The 2004 Fair Lending Disparities: Stubborn and Persistent

April 2005
National Community Reinvestment Coalition
727 15th St. NW, Suite 900
Washington, DC 20005
(202) 628-8866
http://www.ncrc.org

The National Community Reinvestment Coalition

The National Community Reinvestment Coalition (NCRC) is the nation's trade association for economic justice whose members consist of local community based organizations. Since its inception in 1990, NCRC has spearheaded the economic justice movement. NCRC's mission is to build wealth in traditionally underserved communities and bring low- and moderate-income populations across the country into the financial mainstream. NCRC members have constituents in every state in America, in both rural and urban areas.

The Board of Directors would like to express their appreciation to the NCRC professional staff who contributed to this publication and serve as a resource to all of us in the public and private sector who are committed to responsible lending. For more information, please contact:

John Taylor, President and CEO
David Berenbaum, Executive Vice President - Program
Joshua Silver, Vice President, Policy and Research
Noelle Melton, Research & Policy Analyst

We would also like to thank our contractor, the KRA Corporation, for their timely and tireless work on this project.

Abstract

NCRC's survey of 15 large lending institutions includes a substantial share of the total lending market for 2004, perhaps up to one fourth of the loans reported by institutions in HMDA (Home Mortgage Disclosure Act) data. The previous HMDA data for 2003 revealed that lending institutions issued 2 million conventional subprime loans and 17 million prime loans. Our sample using the 2004 data includes 4.6 million prime and 649,000 subprime conventional loans.

Minorities, women, and low- and moderate-income borrowers across the United States of America receive a disproportionate amount of high cost loans. Across the country, African-Americans received 18 percent of the conventional subprime loans but only 6 percent of the conventional prime loans during 2004. In contrast, whites received a greater percentage of prime than subprime loans. Whites received 55.3 percent and 66.4 of the subprime and prime loans, respectively. Disparities are also present by gender. Females received 36.8 percent of the subprime conventional loans but just 28 percent of the prime conventional loans in NCRC's sample of 2004 loans. Males, in contrast, received a higher percentage of prime loans (67.5 percent) than subprime loans (59.8 percent).

Of all the conventional loans made to low- and moderate-income and middle-income borrowers, between 18 to 21 percent were subprime. In contrast, of all the conventional loans made to upper-income borrowers, just 9.6 percent were subprime. The disparities by income level were among the greatest disparities only to be surpassed by the African-American/white disparity. Of all the conventional loans made to African-Americans, 29.4 percent were subprime. In contrast, of all the conventional loans issued to whites, only 10.4 percent were subprime. Hispanics and Native Americans also received a disproportionate amount of subprime loans. About 15 percent and 13.6 percent of the conventional loans made to Hispanics and Native Americans, respectively, were subprime loans.

Similar disparities were found when analyzing refinance, home purchase, and home improvement lending separately. Large disparities were also found in manufactured housing and subordinate lien loans. For example, of all the manufactured housing loans made to African-Americans, a high 52.6 percent were subprime. Manufactured housing lending is disproportionately high cost lending; even 32.7 percent of manufactured housing loans received by whites in NCRC's 2004 sample were subprime.

Table of Contents

Acknowledgements	p. 2
Abstract	p. 3
Executive Summary	pp. 5 – 10
Findings	pp. 11 – 15
Specifications for Data Analysis	pp. 15 – 17
Recommendations	pp. 17 – 21
Affiliates of Lenders	pp. 21 – 28
Appendix – Tables 1 through 8	p. 29

The 2004 Fair Lending Disparities: Stubborn and Persistent

Executive Summary

The new fair lending disparities look remarkably like the old. Minorities, women, and low- and moderate-income borrowers across the United States of America receive a disproportionate amount of high cost loans. For the first time, the new Home Mortgage Disclosure Act data (HMDA) for the year 2004 contains information on pricing for high cost loans. In previous years, the general public had to rely on a list of subprime lenders from the Department of Housing and Urban Development (HUD) in order to determine patterns of high cost lending. This year, the data has more precision. Yet, the fact remains that fair lending disparities by race, gender, and income remain stubborn and persistent.

Prime loans are loans made at prevailing interest rates to borrowers with good credit histories. Subprime loans, in contrast, are loans with rates higher than prevailing rates made to borrowers with credit blemishes. The higher rates compensate lenders for the added risks of lending to borrowers with credit blemishes. While responsible subprime lending serves credit needs, public policy concerns arise when certain groups in the population receive a disproportionate amount of subprime loans. When subprime lending crowds out prime lending in traditionally underserved communities, price discrimination and other predatory and deceptive practices become more likely as residents face fewer product choices. In this report, we consider subprime loans as those with price information reported since the federal government estimates that the loans with price information are the vast majority of subprime loans.[1]

NCRC's survey of 15 large lending institutions for 2004 includes a substantial share of the total lending market, perhaps up to one fourth of the loans reported by institutions in HMDA data. The 2003 HMDA data revealed that lending institutions issued 2 million conventional subprime loans and 17 million prime loans. Our sample, using the 2004 data, includes 4.6 million prime and 649,000 subprime conventional loans. The distribution of prime and subprime lending is also remarkably similar over the two years. In 2003, about 10.7 percent of conventional single family loans were subprime. Our sample shows that 12.2 percent of the loans reported price information or were considered subprime for 2004. Based on a few key comparisons, NCRC believes that HUD's list of subprime lenders did a good job describing overall patterns of the subprime market and that analyses of previous years' data using HUD's list will find patterns consistent with the new 2004 HMDA data.[2]

Across the country, African-Americans received 18 percent of the conventional subprime loans but only 6 percent of the conventional prime loans during 2004. In contrast, whites

[1] Agencies Announce Answers to Frequently Asked Questions About the New HMDA Data, March 31, 2005, NR 2005-37, see http://www.occ.gov

[2] HUD refines its lists on an annual basis. HUD's web page (http://www.huduser.org/datasets/manu.html) has more information about the lists and has copies of the lists.

received a greater percentage of prime than subprime loans. Whites received 55.3 percent and 66.4 of the subprime and prime loans, respectively. Disparities are also present by gender. Females received 36.8 percent of the subprime conventional loans but just 28 percent of the prime conventional loans in NCRC's sample of 2004 loans. Males, in contrast, received a higher percentage of prime loans (67.5 percent) than subprime loans (59.8 percent).

Of all the conventional loans made to low- and moderate-income and middle-income borrowers, between 18 to 21 percent were subprime. In contrast, of all the conventional loans made to upper-income borrowers, just 9.6 percent were subprime. The disparities by income level were among the greatest disparities only to be surpassed by the African-American/white disparity. Of all the conventional loans made to African-Americans, 29.4 percent were subprime. In contrast, of all the conventional loans issued to whites, only 10.4 percent were subprime. Hispanics and Native Americans also received a disproportionate amount of subprime loans. About 15 percent and 13.6 percent of the conventional loans made to Hispanics and Native Americans, respectively, were subprime loans.

Similar disparities were found when analyzing refinance, home purchase, and home improvement lending separately. Large disparities were also found in manufactured housing and subordinate lien loans. For example, of all the manufactured housing loans made to African-Americans, a high 52.6 percent were subprime. Manufactured housing lending is disproportionately high cost lending; even 32.7 percent of manufactured housing loans received by whites in NCRC's 2004 sample were subprime.

Again, it is noteworthy how key disparities are similar in 2004 and 2003 although the racial categories and other elements of the HMDA data changed during the two years. In 2003, for example, NCRC used CRA Wiz, produced by PCI Services, to calculate that 28 percent of all the conventional loans received by African-Americans were subprime. In 2004, our sample revealed that 29 percent of all conventional loans received by African-Americans were subprime.

Much has already been written about how the new HMDA data, by itself, cannot prove the existence of discrimination. Observers, including the federal banking agencies, note that HMDA data omits key underwriting variables including borrower creditworthiness, loan-to-value ratios, and debt-to-income ratios. NCRC and our 600 member organizations had advocated for the inclusion of these data elements so that HMDA data would be most useful for identifying the complete causes of pricing disparities. But the absence of the key underwriting variables does not reduce the data to little value. The regulatory agencies themselves note that the new price data is a "useful screen, previously unavailable, to identify lenders, products, applicants, and geographic markets where price differences among racial or other groups are sufficiently large to warrant further investigation."[3]

---

[3] See Answers to Frequently Asked Questions about HMDA Data, p. 5.

NCRC will be one of the stakeholders using the new HMDA data to conduct further investigations and pursue enforcement options when warranted. In the meantime, the presence of disparities means that all stakeholders (responsible lenders, community organizations, and public officials) have our work cut out for us in increasing access to affordable loans for traditionally underserved populations.

No stakeholder can be complacent. The fact that the new 2004 data shows similar disparities to earlier years suggests that after controlling for creditworthiness and other key underwriting variables, discrimination is a likely contributor to the disparities. In a previous report, *The Broken Credit System*, NCRC obtained creditworthiness data on a one time basis and combined it with 2001 HMDA data.[4] We found that after controlling for creditworthiness, housing characteristics, and economic conditions the number of subprime loans increased markedly in minority and elderly neighborhoods in ten large metropolitan areas. Our study revealing pricing disparities even controlling for creditworthiness was consistent with an analysis conducted by a Federal Reserve economist.[5] Since disparities with the new 2004 data remain stubborn and persistent, we believe that a good chance exists that troubling indications of discrimination will still be revealed in further studies that combine the 2004 HMDA data with other datasets containing key underwriting variables.

