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NCRC

CREDIT UNIONS

TRUE TO THEIR MISSION? (PART II)

A Follow-Up National Analysis of Credit Union Compared to Bank Service to Working and Minority Communities

The National Community Reinvestment Coalition

The National Community Reinvestment Coalition (NCRC) is an association of more than 600 community-based organizations that promote access to basic banking services, including credit and savings, to create and sustain affordable housing, job development, and vibrant communities for America's working families. Its members include community reinvestment organizations, community development corporations, local and state government agencies, faith-based institutions, community organizing and civil rights groups, minority- and women-owned business associations, and social service providers from across the nation. NCRC's work serves primarily low- and moderate-income individuals and communities.

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

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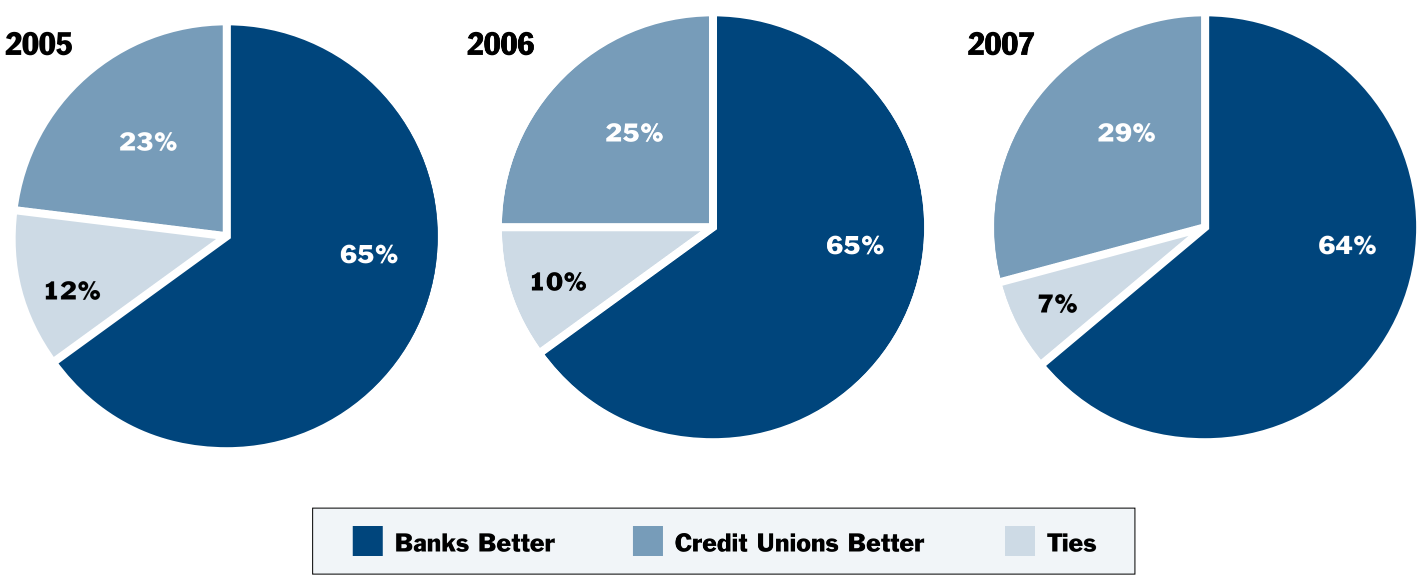
Executive Summary

American credit unions are a major financial industry, with 7,967 federally insured credit unions possessing assets of approximately $825 billion. An important segment of credit unions, including community development credit unions and low-income credit unions, remains devoted to serving people of small means, but the industry as a whole has matured to the point at which 146 credit unions have $1 billion or more in assets each and collectively own more than $356 billion.

When an industry is composed of large institutions such as these, policymakers must ask questions about the extent to which the institutions are serving members of the general public. This is especially critical in the case of credit unions, which were established by Congress for the express purpose of serving people of "small means."

The evidence in this report, as well as other research, illustrates that large credit unions do not serve people of modest means as well as mainstream banks, which must comply with the requirements of the Community Reinvestment Act (CRA). NCRC's national analysis of the most recent home loan data for the years 2005 through 2007 reveals that banks perform better than credit unions on 65 percent of fair lending indicators in home purchase, refinance, and home improvement lending (see charts below). These fair lending indicators focus on the percentage of loans to women, minorities, and low- and moderate-income borrowers and communities, as well as on differences in denial and approval rates for minorities as compared with whites.

CRA and Fair Lending Perfomance of Banks vs. Credit Unions in Making Home Loans to Women, Minorities, and Low- and Moderate-Income Borrowers and Communities

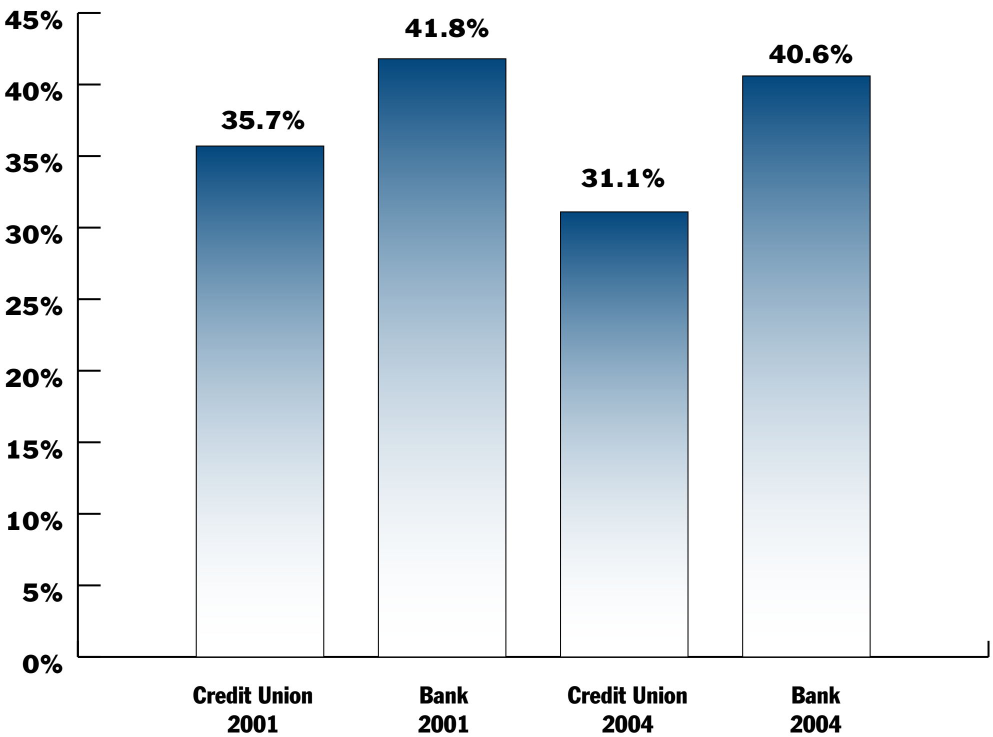


The state of Massachusetts presents an ideal controlled experiment for examining CRA's effect on lending, as it is one of only two states to apply CRA to state-chartered credit unions. NCRC's report finds that the CRA-covered state-chartered credit unions perform better on fair lending indicators than the CRA-exempt credit unions with a federal charter that operate in Massachusetts. The results of both the national and Massachusetts analyses in this study are similar to a previous NCRC study released in the spring of 2005, titled "Credit Unions: True to Their Mission?"

While mainstream credit unions have made progress in lending to lower-income individuals, credit unions as a whole are not meeting public expectations for institutions that receive tax exemptions and are entrusted with the mission of serving people of modest means. In fact, a 2006 Government Accountability Office (GAO) report indicated that considerable progress still needs to be made, as the percentage of low- and moderate-income people using credit unions decreased significantly from 2001 to 2004 (see bar graph below). Yet, instead of providing regulations and tools to ensure that credit unions serve low- and moderate-income people, the National Credit Union Administration (NCUA) mainly adopts a defensive posture by debating the meaning of credit unions' public mission of serving people of modest means. Worse, NCUA has passed regulations that allow credit unions to serve very large geographical areas, including entire cities or counties, without requiring meaningful levels of bank branching and service to low- and moderate-income people.

Since NCUA has failed in its regulatory responsibilities, NCRC recommends that Congress follow the examples of Massachusetts and Connecticut and apply CRA to cover large credit unions. CRA has proven to be a win-win proposition, as banks have gained profitable opportunities for increased lending, while low- and moderate-income borrowers have gained increased access to credit.

Percent of Low- and Moderate-Income Customers Across the Nation



Applying CRA to large credit unions would invigorate the credit union movement as a whole, enable large credit unions to find overlooked and profitable opportunities in working and minority neighborhoods, and increase access to credit and capital to these communities. Smaller credit unions would also benefit from broader CRA coverage, since larger credit unions would be encouraged by CRA to increase their level of deposits and investments in community development credit unions and low-income credit unions dedicated to serving low-income people and neighborhoods.

NCRC believes it is time to end a heated debate about large credit unions' service and enact the most sensible remedy: the application of CRA to these large, tax-exempt financial institutions.

NCRC recommendations:

1. Expand CRA to apply to credit unions
2. Designate underserved areas in a meaningful way
3. Enhance the rigor of NCUA anti-discrimination reviews
4. Mandate that NCUA act on the GAO recommendations to measure credit union performance
5. Amend HMDA to require smaller institutions to report their home lending data
6. Require credit unions and mid-size banks to disclose data on small business lending
7. Require that banks, larger credit unions, and others support community development credit unions

Introduction

At the end of 2008, the United States had 7,967 federally-insured credit unions that owned a total of $825 billion in assets. These institutions are strong in numbers and assets, but do they achieve the solemn purpose established by the Federal Credit Union Act of 1934 of serving people of "small means"? The available evidence to date suggests that a sizable minority of community development credit unions and low-income credit unions are dedicated to serving low-income borrowers. However, large credit unions have lagged behind banks in meeting the credit needs of low- and moderate-income, minority, and women borrowers.

This paper compares credit unions' performance in meeting the needs of low-and moderate-income, minority, and women borrowers to that of banks. The first half of this paper reviews recent literature about credit unions and their federally-mandated mission. The second half outlines the results of an analysis conducted by NCRC using data from the Home Mortgage Disclosure Act (HMDA) for the years 2005, 2006, and 2007. The analysis utilizes fair housing indicators to compare banks' and credit unions' performance in serving people of modest means.

Who are Considered People of Modest Means?

In 1934, Congress enacted the Federal Credit Union Act, which established that credit unions should "make more available to people of small means credit for provident and productive purposes." This language appears to be straightforward in emphasizing service to people of modest means. The National Credit Union Administration (NCUA), the regulator of federally-chartered credit unions, asserts that this language "has remained an essential objective at NCUA."[1] Yet instead of dedicating the credit union movement to serving individuals of modest means, NCUA spends an inordinate amount of energy in debating exactly who are considered people of small means.

In a report in the fall of 2006, NCUA asserted that "people of small means" is a broad group. Reviewing the history of federal legislation, NCUA maintained that when Congress passed the Federal Credit Union Act of 1934, "people of small means" referred to the majority of Americans who were working-class people employed in manufacturing, agricultural, or service jobs that typically paid "enough for a single wage-earner to support his family in reasonable comfort."[2] However, contrary to NCUA's claims, the majority of working-class Americans during the 1930s were not comfortably making a living. Congress enacted the Federal Credit Union Act of 1934 to assist an impoverished working class by establishing a new type of financial institution dedicated to and controlled by the working class, who, indeed, were people of modest means.

NCUA further justified broadening the definition of modest means by citing an academic study commissioned in the 1950s by its predecessor agency. The study concluded that the "the credit union serves the American consumer, not the rich, nor the very poor… It was this class of working people that the federal credit union was designed to serve – people of 'small means' in the archaic terminology of the Federal Credit Union Act."[3]

NCUA went on to add that with the passage of the Credit Union Membership Access Act of 1998 (CUMAA), Congress intended for credit unions to serve a broad range of income groups. The NCUA report reiterated a Senate report on the legislation, which said that people of "modest means" includes those of low- and moderate-incomes. According to NCUA, "this reflects the clear understanding that 'modest means' has a broader meaning beyond just low- and moderate-income individuals."[4]

Insisting that "people of modest means" includes more than just low- and moderate-income individuals is a clever way of deflecting criticism from the credit union industry when it fails to serve low- and moderate-income individuals as well as other segments of society. Instead, NCUA implies that "people of modest means" also includes middle- and upper-middle income borrowers. In fact,

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[1] National Credit Union Administration (NCUA), Member Service Assessment Pilot Program: A Study of Federal Credit Union Service, November 3, 2006, p. 3.

[2] NCUA, 2006, p. 15.

[3] NCUA, 2006, p. 16.

[4] NCUA, 2006, p. 20.

testifying before the U.S. House of Representatives Committee on Ways and Means in 2005, former NCUA Chair JoAnn Johnson maintained that everyone in the hearing room (which included lobbyists and members of Congress) assumed they were people of modest means.

Chair Johnson stated at the hearing:

> "Congressman, the term "modest means" is certainly open for interpretation, but I would probably assume that most of us in this room and our families consider themselves people of modest means. There are others that think credit unions should serve, quote, "the poor." I would contend that you can't have a common bond of poor and have a successful credit union. So you need folks that can put in deposits in order to serve those that need the loans."[5]

According to Chair Johnson, a credit union cannot succeed if it serves low-income people and communities only. Therefore, it is necessary that credit unions serve others as well, including the broader middle-class.

At the same hearing in which the NCUA Chair suggested an expansive definition of modest means, former Chair Bill Thomas of the Ways and Means Committee replied:

> "I believe today 'modest means' would be substituted with low-income and racial and ethnic minority. I know there is resistance if that is the definition that is used, but I cannot believe that we sat through an entire hearing in which people just shrugged their shoulders and couldn't figure out what 'modest means' means."[6]

In fact, the language of CUMAA echoes the language of CRA and is not intended to divert attention from low- and moderate-income borrowers and communities. CRA establishes an affirmative obligation for banks to serve the credit needs of their communities, including low- and moderate-income communities. CRA, however, focuses on low- and moderate-income borrowers and communities because of the remaining barriers in fair and equal access to credit.

Similarly, Congress did not grant credit unions a tax exemption so they could merely include low- and moderate-income people as only one part of their customer base. Instead, the federal statutes make it clear that credit unions must continue to focus on serving low- and moderate-income people. For purposes of this paper, it is entirely reasonable to assess service to low- and moderate-income people and communities and compare how two industries perform at this: an industry with CRA obligations and another industry receiving a tax exemption and founded with a mission of serving people of small means.

Legal and Structural Constraints in Serving People of Modest Means

Another topic in the debate over credit unions' mission is the question of whether the legal structure of credit unions enables them to serve people of modest means. Credit unions have historically been cooperative nonprofit organizations democratically controlled by groups of citizens sharing a common bond. The common bond could be occupational (people at the same workplace) or associational (members of a labor union or religious organization). The theory behind a common bond is that the ties developed by an organization or association motivate people to work harder to ensure the success of the credit union. The self-help ethos of a credit union was one reason Congress granted a tax exemption to these nonprofit cooperative enterprises. In return for tax exemption, Congress limited the membership of credit unions so that they could not use the tax exemption to behave as ordinary for-profit enterprises and expand beyond their core membership and mission of serving people of modest means.

However, NCUA claims that the membership restriction has impeded the modern-day credit union in focusing on people of small means, since a typical employer or association may have limited numbers of low- and moderate-income people. In its fall 2006

[5] Hearing before the Committee on Ways and Means, U.S. House of Representatives, 109th Congress, First Session, November 3, 2005, Serial Number 109-38.

[6] Hearing before the Committee on Ways and Means, U.S. House of Representatives, 109th Congress, First Session, November 3, 2005, Serial Number 109-38.

report, NCUA asserted, "It is unfair to draw any definitive conclusions about the success of FCUs (federally chartered credit unions) in serving individuals and groups outside their traditional membership base without fully focusing on whom they can legally serve."[7] In other words, legal constraints on the breadth and depth of credit unions' membership base prevent them from serving a large number of low- and moderate-income borrowers.

NCUA has assisted credit union growth by enlarging the pool of citizens that credit unions can serve as members, including low- and moderate-income members. One of NCUA's significant efforts to enlarge credit unions was to allow for multiple common bonds. Initially, credit unions were restricted to single common bonds, defined as people in a single occupation, working for the same employer, or belonging to the same religious or social institution. NCUA developed the concept of multiple common bonds in which people from different common bonds could belong to the same credit union.

NCUA's assertions of credit unions' limited capacity for serving low- and moderate-income people may have some validity when considering single common bond credit unions. In the case of single common bonds, the argument of limited capacity for serving low- and moderate-income customers appears to have validity when considering a small credit union composed of electrical engineers or lawyers, but is less convincing when considering a single bond credit union composed of members of an inner-city church serving a working poor neighborhood, or enlisted military personnel.

In the case of multiple bond credit unions, though, these arguments grow weaker. While there may be some multiple bond credit unions that enjoy the rarefied membership of erudite white-collar professionals, the breadth and depth of many multiple bond credit unions suggest that a diverse income and occupational base exists for developing a membership, including substantial numbers of low- and moderate-income people. For example, the Security Service Federal Credit Union lists on its website that there are 900 ways to join the credit union, meaning that 900 common bond groups comprise this multiple bond credit union. These groups range from the military services, churches, public school districts, and entire counties.[8] Similarly, the Mountain America Credit Union lists hundreds of common bonds, which include white- and blue-collar industries across a wide range of income groups.[9]

The Changing Landscape of Credit Unions – Community Charters and Underserved Areas

Even if NCUA's arguments about the limited ability of single and multiple bond credit unions to serve low- and moderate-income people are accepted as valid, NCUA's initiatives to encourage community-charted credit unions and the adoption of underserved areas by credit unions further diminish the limited capacity argument. In addition to authorizing multiple bond credit unions, the Credit Union Membership Access Act of 1998 (CUMAA) continued NCUA's policy of chartering credit unions to serve a community or geographically-defined base of membership.

