2010

COMPREHENSIVE REPORT:

EXAMINING THE LENDING PRACTICES OF AUTHORIZED DEPOSITORIES FOR THE CITY OF PHILADELPHIA

Calendar Year 2010
Office of the City Treasurer
1401 JFK Boulevard, Room 640
Philadelphia, PA 19102

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

Econsult Corporation and MFR Consultants, Inc. ("the Econsult team") are pleased to present this analysis of the home lending performance, small business lending performance, and bank branching patterns of the 10 authorized depositories of the City of Philadelphia in 2010 (see Table ES.1). Such a report is per the City's Resolution No. 051161, which is a request by City Council for the Office of the City Treasurer to commission an annual report of lending activity and disparities by City depositories.

Table ES.1: City of Philadelphia 2010 Authorized Depositories at a Glance

	TOTAL ASSETS	TOTAL EMPLOYEES IN PHILADELPHIA	PHILADELPHIA OFFICES	MOST RECENT CRA RATING (YEAR)
BANK OF AMERICA	$2,265B	598	19	Outstanding (2009)
CITIBANK	$1,914B	166	7	Outstanding (2003)
CITIZENS BANK	$130B	1,200	56	Outstanding (2009)
CITY NATIONAL	$466M	103	1	Satisfactory (2010)
M&T BANK	$68B	63	7	Satisfactory (2006)
PNC BANK	$264B	2,400	39	Outstanding (2006)
REPUBLIC FIRST BANK	$876M	121	6	Outstanding (2008)
TD BANK	$608M	404	19	Satisfactory (2008)
UNITED BANK	$74M	30	3	Outstanding (2006)
WELLS FARGO	$1,258B	2,400	42	Outstanding (2008)

The City is committed to ensuring that the institutions selected as authorized depositories of City funds provide financial products and services in a fair and unbiased manner to the citizens of Philadelphia, and this report is an important resource in that effort. Specifically, this report provides rankings of the authorized depositories in key fair lending categories, as well as a composite ranking of the depositories across all categories, based on our statistical analysis of their home lending performance in these various categories. Together the rankings will provide the City with guidance on the performance of these banks.

ES. 1 Background

Resolution No. 051161 is best understood within the overall federal, state, and local legislative context in which banks operate. Within this context, such resolutions grant policymakers tools and information to provide oversight and accountability in the area of fair lending. Given the recession that commenced in December 2007, which included significant distress in the financial and housing markets, and which resulted in unprecedented intervention by the federal government, such efforts towards oversight and accountability are of particular value. At present, legislatures at all levels are debating policy modifications to better regulate lending practices.

- In response to the financial crisis of 2008, the Federal Government enacted several new policies to help mediate the struggling real estate market and protect borrowers: the American Recovery and Reinvestment Act of 2009, the Helping Families Save Their Homes Act of 2009, the Fraud Enforcement and Recovery Act, and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.
- The Commonwealth of Pennsylvania has also enacted several laws to ensure fair lending practices, including the Pennsylvania Loan Interest and Protection Law, the Secondary Mortgage Loan Act of 1980, and multiple mortgage-lending licensing reforms in 2008 and 2009.
- Locally, the City of Philadelphia has established its own legislation in an effort to combat unfair lending practices, including Resolution No. 051161, Chapter 9-2400 ("Prohibition against Predatory Lending"), and several anti-predatory lending hotlines.

ES. 2 Philadelphia Home Lending and Discrimination

We examined lending transactions and residential data to determine if discriminatory practices might exist, and if the subset of Philadelphia depositories differs from the entire sample of lenders. In other words, does the data indicate practices of racial or ethnic discrimination by all lenders and/or by City depositories? We thus consider 1) denial rates by loan type, and 2) less-favorable lending terms (e.g. subprime versus prime loans).

Our regression analysis controlled for factors that were likely to influence lending decisions, but was constrained by the lack of potentially explanatory data such as borrowers' credit score, wealth, and existing debt load. Still, the existing information indicates the following statistically significant results:

- Controlling for other available demographic characteristics, among the universe of all lenders, African Americans and Hispanics were more likely to be denied for home refinance and home improvement loans, as compared to non-Hispanic Whites. For 2010, Hispanics were no more likely to be denied for a home purchase loan than White males. In contrast to past results, African American males were no more likely to be denied a home purchase loan than non-Hispanic Whites. African Americans were not more likely to be offered a subprime loan, in comparison to non-Hispanic Whites.
- Within City depositories, African Americans experienced less discrimination for home refinance loans and home improvement loans. African Americans were more likely to receive a home purchase loan within City depositories, as compared to the sample of all lenders.
- Redlining did not appear to be taking place either among the universe of all lenders or among City depositories.

ES. 3 Prime and Subprime Home Lending in Philadelphia

All Loans (see Table ES.2).

- The overall number of loans decreased strongly from 2006 through 2010, with the exception of a slight increase between 2008 and 2009. There was a decrease in total loans of 44.9 percent from 2006 to 2010, and a 17.3 percent decrease from 2009 to 2010.
- Prime loans made up 96.1 percent of loans made, with subprime loans comprising the remaining 3.9 percent in 2010. In 2009, the split was 93.6 percent prime and 6.4 percent subprime. In 2006, 64.1 percent of loans were prime and 35.9 percent were subprime.
- The overall denial rate (23.2 percent) decreased from 2009 (24.8 percent), continuing the recent pattern of decreasing denial rates after a series of increasing denial rates from 2006-2008.
- From 2006 to 2010, prime loans for African American borrowers decreased by 27.3 percent, while subprime loans decreased by 93.5 percent.
- All income categories saw a decrease in the number of subprime loans granted from 2009 to 2010, continuing the trend from 2008 to 2009. The moderate income group seeing the greatest decline, at 73.8 percent.
- The number of loans made to homes in census tracts with less than 50 percent minority residents (non-minority tracts) decreased by 18.9 percent. Loans made to homes in census tracts with more than 50 percent minority residents (minority tracts) decreased by 13.4 percent.
- Continuing the trend from 2009 (unlike in 2008, 2007, and 2006), more loans were made in MUI tracts (50.2 percent) than in LMI tracts (49.8 percent). The LMI/MUI split was 51 percent/49 percent in 2009, and 63.2 percent/36.8 percent in 2006.

Table ES.2: All Loan Applications and Originations in Philadelphia

	APPLICATIONS	DENIALS	DENIAL RATE	LOANS ORIGINATED	PRIME LOANS	SUBPRIME LOANS	TOTAL LOANS AMOUNT (IN $B)
2010	40,767	9,447	23.2%	21,632	20,780	852	$3.76
2009	50,114	12,440	24.8%	26,159	24,490	1,669	$4.54
2009-2010 Difference	-18.65%	-24.06%	-6.9%	-17.31%	-15.15%	-48.95%	-17.18%

By Loan Type

- In 2010, there were 12,562 applications for home purchase loans, a 13.2 percent decrease from the 14,479 applications in 2009. From 2006 to 2010, there was a 54.7 percent decrease in applications for home purchase loans (see Table ES.3).
- In 2010, there were 26,175 applications for home refinance loans, a decrease of 20.8 percent from 2009. The number of prime loans decreased by 19.8 percent from 2009 to 2010 and increased by 11.4 percent from 2006 to 2010. The number of subprime home refinance loans declined by 35.1 percent from 2009 to 2010 and declined by 93.9 percent from 2006 to 2010 (see Table ES.4).

- In 2010, there were 4,594 applications for home improvement loans, an 18.5 percent decrease from the year before. From 2006 to 2010, the number of home improvement loan applications decreased by 75.8 percent. From 2006 to 2010, subprime home improvement loans decreased by 85.7 percent, while prime loans decreased by 73.7 percent (see Table ES.5).

Table ES.3: Home Purchase Loan Applications and Originations in Philadelphia

	APPLICATIONS	DENIALS	DENIAL RATE	LOANS ORIGINATED	PRIME LOANS	SUBPRIME LOANS
2010	12,562	1,921	15.3%	8,598	8,403	195
2009	14,479	2,077	14.3%	9,976	9,356	620
2009-2010 Difference	-13.24%	-7.51%	6.99%	-13.81%	-10.19%	-68.55%

Table ES.4: Home Refinance Loan Applications and Originations in Philadelphia

	APPLICATIONS	DENIALS	DENIAL RATE	LOANS ORIGINATED	PRIME LOANS	SUBPRIME LOANS
2010	26,175	6,618	25.3%	12,222	11,686	536
2009	33,030	9,008	27.3%	15,395	14,569	826
2009-2010 Difference	-20.75%	-26.53%	-7.33%	-20.61%	-19.80%	-35.11%

Table ES.5: Home Improvement Loan Applications and Originations in Philadelphia

	APPLICATIONS	DENIALS	DENIAL RATE	LOANS ORIGINATED	PRIME LOANS	SUBPRIME LOANS
2010	4,594	2,306	50.2%	1,676	1,498	178
2009	5,635	3,060	54.3%	1,728	1,435	293
2009-2010 Difference	-18.47%	-24.64%	-7.55%	-3.10%	4.39%	-39.25%

ES.4 Philadelphia Compared to Other Areas

Philadelphia vs. Suburbs

Lending to Philadelphia residents was compared to lending to residents of the City's four suburban counties (see Table ES.6):

- Denial rates were higher in the City versus the suburbs for each racial category, a consistent finding with prior year studies.
- In the suburbs, the higher the income group, the higher the proportion of all loans and prime loans. This was unlike the City pattern, where the moderate-income group consistently received both the most loans and the most prime loans.
- In 2010, suburban borrowers in minority tracts were 7.5 times more likely to get subprime loans than borrowers in non-minority tracts, compared to 3.0 times in the City. In 2009, the suburban ratio was 4.1 and the City ratio was 2.5.
- Of all loans to suburban LMI tracts, 3.1 percent were subprime, compared to 0.8 percent of loans for MUI tracts. Of all loans to LMI tracts in the City, 5.8 percent were subprime, compared to 2.1 percent of loans for MUI tracts in 2010.

Table ES.6: 2010 Home Lending Activity – Philadelphia Suburbs

BORROWER RACE	PERCENT OF PRIME LOANS	PERCENT OF SUBPRIME LOANS	PERCENT OF ALL HOUSEHOLDS	DENIAL RATE
WHITE	90.0%	85.5%	87.8%	13.7%
AFRICAN AMERICAN	3.0%	9.6%	7.1%	25.5%
ASIAN	5.5%	3.3%	2.5%	14.1%
HISPANIC	1.5%	1.6%	1.6%	18.1%

BORROWER INCOME	PERCENT OF PRIME LOANS	PERCENT OF SUBPRIME LOANS	PERCENT OF ALL HOUSEHOLDS	DENIAL RATE
LMI (< 80% MSA INCOME)	19.9%	44.6%	38.5%	22.1%
MUI (<80% MSA INCOME)	80.1%	55.4%	61.5%	12.3%

TRACT MINORITY LEVEL	PERCENT OF PRIME LOANS	PERCENT OF SUBPRIME LOANS	PERCENT OF ALL HOUSEHOLDS	DENIAL RATE
0-49% MINORITY	99.4%	95.3%	97.4%	14.8%
50-100% MINORITY	0.6%	4.7%	2.6%	32.4%

TRACT INCOME LEVEL	PERCENT OF PRIME LOANS	PERCENT OF SUBPRIME LOANS	PERCENT OF ALL HOUSEHOLDS	DENIAL RATE
LMI (<80% MSA INCOME)	2.5%	9.3%	5.6%	24.1%
MUI (<80% MSA INCOME)	97.5%	90.7%	94.4%	14.7%

BORROWER RACE	PERCENT OF PRIME LOANS	PERCENT OF SUBPRIME LOANS	PERCENT OF ALL HOUSEHOLDS	DENIAL RATE
MALE	21.8%	24.7%	17.8%	17.1%
FEMALE	17.0%	29.6%	28.6%	17.2%
JOINT	61.2%	45.6%	56.6%	11.3%

Philadelphia vs. Comparison Cities

Between 2006 and 2010, lending decreased in all four cities, particularly in Detroit (which saw a 96.2 percent decrease during that time period) and particularly for subprime loans (which saw declines from 94 percent to 99.2 percent, depending on the city) (see Table ES.7).

- In Baltimore, borrowers in LMI tracts were 0.87 times more likely to receive a subprime loan as borrowers in MUI tracts. This was the city with the greatest disparity between these two groups. The city with the least disparity was Detroit, where borrowers in LMI tracts 0.87 times more likely to receive subprime loans as those in MUI tracts.
- Minority tract borrowers in Philadelphia were 3.03 times as likely to receive subprime loans relative to borrowers in non-minority tracts. In Baltimore, minority tract borrowers were 7.7 times as likely to receive subprime loans.
- As in all years in the study, in Philadelphia, Baltimore, and Pittsburgh, borrowers in minority tracts received prime loans at a smaller proportion than their share of households.
- As in 2007, 2008, and 2009, the city with the highest denial rate for borrowers in LMI tracts in 2010 was Detroit, where 61.7 percent received denials. Pittsburgh followed with 28.2 percent, then Philadelphia with 27.1 percent and Baltimore with 25.3 percent. The cities kept the same order in 2010 as they did in 2009.
- Baltimore and Pittsburgh both had female denial rates that exceeded male denial rates at 24.7 percent and 22.7 percent, respectively. Philadelphia and Detroit had male denial rates that exceeded female denial rates by one percentage point, at 24.6 percent and 54.5 percent, respectively.

Table ES.7: 2010 Home Lending Activity – Philadelphia vs. Comparison Cities

2010	PRIME LOANS	SUBPRIME LOANS	TOTAL LOANS
PHILADELPHIA	20,780	852	21,632
BALTIMORE	6,858	460	7,318
DETROIT	593	106	699
PITTSBURGH	4,299	80	4,379

2006-2010 DIFFERENCE	PRIME LOANS	SUBPRIME LOANS	TOTAL LOANS
PHILADELPHIA	-17.3%	-94.0%	-44.9%
BALTIMORE	-71.1%	-95.8%	-78.9%
DETROIT	-88.8%	-99.2%	-96.2%
PITTSBURGH	20.7%	-95.1%	-15.5%

ES.5 Home Lending to Non-Owner-Occupied Borrowers

In 2010, 10.3 percent of all loans were made to non-occupant investors, an increase from 7.8 percent in 2009. The number of non-owner-occupied loans increased by 12.6 percent from 2009 to 2010. Subprime loans comprised 4.2 percent of all non-owner-occupied loans, a decrease from 7.5 percent in 2009.

- Asian borrowers received nearly three times the share of non-occupant loans than their share of City households in 2010. The share of such loans to Asian borrowers decreased slightly over the past three years.
- The disparity between the share of prime loans and the share of households was lower for MUI owner-occupied borrowers (1.57) than for non-occupant MUI investors (2.52).
- Minority census tracts received 39.4 percent of prime loans (a decrease from 45.5 percent in 2009) and 50.5 percent of subprime loans (a decrease from 61.7 percent in 2009).From 2006 to 2010, subprime loans to all groups decreased. Borrowers in LMI tracts saw a decrease of 4563.4 percent, and borrowers in MUI tracts saw a decrease of 1634.8 percent.
- From 2006 to 2010, subprime loans to all groups decreased. Borrowers in LMI tracts saw a decrease of 97.9 percent, and borrowers in MUI tracts saw a decrease of 94.2 percent.
- Male and female investors received prime loans over 90 percent of the time, at 94.9 percent and 93.8 percent of the time, respectively. In 2006, the percent of prime loans for each group was 49.1 percent for males and 48.3 percent for females.

ES.6 City Depositories and Home Lending

City depositories in aggregate received over 13,800 loan applications and originated over 6,700 prime loans and 170 subprime loans totaling $2.3 billion in 2010. Thus, these 10 depositories together represented over one third of all applications and prime loans, one fifth of all subprime loans, and nearly two-thirds of the total loan amount within the City (see Table ES.8). The total amount of lending at all institutions in the City was $3.8 billion, down from $4.5 billion the previous year.