The lenders surveyed for this report are among the largest institutions in the country, and a number of them have significant supbrime operations. We requested data directly from the lenders before March 1. Per the HMDA regulations and statute, these lenders provided us with their data by April 1. In alphabetical order, the lenders are:

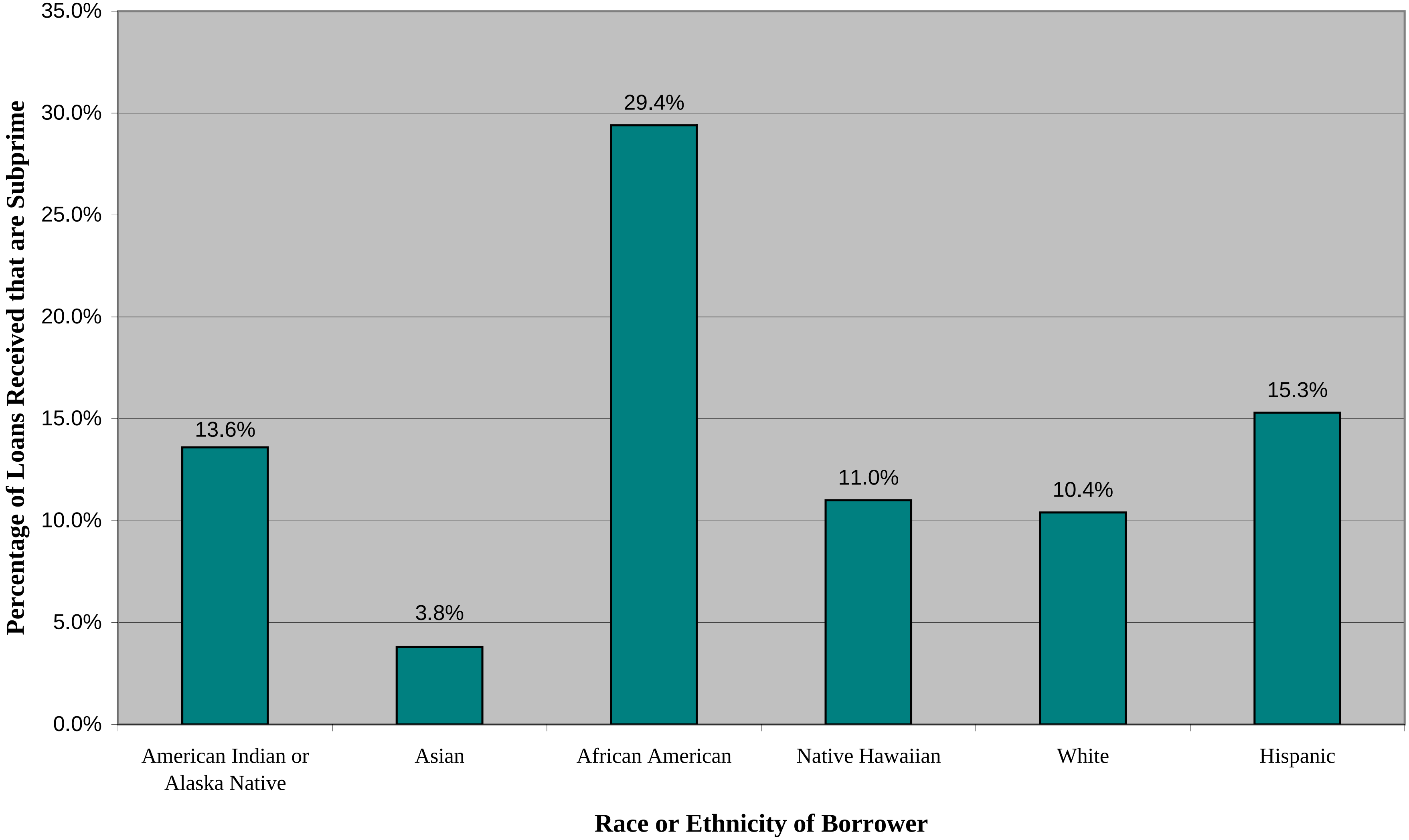
Ameriquest
Bank of America
Citigroup
Countrywide
HFC
HSBC Bank
JP Morgan Chase
Key Bank
National City
Option One
Suntrust
US Bank
Wachovia Bank
Washington Mutual
Wells Fargo

---

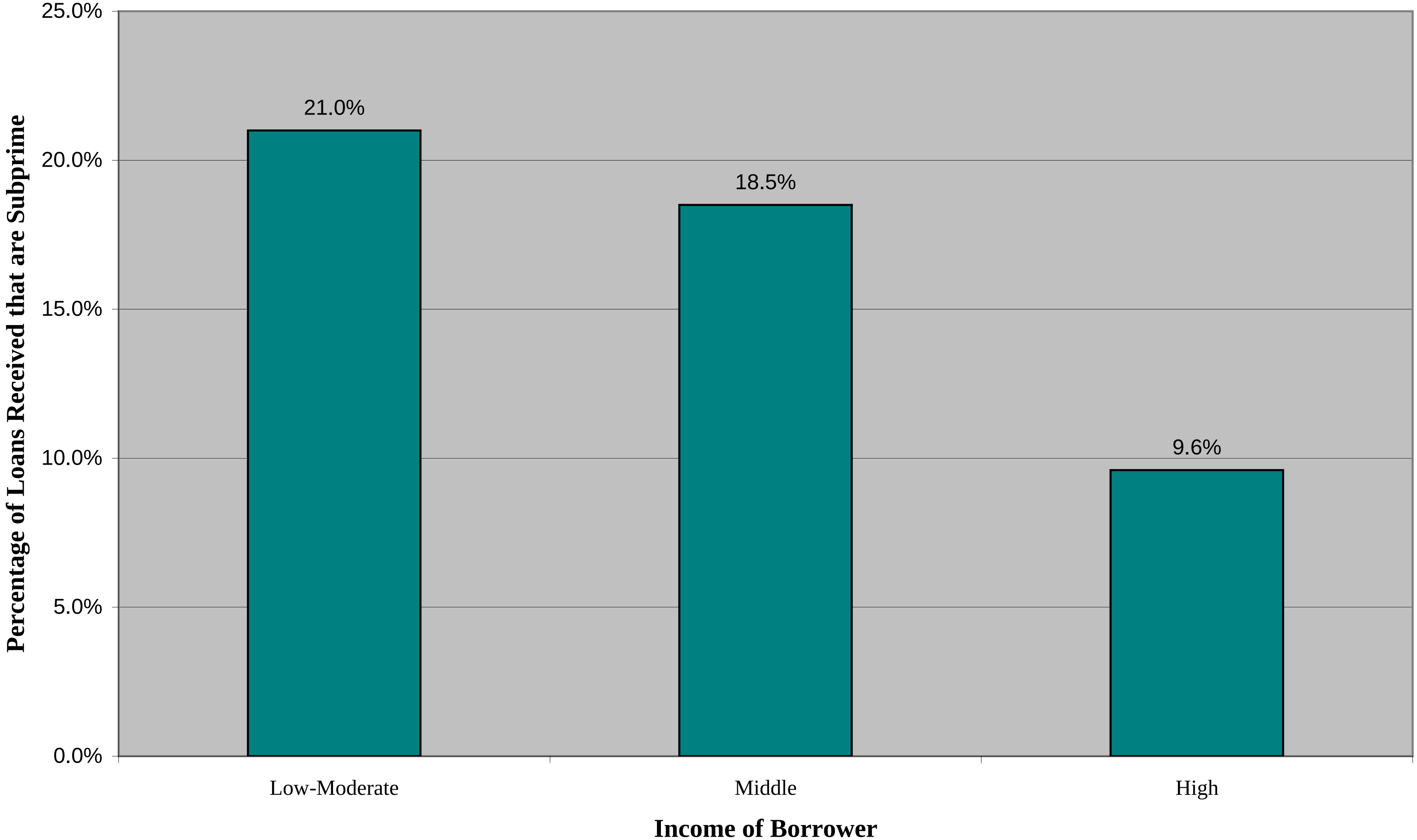
[4] Study is available on the NCRC web page of http://www.ncrc.org or via contacting us on 202-628-8866.

[5] Paul S. Calem, Kevin Gillen, and Susan Wachter, *The Neighborhood Distribution of Subprime Mortgage Lending*, October 30, 2002. See also Paul S. Calem, Jonathan E. Hershaff, and Susan M. Wachter, *Neighborhood Patterns of Subprime Lending: Evidence from Disparate Cities*, in Fannie Mae Foundation's Housing Policy Debate, Volume 15, Issue 3, 2004 pp. 603-622.