NCUA has used the community charter authority in CUMAA liberally and frequently since 1998. In fact, an argument can be made that this authority has been abused, as NCUA allowed credit unions to define the largest counties in the country as communities they would serve. For example, NCUA approved a credit union with a community charter serving Los Angeles County, a geographical area encompassing 9.6 million people.[10] Regardless of one's views about the legitimacy of allowing nonprofit and tax exempt institutions to compete vigorously against banks subject to taxation in such a large area, it is clear that a large number of community-chartered credit unions now have a diverse base of income groups that form their membership.

In its fall 2006 report, the Government Accountability Office (GAO) documented that the number of credit unions with com-

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[7] NCUA, 2006, p. 6.

[8] See https://www.ssfcu.org/personal/membership/qualifications.aspx, last accessed May 19, 2009.

[9] See http://www.macu.com/home/?pageLabel=comp.comp_affi, last accessed May 19, 2009.

[10] Government Accountability Office, *Credit Unions: Greater Transparency Needed on Who Credit Unions Serve and on Senior Executive Compensation Arrangements,* November, 2006, p. 11.

munity charters doubled from 523 to 1,115 between the years of 2000 and 2005. By 2007, community credit unions numbered 1,177, and had 16.2 million members and $123 billion in assets.[11] At the same time, the number of multiple-bond credit unions declined 22 percent. A significant part of the decline of multiple bond credit unions was due to charter conversions from multiple bond credit unions to community-chartered credit unions. The GAO documented that 90 percent of the growth of community charters was due to conversions by multiple bond credit unions into community charters, as these credit unions sought to expand their membership base.[12]

From 1998 through 2005, while authorizing community charters, NCUA was also allowing credit unions to add underserved areas to the list of communities they would serve. Underserved areas are geographical regions that have high levels of poverty, unemployment, or low-income residents. In response to litigation from bank trade associations, in the summer of 2006, NCUA restricted credit unions' ability to add underserved areas to the list of communities they serve to multiple bond credit unions. The GAO reports that credit unions that included underserved areas increased from 40 in 2000 to 641 in 2005.[13] By 2007, credit unions serving underserved areas had increased to 673, had 17.9 million members, and held $150 billion in assets.[14]

The ability to add underserved areas to the list of communities they focus on has undoubtedly provided a number of credit unions with the opportunity to help low- and moderate-income consumers. However, NCUA's implementation of the underserved area designation has allowed many other credit unions to avoid serving large segments of low- and moderate-income consumers. CUMAA required credit unions adding an underserved community to their list of communities to establish a service facility in the area, but NCUA did not require credit unions to do so until the administration modified its rule in 2006. Moreover, underserved areas were often large enough that they included middle-income and upper-income neighborhoods, and NCUA did not require credit unions to place branches in the low- and moderate-incomes parts of underserved areas. At the hearing mentioned earlier, former committee Chair Bill Thomas commented that "there was no evidence that was required to show that if you achieved moving out into this other area which was defined as underserved, that you had to show you were in fact serving the underserved."

A lack of regulatory oversight led some credit unions to abuse community charters and underserved areas. Michael Raley, president and CEO of the Baptist Health South Florida Federal Credit Union in Miami, Florida, wrote in 2009, "Some credit unions received a field of membership for a whole county or even counties without having the desire or the capacity to serve the needs of all people living there, especially those in low-income areas."[15] He added, "This cherry picking of neighborhoods to serve is what got banks into trouble and led to the term 'red lining.' To help prevent that from happening, the Community Reinvestment Act (CRA) was passed."

Another initiative put forth to assist credit unions in serving people of modest means was a specially designed credit union, the low-income credit union (LICU). The membership of a LICU is restricted to geographical areas in which the majority of people have wages up to 80 percent of the average wage for all wage earners, or whose income is up to 80 percent of the median household income for the nation.[16] In order to nurture their growth, LICUs have been given advantages other credit unions lack, including greater authority to accept deposits from non-members, and access to low-interest loans and technical assistance from NCUA's Community Development Revolving Loan Fund. From 2000 to 2006, LICUs have experienced a healthy growth rate of 63 percent, increasing from 632 to 1,032.[17]

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[11] See Report to the NCUA Board from the Outreach Task Force, February 26, 2008, p. 64, http://www.ncua.gov/ReportsAndPlans/plans-and-reports/2008/OutreachTFReport-022608.pdf

[12] GAO, p. 4.

[13] GAO, p. 17.

[14] NCUA, 2008, p. 63.

[15] Letter to the Editor, *Credit Union Journal*, Monday, May 18, 2009.

[16] It is important to note, however, that a considerable number of residents of LMI neighborhoods can be middle- and upper-income individuals. NCUA does not restrict membership of LICUs to only LMI residents of LMI neighborhoods.

[17] GAO, p. 16.

NCUA has aggressively used the authority in CUMAA to enable credit unions to grow and diversify their membership. The community charter, underserved areas, and LICUs are significant endeavors that have changed the membership base of credit unions. NCUA asserts that it takes about five years for a community-chartered credit union to significantly expand its low- and moderate-income membership.[18] If this is true, enough time has elapsed since the passage of CUMAA in 1998 to judge whether credit unions have, in fact, expanded their membership base. While one could plausibly argue that multiple bond credit unions already had the tools to serve substantially more low- and moderate-income people, the new tools and structures available to credit unions since the passage of CUMAA should have resulted by now in a more diversified membership base with a range of incomes.

Serving People of Modest Means – NCUA and GAO Reports

As mentioned earlier, in November 2006, NCUA released a report, "Member Service Assessment Pilot Program: A Study of Federal Credit Union Service," responding to considerable Congressional interest in whether credit unions were reaching people of modest means. In the same month, the GAO released its evaluation, "Credit Unions: Greater Transparency Needed on Who Credit Unions Serve and on Senior Executive Compensation Arrangements." The evidence in both of these studies suggests that credit unions still need to make substantial progress to serve people of modest means.

The GAO strove for its typical objective and impartial approach to a policy issue. Its study offered a balanced picture, commenting on credit union successes, such as their provision of relatively low rates on non-mortgage loans. However, it also indicated that credit unions serve a lower percentage of low- and moderate-income people than banks.

Using data from the Federal Reserve's Survey of Consumer Finances, the GAO study found that in 2001, nearly 42 percent of bank customers were of low- and moderate-incomes (below 80 percent of median income), and roughly 36 percent of credit union customers were of low- and moderate-incomes. By 2004, the gap had widened to nearly 41 percent of bank customers being of low- and moderate-incomes, and only 31 percent of credit union customers being of low- and moderate-incomes.[19] Similarly, approximately 49 percent of credit union customers were upper-income, in contrast to approximately 41 percent of bank customers in 2004. These findings are inconsistent with NCUA's assertion that the increase in community-chartered credit unions and credit unions that included underserved areas would result in more credit union members of low- and moderate-incomes.

In contrast to the GAO study, the NCUA report attempted to paint a favorable picture of credit union service to people of modest means. While correctly noting some progress in credit union service to people of modest means, the report largely failed to leave the impression of substantial credit union success in serving low- and moderate-income consumers.

In addition, the NCUA report made some highly questionable methodological choices in its survey of credit union members' income levels. While its sample size of 14 million accounts in 448 randomly selected credit unions may sound large, it is not large enough to derive statistically significant results by charter type.[20] Thus, one of the more important policy issues—that is, whether charter type strongly influences the number of low- and moderate-income people served—remains unanswered by the study.

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[18] NCUA, p. 32.
[19] GAO, p. 22.
[20] NCUA, pp. 25 & 29.

In addition, the report used a census tract proxy for the income level of a credit union member. Instead of asking credit unions to provide the income levels of their members (which can be done in a confidential manner), NCUA recorded the census tract where each credit union member resided. The median family income of the census tract as of 2000 was then used as a proxy for the member's median family income.[21] This choice is problematic, however, for a number of reasons. First, median family income levels have changed since 2000 in a significant number of census tracts, due to economic and demographic phenomena. Second, while a census tract may be tagged as low- or moderate-income, a credit union may have been more successful in recruiting the middle-income or even upper-income residents of the census tract. A census tract is a large area (with approximately 4,000 residents) and a credit union branch might be located closer to a middle- or upper-income part of the census tract. The marketing techniques of the credit union may also result in higher-income residents being attracted to the credit union branch. For these reasons, it is difficult to accept the data presented in the NCUA survey as anything beyond preliminary results. A follow-up NCUA Task Force Report recommended continuing the use of this questionable methodology, citing cost and privacy difficulties associated with more direct means of collecting information on member income levels.[22]

Even the results of NCUA's questionable methodology cast doubt on the success of mainstream credit unions in serving people of modest means. NCUA reports that 44 percent of credit union members have incomes at or below area median income, while 56 percent of the members have incomes above area median incomes.[23] An expansive definition of people of modest means would include families with incomes below the median income of their metropolitan area. Thus, the credit unions examined in the study did not serve modest income people in proportion to their population, and certainly did not target their services to people of modest means.

Further analysis of membership by specific income ranges reveals more details about mainstream credit unions' lack of service to low- and moderate-income people. According to the NCUA study, nearly 19 percent of credit unions' membership consists of low- and moderate-income people with incomes at 80 percent or less of the area median income. In contrast, approximately 50 percent of credit unions' membership is composed of middle-income individuals with incomes between 80 percent to 120 percent of area median income. An additional 31 percent of credit unions' members have incomes of at least 120 percent of the area median income.[24] The middle-income or upper-income consumers comprise a much larger percentage of mainstream credit unions' membership than low- and moderate-income consumers combined.

In a section labeled descriptive analysis (since statistically significant results were not possible), NCUA documented that credit unions with a community charter, LICUs, and credit unions that include underserved areas have a higher percentage of low- and moderate-income members than single- or multiple-bond credit unions. The evidence for this, however, is not particularly strong, with more pronounced differences occurring when considering the percentage of members at 100 percent of area median income. At lower income levels, such as low- and moderate-incomes of up to 70 percent of area median income, the differences are narrow. The results show that approximately 10 percent of members in single, multiple, and community chartered credit unions were at 70 percent or less of area median income, while approximately 13 and 12 percent of members in credit unions that included underserved areas and LICUs, respectively, were at that income level.[25]

[21] NCUA, p. 25.

[22] The follow-up Task Force Report recommended that NCUA continue to apply the same methodology (geocoding member addresses to obtain the census tract in which the member resides). In one improvement, NCUA recommended that this data be obtained for all credit unions, not just a sample, and that the data be collected during an examination cycle of about 24 months. The NCUA Task Force rejected collecting income data as reported at the time of a loan application since, according to a recent survey, income information is not available for about one-third of loan applicants. The task force also rejected collecting income data on credit union members in any other manner, citing privacy concerns and data collection burden. Yet the privacy concerns can be overcome by creating a database that does not link specific member names to income levels. Additionally, collecting income information of credit union members does not seem too onerous, considering that many credit unions collect income information for HMDA reporting and other purposes. NCUA should at least conduct a pilot study to determine more precisely the costs of collecting credit union member income from either loan files or via a survey instrument. The pilot study should assess the reliability of estimating the distribution of credit union incomes via the use of a census tract proxy as opposed to collecting credit union member income directly. See "Report to the NCUA Board from the Outreach Task Force," February 26, 2008, pages 17-29, http://www.ncua.gov/ReportsAndPlans/plans-and-reports/2008/OutreachTFReport-022608.pdf.

[23] NCUA, p. 26.

[24] NCUA, p. 28.

[25] NCUA, p. 30.

A significant finding in the NCUA report was that larger credit unions do not have as many low- and moderate-income members as smaller credit unions. Large credit unions with assets above $50 million appear to drive the overall performance of credit unions in serving low- and moderate-income people, since they comprise 79 percent of total credit union members.[26] However, NCUA revealed that 49 percent of members of credit unions with less than $50 million in assets have incomes less than the area median income, while approximately 43 percent of members of large credit unions with assets above $50 million have incomes below the area median income.[27]

NCRC Data Analysis

With these two studies in mind, NCRC conducted data analysis using data from the Home Mortgage Disclosure Act (HMDA) for the years 2005, 2006, and 2007, in order to further test the hypothesis that changes in credit unions' structure would influence the numbers of low- and moderate-income people served.

Analysis of Home Lending

Despite changes in the composition and structure of credit unions, NCRC found that CRA-covered institutions (i.e., banks) across the country performed better on the great majority of fair lending indicators than did credit unions. A similar result occurred in an examination of lending in the state of Massachusetts, where state-chartered credit unions comply with CRA but federally-chartered credit unions do not. The analysis reveals that state-chartered credit unions in Massachusetts perform better in reaching minority and low- and moderate-income populations than federally-chartered credit unions.

As described in more detail in the methodology section, NCRC constructed 23 fair lending indicators, and analyzed banks' and credit unions' performance on these indicators for three loan types: home purchase, refinance, and home improvement lending. Following is a list of the 23 indicators.

Portfolio Share Indicators (percentage of loans to various groups of borrowers)

1. Percentage of loans to African-American borrowers
2. Percentage of loans to Hispanic borrowers
3. Percentage of loans to low- and moderate-income borrowers
4. Percentage of loans to women
5. Percentage of loans to low- and moderate-income minorities out of all low- and moderate-income borrowers
6. Percentage of loans to low- and moderate-income women out of all low- and moderate-income borrowers
7. Percentage of loans to borrowers living in minority census tracts
8. Percentage of loans to borrowers living in low- and moderate-income census tracts
9. Percentage of loans to low- and moderate-income borrowers living in minority census tracts out of all low- and moderate-income borrowers

Denial Disparity Ratio Indicators (measuring the differences in denial rates for loans experienced by different groups of borrowers)

10. African-American-to-white denial disparity ratio
11. Hispanic-to-white denial disparity ratio
12. Low- and moderate-income African-American to low- and moderate-income white denial disparity ratio

[26] NCUA, p. 28.

[27] NCUA, p. 30.

13. Low- and moderate-income Hispanic to low- and moderate-income white denial disparity ratio
14. Minority-to-white census tract denial disparity ratio
15. Low- and moderate-income to middle- and upper-income borrower denial disparity ratio
16. Low- and moderate-income to middle- and upper-income census tract denial disparity ratio

Approval Disparity Ratio (measuring the differences in approval rates for loans experienced by different groups of borrowers)

17. African-American-to-white approval disparity ratio
18. Hispanic-to- white approval disparity ratio
19. Low- and moderate-income African-American to low- and moderate-income white approval disparity ratio
20. Low- and moderate-income Hispanic to low- and moderate-income white approval disparity ratio
21. Minority-to-white census tract approval disparity ratio
22. Low- and moderate-income to middle- and upper-income borrower approval disparity ratio
23. Low- and moderate-income to middle- and upper-income census tract approval disparity ratio

Across the three loan types, banks and credit unions were assessed on 69 performance measures scrutinizing the percentage of loans to various groups of borrowers, denial rates confronted by borrowers, and approval rates experienced by borrowers.

In 2007, banks outperformed credit unions on 44 of the 69 performance indicators, or 64 percent of the time. Credit unions surpassed bank performance on only 5 out of 69 performance measures, or 7 percent of the time. There was no significant difference between the lending performance of banks and credit unions on 20 out of the 69 indicators, indicating that banks and credit unions performed equally well almost 30 percent of the time.

The trends observed in 2005 and 2006 were similar to those in 2007. In 2005, banks outperformed credit unions on 65 percent of the measures, credit unions surpassed banks on almost 12 percent of the measures, and banks and credit unions tied in 23 percent of the indicators. These results did not change substantially in 2006: banks were still outperforming credit unions on more than 65 percent of the indicators, while tying with credit unions on 25 percent of the indicators.

Over the three-year period, banks' performance on the fair lending indicators remained relatively stable (i.e., they outperformed credit unions nearly 65 percent of the time), while credit unions had progressively less advantage over banks in their performance on the fair lending indicators. But it is also worth noting that there was an upward trend of banks and credit unions performing equally well (i.e., banks and credit unions tied on 23 percent of the fair lending indicators in 2005, while in 2007, the number of bank and credit union ties increased to 29 percent of the indicators).

A more careful examination of the different types of indicators used in this analysis shows that banks performed consistently better than credit unions on the denial disparity indicators, as well as the portfolio share indicators (that is, percentage of loans to various groups of underserved borrowers). On the approval disparity indicators, however, banks and credit unions usually tied; this trend was observed in all three years.

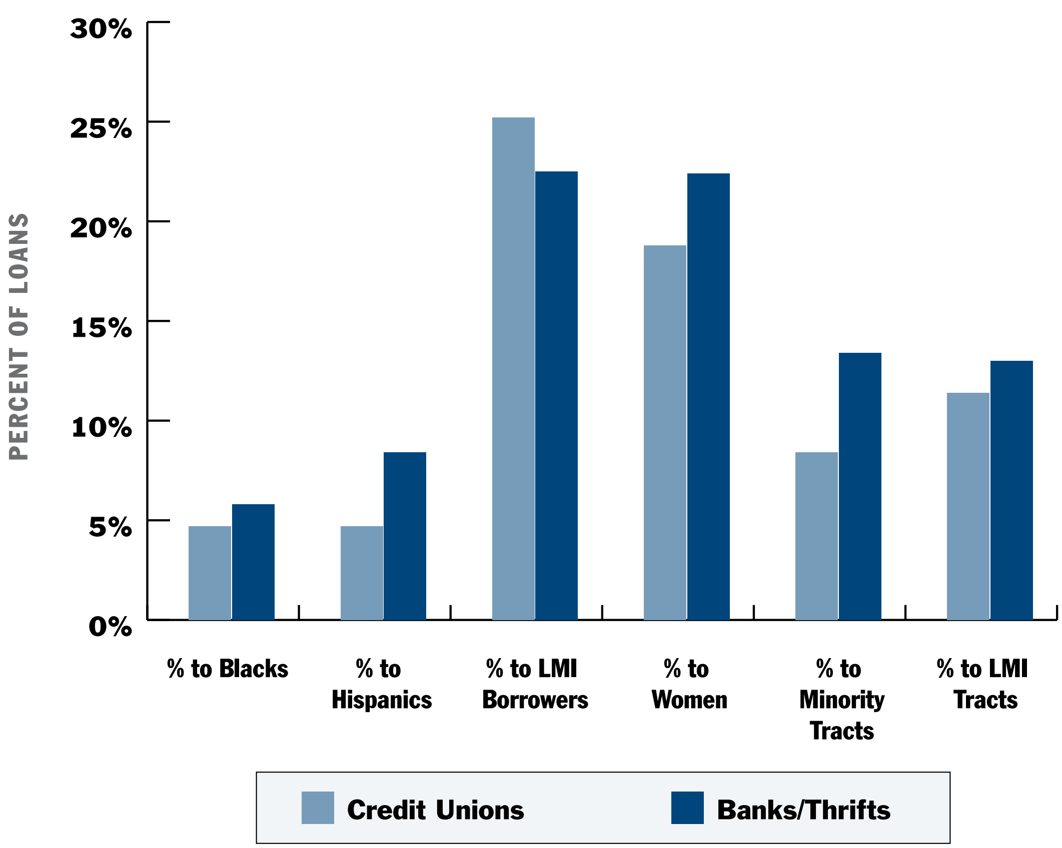
National Analysis of Home Purchase Lending

In home purchase lending, banks held a clear advantage for all three years. Banks surpassed credit unions' lending performance on 16 indicators in 2005 and 17 indicators in 2006 and 2007; lost on one indicator in all three years; and tied on 5-6 indicators in all three years. In all three years, banks outperformed credit unions on the great majority of portfolio share indicators and denial disparity ratio indicators. Banks and credit unions had similar performances on the approval disparity ratio indicators.

