

NCRC's Lending Analysis: Report For San Diego

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Talking Points:

The National Community Reinvestment Coalition (NCRC) has preformed an analysis of the lending patterns of five major banks in the San Diego metropolitan area. Below are the main points from our findings.

- 1) Hispanic or Latinos make up 18 percent of the households in San Diego. NCRC's analysis shows, with the exception of Bank of America, that all lenders provide loans at half or less the percentage of households that are Hispanic or Latino in San Diego. Wells Fargo, Union Bank, and US Bank each issued less than 9 percent of their loans to Hispanic or Latinos.
- 2) Black or African-Americans make up 6 percent of the households in San Diego, yet they receive 2 percent or less of the loans provided by the five major banks. While it is probably not possible for the banks to immediately issue a percentage of loans equal to the percentage of households that are African-American, steps like marketing and product development should be taken to narrow this gap.
- 3) Stakeholders should work with banks lagging behind their peers to increase their lending. Since these banks are major lenders in San Diego, if they increase their lending to underserved populations, the rest of the lenders may do likewise, resulting in a net increase in lending to these populations. Wells Fargo, US Bank, and Union Bank lagged behind their peers in lending to Latinos and minority neighborhoods. Stakeholders should work with them to increase their lending to minorities.
- 4) Bank of America performed well; it was the top lender in terms of the percentage of its loans to Asians, African-American, Latinos, and minority neighborhoods.
- 5) The maps show that for most lenders, the concentration of loans occur north of Interstate 8 where most affluent neighborhoods are located in San Diego.

Maps:

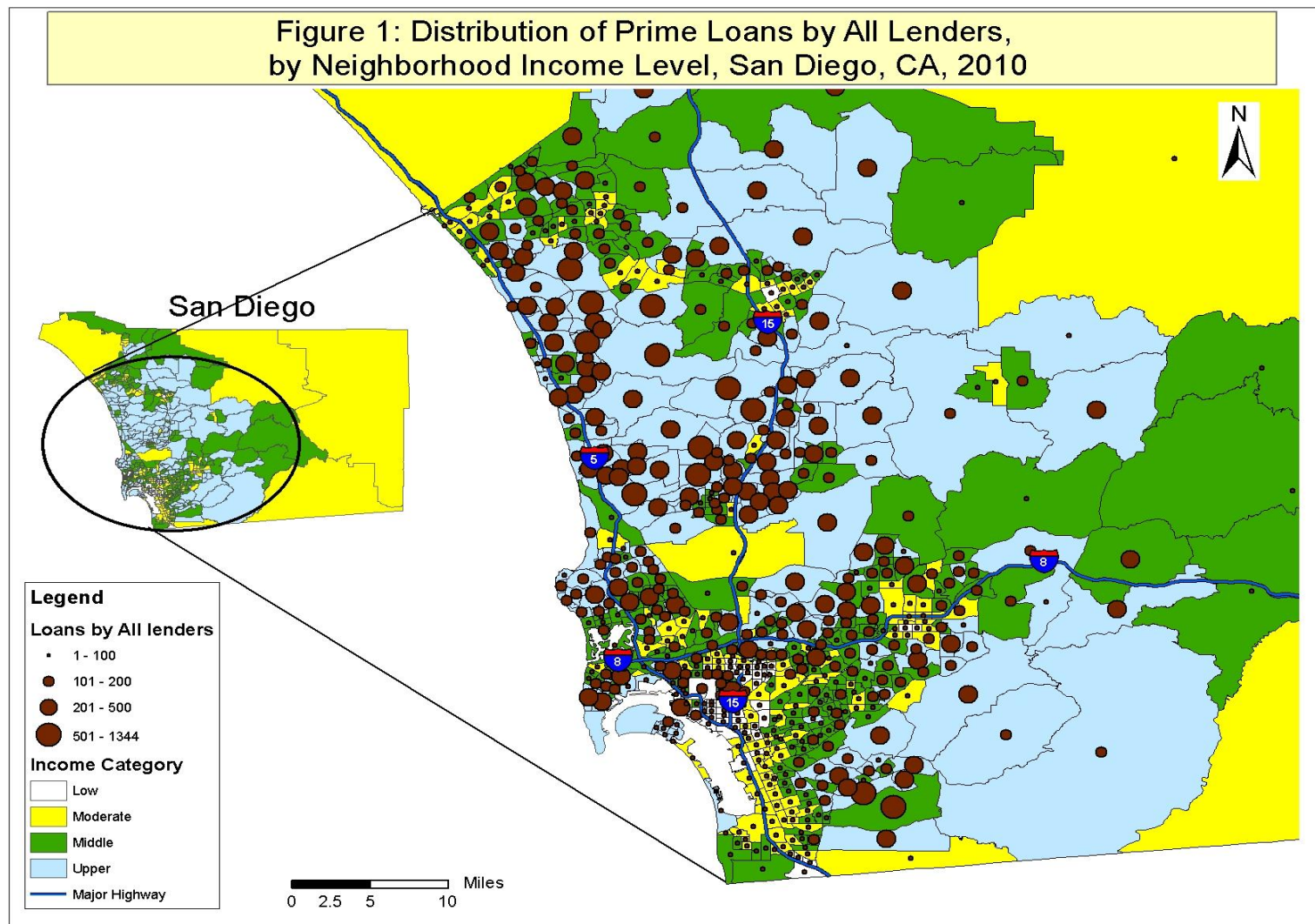


Figure 1a: Distribution of Prime Loans by All Lenders,
by Minority Percent in Neighborhood, San Diego, CA, 2010