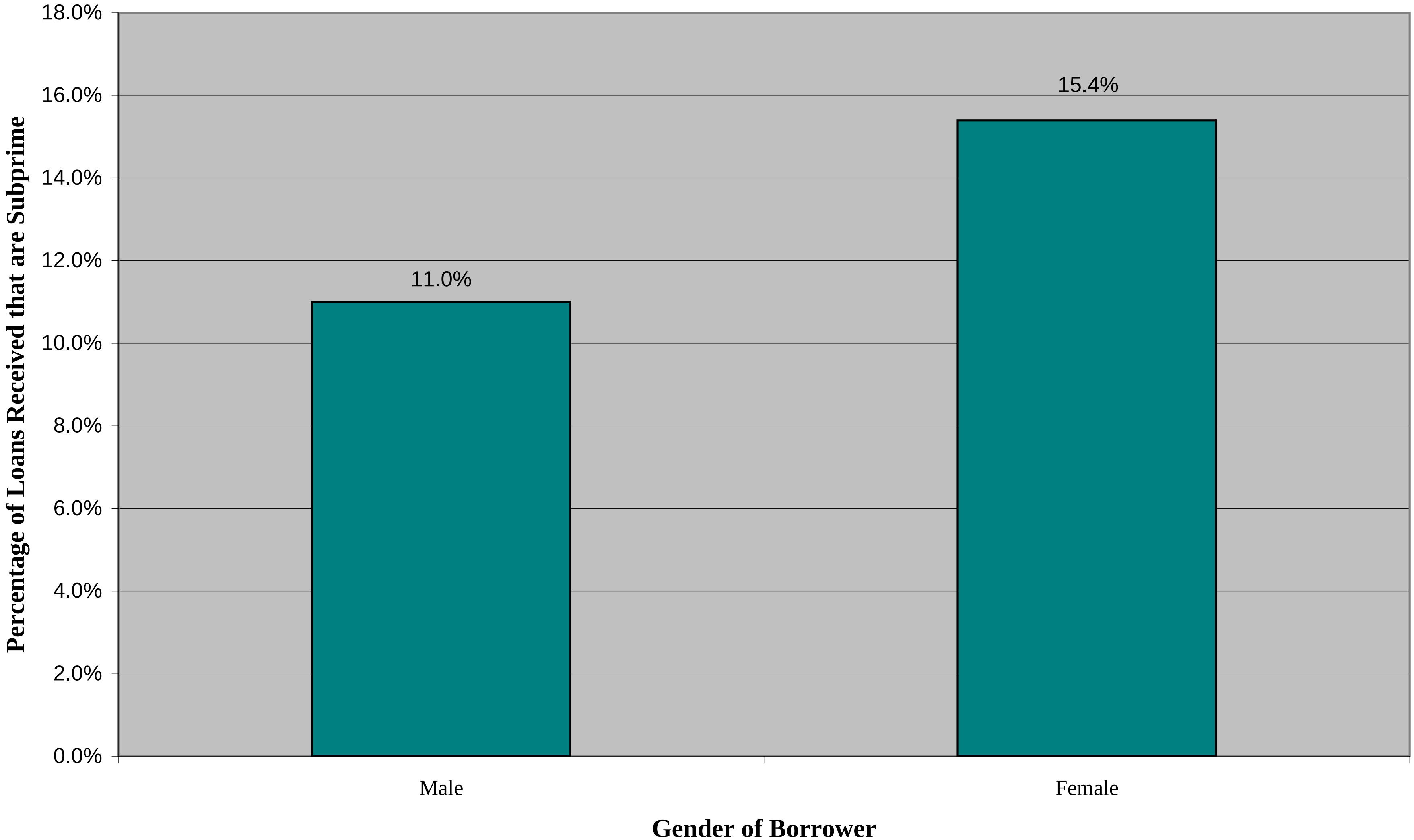
Minorities Receive Disproportionate Amount of Subprime Loans



Subprime Lending Prevalent Among Low-Income Borrowers



Women Receive Disproportionate Amount of Subprime Loans



Findings

Conventional Single Family Loans – Table 1

- When considering loans by race, the NCRC sample included 4.6 million prime conventional loans without price information and 649,000 subprime loans with price spread information. Subprime loans were 12.2 percent of the total conventional loans in the 2004 sample (see Table 1 in the appendix).

- African-Americans received 18 percent of the conventional subprime loans but only 6 percent of the conventional prime loans during 2004. In contrast, whites received a greater percentage of prime than subprime loans. Whites received 55.3 percent and 66.4 of the subprime and prime loans, respectively.

- Of all the conventional loans made to African-Americans, 29.4 percent or 116,913 were subprime. In contrast, of all the conventional loans issued to whites, only 10.4 percent were subprime. Hispanics and Native Americans also experienced more disparities than whites. Of all the conventional loans issued to Hispanics and Native Americans, 15.3 percent and 13.6 percent, respectively, were subprime. Asians received fewer subprime loans (only 3.8 percent) as a portion of total conventional loans than whites.

- Disparities are present by gender. Females received 36.8 percent of the subprime conventional loans but just 28 percent of the prime conventional loans in NCRC's sample of 2004 loans. Males, in contrast, received a higher percentage of prime loans (67.5 percent) than subprime loans (59.8 percent).

- When considering borrower income, NCRC used a national median income figure derived from a 2003 Census Bureau survey of about $43,000.[6] We then applied CRA definitions of low- and moderate-income (up to 80 percent of median income), middle-income (81 to 120 percent of median income) and upper or high income of 121 percent or greater of median income. Of all the conventional loans made to low- and moderate-income and middle-income borrowers, between 18 to 21 percent were subprime. In contrast, of all the conventional loans made to upper-income borrowers, just 9.6 percent were subprime. The disparities by income level were among the greatest disparities only to be surpassed by the Black-white disparity.

- The mean and median price spreads for subprime loans do not differ that much by race, income, or gender. The new 2004 data reports how many percentage points an Annual Percentage Rate (APR) of a first lien loan is above the rate of Treasury securities of comparable terms if the spread between the loan and Treasury

[6] Selected Characteristics of Households, by Total Money Income in 2003, Source: U.S. Census Bureau, Current Population Survey, 2004 Annual Social and Economic Supplement. http://pubdb3.census.gov/macro/032004/hhinc/new01_001.htm While we would have preferred 2004 income figures, the 2003 figure was based on the most recent Census survey we could find.

securities is 3 percentage points or more. The median spread for subprime loans varies by about 40 basis points from 3.62 for Asians on the low end to 4 for African Americans and 4 for low- and moderate-income borrowers on the high end. The more significant story is the disparity in the portion of subprime and prime loans received by different categories of borrowers than disparities in price spreads in the subprime loans. When the Federal Reserve Board (FRB) was considering pricing information in HMDA data, NCRC had urged the FRB to include price information for all loans in order to provide the fullest possible picture of price distributions for various categories of borrowers. This initial sample of HMDA data provides information to support NCRC's recommendation concerning pricing information.

Government-Insured Single Family Loans – Table 2

- The NCRC sample contained few subprime government-insured loans. Lending institutions sampled issued just 489 subprime government-insured loans while they made 314,709 prime government-insured loans when considering loan totals by race.

- A notable finding is that of the 489 subprime government-insured loans, African-Americans received 23.9 percent, a percentage much higher than any other minority group.

Conventional and Government-Insured Single Family Loans – Table 3

- The trends when combining conventional and government-insured loans are very similar to the trends when considering conventional loans by themselves due to the much greater number of conventional loans and conventional subprime loans than government-insured loans.

Conventional Refinance Single Family Loans – Table 4

- Consistent with previous research, NCRC's sample shows that refinance loans constitute the majority of subprime loans. Subprime conventional refinance loans are 401,188 or 61.8 percent of the 649,101 total subprime conventional loans in NCRC's 2004 sample.

- African-Americans received 17.3 percent of subprime refinance loans but only 6.7 percent of prime refinance loans. Whites, in contrast, received a higher percentage of prime than subprime refinance loans (66.6 percent versus 56.9 percent).

- Of the total conventional refinance loans received by African-Americans, 29 percent were subprime. In contrast, just 11.9 percent of all refinance loans were subprime for whites. Hispanics had a higher portion of subprime loans at 15.3 percent of total conventional refinance loans.

- Females received 36.9 percent of subprime refinance loans, but just 27.8 percent of prime refinance loans. In contrast, males received a higher portion of prime than subprime refinance loans (67.2 percent versus 59.3 percent).

- Of all the refinance loans made to low- and moderate-income and middle-income borrowers, between 20 to 21 percent were subprime. In contrast, just 11.1 percent of conventional refinance loans issued to upper-income borrowers were subprime.

Conventional Home Purchase Loans – Table 5

- Lenders in NCRC's 2004 sample made 210,337 conventional subprime home purchase loans and 1,975,027 conventional prime loans.

- African-Americans received 19.7 percent of subprime home purchase loans but just 4.92 percent of prime home purchase loans. Whites, in contrast, received a higher portion of prime than subprime loans (66.4 percent versus 51.8 percent). Hispanics received 17.3 percent of subprime home purchase loans and 10.8 percent of prime home purchase loans.

- Of all the home purchase loans issued to African-Americans, 29.9 percent were subprime. Only 7.7 percent of conventional home purchase loans for whites were subprime, but 14.6 percent of home purchase loans for Hispanics were subprime. Only 3.5 percent of the home purchase loans for Asians were subprime.

- Females received 36.2 percent of the subprime home purchase loans but just 28 percent of the prime home purchase loans. Males enjoyed a higher percentage of prime than subprime loans (68.1 percent versus 61.1 percent).

- Disparities by income levels are significant. Low- and moderate-income borrowers, for example, received 18 percent of subprime home purchase loans but just 7.7 percent of the prime loans. Middle-income borrowers received 28.3 percent of subprime loans but just 17 percent of prime loans. Upper or high-income borrowers received a much greater portion of prime than subprime loans (75.3 percent as opposed to 53.7 percent).

- Of all the home purchase loans made to low- and moderate-income borrowers, 19.9 percent were subprime. The comparable figures for middle- and upper-income borrowers were 15.1 percent and just 7.1 percent, respectively.