On the portfolio share indicators, the percentage point difference between the two types of lenders was wide, favoring banks on all but one of the indicators. For example, banks issued approximately 13 percent of their home purchase loans to borrowers in minority census tracts (where 50 percent or more of the population is minority), while credit unions made approximately 8 percent of their loans in these tracts in 2007, a difference of five percentage points. More striking was the percentage point difference in lending to borrowers who were both minority and of low- or moderate-income status: banks issued 8 percentage points more loans to low- and moderate income borrowers who were also a minority (see Table 1 and Chart 2). Similar trends were demonstrated in both 2006 and 2005, with the largest advantages in favor of banks observed in the share of loans to borrowers in minority census tracts and low- and moderate-income minorities (see Appendix Tables 4 and 7).

There was, however, one portfolio share indicator on home purchase lending on which credit unions have consistently outperformed banks, namely, the percentage of loans to low- and moderate-income borrowers. Credit unions issued approximately 25 percent of their home purchase loans to low- and moderate-income borrowers in 2007, while the number for banks was roughly 22 percent. Similar trends were also observed for 2005 and 2006. Yet within the category of low- and moderate-income borrowers, banks were more successful in reaching the most economically disenfranchised. Banks appeared more adept than credit unions at serving low- and moderate-income women, low- and moderate-income minorities, and low- and moderate-income borrowers living in minority tracts. For example, in 2007, 24 percent of the loans issued by banks to low- and moderate-income borrowers went to minorities (see Chart 2). The analyses for 2005 and 2006 show similar trends, with nearly 22 and 23 percent, respectively, of banks' loans going to low- and moderate-income minority borrowers. The comparable figure for credit unions was around 16 percent in 2007 and 15 percent in both 2005 and 2006.

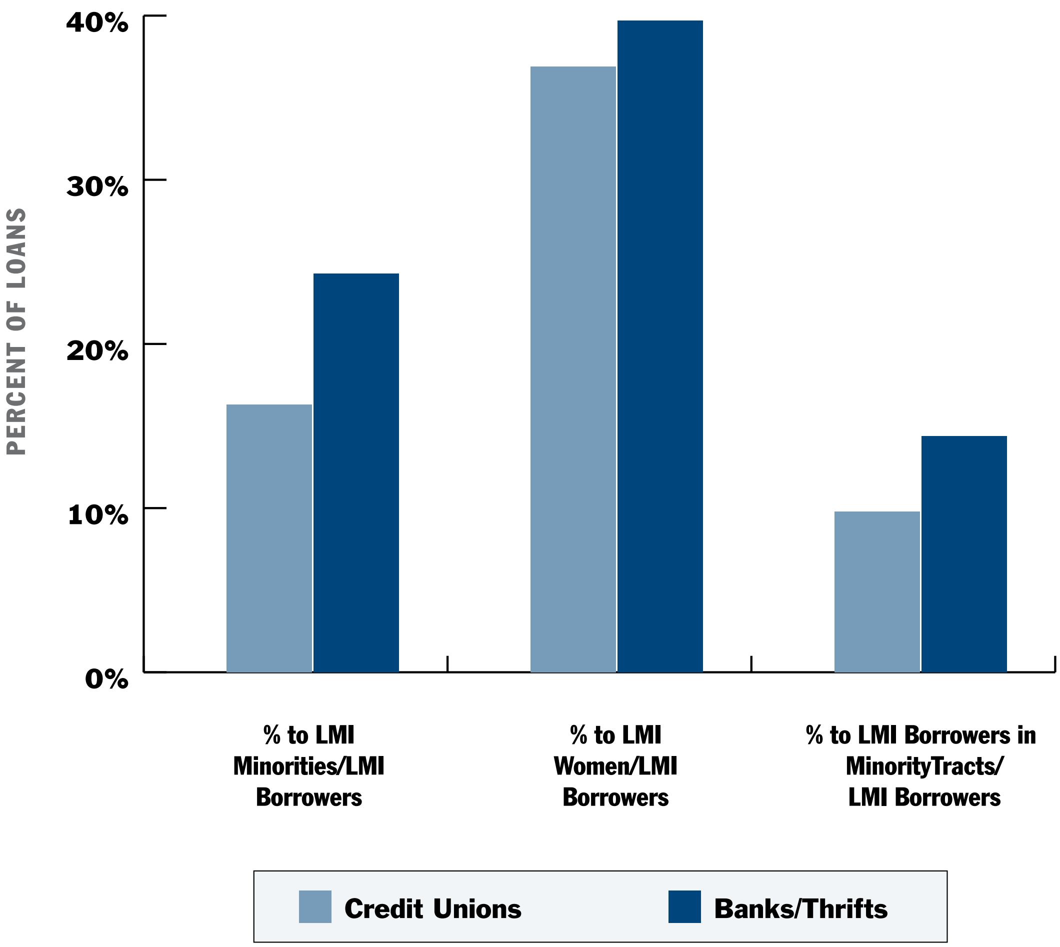
CHART 1. 2007 National Home Purchase Trends: Banks Compared to Credit Unions



LMI=Low- and Moderate-Income

Banks outperformed credit unions on six out of seven denial disparity indicators for home purchase lending in 2007. This trend was slightly down from banks' home lending performance in 2005 and 2006, when banks had outperformed credit unions on all seven denial disparity indicators. In 2005, for example, credit unions denied home loans to African Americans 2.69 times more often than to whites; banks, in contrast, rejected African Americans 1.84 times more often than whites. Although the disparity decreased slightly, this trend continued in 2007, when African-American applicants were rejected home purchase loans by credit unions 2.66 times as often as white borrowers, while the corresponding disparity for banks was about twice as often.

CHART 2. 2007 National Home Purchase Trends to Subgroups Within Low- and Moderate- Income Borrowers: Banks Compared to Credit Unions



LMI=Low- and Moderate-Income

An even larger denial disparity is evident between low- and moderate-income African-American borrowers and low- and moderate-income white borrowers. In 2005, credit unions denied loans to low- and moderate-income African Americans 2.60 times as often as to low- and moderate-income whites, while banks denied loans to low- and moderate-income African Americans 1.68 times as often as to low- and moderate-income whites. These numbers were similar in 2006 and 2007, with credit unions in both years denying loans to low- and moderate-income African Americans nearly three times as often as to low- and moderate-income whites. In comparison, in 2006 and 2007, banks denied loans to low- and moderate-income African Americans 1.71 and 1.78 times more often than to low- and moderate-income whites. Similarly, banks were less likely than credit unions to reject Hispanics relative to whites, and low- and moderate-income Hispanics relative to low- and moderate-income whites.

The pattern repeats itself for low- and moderate-income versus middle- and upper-income applicants and applicants living in corresponding census tracts. For example, credit unions denied loans to low- and moderate-income applicants more than twice as often as to middle- and upper-income borrowers in all three years of this analysis. In contrast, banks denied loans to low- and moderate-income applicants only about 1.2 times more often than to middle- and upper-income borrowers in all three years.

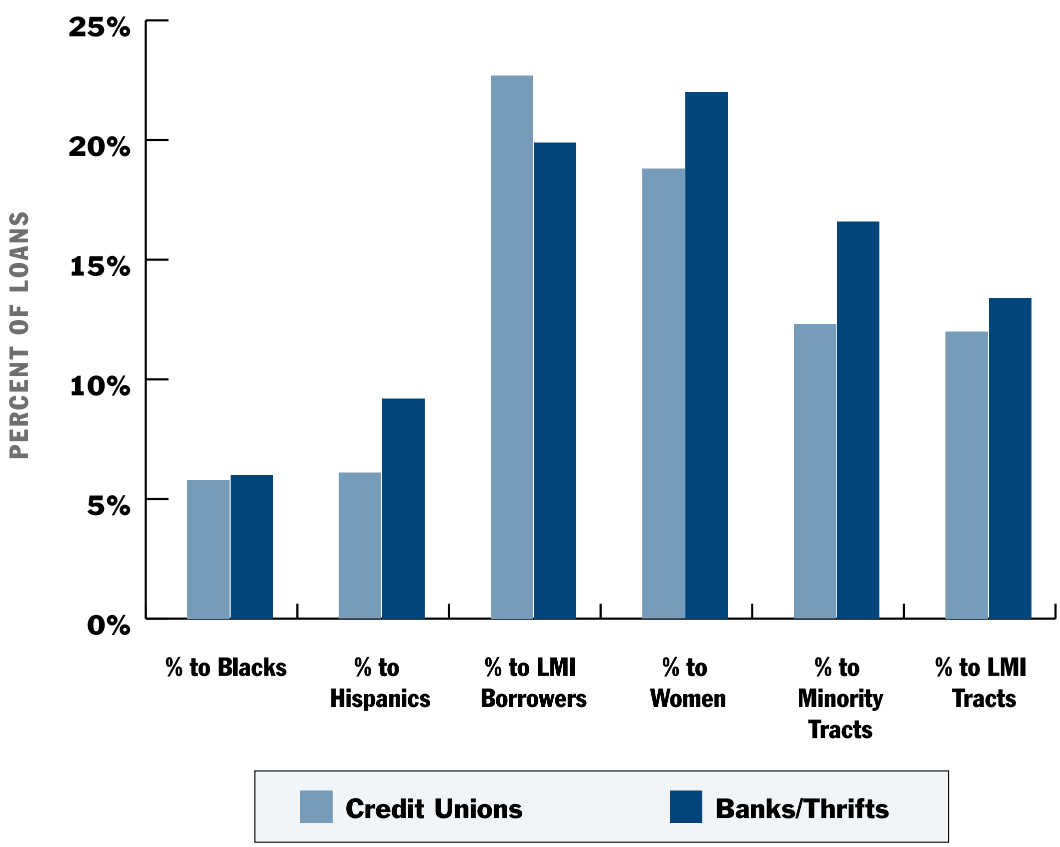
The approval disparity indicators for home purchase lending resulted in more ties than advantages for either banks or credit unions. This holds true for 2005, 2006, and 2007. In 2007, banks held the advantage on three out of seven indicators, while credit unions did not hold the advantage for any indicator. While differences in approval rates were small in 2007, disparities in the previous two years were more visible. In 2005 and 2006, banks' approval rate for African Americans was eight-tenths of their approval rate for whites, while credit unions' approval rate for African Americans was just two-thirds of their approval rate for whites. A similar, though smaller, difference in favor of banks was demonstrated in the approval rate for low- and moderate-income African-Americans versus the rate for low- and moderate-income whites (see Appendix Tables 1, 4, and 7).

National Analysis of Refinance Lending

Credit unions also struggled in comparison with banks in refinance lending in 2005, 2006, and 2007. Banks outperformed credit unions on 13 out of 23 indicators in 2007, and 14 out of 23 indicators in both 2005 and 2006. Credit unions, meanwhile, held an advantage over banks on 3 indicators in 2005 and one indicator in 2006 and 2007. The two types of lenders tied on 6 indicators in 2005, 8 indicators in 2006, and 9 indicators in 2007. These trends suggest that banks and credit unions have come slightly closer in their refinance lending performance during 2005 - 2007, but banks continued to hold a notable advantage over credit unions.

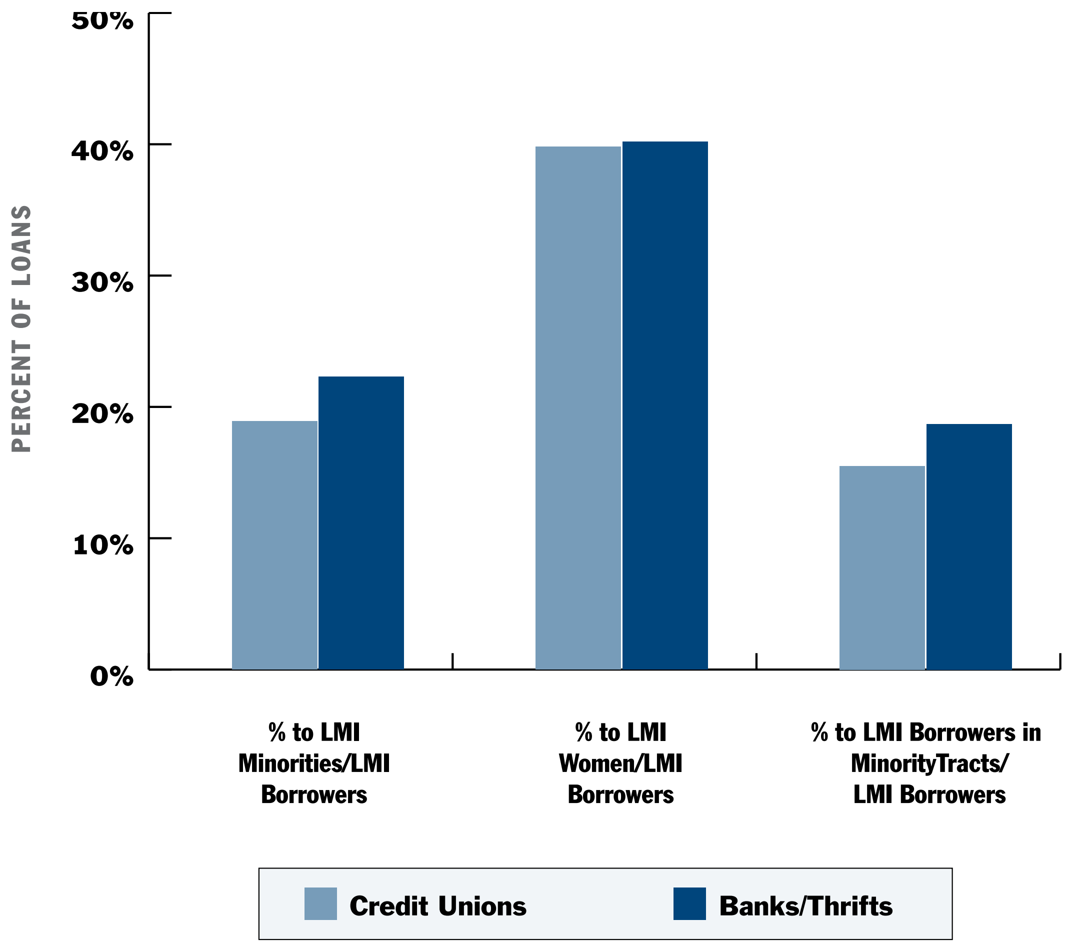
NCRC's performance measures reveal diverse trends in the refinance lending performance of both types of institutions. For example, banks and credit unions did not differ significantly in their refinance lending to African Americans and low- and moderate-income women, as suggested by the portfolio share indicators that measure the portion of refinance loans to different groups of borrowers (see Appendix Table 2). Banks, in contrast, visibly outperformed credit unions their portion of refinance loans issued to Hispanics as well as to borrowers living in minority and low- and moderate-income census tracts. For instance, in 2007, banks issued nearly 17 percent of their refinance loans to borrowers in minority tracts, while credit unions made just 12 percent of their loans to such borrowers (see Appendix Table 2 and Chart 3). Similar trends were observed in refinance lending to borrowers in low- and moderate-income tracts, and these trends were consistent throughout 2005 and 2006 (see Appendix Tables 5 and 8). Finally, although credit unions issued a higher percentage of loans to low- and moderate-income borrowers than did banks in 2005, 2006, and 2007, banks were more successful in serving the most economically disadvantaged portion of low- and moderate-income borrowers, such as low- and moderate-income minorities and low- and moderate-income borrowers in minority tracts (see Chart 4).

CHART 3. 2007 National Refinance Trends: Banks Compared to Credit Unions



LMI=Low- and Moderate-Income

CHART 4. 2007 National Refinance Trends to Subgroups Within Low- and Moderate-Income Borrowers: Banks Compared to Credit Unions



LMI=Low- and Moderate-Income

Banks had smaller denial disparity ratios than credit unions in refinance lending. In 2007, credit unions denied African-American consumers' refinance applications at more than twice the rate of white applications, while banks' denied African-American consumers' refinance applications at a rate of less than 1.5 times that of whites. In 2005, credit unions denied African-Americans' refinance applications at a rate of 2.51 for every white application, while banks denied African-Americans' applications at a rate of 1.58 for every white application (see Table 8).