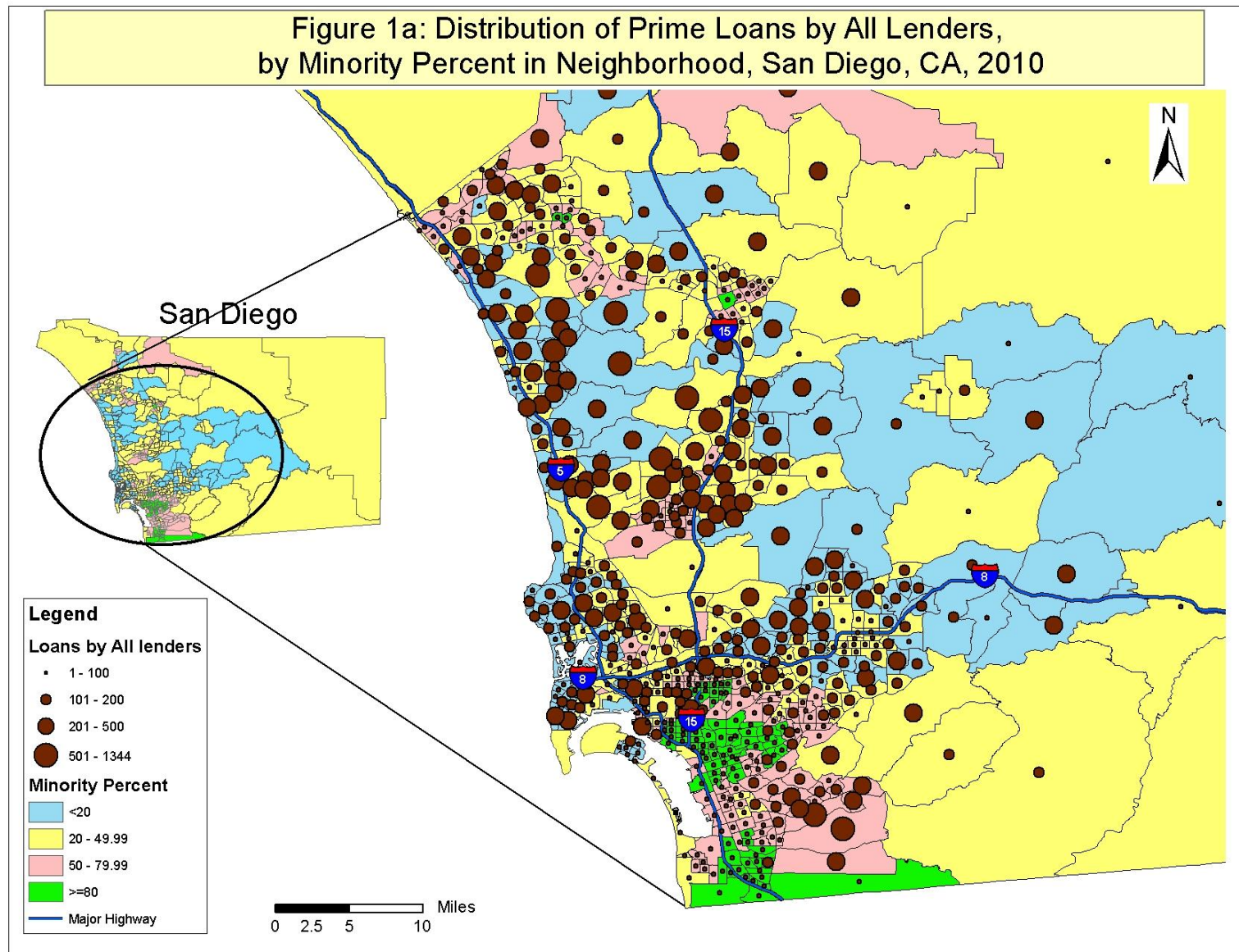


Figure 2: Distribution of Prime Loans by Bank of America,
by Neighborhood Income Level, San Diego, CA, 2010

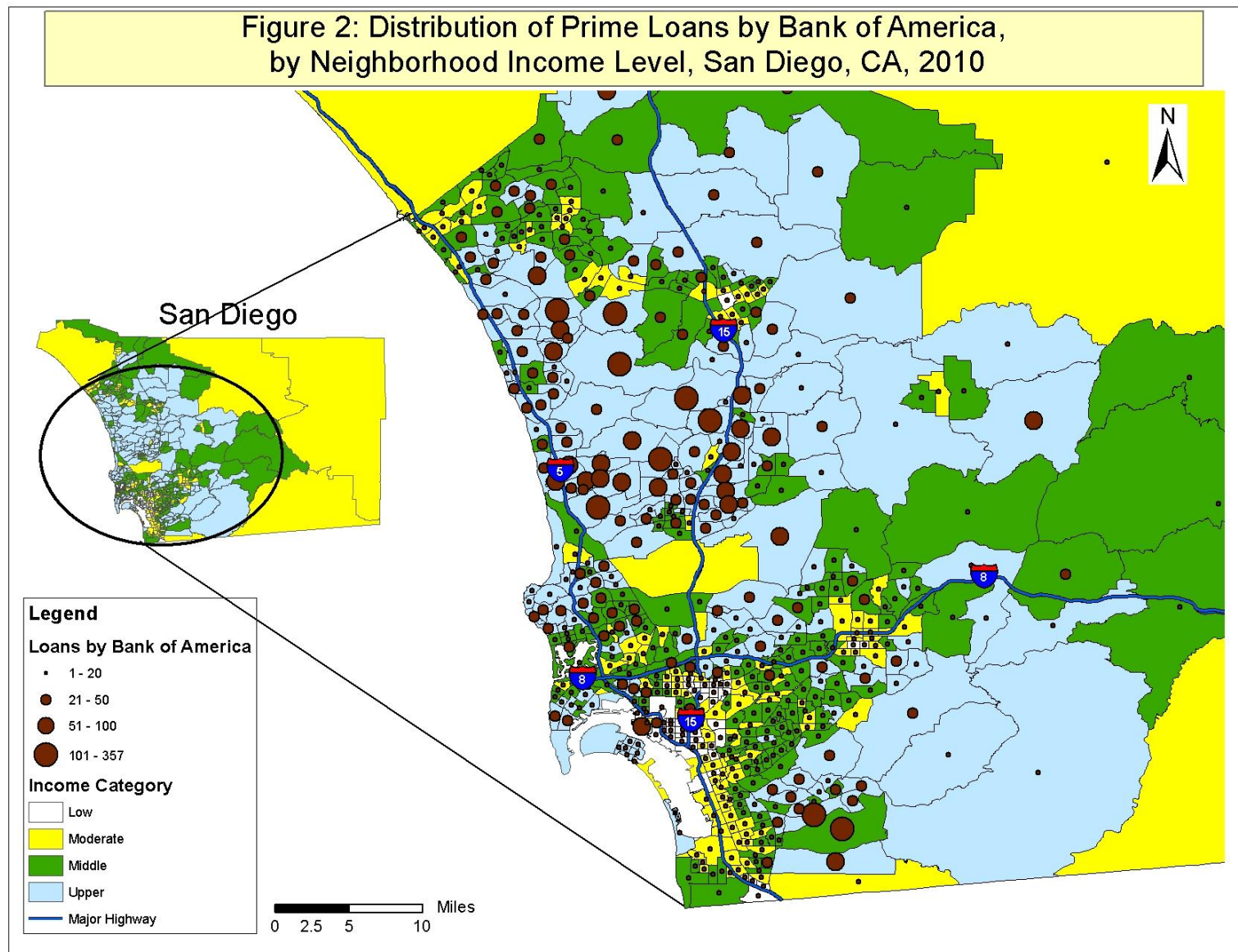


Figure 3: Distribution of Prime Loans by Wells Fargo,
by Neighborhood Income Level, San Diego, CA, 2010