Conventional Home Improvement Loans – Table 6

- While subprime home improvement is a relatively small portion of overall conventional subprime lending, a high percentage of home improvement lending is subprime. Almost 21 percent of home improvement lending in our sample is subprime, compared with 12 percent of total conventional lending.

- African-Americans experienced significant disparities in home improvement lending. They received 16.4 percent of subprime home improvement loans but just 9.5 percent of prime home improvement loans. Of all the home improvement loans made to African-Americans, a high 31.1 percent were subprime. This compares with about 20 percent of all home improvement loans being subprime for most other racial groups of borrowers.

- Females received 39.1 percent of subprime home improvement loans, and a lower percentage (32.4 percent) of prime home improvement loans. In contrast, males received a higher percentage of prime than subprime loans. Of all the home improvement loans issued to women, 24 percent were subprime. Just 19.2 percent of all the home improvement loans made to men were subprime.

- Of all the home improvement loans made to low- and moderate-income borrowers, 27.5 were subprime. For middle- and upper-income borrowers, the figures were 26.2 percent and just 17 percent, respectively.

Manufactured Housing – Table 7

- The 2004 HMDA data has another new element in that it has a separate data code indicating if the loan was made to a borrower residing in a manufactured home as opposed to a traditional single family home. Researchers have documented that lending patterns for manufactured homes are different than for traditional single family homes. The 2004 data in this sample confirms that a much higher portion of loans for manufactured homes are high cost loans. Almost 34 percent or 22,571 of the loans for manufactured homes were subprime, in contrast to 12 percent of all conventional loans.

- Once again, African-Americans receive a disproportionate amount of manufactured housing subprime loans. Of the manufactured housing loans made to African-Americans, a high 52.6 percent were subprime. This is in sharp contrast to the 33 to 34 percent figure for most other racial groups.

- Not even low- and moderate-income borrowers receive as a high a portion of manufactured housing subprime loans as African-Americans. Of all the manufactured housing loans made to low- and moderate-income borrowers, 39.6 percent were subprime. Just 28.1 percent of the manufactured housing loans made to upper-income borrowers were subprime.

- The price spreads are higher in manufactured housing than traditional single family home loans. The APRs on manufactured housing loans are higher than 4 percentage points above Treasury rates of comparable maturities. The higher spreads are for Asians (4.6 percentage points above Treasuries), Hispanics (4.2), females (4.3), and low- and moderate-income borrowers (4.4).

Subordinate Liens – Table 8

- The Federal Reserve Board required lenders to report price information if the spread between the APR on a subordinate lien loan and Treasury securities of comparable terms was 5 percentage points or more. The median spread is around 6 for most groups of borrowers. On the high end, it is 6.5 for African-Americans, 6.4 for whites, and 6.7 for low- and moderate-income borrowers.

- Overall, median spreads do not reveal much difference in prices of subprime subordinate lien loans received by various groups of borrowers. The more significant story is the distribution of subprime subordinate lien loans among different groups of borrowers.

- Subordinate or junior lien loans are typically higher cost than first lien or first mortgage loans. The NCRC 2004 sample bears this out. Of all the subordinate lien loans issued, 36.6 percent or 197,513 were subprime in contrast to just 12.2 percent of all first lien loans.

- Almost 49 percent of the subordinate lien loans made to African-Americans and Hispanics were subprime in contrast to 33 percent for whites.

- Of all the subordinate lien loans made to females, 40.3 percent were subprime while the figure for males is 35.9 percent.

- Forty percent, 42.6 percent, and 34.7 percent of subordinate lien loans for low- and moderate-income, middle-income, and upper-income borrowers, respectively, were subprime. It is interesting that middle-income borrowers receive a slightly higher percent of subprime subordinate lien loans than low- and moderate-income borrowers.

Specifications for Data Analysis

Table 1- Conventional, Single Family

Loan Type – Conventional
Property Type – Single Family
Purpose of Loan – Home purchase, home improvement, refinancing
Owner-Occupancy – Owner, non-owner, and NA
Action Taken – Loan originated only
Lien Status – Secured by first lien only.

Table 2 – Government Insured, Single Family

Loan Type – FHA, VA, FSA (All government insured loans)
Property Type – Single Family
Purpose of Loan – Home purchase, home improvement, refinancing
Owner-Occupancy – owner, non-owner, and NA
Action Taken – Loan originated only
Lien Status – Secured by first lien only

Table 3 – Conventional and Government Insured, Single Family

Loan Type – Conventional and government-insured
Property Type – Single Family
Purpose of Loan – Home purchase, home improvement, refinancing
Owner-Occupancy – Owner, non-owner, and NA
Action Taken – Loan originated only
Lien Status – Secured by first lien only

Table 4 – Conventional Refinance Single Family Loans

Loan Type – Conventional
Property Type – Single Family
Purpose of Loan – Refinance
Owner-Occupancy – Owner, non-owner, and NA
Action Taken – Loan originated only
Lien Status – Secured by first lien only

Table 5 – Conventional Home Purchase Single Family Loans

Loan Type – Conventional
Property Type – Single Family
Purpose of Loan – Home purchase
Owner-Occupancy – Owner, non-owner, and NA
Action Taken – Loan originated only
Lien Status – Secured by first lien only

Table 6 – Conventional Home Improvement Single Family Loans

Loan Type – Conventional
Property Type – Single Family
Purpose of Loan – Home Improvement
Owner-Occupancy – Owner, non-owner, and NA
Action Taken – Loan originated only
Lien Status – Secured by first lien only

Table 7 – Manufactured housing

Loan Type – Conventional
Property Type – Manufactured housing
Purpose of Loan – Home purchase, home improvement, refinancing
Owner-Occupancy – Owner, non-owner, and NA
Action Taken – Loan originated only
Lien Status – Secured by first lien only

Table 8 – Subordinate (Second Liens)

Loan Type – Conventional
Property Type – Single Family
Purpose of Loan – Home purchase, refinance, home improvement
Owner-Occupancy – Owner, non-owner, and NA
Action Taken – Loan originated only
Lien Status – Secured by second lien only

Treatment of Race, Ethnicity, and Gender

All race/ethnic categories, except Black and Hispanic, are "non-Hispanic." Blacks are categorized as Hispanic and non-Hispanic Blacks.

Hispanics in our tables can be of any race except African-Americans. We excluded African-Americans because we wanted mutual exclusive borrower groups for African-Americans and Hispanics.

We coded a loan as made to a particular race (for example, African-Americans) if the primary race (African-American) listed for the borrower was the particular race. HMDA data has five data fields for race of applicant to account for borrowers of multiple races.

Race of borrower was categorized based on the race of the applicant, not the co-applicant. Regarding gender, we used the same procedure regarding co-applicants.

Finally, loan totals by race, income, and gender will differ in some instances because a different number of loans will have missing information for race, income, and gender.

Recommendations: Legislative & Regulatory

Enhance the Quality of HMDA Data

NCRC believes that Congress and the Federal Reserve Board (which implements the HMDA regulations) must enhance HMDA data so that regular and comprehensive studies can scrutinize fairness in lending. Specifically, are minorities, the elderly, women, and low- and moderate-income borrowers and communities able to receive loans that are fairly priced? More information in HMDA data is critical to fully explore the intersection of price, race, gender, and income. HMDA data must contain credit score information similar to the data used in NCRC's *Broken Credit System* report released in the winter of 2003. For each HMDA reportable loan, a financial institution must indicate whether it used a credit score system and if the system was their own or one of the widely used systems such as FICO (a new data field in HMDA could contain 3 to 5 categories with the names of widely-used systems). The HMDA data also would contain one more field indicating which quintile of risk the credit score system placed the borrower. In addition, HMDA data must contain information on other key underwriting variables including the loan-to-value and debt-to-income ratios.

Using this data, regulators, researchers, the media, and the public could determine if any of the credit score systems were placing minorities and other protected classes in the higher risk categories a disproportionate amount of time. The data would facilitate more econometric analysis to assess whether the prices of loans are based on risk, race, gender, or age.

Federal Reserve Board Must Step Up Anti-Discrimination and Fair Lending Oversight

The Government Accountability Office concluded that the Federal Reserve Board has the authority to conduct fair lending reviews of affiliates of bank holding companies. The Federal Reserve Board, however, continues to insist that it lacks this authority.[7] This issue must be resolved because comprehensive anti-discrimination exams of all parts of bank holding companies are critical. Most of the major banks have acquired large subprime lenders that are then considered affiliates and become off-limits to Federal Reserve examination. A pressing question is the extent to which the subprime affiliates refer creditworthy customers to the prime parts of the bank so that the customers receive loans at prevailing rates instead of higher subprime rates. Or does the subprime affiliate steer creditworthy borrowers to high cost loans? These questions remain largely unanswered. Consequently, we do not know the extent of steering by subprime affiliates and/or their parent banks. Thus, it is past time for the Federal Reserve to examine affiliates as well as the parent bank.

Comprehensive Anti-Predatory Lending Legislation

Since our analysis revealed a disproportionate amount of subprime lending targeted to vulnerable borrowers and communities, Congress must respond by enacting comprehensive anti-predatory lending legislation along the lines of bills introduced by Representatives Watt, Miller, and Frank and Senator Sarbanes. Comprehensive and strong anti-predatory lending legislation would eliminate the profitability of exploitative practices by making them illegal. It could also reduce the amount of price discrimination since fee packing and other abusive practices would be prohibited. A comprehensive anti-predatory law would also strengthen the Community Reinvestment Act (CRA) if

[7] Government Accountability Office, *Large Bank Mergers: Fair Lending Review Could be Enhanced with Better Coordination*, November 1999, GAO/GGD-00-16.

regulatory agencies severely penalize lenders through failing CRA ratings when the lenders violate anti-predatory law.