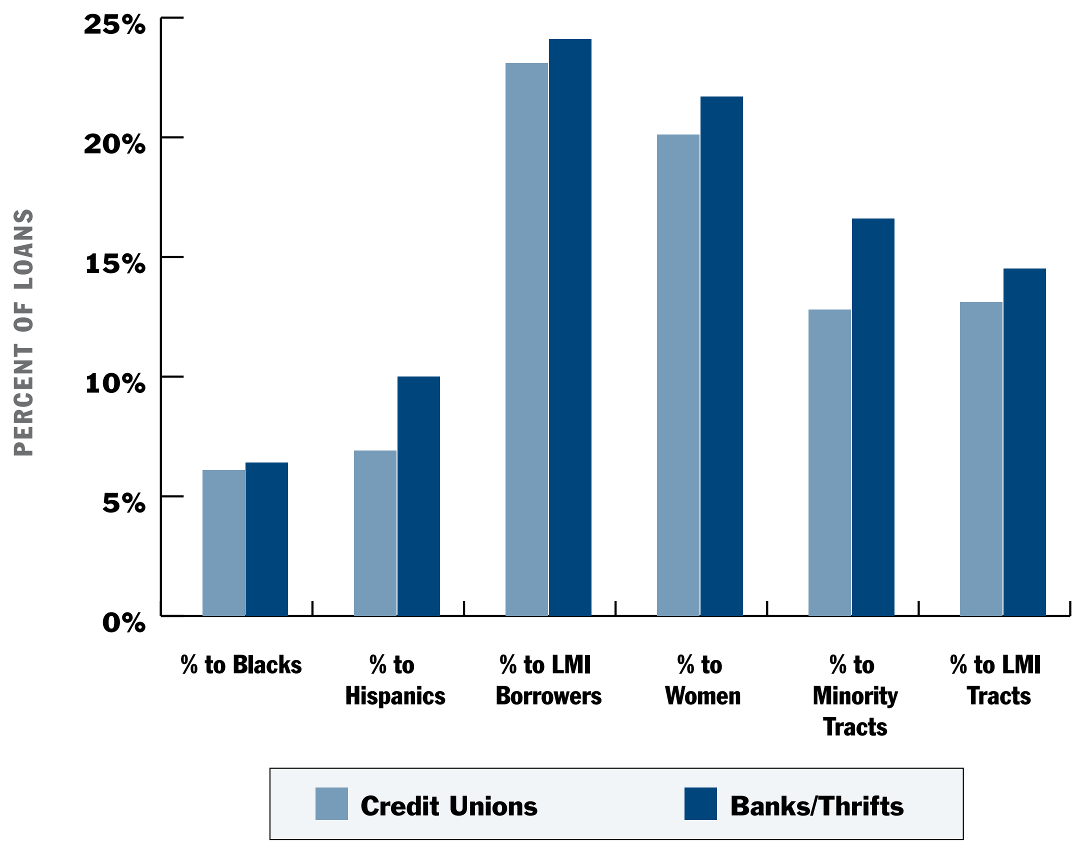
Similar results can be observed in all three years for Hispanic borrowers. Credit unions have consistently denied Hispanic applications more than twice the rate of white applications, while banks have denied Hispanic applications at a rate of approximately 1.3 times the rate of white applications (compare Tables 2, 5, and 8).

National Analysis of Home Improvement Lending

In 2006 and 2007, banks outperformed credit unions in home improvement lending on 14 out of the 23 indicators (see Appendix Tables 3 and 6). In 2005, banks outperformed credit unions on 15 of the 23 lending indicators.

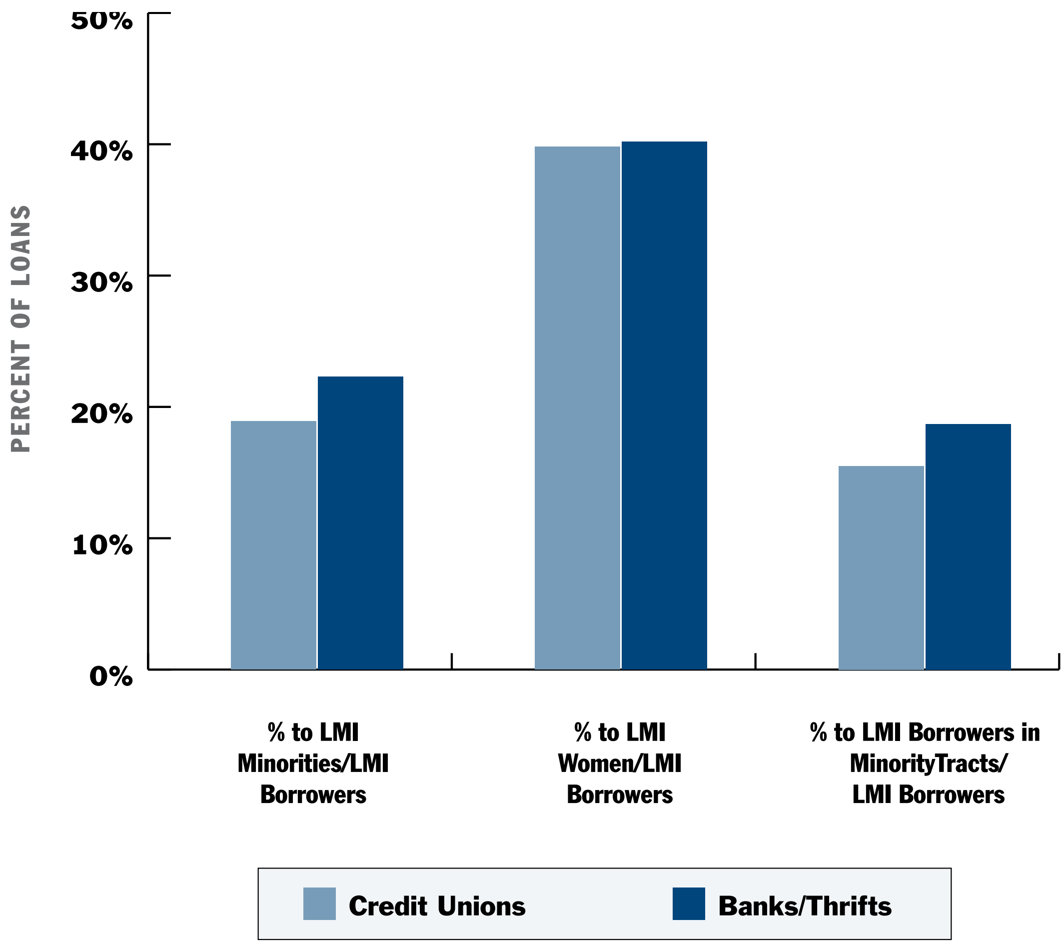
In contrast to home purchase and home refinance lending, banks slightly outperformed credit unions in the proportion of home improvement loans issued to low- and moderate-income borrowers in all three years. In addition, and consistent with the previous findings for home purchase and refinance lending, banks outperformed credit unions on all seven denial disparity ratios in all three years. Finally, contrary to the findings on home purchase and refinance lending, credit unions scored better than banks on the home improvement approval disparity indicators. That is, credit unions either outperformed or equaled the lending performance of banks on the seven approval indicators (see Appendix Tables 3, 6, and 9).

CHART 5. 2007 National Home Improvement Trends: Banks Compared to Credit Unions



LMI=Low- and Moderate-Income

CHART 6. 2007 National Home Improvement Trends to Subgroups Within Low- and Moderate-Income Borrowers: Banks Compared to Credit Unions



LMI=Low- and Moderate-Income

Summary of National Comparison of Banks' and Credit Unions' Fair Lending Performance

Overall, banks, the CRA-covered institutions, were consistently more successful than credit unions in making loans to low- and moderate-income borrowers, minorities, women, and other traditionally underserved communities. Surprisingly, however, credit unions issued a higher percentage of loans to low- and moderate-income borrowers for home purchase and refinance lending than banks. While credit unions are to be commended for this, it is notable that banks were more successful than credit unions in lending to the most economically disenfranchised low- and moderate-income borrowers: i.e., low- and moderate-income minorities, low- and moderate-income women, and low- and moderate-income borrowers in minority communities.

The rapid expansion of community-chartered credit unions and credit unions adopting underserved areas does not appear to have aided credit unions' performance in issuing loans to low- and moderate-income and minority communities. As stated above, community credit unions and credit unions that added underserved areas to their mandate had 16-17 million members each, or 34 million members combined. However, even though these credit unions had millions of members in underserved areas, banks topped credit unions in the percentage of loans issued to minority and low- and moderate-income communities in all three loan types (home purchase, refinance, and home improvement lending) during 2005, 2006, and 2007. Likewise, banks' denial disparity ratios were lower in serving low- and moderate-income and minority communities. The performance of banks and credit unions on the approval disparity indicators was equal.

According to NCUA, enough time has elapsed since the passage of CUMAA to judge the effectiveness of community charters and the adoption of underserved areas in serving disadvantaged neighborhoods. The evidence indicates that CRA has been more effective than the community charter and underserved area additions in encouraging financial institutions to issue loans to traditionally underserved communities.

NCRC had posited that large and very large credit unions would drive performance in the home lending arena. For example, in 2005, there were 116 federally-insured credit unions with assets of $1 billion or more. These 116 very large credit unions controlled $271 billion of the $710 billion of total credit union industry assets. NCRC found that very large credit unions with assets of $1 billion or more issued 213,241 of the 504,007, or 42 percent, of single family home loans made by all credit unions during 2005.

The finding that very large credit unions were not issuing the majority of credit union loans was surprising, but it does appear that very large credit unions and large credit unions have been decisive in determining overall credit union lending patterns. NCUA defines large credit unions as those with assets greater than $50 million. In 2005, HMDA regulations required institutions with assets greater than $34 million to report HMDA data. There were 586 smaller credit unions with assets between $34 million and $50 million reporting HMDA data. In contrast, 1,978 credit unions with assets greater than $50 million reported HMDA data. Thus, the large credit unions, as the great majority of HMDA reporters, were driving the overall lending patterns for credit unions, and large credit unions have lagged behind CRA-covered banks in meeting the needs for home loans across the country.

Analysis of Lending in Massachusetts:
A Comparison of CRA-Covered and Non-CRA Covered Credit Unions

The second part of NCRC's HMDA analysis involves a comparison of the performance of state-chartered and federally-chartered credit unions in Massachusetts. Massachusetts and Connecticut are the only two states in the country that have applied CRA statutes to state-chartered credit unions. This represents an excellent case study for determining the effect of CRA when applied to credit unions by comparing the lending trends of state-chartered credit unions with those of federally-chartered credit unions in Massachusetts.[28]

Overall, state-chartered credit unions with CRA responsibilities in Massachusetts were better at meeting the lending needs of traditionally underserved communities than federally-chartered credit unions. Because of the smaller number of observations on a state level as opposed to a national one, NCRC only considered lending performance indicators that include a minimum of 20 observations.[29]

In 2007, there were 46 lending performance indicators with 20 or more observations. Out of these 46 indicators, state-chartered credit unions outperformed federally-chartered credit unions' lending performance on 25, or 54.3 percent, of the performance indicators. Federally-chartered credit unions, on the other hand, outperformed state-chartered credit unions on 5, or approximately 11 percent, of the performance indicators. Federally-chartered and state-chartered credit unions tied on 16, or almost 35 percent, of the performance indicators (see Appendix Tables 10, 11, and 12).

Similar trends were observed in 2005 and 2006, when state-chartered credit unions outperformed federally-chartered credit unions

[28] We could not replicate this type of analysis for Connecticut, as CRA there is applied only to community-chartered credit unions and there was no readily available method for identifying the community-chartered credit unions in that state. In addition, the number of observations—that is, loans and applications—were low in Connecticut.

[29] Our analysis will concentrate on the indicators with 20 or more loans/applications per borrower group (for either banks or credit unions), as fewer than 20 observations are not deemed statistically meaningful.

on 47 percent and 43 percent, respectively, of the performance indicators. Differences in lending performance between federally-chartered and state-chartered credit unions slightly narrowed in 2006, when they tied on 38 percent of the performance indicators (up from 34.7 percent in 2005).

State-chartered credit unions held the clearest advantage in refinance lending in all three years. They also had the advantage in home purchase lending during that time. Federally-chartered credit unions, however, either tied with or outperformed state-chartered credit unions in home improvement lending.

NCRC's portfolio share indicators for refinance lending in 2007 indicate a sizable advantage for state-chartered credit unions. For example, the portion of refinance loans issued by state-chartered credit unions to borrowers living in low- and moderate-income census tracts was 9.2 percentage points higher than the portion issued by federally-chartered credit unions to borrowers in these census tracts. State-chartered credit unions issued 34 percent of their refinance loans to low- and moderate-income borrowers, compared with only 25 percent issued by federally-chartered credit unions to this borrower group. A similar pattern was observed in loans to low- and moderate-income women (out of all low- and moderate-income borrowers), with state-chartered and federally-chartered credit unions issuing 41 percent and 35 percent, respectively, of their loans to this group of borrowers (see Appendix Table 11). Also, state-chartered credit unions outperformed federally-chartered credit unions in most of the denial disparity ratio and approval disparity ratio indicators in refinance lending. Moreover, the approval rates for state-chartered credit unions are generally higher than for federally-chartered credit unions, while the denial rates are lower for state-chartered credit unions than for federally-chartered credit unions (see Appendix Table 11).

Comparison of Results to NCRC's Previous Study

In 2005, NCRC released its first comprehensive study comparing bank and credit union performance, titled "Credit Unions: True to Their Mission?"[30] This study analyzed three years of HMDA data, from 2001 through 2003. On a national level, the results are similar to those in this study. Using 14 fair lending indicators for all single family lending (home purchase, refinance, and home improvement combined), NCRC found that banks outperformed credit unions on 88 percent of indicators. The performance of banks and credit unions on a state level was similar. From 2001 through 2003, banks outperformed credit unions in 36 states, or 72 percent of the states. When only home purchase lending was analyzed, credit union performance was even worse; banks outperformed credit unions in 40 states, or 80 percent of the time.

Because the current report adds "approval rate disparity" indicators to its analysis, the findings in the 2005 report and the current report are not directly comparable. However, both reports indicate overwhelmingly that banks performed better than credit unions on the great majority of fair lending indicators.

There are other similarities as well. The previous study found some improvement in credit union performance from 2001 through 2003: by 2003, credit unions offered a higher percentage of their loans to low- and moderate-income borrowers than did banks. The present study shows the same result for lending to low- and moderate-income borrowers in 2005 through 2007. It should be noted, however, that banks outperformed credit unions (in both studies) in reaching minorities and women.

Another similarity between the two NCRC reports was the performance of state-chartered credit unions compared with federally-chartered credit unions in Massachusetts. As mentioned earlier, in 2007, this report found that state-chartered credit unions outperformed federally-chartered credit unions on 54 percent of the fair lending indicators, while federally-chartered credit unions outperformed state-chartered credit unions on just 11 percent of the fair lending indicators. The previous report also demonstrated that Massachusetts' state-chartered credit unions performed better than federally-chartered credit unions by large margins. Specifically, state-chartered credit unions outperformed their federal counterparts in 51 percent, 76 percent and 71 percent of the fair lending indicators for 2001, 2002, and 2003, respectively.

[30] Please see, "Credit Unions: True to Their Mission?" available by request from NCRC.

Conclusion

The evidence in this report amply illustrates that large credit unions do not serve people of modest means as well as mainstream banks, which must comply with CRA requirements. NCRC's national analysis of home loan data from the years 2005, 2006, and 2007 reveals that banks perform better on the great majority of fair lending indicators in home purchase, refinance, and home improvement lending. These fair lending indicators include the percentage of loans to women, minorities, and low- and moderate-income borrowers and communities, as well as differences in denial and approval rates for minorities compared with whites.

While mainstream credit unions have made progress in lending to lower-income people, credit unions as a whole are not performing as expected for institutions that receive a tax exemption in return for fulfilling the public mission of serving people of modest means. The 2006 GAO report indicated that considerable progress still needs to be made in this area, emphasizing that the percentage of low- and moderate-income people using credit unions decreased significantly from 2001 to 2004. Instead of providing meaningful regulations and tools to ensure that credit unions are serving low- and moderate-income people, the NCUA often adopts a defensive posture and argues over the meaning of the public mission of "serving people of modest means." Worse, NCUA has adopted regulations that allow credit unions to serve very large geographical areas of entire cities without requiring meaningful levels of branching and service to low- and moderate-income people.

In light of these findings and NCUA's actions, NCRC offers the following recommendations.

1. Expand CRA to apply to credit unions

Research indicates that mainstream credit unions are not serving minority and working families and communities as well as banks in large part because banks must comply with CRA requirements, while credit unions do not have this requirement.

Harvard University researchers, the Treasury Department, and Federal Reserve economists have concluded that the application of CRA to banks has increased lending to low- and moderate-income communities, and that this lending is profitable.[31] It is reasonable to expect that the same impact would result if CRA was applied to credit unions. Applying CRA to credit unions makes good business sense and is a win-win proposition, as the examples of Massachusetts and Connecticut suggest. Communities would benefit from CRA's application to credit unions because CRA would increase credit union lending, investing, and services to low- and moderate-income communities. Credit unions, in turn, would benefit by finding previously overlooked and profitable business opportunities in low- and moderate-income communities. NCRC urges Congress to enact CRA for mainstream credit unions through the provisions in H.R. 1479.

2. Designate underserved areas in a meaningful way

Credit union trade associations and their regulatory agency have been lobbying Congress to allow all types of credit unions to add underserved areas to the list of communities they serve. Currently, only multiple bond credit unions can add underserved areas. NCUA has designated extremely large regions—such as the entire cities of Houston, Philadelphia, and Washington, DC—as underserved areas, although these areas include not only economically disadvantaged neighborhoods but also affluent communities. In addition, in 2006, NCUA required credit unions to place branches in underserved areas, but did not require them to place these branches in the low- and moderate-income neighborhoods of underserved areas.

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[31] The Joint Center for Housing Studies at Harvard University, "The 25th Anniversary of the Community Reinvestment Act: Access to Capitol in an Evolving Financial Services System," March 2002; Robert Litan, Nicolas Retsinas, Eric Belsky and Susan White Haag, "The Community Reinvestment Act After Financial Modernization: A Baseline Report," produced for the United States Department of the Treasury, April 2000; "The Performance and Profitability of CRA-Related Lending," Report by the Board of Governors of the Federal Reserve System, July 17, 2000; Raphael Bostic and Breck Robinson, "Do CRA Agreements Influence Lending Patterns?" July 2002, available via bostic@usc.edu.

If credit unions desire expanded authority to add underserved areas, the underserved area designation must be meaningful. Only census tracts that are truly low- and moderate-income should constitute underserved areas. Moreover, branches must be located in the low- and moderate-income census tracts, not in affluent neighborhoods.