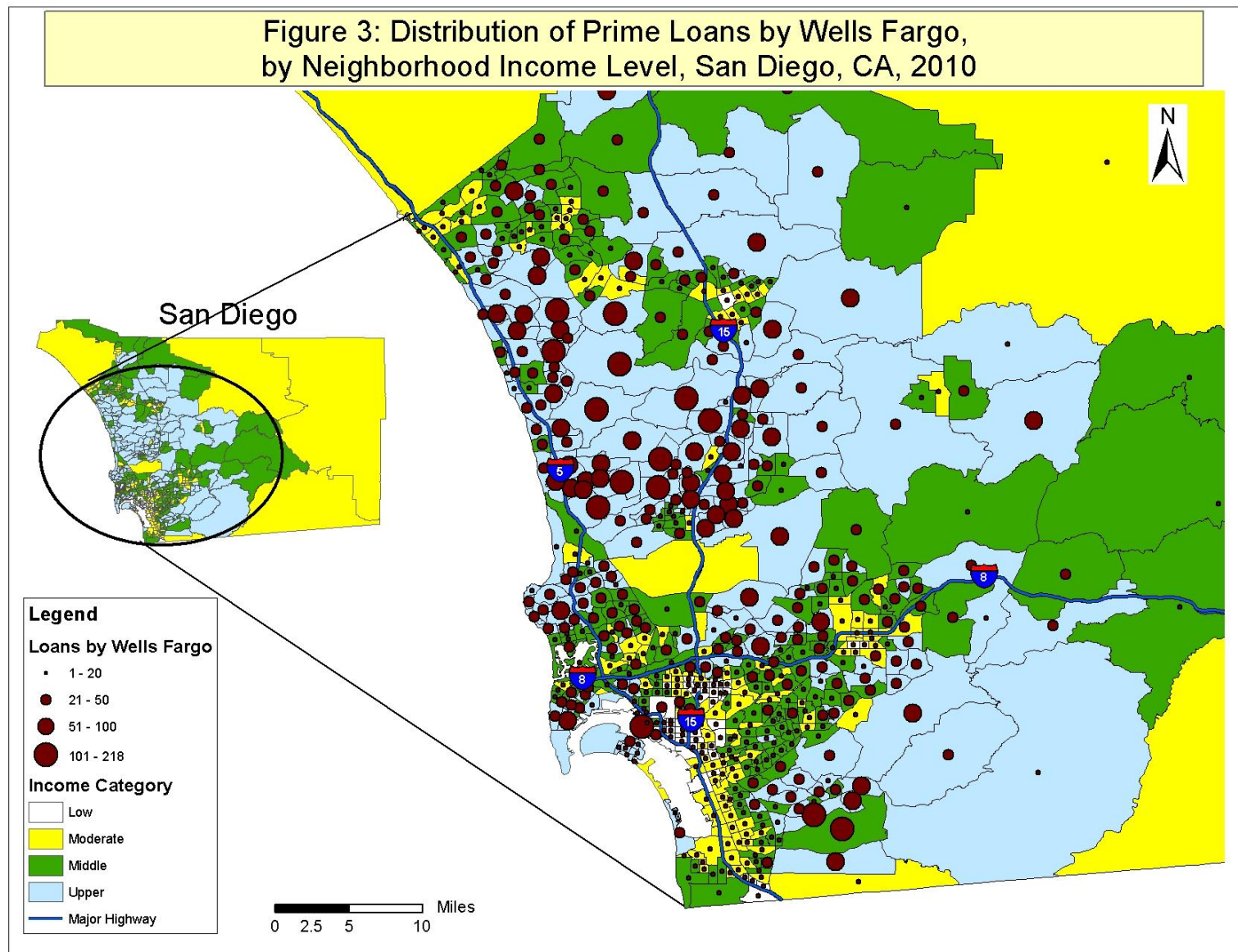


Figure 4: Distribution of Prime Loans by JP Morgan Chase,
by Neighborhood Income Level, San Diego, CA, 2010