Stop Regulators from Weakening CRA

CRA imposes an affirmative and continuing obligation on banks to serve the credit needs of all communities, including low- and moderate-income neighborhoods. Federal examiners issue a publicly available rating to banks with assets over $250 million based on how many loans, investments, and services they make to low- and moderate-income neighborhoods. The three part CRA exam (lending, investment, and service tests) for institutions with more than $250 million in assets has been instrumental in increasing access to loans, investments, and services for residents in low- and moderate-income communities.

However, this past summer the Office of Thrift Supervision (OTS) eliminated the investment and service tests for savings and loans with assets between $250 million and $1 billion. Eliminating these tests means that banks will no longer have the incentive to make investments in affordable housing, such as Low-Income Housing Tax Credits, and will no longer be scrutinized by examiners on how many branches and affordable banking services they are making available in low- and moderate-income neighborhoods. CRA also took a further blow from the OTS when that agency most recently ruled to allow thrifts with over $1 billion in assets to choose whether they even want to undergo the investment and service tests, thus giving them the power to pick and choose which community needs they will meet. Yet another proposal from the FDIC, Federal Reserve Board, and the Office of the Comptroller of the Currency would dilute CRA exams for banks with assets between $250 million and $1 billion.

Given the persistence of disparities by income and race as illustrated in this study, it is counterproductive to lessen CRA oversight. If CRA oversight continues to diminish, the level of abusive lending to vulnerable populations is likely to increase even further as traditional lenders reduce the number of branches, bank products, and affordable housing investments in low- and moderate-income communities. Instead, regulators must strengthen CRA exams and hold lenders accountable to communities.

Strengthen CRA by Applying It to Minority Neighborhoods and All Geographical Areas Lenders Serve

In order to increase prime lending for minority borrowers and reduce lending disparities, CRA exams must evaluate the banks' records of lending to minority borrowers and neighborhoods as well as scrutinizing banks' performance in reaching low- and moderate-income borrowers and neighborhoods. CRA's mandate of affirmatively meeting credit needs is currently incomplete as it is now applied only to low- and moderate-income neighborhoods, not minority communities.

CRA must also be strengthened so that depository institutions undergo CRA examinations in all geographical areas in which they make a significant number of loans. Currently, CRA exams assess lending primarily in geographical areas in which banks have their branches. But the overlap between branching and lending is eroding with each passing year as lending via brokers and correspondents continues to increase. NCRC strongly endorses the CRA Modernization Act, HR 865, introduced in the 107th Congress. HR 865 mandates that banks undergo CRA exams in geographical areas in which their market share of loans exceeds one half of one percent in addition to areas in which their branches are located. NCRC will be working with members of Congress to update and reintroduce CRA Modernization legislation.

Short of statutory changes to CRA, NCRC believes that the regulatory agencies have the authority to extend CRA examinations and scrutiny to geographical areas beyond narrow "assessment" areas in which branches are located. Currently, the federal banking agencies will consider lending activity beyond assessment areas if the activity will enhance CRA performance. Likewise, the CRA rating must be downgraded if the lending performance in reaching low- and moderate-income borrowers is worse outside than inside the assessment areas.

CRA Exams Must Scrutinize Subprime Lending More Rigorously

Currently, CRA exams are not adequately assessing the CRA performance of subprime lenders. For example, the CRA exam of the subprime lender, Superior Bank, FSB, called its lending innovative and flexible before that thrift's spectacular collapse.[8] Previous NCRC comment letters to the regulators have documented cursory fair lending reviews for the great majority of banks and thrifts involved in subprime lending.[9] If CRA exams continue to mechanistically consider subprime lending, subprime lenders will earn good ratings since they usually offer a larger portion of their loans to low- and moderate-income borrowers and communities than prime lenders.

At this point, the regulatory agencies have stated in an "Interagency Question and Answer" document that banks will be downgraded if their lending violates federal anti-predatory law. NCRC has not seen rigorous action to implement this guidance. Fair lending reviews that accompany CRA exams do not usually scrutinize subprime lending for compliance with anti-predatory law, for possible pricing discrimination, or whether abusive loans are exceeding borrower ability to repay. NCRC recommends that all CRA exams of subprime lenders must be accompanied by a comprehensive fair lending and anti-predatory lending audit. In addition, CRA exams must ensure that prime lenders are not financing predatory lending through their secondary market activity or servicing abusive loans.

---

[8] Office of Thrift Supervision Central Region's CRA Evaluation of Superior Bank, FSB, Docket #: 08566, September 1999. Available via http://www.ots.treas.gov, go to the CRA search engine and select "inactive" for the status of the institution being searched.

[9] NCRC comment letter to federal banking agencies on joint CRA proposal, April 2, 2004. Available via: http://www.ncrc.org.

GSEs Must Abide by Anti-Predatory Safeguards

The Government-Sponsored Enterprises (GSEs), including Fannie Mae, Freddie Mac, and the Federal Home Loan Banks, purchase more than half of the home loans made on an annual basis in this country. It is vitally important, therefore, that the GSEs have adopted adequate protections against purchasing predatory loans. Fannie Mae and Freddie Mac have voluntarily adopted significant protections such as purchasing no loans with fees exceeding five percent of the loan amount, no loans involving price discrimination or steering, no loans with prepayment penalties beyond three years, and no loans with mandatory arbitration. The Department of Housing and Urban Development (HUD) has ruled that Fannie Mae and Freddie Mac will not receive credit towards their Affordable Housing Goals for any loans that contain certain abusive features.

HUD's ruling is an important first step, but it needs to be enhanced. HUD's ruling, for example, does not include disqualification from goals consideration of loans with mandatory arbitration. The Federal Housing Finance Board, as the regulator for the Federal Home Loan Banks, has not formally applied protections against abusive loans to the Home Loan Banks. Congress has an opportunity to further bolster the anti-predatory protections applied to GSE loan purchasing activity as Congress considers GSE regulatory reform this year. For instance, Senator Reed is expected to re-introduce an amendment this year for a GSE bill that would prohibit the GSEs from purchasing loans with mandatory arbitration.

Lender Affiliates Used in Report

This list includes many, but not all the affiliates of lenders analyzed in this report.

Ameriquest:

Ameriquest
Argent
Olympus

Bank of America:

Bank of America
FleetBoston
Other Bank of America affiliates

Countrywide

Countrywide Home Loans
Countrywide Bank

Countrywide LLC

Citigroup:

CitiMortgage, Inc.
Citibank, FSB
Citibank, NA
Citibank (West), FSB
CitiFinancial
Citicorp Trust Bank
CitiFinancial Mortgage Company
Associates International Holding Corp.
Associates Housing Finance
Principal Residential Mortgage, Inc.
Washington Mutual Finance

HFC:

HFC
Decision One
Beneficial

HSBC:

HSBC Bank USA, N.A.
HSBC Mortgage Corp.

JP Morgan Chase:

Chase Manhattan Bank USA, NA
Chase Manhattan Mortgage Corp.
JP Morgan Chase Bank

Key Bank:

All affiliates as supplied by parent company

National City:

National City Bank of Kentucky
National City Bank of the Midwest
National City Bank
Wayne County National Bank
National City Bank of Indiana
National City Bank of Pennsylvania
Savings Bank & Trust (Wayne)

Provident Bank
Provident Community Development Co.
Red Mortgage Capital Inc.
National City Mortgage Service Co.
National City Home Loan Services, Inc.
HomeSync Financial Services, LLC
Home Mortgage Centre, LLC
Pinehurst Mortgage, LLC
Mortgage One, LP
Regional First Mortgage, LLC
Home Financing, LLC
Virginia First Mortgage, LLC
Valley Mortgage Services, LLC
Town and Country Lending, LLC
First Patriot Mortgage, LLC
American Best Mortgage, LLC
Premier Lending Services, LP
Mid Atlantic Mortgage, LLC
AmeriMax Mortgage, LLC
Action Home Mortgage, LLC
Hometown Mortgage, LLC
Lower Bucks Mortgage, LLC
Covenant Mortgage, LLC
Heartland Security Mortgage, LLC
Freedom Financial Advisors, LP
Home Central Mortgage, LLC
Reliable Mortgage Investors, LLC
Tower Mortgage, LLC
Liberty West Mortgage, LP
Heritage Home Mortgage, LLC
REO Mortgage Services, LLC
Mortgage PROS, LLC
Virginia Home Mortgage, LLC
Peninsula Mortgage, LLC
Tidewater First Mortgage, LLC
First Flight Mortgage, LLC
Gateway First Mortgage, LLC
Homesource Mortgage Services, LLC
Freedom First Mortgage, LLC
All American First Mortgage, LLC
First Capital Home Mortgage, LLC
Town Square Mortgage, LLC
Capstone Mortgage Funding, LLC
Intercoastal Mortgage, LLC
Mortgage Construction Finance, LLC
Enter Mortgage, LLC

Ultimate Home Loans, LP
Platinum First Mortgage, LP
Executive Home Mortgage, LLC
HomePride Mortgage, LP
National American Mortgage, LLC
Supreme Capital Mortgage, LLC
1st Premier Mortgage, LP
AccuLend Mortgage, LP
The First Mortgage Group, LLC
1st Choice Mortgage, LLC