Table ES.8: Loan Applications and Originations for the 10 City Depositories

	APPLICATIONS	PRIME LOANS	SUBPRIME LOANS	TOTAL LOANS AMT (in $B)
2010-DEPOSITORIES	13,862	6,724	172	$2.3B
2010-ALL BANKS	40,767	20,780	852	$3.8B
2009-ALL DEPOSITORIES	16,994	7,990	640	$1.5B
2009-ALL BANKS	50,114	24,490	1,669	$4.5B
2010 PROPORTION OF DEPOSITORIES TO ALL BANKS	34%	32%	20%	61%
2009 PROPORTION OF DEPOSITORIES TO ALL BANKS	34%	33%	38%	33%

In aggregate, City depositories made a larger percentage of their total loans to African American borrowers, and to borrowers in minority and LMI tracts (see Table ES.9), than did all lenders.

Table ES.9: Selected 2010 Results for City Depositories

HOME PURCHASE LOANS	PERCENT OF LOANS TO AFRICAN AMERICANS	PERCENT OF LOANS TO HISPANICS	PERCENT OF LOANS IN MINORITY TRACTS	PERCENT OF LOANS TO LMI BORROWERS	PERCENT OF LOANS IN LMI TRACTS
ALL DEPOSITORIES	24.3%	8.0%	38.7%	62.8%	60.8%
ALL LENDERS	22.4%	9.9%	34.4%	61.2%	59.2%
HOME REFINANCE LOANS	**PERCENT OF LOANS TO AFRICAN AMERICANS**	**PERCENT OF LOANS TO HISPANICS**	**PERCENT OF LOANS IN MINORITY TRACTS**	**PERCENT OF LOANS TO LMI BORROWERS**	**PERCENT OF LOANS IN LMI TRACTS**
ALL DEPOSITORIES	12.9%	3.9%	27.3%	36.8%	41.2%
ALL LENDERS	12.4%	3.4%	25.1%	37.4%	40.8%
HOME IMPROVEMENT LOANS	**PERCENT OF LOANS TO AFRICAN AMERICANS**	**PERCENT OF LOANS TO HISPANICS**	**PERCENT OF LOANS IN MINORITY TRACTS**	**PERCENT OF LOANS TO LMI BORROWERS**	**PERCENT OF LOANS IN LMI TRACTS**
ALL DEPOSITORIES	28.5%	3.8%	42.1%	54.5%	59.6%
ALL LENDERS	24.7%	3.3%	39.7%	57.0%	58.5%

Thirteen factors were combined to create a composite score for prime home purchase lending performance for each depository. For each factor, a depository received a score according to how different it was from the average lender in Philadelphia. If the depository was better than average, the score is positive; if it was below average, the score is negative. Only lenders in Philadelphia that originated 25 loans or more in 2010 were included in the calculations.

In 2010, Wells Fargo ranked first, followed by Citizens Bank. Wells Fargo maintained its first place ranking from 2009, while Citizens improved from 4th place to second. CitiGroup, which was seventh in 2008, increased its home purchase prime loans from 13 in 2009 to 20 in 2010, but was still not eligible for this ranking. M&T Bank ranked sixth with a negative composite score of -0.85, indicating it performed worst than the average home mortgage lender in the City in 2010.

Table ES.10: 2010 Ranking of City Depositories – Home Purchase Lending

2010 RANKING	CITY DEPOSITORY	2010 COMPOSITE SCORE	2009 RANKING
1	WELL FARGO (WACHOVIA)	23.78	1
2	CITIZENS FINANCIAL GROUP, INC	16.58	4
3	BANK OF AMERICA	8.07	3
4	TD BANK NORTH	2.52	6
5	PNC FINANCIAL SERVICES GROUP	1.01	5
6	M&T BANK	-0.85	7

ES.7 Small Business Lending in Philadelphia

- About 11,300 loans with an aggregate value of about $445 million were made to small business in Philadelphia during 2010. About 3,500 of those loans were made to small businesses with annual revenues of less than $1 million. All of these totals were down from 2006, 2007, 2008, and 2009 totals (see Table ES.11).
- 51.3 percent of loans made to small businesses in Philadelphia were made to those located in low and moderate income areas.
- 54.9 percent of loans made to businesses with less than $1 million in revenue were made to those businesses located in low and moderate income areas.
- In 2010, 29.4 percent of all small business loans in the City were in minority areas, compared to 2.3 percent for the suburban counties.

Table ES.11: Small Business Lending Activity in Philadelphia

	TOTAL DOLLARS LOANED TO SMALL BUSINESSES IN PHILADELPHIA (in $M)	TOTAL LOANS TO SMALL BUSINESSES IN PHILADELPHIA	TOTAL LOANS TO SMALLBUSINESSES IN PHILADELPHIA WITH ANNUAL REVENUES OF LESS THAN $1 MILLION
2010	$445	11,322	3,472
2009	$581	12,365	3,870
2009-2010 DIFFERENCE	-23%	8.07-8%	-10%

ES.8 Rankings of Depositories - Small Business Lending

Small business lending in all categories among the City depositories represented over 39 percent of the total small business lending reported in Philadelphia. There were five factors, equally weighted, considered in the ranking of the banks; these five factors were selected because they show performance in relation to the entire city and among the depositories on key lending practices affecting low- and moderate-income and minority businesses.

- Market share of loans to small businesses
- Market share of loans to the smallest of small businesses
- Lending to small businesses located in low and moderate income areas
- Ranking among depositories for small business lending to the smallest businesses
- Ranking among depositories for small business lending in low and moderate income areas

In 2010, PNC ranked first, which is unchanged from 2009. The highest ranked from 2008 and 2007, Citigroup ranked second in 2010 which is unchanged from 2009. Wells Fargo remained in third place (see Table ES.12).

Table ES.12: Ranking of City Depositories in Small Business Lending

INSTITUTION	2010 RANKING	2009 RANKING	2008 RANKING	2007 RANKING
PNC BANK	1	1	2	2
CITIGROUP	2	2	1	1
WELLS FARGO	3	3	6	T4
CITIZENS	4	5	T4	7
BANK OF AMERICA	5	4	3	3
TD BANK	6	7	7	N/A
M&T BANK	7	8	N/A	N/A

ES.9 Bank Branch Analysis

There were 330 bank branches in Philadelphia in 2010, down from 338 in 2009. 206 branches, or around 62 percent, were owned by City depositories (see Table ES.13).

- Over 25 percent of the depository branches were located in minority areas in 2010, down from 26 percent in 2009 and higher than the citywide ratio of 23 percent of all branches in areas that were more than 50 percent minority. Four of the 10 City depositories surpassed the citywide benchmark.
- 60 percent of City depositories had branches in LMI areas in 2010, compared to 59 percent of all bank branches Citywide. SIx of the 10 City depositories surpassed the citywide benchmark.

Table ES.13: Number of Branches in Philadelphia

BANKS	2010 BRANCHES	% OF ALL 2010 BRANCHES	2009 BRANCHES	% OF ALL 2009 BRANCHES
ALL DEPOSITORIES	206	62%	232	69%
ALL NON-DEPOSITORIES	124	38%	106	31%

ES.10 Neighborhood Analysis

We examined home and business lending practices in nine neighborhoods that contain census tracts classified as minority and low to moderate income and that are located in areas where community development corporations and empowerment zones have been established (see Table ES.14).

Table ES.14: 2010 Home and Small Business Lending Activity – Selected Philadelphia Neighborhoods

ORGANIZATION	LOCATION	MAJOR ETHNIC GROUP	2000 MEDIAN INCOME AS A % OF REGIONAL MEDIAN INCOME	# LOANS	% LOANS THAT WERE SUBPRIME	NUMBER OF SMALL BUSINESS LOANS	PERCENTAGE OF LOANS TO SMALL BUSINESSES WITH ANNUAL REVENUES <$1 MILLION
APM	N PHILA	HISP	36%	9	11.1%	85	20%
HACE	N 5TH ST	HISP	24%	46	26.1%	115	35%
AWF	N PHILA	AFR AM	46%	51	11.8%	5	20%
OARC	W OAK LANE	AFR AM	76%	460	11.1%	58	50%
PROJECT HOME	SPR GRDEN	AFR AM	34%	43	18.6%	46	26%
PEC	W PHILA	AFR AM	36%	64	3.1%	88	48%
AMERICAN ST EZ	KENSINGTON	HISP	36%	115	4.3%	87	26%
NORTH CENTRAL EZ	N PHILA	AFR AM	33%	66	9.1%	24	54%
WEST PHILA EZ	W PHILA	AFR AM	41%	23	17.4%	34	21%

ES.11 Five-Year Trends

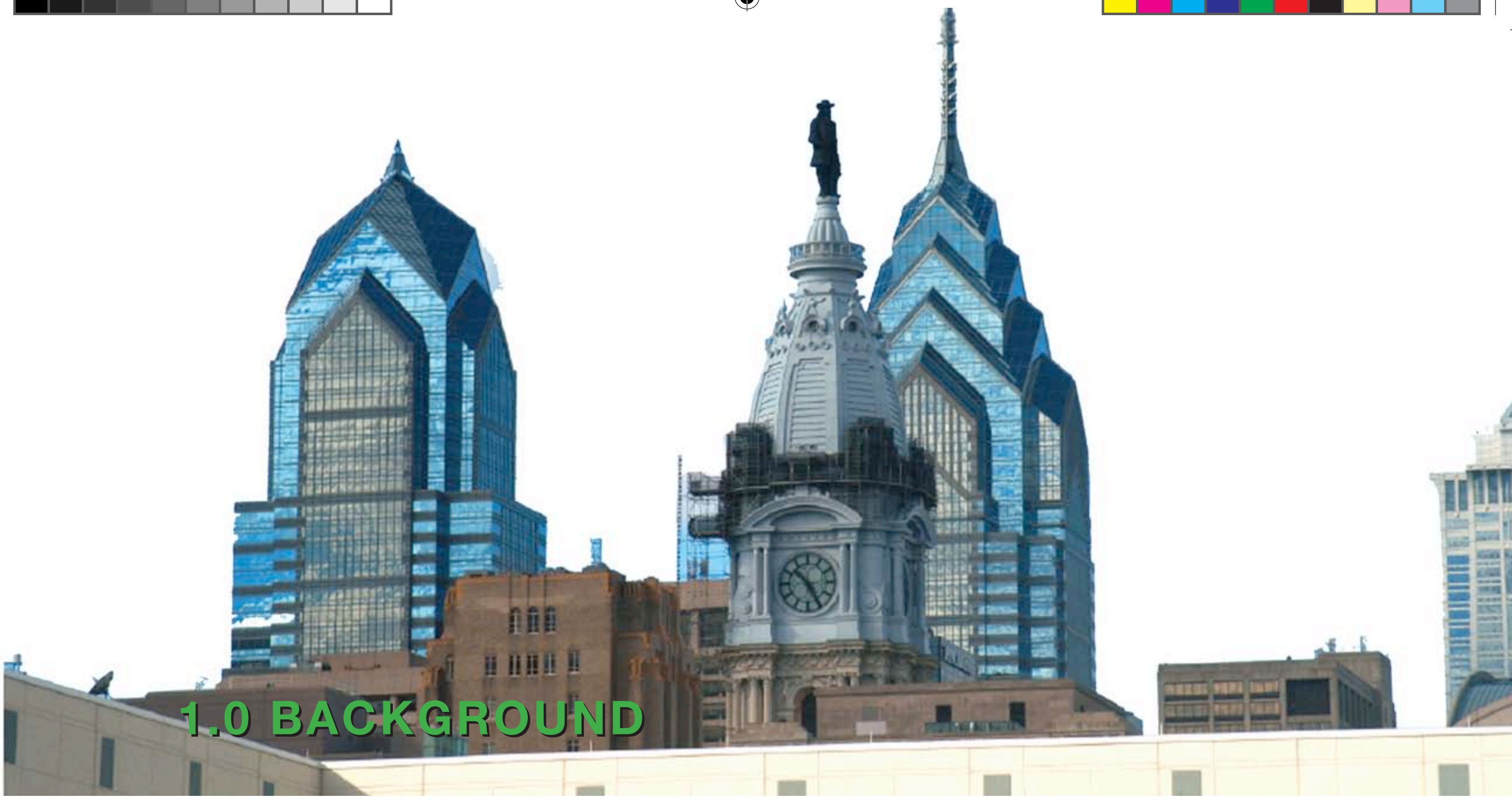
The period from 2005 to 2010 was an unprecedented one for the banking sector, due to the boom and then bust of the housing markets, multiple shocks in the financial services sector, and a deep and prolonged economic recession. These macro-economic forces are reflected in five-year trends in lending activity within the City (see Table ES.15 and Tables ES.16). Notably, the subprime lending market has declined significantly since its peak in 2005 and 2006, shifting attention to the prime ending market and to the more established authorized depositories, who now represent, in the aggregate, a larger share of applications and loans.

Table ES.15: 2005-2010 Trend in Prime and Subprime Lending Activity

	2005	2006	2007	2008	2009	2010	05-10%
APPLICATIONS	100,244	91,611	77,062	53,903	50,114	40,767	-59%
PRIME LOANS	29,511	25,131	23,791	19,638	24,490	20,780	-30%
SUBPRIME LOANS	12,717	14,093	8,538	3,995	1,669	852	-93%
TO MINORITY	8,705	10,392	6,555	2,881	1,034	608	-93%
TO LMI	8,175	9,141	5,829	2,818	1,146	370	-95%
IN MINORITY TRACT	6,551	8,080	5,232	2,389	847	486	-93%
IN LMI TRACT	9,164	10,598	6,624	3,067	1,165	625	-93%

Table ES.16: 2005-2010 Performance of Authorized Depositories

	2005	2005	2010	2010
	AUTH DEPS	ALL LNDRS	AUTH DEPS	ALL LNDRS
APPLICATIONS	10,713	100,244	13,862	40,767
PRIME LOANS	4,575	29,511	6,724	20,780
% TO AFR-AM	31.9%	20.6%	17.5%	16.8%
% TO HISP	9.8%	6.4%	5.4%	6.0%
%TO LMI	55.1%	46.7%	46.7%	47.7%
% IN MINORITY TRACT	40.6%	29.2%	31.9%	29.4%
%TO LMI TRACT	60.3%	52.4%	48.9%	48.8%
DENIALS	4,100	29,770	3,677	9,447
BRANCHES	184	322	206	330
% IN MINORITY TRACT	27%	23%	25%	23%
%TO LMI TRACT	59%	58%	60%	59%



1.0 BACKGROUND

In this section, legislation relevant to fair lending practice on a federal, state, and local level are outlined. This is followed by a brief description of the City's ten Authorized Depositories which summarizes their reinvestment goals and outlines their current organizational size and structure. Also outlined at the end of this section is an overview of the current mortgage foreclosure crisis.

1.1 Legislative and Institutional Context

Over the past forty years, legislation has been enacted at the federal, state, and local levels to regulate the banking industry and protect individuals against unfair lending practices. In 2007, due in large part to unsustainable lending practices, the US began to feel the impact of a pronounced global recession as real estate and corporate share values dwindled. By 2008, the financial market and credit crisis worsened, prompting Congress and the Federal Treasury to move to implement a number of programs and to provide additional monies to banks, major companies and lenders to help stabilize the economy. The combination of a decrease in consumer credit options and the weak economic climate caused many Americans to default on a wide variety of financial products including mortgages, some of whom were already burdened with sub-prime financial instruments. In 2009, the new administration in Washington made a number of strides in implementing legislation to help protect consumers and to give them support against subprime mortgage lending practices. As a result, legislatures on all levels responded with proposals for strong, new laws and policy modifications to better regulate the nation's lending practices.

1.1.1 Federal

Created by the Federal Reserve Board, the Home Mortgage Disclosure Act (HMDA) was enacted by Congress in 1975 and implemented nationwide. It mandates that all financial institutions annually disclose loan data on home purchases, home purchase pre-approvals, home improvement, and refinance applications. The financial institutions directed to participate include savings associations, credit unions, and other mortgage lending institutions.

In short, the HMDA was instituted for the following reasons:

- To help determine if financial institutions are serving the housing needs of their communities;
- To assist public officials in distributing public sector investments, so as to attract private investment to areas of greatest need; and
- To identify potential discriminatory lending patterns.