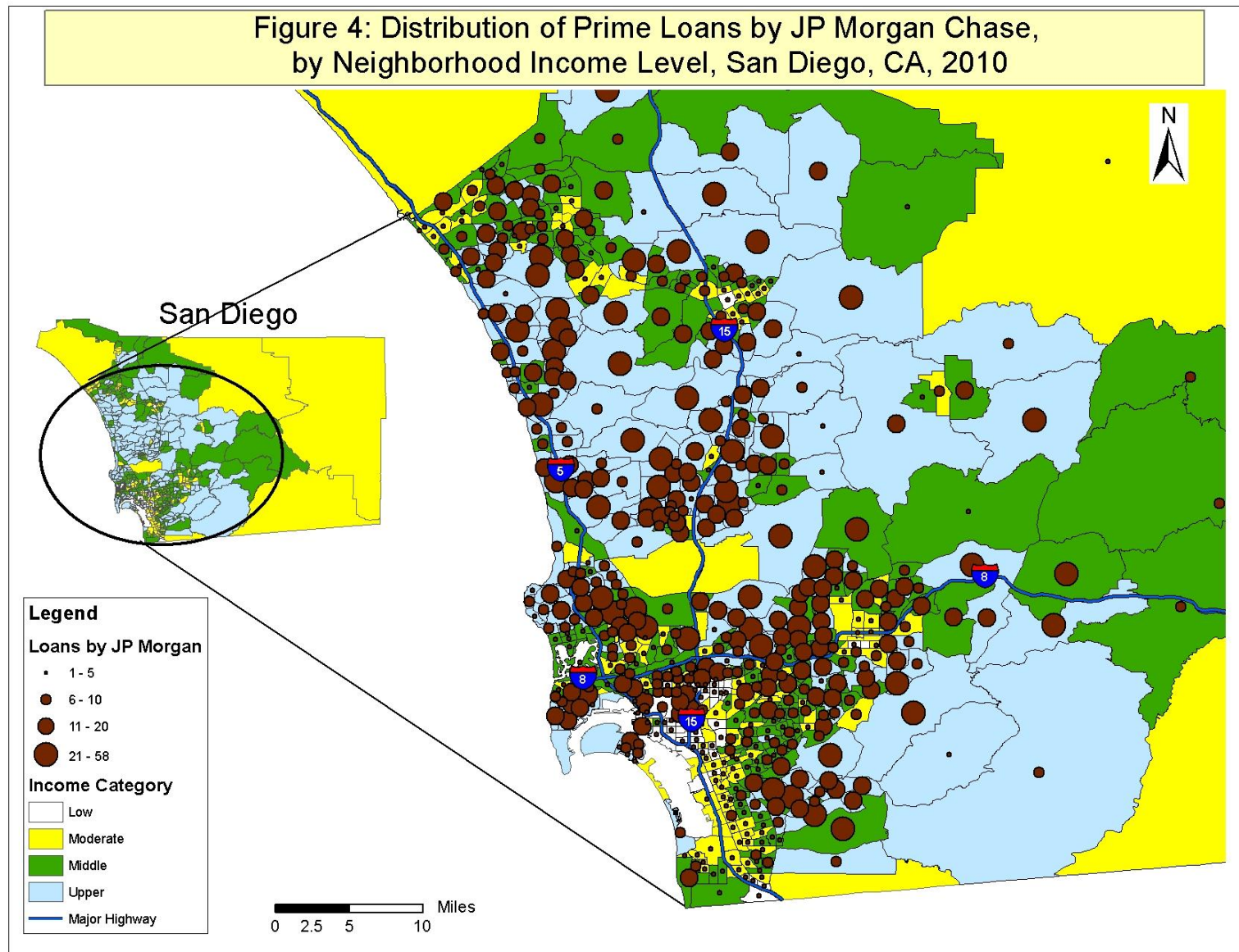


Figure 5: Distribution of Prime Loans by US Bank,
by Neighborhood Income Level, San Diego, CA, 2010

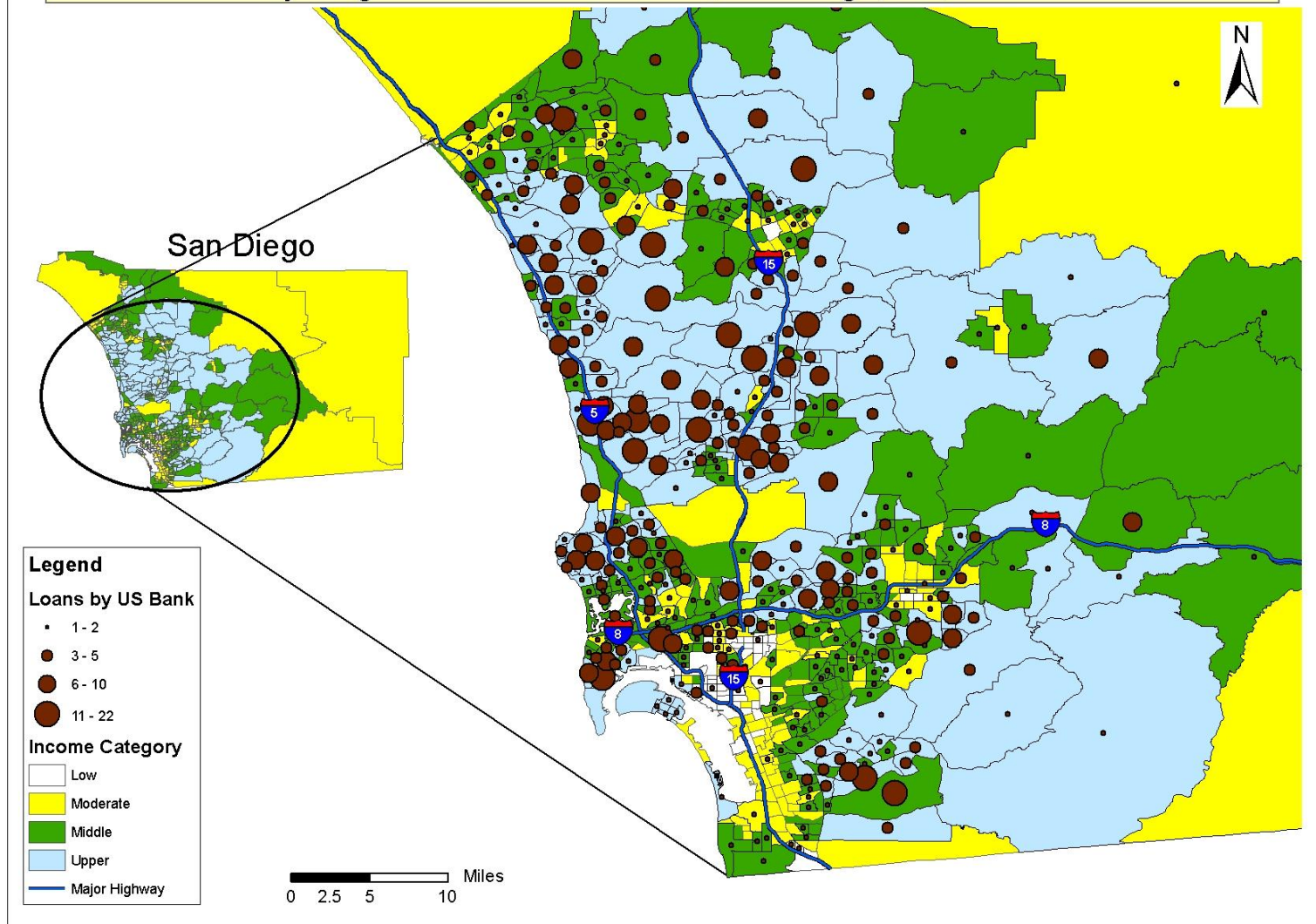
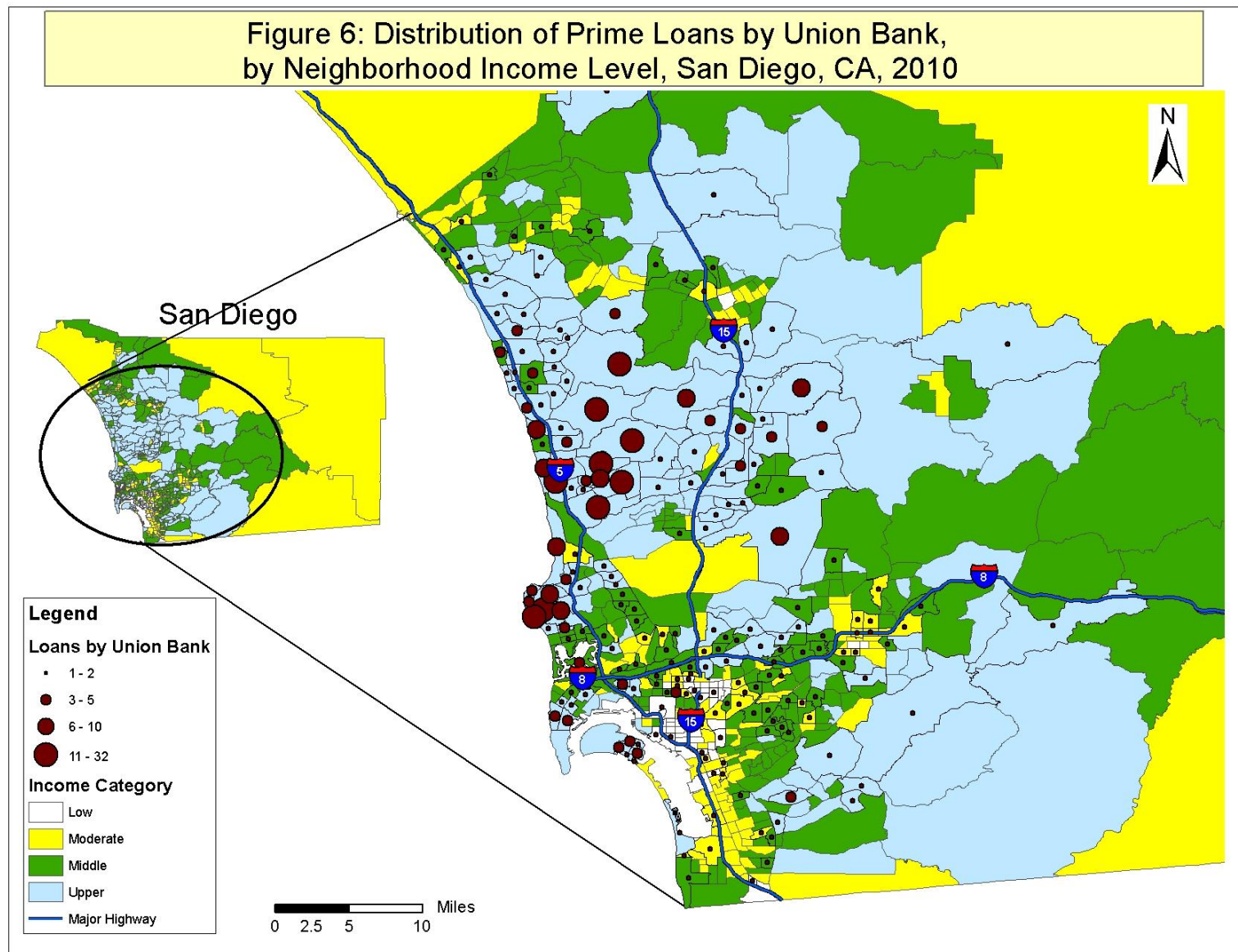