Option One:

Option One
H & R Block

SunTrust:

Sun Trust Bank
Sun Trust Mortgage, Inc.
National Bank of Commerce

US Bank:

US Bank North Dakota
US Bank, NA

Wachovia:

Wachovia Bank
Wachovia Mortgage Corporation
Wachovia Bank of Delaware

South Trust Bank
South Trust Mortgage Corporation

Washington Mutual:

Washington Mutual Bank
Washington Mutual Bank, FA
Washington Mutual Bank, FSB

Wells Fargo:

WELLS FARGO BANK, NA
WELLS FARGO BANK NORTHWEST, NA

WELLS FARGO FUNDING
WELLS FARGO FIN'L ARIZONA, INC
WELLS FARGO FIN'L TEXAS, INC
WELLS FARGO FINANCIAL UTAH, INC.
WELLS FARGO FINANCIAL WYOMING, INC.
WELLS FARGO FINANCIAL NEW JERSEY, INC.
WELLS FARGO FIN'L NEBRASKA,INC
WELLS FARGO FINL WEST VIRGINIA
WELLS FARGO FINL WISCONSIN INC
WELLS FARGO FIN'L TENNESSEE
WELLS FARGO FIN'L OKLAHOMA,INC
WELLS FARGO FIN'L MONTANA, INC
WELLS FARGO FINANCIAL NORTH DAKOTA, INC.
WELLS FARGO FIN'L MINNESOTA
WELLS FARGO FINANCIAL MARYLAND, INC.
WELLS FARGO FINANCIAL LOUISIANA, INC.
WELLS FARGO FIN'L KENTUCKY INC
WELLS FARGO FIN'L KANSAS, INC
WELLS FARGO FIN'L INDIANA, INC
WELLS FARGO FIN'L MISSOURI INC
WELLS FARGO FINANCIAL COLORADO, INC.
WELLS FARGO FIN'L ALASKA, INC
WELLS FARGO FIN'L SOUTH DAKOTA
WELLS FARGO FIN'L ILLINOIS INC
WELLS FARGO FIN'L GEORGIA, INC
WELLS FARGO FINANCIAL DELAWARE, INC.
WELLS FARGO FIN'L SO CAROLINA
WELLS FARGO FIN'L RHODE ISLAND
WELLS FARGO FIN'L CALIFORNIA
WELLS FARGO FIN'L ALABAMA, INC
WELLS FARGO FIN'L IDAHO, INC
WELLS FARGO FINANCIAL HAWAII, INC.
WELLS FARGO FIN'L OREGON, INC
WELLS FARGO FINANCIAL PENNSYLVANIA, INC.
WELLS FARGO FIN'L CRED SERV NY
WELLS FARGO FIN'L AMERICA, INC
WELLS FARGO FIN'L IOWA 3, INC
WELLS FARGO FIN'L MAINE, INC
WELLS FARGO FIN'L NEVADA 2,INC
WELLS FARGO FINANCIAL NEW MEXICO, INC.
WELLS FARGO FIN'L NO CAROLINA
WELLS FARGO FINANCIAL OHIO 1, INC.
WELLS FARGO FINANCIAL WASHINGTON, INC.
WELLS FARGO FINL MASSACHUSETTS
WELLS FARGO FIN'L SYS FLORIDA
WELLS FARGO FINANCIAL SYSTEM VIRGINIA, INC.

WELLS FARGO FIN'L ACCPTCE AMER
WELLS FARGO FIN'L ACCPT SYS FL
WELLS FARGO FIN'L ACCPT IOWA
WELLS FARGO FINANCIAL ACCEPTANCE MARYLAND 1, INC.
WELLS FARGO FINANCIAL ACCEPTANCE SYSTEM VIRGINIA
WELLS FARGO FIN'L MISSISSIPPI
Community First Mortgage LLC
Southeastern Residential Mtg
1ST CAPITAL MORTGAGE, LLC
1ST FINANCIAL SERVICES OF COLORADO, LLC
ACADEMY FINANCIAL SERVICES, LLC
ADVANCE MORTGAGE
ADVANCE MORTGAGE PARTNERS, LLC
AMERICAN PRIORITY MORTGAGE, LLC
AMERICAN SOUTHERN MORTGAGE SERVICES, LLC
APM MORTGAGE, LLC
ASHTON WOODS MORTGAGE, LLC
AVENUE FINANCIAL SERVICES, LLC
BELGRAVIA MORTGAGE GROUP, LLC
BENEFIT MORTGAGE, LLC
BHS HOME LOANS, LLC
BUILDERS CAPITAL MORTGAGE, LLC
BUILDERS MORTGAGE COMPANY, LLC
BW MORTGAGE, LLC
CAPITAL PACIFIC HOME LOANS, LP
CENTRAL FEDERAL MORTGAGE COMPANY
CHATEAU HOME MORTGAGE, LLC
COLORADO MORTGAGE ALLIANCE, LLC
COLORADO PROFESSIONALS MORTGAGE, LLC
DELUCA-REALEN MORTGAGE, LLC
DISCOVERY HOME LOANS, LLC
EB CAPITAL MORTGAGE, LLC
EDWARD JONES MORTGAGE, LLC
EMPIRE HOMES FINANCIAL SERVICES, LLC
EXPRESS FINANCIAL & MORTGAGE SERVICES
FAMILY HOME MORTGAGE, LLC
FINANCIAL RESOURCES MORTGAGE, LLC
FINANCIAL SERVICES OF ARIZONA, LLC
FIRST FOUNDATION MORTGAGE, LLC
FIRST MORTGAGE CONSULTANTS, LLC
FIRST MORTGAGE OF FLORIDA, LLC
FORECAST HOME MORTGAGE, LLC
FOUNDATION MORTGAGE SERVICES, LLC
GOLD COAST HOME MORTGAGE
GOLD COAST MORTGAGE
GREAT EAST MORTGAGE, LLC

GREENRIDGE MORTGAGE SERVICES, LLC
GUARANTEE PACIFIC MORTGAGE, LLC
HALLMARK MORTGAGE GROUP, LLC
HEARTHSIDE FUNDING, LP
HENDRICKS MORTGAGE, LLC
HOME LOAN EXPRESS, LLC
HOME MORTGAGE EXCHANGE, LLC
HOMELAND MORTGAGE, LLC
HOMESERVICES LENDING, LLC 1
HOMETOWN MORTGAGE, LLC
HORIZON MORTGAGE, LLC
IMS MORTGAGE COMPANY
JOHN LAING MORTGAGE, LP
JTS FINANCIAL, LLC
LEADER MORTGAGE, LLC
LEGACY MORTGAGE
LINEAR FINANCIAL, LP
MC OF AMERICA, LLC
MERCANTILE MORTGAGE, LLC
MERIDIAN HOME MORTGAGE, LP
MICHIGAN HOME MORTGAGE, LLC
MJC MORTGAGE COMPANY, LLC
MORRISON FINANCIAL SERVICES, LLC
MORTGAGE 100, LLC
MORTGAGE DYMANICS, LLC
MORTGAGE ONE
MORTGAGE PROFESSIONALS OF TAMPA BAY, LLC
MORTGAGES ON-SITE, LLC
MORTGAGES UNLIMITED, LLC
MSC MORTGAGE, LLC
MUTUAL SERVICE MORTGAGE, LLC
NAPERVILLE MORTGAGE, LLC
NATIONAL MORTGAGE, LLC
NDC FINANCIAL SERVICES, LLC
NEW ENGLAND HOME LOANS, LLC
NEXT HOME MORTGAGE
OHIO EXECUTIVE MORTGAGE COMPANY
PCM MORTGAGE, LLC
PERSONAL MORTGAGE GROUP, LLC
PINNACLE MORTGAGE OF NEVADA, LLC
PLAYGROUND FINANCIAL SERVICES, LLC
PREMIER HOME MORTGAGE
PRIORITY MORTGAGE, LLC
PRIVATE MORTGAGE ADV, LLC
PROFESSIONAL FINL SERVS OF ARIZONA, LLC
PROSPERITY MORTGAGE COMPANY

PROVIDENT MORTGAGE COMPANY, LLC
REAL ESTATE FINANCIAL
REAL ESTATE LENDERS
REAL LIVING MORTGAGE, LLC
REALTEC FINANCIAL SERVICES, LLC
REALTY HOME MORTGAGE, LLC
RELOACTION MORTGAGE, LLC
RESIDENTIAL COMMUNITY MORTGAGE COMPANY
RESORTQUEST MORTGAGE, LLC
RIVER CITY GROUP, LLC
RODDEL MORTGAGE COMPANY, LP
SANTA FE MORTGAGE, LLC
SECURESOURCE MORTGAGE, LLC
SECURITY FIRST FINANCIAL GROUP, LLC
SIGNATURE HOME MORTGAGE, LP
SMART MORTGAGE, LLC
SMITH FAMILY MORTGAGE, LLC
SOUTH COUNTY MORTGAGE
SOUTHEAST HOME MORTGAGE, LLC
SOUTHERN OHIO MORTGAGE, LLC
SPH MORTGAGE
STEINBECK ADVANTAGE MORTGAGE, LLC
STOCK FINANCIAL SERVICES, LLC
STONERIDGE MORTGAGE, LLC
SUMMIT NATIONAL MORTGAGE, LLC
SUNDANCE MORTGAGE, LLC
SUNSOUTH MORTGAGE, LLC
TOUCHSTONE HOME MORTGAGE, LLC
TRG FINANCIAL, LLC
TRICOM MORTGAGE, LLC
TRINITY MORTGAGE AFFILIATES
TRIPLE DIAMOND MORTGAGE & FINANCIAL, LLC
UBS MORTGAGE LLC
UNITED MICHIGAN MORTGAGE, LLC
UNITED MORTGAGE GROUP
VISTA MORTGAGE, LLC
WATERWAYS HOME MORTGAGE, LLC
WELLS FARGO HOME MORTGAGE OF HAWAII, LLC
WESTFIELD HOME MORTGAGE, LLC
WF/TW MORTGAGE VENTURE, LLC
WINDWARD HOME MORTGAGE, LLC
YOUNG HOMES MORTGAGE, LLC