The data annually reported in response to HMDA mandates enables public agencies to thoroughly analyze the performance and practice of the depositories, in particular, evaluating the financial institutions based upon their observed lending practices and patterns.

The Fair Housing Act, part of the Title VIII of the Civil Rights Act of 1968, expanded upon previous legislation by prohibiting discrimination on the basis of race, color, national origin, religion, sex, familial status or handicap (disability) when performing the following:

- Approving a mortgage loan;
- Providing information regarding loans;
- Providing terms or conditions on a loan, such as interest rates, points, or fees;
  Appraising property; or
- Purchasing a loan or setting terms or conditions for purchasing a loan.

In 1977, Congress enacted the Community Reinvestment Act (CRA) to encourage depository institutions to help meet the credit needs of the communities in which they operate without overlooking moderate- to low-income neighborhoods. Through federal supervision, the CRA discourages redlining and encourages community reinvestment. Each bank, lending or savings institution is overseen by one of four federal oversight bodies – the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (FRB), Office of Thrift Supervision (OTS), or the Federal Deposit Insurance Corporation (FDIC). The information collected in their review is used to assign CRA ratings, which are taken into consideration when approving an institution's application for new deposit facilities, including mergers and acquisitions.

There have been three major federal laws passed to protect consumers against predatory lending. These are the Truth in Lending Act (TILA) (1968), the Real Estate Settlement Procedures Act (RESPA) (1974), and HOEPA, the Home Ownership and Equity Protection Act (HOEPA (1994).

- TILA requires companies to make disclosures on credit rates and terms and it regulates certain aspects of credit card and high rate credit.
- RESPA sets the requirements for providing GFE and HUD-1 settlement costs by lenders and regulates escrow funds.
- HOEPA requires companies to make loan terms disclosures in cases of high and extremely high rates. This law also addresses prepayment penalties, balloon payments, negative amortization and the borrower's payment ability.

On July 30, 2008, the Housing and Economic Recovery Act of 2008 was instated. This Act was specifically designed to address the subprime housing crisis. Making a number of changes to the federal housing policy, the Act:

- Establishes a single regulator—the Federal Housing Finance Agency (FHFA)—for government-sponsored enterprises (GSEs) involved in the home mortgage market. The GSEs that are regulated by FHFA include the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Banks (FHLBs).
- Requires Fannie Mae and Freddie Mac to annually pay amounts equal to 4.2 basis points on each dollar of unpaid principal balances of each enterprise's total new business purchases. These assessments will begin during Fiscal Year 2009 and will be deposited into new federal funds.
- Authorizes—from October 1, 2008, through September 30, 2011—a new mortgage guarantee program under the Federal Housing Administration (FHA) that allows certain at-risk borrowers to refinance their mortgages after the mortgage holder (lender or servicer) agrees to a write-down of the existing loan (that is, a reduction in the amount of loan principal).
- Requires loan originators to participate in a Nationwide Mortgage Licensing System and Registry (NMLSR) that is administered by either a nonfederal entity or the Department of Housing and Urban Development (HUD) in coordination with the federal banking regulatory agencies.
- Authorizes the appropriation of such sums as are necessary for the Treasury Department's Office of Financial Education to provide grants to state and local governments, Indian tribes, and other entities to support financial education and counseling services.

1 United States. Cong. Senate. Senate Committee on Banking, Housing, and Urban Affairs. CONGRESSIONAL BUDGET OFFICE: Federal Housing Finance Regulatory Reform Act of 2008. Comp. Chad Chirico, Mark Booth, Elizabeth Cove, and Paige Piper/Bach. By Peter Fontaine and G. Thomas Woodward. 110 Cong. S. Rept. Print.

Some of the provisions of this law were modified by the American Recovery and Reinvestment Act of 2009, which was signed into law on February 17, 2009.

In 2009, Congress continued to implement new laws including The Helping Families Save Their Homes Act and the Fraud Enforcement and Recovery Act, which were both instituted on May 20, 2009.

The Helping Families Save Their Homes Act assists homeowners by increasing the flow of credit and strengthening the US housing sector. The Fraud Enforcement and Recovery Act provides the federal government with new tools and resources to prevent lending fraud from companies.

- The Helping Families Save Their Homes Act of 2009 authorized:
    - The extension of a temporary increase in deposit insurance
    - The increase of borrowing authority for the Federal Deposit Insurance Corporation (FDIC) to $100 billion
    - The increase of borrowing authority for the National Credit Union Administration (NCUA) to $6 billion
    - The establishment of protections for renters living in foreclosed homes
    - The establishment of the right of a homeowner to know who owns their mortgage
    - Increased aid to homeless Americans
- The Fraud Enforcement and Recovery Act authorized:
    - Covering private mortgage brokers and other companies
    - Expanding the Department of Justice's authority to prosecute mortgage fraud involving private mortgage institutions
    - Changing the definition of "financial institution" to include private mortgage brokers and other non-bank lenders
    - Prohibiting manipulation of the mortgage lending business
    - Protecting TARP and the Recovery Act
    - Covering commodity futures and options in anti-fraud statutes Broadening the False Claims Act
    - Expanding the government's ability to prosecute those who engage in fraudulent schemes.
    - Strengthening the federal government's full regulatory and enforcement capacity (FBI, US Attorney's Offices, HUD, SEC, US Postal Inspection Service)

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (formerly H.R. 4173 and S. 3217) was signed into law. It is expected that this law will significantly change the current bank regulatory structure and affect the lending, deposit, investment, trading and operating activities of financial institutions and their holding companies, and will fundamentally change the system of regulatory oversight of the banking industry.

The Dodd-Frank Act incorporated much of the Mortgage Reform and Anti-Predatory Lending Act under its Title XIV Provision. It established a new Bureau of Consumer Financial Protection with broad powers to supervise and enforce consumer protection laws. The Bureau of Consumer Financial Protection has broad rule-making authority for a wide range of consumer protection laws that apply to all banks and savings institutions, including the authority to prohibit "unfair, deceptive or abusive" acts and practices. The Bureau of Consumer Financial Protection has examination and enforcement authority over all banks and savings institutions with more than $10 billion in assets.

The Dodd-Frank Act provides mortgage reform provisions regarding a customer's ability to repay, restricting variable rate lending by requiring the ability to repay to be determined for variable-rate loans by using the maximum rate that will apply during the first five years of a variable-rate loan term, and making more loans subject to provisions for higher cost loans, new disclosures, and certain other revisions. It also requires creditors to make a reasonable and good faith determination, based on verified and documented information, that the consumer has a reasonable ability to repay a residential mortgage loan at the time the loan is consummated. Other highlights include: [2]

- **Steering incentive ban.** Prohibits yield spread premiums and other mortgage loan originator compensation that varies based on the terms of the loan (other than the amount of the principal).
- **Prepayment penalty phase-out.** Phases out prepayment penalties and prohibits them after 3 years. For adjustable rate and certain higher-priced mortgages, prepayment penalties are prohibited upon enactment of the legislation.
- **Interest rate reset notice.** Requires creditors to notify consumers at least 6 months before the interest rate on a hybrid adjustable rate mortgage is scheduled to reset.
- **Escrows.** Requires escrows for taxes and insurance for certain mortgages (including those exceeding specified interest rate thresholds).
- **Broader HOEPA coverage.** More loans will receive the protections for high-cost mortgages under the Home Ownership and Equity Protection Act of 1994 (HOEPA).
- **Appraisal reform.** For "higher-risk mortgages," requires written appraisals based on physical inspection of the property, and in some cases second appraisals. FRB interim final regulations defining acts or practices that violate appraiser independence are required no later than 90 days after enactment. A broker price opinion may not be used as the primary basis for determining the value of property that would secure a mortgage for the purchase of a consumer's principal dwelling. The FRB, FDIC, OCC, NCUA, FHFA, and CFPB may issue additional joint regulations and guidance on appraiser independence, and they are required to issue joint regulations on the appraisal requirements for higher-risk mortgages, appraisal management companies, and automated valuation models.

2 FDIC Staff Summary of Certain Provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (formerly H.R. 4173/S. 3217) fdic.gov/regulations/reform/summary.html

1.1.2 State

In addition to federal mandates, the Commonwealth of Pennsylvania's General Assembly enacted several important laws that further ensure fair lending practices in financial institutions. The Pennsylvania Loan Interest and Protection Law, enacted in 1974, requires that lenders clearly explain the terms and conditions of any variable loans offered and provide fixed-rate alternatives. Additionally, the Secondary Mortgage Loan Act of 1980 and the Mortgage Bankers and Brokers and Consumer Equity Protection Act of 1989 were added to regulate the licensing of mortgage brokers and outline rules of conduct. Finally, the Credit Services Act was established in 1992 to regulate the credit service industry.

In 2003, due to concern over rising foreclosure rates, the Pennsylvania House of Representatives requested that the Commonwealth initiate a study to review residential lending practices and identify those that were considered harmful to consumers. This information was consolidated into a report entitled, "Losing the American Dream: A Report on Residential Mortgage Foreclosures and Abusive Lending Practices" and was presented to the General Assembly. In response, the Commonwealth released "Pennsylvania Mortgage Lending Reform Recommendations" in 2007.

In 2008, the Commonwealth enacted five new bills relating to the mortgage industry. This change in legislation was used to overhaul the Commonwealth's longstanding licensing practices for first and second mortgage lending, substantial revisions to the Commonwealth's usury law, and changes to the Commonwealth's pre-foreclosure notice requirements. These bills include:[3]

- **Bill 2179 (p/n 4020) or Act 2008-56** - repeals much of the Commonwealth's Mortgage Bankers and Brokers and Consumer Equity Protection Act and all of Pennsylvania's Secondary Mortgage Loan Act. It replaces them with one consolidated Mortgage Loan Industry Licensing and Consumer Protection Law.
- **Bill 483 (p/n 2163) or Act 2008-57** - changes the Commonwealth's general usury law (formally titled the "Loan Interest and Protection Law" and popularly known as "Act 6"). This includes increasing coverage for residential mortgage loans, broadening exception for business loans, and increasing enforcement authority.
- **Bill 484 (p/n 2251) or Act 2008-58** - allows the Commonwealth's Department of Banking to require licensees to use a national electronic licensing system and pay associated licensing processing fees.
- **Bill 485 (p/n 2252) or Act 2008-59** - amended the Commonwealth's Real Estate Appraisers Certification Act to expand and change the composition of the State Board of Certified Real Estate Appraisers and establish a new license category for "appraiser trainees." Effective Sept. 5, 2008, Bill 485 requires such trainees to operate under the supervision of either a Certified Residential Appraiser or a Certified General Appraiser. The amendment increases the civil penalty from $1,000 to $10,000 that the Board may impose for violations of the Act. It also adds the Pennsylvania Attorney General and the Pennsylvania Secretary of Banking, or their respective designees, to the State Board of Certified Real Estate Appraisers.
- **Bill 486 (p/n 1752) or Act 2008-60** - requires the housing finance agency to maintain a list of approved consumer credit counseling agencies and to publish that list on its website.

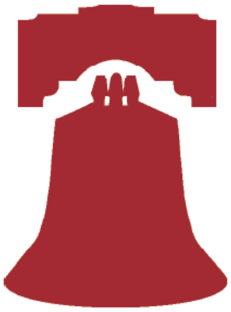
3 Bernstein, Leonard A., and Barbara S. Mishkin. "New Legislation Changes." Editorial. Fig July 2008: 1-6. Reed Smith. Reed Smith's Financial Services Regulatory Group, July 2008. Web. Oct. 2009.

In 2009, the Commonwealth enacted several new key bills.

- Act 31 of 2009 (PA House Bill 1654) was signed into law 8/5/09. It amends PA's existing mortgage licensing law 7 Pa.C.S. Chapter 61 titled the Mortgage Licensing Act and was done to comply with the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (the "SAFE Act"), 12 U.S.C. § 5101 et seq. Some of the features include:
    - All employees who work for mortgage companies to be licensed by the Pennsylvania Department of Banking. Companies and their employees must also register on the new Nationwide Mortgage Licensing System (NMLS), a web-based system used by state regulators to monitor the industry.
    - Mortgage companies must begin using a new disclosure form that clearly states whether a loan has any of the following features: adjustable interest rate, prepayment penalty, balloon payment, negative amortization, and whether the monthly payment includes property taxes and hazard insurance.
    - Mortgage companies must obtain proof of income, fixed expenses and other relevant information in order to evaluate a borrower's ability to repay an offered loan. This requirement seeks to restrict low- and no-documentation mortgages in which applicants do not have to provide such information.

- On June 27, 2009 the Pennsylvania Department of Banking amended its Mortgage Loan Business Practices--Statement of Policy 39 Pa.B. 3172 under the authority 7 Pa.C.S. § 6138 (a)(4) (Mortgage Act). The statement of policy was initiated to provide guidance to licensees under section 310(a) of the Mortgage Bankers and Brokers and Consumer Equity Protection Act (MBBCEPA) (63 P. S. § 456.310(a)).

PA HB 2547 was enacted on November 23, 2010. This bill amends Chapter 61 (Mortgage Loan Industry Licensing and Consumer Protection) of Title 7 (Banks and Banking), Pa.C.S., which was established by Act 56 of 2008 and amended by Act 31 of 2009, to remove the unintentional double licensing requirements for installment sellers of manufactured homes who are currently licensed under the Motor Vehicle Sales Finance Act (1947, P.L.1110, No. 476), also administered by the Department of Banking. Under the bill, the originators must still be licensed but the company only needs to be registered with the department.



1.1.3 Local

In the City of Philadelphia, lawmakers have continued to establish and enforce rules and regulations above and beyond those issued by the state or federal government. In terms of fair lending practices, this includes the Resolution No. 051161, which was a request by City Council for the Office of the City Treasurer to commission an annual report of lending disparities by City depositories. This mandates that the depositories annually submit a comprehensive analysis of their home lending, small business lending and branching patterns, as well as the measurement of community reinvestment and fair lending performance.

In 2000, the City also enacted Chapter 9-2400 of the Philadelphia Code, “Prohibition Against Predatory Lending.” This chapter prohibits all financial institutions and their affiliates from making, issuing or arranging any subprime or high-cost loan, or assisting others in doing so, in any manner which has been determined to be abusive, unscrupulous and misleading. It also established a Predatory Lending Review Committee which has been tasked with reviewing and investigating any alleged predatory loans. This committee also provides penalties for business entities that do not comply and assistance to the aggrieved parties.[4]

Over the years, the City has employed a number of approaches to combat predatory lending. The City of Philadelphia Office of Housing and Community Development has been involved with implementing its Anti-Predatory Lending Initiative that offers Consumer Education and Outreach, Legal Assistance, Alternative Loan Products, and Research to homeowners. In 2004, Mayor Street and Pennsylvania Secretary of Banking William Schenck joined officials from Citizens Bank and Freddie Mac in unveiling a comprehensive consumer awareness campaign to alert borrowers in North Philadelphia and other target neighborhoods about the dangers of predatory lending. The program offers financial literacy, credit counseling and consumer education workshops, and encourages borrowers to call the City’s “Don’t Borrow Trouble” anti-predatory lending hotline.

4 “Chapter 9-2400.” The Philadelphia Code, entitled “Prohibition Against. 16 Nov. 2000. Web. 04 Nov. 2009.

Other initiatives include:

- “SaveYour Home Philly” hotline provides free counseling assistance for homeowners behind on mortgage payments or facing foreclosure. Homeowners can call 215-334-HOME (4663)
- City of Philadelphia/Philadelphia Legal Assistance Predatory Lending Hotline (for Philadelphia residents) takes calls from homeowners who want more information about loans, home equity or mortgage loans or people who think they may be victims of predatory lending. Homeowners can call 215-523-9520
- The Philadelphia Regional Office of the US Department of Housing and Urban Development provides counselors through HUD’s Housing Counseling Program for help with foreclosure and lending issues. Homeowners can call 888-466-3487 or directly to the HUD Region III Office, Philadelphia Regional Office, The Wanamaker Building, 100 Penn Square, East, Philadelphia, PA, 19107-3380 (215) 656-0500
- The Pennsylvania Housing Finance Agency also provides counseling to homeowners at their toll free number: 800-342-2397.

