Paying More for the American Dream V

The Persistence and Evolution of the Dual Mortgage Market

April 2011

A Joint Report By:

California Reinvestment Coalition

Community Reinvestment Association of North Carolina

Empire Justice Center

Massachusetts Affordable Housing Alliance

Neighborhood Economic Development Advocacy Project

Ohio Fair Lending Coalition

Woodstock Institute

California Reinvestment Coalition advocates for the right of low-income communities and communities of color to have fair and equal access to banking and other financial services. CRC has a membership of more than 240 nonprofit organizations and public agencies across the State.

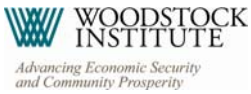
Community Reinvestment Association of North Carolina is a nonprofit, nonpartisan research and advocacy organization whose mission is to promote and protect community wealth. We advocate for change in the lending practices of financial institutions to promote wealth building for underserved communities and to end predatory lending practices that strip wealth.

Empire Justice Center is a statewide non-profit law firm that works to protect and strengthen the legal rights of people in New York State who are poor, disabled or disenfranchised through: systems change advocacy, training and support to other advocates and organizations, and high quality direct civil legal representation.

Massachusetts Affordable Housing Alliance's mission is to organize for increases in public and private sector investment in affordable housing and to break down the barriers facing minority and low to moderate income first time homebuyers as they seek affordable and sustainable homeownership opportunities. Our campaigns have resulted in more than $3.3 billion of public and private sector investment in affordable housing in Massachusetts since 1985. Our grassroots Homebuyers Union organizing, in both urban and suburban communities, has been effective in engaging banks, insurance companies, and elected officials around the issues of affordable homeownership and responsible mortgage lending.

Neighborhood Economic Development Advocacy Project (NEDAP) is a resource and advocacy center for community groups in New York City. Our mission is to promote community economic justice and to eliminate discriminatory economic practices that harm communities and perpetuate inequality and poverty.

Ohio Fair Lending Coalition is composed of The Toledo Fair Housing Center, Empowering & Strengthening Ohio's People, formerly known as East Side Organizing Project, SEIU Local 3 and fair lending advocates, Paul Bellamy and Charles Bromley. The Coalition challenged the merger of Sky and Huntington Banks in 2007 and it continues to be Ohio's Fair Lending Organization.



Woodstock Institute is a leading nonprofit research and policy organization in the areas of fair lending, wealth creation, and financial systems reform. Woodstock Institute works locally and nationally to create a financial system in which lower-wealth persons and communities of color can safely borrow, save, and build wealth so that they can achieve economic security and community prosperity. Our key tools include: applied research; policy development; coalition building; and technical assistance.

Preface

The *Paying More for the American Dream* series is a collaborative project of the California Reinvestment Coalition (CRC), Community Reinvestment Association of North Carolina (CRA-NC), Empire Justice Center, Massachusetts Affordable Housing Alliance (MAHA), Neighborhood Economic Development Advocacy Project (NEDAP), Ohio Fair Lending Coalition, and Woodstock Institute. This is the collaboration's fifth annual report examining systematic inequalities in the housing finance system and their impact on lower-income neighborhoods and communities of color.

The principal researchers and contributors to this report are: Charles Bromley (Ohio Fair Lending Coalition), Jim Campen (MAHA), Sarah Duda and Geoff Smith (Woodstock Institute), Alexis Iwanisziw and Sarah Ludwig (NEDAP), Adam Rust (CRA-NC), Kevin Stein (CRC), and Barbara van Kerkhove, (Empire Justice Center).

Report layout and production were completed by staff at Woodstock Institute, and mapping was completed by Alexis Iwanisziw and Ben Hagen at NEDAP.

Executive Summary

This report examines conventional refinance lending in seven key metropolitan areas. It looks at loan volumes in 2008 and 2009 in communities of color and in predominantly white neighborhoods. The report documents disparities in the changes in refinance lending over this period and highlights disparate 2009 denial rates based on the racial composition of communities. Finally, the report includes recommendations for federal policy reforms to ensure that financial institutions provide access to fair and affordable mortgage loans, particularly in communities of color.

Access to conventional mortgage refinance lending is critical to homeowners and communities. Refinance loans are vital to homeowners seeking to benefit from lower interest rates improve their homes, finance small businesses, or pay for education. Refinance lending is especially crucial given the ongoing foreclosure crisis as homeowners struggle to stay in their homes. Access to sound refinance loans is critical to preserving community assets and neighborhood stability.

Since the onset of the financial crisis lenders have significantly decreased access to conventional refinance lending in communities of color, where the foreclosure crisis is taking an especially severe toll. In contrast, lenders significantly increased conventional refinance lending in predominantly white neighborhoods.

Key Findings:

Between 2008 and 2009, the number of conventional refinance loans made in predominantly white neighborhoods more than doubled in all seven cities examined. During this time, however, conventional refinance lending declined sharply in communities of color in all but one of the seven cities examined. Similarly large disparities were seen in denial rates. In 2009, lenders' denial rates in communities of color ranged from 29 percent to 60 percent, compared to 12 percent to 24 percent denial rates in predominantly white neighborhoods.

Across the seven cities, in 2009:

- Conventional refinance loans to homeowners in predominantly white neighborhoods increased by an average of 129 percent. Conventional refinance loan originations in communities of color decreased by an average of 17 percent.

- Lenders were roughly two and a half times as likely to deny a conventional refinance loan to homeowners in communities of color as they were to homeowners in predominantly white neighborhoods. On average, lenders denied 34 percent of conventional refinance loan applications from homeowners in communities of color in the seven cities studied, but denied only to 14 percent of applications from homeowners in predominantly white neighborhoods.

Key Recommendations:

This report raises serious questions about disparate access to conventional refinance loans in communities of color. The findings underscore the need to develop and enforce effective and strong fair lending rules, enforcement, and public policies that ensure that all communities have access to affordable, high-quality

mortgage loans. To address the key findings and related issues raised by this report, the authors recommend the following:

- Expand the Community Reinvestment Act to promote responsible lending and investment.
- Improve Home Mortgage Disclosure Act data reporting requirements to bring greater transparency to mortgage lending and foreclosure prevention efforts.
- Prioritize fair lending enforcement.
- Hold lenders accountable to communities and require them to engage in meaningful foreclosure prevention.
- Ensure access to safe, affordable mortgages when updating federal mortgage programs and implementing regulations under the Dodd-Frank Act.

Introduction

This fifth annual report in the *Paying More for the American Dream* series examines mortgage lending patterns in seven cities throughout the country. Since the series began in 2007, the U.S. mortgage market has changed dramatically – from the boom years of high-volume lending fueled by abusive subprime and option adjustable rate mortgage (ARM) loans, to the foreclosure crisis and subsequent financial meltdown that led to a dramatic contraction of mortgage lending. The reports, produced in this broader context, document lending patterns at the local level, showing inequities in access to sound and affordable mortgages.

As is now widely known, the concentration of predatory subprime loans in communities of color led to high concentrations of foreclosures in these neighborhoods.[1] In Chicago, for example, foreclosure rates in African American neighborhoods have been five times higher than in predominantly white neighborhoods.[2] The large numbers of foreclosed homes in neighborhoods of color, tied to high concentrations of vacant and abandoned properties, have devastated entire communities.[3]

Years of predatory lending practices have damaged people's credit, and the subsequent wave of foreclosures has substantially lowered property values. As a result of the economic crisis, high unemployment continues to slow economic recovery, particularly in communities of color. These factors impede many borrowers' ability to qualify for home loans using traditional underwriting standards. To stabilize communities, access to fair and affordable refinance loans – not to mention sound loan modifications – is sorely needed. As this report shows, however, lenders have substantially decreased conventional refinance lending in communities of color – at the same time that they have *more than doubled* such lending in predominantly white communities.

Borrowers and neighborhoods of color face both new and historical barriers to prime, conventional mortgage lending.[4] Institutional discrimination, in the form of redlining and reverse redlining, persists in the mortgage market.[5] Indeed, the homeownership gap between African Americans and whites has widened and is now at its widest since 1994.[6]

The *Paying More for the American Dream* series has chronicled detrimental mortgage lending trends that have disproportionately affected borrowers and neighborhoods of color:

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[1] *From Foreclosure to Re-Redlining, How America's largest financial institutions devastated California communities*. California Reinvestment Coalition, February 2010. Available: *www.calreinvest.org/system/assets/214.pdf. Curbing the Mortgage Meltdown: The Impact of Foreclosures on New York's Economy and Communities*. Empire Justice Center, August 5, 2008. Available: http://www.empirejustice.org/assets/pdf/publications/reports/curbing-the-mortgage-meltdown.pdf; *The Home Foreclosure Crisis in Chicago*. National People's Action, February 2010. Available: http://showdowninamerica.org/files/images/NPA_2009_ Chicago_Foreclosure_ Report_0.pdf.

[2] Woodstock Institute. "*2006 Chicago Area Community Lending Fact Book*." Woodstock Institute, March 2008.

[3] Woodstock Institute. "*Left Behind: Troubled Foreclosed Properties and Servicer Accountability in Chicago.*" Woodstock Institute, January 2011. Available: http://cts.vresp.com/c/?WoodstockInstitute/733154fd09/3811c84ad8/2b2f96e418.

[4] Congressional Oversight Panel, "December Oversight Report: A Review of Treasury's Foreclosure Prevention Program," December 14, 2010. Also see *Paying More for the American Dream IV: The Decline of Prime Mortgage Lending in Communities of Color* (May 2010) at http://www.woodstockinst.org/publications/download/paying-more-for-the-american-dream-iv%3a-the-decline-of-prime-mortgage-lending-in-communities-of-color/

[5] James R. Follain, "*A Study of Real Estate Markets in Declining Cities*." Research Institute for Housing America, December 2010.

[6] Tom Braithwaite, "*U.S. homeowners' racial gap widens*." Financial Times, February 16, 2011. Available: http://www.ft.com/cms/s/0/064c4870-3a01-11e0-a441-00144feabdc0.html#axzz1KHdIbJE5.

