, offered by few lenders, can be expanded to other lenders and other languages.

Second, counseling for document translation or explanation may be helpful to ensure translated terms are clear for borrowers and have the same meaning as they do to a native English speaker. Overall, translations are needed in more languages than Spanish, which requires hiring professionals who can serve consumers in other languages. There are also barriers to translating or explaining legal documents in other languages because of litigation risks or fear that the secondary market may not accept these loans, but more work can be done to mitigate these risks, including hiring individuals who speak these languages in key secondary market positions. It is unclear, however, who will pay for the translation or explanation service.

Third, greater language diversity among loan officers would help. Even if documents and websites are translated, LEP borrowers will still rely on professionals, including loan officers and real estate agents, to go through the mortgage and homebuying processes with them, and mortgage terms will need to be explained beyond simple word-for-word translation. Data suggest that LEP borrowers tend to have less educational attainment, so the difficulty navigating the homebuying process is compounded by language and education barriers. In 2018, Fannie Mae launched the Future Housing Leaders program, which pairs mortgage companies with interns to create pathways for them within the industry, with a focus on recruiting women and people of color.[19] The program can continue to target women and people of color, with a focus on those who are fluent in languages other than English. But because of differences in educational attainment and income among LEP borrowers (figures 7 and 8), these borrowers will likely require more time from the professionals serving them. But the current mortgage origination incentive structure does not reward professionals for spending more time with customers, especially in the current tight mortgage market. Incentive structures should include a bonus or something similar that rewards individuals who spend more time with LEP borrowers, borrowers who require more hands-on attention writ large, if lenders want to widen the credit box.

Fourth, geography plays a role. Large lenders should improve their language diversity and options in areas with large LEP populations (figure 16) and low homeownership rates for the LEP population relative to the EP population, and they can advertise down payment assistance programs in these areas in the most common languages spoken other than English. Moreover, in areas with a concentration of LEP borrowers, lenders can work with trusted community partners to offer mortgage workshops through churches and community centers in the languages spoken in that community.

# Appendix

**LEP Homeownership Regression**

*Language spoken at home*

| | Dependent Variable: Homeownership | | |
| --- | --- | --- | --- |
| | (1) | (2) | (3) |
| LEP HH | -0.261*** | -0.133*** | -0.062*** |
| | (0.001) | (0.001) | (0.001) |
| Female | | -0.002*** | -0.005*** |
| | | (0.0003) | (0.0003) |
| Black | | -0.126*** | -0.157*** |
| | | (0.001) | (0.001) |
| Latino | | -0.028*** | -0.033*** |
| | | (0.001) | (0.001) |
| White | | 0.043*** | 0.006*** |
| | | (0.001) | (0.001) |
| Other | | -0.023*** | -0.055*** |
| | | (0.001) | (0.001) |
| Age: 25–34 | | 0.123*** | 0.125*** |
| | | (0.001) | (0.001) |
| Age: 35–44 | | 0.256*** | 0.254*** |
| | | (0.001) | (0.001) |
| Age: 45–54 | | 0.350*** | 0.339*** |
| | | (0.001) | (0.001) |
| Age: 55–64 | | 0.432*** | 0.417*** |
| | | (0.001) | (0.001) |
| Age: 65 and older | | 0.496*** | 0.477*** |
| | | (0.001) | (0.001) |
| Married | | 0.193*** | 0.197*** |
| | | (0.001) | (0.001) |
| Divorced or separated | | 0.023*** | 0.024*** |
| | | (0.001) | (0.001) |
| Widowed | | 0.124*** | 0.126*** |
| | | (0.001) | (0.001) |
| Child exist | | 0.045*** | 0.043*** |
| | | (0.0004) | (0.0004) |
| AMI: 80–120% | | 0.123*** | 0.119*** |
| | | (0.0005) | (0.0005) |
| AMI: 120–150% | | 0.176*** | 0.170*** |
| | | (0.001) | (0.001) |
| AMI: > 150% | | 0.237*** | 0.228*** |
| | | (0.0005) | (0.0005) |
| High school graduate | | 0.061*** | 0.059*** |
| | | (0.001) | (0.001) |
| Some college | | 0.078*** | 0.074*** |
| | | (0.001) | (0.001) |
| Bachelor's degree or more | | 0.104*** | 0.105*** |
| | | (0.001) | (0.001) |
| Unemployed | | -0.047*** | -0.048*** |

| | Dependent Variable: Homeownership | | |
|---|---|---|---|
| | (1) | (2) | (3) |
| | | (0.001) | (0.001) |
| Naturalized citizen | | | 0.080*** |
| | | | (0.001) |
| Noncitizen | | | -0.017*** |
| | | | (0.001) |
| Years in the US: 0–5 | | | -0.268*** |
| | | | (0.002) |
| Years in the US: 6–10 | | | -0.161*** |
| | | | (0.002) |
| Years in the US: 11–15 | | | -0.111*** |
| | | | (0.002) |
| Years in the US: 16–20 | | | -0.081*** |
| | | | (0.002) |
| Years in the US: 21+ | | | -0.042*** |
| | | | (0.001) |
| Log (Median home value / median rent) | | -0.012*** | -0.055*** |
| | | (0.002) | (0.002) |
| Log (Median home value / median HH income) | | -0.126*** | -0.079*** |
| | | (0.001) | (0.001) |
| PUMA: Share of LEP HH | | | -0.395*** |
| | | | (0.003) |
| Constant | 0.655*** | 0.210*** | 0.449*** |
| | (0.0002) | (0.008) | (0.008) |
| Observations | 6,066,504 | 6,066,504 | 6,066,504 |
| $R^2$ | 0.011 | 0.288 | 0.297 |