1.2 Depository Descriptions

City depositories make up a relatively small fraction of home purchase, refinance and home improvement lending activity within the City. There are several other entities to consider when evaluating Philadelphia’s fair lending practice including non-City depository banks, as well as non-bank mortgage lenders. However, City depositories represent important and well-recognized financial institutions within the City and to the extent that they competitively seek the City’s banking business, the City holds some negotiating leverage over them. Thus, they represent an important subset of lending and financial services activity that the City can and does evaluate over time in terms of equitable lending and branch location practices.

The following section provides a brief overview of each of the eight authorized depositories in the City of Philadelphia. The description includes size, organizational structure, geographicfootprint, and related features. The primary source materials used to complete the descriptions were Community Reinvestment Act (CRA) reporting available from the Federal Deposit Insurance Corporation (FDIC) and the interagency information available from the Federal Financial Institutions Examination Council (FFIEC). Alternative sources were used to supplement the descriptive information, including the Authorized Depository Compliance Annual Request for Information Calendar Year 2010 and annual company reports.

1.2.1 Bank of America

Total Assets: $2,264,909,000,000 (as of 2010)[5]
Employees: 5,864 within PA / 598 within Philadelphia[6]
Offices in Philadelphia: 19[7]
Community Reinvestment Act rating: Outstanding (as of 3/31/09)[8]
Structure: Subsidiary of the Bank of America Corporation

Bank of America, N.A. is a publicly traded company headquartered in Charlotte, North Carolina. Bank of America is a subsidiary of Bank of America Corporation, with previous ownership held by Nations Bank Corporation. The bank is a full-service, interstate bank that operates throughout the United States and 44 foreign countries. Bank of America acquired a retail banking center footprint in Philadelphia in 2004 through the acquisition of Fleet Bank.

Bank of America certifies that it abides by the MacBride Principles and does not engage in discriminatory practices on the basis of race, color, creed, religion or sexual orientation. The institution also certifies that it does not engage in predatory lending practices as prescribed by the Comptroller of the United States and is not known to have benefited from slavery or slaveholder insurance policies.

The following chart indicates the number of small business loans, home mortgages, home improvement loans, and community development investments that Bank of America made within low and moderate-income neighborhoods within the City of Philadelphia for 2010.

TYPE	2010 GOALS	2010 RESULTS
SMALL BUSINESS LOANS	490	465
HOME MORTGAGES	670	1581
HOME IMPROVEMENT LOANS	35	22
COMMUNITY DEVELOPMENT INVESTMENTS	5	6

Bank of America (BOA) exceeded its 2010 goals for home mortgages and community development investments. The bank did not meet its stated goal for small business loans or home improvement loans. However, BOA provided 465 small business loans in 2010 which represents more than twice as many provided (209) during 2009. BOA attributed the lack in demand for home improvement loans and the fact that these types of loans are not a specific goal of the bank as reasons for not meeting the 2010 goal in this category.

During its most recent Community Reinvestment Act (CRA) exam issued in 2010 covering January 1, 2007 – March 31, 2009, BOA received an “Outstanding” rating, which represented the company’s seventh consecutive time it has received this rating. BOA achieves CRA goals through a variety of community development initiatives including flexible and innovative mortgage, small business and consumer loan products; investments in Low Income Housing, Historic and New Markets Tax Credits; Community Development Financial Institutions (CDFIs); Contributions to nonprofits; qualified Real Estate and Commercial Community Development Loans; and a variety of Community Development Services including volunteer efforts in the community through delivery of financial literacy education and participation on nonprofit boards and committees.

5Bank of America 2010 Annual Report
6City of Philadelphia, Office of the City Treasurer, Authorized Depository COMPLIANCE: Philadelphia City Code CHAPTER 19-200. CITY FUNDS--DEPOSITS, INVESTMENTS, DISBURSEMENTS R.F.I., Questionnaire Annual Request for Information Calendar Year 2010 for Bank of America, pg. 7
7Ibid pg 7
8http://www.ffiec.gov/craratings/default.aspx

1.2.2 Citibank

Total Assets: $1,913,902,000,000 (as of 12/31/10)[9]
Employees: 166 within Philadelphia[10]
Offices in Philadelphia: 7[11]
Community Reinvestment Act rating: Outstanding (as of 2003)[12]
Structure: Subsidiary of CitiGroup Incorporated

Citibank, N.A. is currently the largest bank in the United States with headquarters residing in Las Vegas, Nevada. It is an arm of the larger parent company, Citigroup, which is the largest financial service organization in the world located in more than 100 countries. In 2007, Citibank opened its first branch in Philadelphia as well as several ATMs. Citibank provides several financial products to its customers including banking, insurance, credit cards, and investment assistance.

Citibank certifies that it makes all lawful efforts to implement the fair employment practices embodied in the MacBride Principles, does not originate HOEPA loans, negative amortization loans, non-traditional mortgage products such as interest only and payment option ARMS in the non-prime channel, and equity lending as all loans must meet an ability to pay test. It rejects any policy or activity that promotes predatory lending practices, and does not participate in subprime lending.Citibank also certifies that it found no records that it or any of its Predecessor Business Entities had any participation or investments in, or derived profits from, Slavery or Slaveholder Insurance Policies during the Slavery Era.

The following chart indicates the number of small business loans, home mortgages, home improvement loans, and community development investments that Citibank made within low and moderate-income neighborhoods within the City of Philadelphia for 2010.

TYPE	2010 GOALS	2010 RESULTS
SMALL BUSINESS LOANS	Goals are established against peer 100%	648 totaling $2,908 million
HOME MORTGAGES	Goals are established against peer 100%	283 totaling $45.8 million
HOME IMPROVEMENT LOANS	Goals are established against peer 100%	15 totaling $1.2 million
COMMUNITY DEVELOPMENT INVESTMENTS	$7.0 Million	$7.6 million

During 2010, Citibank contributed more than $1 million to non-profits. The bank also did the following:

- Co-chaired the Urban Affairs Coalition's Mortgage Foreclosure Prevention Task Force
- Provided more than $125,000 in planning grants to the Association of Puerto Ricans on the March for their 9th and Berks Streets Transit Oriented Development project
- Advanced it's five-year, $600,000 Citibank Post Secondary Success Program in four heavily-impacted public high schools – Kensington Business, Kensington CAPA, Roxborough and Ben Franklin.

9 Citibank 2010 Annual Report, pg.152
10 City of Philadelphia Office of the City Treasurer Authorized Depository COMPLIANCE: Philadelphia City Code CHAPTER 19-200. CITY FUNDS--DEPOSITS, INVESTMENTS, DISBURSEMENTS R.F.I., Questionnaire Annual Request for Information, Calendar Year 2010 for Citibank, pg. 6
11 Ibid pg. 6
12 http://www.ffiec.gov/craratings/default.aspx

Among the groups receiving Citibank Foundation grants in 2010 were APM, City Year, Community Capital Works, Consumer Credit Counseling Service of the Delaware Valley, Philadelphia VIP, Inc. and the Women's Opportunities Center. Additional support was provided to the Philadelphia High School Academies, Inc., Center for Literacy, Settlement Music School, Martin Luther King Day of Service, the Philadelphia Association of CDCs and the Reading Terminal Market.

1.2.3 Citizens Bank of Pennsylvania

Total Assets: $129,689,000,000 (as of 12/31/10)[13]
Employees: 1,172 within Philadelphia[14]
Offices in Philadelphia: 56[15]
Community Reinvestment Act rating: Outstanding (as of 9/1/2009)[16]
Structure: Subsidiary of the Royal Bank of Scotland Group, PLC

Citizens Bank of Pennsylvania (CBPA) is a full – service financial institution serving Pennsylvania and New Jersey. The bank's primary market focus is providing credit, deposit account, and services to individuals and small businesses. CBPA is a subsidiary of the Citizens Financial Group, Inc. (CFG), a holding company based in Providence, R.I., and is one of the nation's 20 largest commerce companies. CFG owns five other independently state-chartered operating banks under the Citizens name and 135 directly owned ATMs and 196 directly accessed ATMs located throughout the Philadelphia area.

Citizens Bank of Pennsylvania certifies that it conducts no business with Northern Ireland, is in federal compliance with laws regarding predatory lending, and is not known to have benefited from slavery or slaveholder insurance policies.

The following chart indicates the number of small business loans, home mortgages, home improvement loans, and community development investments that Citizens Bank of Pennsylvania made within low and moderate-income neighborhoods within the City of Philadelphia for 2010.

TYPE	2010 GOALS	2010 RESULTS
SMALL BUSINESS LOANS	200	510
HOME MORTGAGES	300	452
HOME IMPROVEMENT LOANS	700	682
COMMUNITY DEVELOPMENT INVESTMENTS	3	5

Citizens Bank exceeded all but one of its community reinvestment goals for 2010. The bank fell short of its goal for home improvement loans. It attributed this to the challenging environment for Home Improvement lending in today's economy. There was an increase in declinations due to poor credit history and overextension of existing credit. Citibank has indicated that it will continue to work with credit counseling agencies to expand the number of qualified applicants.

13Citizens Bank 2010 Annual Report
14City of Philadelphia Office of the City Treasurer Authorized Depository COMPLIANCE: Philadelphia City Code CHAPTER 19-200. CITY FUNDS--DEPOSITS, INVESTMENTS, DISBURSEMENTS R.F.I., Questionnaire Annual Request for Information, Calendar Year 2010 for Citizens Bank, pg. 6
15Ibid pg 6
16http://www.ffiec.gov/craratings/default.aspx

Citizens Bank's funding priorities for 2010 focused on support to key community organizations dedicated to affordable housing, economic development and critical human services. Examples include the Local Initiatives Support Corporation's sustainable communities West Philadelphia and East North Philadelphia Programs, the Urban Affairs Coalition's FAN Clubs and Housing Foreclosure Prevention assistance. The bank also supported the City of Philadelphia's Foreclosure Prevention Hotline, the Citizens Bank Champions in Action Programs which funded four nonprofit organizations' community work and Esperanza and Universal Community Homes for comprehensive neighborhood development.

2010 COMMUNITY DEVELOPMENT INVESTMENTS	
COMPREHENSIVE SERVICE PROGRAM	$250,000
BUSINESS PRIVILEGE TAX CREDITS	$100,000
COMMUNITY DEVELOPMENT PROGRAM SUPPORT	$250,000
FOUNDATION SUPPORT	$1,028,500
TOTAL CD INVESTMENTS	$1,628,500

1.2.4 City National Bank

Total Assets: $466,339,000 (as of 12/31/09)[17]
Employees: 103[18]
Offices in Philadelphia: 1[19]
Community Reinvestment Act rating: Outstanding (as of most recent exam)
Structure: Subsidiary of City National Bancshares Corporation

City National Bank did not submit a response to the Annual Request for Community Reinvestment Goals to the City of Philadelphia for 2009.

City National Bank is a subsidiary of City National Bancshares Corporation which has 10 locations in underserved minority and low- to middle-income urban neighborhoods in New Jersey and New York. The bank offers standard deposit products and services including checking and savings accounts, IRAs, money market accounts, and CDs. CNB's loan portfolio is dominated by commercial real estate loans, but it also offers residential mortgages, construction loans, business loans, and consumer loans. The bank owns a 35% stake in a leasing company and has a small investment an organization that provides microloans in Haiti. The Bank also acquired a branch office in Philadelphia, PA from another financial institution in March 2007. CNB was founded in 1973.

City National Bank has been awarded an "Outstanding" rating, the highest rating possible, by the Office of the Comptroller of the Currency (OCC) for its commitment to the letter and spirit of the Community Reinvestment Act (CRA). By awarding this rating, the OCC acknowledged that City National Bank is continuing to meet the credit needs of all its segments of its communities. By comparison, less than 10% of all financial institutions in the United States received an "Outstanding" CRA rating from the OCC.

17 http://www.faqs.org/sec-filings/100518/CITY-NATIONAL-BANCSHARES-CORP_10-K/.
18 Ibid.
19 Ibid.

1.2.5 M&T Bank

Total Assets: $68,880,000,000 (as of 12/31/09)[20]
Employees: 475 within PA / 63 within Philadelphia[21]
Offices in Philadelphia: 7[22]
Community Reinvestment Act rating: Outstanding (as of 2007)
Structure: Subsidiary of M&T Bank Corporation

Headquartered in Buffalo, NY, M&T Bank provides commercial and retail banking services to individuals, corporations and other businesses, and institutions. It offers business loans and leases; business credit cards; deposit products, including savings deposits, time deposits, NOW accounts, and noninterest-bearing deposits; and financial services, such as cash management, payroll and direct deposit, merchant credit card, and letters of credit. The company also provides residential real estate loans; multifamily commercial real estate loans; commercial real estate loans; residential mortgage loans; investment and trading securities; short-term and long-term borrowed funds; brokered certificates of deposit and interest rate swap agreements related thereto; and offshore branch deposits. In addition, it offers foreign exchange services. Further, the company provides consumer loans, and commercial loans and leases; credit life, and accident and health reinsurance; and brokerage, investment advisory, and insurance agency services.

The following chart indicates the number of small business loans, home mortgages, home improvement loans, and community development investments that M&T Bank made within low and moderate-income neighborhoods within the City of Philadelphia for 2009.

TYPE	2009 GOALS	2009 RESULTS
SMALL BUSINESS LOANS	N/A	24
HOME PURCHASE LOANS	N/A	34
HOME REFINANCE LOANS	N/A	16
HOME IMPROVEMENT LOANS	N/A	8
COMMUNITY DEVELOPMENT INVESTMENTS	N/A	4

M&T Bank partnered with the Federal Home Loan Bank of New York Affordable Housing Program to provide gap funding for two projects in the City of Philadelphia. One project netted a $300,000 affordable housing grant to Citizens Acting Together Can Help, Inc. to help finance construction costs for Patriot House, which will create 15 units of supportive rental housing for chronically homeless veterans with mental health or substance abuse issues. In addition, a $200,000 affordable housing grant to Friends Rehabilitation to help finance construction costs for the Strawberry Mansion Homeownership Development project, which will create 26 homes for moderate-income, first-time homebuyers was also granted.

M&T Bank partners with community institutions to increase economic opportunities, including homeownership for low to moderate income (LMI) individuals and communities. M&T Bank also offers a CRA home mortgage product, which is marketed and only available to LMI communities and buyers featuring a low down payment and the possibility to finance closing costs.

20 M&T 2009 Annual Report.
21 City of Philadelphia Office of the City Treasurer Authorized Depository COMPLIANCE: Philadelphia City Code CHAPTER 19-200. CITY FUNDS--DEPOSITS, INVESTMENTS, DISBURSEMENTS R.F.I. Questionnaire Annual Request for Information Calendar Year 2009 for M&T Bank, pg. 6.
22 Ibid, pg 6.

1.2.6 PNC Bank

Total Assets: $264,284,000,000(as of 12/31/10)[23]
Employees: 16,159 within PA / 2,357 within Philadelphia[24]
Offices in Philadelphia: 39[25]
Community Reinvestment Act rating: Outstanding (as of 2006)[26]
Structure: Subsidiary of PNC Financial Services Group

PNC Bank is the flagship subsidiary of the PNC Financial Services Group, Inc. (PNC Financial) headquartered in Pittsburgh, Pa. Through a series of mergers and acquisitions, PNC has grown from a regional bank to a national leader in financial services. PNC is an interstate bank operating in Delaware, the District of Columbia, Florida, Virginia, Indiana, Kentucky, New Jersey, Ohio, Maryland, and Pennsylvania. PNC has over 1,140 domestic branches, 11 foreign branches, and 3,600 ATM machines.

PNC Bank utilizes the Northern Ireland Service provided by RiskMetrics Group as an integral component of a compliance program established in connection with the Mac Bride Principles. The Commonwealth of Pennsylvania has indicated that this service is an effective means by which to help ensure compliance with its Act 44. PNC Bank also certifies that it has uncovered no instances of the sale of insurance policies relating to slaves; ownership of slaves by any of the predecessor institutions; sale or purchase of slaves to satisfy debt collection; or the acceptance of slaves as collateral.