- The first report, released in March 2007, examined disparities in mortgage pricing by several of the country's largest mortgage lenders that offered both prime and subprime loans. The key finding, now widely acknowledged, was that borrowers of color were much more likely than white borrowers to receive higher-cost subprime loans.[7]

- The second report, released in March 2008, looked at the geographic lending patterns of a set of defunct subprime lenders, whose loans largely fueled the foreclosure crisis. The report showed how neighborhoods of color were saturated with high-risk mortgages made by lenders that later went out of business as a result of making abusive and unaffordable loans.[8]

- The third report, released in April 2009, analyzed and compared the lending patterns of banks covered by the Community Reinvestment Act (CRA) with lenders that were not covered. Lenders not subject to the CRA were much more likely to make higher-cost loans to borrowers in neighborhoods of color than were lenders that were subject to the CRA.[9]

- The fourth report, released in April 2010, exposed sharp declines in prime mortgage lending in communities of color in the wake of the financial meltdown. In neighborhoods of color, where the foreclosure crisis has taken an especially severe toll, access to prime, conventional refinance loans declined precipitously from 2006 through 2008. The nation's four largest banks, in particular, increased prime refinance lending to white neighborhoods while reducing prime refinance lending to communities of color.[10]

Building off last year's *Paying More for the American Dream* analysis, this report examines how recent trends in the mortgage lending industry have led to reduced access to conventional refinance loans in communities of color. Although the authors included all conventional refinance lenders in the analysis, the nation's four largest banks—Bank of America, Citigroup, JPMorgan Chase, and Wells Fargo—took in almost half (48 percent) of all conventional refinance loan applications nationwide in 2009 and thus are major drivers of the patterns reported.[11] Following the data analysis are strong policy recommendations for ensuring fair access to credit and meaningfully enforcing laws that prohibit unfair, discriminatory, and abusive lending practices.

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[7]See *Paying More for the American Dream: A Multi-State Analysis of Higher-Cost Home Purchase Lending* (March 2007) at http://www.woodstockinst.org/publications/download/paying-more-for-the-american-dream%3a--a-multi%11state-analysis-of-higher%11cost-home-purchase-lending/.

[8]See *Paying More for the American Dream II: The Subprime Shakeout and Its Impact on Lower-Income and Minority Communities* (March 2008) at http://www.woodstockinst.org/publications/download/paying-more-for-the-american-dream-%11-the-subprime-shakeout-and-its-impact-on-lower%11income-and-minority-communities/.

[9]See *Paying More for the American Dream III: Promoting Responsible Lending to Lower-Income Communities and Communities of Color* (April 2009) at http://www.woodstockinst.org/publications/download/paying-more-for-the-american-dream-iii%3a-promoting-responsible-lending-to-lower%11income-communities-and-communities-of-color/.

[10]See *Paying More for the American Dream IV: The Decline of Prime Mortgage Lending in Communities of Color* (May 2010) at http://www.woodstockinst.org/publications/download/paying-more-for-the-american-dream-iv%3a-the-decline-of-prime-mortgage-lending-in-communities-of-color/.

[11]Robert Avery, Neil Bhutta, Kenneth Brevoort and Glenn Canner, "*The 2009 HMDA Data: The Mortgage Market in a Time of Low Interest Rates and Economic Distress.*" Available: http://www.federalreserve.gov/pubs/bulletin/2010/articles/2009HMDA/default.htm and calculations by the authors using 2009 HMDA data.

Methodology

This report examines conventional refinance lending in seven metropolitan areas: Boston, Charlotte, Chicago, Cleveland, Los Angeles, New York City, and Rochester.[12] The authors of this report represent organizations in each city, and the seven cities encompass both larger and smaller urban areas in different geographic regions of the country.

In each metropolitan area, the authors examined conventional refinance lending in 2008 and 2009, the most recent years for which nationwide Home Mortgage Disclosure Act (HMDA) data are available. The analysis looks at changes in conventional refinance lending in communities of color (areas where 80 percent or more of the residents are people of color) in comparison to lending changes in predominantly white communities (areas where 90 percent or more of the residents are white). The analysis also includes a comparison of denial rates on conventional refinance loan applications from these neighborhoods.

The primary data source for this analysis is the Home Mortgage Disclosure Act Loan Application Register data (HMDA LAR data), as collected, processed, and released each year by the federal government. The report considers direct originations of conventional, first-lien refinance mortgages on owner-occupied, one-to-four unit, site-built properties. Since very few high-cost loans were made in 2009, this analysis includes both high-cost and non-high-cost loans. (See Appendix).[13]

Findings

Disparities in Loan Originations

Conventional refinance lending to communities of color decreased dramatically between 2008 and 2009. Among the cities examined, conventional refinance lending in communities of color, decreases ranged from 9.4 percent in Los Angeles to 45.7 percent in both Cleveland and Rochester. In stark contrast, lenders more than doubled their conventional refinance lending in predominantly white neighborhoods in all seven cities (See Chart I).

Disparities in Denial Rates & Applications Received

In 2009, conventional refinance loan denials exposed significant disparities in loan application outcomes between communities of color and predominantly white neighborhoods. As Chart II shows, 2009 denial rates in communities of color ranged from 28.9 percent in Los Angeles to 60 percent in Cleveland. Denial rates in predominantly white neighborhoods were substantially lower, ranging from 11.7 percent in Boston to 24.4 percent in New York. As Figure I of Cleveland illustrates, conventional refinance loan denials rates were overwhelmingly higher in communities of color. Across the seven cities, on average, lenders denied 34 percent of conventional refinance loan applications they received from homeowners in communities of color, and 14 percent from those in predominantly white neighborhoods. (See other city maps in the Appendix).

[12]Whereas most of the study areas are metropolitan statistical areas, "Los Angeles, CA" refers to Los Angeles County and "New York, NY"refers to the five boroughs of New York City. See individual tables in the Appendix for a description of each study area.

[13]The authors also analyzed loans insured by the Federal Housing Administration. Between 2008 and 2009, increased FHA lending compensated for a small portion of the decrease in conventional refinance lending in communities of color. The FHA program, however, also suffered from racial disparities in origination patterns and loan denials. Since inclusion of the FHA loans in the analysis does not substantially alter the findings, the results presented in the body of the report exclude FHA lending. See Appendix for detailed FHA data.

Chart I. Conventional Refinance Lending Change in Volume by City and Racial/Ethnic Composition of Community, 2008 to 2009

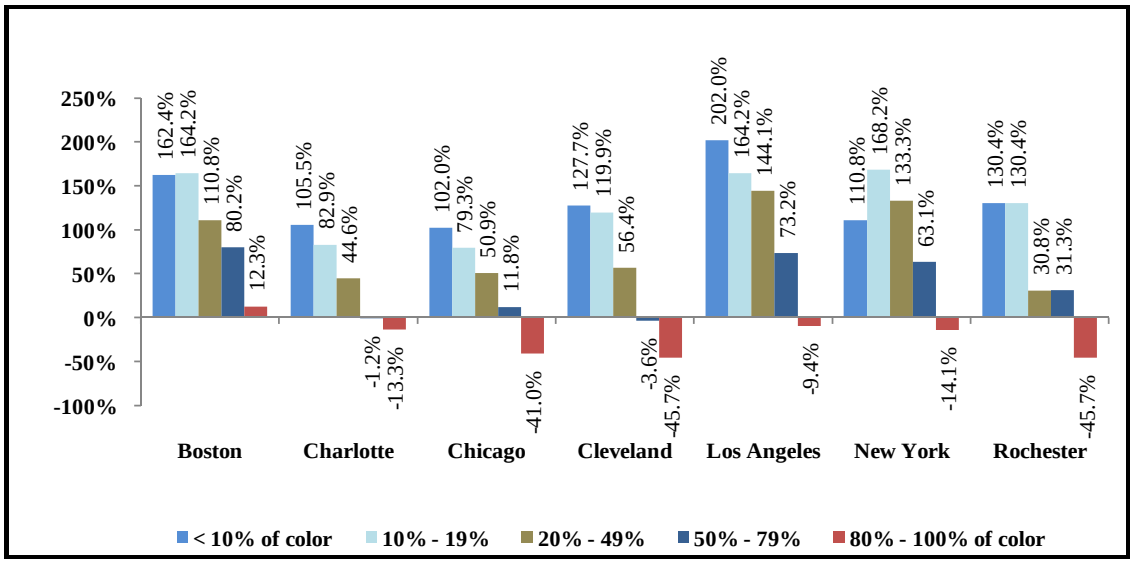


Chart II. Conventional Refinance Loan Denial Rates by City and Racial/Ethnic Composition of Community, 2009