Appendix – Tables 1 through 8

Table 1 - Conventional

		Race and Ethnicity								Gender					Median Income			
		Not applicable or information not provided	American Indian or Alaska Native (non-Hispanic)	Asian (non-Hispanic)	Black or African American (Hispanic & non-	Native Hawaiian or Other Pacific Islander	White (non-Hispanic)	Hispanic (non-Black)	Total	Male	Female	Information not provided by applicant	Not applicable	Total	Low Mod	Middle	High	Total
Sub-Prime	Count	68,922	2,932	10,588	116,913	2,509	358,614	88,623	649,101	388,293	239,031	21,718	59	649,101	119,568	184,706	337,863	642,137
	Row %	10.62%	0.45%	1.63%	18.01%	0.39%	55.25%	13.65%		59.82%	36.82%	3.35%	0.01%		18.62%	28.76%	52.62%	
	Col %	12.30%	13.58%	3.79%	29.43%	11.05%	10.37%	15.25%	12.20%	10.96%	15.43%	9.55%	1.87%		20.98%	18.48%	9.55%	
	Table %	1.30%	0.06%	0.20%	2.20%	0.05%	6.74%	1.67%		7.30%	4.49%	0.41%	0.00%		2.34%	3.62%	6.61%	
	Mean	4.15	4.15	3.83	4.17	3.99	4.11	3.95		4.08	4.10	4.25	4.13		4.30	4.15	4.01	
	Median	4	4	3.62	4	3.77	3.93	3.72		3.91	3.95	4	3.87		4	4	3.84	
Prime	Count	491,323	18,655	268,829	280,369	20,204	3,099,888	492,509	4,671,777	3,153,196	1,309,734	205,786	3,104	4,671,820	450,475	814,588	3,200,686	4,465,749
	Row %	10.52%	0.40%	5.75%	6.00%	0.43%	66.35%	10.54%		67.49%	28.03%	4.40%	0.07%		10.09%	18.24%	71.67%	
	Col %	87.70%	86.42%	96.21%	70.57%	88.95%	89.63%	84.75%	87.80%	89.04%	84.57%	90.45%	98.13%		79.02%	81.52%	90.45%	
	Table %	9.23%	0.35%	5.05%	5.27%	0.38%	58.26%	9.26%		59.26%	24.61%	3.87%	0.06%		8.82%	15.95%	62.66%	

Table 2 - Government Insured

		Race and Ethnicity								Gender					Median Income			
		Not applicable or information not provided	American Indian or Alaska Native (non-Hispanic)	Asian (non-Hispanic)	Black or African American (Hispanic & non-	Native Hawaiian or Other Pacific Islander	White (non-Hispanic)	Hispanic (non-Black)	Total	Male	Female	Information not provided by applicant	Not applicable	Total	Low Mod	Middle	High	Total
Sub-Prime	Count	60	3		117	2	268	39	489	298	175	16		489	127	131	207	465
	Row %	12.27%	0.61%		23.93%	0.41%	54.81%	7.98%		60.94%	35.79%	3.27%			27.31%	28.17%	44.52%	
	Col %	0.26%	0.16%		0.23%	0.19%	0.14%	0.10%	0.16%	0.14%	0.19%	0.18%			0.19%	0.16%	0.23%	
	Table %	0.02%	0.00%		0.04%	0.00%	0.09%	0.01%		0.09%	0.06%	0.01%			0.05%	0.05%	0.09%	
	Mean	4.93	3.60	.	3.38	3.21	3.54	3.41		3.80	3.45	3.47	.		3.36	3.43	4.01	
	Median	3.23	3.67	.	3.18	3.21	3.19	3.19		3.185	3.19	3.345	.		3.18	3.19	3.2	
Prime	Count	23,211	1,829	3,847	49,997	1,059	195,355	39,411	314,709	214,585	91,170	8,810	151	314,716	66,414	82,514	91,422	240,350
	Row %	7.38%	0.58%	1.22%	15.89%	0.34%	62.07%	12.52%		68.18%	28.97%	2.80%	0.05%		27.63%	34.33%	38.04%	
	Col %	99.74%	99.84%	100.00%	99.77%	99.81%	99.86%	99.90%	99.84%	99.86%	99.81%	99.82%	100.00%		99.81%	99.84%	99.77%	
	Table %	7.36%	0.58%	1.22%	15.86%	0.34%	61.98%	12.50%		68.08%	28.92%	2.80%	0.05%		27.58%	34.26%	37.96%	

Table 3 - Conventional & Government

		Race and Ethnicity								Gender					Median Income			
		Not applicable or information not provided	American Indian or Alaska Native (non-Hispanic)	Asian (non-Hispanic)	Black or African American (Hispanic & non-	Native Hawaiian or Other Pacific Islander	White (non-Hispanic)	Hispanic (non-Black)	Total	Male	Female	Information not provided by applicant	Not applicable	Total	Low Mod	Middle	High	Total
Sub-Prime	Count	68,982	2,935	10,588	117,030	2,511	358,882	88,662	649,590	388,591	239,206	21,734	59	649,590	119,695	184,837	338,070	642,602
	Row %	10.62%	0.45%	1.63%	18.02%	0.39%	55.25%	13.65%		59.82%	36.82%	3.35%	0.01%		18.63%	28.76%	52.61%	
	Col %	11.82%	12.53%	3.74%	26.16%	10.56%	9.82%	14.29%	11.53%	10.34%	14.58%	9.20%	1.78%		18.80%	17.08%	9.31%	
	Table %	1.22%	0.05%	0.19%	2.08%	0.04%	6.37%	1.57%		6.89%	4.24%	0.39%	0.00%		2.24%	3.46%	6.32%	
	Mean	4.15	4.15	3.83	4.17	3.99	4.11	3.95		4.08	4.10	4.25	4.13		4.30	4.15	4.01	
	Median	4	4	3.62	4	3.77	3.93	3.72		3.91	3.95	4	3.87		4	4	3.84	
Prime	Count	514,534	20,484	272,676	330,366	21,263	3,295,243	531,920	4,986,486	3,367,781	1,400,904	214,596	3,255	4,986,536	516,889	897,102	3,292,108	4,706,099
	Row %	10.32%	0.41%	5.47%	6.63%	0.43%	66.08%	10.67%		67.54%	28.09%	4.30%	0.07%		10.98%	19.06%	69.95%	
	Col %	88.18%	87.47%	96.26%	73.84%	89.44%	90.18%	85.71%	88.47%	89.66%	85.42%	90.80%	98.22%		81.20%	82.92%	90.69%	
	Table %	9.13%	0.36%	4.84%	5.86%	0.38%	58.47%	9.44%		59.75%	24.86%	3.81%	0.06%		9.66%	16.77%	61.55%	

Table 4 - Refinance - Single Family

		Race and Ethnicity								Gender					Median Income			
		Not applicable or information not provided	American Indian or Alaska Native (non-Hispanic)	Asian (non-Hispanic)	Black or African American (Hispanic & non-	Native Hawaiian or Other Pacific Islander	White (non-Hispanic)	Hispanic (non-Black)	Total	Male	Female	Information not provided by applicant	Not applicable	Total	Low Mod	Middle	High	Total
Sub-Prime	Count	48,228	1,843	5,081	69,411	1,559	228,435	46,631	401,188	237,917	148,143	15,082	46	401,188	74,122	115,971	209,673	399,766
	Row %	12.02%	0.46%	1.27%	17.30%	0.39%	56.94%	11.62%		59.30%	36.93%	3.76%	0.01%		18.54%	29.01%	52.45%	
	Col %	14.76%	14.47%	3.90%	29.03%	12.06%	11.85%	15.32%	13.58%	12.17%	17.28%	10.67%	3.63%		20.93%	20.23%	11.17%	
	Table %	1.63%	0.06%	0.17%	2.35%	0.05%	7.73%	1.58%		8.05%	5.01%	0.51%	0.00%		2.64%	4.13%	7.48%	
	Mean	4.17	4.23	3.88	4.23	4.02	4.15	4.03		4.14	4.15	4.27	4.26		4.34	4.19	4.06	
	Median	4	4	3.67	4	3.82	3.97	3.79		3.98	4	4	4.11		4	4	3.91	
Prime	Count	278,453	10,891	125,297	169,712	11,372	1,699,745	257,762	2,553,232	1,716,913	708,922	126,205	1,221	2,553,261	280,007	457,425	1,667,629	2,405,061
	Row %	10.91%	0.43%	4.91%	6.65%	0.45%	66.57%	10.10%		67.24%	27.77%	4.94%	0.05%		11.64%	19.02%	69.34%	
	Col %	85.24%	85.53%	96.10%	70.97%	87.94%	88.15%	84.68%	86.42%	87.83%	82.72%	89.33%	96.37%		79.07%	79.77%	88.83%	
	Table %	9.42%	0.37%	4.24%	5.74%	0.38%	57.53%	8.72%		58.11%	24.00%	4.27%	0.04%		9.98%	16.31%	59.46%	