The following chart indicates the number of small business loans, home mortgages, home improvement loans, and community development investments that PNC Bank made within low and moderate-income neighborhoods within the City of Philadelphia for 2010.

TYPE	2010 GOALS	2010 RESULTS
SMALL BUSINESS LOANS	550 UNITS	776
HOME MORTGAGES	100 UNITS	270
HOME IMPROVEMENT LOANS	125 UNITS	145
COMMUNITY DEVELOPMENT INVESTMENTS	$7.1 Million	$18 Million

PNC Bank exceeded all of its 2010 goals for small business loans, home mortgages, home improvement, and community development investments.

PNC certifies that it does not offer loan products that can be described as predatory or high cost and provides applicants with information necessary for applicants to protect themselves against predatory lending practices, including all legally-required loan disclosures. PNC also makes available a wide variety of financial education and related tools for consumers to better understand their options when it comes to financial products.

23 PNC Bank 2010 Annual Report
24City of Philadelphia Office of the City Treasurer Authorized Depository COMPLIANCE: Philadelphia City Code CHAPTER 19-200. CITY FUNDS--DEPOSITS, INVESTMENTS, DISBURSEMENTS R.F.I. Questionnaire Annual Request for Information Calendar Year 2010 for PNC Bank, pg. 9
25Ibid pg. 9
26http://www.ffiec.gov/craratings/default.aspx

PNC did not offer loan products which have been linked to predatory lending or the financial crisis, such as subprime, high cost, option-ARM, or Alt-A loans. On December 31, 2008, PNC acquired National City Corporation, which had a larger presence in the national mortgage market. Since then, PNC has worked to integrate those operations so that they conform to PNC's standards, credit and risk management policies, and approved product set. Changes were made to the mortgage company's operations and leadership, including changing the name to PNC Mortgage. In 2009, the business originated approximately $19.2 billion of first mortgages. Prudently underwritten fixed rate mortgages now account for approximately 95 percent of the company's new first mortgage originations.

PNC Mortgage participates in U.S. sponsored programs to help eligible, responsible borrowers remain in their homes. These programs include the Home Affordable Modification Program (HAMP) and the Home Affordable Refinance Program (HARP). PNC also participates in the Hope Now program, an alliance between counselors, banks, mortgage companies and investors to create and coordinate a unified plan that keeps distressed homeowners in their homes.

1.2.7 Republic First Bank

Total Assets: $876,100,000 (as of 12/31/10)[27]
Employees: 121 within PA / 121 within Philadelphia[28]
Offices in Philadelphia: 6[29]
Community Reinvestment Act rating: Outstanding (as of 2008)[30]
Structure: Subsidiary of the Republic First Bank Corporation

Locally owned and operated, Republic First Bank has its corporate headquarters in Philadelphia. Republic First Bank is a full-service, state-chartered bank dedicated to serving the needs of individuals, businesses and families throughout the greater Philadelphia area. The bank's primary mission is to serve small and medium sized businesses that are underserved as a result of mergers and acquisitions.

Republic First Bank certifies that it is in compliance with the MacBride Principles, makes its CRA Public File available to City residents who are concerned about predatory lending practices, and found no evidence of profits from slavery and/or slavery insurance policies during the slavery era.

The following chart indicates the number of small business loans, home mortgages, home improvement loans, and community development investments that Republic First Bank made in 2010 within low and moderate-income neighborhoods located in the City of Philadelphia. (Note that Republic First Bank reported that it does not set separate reinvestment goals for the City of Philadelphia. Rather, they are included in the bank's goals for the overall assessment area.)

TYPE	2010 GOALS	2010 RESULTS
SMALL BUSINESS LOANS	N/A	36
HOME MORTGAGES	N/A	44
HOME IMPROVEMENT LOANS	N/A	0
COMMUNITY DEVELOPMENT INVESTMENTS	N/A	2

27 Republic First 2010 10K Report <>http://www.annualreports.com/company/4235
28 City of Philadelphia Office of the City Treasurer Authorized Depository COMPLIANCE: Philadelphia City Code CHAPTER 19-200. CITY FUNDS--DEPOSITS, INVESTMENTS, DISBURSEMENTS R.F.I. Questionnaire Annual Request for Information Calendar Year 2010 for Republic First Bank, pg. 6
29 Ibid, pg. 6
30 http://www.ffiec.gov/craratings/default.aspx

Republic Bank management and/or staff participate in a variety of community development organizations which promote financial service education within its community.

The bank's lending outreach programs include:

- Community Lenders Community Development Corporation: Promotes revitalization through financing of, and investment in, housing and community development activities and addresses needs of low and moderate income persons in areas throughout Bucks, Chester, Delaware and Montgomery Counties, with specific emphasis on communities where the member Banks are located.
- Women's Opportunity Resource Center ("WORC"): Promotes social and economic self-sufficiency primarily for economically disadvantaged women and their families. Services include training, individual business assistance, job replacement, and access to business and financial resources. Constituents are empowered through various self-help strategies including savings mobilization, a self-employment network, and access to its local, national and international affiliations. The bank opens accounts to support the savings activities and has served on the Board of WORC, and on the advisory committee of WORC's EOF.

1.2.8 TD Bank

Total Assets: $608,113,000,000 (as of 12/31/10)[31]
Employees: 1,516 within PA / 404 within Philadelphia[32]
Offices in Philadelphia: 19[33]
Community Reinvestment Act rating: Satisfactory (as of 2008)[34]
Structure: Subsidiary of TD Bank Financial Group

TD Bank is a subsidiary of TD Bank Financial Group whose office headquarters is located in Toronto, Canada. TD Bank is one of the 15 largest commercial banks in the United States and offers a broad range of financial products and services to customers in Connecticut, Delaware, the District of Columbia, Florida, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Vermont, and Virginia.

In an attempt to further expand throughout the United States, TD Bank Financial Group of Toronto, Canada acquired Commerce Bank on March 31, 2008. Together, they are now called TD Bank, America's Most Convenient Bank (TD Bank). The company states that TD Bank is focused on delivering award-winning customer service and hassle-free products to customers from Maine to Florida.

TD Bank, N.A. does not provide a policy on MacBride Principles, as it does not have any offices, branches, depositories, or subsidiaries in Northern Ireland. TD Bank also certified that it complies with governing disclosure practices necessary for City residents to protect themselves against predatory lending practices.

31http://www.gfmag.com/tools/best-banks/11382-worlds-50-biggest-banks-2011.html#axzz/dbd0ZmY
32City of Philadelphia Office of the City Treasurer Authorized Depository COMPLIANCE: Philadelphia City Code CHAPTER 19-200. CITY FUNDS--DEPOSITS, INVESTMENTS, DISBURSEMENTS R.F.I. Questionnaire Annual Request for Information Calendar Year 2010 for TD Bank, pg. 7
33Ibid, pg. 7
34http://www.ffiec.gov/craratings/default.aspx

The following chart indicates the number of small business loans, home mortgages, home improvement loans, and community development investments that TD Bank made within low and moderate-income neighborhoods within the City of Philadelphia for 2010.

TYPE	2010 GOALS	2010 RESULTS
SMALL BUSINESS LOANS	100	129
HOME MORTGAGES	160	194
HOME IMPROVEMENT LOANS	75	77
COMMUNITY DEVELOPMENT INVESTMENTS	$1 Million	$6.8 Million

TD Bank exceeded its goals for Small Business Loans, Home Mortgages and Home Improvement Loans, and Community Development Investments for 2010. Community investments include:

- 40 Donations through the TD Charitable Foundation to non-profits and social service agencies in support of affordable housing, economic development, community services, and other community programs, initiatives and activities ($443,495)
- One low-income housing tax credit investment for the development of affordable rental housing and commercial space in the City of Philadelphia. Upon completion it will house 37 affordable housing units and commercial space designated for a CDC ($6.8 million)
- TD Bank taught 116 financial education courses to over 3,700 students and attendees. These included first time homebuyer seminars (17), small business workshops (3) and financial literacy class to students (96). All of these courses are taught in partnership with a community-based organization or a local school.

1.2.9 United Bank of Philadelphia

Total Assets: $73,965,715 (as of 12/31/10)[35]
Employees: 30 within PA / 30 within Philadelphia[36]
Offices in Philadelphia: 3[37]
Community Reinvestment Act rating: Outstanding (as of 2006)[38]
Structure: Subsidiary of United Bancshares, Inc

United Bank of Philadelphia (United Bank), headquartered in Philadelphia, has been a state-chartered full – service commercial bank since 1992. United Bank is wholly owned by United Bancshares, Inc., a bank holding company headquartered in Philadelphia and African American controlled and managed. United Bank offers a variety of consumer and commercial banking services, with an emphasis on community development and services to underserved neighborhoods and small businesses. The bank currently works out of three offices located throughout Philadelphia County, including: West Philadelphia Branch, Mount Airy Branch, and Progress Plaza Branch. Although the locations and primary service area is in Philadelphia County, United Bank also serves portions of Montgomery, Bucks, Chester, and Delaware Counties in Philadelphia; New Castle County in Delaware; and Camden, Burlington and Gloucester Counties in New Jersey.

35 United Bank 2010 Annual Report
36 City of Philadelphia Office of the City Treasurer Authorized Depository COMPLIANCE: Philadelphia City Code CHAPTER 19-200. CITY FUNDS--DEPOSITS, INVESTMENTS, DISBURSEMENTS R.F.I. Questionnaire Annual Request for Information Calendar Year 2009 for United Bank, pg. 6
37 Ibid, pg. 6
38 http://www.ffiec.gov/craratings/default.aspx

The U.S. Treasury Department has certified United Bank as a Community Development Financial Institution. This certification requires that the bank have a primary mission of promoting community development. United Bank's stated mission is to deliver excellent customer service at a profit and to make United Bank of Philadelphia the "hometown" bank of choice with a goal to foster community development by providing quality personalized comprehensive banking services to business and individuals in the Greater Philadelphia Region, with a special sensitivity to Blacks, Hispanics, Asians, and women.

United Bank certifies that it does not have any funds invested in companies doing business in or with Northern Ireland, provides all loan customers with the consumer disclosures required by Federal Regulation (i.e. good faith estimate, truth in lending, fair lending notice), and did not profit from slavery and/or slavery insurance policies during the slavery era.

The most recent information available for the bank's number of small business loans, home mortgages, home improvement loans, and community development investments made within low and moderate-income neighborhoods within the City of Philadelphia is for 2009. That information is as follows:

TYPE	2009 GOALS	2009 RESULTS
SMALL BUSINESS LOANS	34	26
HOME MORTGAGES	2	2
HOME IMPROVEMENT LOANS	2	1
COMMUNITY DEVELOPMENT INVESTMENTS	0	0

The Bank met its 2009 goals for Home Mortgages but fell short of its loan goals for Small Business Loans and Home Improvements Loans. United Bank had no Community Development Investment Goals for 2009.

United Bank participates in the Bank on Philadelphia Program, designed by the City to help low and moderate income families gain access to mainstream financial services. United Bank also participates in a number of outreach programs geared toward minorities, low-income persons, immigrants, or women with the US Department of Transportation (DOT) Lending Program, Philadelphia Industrial Development Corporation (PIDC), US Small Business Administration (SBA) and the Secured Visa Card Program.

1.2.10 Wells Fargo Bank

Total Assets: $1,258,128,000,000 (as of 12/31/10)[39]
Employees: 9,817 within PA / 2,415 within Philadelphia[40]
Offices in Philadelphia: 42[41]
Community Reinvestment Act rating: Outstanding (as of 2008)[42]
Structure: Subsidiary of Wells Fargo Bank, N.A

Effective March 20, 2010, Wachovia Bank, N.A. merged with and into Wells Fargo Bank, N.A., with Wells Fargo Bank, N.A. being the surviving entity. Wells Fargo Bank, N.A. is the successor to Wachovia Bank, an approved public depositor. Headquartered in San Francisco, CA, Wells Fargo & Company is a diversified financial services company providing banking, insurance, investments, mortgage, and consumer and commercial finance through more than 9,000 stores and 12,000 ATMs and the Internet (wellsfargo.com and wachovia.com) across North America and internationally.

Wells Fargo Bank, N.A. certifies that it is in compliance with the Mac Bride Principals. Wells Fargo Bank, N.A. and its relevant divisions (which include Wachovia) and affiliates certify that they provide all applicable disclosures required by federal, state and local laws and regulations and have comprehensive compliance and fair lending programs that include extensive controls and monitoring systems. They are a national industry leader on anti-predatory issues.

The following chart indicates the number of small business loans, home mortgages, home improvement loans, and community development investments that Wells Fargo Bank made within low and moderate-income neighborhoods within the City of Philadelphia for 2010.

TYPE	2010 GOALS	2010 RESULTS
SMALL BUSINESS LOANS	393	389
HOME MORTGAGES	2125	1903
HOME IMPROVEMENT LOANS	78	160
COMMUNITY DEVELOPMENT INVESTMENTS	2	2

The bank exceeded its 2010 goals for home improvement loans, and met its goal for community development investments. However, it did not meet its goals for small business loans and home mortgages. Mortgage lending overall declined in Philadelphia and the U.S. in 2010, but Wells Fargo's lending decreased less than the large national lenders as a group. In addition, its lending to African American and LMI borrowers increased in spite of an overall market decline. Wells Fargo was able to achieve 90% of its LMI neighborhood goal in 2010 even though the market overall was down by 24% year over year.

39 Wells Fargo 2010 Annual Report
40 City of Philadelphia Office of the City Treasurer Authorized Depository COMPLIANCE: Philadelphia City Code CHAPTER 19-200. CITY FUNDS--DEPOSITS, INVESTMENTS, DISBURSEMENTS R.F.I. Questionnaire Annual Request for Information Calendar Year 2010 for Wells Fargo Bank, pg. 7
41 Ibid pg. 6
42 http://www.ffiec.gov/craratings/default.aspx

Investments in the *Philadelphia MSA included:

GRANTS	165	$4,582,000
LOW INCOME HOUSING TAX CREDITS	6	$37,890,000
NEW MARKET TAX CREDITS	1	$5,900,00

*(*Not tracked to census tract or county level)*

Additionally, the Wells Fargo Foundation supports a variety of programs focusing on community/ economic development, education, health and human services and arts and culture. Wells Fargo Foundation provided a $300,000 grant over three years to the Pennsylvania Housing Finance Agency (PHFA) to support housing counseling organizations. The WellsFargoVolunteers! Chapter encourages and supports bank employees' volunteer service throughout the City. Further, The Wells Fargo Regional Foundation, a separate private foundation affiliated with Wells Fargo, works to improve the quality of life for children and families living in low-income communities by concentrating its resources on neighborhood-based community development initiatives. Since its inceptionin 1998, the Wells Fargo Regional Foundation has made 61 grants totaling more than $16.4 million to Philadelphia-based non-profit organizations.

In 2010, the bank conducted and supported over 87 financial literacy seminars and reached more then 2,100 participants in Philadelphia. It is working with the School District of Philadelphia to integrate Wells Fargo's Hands on Banking® (HOB) online smart money management program into their curriculum. The curriculum aligns with national and state principles and standards for mathematics, reading, and economics, and all units and lessons are available in both English and Spanish.

The bank continued to support a network of nonprofit community housing counselors through foundation grants and employee resources. Employees provided first time homebuyers' seminars and sponsored homeownership fairs to help increase the number of homeowners in the city. The bank also provided construction financing products for affordable rental and homeownership units.

Wells Fargo provided small business loans, mortgages, credit cards, vehicle and equipment leasing to help entrepreneurs and small businesses grow. The bank maintained an active participation with the Small Business Administration (SBA) and worked with local small business development centers and associations to help educate entrepreneurs on personal and business finance topics.

1.3 Mortgage Foreclosures

In the past few years America has faced a foreclosure and unemployment crisis that has devastated communities and dramatically changed the social and physical fabric of our neighborhoods for years to come. While the impact of foreclosure is most immediately felt by defaulting homeowners who are economically ruined, physically dislocated and psychologically distraught by the event – it has also had a dramatic impact on the immediate neighborhoods and cities in which they live.