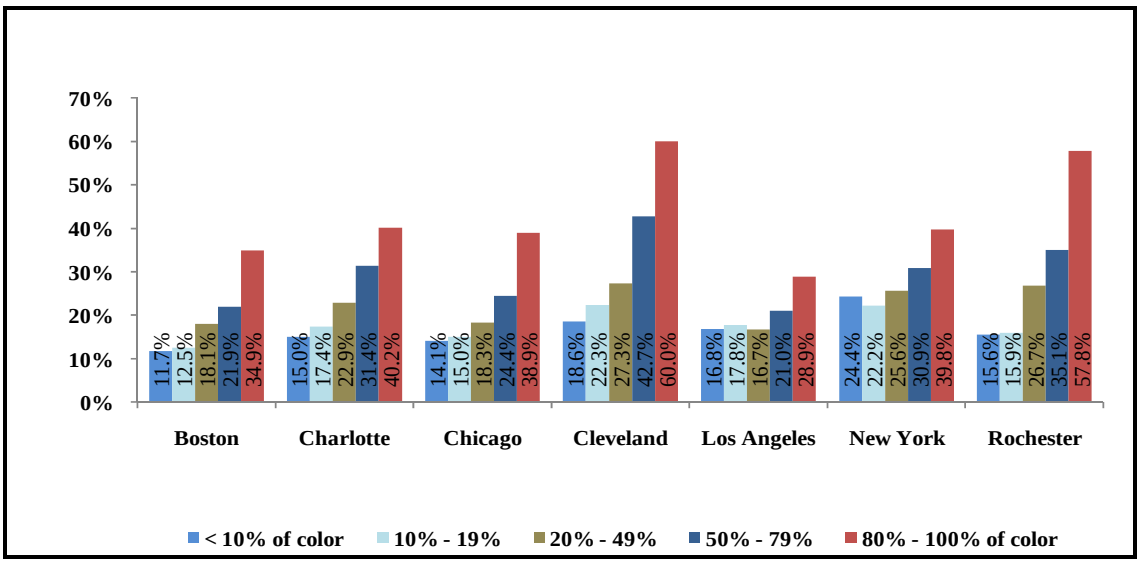
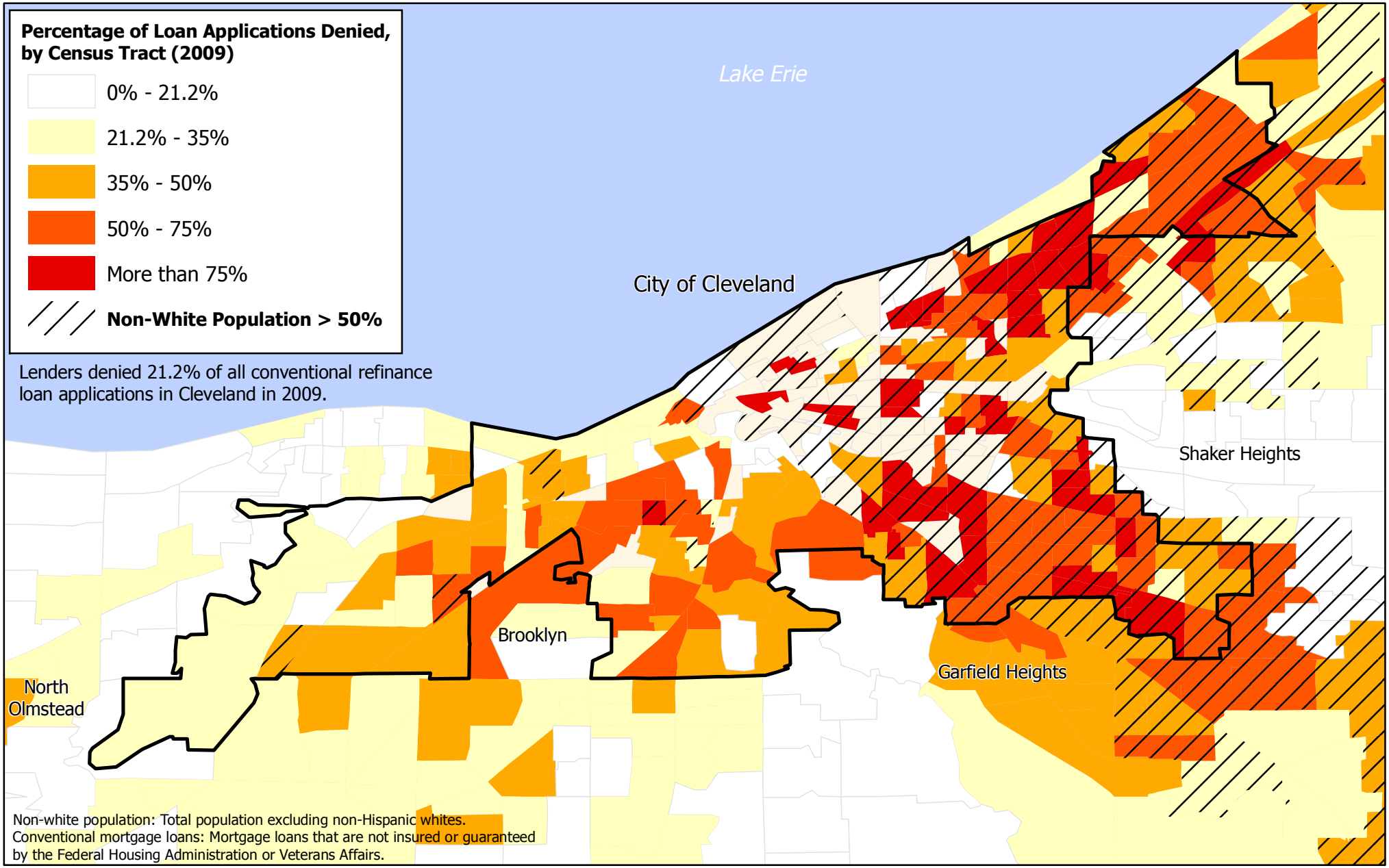


Chart III shows disparities in denial rates between communities of color and predominantly white communities. In Rochester, for example, lenders denied conventional refinance loan applications from homeowners in communities of color 3.7 times more frequently than they denied homeowners in predominantly white neighborhoods (57.8 percent vs. 15.6 percent). In Cleveland, the denial disparity ratio was 3.2 (60.0 percent vs. 18.6 percent).

In 2009, the number of conventional refinance applications that lenders received from homeowners in communities of color dropped significantly from the previous year. Among the cities examined,

Figure I.
Denial Rates for Conventional Refinance Loan Applications in Cleveland, OH, 2009



Sources: 2009 HMDA data, compiled by Woodstock Institute; 2010 Census data

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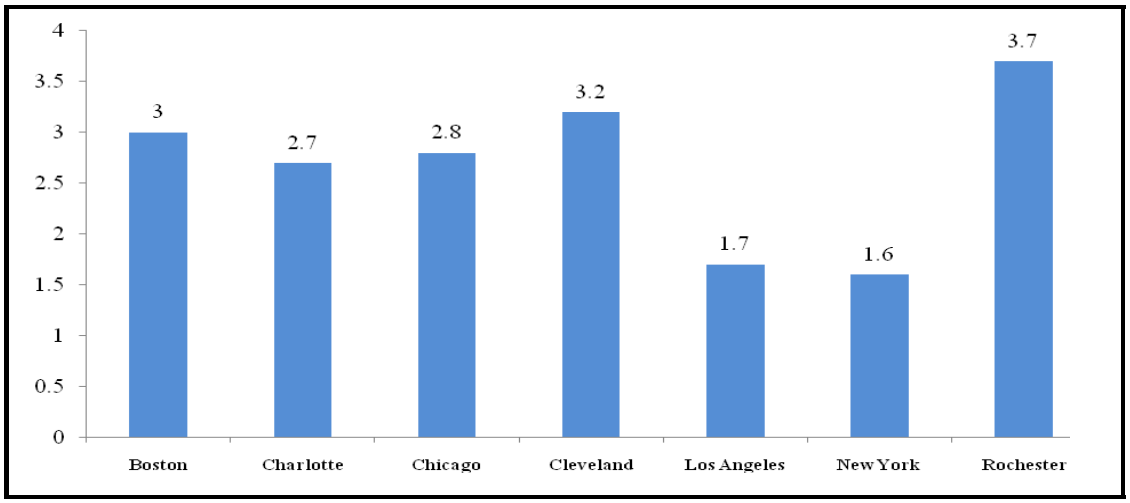
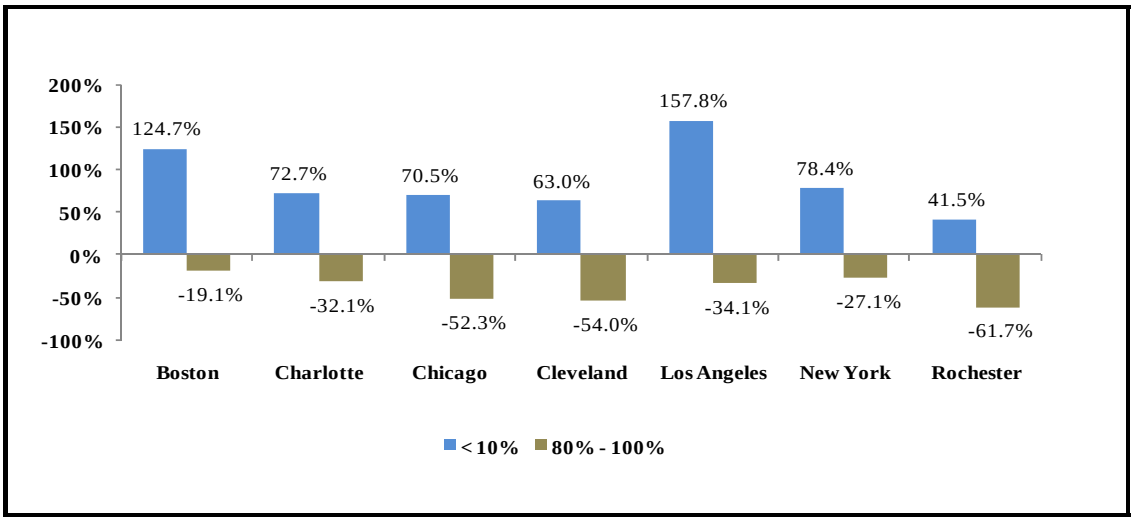
applications received by lenders declined by 36 percent in communities of color compared to increasing by 76 percent in predominantly white communities.

Chart III. Conventional Refinance Loan Denial Rates Disparities Between Communities of Color and Predominantly White Communities, 2009



As Chart IV illustrates, predominantly white neighborhoods in all areas examined saw significant increases in conventional refinance applications while communities of color saw declines, sometimes dramatic, in applications for conventional refinance loans. For example, in Los Angeles, conventional refinance applications in predominantly white communities increased by 157.8 percent between 2008 and 2009, yet applications declined by 34.1 percent in areas greater than 80 percent people of color.

Chart IV. Change in Conventional Refinance Applications Received in Communities of Color and Predominantly White Communities by Metropolitan Area, 2008 and 2009



The glaring disparities in conventional refinance loans made, denial rates, and applications received are troubling in several respects. Access to conventional refinance loans is acutely needed in neighborhoods of color, which have borne the brunt of the foreclosure crisis. The decrease in applications received – despite the unabating foreclosure crisis and historically low interest rates – indicates a possible failure by lenders to effectively market conventional refinance loans in communities of color. These potential indicators of redlining warrant regulatory investigation and appropriate enforcement.

Conclusion and Recommendations

New federal housing and finance policies currently under consideration should prioritize the credit needs of communities of color, which face new and historical barriers to credit, as well as major financial setbacks stemming from the foreclosure and financial crises. Mortgage lenders, including the country's largest banks, however, have severely curtailed access to conventional refinance loans.

Implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) and reform of the housing finance system could unintentionally create further barriers for low-income borrowers and borrowers of color seeking to buy homes or qualify for refinance loans. Proposed regulations mandate 20 percent down payments as the standard for Qualified Residential Mortgages, "safe" mortgages exempt from the securitization risk retention requirements in Dodd-Frank.[14] Many borrowers will be unable to afford a 20 percent down payment and may be relegated to more expensive mortgages as a result. Reform of the Government-Sponsored Enterprises (GSEs) may effectively stop the GSEs from buying loans made to low- and moderate-income borrowers. The FHA program, which in recent years has become an ever-larger market player, is tightening standards in ways that may disproportionately and adversely restrict lending in neighborhoods of color.[15] Federal regulators should pursue a multi-pronged approach that ensures fair credit access. They should:

Ensure access to affordable mortgage loans. As changes to the housing finance system and FHA programs are made and Dodd-Frank is implemented, regulators must ensure that the traditional vehicle for homeownership—the affordable 30-year fixed-rate mortgage—remains available and is readily accessible to low- and moderate-income borrowers, borrowers of color, and communities of color and low- and moderate-income communities. The agencies must also ensure that the new policies do not have adverse impacts on borrowers or communities of color.

Implement Dodd-Frank's Home Mortgage Disclosure Act (HMDA) data enhancements at the loan level to allow identification of possible redlining practices. In implementing Dodd-Frank's HMDA data enhancements, the new Consumer Financial Protection Bureau (CFPB) should require public disclosure of data *at the individual application and loan levels*, rather than summary or aggregated data. The authors' extensive experience with both HMDA data, which is reported at the individual loan record level, and the CRA small business lending data, which is reported in aggregated form, has underscored the indispensible role that publicly-available loan-level data play in identifying lending patterns, including by race/ethnicity and neighborhood. The CFPB should make data on loan modifications public in the HMDA data, with information provided for each mortgage servicer, and ensure accountability in the Home Affordable Modification Program (HAMP).

Expand the Community Reinvestment Act (CRA) to promote responsible lending and investment. The CRA has been effective in encouraging banks to provide sound loans, investments and services in low- and moderate-income communities, consistent with bank safety and soundness. Changes in the financial services landscape, however, have limited the CRA's overall scope and effectiveness. The CRA regulations and enforcement must be modernized to keep pace with industry practices by:

- Explicitly considering the race and ethnicity of borrowers and neighborhoods, not just income, when determining whether institutions are meeting community credit needs.

[14]Bethany, McLean, "The ABCs of QRM." Slate, February 10, 2011. Available: http://www.slate.com/id/2284673.

[15]National Community Reinvestment Coalition, "*Working Class Families Arbitrarily Blocked from Accessing to Credit: NCRC's Fair Lending Investigation of Credit Score Restrictions by Federal Housing Administration-Approved Lenders*." December 2010.

- Extending banks' CRA assessment areas beyond brick and mortar branches to all areas in which they are conducting business.

- Requiring that public input plays a meaningful role in decisions on mergers and other financial expansion activities.

- Conducting rigorous CRA examinations that hold banks and their affiliates accountable for their performance in low- and moderate-income communities, and communities of color. Such examinations should include a review of the availability and use of mortgage products, including access to affordable 30-year fixed-rate mortgages.

Federal and state regulators must hold lenders accountable and require affordable loan modifications for struggling homeowners. The 50 State Attorneys General, which are in the process of negotiating a settlement agreement with the country's five largest mortgage servicers, should insist upon a strong settlement that requires mortgage servicers and lenders to enter into affordable loan modifications, including principal write-downs, that keep homeowners in their homes.

Prioritize fair lending enforcement. The new Consumer Financial Protection Bureau, the Department of Justice, and other federal regulators must engage in meaningful fair lending enforcement and vigorously investigate fair lending violations by banks, including in their loan modification programs.

Boston

Table 1) Change in Refinance Originations by Loan Type and Neighborhood Racial/Ethnic Composition, 2008 to 2009

	FHA			Conventional			Total		
Percent Non-White	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**
< 10%	1,944	5,482	182.0%	27,078	71,049	162.4%	29,022	76,531	163.7%
10% - 19%	635	1,674	163.6%	8,907	23,530	164.2%	9,542	25,204	164.1%
20% - 49%	601	1,392	131.6%	5,017	10,577	110.8%	5,618	11,969	113.0%
50% - 79%	225	439	95.1%	1,084	1,953	80.2%	1,309	2,392	82.7%
80% - 100%	102	203	99.0%	399	448	12.3%	501	651	29.9%
NA	0	0	0.0%	0	0	0.0%	0	0	0.0%
Grand Total	3,507	9,190	162.0%	42,485	107,557	153.2%	45,992	116,747	153.8%

Table 2) Change in Level of Applications for Refinance Lending by Loan Type and Race/Ethnic Composition of Community, 2008 to 2009

	FHA			Conventional		
Percent Non-White	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**
< 10%	4,360	10,002	129.4%	44,169	99,242	124.7%
10% - 19%	1,565	3,234	106.6%	15,172	33,519	120.9%
20% - 49%	1,562	2,830	81.2%	10,209	17,102	67.5%
50% - 79%	639	934	46.2%	2,608	3,383	29.7%
80% - 100%	371	524	41.2%	1,341	1,085	-19.1%
Grand Total	8,497	17,524	106.2%	73,499	154,331	110.0%

Table 3) Action Taken for Applications for Conventional Refinance Loans by Race/Ethnic Composition of Community, 2009

	Action						
Percent Non-White	**Originated**	**Approved Not Accepted**	**Denied**	**Withdrawn**	**Incomplete**	**Total**	**Denial Rate**
< 10%	71,049	4,173	11,639	9,426	2,955	99,242	11.7%
10% - 19%	23,530	1,486	4,195	3,218	1,090	33,519	12.5%
20% - 49%	10,577	843	3,092	1,892	698	17,102	18.1%
50% - 79%	1,953	162	742	394	132	3,383	21.9%
80% - 100%	448	45	379	156	57	1,085	34.9%
Grand Total	107,557	6,709	20,047	15,086	4,932	154,331	13.0%

Note: "Boston" is the Boston metropolitan area as defined by the federal government in 2003. This area consists of Essex, Middlesex, Norfolk, Plymouth, and Suffolk Counties.

Charlotte

Table 1) Change in Refinance Originations by Loan Type and Neighborhood Racial/Ethnic Composition, 2008 to 2009

	FHA			Conventional			Total		
Percent Non-White	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**
< 10%	822	1,312	59.6%	6,360	13,071	105.5%	7,226	14,625	102.4%
10% - 19%	1,718	2,667	55.2%	7,746	14,171	82.9%	9,551	17,221	80.3%
20% - 49%	1,500	2,257	50.5%	4,239	6,128	44.6%	5,827	8,729	49.8%
50% - 79%	495	576	16.4%	1,059	1,046	-1.2%	1,574	1,691	7.4%
80% - 100%	97	129	33.0%	285	247	-13.3%	386	389	0.8%
NA	1	0	-100.0%	1	0	-100.0%	2	0	-100.0%
Grand Total	4,633	6,941	49.8%	19,690	34,663	76.0%	24,566	42,655	73.6%

Table 2) Change in Level of Applications for Refinance Lending by Loan and Race/Ethnic Composition of Community, 2008 to 2009

	FHA			Conventional		
Percent Non-White	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**
< 10%	1,952	2,776	42.2%	11,175	19,297	72.7%
10% - 19%	3,865	5,499	42.3%	14,734	21,966	49.1%
20% - 49%	3,677	5,073	38.0%	10,119	10,890	7.6%
50% - 79%	1,266	1,460	15.3%	3,053	2,290	-25.0%
80% - 100%	326	415	27.3%	1,005	682	-32.1%
NA	1	1	0.0%	1	5	400.0%
Grand Total	11,087	15,224	37.3%	40,087	55,130	37.5%

Table 3) Action Taken for Applications for Conventional Refinance Loans by Race/Ethnic Composition of Community, 2009

	Action						
Percent Non-White	**Originated**	**Approved Not Accepted**	**Denied**	**Withdrawn**	**Incomplete**	**Total**	**Denial Rate**
<10	13,071	831	2,903	1,958	534	19,297	15.0%
10 to 20	14,171	941	3,831	2,378	645	21,966	17.4%
20 to 49 percent	6,128	492	2,488	1,324	443	10,890	22.9%
50 to 80	1,046	98	723	329	109	2,290	31.4%
80 plus	247	22	274	94	45	682	40.2%
NA	0	1	0	4	0	5	0.0%
Grand Total	34,663	2,385	10,219	6,087	1,776	55,130	18.5%

Note: "Charlotte" is the Charlotte-Gastonia-Concord N.C.-S.C. Metropolitan Statistical Area as defined by the federal government in 2003. This area consists of five counties in N.C. (Anson, Cabarrus, Gaston, Mecklenburg, & Union plus York County in S.C.

Chicago

Table 1) Change in Refinance Originations by Loan Type and Neighborhood Racial/Ethnic Composition, 2008 to 2009

	FHA			Conventional			Total		
Percent Non-White	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**
< 10%	3,236	6,123	89.2%	27,599	55,749	102%	30,835	61,872	100.7%
10% - 19%	3,709	6,712	81.0%	28,973	51,957	79.3%	32,682	58,669	79.5%
20% - 49%	5,297	8,180	54.4%	29,308	44,232	50.9%	34,605	52,412	51.5%
50% - 79%	2,620	3,475	32.6%	10,835	12,114	11.8%	13,455	15,589	15.9%
80% - 100%	3,884	4,331	11.5%	6,961	4,109	-41.0%	10,845	8,440	-22.2%
NA	0	0	n/a	1	3	200%	1	3	200%
Grand Total	18,746	28,821	53.7%	103,677	168,164	62.2%	122,423	196,985	60.9%

Table 2) Change in Level of Applications for Refinance Lending by Loan Type and Race/Ethnic Composition of Community, 2008 to 2009

	FHA			Conventional		
Percent Non-White	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**
< 10%	6,073	10,655	75.4%	46,945	80,043	70.5%
10% - 19%	7,369	11,722	59.1%	50,835	76,792	51.1%
20% - 49%	10,813	15,096	39.6%	57,733	70,326	21.8%
50% - 79%	5,962	7,231	21.3%	24,797	22,002	-11.3%
80% - 100%	9,102	9,814	7.8%	23,645	11,267	-52.3%
NA	0	0	n/a	2	4	100%
Grand Total	39,319	54,518	38.7%	203,957	260,434	27.7%

Table 3) Action Taken for Applications for Conventional Refinance Loans by Race/Ethnic Composition of Community, 2009