Table 5 - Home Purchase - Single Family

		Race and Ethnicity								Gender					Median Income			
		Not applicable or information not provided	American Indian or Alaska Native (non-Hispanic)	Asian (non-Hispanic)	Black or African American (Hispanic & non-	Native Hawaiian or Other Pacific Islander	White (non-Hispanic)	Hispanic (non-Black)	Total	Male	Female	Information not provided by applicant	Not applicable	Total	Low Mod	Middle	High	Total
Sub-Prime	Count	17,103	879	5,015	41,353	793	108,918	36,276	210,337	128,620	76,203	5,502	12	210,337	36,786	58,017	110,064	204,867
	Row %	8.13%	0.42%	2.38%	19.66%	0.38%	51.78%	17.25%		61.15%	36.23%	2.62%	0.01%		17.96%	28.32%	53.72%	
	Col %	7.87%	11.39%	3.52%	29.87%	9.10%	7.66%	14.56%	9.62%	8.73%	12.09%	6.89%	0.66%		19.94%	15.07%	7.08%	
	Table %	0.78%	0.04%	0.23%	1.89%	0.04%	4.98%	1.66%		5.89%	3.49%	0.25%	0.00%		1.73%	2.73%	5.18%	
	Mean	4.04	3.92	3.77	4.02	3.91	3.97	3.79		3.94	3.94	4.14	3.50		4.10	4.01	3.88	
	Median	3.94	3.86	3.58	3.97	3.71	3.82	3.62		3.79	3.82	4	3.47		4	3.93	3.72	
Prime	Count	200,329	6,835	137,561	97,082	7,922	1,312,469	212,816	1,975,014	1,344,561	554,328	74,326	1,812	1,975,027	147,667	327,038	1,444,412	1,919,117
	Row %	10.14%	0.35%	6.97%	4.92%	0.40%	66.45%	10.78%		68.08%	28.07%	3.76%	0.09%		7.69%	17.04%	75.26%	
	Col %	92.13%	88.61%	96.48%	70.13%	90.90%	92.34%	85.44%	90.38%	91.27%	87.91%	93.11%	99.34%		80.06%	84.93%	92.92%	
	Table %	9.17%	0.31%	6.29%	4.44%	0.36%	60.06%	9.74%		61.53%	25.37%	3.40%	0.08%		6.95%	15.40%	68.00%	

Table 6 - Home Improvement - Single Family

		Race and Ethnicity								Gender					Median Income			
		Not applicable or information not provided	American Indian or Alaska Native (non-Hispanic)	Asian (non-Hispanic)	Black or African American (Hispanic & non-	Native Hawaiian or Other Pacific Islander	White (non-Hispanic)	Hispanic (non-Black)	Total	Male	Female	Information not provided by applicant	Not applicable	Total	Low Mod	Middle	High	Total
Sub-Prime	Count	3,591	210	492	6,149	157	21,261	5,716	37,576	21,756	14,685	1,134	1	37,576	8,660	10,718	18,126	37,504
	Row %	9.56%	0.56%	1.31%	16.36%	0.42%	56.58%	15.21%		57.90%	39.08%	3.02%	0.00%		23.09%	28.58%	48.33%	
	Col %	22.26%	18.44%	7.61%	31.18%	14.71%	19.52%	20.67%	20.75%	19.17%	24.01%	17.75%	1.39%		27.53%	26.24%	16.98%	
	Table %	1.98%	0.12%	0.27%	3.40%	0.09%	11.74%	3.16%		12.01%	8.11%	0.63%	0.00%		4.84%	5.99%	10.12%	
	Mean	4.42	4.45	3.95	4.41	4.09	4.38	4.35		4.37	4.38	4.51	5.53		4.80	4.42	4.16	
	Median	4	3.97	3.655	4	3.77	4	3.86		4	4	4	5.53		4.21	4	3.87	
Prime	Count	12,541	929	5,971	13,575	910	87,674	21,931	143,531	91,722	46,484	5,255	71	143,532	22,801	30,125	88,645	141,571
	Row %	8.74%	0.65%	4.16%	9.46%	0.63%	61.08%	15.28%		63.90%	32.39%	3.66%	0.05%		16.11%	21.28%	62.62%	
	Col %	77.74%	81.56%	92.39%	68.82%	85.29%	80.48%	79.33%	79.25%	80.83%	75.99%	82.25%	98.61%		72.47%	73.76%	83.02%	
	Table %	6.92%	0.51%	3.30%	7.50%	0.50%	48.41%	12.11%		50.64%	25.67%	2.90%	0.04%		12.73%	16.82%	49.50%	

Table 7 - Manufactured Housing

		Race and Ethnicity								Gender					Median Income			
		Not applicable or information not provided	American Indian or Alaska Native (non-Hispanic)	Asian (non-Hispanic)	Black or African American (Hispanic & non-	Native Hawaiian or Other Pacific Islander	White (non-Hispanic)	Hispanic (non-Black)	Total	Male	Female	Information not provided by applicant	Not applicable	Total	Low Mod	Middle	High	Total
Sub-Prime	Count	2,046	173	110	1,310	28	17,510	1,394	22,571	14,005	7,263	1,303		22,571	8,618	7,437	6,494	22,549
	Row %	9.06%	0.77%	0.49%	5.80%	0.12%	77.58%	6.18%		62.05%	32.18%	5.77%			38.22%	32.98%	28.80%	
	Col %	36.86%	33.92%	31.70%	52.61%	34.57%	32.74%	34.92%	33.97%	31.49%	37.47%	50.29%			39.61%	34.90%	28.09%	
	Table %	3.08%	0.26%	0.17%	1.97%	0.04%	26.35%	2.10%		21.08%	10.93%	1.96%			13.02%	11.24%	9.81%	
	Mean	4.73	4.73	4.89	4.67	4.26	4.68	4.67		4.62	4.75	4.94	.		4.90	4.63	4.45	
	Median	4.2945	4.57	4.565	4.2	3.775	4.12	4.24		4.08	4.269	4.599	.		4.36	4.14	4	
Prime	Count	3,504	337	237	1,180	53	35,969	2,598	43,878	30,467	12,119	1,288	5	43,879	13,137	13,873	16,621	43,631
	Row %	7.99%	0.77%	0.54%	2.69%	0.12%	81.98%	5.92%		69.43%	27.62%	2.94%	0.01%		30.11%	31.80%	38.09%	
	Col %	63.14%	66.08%	68.30%	47.39%	65.43%	67.26%	65.08%	66.03%	68.51%	62.53%	49.71%	100.00%		60.39%	65.10%	71.91%	
	Table %	5.27%	0.51%	0.36%	1.78%	0.08%	54.13%	3.91%		45.85%	18.24%	1.94%	0.01%		19.85%	20.96%	25.11%	

Table 8 - Subordinate Lien

		Race and Ethnicity								Gender					Median Income			
		Not applicable or information not provided	American Indian or Alaska Native (non-Hispanic)	Asian (non-Hispanic)	Black or African American (Hispanic & non-	Native Hawaiian or Other Pacific Islander	White (non-Hispanic)	Hispanic (non-Black)	Total	Male	Female	Information not provided by applicant	Not applicable	Total	Low Mod	Middle	High	Total
Sub-Prime	Count	22,536	874	5,555	22,778	1,181	108,181	36,408	197,513	122,525	64,873	10,042	75	197,515	16,817	47,531	132,759	197,107
	Row %	11.41%	0.44%	2.81%	11.53%	0.60%	54.77%	18.43%		62.03%	32.84%	5.08%	0.04%		8.53%	24.11%	67.35%	
	Col %	33.15%	29.59%	28.64%	48.53%	39.97%	33.23%	48.82%	36.55%	35.93%	40.31%	26.26%	38.66%		39.68%	42.60%	34.73%	
	Table %	4.17%	0.16%	1.03%	4.22%	0.22%	20.02%	6.74%		22.67%	12.00%	1.86%	0.01%		3.14%	8.86%	24.76%	
	Mean	6.83	6.59	6.34	6.76	6.51	6.77	6.44		6.67	6.73	6.82	7.76		6.97	6.82	6.62	
	Median	6.48	6.32	6.01	6.54	6.14	6.43	6.03		6.33	6.41	6.46	7.66		6.66	6.5	6.28	
Prime	Count	45,446	2,080	13,841	24,155	1,774	217,412	38,170	342,878	218,491	96,074	28,200	119	342,884	25,564	64,053	249,492	339,109
	Row %	13.25%	0.61%	4.04%	7.04%	0.52%	63.41%	11.13%		63.72%	28.02%	8.22%	0.03%		7.54%	18.89%	73.57%	
	Col %	66.85%	70.41%	71.36%	51.47%	60.03%	66.77%	51.18%	63.45%	64.07%	59.69%	73.74%	61.34%		60.32%	57.40%	65.27%	
	Table %	8.41%	0.38%	2.56%	4.47%	0.33%	40.23%	7.06%		40.43%	17.78%	5.22%	0.02%		4.77%	11.95%	46.53%	