The boom and bust in non prime and non-traditional mortgage lending in the United States is unprecedented. In the fall of 2008, the housing finance system, which had delivered trillions of mortgages to borrowers by sourcing capital from around the worked, reached the brink of collapse.

Although it is difficult to know for certain what caused the boom and the particular characteristics of the bust that followed, there are four likely factors that each played a significant role. These are:

- Global liquidity which led to low interest rates, expectations of rapidly rising home prices and greater leverage;
- The origination of mortgage loans with unprecedented risks through relaxation of mortgage underwriting standards and the layering of risks, especially in the private-label securities market and in the portfolios of some large banks and thrifts;
- The magnification, multiplication and mispricing of this risk through financial engineering in the capital markets; and
- Regulatory and market failures

National

Between 2007 and 2009, nearly nine million properties received foreclosure filings. In 2010, there were 3,825,637 foreclosure filings—default notices, scheduled auctions and bank repossessions—reported on a record 2,871,891 U.S. properties, an increase of nearly 2% from 2009 and an increase of 23% from 2008. Also, 2.23% of all U.S. housing units (one in 45) received at least one foreclosure filing during the year, up from 2.21% in 2009, 1.84% in 2008, 1.03% in 2007 and 0.58% in 2006.[43]

Total properties receiving foreclosure filings would have exceeded 3 million in 2010 had it not been for the fourth quarter drop in foreclosure activity—triggered primarily by the controversy surrounding foreclosure documentation and procedures (robo-signing) that prompted many major lenders to temporarily halt some foreclosure proceedings. The 2010 foreclosure activity still hit a record high and many of the foreclosure proceedings that were stopped in late 2010—estimated to be as high as a quarter million—will likely be re-started and add to the numbers in early 2011.[44]

43 Year-End 2010 U.S. Foreclosure Market Report, ReatyTrac (www.realtrytrac.com)
44 Year-End 2010 U.S. Foreclosure Market Report, ReatyTrac (www.realtrytrac.com)

In regards to robo-signing, news stories began to emerge in spring 2010 detailing erroneous foreclosures and evictions, including banks variously foreclosing on homes which were paid for without a mortgage, accidentally foreclosing on the wrong home, and providing fraudulent documentation in courts. It became apparent that there was a widespread epidemic of improper foreclosures initiated by large banks and other lenders. In October 2010 major U.S. lenders such as JP Morgan Chase, Ally Financial f/k/a GMAC, and Bank of America suspended judicial and non-judicial foreclosures across the United States over the potentially fraudulent practice of robo-signing - a term used by consumer advocates to describe the robotic process of the mass production of false and forged execution of mortgage assignments, satisfactions, affidavits and other legal documents related to mortgage foreclosures and legal matters created by persons without knowledge of the facts being attested to. It also includes accusations of notary fraud wherein the notaries pre and/or post notarize the affidavits and signatures of so-called robo-signers.

To address the foreclosure crisis, the federal government established several programs to help homeowners avoid foreclosures. These programs include, but are not limited to:

- **Hope for Homeowners Program (H4H):** designed to help homeowners at risk of default and foreclosure to refinance into more affordable, sustainable loans. The program is voluntary, both lenders and borrowers must agree to participate. It offers an affordable FHA-insured mortgage loan with a 30-year fixed interest rate.
- **Making Home Affordable Program (MHA):** MHA has features such as a modification program (HAMP) and a refinance program (HARP).
    - **Home Affordable Modification Program (HAMP):** was designed to lower monthly mortgage payment to 31 percent of the homeowner's verified monthly gross (pre-tax) income to make payments more affordable. HAMP became controversial because it did not halt the foreclosure crisis as expected when it was originally initiated. Documented challenges[45] include deficient program design, disorganized and inconsistent implementation, and an inability to keep pace with changing market conditions. A detailed evaluation of HAMP by the Government Accountability Office (GAO) and the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) indicates that these issues remain "substantial challenges" that will restrict HAMP's future performance. Due to these challenges, it is unlikely that the program will reach the original intended scale of helping three to four million homeowners. To address this issue, many state and city governments have implemented aggressive and innovative programs to address the problem locally.
    - **Home Affordable Refinance Program (HARP):** those homeowners who are current on their mortgage and have been unable to obtain a traditional refinance because the value of their home has declined, may be eligible to refinance into a new affordable, more stable mortgage through HARP.

45 National Community Reinvestment Coalition (NCRC), National Consumer Law Center, Center for Economic and Policy Research and Center for American Progress

- **Treasury/FHA Second Lien Program (FHA2LP):** helps those who have a second mortgage. If the mortgage servicer of the first mortgage agrees to participate in FHA Short Refinance, homeowners may qualify to have their second mortgage on the same home reduced or eliminated through FHA2LP. If the servicer of the second mortgage agrees to participate, the total amount of the homeowners' mortgage debt after the refinance cannot exceed 115% of the home's current value.
- **Principal Reduction Alternative:** PRA was designed to help homeowners whose homes are worth significantly less than they owe by encouraging servicers and investors to reduce the amount owed on the home.
- **Home Affordable Unemployment Program (UP):** designed to help homeowners who are unemployed by providing a temporary reduction or suspension of mortgage payments for at least twelve months while the homeowner seeks re-employment.
- **Home Affordable Foreclosure Alternatives (HAFA):** if mortgage payments are unaffordable and the homeowner is interested in transitioning to more affordable housing, the homeowner may be eligible for a short sale or deed-in-lieu of foreclosure through HAFA SM.
- **National Servicing Center (NSC) of the FHA:** offers a number of various loss mitigation programs and informational resources to assist FHA-insured homeowners and home equity conversion mortgage (HECM) borrowers facing financial hardship or unemployment and whose mortgage is either in default or at risk of default.

Finally, on December 29, 2010, the Helping Heroes Keep Their Homes Act of 2010 which amends the Housing and Economic Recovery Act of 2008 to extend through December 31, 2012 was signed into law. It specifies protection for service members against mortgage foreclosure, and maintaining the stay of proceedings period of 9 months (instead of 90 days, as under previous law).

State

In response to the crisis, some states have made changes to their foreclosure processes to provide more opportunities for homeowners to avoid foreclosures. These states have extended the length of the foreclosure process in order to increase the amount of time a homeowner is given to find alternatives to foreclosure. Others have specific provisions designed to provide greater notice to homeowners to provide improved access to counseling or legal services and/or encourage or require communication among parties. Still others have passed regulations that provide protection from risky lending practices in the future. Regulations include minimum licensure standards for mortgage brokers to ensure their financial solvency and technical fitness to carry out responsibilities, minimum underwriting and loan products standards (e.g. ability to pay verification); prohibition of no documentation loans; restriction of pre-payment penalties; and increased enforcement of existing laws and increasing penalties for fraud.

Additionally, the Commonwealth of Pennsylvania established a judicial foreclosure process. In Pennsylvania there are basically two forms of foreclosures, judicial and non-judicial. Judicial foreclosures must go through the court system to prove a borrower has defaulted, whereas non-judicial foreclosures are carried out without court procedure because the lender's right to sell in a case of default is written into the mortgage instrument. Many of Philadelphia's current efforts to assist homeowner's facing foreclosure are part of the state's mandated process.

City of Philadelphia

As of 2010, the Philadelphia-Camden-Wilmington metro area had 36,774 foreclosure filings which represented a 1.54% increase over 2009.[46] Philadelphia was the first city to create a mandated foreclosure counseling initiative. The Mortgage Foreclosure Diversion program was initiated after the city requested the sheriff to call a moratorium on all foreclosures in April 2008. In response, several judges quickly established the mitigation program, based on a prototype established in 2004 by Judge Annette M. Rizzo.

Since this order, no property in Philadelphia can go to a sheriff sale without the homeowner first going through a reconciliation conference. The program, applicable only to residential owner occupied properties, requires homeowners entering the foreclosure process to spend a day in court with free legal services and advice from loan counselors, attorneys and bank officials who help them find alternative to foreclosure.

[46] Year-End 2010 U.S. Foreclosure Market Report, ReatyTrac (www.realtrytrac.com)

2.0 STATISTICAL ANALYSIS OF RESIDENTIAL MORTGAGE LENDING PRACTICES IN PHILADELPHIA

2.1 Purpose

This section analyzes fair lending practices among City depositories and the entire universe of lenders within Philadelphia. We examine a combination of statistical data of banking information and residential information from the census to assess (1) if discriminatory practices exist, and if the subset of City depositories differs from the entire sample of lenders, and (2) if so, to recommend public policies to eliminate the discrimination, as required by federal, state, and local legislation.

We first examine the universe of all lenders, and then turn to analyzing the data for the depositories. Note that the specific City legislation requires an analysis of City depositories to assess whether they comply with practices of fair lending, yet these institutions originate only a small portion (approximately 33 percent) of residential loans.

The central focus of this analysis addresses the following question: does the data indicate practices of racial or ethnic discrimination by regulated mortgage lenders (and the subset of lenders who were also City depositories) within the City of Philadelphia for home purchase, refinancing, or home improvement loans? The analysis of discrimination in the access to credit considers (1) denial rates, by type of loan application (home purchase, home improvement, and refinancing), and (2) less-favorable lending terms (e.g. subprime verses prime loans).

The City's fair lending legislation requires an assessment of discriminatory lending practices by banks. Our analysis indicates statistically significant disparities across the racial and ethnic characteristics of borrowers, yet notable differences exist between City depositories and the overall sample of lenders, which indicate more favorable conditions among the City depositories regarding home purchase loans.

While our regression analysis controlled for factors that were likely to influence lending decisions, it was unfortunately constrained by the lack of potentially explanatory data. For instance, the analysis did not contain data on the borrower's (1) credit rating score and (2) wealth and existing debt load. If these data were included in the analysis, the existing gap among different racial and ethnic groups might shrink or disappear completely. Still, the existing information indicates a statistically significant negative effect associated with race and ethnicity, which warrants concern and additional examination.

2.2 Data Sources

This study uses 2010 (calendar year) mortgage application data collected under the Home Mortgage Disclosure Act for the City of Philadelphia. A total of 40,767 loan applications for owner occupied homes were used in this analysis. Of these, 13,862 were loan applications to one of the City depositories. In addition to loan-specific data, this analysis also utilizes data at the census tract level on median home values and vacancy rates obtained from the Census 2005-2009 American Community Survey, and various tract level data from HUD.

2.3 Model Specification and Methodology

We model the lender's decisions on whether to offer or deny a loan by type of loan (home purchase, home improvement, and refinancing). Additionally, within the sample of loans granted we analyzed whether there were discriminatory practices within the terms of the loan offered through an analysis of prime or subprime loans. As both the dependent variables were binary (loan denied=0,1 sub-prime=0,1) we employed a binary logistic regression model to bound the interval between 0 and 1. The independent variables include both neighborhood and individual-level characteristics, as well as characteristics of the loan requested and dummy variables for the particular lender.

2.3.1 The Dependent Variables

The dependent variables for this analysis include loan denial rates and subprime vs. prime loan approvals.

- The first dependent variable in this study was a dichotomous variable, defined as whether or not an applicant was denied approval of a (1) home purchase loan, (2) home improvement loan, or (3) a refinancing loan. If the applicant was approved for a loan the dependent variable assumes a value of zero (0) and if the application was denied a loan the dependent variable assumes a value of one (1).
- The second dependent variable examines the terms of the loan, solely for home purchase loans. The variable was assigned a value of 1 if the offer was a subprime loan and a value of 0 if it was not subprime.

2.3.2 The Independent Variables

We included independent variables in the model to control for factors that were likely to influence the lending decision. Individual-level characteristics include gender, log of annual income, and race (African American, Asian, Hispanic, or Missing) with non-Hispanic Whites as the reference category. Neighborhood characteristics include: tract-level information on the median level of income (as a percentage of median income in the entire City), and the vacancy rate of unoccupied home; one specification of the model also includes a variable for percent of minority within the census tract. Loan characteristics include: amount of loan (logged), and whether it was a conventional or FHA loan. An additional variable measures the loan-to-value ratio as a measure of the amount of loan requested divided by the median home value in the census tract. The following is a bulleted list of all variables:

Individual Characteristics
- Gender
- Race or Ethnicity
- Applicant income (logged)

Neighborhood Characteristics
- Median income of the census tract (as % median income of City)
- Vacancy rates by census tract
- Percentage minority

Loan Characteristics
- Type of loan (Conventional or FHA)
- Amount of loan (logged)
- Dummy variables by lender
- Loan-to-Value Ratio (loan amount relative to median home value in the census tract)

We also include an interaction term to examine lending practices toward African American males and females separately. Several potential control variables were missing from this model due to the limitations of the HMDA data. These include an applicant's credit history, and wealth and existing assets.

Credit histories are crucial factors that banks use to assess risk. Additionally, there is a strong possibility that credit scores may be correlated with race and ethnicity. Without this information, we cannot fully assess whether the banks made discriminatory decisions. We can, however, compare the practices of the City depositories with the universe of all lenders. Additionally we can compare the 2010 data with the previous year to analyze if any changes have taken place.

Additionally, while the dataset does not contain information on the interest rate associated with loans granted, we estimate the potential for discriminatory practices in interest rates by using a proxy for whether loans were granted as prime or subprime rate.

2.4 Findings: All Lender Sample

2.4.1 All Lenders: Home Purchase Loans

The estimated coefficients and standard errors from the full sample are shown in Appendix 1 Table 1. African Americans have a 6.2 percent greater probability of being denied a home purchase loan than Whites. In contrast to past results, African American males were no more likely to be denied than non-Hispanic Whites, nor were Hispanics more likely to be denied than Whites . Similarly to years past, individuals applying for greater loan amounts had a lower likelihood of being denied a loan.

(See Appendix 1: Table 1.)

2.4.2 All Lenders: Redlining

Redlining relates to discriminatory practices based on geographic rather than individual characteristics, whereby lenders exhibit a pattern of avoiding loans in specific geographic areas. Our analysis of redlining behavior incorporates a variable that captures the minority population share at the census tract level. While the variable on percent of minority population was significant, the impact was so marginal (approximately 0.1 percent) that these data do not support the hypothesis of redlining behavior.
(See Appendix 1: Table 2.)

2.4.3 All Lenders: Prime and Subprime Loans

The next section of the analysis examines whether, when granted a loan, discriminatory practices exist regarding the terms of the loan. The model performs a binary logistic regression model analyzing the likelihood of being granted a prime or a subprime loan. This model tests whether, with everything else being equal, racial or ethnic groups were offered a disproportionately high number of subprime home purchase mortgages. The table reveals that, when offered a loan, Asians have a 5 percent higher probability of being offered a subprime loan, and Hispanics have a 3.2 percent higher probability compared to non-Hispanic Whites. In contrast to past years, African Americans were not more likely to be offered a subprime loan.
(See Appendix 1: Table 3.)

2.4.4 All Lenders: Refinancing

As the conditions and circumstances for home purchase, home improvement, and refinancing vary greatly, these loan types were analyzed separately. The following model considers loans for refinancing. The results show that African Americans were denied loans for refinancing 10.6 percent more frequently than Whites, while Hispanics were denied loans 11 percent more frequently.
(See Appendix 1: Table 4.)

2.4.5 All Lenders: Home Improvement Loans

We have also examined the patterns of loan approvals and denials for home improvement loans. In the case of home improvement loans, African Americans were denied loans 19 percent more frequently and Hispanics were denied loans 28 percent more frequently than non-Hispanic Whites.
(See Appendix 1: Table 5.)

2.5 Findings: Depository Sample

2.5.1 Depository Sample: Home Purchase Loans

The next section of the report analyzes Philadelphia depositories separately. This model shows that African Americans within the sample were no less likely to be denied a home purchase loan at a Philadelphia depository than they were in the universe of all lenders in the sample, while Hispanics were 15 percent more likely to be denied. In addition, Citizens Bank was 9 percent less likely to deny a home purchase loan and TD was 20.6 percent more likely to deny a home purchase loan than the other lenders in the sample.
(See Appendix 1: Table 6.)