3. Enhance the rigor of NCUA anti-discrimination reviews

The NCUA Office of the Inspector General wrote in a recent audit, "As a result of our interviews with several NCUA staff, we concluded that NCUA is not utilizing HMDA data to the fullest extent possible in identifying possible discriminatory lending."[32] The Inspector General reported that NCUA conducts approximately 25 fair lending reviews each year, although about 2,000 credit unions report HMDA data. Given this paltry level of fair lending reviews, the Inspector General recommended that NCUA implement a comprehensive program to analyze the "universe of credit union HMDA data for the purpose of determining potential discriminatory lending patterns." NCUA agreed to implement this type of program. A fair lending investigation program that analyzes the "universe" of data is a program that investigates every credit union, not simply a small number of them. The Inspector General should follow up and report on whether the NCUA has implemented a rigorous and comprehensive program by the end of 2009 and annually thereafter.

Judging from the results of this report regarding credit union lending to minorities, a rigorous fair lending review program for credit unions is needed. It should also be noted that CRA exams for banks are accompanied by fair lending reviews. Thus, enacting CRA for credit unions would also help ensure that sufficient numbers of fair lending reviews are conducted.

4. Mandate that NCUA act on the GAO recommendations to measure credit union performance

NCRC strongly agrees with the recommendations in the GAO study that NCUA must immediately and rigorously measure credit unions' performance in reaching minority and low- and moderate-income borrowers and communities. Initially, NCUA could adopt an approach similar to the one used in this study and measure credit unions against a series of CRA and fair lending indicators that compare credit unions' performance against that of other credit unions and banks of similar asset sizes. NCUA could compile and release these comparisons on an annual basis so that credit union members and the general public could assess the performance of their local credit unions. In addition, NCUA could report on the performance of credit unions in issuing consumer loans, investments, and other financial services to traditionally underserved communities.

The NCUA study performed in the fall of 2006 falls considerably short of being the rigorous analysis described above. There is no reason why the sample used could not have been statistically representative. Methodological shortcuts for estimating credit union member incomes were utilized without conducting a pilot study to assess whether more accurate methods of collecting incomes were feasible. Moreover, the study did not utilize readily available HMDA data, which NCUA has a role in collecting.

5. Amend HMDA to require smaller institutions to report their home lending data

Smaller banks and credit unions are exempt from reporting HMDA data on home lending. Until 1996, HMDA exempted smaller institutions from reporting data if they had assets of $10 million or less. The Economic Growth and Regulatory Paperwork Reduction Act of 1996 required the Federal Reserve Board to adjust the asset threshold each year to take inflation into account. As of December 2006, any institution with assets of less than $36 million did not report HMDA data for 2007, the last year of analysis for this report.

Smaller banks and credit unions are important lenders, particularly in smaller cities and rural communities. In order to determine whether these vital institutions are serving their communities, the public must have access to their home lending data through

[32] The National Credit Union Administration Office of Inspector General, "Home Mortgage Disclosure Act Data Analysis Review," Report #OIG-08-09, November 7, 2008.

HMDA data reporting requirements. The argument against HMDA data reporting is that compiling data is expensive and burdensome for smaller institutions. However, vast technological improvements since HMDA's passage in 1975 have considerably reduced the time and expense of reporting. Thus, the public policy imperatives of full disclosure argue for eliminating exemptions from HMDA reporting requirements altogether, or moving the threshold back to $10 million.

6. Require credit unions and mid-size banks to disclose data on small business lending

This report focused on home lending because data on small business and other types of lending by credit unions was not readily available at the time of publication. If credit union trade associations continue to lobby Congress to expand credit unions' small business lending activities, NCRC recommends that Congress institute a public data reporting requirement. The publicly available data should be similar to CRA data on small business lending, with the important addition of data on the race and gender of the small business borrower (at present, the Federal Reserve Board has not lifted its prohibition on voluntary reporting of this data). Additionally, federal banking regulatory agencies have exempted mid-size banks from the small business data reporting requirement. NCRC recommends that credit unions, as well as mid-size banks with assets between $250 million and $1 billion, be required to report this data and provide the public with valuable information about which lenders are most responsive to the credit needs of small businesses.

7. Require that banks, larger credit unions, and others support community development credit unions

NCRC's 2005 report highlighted many examples of innovative programs operated by community development credit unions (CDCUs) that issue loans and provide bank services and accounts to traditionally underserved populations. In a number of cases, these programs need more resources than CDCUs alone can muster. NCRC urges banks and larger credit unions to increase their lending to and investments in credit unions that are devoted to low-income communities. Community organizations, likewise, should seek out additional partnerships with credit unions and banks for reaching traditionally underserved populations. Regulatory agencies and lender trade associations should compile better data on the community development financing activities of banks and credit unions. In particular, they should collaborate to develop a database documenting the financing of low-income credit unions and CDCUs.

Appendix

Methodology

Data Source

The primary data used in this analysis is Home Mortgage Disclosure Act (HMDA) data. All depository institutions (banks, thrifts, and credit unions) are required to report HMDA data, provided they exceed a specified asset limit for the year in question. This limit is adjusted yearly by the Federal Reserve Board to reflect inflation. In 2005, depository institutions with assets above $34 million were required to report HMDA data. By 2007, the last year of this analysis, institutions with assets above $36 million were required to report HMDA data.

HMDA data covers a variety of loan types, including home purchase, home improvement, and refinance loans. The data includes loans to single-family dwellings and multi-family (rental) units, as well as loans to dwellings occupied by the owners or by non-owners. Furthermore, HMDA data records the number of applications received by a lender and whether a loan was originated, denied, approved but not accepted by the applicant, or if the application was withdrawn or incomplete. HMDA data indicates whether a loan is conventional or government-insured (i.e., FHA, VA, or FSA). Both loan originations and loan purchases (from another lender) are subject to HMDA disclosure.

Demographic data on each application is also recorded. This includes the applicant's race, ethnicity, income level, and gender; a co-applicant's race, ethnicity and gender; and the minority and income level of the census tract from which the application came.

NCRC used CRA Wiz software, provided by PCI Services, Inc., to access the HMDA data used in this report.

Units of Analysis

The main focus of this analysis is the performance of credit unions in comparison to banks. For the purposes of this report, a "credit union" is any institution that reports HMDA data to the National Credit Union Administration (NCUA). A "bank" is any institution that reports HMDA data and is regulated by the Federal Reserve Board (FRB), Office of Thrift Supervision (OTS), Office of the Comptroller of the Currency (OCC), or the Federal Deposit Insurance Corporation (FDIC).

The performance of banks and credit unions is measured in three categories: home purchase lending, refinance lending, and home improvement lending. NCRC looked at these loan types in order to acquire a more complete picture of lending activity. It is generally considered harder to reach underserved populations with home purchase lending alone because of the lower wealth of first-time homebuyers, in contrast with homeowners who are refinancing loans or acquiring home improvement loans. While home purchase lending maybe more difficult, it is important to also consider refinance and home improvement lending since these loans types also serve credit needs (obtaining extra cash or lower rates in the case of refinance lending; obtaining financing for home repair or alteration in the case of home improvement lending).

This report focuses on lending to owner-occupants only. Additionally, the analysis only considers prime lending (loans in which price information was not reported), since credit unions issue a very small portion of higher cost loans.

Description of Indicators

Credit unions' and banks' performance was measured using 23 separate indicators. These indicators can be broken up into three categories: portfolio share indicators, denial disparity ratio indicators, and approval disparity indicators. A portfolio share indicator is the percentage of loans a lender makes to a specific group; for example, the percentage of loans made to low- and moderate-income (LMI) borrowers. Denial-disparity ratio indicators measure the rate of denial to one group (e.g., African-American borrowers) in relation to another group (e.g., white borrowers). In other words, an African-American-to-white denial disparity ratio would be the percentage of black denials divided by the percentage of white denials, for a given type of lender. Likewise, the approval disparity ratio captures the difference between approval rates for applicants from one racial or income group and applicants from another racial or income group.

Following is a brief description of the 23 performance indicators.

Portfolio Share Indicators

1. Percentage of loans to African-American borrowers - This indicator measures the percentage of loans made by a specific lender group to African-American borrowers. It is calculated by dividing the number of loans to African-American borrowers by the total number of loans originated by the lender group.

2. Percentage of loans to Hispanic borrowers - This indicator measures the percentage of loans made by a specific lender group to Hispanic borrowers. It is calculated by dividing the number of loans to Hispanic borrowers by the total number of loans originated by the lender group.

3. Percentage of loans to LMI borrowers - This indicator measures the percentage of loans made to low- and moderate-income borrowers. Low-income borrowers are defined as those making less than 50% of the median area income. Moderate-income borrowers are those making between 50% and 80% of the median area income. This percentage is calculated by dividing the number of loans to low- and moderate-income borrowers by the total number of loans originated by a specific lender group.

4. Percentage of loans to women - This measures the percentage of loans made to women, by dividing the number of loans made to women by the total number of loans made by a lender group.

5. Percentage of loans to LMI minorities/LMI borrowers - This indicator measures the percentage of loans made to borrowers who are both low- or moderate-income and who are minorities. It is calculated by dividing the number of loans to LMI minorities by the total number of loans made to LMI borrowers by a lender group. This indicator assesses the extent to which a lender group focuses on LMI minorities relative to all LMI borrowers.

6. Percentage of loans to LMI women/LMI borrowers - This indicator divides the number of loans to LMI women by the total number of loans to LMI borrowers. This indicator assesses the extent to which a lender group focuses on LMI women relative to all LMI borrowers.

7. Percentage of loans to minority census tracts - This indicator measures the percentage of loans made to borrowers living in census tracts in which more than 50% of the residents are racial minorities. It divides the number of loans to borrowers in minority tracts by the total number of loans made by a lender group.

8. Percentage of loans to LMI census tracts - This indicator measures the percentage of loans to borrowers living in LMI census tracts. A LMI census tract is one in which the median income of the residents meets the LMI definitions described above, that is, making less than 80% of the median area income. The indicator divides the number of loans to borrowers in LMI census tracts by the total number of loans.

9. Percentage of loans to LMI borrowers in minority census tracts/LMI borrowers – This indicator divides the number of loans to LMI borrowers in minority tracts by the total number of loans to LMI borrowers. The indicator assesses the extent to which a lender group focuses on LMI borrowers in minority tracts relative to all LMI borrowers.

Denial Disparity Indicators

10. African-American-to-white denial disparity ratio - This indicator measures the difference between denial rates for African-American borrowers and for white borrowers. It divides the African-American denial rate by the white denial rate. The resulting ratio shows the number of African-American borrowers denied per every white denial.

11. Hispanic-to- white denial disparity ratio - This indicator measures the difference between denial rates for Hispanic borrowers and for white borrowers. It divides the Hispanic denial rate by the white denial rate. The resulting ratio shows the number of Hispanic borrowers denied per every white denial.

12. LMI African-Americans to LMI whites denial disparity ratio - This indicator measures the difference between denial rates for LMI African-American borrowers and for LMI white borrowers. It divides the LMI African-American denial rate by the LMI white denial rate. The resulting ratio shows the number of LMI African-American borrowers denied per every LMI white denial.

13. LMI Hispanics to LMI whites - This indicator measures the difference between denial rates for LMI Hispanic borrowers and for LMI white borrowers. It divides the LMI Hispanic denial rate by the LMI white denial rate. The resulting ratio shows the number of LMI Hispanic borrowers denied per every LMI white denial.

14. Minority-to-white census tract denial disparity ratio - This indicator measures the difference between denial rates for borrowers in predominately minority census tracts and for borrowers in white census tracts. It divides the minority tract denial rate by the white tract denial rate. The resulting ratio shows the number of loans denied to borrowers in minority tracts per every loan denied to borrowers in white tracts.

15. LMI-to-MUI borrower denial disparity ratio - This indicator measures the difference between denial rates for LMI borrowers and for middle- and upper-income (MUI) borrowers. Middle-income borrowers are those making between 80% and 120% of the median area income, and upper-income borrowers are those making more than 120% of the median area income. This indicator divides the LMI denial rate by the MUI denial rate. The resulting ratio shows the number of LMI borrowers denied per every MUI denial.

16. LMI-to-MUI census tract denial disparity ratio - This indicator measures the difference between denial rates for borrowers living in LMI census tracts and for borrowers in MUI census tracts. It divides the LMI tract denial rate by the MUI tract denial rate. The resulting ratio shows the number of loans denied to borrowers in LMI tracts per every loan denied to borrowers in MUI tracts.

Approval Disparity Ratios

17. African-American-to-white approval disparity ratio - This indicator measures the difference between approval rates for African-American borrowers and for white borrowers. It divides the African-American approval rate by the white approval rate. The resulting ratio shows the number of African-American borrowers approved per every white approval.

18. Hispanic-to-white approval disparity ratio - This indicator measures the difference between approval rates for Hispanic borrowers and for white borrowers. It divides the Hispanic approval rate by the white approval rate. The resulting ratio shows the number of Hispanic borrowers approved per every white approval.

19. LMI African-Americans to LMI whites approval disparity ratio - This indicator measures the difference between approval rates for LMI African-American borrowers and for LMI white borrowers. It divides the LMI African-American approval rate by the LMI white approval rate. The resulting ratio shows the number of LMI African-American borrowers approved per every LMI white approval.

20. LMI Hispanics to LMI whites - This indicator measures the difference between approval rates for LMI Hispanic borrowers and for LMI white borrowers. It divides the LMI Hispanic approval rate by the LMI white approval rate. The resulting ratio shows the number of LMI Hispanic borrowers approved per every LMI white approval.

21. Minority-to-white census tract approval disparity ratio - This indicator measures the difference between approval rates for borrowers living in predominately minority census tracts and for borrowers in white census tracts. It divides the minority tract approval rate by the white tract approval rate. The resulting ratio shows the number of loans approved to borrowers in minority tracts per every loan approved to borrowers in white tracts.

22. LMI-to-MUI borrower approval disparity ratio - This indicator measures the difference between approval rates for LMI borrowers and for middle- and upper-income (MUI) borrowers. The indicator divides the LMI approval rate by the MUI approval rate. The resulting ratio shows the number of LMI borrowers approved per every MUI approval.

23. LMI-to-MUI census tract approval disparity ratio - This indicator measures the difference between approval rates for borrowers living in LMI census tracts and for borrowers in MUI census tracts. It divides the LMI tract approval rate by the MUI tract approval rate. The resulting ratio shows the number of loans approved to borrowers in LMI tracts per every loan approved to borrowers in MUI tracts.

Scoring System

Each of the 23 indicators for each of the three types of loans generates a point for either banks or credit unions (or federally-chartered and state-chartered credit unions, in the Massachusetts analysis). A lender group (banks or credit unions) is estimated to prevail on a portfolio share indicator if its percentage of loans to a borrower group is .5 percentage points greater than the other lender group. Percentage point differences of half a percentage point or less result in ties or no meaningful difference in performance.

On the denial disparity ratio indicators, a lender group is estimated as prevailing on an indicator if the lender group exhibits a lower disparity ratio between minorities and whites, or LMI and MUI applicants. In contrast, for the approval disparity ratio indicators, a lender group is said to be prevailing on an indicator if it exhibits a higher ratio between minorities and whites, or LMI and MUI applicants.

Ties on disparity ratio indicators occur when the ratio between banks' and credit unions' disparity ratios, or between Massachusetts' federally-chartered and state-chartered credit unions' disparity ratios, is between .9 and 1.1.

Denial Disparity and Approval Disparity Ratios

Credit union trade associations criticized the use of denial disparity ratios in NCRC's previous report comparing bank and credit union performance. The trade associations asserted that NCRC provided an incomplete picture by including denial rate measures while excluding measures of approval rates. While the previous report contained a comprehensive array of indicators, NCRC continually seeks to improve methodological rigor. Consequently, in this report, we included a number of indicators utilizing approval rates.

As illustrated below, banks' approval rates were generally lower and denial rates were higher than those of credit unions for both refinance and home improvement lending (see Tables 2 and 3). As a result, the credit union lobby asserts that consumers have more access to credit union loans. Yet this ignores the fact that banks attract a much larger pool of applicants than credit unions, meaning that more applicants will not be qualified for loans, and subsequently decreasing bank approval rates and increasing bank denial rates. Moreover, the disparity between denial rates for whites and African Americans (or LMI and MUI borrowers) is consistently lower for banks than credit unions. The disparity in approval rates is roughly equal for both. In sum, the addition of approval rates does not alter the overall findings in any significant manner. Banks still perform better on most fair lending indicators, lower approval rates and higher denial rates notwithstanding. Nonetheless, it is also incumbent upon banks, as a group, to take measures to lower their denial rates and increase approval rates.

Interestingly, bank and credit union approval and denial rates are similar for home purchase loans (see Tables 1). Home purchase lending is perhaps the most difficult type of lending, as it extends credit to many first time buyers with limited wealth. Given their much larger pool of applicants, it would be expected that banks would have lower approval rates and higher denial rates for home purchase lending then credit unions. Yet the similarity in rates suggests extra efforts and underwriting flexibilities on the part of banks relative to credit unions.