	Action						
Percent Non-White	**Originated**	**Approved Not Accepted**	**Denied**	**Withdrawn**	**Incomplete**	**Total**	**Denial Rate**
< 10%	55,749	4,296	11,318	6,310	2,370	80,043	14.1%
10% - 19%	51,957	4,457	114,900	6,350	2,538	76,792	15.0%
20% - 49%	44,232	4,358	12,853	6,422	2,461	70,326	18.3%
50% - 79%	12,114	1,334	5,365	2,194	995	22,002	24.4%
80% - 100%	4,109	615	4,386	1,360	797	11,267	38.9%
NA	3	1	0	0	0	4	0.0%
Grand Total	168,164	15,061	45,412	22,636	9,161	260,434	17.4%

Note: "Chicago" consists of Cook, DuPage, Lake, Kane, McHenry, and Will Counties

Cleveland

Table 1) Change in Refinance Originations by Loan Type and Neighborhood Racial/Ethnic Composition, 2008 to 2009

	FHA			Conventional			Total		
Percent Non-White	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**
< 10%	2,238	3,775	68.7%	7,776	17,707	127.7%	10,014	21,482	114.5%
10% - 19%	473	669	41.4%	1,319	2,901	119.9%	1,792	3,570	99.2%
20% - 49%	358	469	31.0%	748	1,170	56.4%	1,106	1,639	48.2%
50% - 79%	259	251	-3.1%	304	293	-3.6%	563	544	-3.4%
80% - 100%	184	156	-15.2%	315	171	-45.7%	499	327	-34.5%
NA	0	1	0.0%	1	4		1	5	0.0%
Grand Total	3,512	5,321	51.5%	10,463	22,246	112.6%	13,975	27,567	97.3%

Table 2) Change in Level of Applications for Refinance Lending by Loan Type and Race/Ethnic Composition of Community, 2008 to 2009

	FHA			Conventional		
Percent Non-White	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**
< 10%	5,017	7,859	56.6%	17,121	27,899	63.0%
10% - 19%	1,119	1,529	36.6%	3,502	4,997	42.7%
20% - 49%	1,001	1,184	18.3%	2,597	2,345	-9.7%
50% - 79%	724	697	-3.7%	1,526	908	-40.5%
80% - 100%	661	549	-16.9%	1,906	876	-54.0%
NA	0	2	0.0%	4	9	125.0%
Grand Total	8,522	11,820	38.7%	26,656	37,034	38.9%

Table 3) Action Taken for Applications for Conventional Refinance Loans by Race/Ethnic Composition of Community, 2009

	Action						
Percent Non-White	**Originated**	**Approved Not Accepted**	**Denied**	**Withdrawn**	**Incomplete**	**Total**	**Denial Rate**
< 10%	17,707	1,412	5,187	2,518	1,075	27,899	18.6%
10% - 19%	2,901	261	1,115	476	244	4,997	22.3%
20% - 49%	1,170	157	641	261	116	2,345	27.3%
50% - 79%	293	63	388	112	52	908	42.7%
80% - 100%	171	54	526	73	52	876	60.0%
NA	4	1	4	0	0	9	44.4%
Grand Total	22,246	1,948	7,861	3,440	1,539	37,034	21.2%

Note: "Cleveland" is the Cleveland Metropolitan Statistical Area, which consists of five counties: Cuyahoga, Geauga, Lake, Loraine, and Medina.

Los Angeles

Table 1) Change in Refinance Originations by Loan Type and Neighborhood Racial/Ethnic Composition, 2008 to 2009

	FHA			Conventional			Total		
Percent Non-White	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**
< 10%	0	6	n/a	301	909	202.0%	301	915	204.0%
10% - 19%	41	331	707.3%	6,261	16,539	164.2%	6,302	16,870	167.7%
20% - 49%	445	2,822	534.2%	19,532	47,679	144.1%	19,977	50,501	152.8%
50% - 79%	524	2,617	399.4%	14,634	25,349	73.2%	15,158	27,966	84.5%
80% - 100%	724	2,909	301.8%	18,345	16,624	-9.4%	19,069	19,533	2.4%
NA	2	16	700.0%	233	170	-27.0%	235	186	-20.9%
Grand Total	1,736	8,701	401.2%	59,306	107,270	80.9%	61,042	115,971	90.0%

Table 2) Change in Level of Applications for Refinance Lending by Loan Type and Race/Ethnic Composition of Community, 2008 to 2009

	FHA			Conventional		
Percent Non-White	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**
< 10%	5	17	240.0%	561	1,446	157.8%
10% - 19%	200	825	312.5%	12,779	27,048	111.7%
20% - 49%	1,996	6,622	231.8%	42,591	76,438	79.5%
50% - 79%	2,218	6,721	203.0%	37,192	45,162	21.4%
80% - 100%	3,694	8,704	135.6%	55,425	36,528	-34.1%
NA	6	34	466.7%	140	291	107.9%
Grand Total	8,119	22,923	182.3%	148,688	186,913	25.7%

Table 3) Action Taken for Applications for Conventional Refinance Loans by Race/Ethnic Composition of Community, 2009

	Action						
Percent Non-White	**Originated**	**Approved Not Accepted**	**Denied**	**Withdrawn**	**Incomplete**	**Total**	**Denial Rate**
< 10%	909	99	243	155	40	1,446	16.8%
10% - 19%	16,539	1,784	4,808	3,075	842	27,048	17.8%
20% - 49%	47,679	5,005	12,758	8,714	2,282	76,438	16.7%
50% - 79%	25,349	3,335	9,489	5,422	1,567	45,162	21.0%
80% - 100%	16,624	2,786	10,541	4,954	1,623	36,528	28.9%
NA	170	16	63	37	5	291	21.6%
Grand Total	107,270	13,025	37,902	22,357	6,359	186,913	20.3%

Note: "Los Angeles" is defined as the metro area consisting of Los Angeles County.

New York

Table 1) Change in Refinance Originations by Loan Type and Neighborhood Racial/Ethnic Composition, 2008 to 2009

	FHA			Conventional			Total		
Percent Non-White	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**
< 10%	85	206	142.4%	1,280	2,698	110.8%	1,365	2,904	112.7%
10% - 19%	124	253	104.0%	2,867	7,690	168.2%	2,991	7,943	165.6%
20% - 49%	237	538	127.0%	4,977	11,609	133.3%	5,214	12,147	133.0%
50% - 79%	268	362	35.1%	2,147	3,502	63.1%	2,415	3,864	60.0%
80% - 100%	1,363	2,038	49.5%	5,175	4,445	-14.1%	6,538	6,483	-0.8%
Grand Total	2,077	3,397	63.6%	16,446	29,944	82.1%	18,523	33,341	80.0%

Table 2) Change in Level of Applications for Refinance Lendinb by Loan Type and Race/Ethnic Composition of Community, 2008 to 2009

	FHA			Conventional		
Percent Non-White	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**
< 10%	309	617	99.7%	3,120	5,566	78.4%
10% - 19%	459	876	90.8%	6,284	13,918	121.5%
20% - 49%	955	1,777	86.1%	12,179	23,688	94.5%
50% - 79%	819	1,273	55.4%	6,567	8,282	26.1%
80% - 100%	4,340	5,989	38.0%	19,929	14,534	-27.1%
Grand Total	8,890	12,541	41.1%	48,079	65,988	37.2%

Table 3) Action Taken for Applications for Conventional Refinance Loans by Race/Ethnic Composition of Community, 2009

	Action						
Percent Non-White	**Originated**	**Approved Not Accepted**	**Denied**	**Withdrawn**	**Incomplete**	**Total**	**Denial Rate**
< 10%	2,698	427	1,356	805	280	5,566	24.4%
10% - 19%	7,690	996	3,087	1,498	647	13,918	22.2%
20% - 49%	11,609	1,789	6,055	2,901	1,334	23,688	25.6%
50% - 79%	3,502	615	2,555	1,050	560	8,282	30.9%
80% - 100%	4,445	1,141	5,788	2,019	1,141	14,534	39.8%
Grand Total	29,944	4,968	18,841	8,273	3,962	65,988	28.6%

Note: "New York City" consists of the following counties: Bronx, Kings (Brooklyn), New York (Manhattan), Queens and Richmond (Staten Island).

Rochester

Table 1) Change in Refinance Originations by Loan Type and Neighborhood Racial/Ethnic Composition, 2008 to 2009

	FHA			Convential			Total		
Percent Non-White	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**
< 10%	722	1,143	58.3%	2,621	6,038	130.4%	3,343	7,181	114.8%
10% - 19%	235	388	65.1%	688	1,585	130.4%	923	1,973	113.8%
20% - 49%	90	135	50.0%	169	221	30.8%	259	356	37.5%
50% - 79%	40	69	72.5%	67	88	31.3%	107	157	46.7%
80% - 100%	15	18	20.0%	35	19	-45.7%	50	37	-26.0%
Grand Total	1,102	1,753	59.1%	3,580	7,951	122.1%	4,682	9,704	107.3%

Table 2a) Change in Level of Applications for Refinance Lending by Loan Type and Race/Ethnic Composition of Community, 2008 to 2009

	FHA			Coventional		
Percent Non-White	**2008**	**2009**	**Change**	**2008**	**2009**	**Change**
< 10%	1,831	2,683	46.5%	6,670	9,436	41.5%
10% - 19%	589	898	52.5%	2,022	2,645	30.8%
20% - 49%	260	290	11.5%	683	486	-28.8%
50% - 79%	146	149	2.1%	428	228	-46.7%
80% - 100%	78	62	-20.5%	266	102	-61.7%
Grand Total	2,904	4,082	40.6%	10,069	12,897	28.1%

Table 3) Action Taken for Applications for Conventional Refinance Loans by Race/Ethnic Composition of Community, 2009

	Action						
Percent Non-White	**Originated**	**Approved Not Accepted**	**Denied**	**Withdrawn**	**Incomplete**	**Total**	**Denial Rate**
< 10%	6,038	507	1,472	1,023	396	9,436	15.6%
10% - 19%	1,585	168	420	346	126	2,645	15.9%
20% - 49%	221	29	130	69	37	486	26.7%
50% - 79%	88	20	80	23	17	228	35.1%
80% - 100%	19	8	59	8	8	102	57.8%
Grand Total	7,951	732	2,161	1,469	584	12,897	16.8%

Note: "Rochester" is the Rochester NY Metropolitan Statistical Area as defined by the federal government in 2003.
The area consists of five counties: Livingston, Monroe, Ontario, Orleans and Wayne.