2.5.2 Depository Sample: Redlining

We used the same sample to test whether or not these lenders engaged in systematic redlining. The variables for race were replaced with a variable that captures the minority population share at the census tract level. The estimated coefficient for this variable was significant but the coefficient was very small (0.1 percent).
(See Appendix 1: Table 7.)

2.5.3 Depository Sample: Prime and Subprime Loans

The next section of the analysis examines whether, when granted a loan, discriminatory practices exist regarding the terms of the loan. The model performs a binary logistic regression model analyzing the likelihood of being granted a prime or a subprime loan. This model tests whether, with everything else being equal, racial or ethnic groups were offered a disproportionately high number of subprime home purchase mortgages. The model for prime and subprime loans reveals that Hispanics were 0.6 percent less likely to be offered a subprime loan from a depository than they were from the universe of all lenders.
(See Appendix 1: Table 8.)

2.5.4 Depository Sample: Refinancing Loans

The analysis on refinancing loans also suggests discriminatory practices were less common among the Philadelphia depositories than they were in the universe of all lenders. In the analysis of all other lenders we found that African Americans were denied loans for refinancing 11.2 percent more frequently than Whites, while Hispanics were denied loans 10.9 percent more frequently. Among the Philadelphia depositories African Americans were 2.8 percent less likely to be denied a loan than they were among all lenders.
(See Appendix 1: Table 9.)

2.5.5 Depository Sample: Home Improvement Loans

The analysis on home improvement loans suggests discriminatory practices among the Philadelphia depositories were no different than the universe of all lenders. The data indicate no differences between the depositories and the entire universe of lenders in terms of home improvement loans and the results for the entire universe of lenders indicated that African Americans were denied loans 26.4 percent more frequently and Hispanics were denied loans 32 percent more frequently than non-Hispanic Whites. Among the Philadelphia depositories African Americans were 12.2 percent less likely to be denied a loan than they were among all lenders.
(See Appendix 1: Table 10.)

2.6 Comparison with Previous Year Analysis (2009)

The results from an identical analysis based on data for the universe of all lenders from 2009 reveal largely similar trends. The results for the Philadelphia depositories were not directly comparable from year to year because the list of depositories changed. In order to examine the changes from 2009 to 2010 the list of depositories for 2010 and the current model specification was used against the 2009 data.

The current model revealed that African Americans were no more likely to be denied a home purchase loan from a Philadelphia depository during 2010 compared, which mirrors the results for 2009. Hispanics were 15 percent more likely to be denied by a Philadelphia depository in 2010, and no less likely in 2009. Once again, it is important to note that we do not have access to credit scores or other personal information that banks use to assess risk. Yet these trends do indicate some differences between the Philadelphia depositories and the entire universe of lenders in Philadelphia based on race and ethnicity.

The comparison of the redlining model between 2009 and 2010 does not show any significant difference. The coefficient on the percentage of the minority population was significant but it was very small (less than 0.1 percent).

The model for subprime loans shows that between 2009 and 2010, the chances of an African American being offered a subprime loan from a City depository was unchanged and remained statistically insignificantly different from Whites. In 2009, Hispanics were no less likely to be offered a subprime loan from a Philadelphia depository than from the universe of all lenders, while in 2010 they were 0.6 percent less likely to receive a subprime loan from a City depository.

A comparison of the denial rates among Philadelphia depositories in refinancing indicates some worsening of conditions between 2009 and 2010. The analysis from 2009 suggests that African Americans were 5 percent more likely to be denied refinancing from City depositories than from the universe of all lenders. In 2010, African Americans were 11.2 percent less likely to be denied refinancing from a depository than they were from the universe of all lenders.

Among home improvement loans, City depositories are no more likely to deny a loan to an African American than other lenders in 2009. In contrast, in 2010, City depositories were 12 percent less likely to deny an African American a home improvement loan.

In conclusion, the data suggest that discriminatory practices existed in the sample of all lenders in all three types of loans: home purchase, refinancing and home improvement. Within the sample of Philadelphia depositories, it appears African Americans experienced no more discrimination for home purchase loans, home improvement loans, and subprime loans. Among refinancing loans, African Americans appear more likely to experience discrimination from Philadelphia depositories. However, they were slightly more likely to receive a subprime loan from Philadelphia depositories.

3.0 PRIME AND SUBPRIME HOME LENDING IN PHILADELPHIA

Lending patterns for each loan type were analyzed by borrower race, borrower income, tract minority level, tract income level, and borrower gender. For both borrower income and tract income analyses, borrowers and tracts were divided into groups based on their reported income and the median family income for the Metropolitan Statistical Area.[1] Percentages and ratios were rounded to the nearest whole number. See referenced tables for specific numbers.

3.1 All Loans

3.1.1 All Loans - Overall Observations (see Table 3.1)

Out of a total of approximately 40,000 loan applications, there were over 21,000 loans made in 2010. Of these loans, over 20,000 were prime loans and nearly 900 were subprime loans. There were over 9,000 applications that were denied, setting an overall denial rate of 23.2 percent.

- The overall number of loans had decreased steadily from 2006 through 2010, with the exception of a slight increase between 2008 and 2009. There was a decrease in total loans of 44.9 percent from 2006 to 2010, and a 17.3 percent decrease from 2009 to 2010.
- The number of prime loans (20,780) decreased by 17.3 percent from 2006 to 2010, and decreased by 15.2 percent from 2009 through 2010.
- The number of subprime loans (852) decreased by 94 percent from 2006 to 2010 and by 49 percent from 2009 to 2010.
- Prime loans made up 96.1 percent of loans made, with subprime loans comprising the remaining 3.9 percent in 2010. In 2009, the split was 93.6 percent prime and 6.4 percent subprime. In 2006, 64.1 percent of loans were prime and 35.9 percent were subprime.
- Prime loans made up 96.1 percent of loans made, with subprime loans comprising the remaining 3.9 percent in 2010. In 2009, the split was 93.6 percent prime and 6.4 percent subprime. In 2006, 64.1 percent of loans were prime and 35.9 percent were subprime.

1 Philadelphia County's 2010 median family income was $78,300, as calculated by the Department of Housing and Urban Development. Below are the income subsets:
- Low-to-moderate-income (LMI): less than 80 percent of the median family income (less than $62,640).
- Middle-to-upper-income (MUI): 80 percent or more of the median family income ($62,640 and higher).

Table 3.1: All Loan Applications and Originations in Philadelphia

Year	Application	Denials	Denial Rate	Loans	Prime Loans	Subprime Loans	Total Loan Amount (in $B)
2006	91,624	27,774	30.3%	39,224	25,131	14,093	$11.25
2007	77,080	24,955	32.4%	32,329	23,791	8,538	$10.27
2008	53,913	18,147	33.7%	23,633	19,638	3,995	$3.72
2009	50,114	12,440	24.8%	26,159	24,490	1,669	$4.54
2010	40,767	9,447	23.2%	21,632	20,780	852	$3.76
2006-2010 Difference	-55.51%	65.99%	23.43%	44.85%	17.31%	-93.95%	-66.58%
2009-2010 Difference	-18.65%	24.06%	-6.45%	17.31%	15.15%	-48.95%	-17.18%

(See Appendix 2: Tables 1-5.)

3.1.2 All Loans – by Borrower Race (see Table 3.2)

- The overall number of prime loans given to White borrowers decreased by 13.5 percent from 2009 to 2010 after an increase of 40.4 percent from 2008 to 2009. Prime loans to White borrowers decreased by 0.4 percent from 2006 to 2010. Subprime loans to Whites decreased by 61.6 percent in 2010 following a decrease of 43.0 percent between 2008 and 2009. Subprime loans to White borrowers decreased by 93.4 percent from 2006 to 2010.
- The total number of loan applications for Whites decreased by 15.9 percent from 2009 to 2010, while total denials decreased by 20.6 percent. From 2006 to 2010, the total number of loan applications for Whites decreased by 31.6 percent, while total denials decreased by 45.9 percent.
- The overall number of loans issued to African American borrowers decreased by 8.7 percent from 2009 to 2010, and decreased 23.2 percent between 2008 and 2009. From 2006 to 2010, total loans to African American borrowers decreased by 62.6 percent. Prime loans decreased by 3.8 percent and subprime loans decreased by 39.5 percent between 2009 and 2010. From 2006 to 2010, prime loans for African American borrowers decreased by 27.3 percent, while subprime loans decreased by 93.5 percent.
- Subprime loans accounted for 9.2 percent of total loans to African Americans in 2010, a decrease from 13.9 percent in 2009, but still the highest percentage of any racial category. In 2006, subprime loans were 53.3 percent of the total loans issued to African Americans.
- African American borrowers were denied 1.8 times as often as White borrowers in 2010, a decrease over the 2.0 ratio of 2009.
- Loans to Asian borrowers decreased by 20.2 percent in 2010, following a 2.5 percent decrease between 2008 and 2009. From 2006 to 2010, the total number of loans to Asian borrowers decreased by 53.6 percent.

- Despite representing the smallest percentage of total Philadelphia households, in 2010 Asian borrowers generated higher numbers of prime loan proportion versus household proportion than the other racial groups studied (1.7, or 3.5 percent of households but 6.1 percent of prime loans). This was a decrease from findings in 2009 (1.9) and 2006 (3.1).
- Total applications by Asians decreased by 21 percent from 2009 to 2010, following a 7.9 percent decrease from 2008 to 2009. From 2006 to 2010, total applications by Asians decreased by 50.8 percent. Total denials decreased by 25.2 percent between 2009 and 2010, and by 45.2 percent between 2006 and 2010.
- The number of prime loans to Hispanic borrowers increased by 1 percent from 2009 to 2010, following an increase of 2.6 percent from 2008 to 2009. Prime loans to Hispanic borrowers decreased by 23.8 percent from 2006 to 2010. The number of subprime loans to Hispanic borrowers decreased by 50 percent from 2009 to 2010, following a decrease of 61.4 percent between 2008 and 2009. From 2006 to 2010, the number of subprime loans to Hispanic borrowers decreased by 93.3 percent.
- In 2010 the denial rate for African American borrowers decreased from 36.2 percent to 31.8 percent. This group has the highest denial rate, followed by Hispanic borrowers at 26.5 percent. The average denial rate was 24.6 percent.
- In 2010, the denial ratio for African American borrowers compared to that of Whites decreased, from 2.0 to 1.8. In 2006, this ratio was also 1.8.
- The percentage of subprime loans decreased from 2009 to 2010 across all racial groups, with White borrowers seeing the greatest decrease (54.5 percent). From 2006 to 2010, the decrease was similar across all racial groups, with White borrowers seeing the greatest decrease (91.5 percent).

Table 3.2: Share of All Loans in Philadelphia by Borrower Race (2010)

Borrower Race	Percent Of Prime Loans	Percent Of Subprime Loans	Percent Of All Loans	Percent Of Households
White	67.3%	32.9%	66.0%	47.8%
African American	19.6%	47.7%	20.7%	40.2%
Asian	6.1%	8.2%	61.%	3.5%
Hispanic	7.0%	11.2%	7.2%	6.5%

(See Appendix 2: Table 1, and Appendix 3: Maps 3 and 6.)

3.1.3 All Loans - by Borrower Income (see Table 3.3)

- Prime loans increased in every category from 2009 to 2010, compared to the increase across all income groups between 2008 and 2009. The moderate income group saw the largest decrease, at 18.8 percent. From 2006 to 2010, prime loans decreased across all income groups.
- All income categories saw a decrease in the number of subprime loans granted from 2009 to 2010, continuing the trend from 2008 to 2009. The moderate income group seeing the greatest decline, at 73.8 percent.
- Borrowers in the LMI income group received 73.4 percent of subprime loans[2]. Low income borrowers received the largest share of the subprime loans given (46.8 percent, when compared among the four sub-divided income groups).
- The prime/subprime split of loans to the low income group was 94.7 percent/5.3 percent. This was the income group with the lowest proportion of prime loans to all loans. The proportion of prime loans increases as income rises, with borrowers in the upper income group receiving a prime/subprime split of 98.9 percent/1.1 percent.
- In 2010 all income groups received a greater proportion of prime loans compared to subprime loans than in 2009.
- The number of applications decreased across all income categories. The moderate income category saw the greatest decrease of 24 percent between 2009 and 2010. From 2006 to 2010, applications from low income Philadelphians decreased by 59.5 percent and by 35 percent for upper income residents.
- The number of denials decreased across all income categories, with the moderate income group seeing the greatest decrease (31.3 percent). From 2006 to 2010, the moderate income category had the greatest decrease in denials, at 71.8 percent.
- From 2009 to 2010, the number of denials decreased by 22.1 percent for the low income group. Although moderate income denials decreased by 31.2 percent, the number of denials decreased as group income increased, with middle income denials decreasing by 2 5.2 percent and upper income denials decreasing by 18.7 percent between 2009 and 2010.
- Low income borrowers have the highest denial rate at 32.5 percent, which was 1.95 times greater than upper income borrowers. In 2009, this ratio was also 1.95, and in 2006, it was also 1.98. The LMI group has 1.53 times the denial rate as the UMI group. In 2009, this ratio was 1.53, and in 2006, it was 1.48.

2 The calculation of a category's proportion of total loans is based on the total number of loans where applicants filled out information for the respective categorization. As an example, the total number of subprime loans by borrower income is 504, as this is the total of all subprime loans where respondents indicated income. The total number of all subprime loans, including those where borrowers did not include income information, was 852, as listed in the tables. This calculation holds true for all Fair Lending analysis.

Table 3.3: Share of All Loans in Philadelphia by Borrower Income (2010)

Borrower Income	Percent of Prime Loans	Percent of Subprime Loans	Applications	Denials	Denial Rate
Low(<50% MSA Income)	21.0%	46.8%	9,881	3,216	32.5%
Moderate (50-80% MSA Income)	28.2%	26.6%	10,846	2,463	22.7%
Middle(80-120% MSA Income)	23.3%	14.7%	8,370	1,605	19.2%
Upper (>120% MSA Income)	27.5%	11.9%	9,464	1,580	16.7%
LMI(<80% MSA Income)	49.5%	73.4%	20,727	5,679	27.4%
MUI (>80% MSA Income)	50.8%	26.6%	17,834	3,185	17.9%

(See Appendix 2: Table 2.)

3.1.4 All Loans - by Tract Minority Level (see Table 3.4)

- The number of loans made to homes in census tracts with less than 50 percent minority residents (non-minority tracts) decreased by 18.9 percent, while loans made to homes in census tracts with more than 50 percent minority residents (minority tracts) decreased by 13.4 percent. Overall loans decreased by 17.3 percent. From 2006 to 2010, loans to non-minority tracts have decreased by 33.4 percent, while loans to minority tracts have decreased by 60.3 percent. Overall loans decreased by 44.9 percent during that period.
- The number of subprime loans made in non-minority tracts decreased by 55.4 percent from 2009 to 2010 and 94 percent from 2006 to 2010.
- From 2009 to 2010 applications decreased by 18.8 percent in non-minority tracts and decreased by 18.3 percent in minority tracts. From 2006 to 2010, applications decreased by 41.9 percent and 68.5 percent, respectively.
- From 2009 to 2010, denial rates decreased by 2.7 percent in non-minority tracts and by 10.9 percent in minority tracts. From 2006 to 2010, these rates decreased by 16.3 percent and 19.6 percent, respectively.
- Applicants in minority tracts were denied 1.5 times as often as applicants in non-minority areas in 2010, compared to 1.7 times as often in 2009, 1.5 times as often in 2008 and in 2007, and 1.6 times as often in 2006.

Table 3.4: Share of All Loans in Philadelphia by Tract Minority Level (2010)

Minority Level	Loan Applications	Denial Rate	Pct. Of Prime Loans	Pct. Of Subprime Loans	Prime Share to Household Share Ratio	Subprime Share to Household Share Ratio
0-49% Minority	26,082	19.4%	70.6%	43.0%	1.39	0.84
50-100% Minority	14,675	29.9%	29.4%	57.0%	0.60	1.16

(See Appendix 2: Table 3, and Appendix 3: Maps 1 and 4.)