Figure 6: Distribution of Prime Loans by Union Bank,
by Neighborhood Income Level, San Diego, CA, 2010

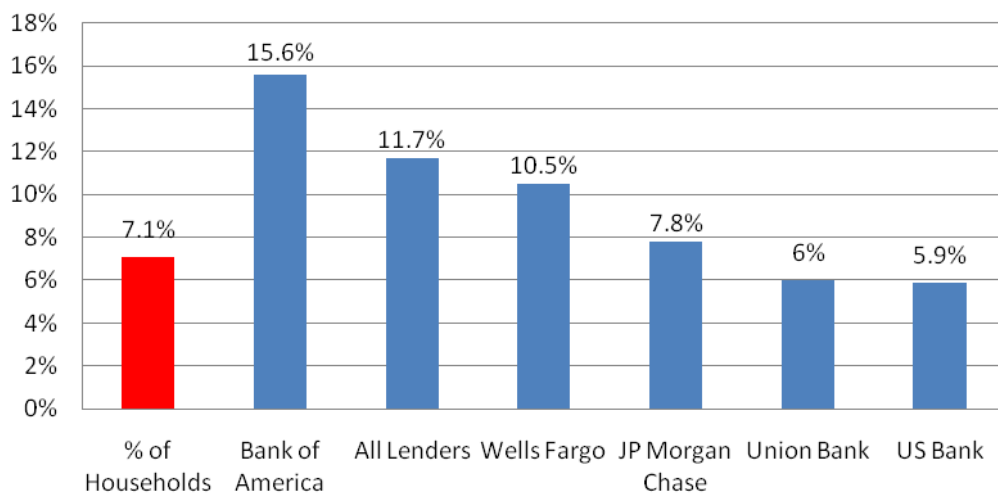


Bar Graphs:

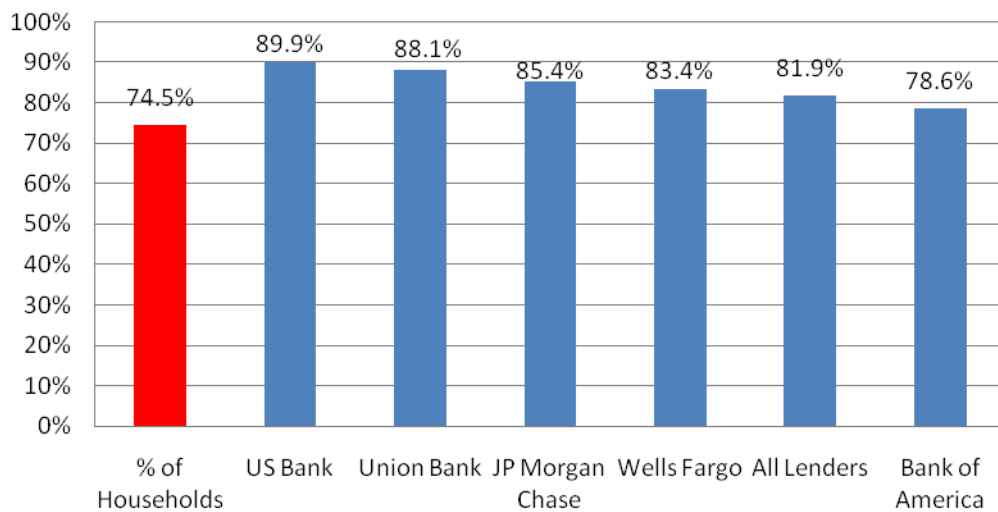
How to interpret the bar graphs.

- The red bar on the left shows the percentage of households that are the particular race/ethnicity or income group. For example, 39.7 percent of the households are low- and moderate-income (LMI).
- For neighborhoods, the red bar on the left shows the percentage of owner-occupied housing units that are in the particular neighborhood category. For example, 16.3 percent of the owner-occupied housing units are in LMI neighborhoods.
- The blue bars display the percentage of loans issued by each bank to the racial/ethnic and/or income groups and neighborhoods. The blue bars are in descending order from the lender issuing the highest percentage of its loans to the particular borrower group to the lender issuing the lowest percentage of its loans to the borrower group.
- The blue bar labeled “all lenders” refers to all institutions reporting HMDA data in the San Diego market. In other words, all lenders reflects the performance of all institutions in the market, not just the five specific banks in this analysis.