All

Table 1) 7-city sum Counts of Refinance Originations by Loan Type and Neighborhood Racial/Ethnic Composition, 2008 to 2009

	FHA		Conventional		Change	
Percent Non-White	2008	2009	2008	2009	FHA	Conventional
< 10%	9,047	18,047	73,015	167,221	99.5%	129.0%
10% - 19%	6,935	12,694	56,761	118,373	83.0%	108.5%
20% - 49%	8,528	15,793	63,990	121,616	85.2%	90.1%
50% - 79%	4,431	7,789	30,130	44,345	75.8%	47.2%
80% - 100%	6,369	9,784	31,515	26,063	53.6%	-17.3%
NA	3	17	236	177	466.7%	-25.0%
Grand Total	35,313	64,124	255,647	477,795	81.6%	86.9%

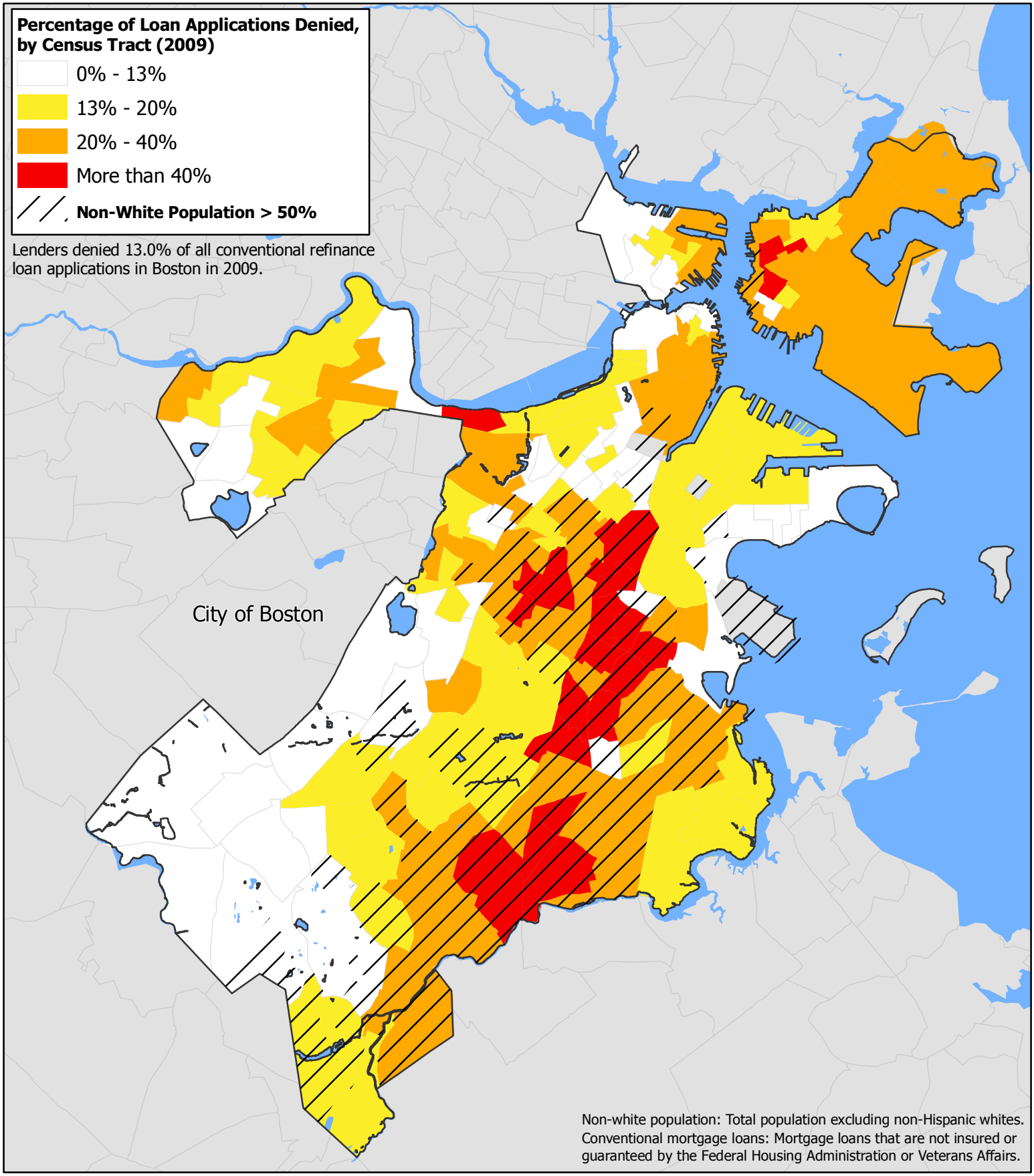
Table 2) 7-city Denial Rates for Refinance Lending by Loan Type and Race/Ethnic Composition of Community, 2008 to 2009

	FHA			Conventional		
Precent Non-White	Denials	Completed Applications	Denial Rate	Denials	Completed Applications	Denial Rate
< 10%	8,255	33,925	24.3%	34,118	242,929	14.0%
10% - 19%	5,846	24,377	24.0%	28,946	180,885	16.0%
20% - 49%	8,438	32,811	25.7%	38,017	201,275	18.9%
50% - 79%	5,446	18,435	29.5%	19,342	82,255	23.5%
80% - 100%	8,592	26,046	33.0%	21,953	65,074	33.7%
NA	0	3	0.0%	67	309	21.7%
ALL	36,577	135,597	27.0%	142,443	772,727	18.4%

Table 3) 7-City Sums of Actions Taken for Applications for Conventional Refinance Loans by Race/Ethnic Composition of Community, 2009

Percent Non-White	Originated	Approved Not Accepted	Denied	Withdrawn	Incomplete	Total	Denial Rate
<10	167,221	11,745	34,118	22,195	7,650	75,708	14.0%
10 to 20	118,373	10,093	132,356	17,341	6,132	62,512	46.6%
20 to 49 percent	121,616	12,673	38,017	21,583	7,371	79,644	18.9%
50 to 80	44,345	5,627	19,342	9,524	3,432	37,925	23.5%
80 plus	26,063	4,671	21,953	8,664	3,723	39,011	33.7%
NA	177	19	67	41	5	132	21.7%
Grand Total	477,795	44,828	245,853	79,348	28,313	294,932	28.1%

Boston, MA
Conventional Refinance Loans: Applications Denied



Sources: 2009 HMDA data, compiled by Massachusetts Affordable Housing Alliance; 2010 Census data

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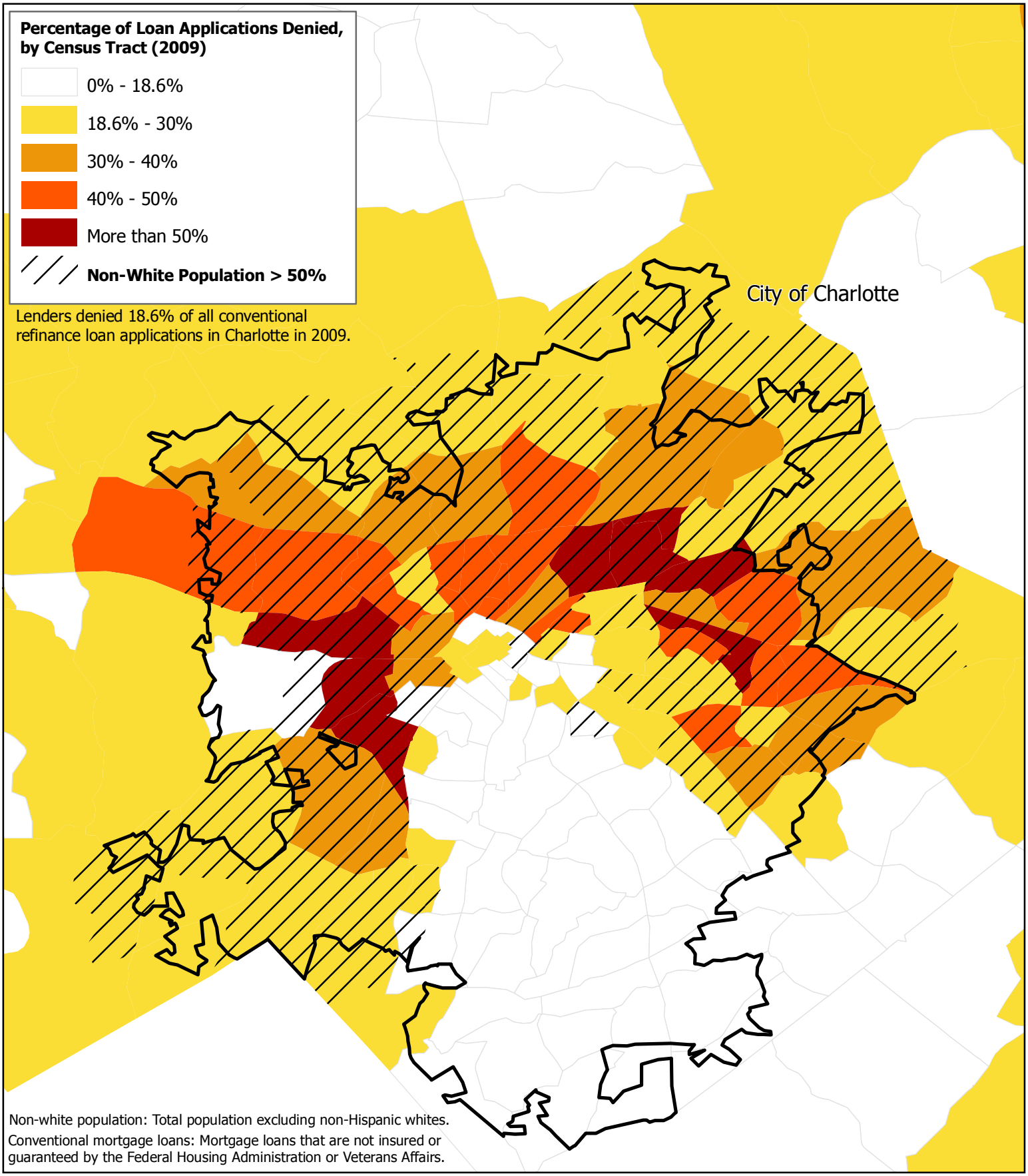
Charlotte, NC
Conventional Refinance Loans: Applications Denied