LMI=Low- and Moderate-Income and MUI=Middle- and Upper-Income

Portfolio indicators refer to prime lending only

Table 1. National
2007 Home Purchase Lending Trends

Portfolio Share Indicators	Credit Unions	Banks/Thrifts	Perc. Pt. Diff	Advantage
% to Blacks	4.7%	5.8%	-1.2%	Banks
% to Hispanics	4.7%	8.4%	-3.7%	Banks
% to LMI Borrowers	25.2%	22.5%	2.7%	CU
% to Women	18.8%	22.4%	-3.6%	Banks
% to LMI Minorities/LMI Borrowers	16.3%	24.3%	-8.0%	Banks
% to LMI Women/LMI Borrowers	36.9%	39.7%	-2.8%	Banks
% to Minority Tracts	8.4%	13.4%	-5.0%	Banks
% to LMI Tracts	11.4%	13.0%	-1.5%	Banks
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	9.8%	14.4%	-4.6%	Banks
Denial Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	2.66	2.01	1.32	Banks
Hispanics to Whites	1.90	1.87	1.02	Tie
LMI Blacks to LMI Whites	2.38	1.78	1.34	Banks
LMI Hispanics to LMI Whites	1.74	1.55	1.13	Banks
Minority to White Tracts	2.04	1.83	1.12	Banks
LMI to MUI Borrowers	2.12	1.18	1.80	Banks
LMI to MUI Tracts	1.88	1.60	1.18	Banks
Approval Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	0.66	0.75	0.88	Banks
Hispanics to Whites	0.75	0.76	0.99	Tie
LMI Blacks to LMI Whites	0.70	0.79	0.89	Banks
LMI Hispanics to LMI Whites	0.82	0.84	0.97	Tie
Minority to White Tracts	0.80	0.77	1.04	Tie
LMI to MUI Borrowers	0.89	1.00	0.89	Banks
LMI to MUI Tracts	0.86	0.84	1.03	Tie
Advantage	**CU Adv.**	**Bank Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	1	17	5	23

Home Purchase 2007

Approval Rates	Credit Unions	Banks/Thrifts
Blacks	44.6%	51.7%
Hispanics	50.6%	52.3%
Whites	67.1%	68.7%
LMI Blacks	48.8%	54.5%
LMI Hispanics	57.3%	58.3%
LMI Whites	69.9%	69.2%
Minority Tracts	58.6%	52.7%
White Tracts	73.6%	68.6%
LMI Borrowers	65.9%	65.8%
MUI Borrowers	74.1%	65.9%
LMI Tracts	63.3%	56.5%
MUI Tracts	73.4%	67.4%

Home Purchase 2007

Denial Rates	Credit Unions	Banks/Thrifts
Blacks	26.8%	30.0%
Hispanics	19.2%	27.9%
Whites	10.1%	14.9%
LMI Blacks	30.1%	29.3%
LMI Hispanics	22.1%	25.5%
LMI Whites	12.7%	16.5%
Minority Tracts	17.3%	27.0%
White Tracts	8.5%	14.8%
LMI Borrowers	15.3%	19.2%
MUI Borrowers	7.2%	16.3%
LMI Tracts	15.8%	24.8%
MUI Tracts	8.4%	15.5%

Table 2. National

2007 Refinance Lending Trends

Portfolio Share Indicators	Credit Unions	Banks/Thrifts	Perc. Pt. Diff	Advantage
% to Blacks	5.8%	6.0%	-0.2%	Tie
% to Hispanics	6.1%	9.2%	-3.1%	Banks
% to LMI Borrowers	22.7%	19.9%	2.8%	CU
% to Women	18.8%	22.0%	-3.3%	Banks
% to LMI Minorities/LMI Borrowers	18.9%	22.3%	-3.5%	Banks
% to LMI Women/LMI Borrowers	39.8%	40.2%	-0.4%	Tie
% to Minority Tracts	12.3%	16.6%	-4.3%	Banks
% to LMI Tracts	12.0%	13.4%	-1.4%	Banks
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	15.5%	18.7%	-3.2%	Banks
Denial Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	2.36	1.48	1.60	Banks
Hispanics to Whites	2.07	1.32	1.56	Banks
LMI Blacks to LMI Whites	2.01	1.35	1.49	Banks
LMI Hispanics to LMI Whites	1.88	1.30	1.44	Banks
Minority to White Tracts	1.79	1.24	1.44	Banks
LMI to MUI Borrowers	1.70	1.26	1.35	Banks
LMI to MUI Tracts	1.66	1.26	1.31	Banks
Approval Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	0.68	0.69	0.99	Tie
Hispanics to Whites	0.77	0.76	1.01	Tie
LMI Blacks to LMI Whites	0.67	0.71	0.95	Tie
LMI Hispanics to LMI Whites	0.73	0.74	0.98	Tie
Minority to White Tracts	0.80	0.82	0.97	Tie
LMI to MUI Borrowers	0.88	0.88	0.99	Tie
LMI to MUI Tracts	0.85	0.82	1.04	Tie
Advantage	**CU Adv.**	**Bank Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	1	13	9	23

[1] Prime loans

Refinance 2007

Approval Rates	Credit Unions	Banks/Thrifts
Blacks	50.2%	32.7%
Hispanics	56.2%	36.1%
Whites	73.4%	47.4%
LMI Blacks	46.0%	30.8%
LMI Hispanics	49.9%	32.2%
LMI Whites	68.6%	43.4%
Minority Tracts	56.0%	37.6%
White Tracts	70.3%	45.8%
LMI Borrowers	61.8%	39.8%
MUI Borrowers	70.4%	44.9%
LMI Tracts	59.2%	37.2%
MUI Tracts	69.6%	45.6%

Refinance 2007

Denial Rates	Credit Unions	Banks/Thrifts
Blacks	27.0%	45.0%
Hispanics	23.7%	40.4%
Whites	11.4%	30.5%
LMI Blacks	32.6%	49.0%
LMI Hispanics	30.4%	47.3%
LMI Whites	16.2%	36.3%
Minority Tracts	22.5%	38.9%
White Tracts	12.6%	31.3%
LMI Borrowers	20.4%	39.4%
MUI Borrowers	12.0%	31.3%
LMI Tracts	21.4%	39.8%
MUI Tracts	12.9%	31.5%

Table 3. National

2007 Home Improvement Lending Trends

Portfolio Share Indicators	Credit Unions	Banks/Thrifts	Perc. Pt. Diff	Advantage
% to Blacks	6.1%	6.4%	-0.3%	Tie
% to Hispanics	6.9%	10.0%	-3.1%	Banks
% to LMI Borrowers	23.1%	24.1%	-1.0%	Banks
% to Women	20.1%	21.7%	-1.5%	Banks
% to LMI Minorities/LMI Borrowers	20.5%	24.2%	-3.7%	Banks
% to LMI Women/LMI Borrowers	41.1%	41.3%	-0.2%	Tie
% to Minority Tracts	12.8%	16.6%	-3.7%	Banks
% to LMI Tracts	13.1%	14.5%	-1.4%	Banks
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	17.6%	20.1%	-2.4%	Banks
Denial Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	2.55	1.54	1.66	Banks
Hispanics to Whites	2.37	1.33	1.77	Banks
LMI Blacks to LMI Whites	2.01	1.34	1.50	Banks
LMI Hipanics to LMI Whites	2.13	1.27	1.67	Banks
Minority to White Tracts	2.24	1.31	1.72	Banks
LMI to MUI Borrowers	2.04	1.41	1.45	Banks
LMI to MUI Tracts	1.92	1.32	1.46	Banks
Approval Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	0.79	0.59	1.34	CU
Hispanics to Whites	0.79	0.71	1.10	Tie
LMI Blacks to LMI Whites	0.78	0.61	1.28	CU
LMI Hipanics to LMI Whites	0.72	0.67	1.08	Tie
Minority to White Tracts	0.79	0.73	1.08	Tie
LMI to MUI Borrowers	0.85	0.78	1.09	Tie
LMI to MUI Tracts	0.85	0.75	1.12	CU
Advantage	**CU Adv.**	**Bank Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	3	14	6	23

[1] Prime loans

Note: White in this case include Hispanic White borrowers.

Home Improvement 2007

Approval Rates	Credit Unions	Banks/Thrifts
Blacks	62.8%	26.2%
Hispanics	62.9%	31.9%
Whites	79.7%	44.7%
LMI Blacks	56.8%	23.3%
LMI Hispanics	53.0%	25.8%
LMI Whites	73.3%	38.3%
Minority Tracts	61.2%	31.2%
White Tracts	77.4%	42.5%
LMI Borrowers	66.2%	33.1%
MUI Borrowers	78.1%	42.7%
LMI Tracts	64.9%	31.7%
MUI Tracts	76.6%	42.0%

Home Improvement 2007

Denial Rates	Credit Unions	Banks/Thrifts
Blacks	26.8%	58.1%
Hispanics	24.9%	50.4%
Whites	10.5%	37.7%
LMI Blacks	32.9%	63.7%
LMI Hispanics	34.8%	60.6%
LMI Whites	16.3%	47.6%
Minority Tracts	25.8%	51.1%
White Tracts	11.5%	39.1%
LMI Borrowers	21.9%	52.4%
MUI Borrowers	10.8%	37.3%
LMI Tracts	23.2%	51.8%
MUI Tracts	12.1%	39.3%

Table 4. National
2006 Home Purchase Lending Trends

Portfolio Share Indicators	Credit Unions	Banks/Thrifts	Perc. Pt. Diff	Advantage
% to Blacks	4.5%	5.4%	-0.9%	Banks
% to Hispanics	4.7%	9.2%	-4.5%	Banks
% to LMI Borrowers	26.7%	21.8%	4.9%	CU
% to Women	18.5%	22.3%	-3.8%	Banks
% to LMI Minorities/LMI Borrowers	15.4%	22.7%	-7.4%	Banks
% to LMI Women/LMI Borrowers	35.6%	38.6%	-3.1%	Banks
% to Minority Tracts	8.2%	13.2%	-5.0%	Banks
% to LMI Tracts	11.3%	12.6%	-1.3%	Banks
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	9.4%	13.4%	-4.0%	Banks
Denial Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	2.84	1.87	1.52	Banks
Hispanics to Whites	2.05	1.68	1.22	Banks
LMI Blacks to LMI Whites	2.57	1.71	1.50	Banks
LMI Hispanics to LMI Whites	1.92	1.53	1.26	Banks
Minority to White Tracts	2.10	1.72	1.22	Banks
LMI to MUI Borrowers	2.22	1.23	1.80	Banks
LMI to MUI Tracts	1.95	1.57	1.24	Banks
Approval Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	0.67	0.80	0.84	Banks
Hispanics to Whites	0.76	0.83	0.91	Tie
LMI Blacks to LMI Whites	0.70	0.80	0.87	Banks
LMI Hispanics to LMI Whites	0.80	0.85	0.93	Tie
Minority to White Tracts	0.80	0.82	0.98	Tie
LMI to MUI Borrowers	0.90	0.98	0.92	Tie
LMI to MUI Tracts	0.86	0.86	1.00	Tie
Advantage	**CU Adv.**	**Bank Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	1	17	5	23

Home Purchase 2006

Approval Rates	Credit Unions	Banks/Thrifts
Blacks	46.5%	56.1%
Hispanics	52.5%	58.9%
Whites	69.3%	70.5%
LMI Blacks	50.9%	55.8%
LMI Hispanics	58.0%	59.7%
LMI Whites	72.8%	69.8%
Minority Tracts	60.2%	57.4%
White Tracts	75.5%	70.3%
LMI Borrowers	68.3%	66.5%
MUI Borrowers	76.2%	68.2%
LMI Tracts	64.5%	59.7%
MUI Tracts	75.4%	69.5%

Home Purchase 2006

Denial Rates	Credit Unions	Banks/Thrifts
Blacks	25.9%	25.7%
Hispanics	18.7%	23.1%
Whites	9.1%	13.8%
LMI Blacks	28.4%	27.2%
LMI Hispanics	21.3%	24.3%
LMI Whites	11.1%	15.9%
Minority Tracts	15.9%	23.4%
White Tracts	7.6%	13.7%
LMI Borrowers	13.9%	18.2%
MUI Borrowers	6.3%	14.8%
LMI Tracts	14.6%	22.3%
MUI Tracts	7.5%	14.2%

Table 5. National
2006 Refinance Lending Trends

Portfolio Share Indicators	Credit Unions	Banks/Thrifts	Perc. Pt. Diff	Advantage
% to Blacks	5.7%	6.0%	-0.4%	Tie
% to Hispanics	5.7%	9.5%	-3.9%	Banks
% to LMI Borrowers	24.5%	20.6%	4.0%	CU
% to Women	18.1%	22.2%	-4.1%	Banks
% to LMI Minorities/LMI Borrowers	17.9%	21.2%	-3.2%	Banks
% to LMI Women/LMI Borrowers	37.8%	39.2%	-1.3%	Banks
% to Minority Tracts	12.3%	17.1%	-4.9%	Banks
% to LMI Tracts	12.4%	13.5%	-1.2%	Banks
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	15.4%	17.8%	-2.4%	Banks
Denial Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	2.49	1.47	1.69	Banks
Hispanics to Whites	2.11	1.26	1.68	Banks
LMI Blacks to LMI Whites	2.12	1.34	1.58	Banks
LMI Hispanics to LMI Whites	1.94	1.28	1.52	Banks
Minority to White Tracts	1.91	1.22	1.57	Banks
LMI to MUI Borrowers	1.80	1.35	1.33	Banks
LMI to MUI Tracts	1.68	1.27	1.32	Banks
Approval Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	0.74	0.75	0.99	Tie
Hispanics to Whites	0.80	0.84	0.95	Tie
LMI Blacks to LMI Whites	0.73	0.76	0.95	Tie
LMI Hispanics to LMI Whites	0.76	0.79	0.96	Tie
Minority to White Tracts	0.82	0.87	0.94	Tie
LMI to MUI Borrowers	0.89	0.84	1.05	Tie
LMI to MUI Tracts	0.87	0.85	1.03	Tie
Advantage	**CU Adv.**	**Bank Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	1	14	8	23

Refinance 2006

Approval Rates	Credit Unions	Banks/Thrifts
Blacks	57.3%	39.3%
Hispanics	61.4%	44.0%
Whites	76.9%	52.5%
LMI Blacks	52.7%	35.8%
LMI Hispanics	55.0%	37.0%
LMI Whites	72.6%	46.9%
Minority Tracts	61.4%	43.6%
White Tracts	74.8%	49.9%
LMI Borrowers	66.8%	42.5%
MUI Borrowers	75.2%	50.3%
LMI Tracts	64.8%	42.3%
MUI Tracts	74.2%	49.9%

Refinance 2006

Denial Rates	Credit Unions	Banks/Thrifts
Blacks	23.3%	38.3%
Hispanics	19.7%	32.7%
Whites	9.4%	26.0%
LMI Blacks	28.6%	43.6%
LMI Hispanics	26.1%	41.5%
LMI Whites	13.5%	32.5%
Minority Tracts	19.3%	32.9%
White Tracts	10.1%	27.0%
LMI Borrowers	16.9%	35.3%
MUI Borrowers	9.4%	26.1%
LMI Tracts	17.5%	34.2%
MUI Tracts	10.4%	26.9%

Table 6. National
2006 Home Improvement Lending Trends

Portfolio Share Indicators	Credit Unions	Banks/Thrifts	Perc. Pt. Diff	Advantage
% to Blacks	5.7%	6.8%	-1.1%	Banks
% to Hispanics	6.4%	1.1%	5.3%	CU
% to LMI Borrowers	24.8%	25.3%	-0.5%	Tie
% to Women	19.4%	22.0%	-2.6%	Banks
% to LMI Minorities/LMI Borrowers	19.2%	24.5%	-5.3%	Banks
% to LMI Women/LMI Borrowers	39.1%	41.0%	-1.8%	Banks
% to Minority Tracts	13.3%	18.0%	-4.6%	Banks
% to LMI Tracts	13.0%	15.1%	-2.1%	Banks
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	17.7%	52.6%	-34.9%	Banks
Denial Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	2.49	1.55	1.61	Banks
Hispanics to Whites	2.35	1.31	1.79	Banks
LMI Blacks to LMI Whites	2.01	1.34	1.49	Banks
LMI Hipanics to LMI Whites	2.18	1.28	1.70	Banks
Minority to White Tracts	2.05	1.29	1.59	Banks
LMI to MUI Borrowers	2.08	1.49	1.40	Banks
LMI to MUI Tracts	1.86	1.33	1.40	Banks
Approval Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	0.81	0.62	1.31	CU
Hispanics to Whites	0.82	0.76	1.07	Tie
LMI Blacks to LMI Whites	0.80	0.64	1.25	CU
LMI Hipanics to LMI Whites	0.75	0.70	1.07	Tie
Minority to White Tracts	0.83	0.77	1.07	Tie
LMI to MUI Borrowers	0.85	0.75	1.13	CU
LMI to MUI Tracts	0.86	0.77	1.11	CU
Advantage	**CU Adv.**	**Bank Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	5	14	4	23

Home Improvement 2006

Approval Rates	Credit Unions	Banks/Thrifts
Blacks	66.5%	29.7%
Hispanics	66.8%	36.4%
Whites	81.7%	47.7%
LMI Blacks	60.4%	25.7%
LMI Hispanics	56.5%	28.0%
LMI Whites	75.5%	40.2%
Minority Tracts	65.2%	35.1%
White Tracts	78.8%	45.5%
LMI Borrowers	68.1%	35.1%
MUI Borrowers	80.1%	46.7%
LMI Tracts	67.1%	34.8%
MUI Tracts	78.3%	45.2%

Home Improvement 2006

Denial Rates	Credit Unions	Banks/Thrifts
Blacks	23.1%	54.2%
Hispanics	21.8%	46.0%
Whites	9.3%	35.0%
LMI Blacks	29.3%	60.9%
LMI Hispanics	31.8%	58.1%
LMI Whites	14.6%	45.3%
Minority Tracts	22.0%	47.0%
White Tracts	10.7%	36.4%
LMI Borrowers	19.9%	50.1%
MUI Borrowers	9.6%	33.6%
LMI Tracts	20.7%	48.4%
MUI Tracts	11.1%	36.4%

Table 7: National
2005 Home Purchase Lending Trends

Portfolio Share Indicators	Credit Unions	Banks/Thrifts	Perc. Pt. Diff	Advantage
% to Blacks	4.3%	4.8%	-0.4%	Tie
% to Hispanics	4.6%	8.8%	-4.2%	Banks
% to LMI Borrowers	27.1%	22.5%	4.6%	CU
% to Women	18.3%	21.8%	-3.5%	Banks
% to LMI Minorities/LMI Borrowers	15.1%	21.9%	-6.8%	Banks
% to LMI Women/LMI Borrowers	35.0%	37.9%	-2.9%	Banks
% to Minority Tracts	8.2%	13.6%	-5.5%	Banks
% to LMI Tracts	11.1%	12.0%	-0.9%	Banks
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	9.2%	13.0%	-3.9%	Banks
Denial Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	2.69	1.84	1.46	Banks
Hispanics to Whites	2.05	1.68	1.22	Banks
LMI Blacks to LMI Whites	2.66	1.68	1.58	Banks
LMI Hispanics to LMI Whites	1.90	1.56	1.22	Banks
Minority to White Tracts	2.09	1.70	1.23	Banks
LMI to MUI Borrowers	2.20	1.29	1.70	Banks
LMI to MUI Tracts	2.04	1.58	1.29	Banks
Approval Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	0.67	0.81	0.83	Banks
Hispanics to Whites	0.78	0.84	0.93	Tie
LMI Blacks to LMI Whites	0.70	0.81	0.87	Banks
LMI Hispanics to LMI Whites	0.83	0.84	0.98	Tie
Minority to White Tracts	0.80	0.83	0.97	Tie
LMI to MUI Borrowers	0.89	0.96	0.93	Tie
LMI to MUI Tracts	0.85	0.86	0.99	Tie
Advantage	**CU Adv.**	**Bank Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	1	16	6	23