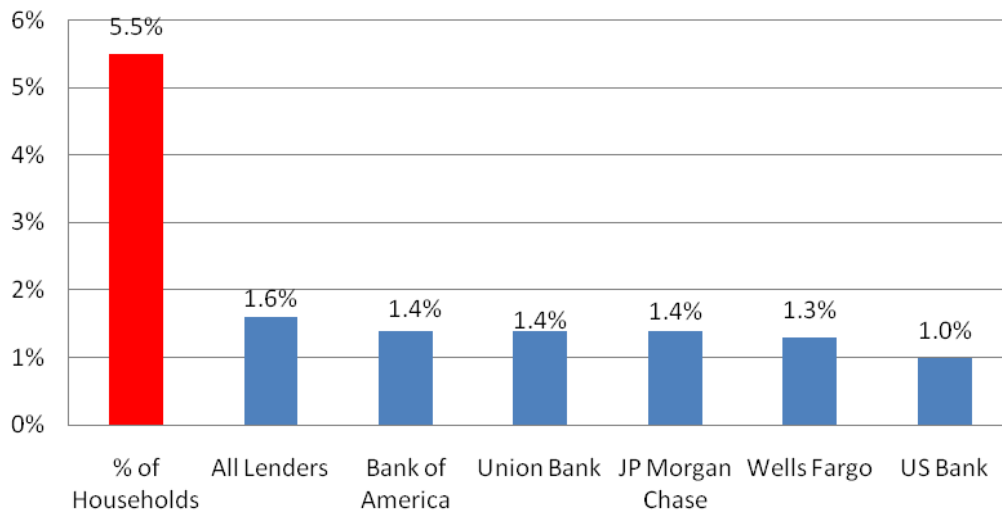
Graph 1: Percent of loans to Asian



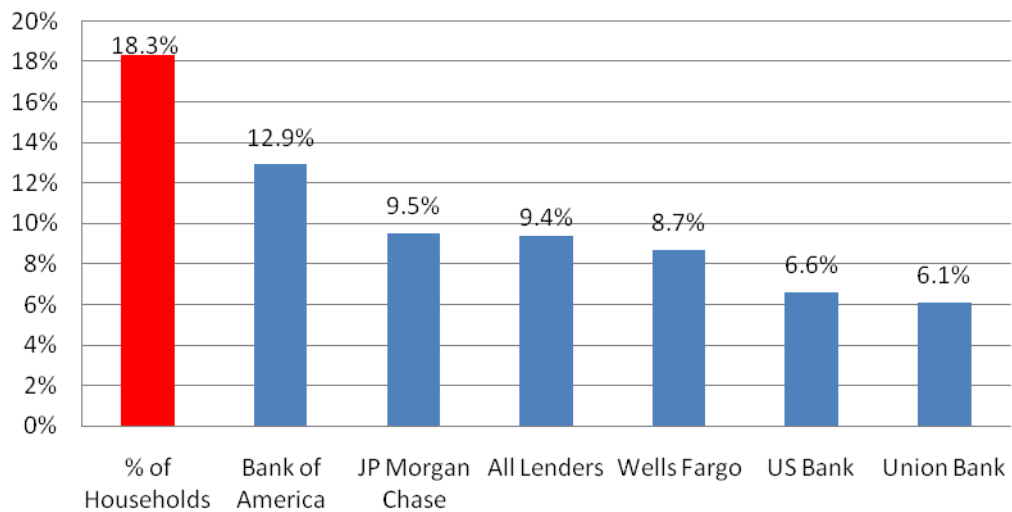
Graph 2: Percent of loans to White



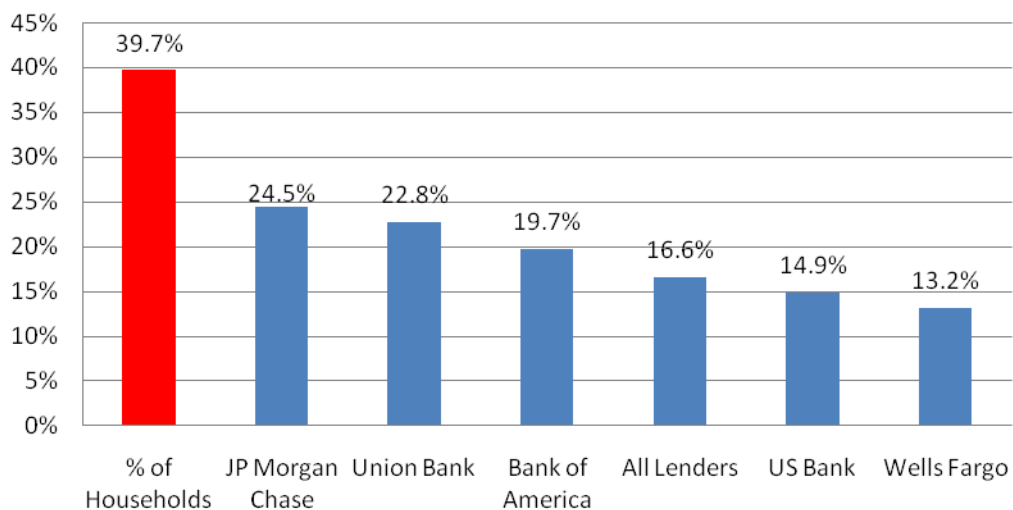
Graph 3: Percent of loans to African American