Sources: 2009 HMDA data, compiled by CRA-NC; 2010 Census data

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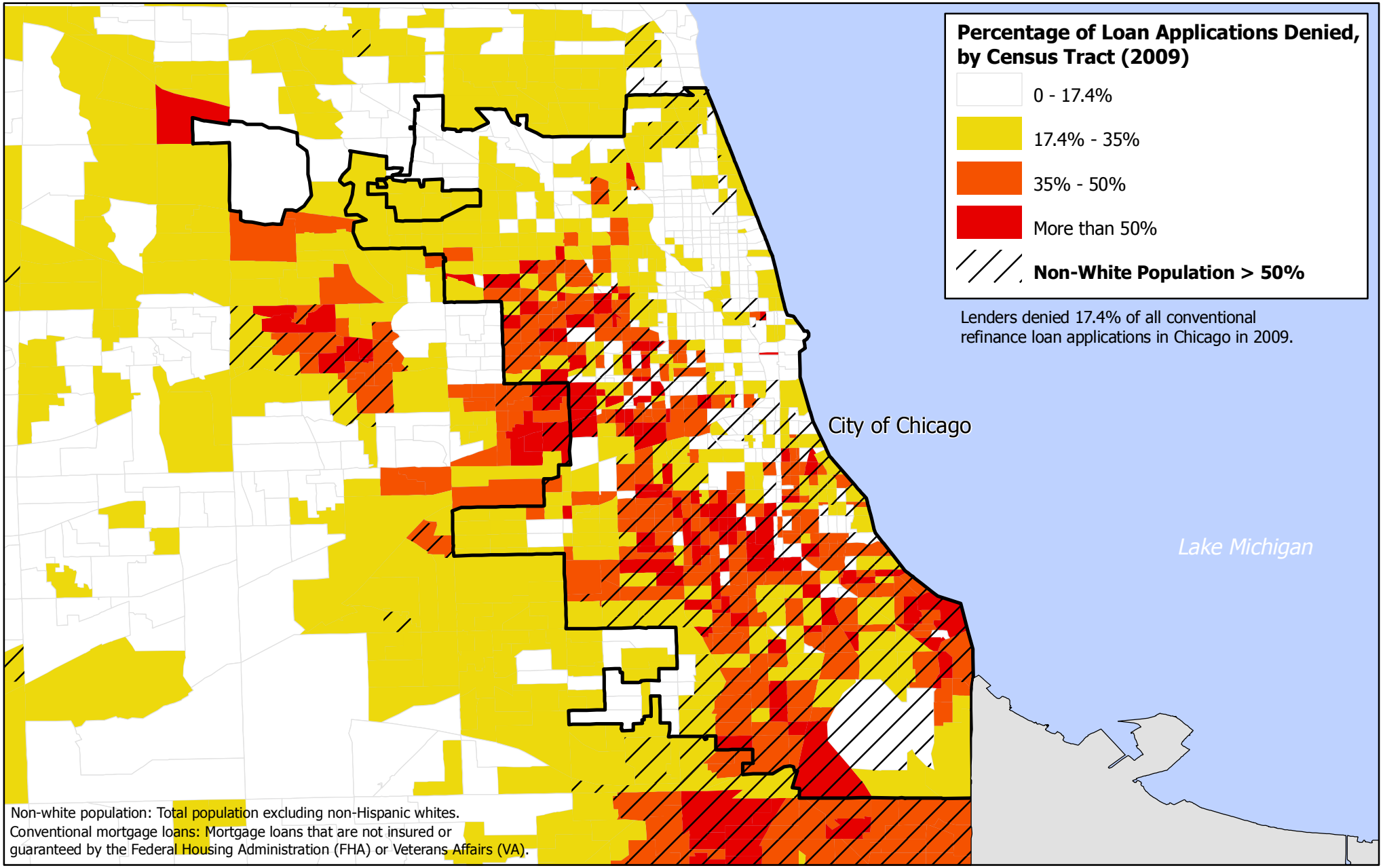
Chicago, IL
Conventional Refinance Loans: Applications Denied



Non-white population: Total population excluding non-Hispanic whites.
Conventional mortgage loans: Mortgage loans that are not insured or guaranteed by the Federal Housing Administration (FHA) or Veterans Affairs (VA).

Sources: 2009 HMDA data, compiled by Woodstock Institute; 2010 Census data

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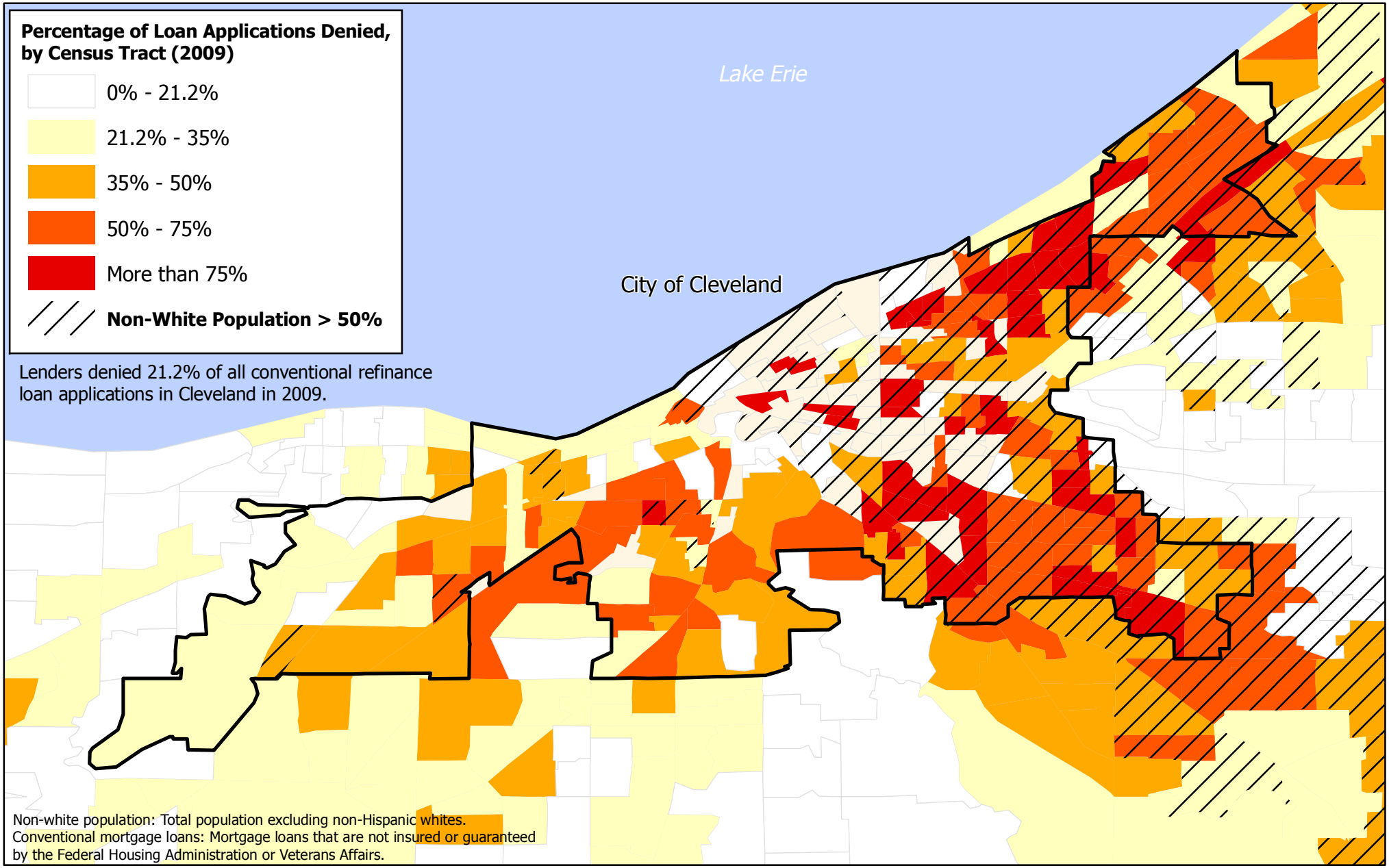
Cleveland, OH
Conventional Refinance Loans: Applications Denied



Sources: 2009 HMDA data, compiled by Woodstock Institute; 2010 Census data

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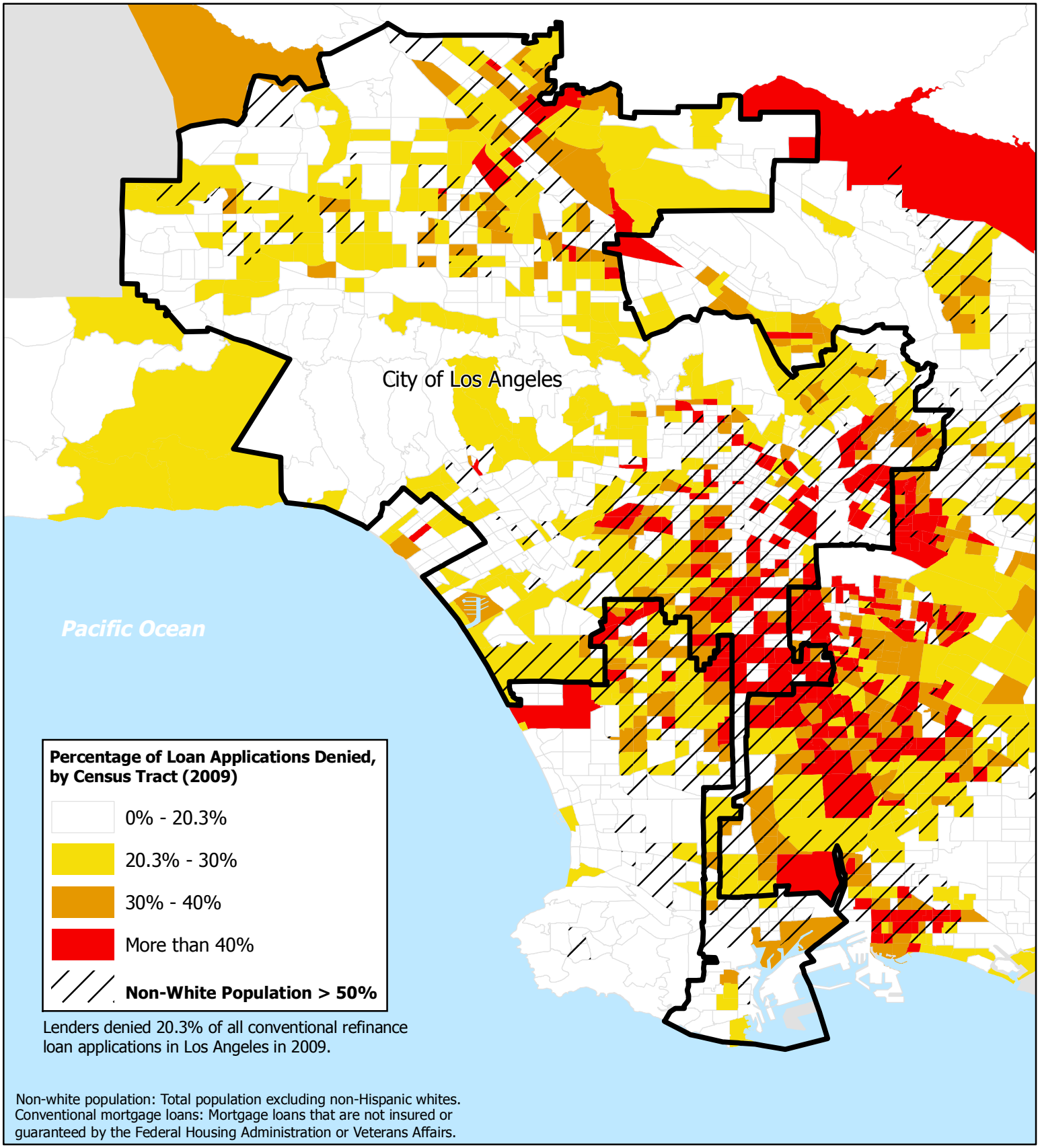
Los Angeles, CA
Conventional Refinance Loans: Applications Denied