Home Purchase 2005

Approval Rates	Credit Unions	Banks/Thrifts
Blacks	47.0%	58.9%
Hispanics	55.2%	61.2%
Whites	70.3%	72.9%
LMI Blacks	51.2%	57.4%
LMI Hispanics	60.7%	60.1%
LMI Whites	73.2%	71.1%
Minority Tracts	61.2%	60.0%
White Tracts	76.2%	73.3%
LMI Borrowers	68.8%	68.0%
MUI Borrowers	77.1%	71.2%
LMI Tracts	65.1%	62.0%
MUI Tracts	76.2%	71.8%

Home Purchase 2005

Denial Rates	Credit Unions	Banks/Thrifts
Blacks	24.4%	22.5%
Hispanics	18.6%	20.6%
Whites	9.1%	12.2%
LMI Blacks	29.0%	24.5%
LMI Hispanics	20.7%	22.8%
LMI Whites	10.9%	14.6%
Minority Tracts	15.7%	20.8%
White Tracts	7.5%	12.3%
LMI Borrowers	13.6%	16.7%
MUI Borrowers	6.2%	12.9%
LMI Tracts	15.0%	20.0%
MUI Tracts	7.4%	12.6%

Table 8: National

2005 Refinance Lending Trends

Portfolio Share Indicators	Credit Unions	Banks/Thrifts	Perc. Pt. Diff	Advantage
% to Blacks	5.4%	5.7%	-0.3%	Tie
% to Hispanics	5.4%	9.0%	-3.6%	Banks
% to LMI Borrowers	25.0%	21.5%	3.5%	CU
% to Women	17.8%	21.0%	-3.2%	Banks
% to LMI Minorities/LMI Borrowers	17.4%	21.5%	-4.1%	Banks
% to LMI Women/LMI Borrowers	37.5%	38.0%	-0.5%	Tie
% to Minority Tracts	12.4%	16.8%	-4.4%	Banks
% to LMI Tracts	12.2%	12.8%	-0.6%	Banks
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	15.1%	18.3%	-3.2%	Banks
Denial Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	2.51	1.58	1.59	Banks
Hispanics to Whites	2.05	1.28	1.59	Banks
LMI Blacks to LMI Whites	2.15	1.41	1.53	Banks
LMI Hispanics to LMI Whites	1.92	1.26	1.52	Banks
Minority to White Tracts	1.92	1.27	1.51	Banks
LMI to MUI Borrowers	1.92	1.42	1.35	Banks
LMI to MUI Tracts	1.77	1.37	1.29	Banks
Approval Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	0.87	0.70	1.24	CU
Hispanics to Whites	0.84	0.84	1.00	Tie
LMI Blacks to LMI Whites	0.76	0.70	1.09	Tie
LMI Hispanics to LMI Whites	0.80	0.82	0.98	Tie
Minority to White Tracts	0.85	0.85	1.00	Tie
LMI to MUI Borrowers	0.59	0.81	0.73	Banks
LMI to MUI Tracts	0.89	0.81	1.11	CU
Advantage	**CU Adv.**	**Bank Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	3	14	6	23

Refinance 2005

Approval Rates	Credit Unions	Banks/Thrifts
Blacks	68.6%	39.3%
Hispanics	66.7%	47.4%
Whites	79.3%	56.2%
LMI Blacks	57.3%	34.0%
LMI Hispanics	60.4%	40.1%
LMI Whites	75.5%	48.9%
Minority Tracts	66.2%	46.0%
White Tracts	77.1%	54.3%
LMI Borrowers	70.1%	44.5%
MUI Borrowers	78.2%	54.8%
LMI Tracts	68.9%	43.8%
MUI Tracts	77.6%	54.1%

Refinance 2005

Denial Rates	Credit Unions	Banks/Thrifts
Blacks	20.3%	37.0%
Hispanics	16.6%	30.1%
Whites	8.1%	23.4%
LMI Blacks	25.5%	43.0%
LMI Hispanics	22.7%	38.3%
LMI Whites	11.8%	30.4%
Minority Tracts	16.5%	30.9%
White Tracts	8.6%	24.3%
LMI Borrowers	15.0%	33.4%
MUI Borrowers	7.8%	23.5%
LMI Tracts	15.5%	33.0%
MUI Tracts	8.8%	24.1%

Table 9: National
2005 Home Improvement Lending Trends

Portfolio Share Indicators	Credit Unions	Banks/Thrifts	Perc. Pt. Diff	Advantage
% to Blacks	6.0%	6.7%	-0.7%	Banks
% to Hispanics	6.1%	11.2%	-5.1%	Banks
% to LMI Borrowers	25.1%	26.4%	-1.3%	Banks
% to Women	19.4%	21.5%	-2.1%	Banks
% to LMI Minorities/LMI Borrowers	19.0%	24.5%	-5.5%	Banks
% to LMI Women/LMI Borrowers	39.5%	39.9%	-0.3%	Tie
% to Minority Tracts	13.3%	18.6%	-5.3%	Banks
% to LMI Tracts	13.3%	15.1%	-1.8%	Banks
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	17.5%	20.5%	-3.1%	Banks
Denial Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	2.37	1.58	1.50	Banks
Hispanics to Whites	2.44	1.34	1.81	Banks
LMI Blacks to LMI Whites	1.98	1.37	1.45	Banks
LMI Hipanics to LMI Whites	2.25	1.31	1.72	Banks
Minority to White Tracts	2.19	1.38	1.59	Banks
LMI to MUI Borrowers	2.17	1.52	1.42	Banks
LMI to MUI Tracts	1.92	1.37	1.40	Banks
Approval Disparity Ratios	**Credit Unions**	**Banks/Thrifts**	**CU/Bank Ratio**	**Advantage**
Blacks to Whites	0.84	0.63	1.33	CU
Hispanics to Whites	0.81	0.78	1.03	Tie
LMI Blacks to LMI Whites	0.82	0.65	1.26	CU
LMI Hipanics to LMI Whites	0.73	0.71	1.02	Tie
Minority to White Tracts	0.82	0.77	1.06	Tie
LMI to MUI Borrowers	0.85	0.75	1.13	CU
LMI to MUI Tracts	0.86	0.77	1.11	CU
Advantage	**CU Adv.**	**Bank Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	4	15	4	23

Home Improvement 2005

Approval Rates	Credit Unions	Banks/Thrifts
Blacks	69.1%	32.0%
Hispanics	66.2%	39.3%
Whites	82.1%	50.4%
LMI Blacks	62.2%	27.8%
LMI Hispanics	55.6%	30.5%
LMI Whites	76.1%	42.7%
Minority Tracts	65.8%	37.0%
White Tracts	79.9%	47.8%
LMI Borrowers	68.9%	37.1%
MUI Borrowers	81.2%	49.4%
LMI Tracts	68.0%	37.0%
MUI Tracts	79.4%	47.8%

Home Improvement 2005

Denial Rates	Credit Unions	Banks/Thrifts
Blacks	22.0%	52.2%
Hispanics	22.5%	44.4%
Whites	9.2%	33.0%
LMI Blacks	28.7%	58.7%
LMI Hispanics	14.5%	43.0%
LMI Whites	32.5%	56.2%
Minority Tracts	22.6%	45.6%
White Tracts	10.3%	33.0%
LMI Borrowers	19.9%	47.9%
MUI Borrowers	9.2%	31.4%
LMI Tracts	20.7%	47.2%
MUI Tracts	10.8%	34.4%

LMI=Low- and Moderate-Income and MUI=Middle- and Upper-Income

Table 10: Massachusetts
2007 Home Purchase Lending Trends

Portfolio Share Indicators	Federal CU	State CU	Perc. Pt. Diff	Advantage
% to Blacks	2.6%	4.7%	-2.1%	State CU
% to Hispanics	2.2%	1.9%	0.3%	State CU
% to LMI Borrowers	27.0%	29.3%	-2.3%	Tie
% to Women	18.3%	21.2%	-2.9%	State CU
% to LMI Minorities/ LMI Borrowers	9.2%	13.9%	-4.6%	State CU
% to LMI Women/ LMI Borrowers	36.5%	41.6%	-5.1%	State CU
% to Minority Tracts	2.9%	3.7%	-0.9%	Tie
% to LMI Tracts	15.7%	18.4%	-2.7%	State CU
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	4.6%	6.3%	-1.6%	State CU
Denial Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	2.74	1.37	2.0	State CU
Hispanics to Whites	1.85	1.91	1.0	Tie
LMI Blacks to LMI Whites	2.16	0.48	4.5	State CU
LMI Hispanics to LMI Whites	1.24	2.68	0.5	Federal CU
Minority to White Tracts	1.96	0.95	2.1	State CU
LMI to MUI Borrowers	2.06	2.74	0.7	Federal CU
LMI to MUI Tracts	1.42	1.44	1.0	Tie
Approval Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	0.79	0.99	0.8	State CU
Hispanics to Whites	0.91	0.77	1.2	Federal CU
LMI Blacks to LMI Whites	0.84	1.11	0.8	State CU
LMI Hispanics to LMI Whites	0.70	0.72	1.0	Tie
Minority to White Tracts	0.88	1.01	0.9	Tie
LMI to MUI Borrowers	0.89	0.91	1.0	Tie
LMI to MUI Tracts	0.97	0.94	1.0	Tie
Advantage	**Federal Adv.**	**State CU Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	3	12	8	23
Total Advantage for Indicators with > 20 Observations	2	7	6	15

Note: The shaded rows are rows with less than 20 observations for any borrower group

Massachusetts Home Purchase Loans 2007

Approval Rates	Federal CU	State CU
Blacks	54.0%	78.9%
Hispanics	62.2%	61.5%
Whites	68.0%	80.0%
LMI Blacks	54.5%	83.3%
LMI Hispanics	45.5%	53.8%
LMI Whites	64.9%	75.2%
Minority Tracts	61.2%	79.7%
White Tracts	69.4%	79.3%
LMI Borrowers	63.9%	74.3%
MUI Borrowers	72.1%	81.9%
LMI Tracts	67.3%	75.3%
MUI Tracts	69.5%	80.3%

Massachusetts Home Purchase Loans 2007

Denial Rates	Federal CU	State CU
Blacks	28.0%	9.2%
Hispanics	18.9%	12.8%
Whites	10.2%	6.7%
LMI Blacks	31.8%	5.6%
LMI Hispanics	18.2%	30.8%
LMI Whites	14.7%	11.5%
Minority Tracts	20.4%	6.8%
White Tracts	10.4%	7.1%
LMI Borrowers	16.9%	12.4%
MUI Borrowers	8.2%	4.5%
LMI Tracts	14.3%	9.4%
MUI Tracts	10.0%	6.6%

Table 11: Massachusetts
2007 Refinance Lending Trends

Portfolio Share Indicators	Federal CU	State CU	Perc. Pt. Diff	Advantage
% to Blacks	2.5%	5.5%	-3.0%	State CU
% to Hispanics	2.1%	2.1%	-0.0%	Tie
% to LMI Borrowers	24.7%	34.0%	-9.3%	State CU
% to Women	17.0%	21.6%	-4.6%	State CU
% to LMI Minorities/ LMI Borrowers	8.0%	12.0%	-4.0%	State CU
% to LMI Women/ LMI Borrowers	35.2%	41.1%	-5.8%	State CU
% to Minority Tracts	2.0%	3.8%	-1.8%	State CU
% to LMI Tracts	10.3%	19.6%	-9.2%	State CU
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	3.6%	6.0%	-2.5%	State CU
Denial Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	2.87	2.37	1.2	State CU
Hispanics to Whites	2.91	2.81	1.0	Tie
LMI Blacks to LMI Whites	2.25	1.71	1.3	State CU
LMI Hispanics to LMI Whites	2.22	2.14	1.0	Tie
Minority to White Tracts	2.18	1.59	1.4	State CU
LMI to MUI Borrowers	1.77	1.43	1.2	State CU
LMI to MUI Tracts	1.93	1.52	1.3	State CU
Approval Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	0.56	0.73	0.8	State CU
Hispanics to Whites	0.57	0.62	0.9	Tie
LMI Blacks to LMI Whites	0.60	0.81	0.7	State CU
LMI Hispanics to LMI Whites	0.44	0.68	0.6	State CU
Minority to White Tracts	0.76	0.84	0.9	Tie
LMI to MUI Borrowers	0.81	0.91	0.9	Tie
LMI to MUI Tracts	0.76	0.89	0.8	State CU
Advantage	**Federal Adv.**	**State CU Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	0	17	6	23
Total Advantage for Indicators with > 20 Observations	0	16	6	22

Note: The shaded rows are rows with less than 20 observations for any borrower group

Massachusetts Refinance Loans 2007

Approval Rates	Federal CU	State CU
Blacks	38.5%	53.9%
Hispanics	39.4%	45.6%
Whites	69.3%	73.5%
LMI Blacks	36.6%	56.4%
LMI Hispanics	26.7%	47.2%
LMI Whites	61.3%	69.3%
Minority Tracts	49.0%	59.0%
White Tracts	64.3%	70.6%
LMI Borrowers	54.9%	66.0%
MUI Borrowers	67.8%	72.7%
LMI Tracts	50.0%	64.1%
MUI Tracts	66.0%	71.8%

Massachusetts Refinance Loans 2007

Denial Rates	Federal CU	State CU
Blacks	44.1%	34.0%
Hispanics	44.7%	40.4%
Whites	15.4%	14.3%
LMI Blacks	50.7%	31.6%
LMI Hispanics	50.0%	39.6%
LMI Whites	22.6%	18.5%
Minority Tracts	40.2%	25.5%
White Tracts	18.4%	16.0%
LMI Borrowers	27.6%	20.5%
MUI Borrowers	15.6%	14.4%
LMI Tracts	32.6%	22.5%
MUI Tracts	16.9%	14.8%

Table 12: Massachusetts 2007 Home Improvement Lending Trends				
Portfolio Share Indicators	**Federal CU**	**State CU**	**Perc. Pt. Diff**	**Advantage**
% to Blacks	1.6%	2.5%	-1.0%	State CU
% to Hispanics	1.8%	2.2%	-0.3%	Tie
% to LMI Borrowers	26.7%	32.5%	-5.8%	State CU
% to Women	20.9%	19.8%	1.2%	Federal CU
% to LMI Minorities/ LMI Borrowers	6.5%	9.9%	-3.4%	State CU
% to LMI Women/ LMI Borrowers	41.8%	38.2%	3.5%	Federal CU
% to Minority Tracts	1.6%	2.2%	-0.6%	State CU
% to LMI Tracts	10.8%	18.2%	-7.4%	State CU
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	3.4%	3.2%	0.2%	Tie
Denial Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	6.82	2.02	3.4	State CU
Hispanics to Whites	3.85	2.03	1.9	State CU
LMI Blacks to LMI Whites	3.79	1.50	2.5	State CU
LMI Hispanics to LMI Whites	1.07	2.30	0.5	Federal CU
Minority to White Tracts	2.70	1.60	1.7	State CU
LMI to MUI Borrowers	1.30	1.97	0.7	Federal CU
LMI to MUI Tracts	1.40	1.53	0.9	Tie
Approval Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	0.85	0.78	1.1	Tie
Hispanics to Whites	0.83	0.81	1.0	Tie
LMI Blacks to LMI Whites	0.76	0.81	0.9	Tie
LMI Hispanics to LMI Whites	1.01	0.68	1.5	Federal CU
Minority to White Tracts	0.66	0.89	0.7	State CU
LMI to MUI Borrowers	0.92	0.90	1.0	Tie
LMI to MUI Tracts	0.94	0.92	1.0	Tie
Advantage	**Federal Adv.**	**State CU Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	5	10	8	23
Total Advantage for Indicators with > 20 Observations	3	2	4	9

Note: The shaded rows are rows with less than 20 observations for any borrower group

Massachusetts Home Improvement Loans 2007

Approval Rates	Federal CU	State CU
Blacks	70.8%	65.2%
Hispanics	69.0%	68.1%
Whites	82.9%	83.7%
LMI Blacks	70.0%	57.1%
LMI Hispanics	50.0%	68.9%
LMI Whites	79.0%	79.9%
Minority Tracts	52.9%	72.9%
White Tracts	80.4%	81.7%
LMI Borrowers	75.1%	76.2%
MUI Borrowers	81.5%	84.9%
LMI Tracts	75.2%	76.5%
MUI Tracts	80.3%	82.7%

Massachusetts Home Improvement Loans 2007

Denial Rates	Federal CU	State CU
Blacks	32.6%	18.0%
Hispanics	18.4%	18.1%
Whites	4.8%	8.9%
LMI Blacks	20.0%	23.8%
LMI Hispanics	50.0%	20.0%
LMI Whites	11.1%	12.7%
Minority Tracts	20.0%	15.7%
White Tracts	7.4%	9.8%
LMI Borrowers	9.3%	14.7%
MUI Borrowers	7.1%	7.4%
LMI Tracts	10.3%	13.8%
MUI Tracts	7.4%	9.1%

Table 13: Massachusetts
2006 Home Purchase Lending Trends

Portfolio Share Indicators	Federal CU	State CU	Perc. Pt. Diff	Advantage
% to Blacks	1.9%	5.1%	-3.2%	State CU
% to Hispanics	2.3%	2.8%	-0.6%	State CU
% to LMI Borrowers	30.2%	29.0%	1.2%	Federal CU
% to Women	19.4%	19.5%	-0.2%	Tie
% to LMI Minorities/ LMI Borrowers	7.8%	16.6%	-8.8%	State CU
% to LMI Women/ LMI Borrowers	32.8%	34.7%	-1.9%	State CU
% to Minority Tracts	1.9%	2.6%	-0.7%	State CU
% to LMI Tracts	15.6%	16.1%	-0.6%	State CU
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	3.4%	4.6%	-1.2%	State CU
Denial Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	3.43	1.78	1.9	State CU
Hispanics to Whites	2.52	1.89	1.3	State CU
LMI Blacks to LMI Whites	3.22	1.37	2.3	State CU
LMI Hispanics to LMI Whites	2.29	2.03	1.1	Tie
Minority to White Tracts	0.83	2.43	0.3	Federal CU
LMI to MUI Borrowers	2.24	2.55	0.9	Tie
LMI to MUI Tracts	1.28	1.72	0.7	Federal CU
Approval Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	0.86	0.96	0.9	Tie
Hispanics to Whites	0.77	0.91	0.8	State CU
LMI Blacks to LMI Whites	0.76	1.10	0.7	State CU
LMI Hispanics to LMI Whites	0.77	0.92	0.8	State CU
Minority to White Tracts	0.81	0.94	0.9	Tie
LMI to MUI Borrowers	0.89	0.92	1.0	Tie
LMI to MUI Tracts	0.96	0.91	1.1	Tie
Advantage	**Federal Adv.**	**State CU Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	3	13	7	23
Total Advantage for Indicators with > 20 Observations	2	5	4	11