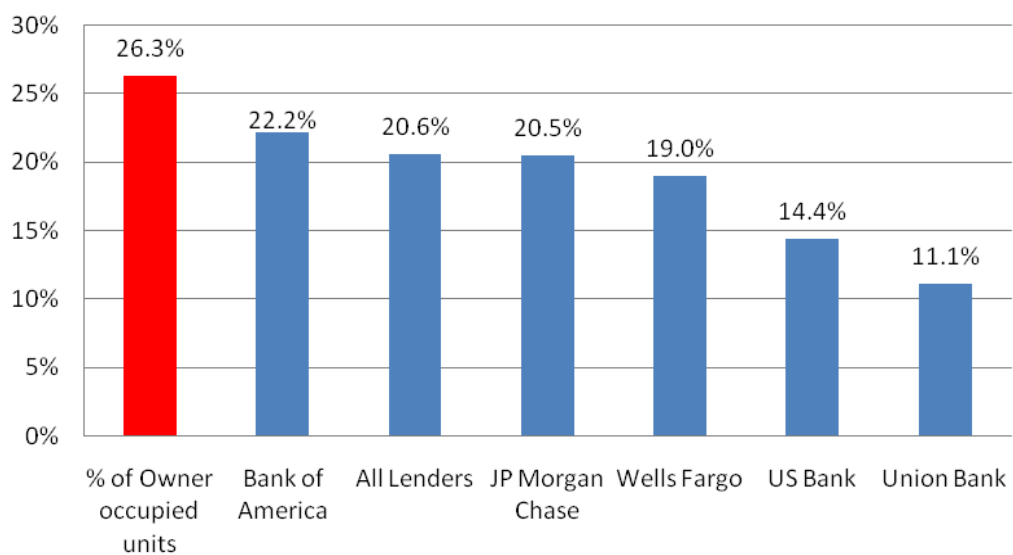
Graph 4: Percent of Loans to Latinos



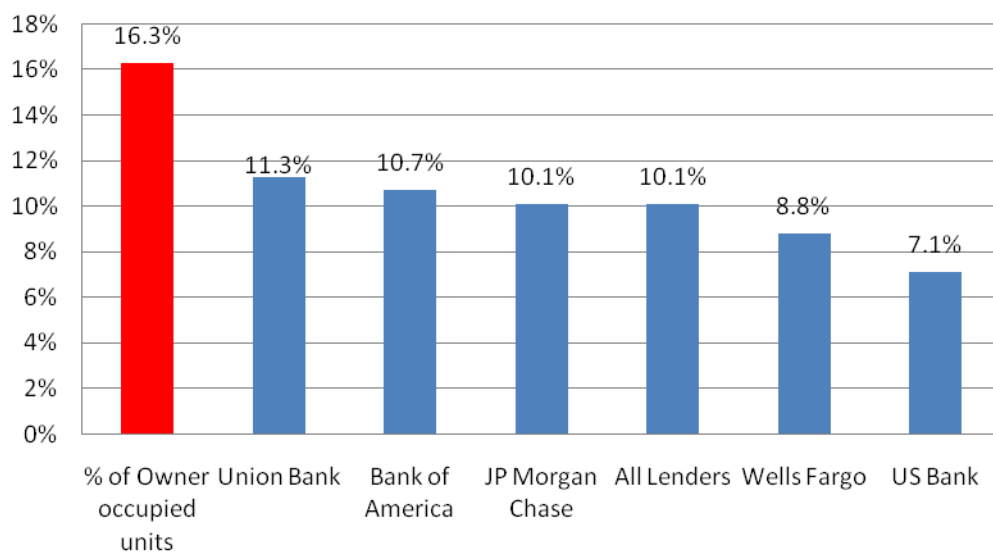
Graph 5: Percent of loans to LMI Borrowers



Graph 6: Percent of loans to Minority Neighborhoods



Graph 7: Percent of loans to LMI Neighborhoods



Analysis:

Introduction:

The National Community Reinvestment Coalition (NCRC) conducted an analysis of five major banks: Bank of America, Union Bank, US Bank, JP Morgan Chase, and Wells Fargo. We used 2010 Home Mortgage Disclosure Act (HMDA) data with the following specifications for the San Diego, California metropolitan area: all single family prime lending, loans to owner-occupants, and first lien loans. All single-family loans include loans for home purchase, home improvement, and refinances.

List of Affiliates:

Based on the FFIEC website, the list of affiliates included in this analysis for the five major banks in the San Diego metropolitan area are listed below.

Bank of America:

- Bank of America, N.A.
- Merrill Lynch Credit Corporation
- Best Mortgage Resource
- First Freedom Mortgage
- Highland Loansource
- New Mortgage Advisors
- Property Mortgage.com
- SRC Mortgage
- The Group Guaranteed Mortgage
- Western Paradise Financial
- William Lyon Mortgage
- Response Mortgage
- Birchfield Home Mortgage
- Rancho Del Rey Mortgage

Union Bank:

- Union Bank, N.A.

US Bank:

- US Bank, N.A.

JP Morgan Chase:

- JP Morgan Chase, N.A.

Wells Fargo:

- Wells Fargo Bank, N.A.
- Greenpath Funding, LLC
- Linear Financial, LP
- Wells Fargo Funding, INC.
- Homeservices Lending, LLC

Loan Analysis:

Bank of America:

- Bank of America (BOA) issued 11,077 loans in the San Diego metropolitan area in 2011.
- BOA does a good job of making loans to Asians.
 - The Bank issued 16 percent of its loans to Asians, while all other lenders as a group issued 12 percent.
- The Bank also did a better job than other banks issuing loans to Hispanic or Latino populations.
 - Hispanic or Latino populations were issued 13 percent of Bank of America's loans, while all lenders as a group issued 9 percent.
 - Hispanic or Latino's make up 18 percent of the population in San Diego.
- Bank of America issued 1 percent of its loans to Blacks or African-Americans, while all lenders as a group issued 2 percent
 - This group makes up 6 percent of the households in San Diego. BOA can do a better job of issuing loans to this group.
- BOA can also do a better job at issuing loans to Low-and-Moderate Income (LMI) neighborhoods.
 - LMI neighborhoods make up 16 percent of San Diego's owner occupied housing units, yet BOA issued only 11 percent of their loans in those neighborhoods.

Union Bank:

- Union Bank issued 514 loans in the San Diego metropolitan area in 2011.
- Out of the five banks, Union Bank was the worst lender to Hispanic or Latinos. It was tied for worst in lending to Asians.
 - Asians were issued 6 percent of Union Bank's loans, while all lenders as a group issued 12 percent.
 - Hispanic or Latinos were issued 6 percent of Union Banks loans, while all lenders as a group issued 9 percent.
- In contrast, Union Bank issued 88 percent of its loans to Whites, while all lenders as a group issued 82 percent.
- The bank struggled to issue loans to minority neighborhoods.
 - It issued 11 percent of its loans to these neighborhoods, while all lenders as a group issued 21 percent.
- Union Bank can do a better job of making loans to LMI borrowers, but it also exceeded performance of all lenders, as a group, in making loans to LMI borrowers.
 - LMI borrowers make up 40 percent of the households in San Diego and Union Bank issued 23 percent of its loans to them.
 - All lenders as a group made only 17 percent.

US Bank:

- US Bank issued 1,376 loans in the San Diego metropolitan area in 2011.
- Like the other banks in this analysis, US Bank should improve its performance in lending to African-Americans.
 - The bank issued 1 percent of its loans to this group, while all lenders as a group issued 2 percent.
 - Blacks or African-Americans make up 6 percent of the households in San Diego.
- The bank also struggled to make loans to Asian and Hispanic or Latinos groups.
 - US Bank issued 6 percent of its loans to Asians, while all lenders as a group issued 12 percent.
 - It issued 7 percent of its loans to Hispanic or Latinos, while all lenders as a group issued 9 percent.
- In contrast, it does the best job of issuing loans to whites in San Diego.
 - It issued 90 percent of its loans to whites, while all lenders as a group issued 82 percent
- US Bank can also do a better job of providing loans to LMI neighborhoods and LMI borrowers

- It issued 7 percent of its loans to LMI neighborhoods, while all lenders as a group issued 10 percent.
- It issued 15 percent of its loans to LMI borrowers, while all lenders as a group issued 17 percent.
 - LMI households make up 40 percent of the households in San Diego.