Lenders denied 20.3% of all conventional refinance loan applications in Los Angeles in 2009.

Non-white population: Total population excluding non-Hispanic whites.
Conventional mortgage loans: Mortgage loans that are not insured or guaranteed by the Federal Housing Administration or Veterans Affairs.

Sources: 2009 HMDA data, compiled by California Reinvestment Coalition; 2010 Census data

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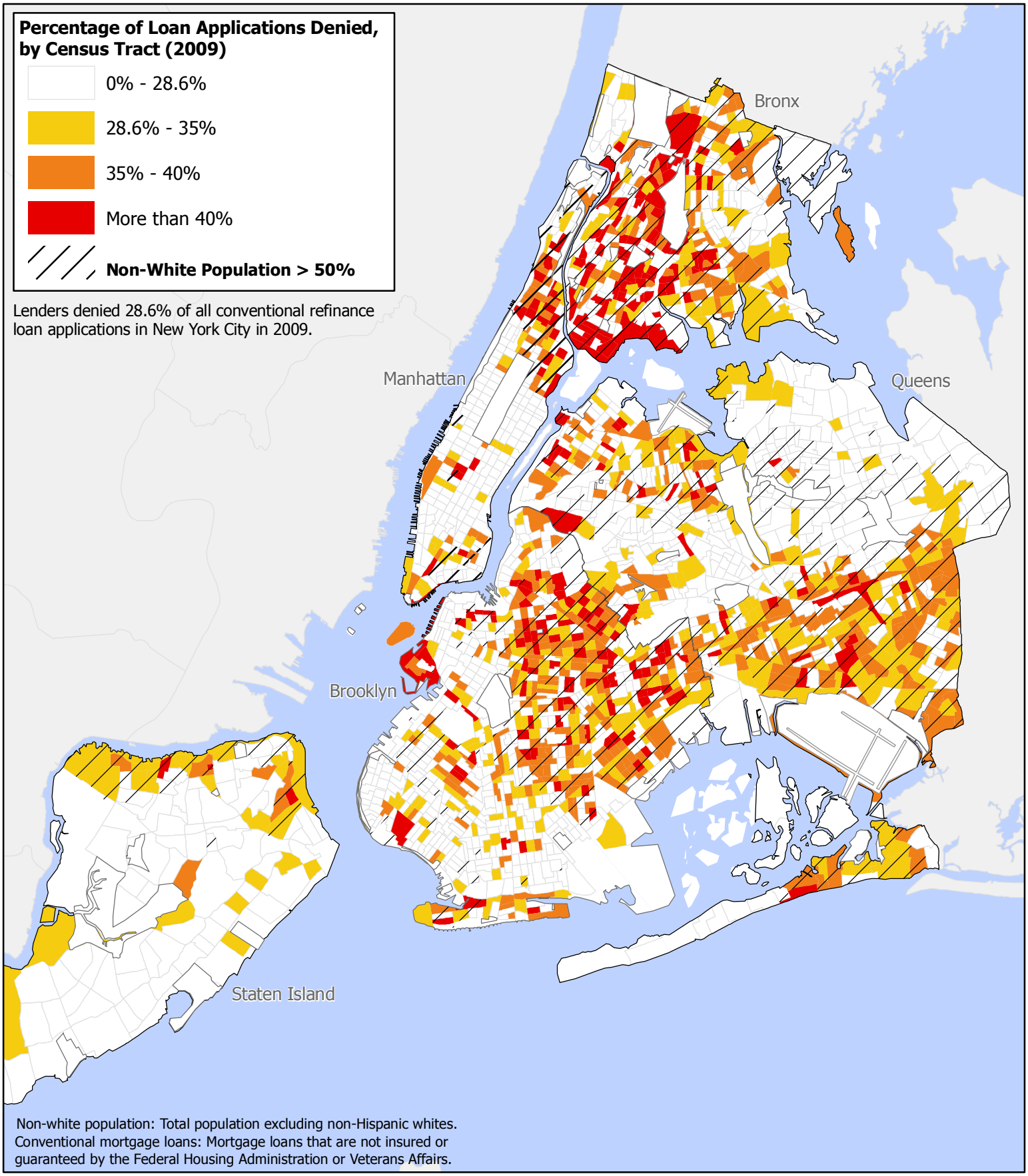
New York, NY
Conventional Refinance Loans: Applications Denied



Non-white population: Total population excluding non-Hispanic whites.
Conventional mortgage loans: Mortgage loans that are not insured or guaranteed by the Federal Housing Administration or Veterans Affairs.

Sources: 2009 HMDA data; 2010 Census data

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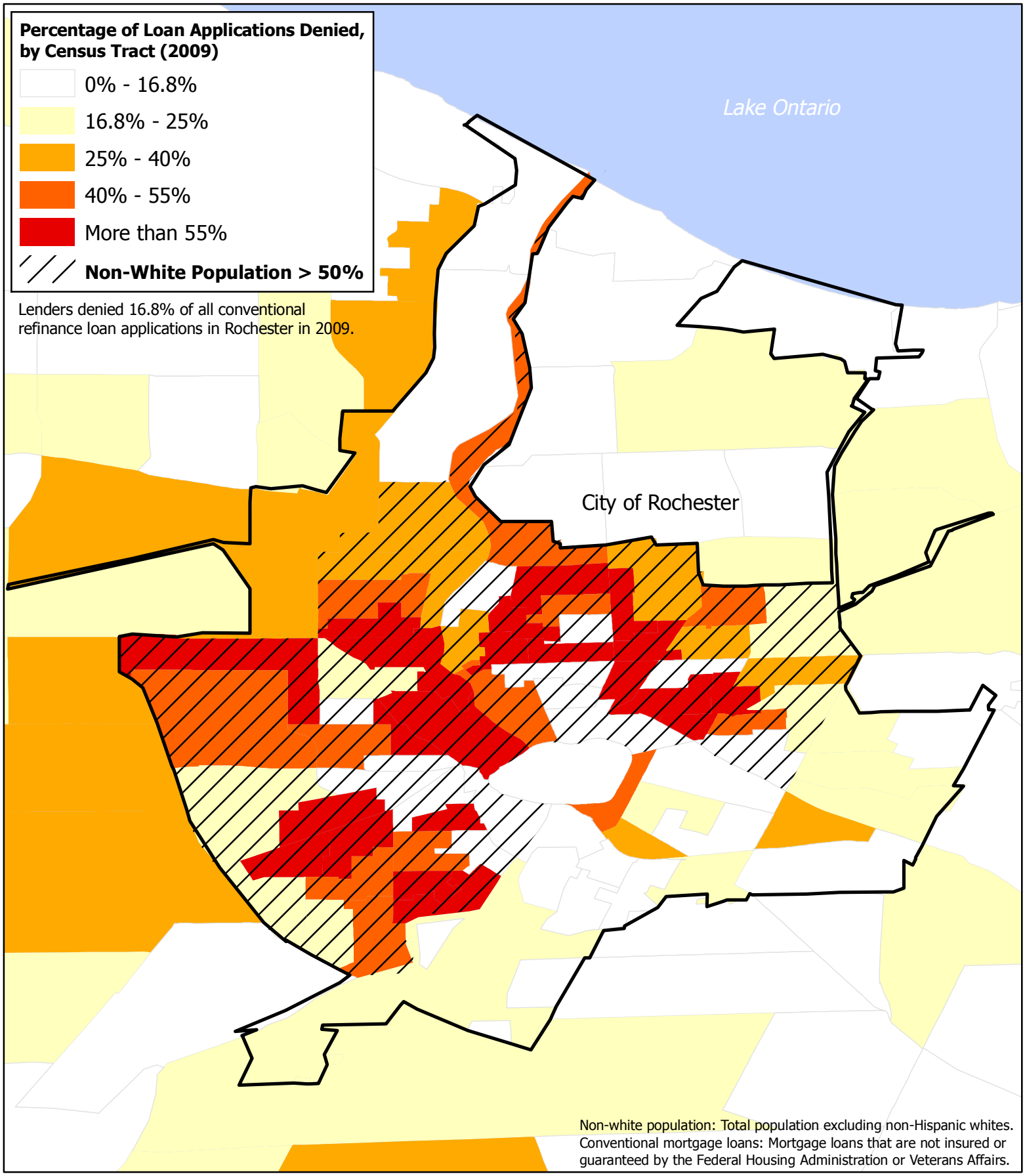
Rochester, NY
Conventional Refinance Loans: Applications Denied



Sources: 2009 HMDA data, compiled by Empire Justice Center; 2010 Census data

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