Note: The shaded rows are rows with less than 20 observations for any borrower group

Massachusetts Home Purchase Loans 2006

Approval Rates	Federal CU	State CU
Blacks	64.3%	78.2%
Hispanics	57.9%	73.9%
Whites	75.2%	81.4%
LMI Blacks	53.8%	83.8%
LMI Hispanics	54.5%	70.0%
LMI Whites	71.3%	76.3%
Minority Tracts	60.0%	75.6%
White Tracts	74.1%	80.5%
LMI Borrowers	68.6%	75.5%
MUI Borrowers	76.8%	82.4%
LMI Tracts	71.0%	74.4%
MUI Tracts	74.4%	81.6%

Massachusetts Home Purchase Loans 2006

Denial Rates	Federal CU	State CU
Blacks	28.6%	10.3%
Hispanics	21.1%	10.9%
Whites	8.3%	5.8%
LMI Blacks	38.5%	13.5%
LMI Hispanics	27.3%	20.0%
LMI Whites	11.9%	9.8%
Minority Tracts	6.7%	14.6%
White Tracts	8.1%	6.0%
LMI Borrowers	12.6%	10.4%
MUI Borrowers	5.6%	4.1%
LMI Tracts	9.8%	9.2%
MUI Tracts	7.7%	5.3%

LMI=Low- and Moderate-Income and MUI=Middle- and Upper-Income

Table 14: Massachusetts
2006 Refinance Lending Trends

Portfolio Share Indicators	Federal CU	State CU	Perc. Pt. Diff	Advantage
% to Blacks	1.9%	5.1%	-3.2%	State CU
% to Hispanics	2.0%	2.0%	-0.0%	Tie
% to LMI Borrowers	27.8%	33.4%	-5.5%	State CU
% to Women	19.1%	18.6%	0.6%	Federal CU
% to LMI Minorities/ LMI Borrowers	6.2%	11.7%	-5.5%	State CU
% to LMI Women/ LMI Borrowers	38.1%	35.5%	2.6%	Federal CU
% to Minority Tracts	1.9%	3.4%	-1.5%	State CU
% to LMI Tracts	9.9%	19.5%	-9.6%	State CU
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	3.1%	5.4%	-2.3%	State CU
Denial Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	3.68	2.37	1.6	State CU
Hispanics to Whites	2.74	3.05	0.9	Tie
LMI Blacks to LMI Whites	3.40	2.02	1.7	State CU
LMI Hispanics to LMI Whites	2.05	2.56	0.8	Federal CU
Minority to White Tracts	2.10	1.70	1.2	State CU
LMI to MUI Borrowers	1.85	1.70	1.1	Tie
LMI to MUI Tracts	2.02	1.67	1.2	State CU
Approval Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	0.66	0.72	0.9	Tie
Hispanics to Whites	0.63	0.67	1.0	Tie
LMI Blacks to LMI Whites	0.57	0.76	0.8	State CU
LMI Hispanics to LMI Whites	0.60	0.69	0.9	Tie
Minority to White Tracts	0.74	0.84	0.9	Tie
LMI to MUI Borrowers	0.88	0.86	1.0	Tie
LMI to MUI Tracts	0.78	0.87	0.9	Tie
Advantage	**Federal Adv.**	**State CU Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	3	11	9	23
Total Advantage for Indicators with > 20 Observations	2	10	9	21

Note: The shaded rows are rows with less than 20 observations for any borrower group

Massachusetts Refinance Loans 2006

Approval Rates	Federal CU	State CU
Blacks	51.4%	55.8%
Hispanics	49.6%	51.9%
Whites	78.2%	77.8%
LMI Blacks	41.9%	53.9%
LMI Hispanics	44.0%	49.2%
LMI Whites	73.5%	71.0%
Minority Tracts	54.5%	63.2%
White Tracts	73.4%	75.6%
LMI Borrowers	66.6%	68.3%
MUI Borrowers	75.8%	79.5%
LMI Tracts	58.5%	67.1%
MUI Tracts	74.9%	77.4%

Massachusetts Refinance Loans 2006

Denial Rates	Federal CU	State CU
Blacks	36.2%	27.3%
Hispanics	27.0%	35.2%
Whites	9.8%	11.5%
LMI Blacks	46.5%	31.3%
LMI Hispanics	28.0%	39.7%
LMI Whites	13.7%	15.5%
Minority Tracts	26.3%	21.7%
White Tracts	12.5%	12.8%
LMI Borrowers	18.9%	17.7%
MUI Borrowers	10.2%	10.4%
LMI Tracts	23.0%	19.1%
MUI Tracts	11.4%	11.5%

Table 15: Massachusetts

2006 Home Improvement Lending Trends

Portfolio Share Indicators	Federal CU	State CU	Perc. Pt. Diff	Advantage
% to Blacks	1.9%	3.4%	-1.5%	State CU
% to Hispanics	1.9%	2.3%	-0.4%	Tie
% to LMI Borrowers	24.7%	31.9%	-7.3%	State CU
% to Women	20.7%	18.4%	2.3%	Federal CU
% to LMI Minorities/ LMI Borrowers	6.4%	10.9%	-4.5%	State CU
% to LMI Women/ LMI Borrowers	47.1%	38.1%	9.0%	Federal CU
% to Minority Tracts	2.0%	2.6%	-0.6%	State CU
% to LMI Tracts	10.2%	18.5%	-8.2%	State CU
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	2.3%	3.7%	-1.4%	State CU
Denial Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	6.82	2.34	2.9	State CU
Hispanics to Whites	3.85	3.24	1.2	State CU
LMI Blacks to LMI Whites	4.27	1.70	2.5	State CU
LMI Hispanics to LMI Whites	1.19	2.49	0.5	Federal CU
Minority to White Tracts	2.70	2.17	1.2	State CU
LMI to MUI Borrowers	1.30	2.38	0.5	Federal CU
LMI to MUI Tracts	1.40	2.02	0.7	Federal CU
Approval Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	0.69	0.81	0.9	Tie
Hispanics to Whites	0.81	0.71	1.1	Tie
LMI Blacks to LMI Whites	0.71	0.78	0.9	Tie
LMI Hispanics to LMI Whites	0.99	0.69	1.4	Federal CU
Minority to White Tracts	0.84	0.83	1.0	Tie
LMI to MUI Borrowers	0.96	0.86	1.1	Tie
LMI to MUI Tracts	0.98	0.88	1.1	Tie
Advantage	**Federal Adv.**	**State CU Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	6	10	7	23
Total Advantage for Indicators with > 20 Observations	5	5	5	15

Note: The shaded rows are rows with less than 20 observations for any borrower group

Massachusetts Home Improvement Loans 2006

Approval Rates	Federal CU	State CU
Blacks	60.9%	68.3%
Hispanics	71.1%	59.6%
Whites	88.1%	84.2%
LMI Blacks	60.0%	60.3%
LMI Hispanics	83.3%	53.3%
LMI Whites	84.1%	77.0%
Minority Tracts	70.0%	67.8%
White Tracts	83.7%	81.9%
LMI Borrowers	80.7%	73.6%
MUI Borrowers	84.2%	85.7%
LMI Tracts	82.2%	73.6%
MUI Tracts	83.5%	83.5%

Massachusetts Home Improvement Loans 2006

Denial Rates	Federal CU	State CU
Blacks	32.6%	22.0%
Hispanics	18.4%	30.3%
Whites	4.8%	9.4%
LMI Blacks	30.0%	25.9%
LMI Hispanics	8.3%	37.8%
LMI Whites	7.0%	15.2%
Minority Tracts	20.0%	23.3%
White Tracts	7.4%	10.7%
LMI Borrowers	9.3%	17.7%
MUI Borrowers	7.1%	7.4%
LMI Tracts	10.3%	18.6%
MUI Tracts	7.4%	9.2%

Table 16: Massachusetts

2005 Home Purchase Lending Trends

Portfolio Share Indicators	Federal CU	State CU	Perc. Pt. Diff	Advantage
% to Blacks	2.1%	4.1%	-2.0%	State CU
% to Hispanics	1.7%	3.5%	-1.8%	State CU
% to LMI Borrowers	33.2%	29.4%	3.8%	Federal CU
% to Women	21.9%	20.2%	1.7%	Federal CU
% to LMI Minorities/ LMI Borrowers	8.7%	12.2%	-3.4%	State CU
% to LMI Women/ LMI Borrowers	39.4%	38.2%	1.2%	Federal CU
% to Minority Tracts	1.8%	3.5%	-1.7%	State CU
% to LMI Tracts	15.8%	18.2%	-2.4%	State CU
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	2.4%	6.3%	-3.9%	State CU
Denial Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	2.97	2.23	1.33	State CU
Hispanics to Whites	3.29	2.86	1.15	State CU
LMI Blacks to LMI Whites	1.30	2.57	0.50	Federal CU
LMI Hispanics to LMI Whites	2.04	3.51	0.58	Federal CU
Minority to White Tracts	2.63	1.80	1.46	State CU
LMI to MUI Borrowers	2.33	1.48	1.58	State CU
LMI to MUI Tracts	2.43	3.00	0.81	Federal CU
Approval Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	0.80	0.92	0.87	State CU
Hispanics to Whites	0.88	0.91	0.97	Tie
LMI Blacks to LMI Whites	0.77	0.82	0.94	Tie
LMI Hispanics to LMI Whites	0.95	0.78	1.21	Federal CU
Minority to White Tracts	0.81	0.95	0.85	State CU
LMI to MUI Borrowers	0.97	0.94	1.04	Tie
LMI to MUI Tracts	0.93	0.86	1.08	Tie
Advantage	**Federal Adv.**	**State CU Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	7	12	4	23
Total Advantage for Indicators with > 20 Observations	4	7	2	13

Note: The shaded rows are rows with less than 20 observations for any borrower group

Massachusetts Home Purchase Lending 2005

Approval Rates	Federal CU	State CU
Blacks	66.7%	77.0%
Hispanics	73.1%	75.8%
Whites	83.5%	83.7%
LMI Blacks	63.6%	66.7%
LMI Hispanics	78.6%	63.6%
LMI Whites	82.8%	81.2%
Minority Tracts	66.7%	79.0%
White Tracts	82.3%	83.0%
LMI Borrowers	80.7%	79.0%
MUI Borrowers	82.9%	93.6%
LMI Tracts	77.3%	86.2%
MUI Tracts	83.0%	86.2%

Massachusetts Home Purchase Lending 2005

Denial Rates	Federal CU	State CU
Blacks	13.9%	9.5%
Hispanics	15.4%	12.1%
Whites	4.7%	4.2%
LMI Blacks	23.1%	11.1%
LMI Hispanics	10.0%	13.2%
LMI Whites	7.4%	9.3%
Minority Tracts	13.3%	8.1%
White Tracts	5.1%	4.5%
LMI Borrowers	8.3%	6.0%
MUI Borrowers	3.5%	4.0%
LMI Tracts	10.3%	9.8%
MUI Tracts	4.2%	3.3%

Table 17: Massachusetts
2005 Refinance Lending Trends

Portfolio Share Indicators	Federal CU	State CU	Perc. Pt. Diff	Advantage
% to Blacks	1.5%	4.8%	-3.4%	State CU
% to Hispanics	1.7%	2.1%	-0.3%	Tie
% to LMI Borrowers	29.5%	33.4%	-3.9%	State CU
% to Women	17.9%	19.2%	-1.3%	State CU
% to LMI Minorities/ LMI Borrowers	5.8%	11.2%	-5.4%	State CU
% to LMI Women/ LMI Borrowers	37.5%	37.7%	-0.2%	Tie
% to Minority Tracts	1.6%	3.3%	-1.7%	State CU
% to LMI Tracts	11.6%	18.6%	-6.9%	State CU
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	3.2%	4.5%	-1.3%	State CU
Denial Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	4.85	2.35	2.06	State CU
Hispanics to Whites	2.79	2.97	0.94	Tie
LMI Blacks to LMI Whites	4.07	2.06	1.97	State CU
LMI Hispanics to LMI Whites	3.29	2.57	1.28	State CU
Minority to White Tracts	3.01	1.89	1.59	State CU
LMI to MUI Borrowers	1.75	2.48	0.70	Federal CU
LMI to MUI Tracts	1.89	1.95	0.97	Tie
Approval Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	0.72	0.84	0.86	State CU
Hispanics to Whites	0.86	0.80	1.07	Tie
LMI Blacks to LMI Whites	0.69	0.80	0.87	State CU
LMI Hispanics to LMI Whites	0.75	0.75	1.01	Tie
Minority to White Tracts	0.88	0.82	1.08	Tie
LMI to MUI Borrowers	0.93	0.89	1.04	Tie
LMI to MUI Tracts	0.94	0.91	1.04	Tie
Advantage	**Federal Adv.**	**State CU Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	1	13	9	23
Total Advantage for Indicators with > 20 Observations	1	12	8	21

Note: The shaded rows are rows with less than 20 observations for any borrower group

Massachusetts Refinance Lending 2005

Approval Rates	Federal CU	State CU
Blacks	61.6%	71.7%
Hispanics	73.3%	68.2%
Whites	85.3%	84.9%
LMI Blacks	56.4%	63.5%
LMI Hispanics	61.3%	59.4%
LMI Whites	81.6%	79.5%
Minority Tracts	72.1%	68.5%
White Tracts	82.0%	84.0%
LMI Borrowers	77.9%	77.4%
MUI Borrowers	83.7%	86.7%
LMI Tracts	77.7%	77.1%
MUI Tracts	82.4%	85.0%

Massachusetts Refinance Lending 2005

Denial Rates	Federal CU	State CU
Blacks	30.1%	15.8%
Hispanics	17.3%	20.0%
Whites	6.2%	6.7%
LMI Blacks	51.6%	17.2%
LMI Hispanics	18.9%	24.6%
LMI Whites	9.6%	10.5%
Minority Tracts	23.5%	13.5%
White Tracts	7.8%	7.1%
LMI Borrowers	11.4%	11.9%
MUI Borrowers	6.5%	2.0%
LMI Tracts	13.8%	12.1%
MUI Tracts	7.3%	6.2%

Table 18: Massachusetts

2005 Home Improvement Lending Trends

Portfolio Share Indicators	Federal CU	State CU	Perc. Pt. Diff	Advantage
% to Blacks	2.2%	2.9%	-0.6%	State CU
% to Hispanics	2.5%	1.8%	0.6%	Federal CU
% to LMI Borrowers	26.4%	32.5%	-6.1%	State CU
% to Women	18.3%	18.0%	0.3%	Tie
% to LMI Minorities/ LMI Borrowers	7.9%	9.7%	-1.8%	State CU
% to LMI Women/ LMI Borrowers	37.7%	34.9%	2.8%	Federal CU
% to Minority Tracts	2.1%	2.5%	-0.4%	Tie
% to LMI Tracts	10.8%	19.5%	-8.6%	State CU
% to LMI Borrowers in Minority Tracts/ LMI Borrowers	3.3%	3.8%	-0.5%	Tie
Denial Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	0.72	2.82	0.26	Federal CU
Hispanics to Whites	0.52	4.54	0.11	Federal CU
LMI Blacks to LMI Whites	0.97	1.69	0.57	Federal CU
LMI Hispanics to LMI Whites	0.90	3.21	0.28	Federal CU
Minority to White Tracts	2.64	1.62	1.63	State CU
LMI to MUI Borrowers	2.65	2.60	1.02	Tie
LMI to MUI Tracts	1.92	1.74	1.10	Tie
Approval Disparity Ratios			**Fed/State Ratio**	
Blacks to Whites	1.03	0.84	1.23	Federal CU
Hispanics to Whites	1.00	0.67	1.49	Federal CU
LMI Blacks to LMI Whites	1.08	0.85	1.27	State CU
LMI Hispanics to LMI Whites	1.09	0.67	1.62	State CU
Minority to White Tracts	0.95	1.00	0.96	Tie
LMI to MUI Borrowers	0.89	0.89	1.00	Tie
LMI to MUI Tracts	0.97	0.94	1.03	Tie
Advantage	**Federal Adv.**	**State CU Adv.**	**No Difference**	**Total**
Total Advantage for All Indicators	8	7	8	23
Total Advantage for Indicators with > 20 Observations	4	4	7	15

Note: The shaded rows are rows with less than 20 observations for any borrower group

Massachusetts Home Improvement Lending 2005

Approval Rates	Federal CU	State CU
Blacks	93.3%	74.6%
Hispanics	90.5%	59.6%
Whites	90.4%	88.6%
LMI Blacks	92.3%	70.0%
LMI Hispanics	92.9%	55.2%
LMI Whites	85.2%	82.0%
Minority Tracts	82.4%	85.7%
White Tracts	86.4%	85.9%
LMI Borrowers	79.4%	79.8%
MUI Borrowers	89.1%	89.4%
LMI Tracts	83.6%	81.7%
MUI Tracts	86.7%	87.0%

Massachusetts Home Improvement Lending 2005

Denial Rates	Federal CU	State CU
Blacks	3.3%	17.9%
Hispanics	2.4%	28.8%
Whites	4.6%	6.4%
LMI Blacks	6.7%	21.1%
LMI Hispanics	0.0%	3.4%
LMI Whites	7.2%	9.8%
Minority Tracts	17.6%	12.2%
White Tracts	6.7%	7.6%
LMI Borrowers	12.5%	12.8%
MUI Borrowers	4.7%	4.9%
LMI Tracts	12.1%	11.6%
MUI Tracts	6.3%	6.7%

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