**Source:** 2017–21 American Community Survey.

**Note:** AMI = area median income; HH = household; LEP = limited English proficient; PUMA = Public Use Microdata Area.

*** $p < 0.01$.

# Notes

1   Definition from https://www.lep.gov/.

2   Although the share and number of LEP households decreased slightly from 2010 to 2021, LEP households are actually a growing share of the mortgage market (Liu 2023). See Sika Pryor, "Mortgage Translations Clearinghouse Aims to Assist Homebuyers in Their Language," *FHFA Insights* (blog), Federal Housing Finance Agency, October 4, 2018, https://www.fhfa.gov/Media/Blog/Pages/Mortgage-Translations-Clearinghouse-Aims-to-Assist-Homebuyers-in-Their-Language.aspx.

3   Polo Rocha, "Podcast, Lost in Translation: Why Non-English Speakers Can Struggle at Banks," *American Banker*, March 9, 2023, https://www.americanbanker.com/podcast/lost-in-translation-why-non-english-speakers-can-struggle-at-banks.

4   Chinese includes Mandarin and Cantonese. Almost 61 percent of people who speak Chinese at home choose Chinese as their answer to language spoken at home and do not specify whether they speak Cantonese or Mandarin. About 16 percent say they speak Cantonese, and 21 percent say they speak Mandarin

5   We define "immigrant" as an individual who was not born a US citizen. Those born in the US or to American citizens abroad are born US citizens.

6   About 1,500 household heads (less than 0.01 percent of all households) speak English at home and are LEP.

7   Although our dependent variable is binary (0 for renting and 1 for owning), we used a linear probability model analysis because the coefficients are easier to interpret. Prior econometric studies, including research conducted by Angrist and Pischke (2009), show that the difference between marginal effects calculated from the linear probability model and logit (or probit) models is minor when the mean of the dependent variable ranges between 0.2 and 0.8 (20 to 80 percent). The homeownership rates for both LEP and EP households fall within this range for all language groups.

8   National Consumer Law Center, "Advocates Welcome Mandatory Collection of Language Preference Data by Fannie Mae and Freddie Mac," press release, March 1, 2023, https://www.nclc.org/advocates-welcome-mandatory-collection-of-language-preference-data-by-fannie-mae-and-freddie-mac/.

9   Both versions of HomeView are available at https://www.fanniemae.com/education.

10  NEXT, "Fannie Mae Launches New Homebuyer Resources for Latino Community," NEXT Mortgage News, September 28, 2023, https://nextmortgagenews.com/news/fannie-mae-launches-new-homebuyer-resources-for-latino-community/.

11  Alice Chang, Dubis Correal, and Holly Zaharchuk, "Five Ways Banks and Lenders Work with People Who Speak or Understand Limited English," Consumer Financial Protection Bureau blog, November 22, 2017, https://www.consumerfinance.gov/about-us/blog/five-ways-banks-and-lenders-work-people-who-speak-or-understand-limited-english/.

12  The materials are available at "Helping Multilingual Communities and Newcomers," Consumer Financial Protection Bureau, accessed December 12, 2023, https://www.consumerfinance.gov/language/.

13  Both versions are available at https://www.consumerfinance.gov/owning-a-home/.

14  The English and Spanish versions of loan estimate and closing disclosure forms are available at "Loan Estimate and Closing Disclosure Forms and Samples," Consumer Financial Protection Bureau, accessed December 12, 2023, https://www.consumerfinance.gov/compliance/compliance-resources/mortgage-resources/tila-respa-integrated-disclosures/forms-samples/.

15  Model clauses for early intervention written notice and Spanish translations are available at CFPB (2021).

16  The request for information is available at Elena Babinecz and J. Frank Vespa-Papaleo, "Bureau Seeks Formal Comments to Inform Forthcoming Guidance on Serving LEP Consumers," Consumer Financial Protection Bureau blog, November 16, 2020, https://www.consumerfinance.gov/about-us/blog/bureau-seeks-formal-comments-to-inform-forthcoming-guidance-serving-lep-consumers/.

17  Statement Regarding the Provision of Financial Products and Services to Consumers with Limited English Proficiency, 86 Fed. Reg., 6306 (Jan. 21, 2021).

18  The 10 largest US mortgage lenders by volume (all loans closed), per 2022 Home Mortgage Disclosure Act.

19  Katie Jensen, "Fannie Mae Program Targets Diversifying Mortgage Industry," *National Mortgage Professional,* July 6, 2022, https://nationalmortgageprofessional.com/news/fannie-mae-program-targets-diversifying-mortgage-industry.

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