JP Morgan Chase:

- JP Morgan Chase issued 5,477 loans in the San Diego metropolitan area in 2011.
- Chase matched all lenders as a group, issuing 10 percent of its loans to LMI neighborhoods.
 - LMI neighborhoods make up 16 percent of San Diego's owner occupied housing units, however.
- The bank did a good job of lending to LMI borrowers.
 - It issued 25 percent of its loans to LMI borrowers, while all lenders as a group issued 17 percent.
- JP Morgan Chase also did an adequate job of lending within minority neighborhoods.
 - It issued 21 percent of its loans in these neighborhoods, while all lenders as a group issued 21 percent as well.

Wells Fargo:

- Wells Fargo issued 14,932 loans in the San Diego metropolitan area in 2011.
- It can do a better job of lending to LMI borrowers and within LMI neighborhoods.
 - Wells issued 13 percent of its loans to LMI borrowers, while all lenders as a group issued 17 percent.
 - It also only issued 9 percent of its loans to LMI neighborhoods, while all lenders as a group issued 10 percent.
 - 16 percent of the owner-occupied housing units are in LMI neighborhoods.
- Wells could probably do a better job of lending to Blacks or African-Americans.
 - It issued 1 percent of its loans to that group, while all lenders as a group issued 2 percent.
 - Blacks or African-Americans are 6 percent of San Diego's households.
- The bank can also do a better job of lending to minority Neighborhoods.

- It issued 19 percent of its loans to minority neighborhoods, while all lenders as a group issued 21 percent.
- Minority neighborhoods contain 26 percent of the owner-occupied housing units in San Diego.

Tables:

Table 1. Percent of loans to Asian					
Lender	% of Households	Loan Count	Loan %	Percent Difference: % loans- % of Households	Percent Difference: % loans - % loans by all lenders
Bank of America	7.1%	1,368	15.6%	8.5	3.9
Union Bank	7.1%	26	6%	-1.1	-5.7
US Bank	7.1%	69	5.9%	-1.2	-5.8
JP Morgan Chase	7.1%	368	7.8%	0.7	-3.9
Wells Fargo	7.1%	1396	10.5%	3.4	-1.2
All Lenders	7.1%	8,271	11.7%	4.6	0

Table 2. Percent of loans to Blacks or African American					
Lender	% of Households	Loan Count	Loan %	Percent Difference: % loans- % of Households	Percent Difference: % loans - % loans by all lenders
Bank of America	5.5%	122	1.4%	-4.1	-0.2
Union Bank	5.5%	6	1.4%	-4.1	-0.2
US Bank	5.5%	12	1.0%	-4.5	-0.6
JP Morgan Chase	5.5%	65	1.4%	-4.1	-0.2
Wells Fargo	5.5%	177	1.3%	-4.2	-0.3
All Lenders	5.5%	1,099	1.6%	-3.9	0

Table 3. Percent of loans to White

Lender	% of Households	Loan Count	Loan %	Percent Difference: % loans- % of Households	Percent Difference: % loans - % loans by all lenders
Bank of America	74.5%	6,886	78.6%	4.1	-3.3
Union Bank	74.5%	379	88.1%	13.6	6.2
US Bank	74.5%	1,055	89.9%	15.4	8
JP Morgan Chase	74.5%	4049	85.4%	10.9	3.5
Wells Fargo	74.5%	11042	83.4%	8.9	1.5
All Lenders	74.5%	57,927	81.9%	7.4	0

Table 4. Percent of loans to Hispanic or Latino

Lender	% of Households	Loan Count	Loan %	Percent Difference: % loans- % of Households	Percent Difference: % loans - % loans by all lenders
Bank of America	18.3%	1,133	12.9%	-5.4	3.5
Union Bank	18.3%	26	6.1%	-12.2	-3.3
US Bank	18.3%	78	6.6%	-11.7	-2.8
JP Morgan Chase	18.3%	453	9.5%	-8.8	0.1
Wells Fargo	18.3%	1170	8.7%	-9.6	-0.7
All Lenders	18.3%	6,682	9.4%	-8.9	0

Table 5. Percent of loans to Low and Moderate Income

Lender	% of Households	Loan Count	Loan %	Percent Difference: % loans- % of Households	Percent Difference: % loans - % loans by all lenders
Bank of America	39.7%	2,076	19.7%	-20.0%	3.1
Union Bank	39.7%	117	22.8%	-16.9%	6.2
US Bank	39.7%	199	14.9%	-24.8%	-1.7
JP Morgan Chase	39.7%	942	24.5%	-15.2%	7.9
Wells Fargo	39.7%	1867	13.2%	-26.5%	-3.4
All Lenders	39.7%	12,981	16.6%	-23.1%	0

Table 6. Percent of loans to Minority Neighborhoods					
Lender	% of Owner Occupied Housing Units	Loan Count	Loan %	Percent Difference: % loans- % of Owner Occupied Housing Units	Percent Difference: % loans - % loans by all lenders
Bank of America	26.3%	2,454	22.2%	-4.1%	1.6
Union Bank	26.3%	57	11.1%	-15.2%	-9.5
US Bank	26.3%	198	14.4%	-11.9%	-6.2
JP Morgan Chase	26.3%	1121	20.5%	-5.8%	-0.1
Wells Fargo	26.3%	2839	19.0%	-7.3%	-1.6
All Lenders	26.3%	17,088	20.6%	-5.7%	0

Table 7. Percent of loans to Low and Moderate Income Neighborhoods					
Lender	% of Owner Occupied Housing Units	Loan Count	Loan %	Percent Difference: % loans- % of Owner Occupied Housing Units	Percent Difference: % loans - % loans by all lenders
Bank of America	16.3%	1,186	10.7%	-5.6%	0.6
Union Bank	16.3%	58	11.3%	-5.0%	1.2
US Bank	16.3%	98	7.1%	-9.2%	-3
JP Morgan Chase	16.3%	554	10.1%	-6.2%	0
Wells Fargo	16.3%	1315	8.8%	-7.5%	-1.3
All Lenders	16.3%	8,356	10.1%	-6.2%	0

Note: Denominator for racial categories excludes race not available
Denominator for income excludes income not available