3.1.5 All Loans - by Tract Income Level (see Table 3.5)

- Continuing the trend from 2009 (unlike in 2008, 2007, and 2006), more loans were made in MUI tracts (50.2 percent) than in LMI tracts (49.8 percent). The LMI/MUI split was 51 percent/49 percent in 2009, and 63.2 percent/36.8 percent in 2006.
- LMI tracts received 48.9 percent of prime loans and 73.4 percent of subprime loans.

  Middle income tracts received the most loans of the four sub-divided groups (8,709, or 40.3 percent). Consequently, they also received the most prime loans (8,499, or 40.9 percent). Moderate income tracts received the greatest number of subprime loans (376, or 44.2 percent).
- All borrowers across income tract groups decreased in the number of prime loans issued from 2009 to 2010. The middle income group had the greatest decrease (18.6 percent). MUI tracts had a greater decrease in prime loans (17.2 percent decrease) versus LMI tracts (12.9 percent decrease).
- Applications decreased for all income tract groups between 2009 and 2010. From 2006 to 2010, all but the upper income tract group decreased total number of applications; upper income tracts increased their applications by 10.4 percent during this period. The low income tract group showed the greatest decrease in applications between 2006 and 2010 of 70.6 percent.
- The denial rate decreased in all but the middle income tracts from 2009 to 2010, with low income tracts showing the greatest decrease (10.6 percent). The middle income tract denial rate increased by 0.5 percent during this period, and decreased by 14.5 percent between 2006 and 2010. From 2006 to 2010, moderate income tracts had the greatest decrease in the denial rate (21 percent decrease).
- Low-income tracts were denied 2.06 times as often as upper-income tracts, a decrease from the 2.19 ratio of 2009, and the 2.57 ratio of 2006.

Table 3.5: Share of All Loans in Philadelphia by Tract Income Level (2010)

Tract Income	Loan Applications	Denial Rate	Income to Upper Income Denial Ratio	Pct. Of All Loans	Prime Share to OOHU Share Ratio	Subprime Share to OOHU Share Ratio
LMI (79.99% MSA Income)	21,959	21.1%	27.1%	49.8%	0.73	1.10
MUI (>80% MSA Income)	18,776	18.6%	18.6%	50.2%	1.55	0.80

(See Appendix 2: Table 4, and Appendix 3: Maps 2 and 5.)

3.1.6 All Loans - by Borrower Gender (see Table 3.6)

- The male/female/joint split of total loans was 32.6/34.6/32.8 percent in 2010, 33.7/33.6/32.8 percent in 2009, 34.5/37.5/28.0 percent in 2008, 36.6/40.0/23.3 percent in 2007, and 37.1/40.0/23.0 percent in 2006.
- The number of subprime loans to men decreased by 60.3 percent from 2009 to 2010. From 2006 to 2010, men have had the greatest decrease in subprime loans (95.9 percent decrease).
- Total loans to women decreased by 15.4 percent from 2009 to 2010 and by 53.6 percent from 2006 to 2010. Total loans to men have decreased by 53 percent from 2006 to 2010, and by 20.6 percent between 2009 and 2010. Joint gender households also saw a decrease in total loans between 2009 and 2010 (17.8 percent decrease) and saw the smallest decrease between 2006 and 2010 (21.4 percent decrease).
- Joint applications received the highest proportion of prime loans, with 97 percent of their total loans categorized as prime. 96.8 percent of loans made to men were prime, as were 94.1 percent of loans made to women. This may be due, in part, to a greater proportion of dual-income households and the disparity of incomes between men and women.
- Total loan applications by men decreased by 21.8 percent in 2010, while denials decreased by 27.3 percent. From 2006 to 2010, loan applications by men decreased by 59.5 percent, while denials decreased by 66.7 percent.
- Women were denied loans at 24.5 percent (a 7 percent decrease from 2009), while joint households were denied loans at 17.5 percent (a 10.9 percent decrease from 2009). Both joint and female households saw greater decreases in denial rates from 2006 to 2010 (31.6 percent and 23.5 percent decrease, respectively).
- Female households were denied at approximately the same rate as male households (.99 in 2010), while joint households were denied at a lower rate (0.71).

Table 3.6: Share of All Loans in Philadelphia by Borrower Gender (2010)

Borrower Gender	Pct. Of Prime Loans	Pct. Of Subprime Loans	Percent Of All Households	Denial Rate
Male	32.9%	25.5%	22.4%	24.6%
Female	33.9%	50.4%	44.9%	24.5%
Joint (Male/Female)	33.2%	24.1%	32.7%	17.5%

(See Appendix 2: Table 5.)

3.2 Home Purchase Loans

3.2.1 Home Purchase Loans – Overall Observations (see Table 3.7)

In 2010, there were 12,562 applications for home purchase loans, a 13.2 percent decrease from the 14,479 applications in 2009. From 2006 to 2010, there was a 54.7 percent decrease in applications for home purchase loans. Of the 2010 applications, 8,598 loans were made, a 13.8 percent decrease from 2009, following a decrease of 7 percent from 2008 to 2009. From 2006 to 2010, the total number of home purchase loans has decreased by 49.8 percent. The denial rate was 15.3 percent, which was higher than the 14.3 percent rate of 2009, but lower than the 15.9 percent rate of 2008 and the 17.5 percent denial rates in 2007 and 2006. Of the 8,598 loans that were made, 97.7 percent were prime loans and 2.3 percent were subprime loans. In 2006, 73.9 percent of home purchase loans were prime loans and 26.1 percent were subprime loans.

Table 3.7: Home Purchase Loan Applications and Originations in Philadelphia

	Application	Denied	Denial Rate	Loans	Prime Loans	Subprime Loans
2006	27,748	4,866	17.5%	17,113	12,651	4,462
2007	23,567	4,116	17.5%	14,726	12,177	2,549
2008	16,620	2,639	15.9%	10,729	9,462	1,267
2009	14,479	2,077	14.3%	9,976	9,356	620
2010	12,562	1,921	15.3%	8,598	8,403	195
2006-2010 Difference	-54.73%	-60.52%	-12.57%	-49.76%	-33.58%	-95.63%
2009-2010 Difference	-13.24%	-7.51%	6.99%	-13.81%	-10.19%	-68.55%

3.2.2 Home Purchase Loans - by Borrower Race (see Table 3.8)

- From 2009 to 2010, prime loans decreased overall and across all racial categories except for African American (9.2 percent increase) and Hispanic (4.7 percent increase). Prime loans decreased across all racial categories from 2006 to 2010, with Asians showing the greatest decrease (65.4 percent). Overall, prime loans decreased by 33.6 percent from 2006 to 2010.
- The overall number of subprime loans decreased by more than 68 percent from 2009 to 2010, with African American borrowers seeing the greatest decrease at 84.8 percent. Asian borrowers saw an increase of 3.8 percent. From 2006 to 2010, subprime loans to African American borrowers have decreased the most (98.1 percent) while those to Asian borrowers have decreased the least (69.1 percent).
- White borrowers received 56.3 percent of all prime loans, while African Americans received 25.3 percent of all prime loans. Whites comprise 47.8 percent of Philadelphia households, while African Americans comprise 40.2 percent.
- Asians borrowers, who comprise 3.5 percent of all Philadelphia households, received 7.8 percent of all loans. In 2009, Asian borrowers received 9 percent of all loans, and 13.4 percent in 2006.
- From 2009 to 2010, only Asian borrowers saw a decrease (2.6 percent) in the proportion of loans that were prime.
- The number of applications decreased in all categories from 2009 to 2010, but Asian borrowers saw the greatest decrease at 24.2 percent. Asian borrowers also saw the greatest decrease in applications from 2006 to 2010, at 64.3 percent.
- From 2009 to 2010, the denial rate decreased for Hispanic borrowers (by 1.3 percent), but increased for White borrowers (by 10.7 percent), African American borrowers (by 4 percent), and for Asian borrowers (by 1.3 percent). From 2006 to 2010, the denial rate increased for Asian borrowers by 41.6 percent, but decreased for White borrowers (5.7 percent), African American borrowers (17.4 percent), and for Hispanic borrowers (30.6 percent).
- In 2010, the denial rate of African American borrowers was 1.8 times greater than Whites; in 2009, the denial rate was 1.9 times greater, a slight decrease from the 2008 denial ratio of 2.0, the 2.3 ratio of 2007, and the 2.1 ratio of 2006.

Table 3.8: Share of Home Purchase Loans in Philadelphia by Borrower Race (2010)

Borrower Gender	Loan Application	Denial Rate	Race to White Denial	Percent Of Prime Loans	Percent Of Subprime Loans
White	5,666	11.1%	1.00	56.3%	19.3%
African American	2,971	20.1%	1.80	25.3%	18.8%
Asian	884	17.2%	1.54	7.3%	30.4%
Hispanic	1,196	13.5%	1.21	11.2%	31.5%

(See Appendix 2: Table 6, and Appendix 3, Maps 7-10.)

3.2.3 Home Purchase Loans - by Borrower Income (see Table 3.9)

- Low income group borrowers saw an increase in the number of prime loans from 2009 to 2010, at 4.5 percent. Moderate, middle, and upper income groups saw fewer prime loans with decreases of 19.8, 18.2 and 4.7 percent, respectively. All income groups, except low income borrowers, have seen a decrease in prime loans from 2006 to 2010, with upper income borrowers showing the greatest decrease of 51.6 percent. Prime loans to low income borrowers have increased by 22 percent from 2006 to 2010.
- In 2010 all groups also received fewer subprime loans, with the middle income group receiving the largest decrease of 86.8 percent. Borrowers in the low income group received the lowest percent reduction in subprime loans at 58.6 percent. From 2006 to 2010, subprime loans to middle income borrowers have decreased by 98.8 percent, and by 89.3 percent for low income borrowers.
- The LMI group receives most of the loans, at 62.1 percent.
- LMI borrowers are receiving a greater share of the prime loans (61.5 percent) relative to the MUI borrowers (38.5 percent). The LMI group, however, receives 85.3 percent of subprime loans, compared to 14.7 percent by the MUI group.
- The percentage of low income borrowers with prime loans increased by 16.6 percent in 2010; this was the largest increase seen by the four sub-divided income groups. From 2006 to 2010, this percentage has increased by 80.7 percent. The percentage of upper income borrowers with prime loans has decreased by 28.3 percent from 2006 to 2010.
- From 2009 to 2010 the percentage of MUI borrowers with subprime loans decreased by 32.7 percent. The percentage of LMI borrowers with subprime loans increased by 9.1 percent.
- The denial rate decreased as income rose, with borrowers in the low income group 1.58 times more likely to be denied as a borrower in the upper income group.

Table 3.9: Share of Home Purchase Loans in Philadelphia by Borrower Income (2010)

Borrower Income	Pct. Of Prime Loans	Pct. Of Subprime Loans	Percent Of All Households
LMI (<79.99% MSA Income)	61.5%	85.3%	67.7%
MUI(>80% MSA Income)	38.5%	14.7%	32.3%

(See Appendix 2: Table 7.)

3.2.4 Home Purchase Loans - by Tract Minority Level (see Table 3.10)

- The number of loans for minority census tracts decreased by 6.5 percent from 2009 to 2010 and by 55 percent from 2006 to 2010.
- Prime loans for non-minority census tracts decreased by 15.1 percent from 2009 to 2010 and decreased by 35 percent from 2006 to 2010.
- Borrowers in minority census tracts received 34.6 percent of all loans, 34.4 percent of all prime loans, and 41 percent of all subprime loans.
- Of all loans made to borrowers in minority census tracts, 97.3 percent were prime and 2.7 percent were subprime.
- The proportion of prime loans made to borrowers in minority census tracts increased by 8.1 percent from 2009 to 2010, and by 54.2 percent from 2006 to 2010.
- In 2010 the number of applications decreased for both categories, with minority tract borrowers having 21 percent fewer applications and non-minority borrowers having 5.8 percent fewer applications.
- The denial rate for borrowers in minority census tracts was 19.3 percent in 2010, which was a 1.2 percent increase from the denial rate of 2009 (19.0 percent), and a 17.2 percent decrease from the denial rate of 2006 (23.3 percent).
- Borrowers in minority census tracts were denied 1.5 times as often as those in non-minority tracts, a decrease from the 1.6 ratio of 2009, and the 1.8 ratio of 2006.

Table 3.10: Share of Home Purchase Loans in Philadelphia by Tract Minority Level (2010)

Minority Level	Pct. Of Prime Loans	Pct. Of Subprime Loans	Pct. Of All OOHU
0-49% Minority	65.6%	59.0%	51.0%
50-100% Minority	34.4%	41.0%	49.0%

(See Appendix 2: Table 8.)

3.2.5 Home Purchase Loans - by Tract Income Level (see Table 3.11)

- The number of applications decreased across all categories from 2009 to 2010, except in the upper income tract group, which increased applications by 2.1 percent. From 2006 to 2010, applicants from low income tracts saw the greatest decrease in applications, at 62.9 percent.
- The number of loans also decreased across all categories, except for borrowers in upper income tracts, who saw an increase of 4.8 percent from 2009 to 2010. From 2006 to 2010, borrowers in low income tracts have had the greatest decrease in total loans, at 57.1 percent.
- In 2010, the number of prime loans decreased for low, moderate and middle income tracts (5.9 percent, 5.4 percent and 20 percent, respectively) and increased for upper income tracts by 5.2 percent.
- The number of subprime loans decreased in all income tract groups from 2009 to 2010, with borrowers in moderate income tracts receiving the greatest decline at 75 percent. From 2006 to 2010, the number of subprime loans issued to this group decreased by 96.6 percent.
- In 2010 borrowers in MUI tracts saw 64.9 percent fewer subprime loans than in 2009. This decrease was similar to the decrease between 2008 and 2009.
- The proportion of prime/subprime loans shifted towards an increase in the number of prime loans across all categories. Borrowers in low income tracts saw an increase of 6.4 percent from 2009 to 2010, giving that group a prime/subprime split of 94.9 percent prime/5.1 percent subprime.
- Of all the loans made in an MUI tract, 98.5 percent were prime, which was an increase of 2 percent from 2009 to 2010.
- The denial rate generally decreased as tract income increased. Borrowers in middle and upper income tracts were denied 12.9 percent of the time while borrowers in low income tracts were denied 20.7 percent of the time. The denial rate increased for all income group tracts from 2009 to 2010. Denial rates in upper income tracts increased by 11.4 percent between 2009 and 2010, and by 44.6 percent from 2006 to 2010. Denial rates for low income tracts increased by 2 percent between 2009 and 2010, and decreased by 15.9 percent from 2006 to 2010.
- In 2010 borrowers in LMI tracts were denied 16.8 percent of the time, or 1.3 times per every 1 MUI denial. This decreased from 2009 when borrowers in LMI tracts were denied 1.5 times for every 1 MUI denial, and in 2006 when borrowers in LMI tracts were denied 1.8 times for every 1 MUI denial.

Table 3.11: Share of Home Purchase Loans in Philadelphia by Tract Income Level (2010)

Tract Income	Loan Applications	Denial Rate	Income to Upper Income Denial Ratio	Percent Of All Loans	Percent of All Household Share Ratio	Prime Share to Household Share Ratio	Subprime Share to Household Share Ratio
LMI (79.99% MSA Income)	7,661	16.8%	1.30	59.5%	67.0%	0.88	1.09
MUI (>80% MSA Income)	4,890	12.9%	1.00	40.5%	33.0%	1.24	0.81

(See Appendix 2: Table 9.)

3.2.6 Home Purchase Loans - by Borrower Gender (see Table 3.12)

- The number of applications decreased across all categories in 2010, with the greatest decrease in joint applications at 20.7 percent. From 2006 to 2010, the greatest decrease in applications was from male households (61.7 percent).
- All three categories showed a decrease in the number of loans, prime loans and subprime loans between 2006 and 2010. The same trend occurred between 2009 and 2010.
- In 2010 male borrowers showed the greatest decreases in the number of subprime loans at 71.8 percent.
- Subprime loans to female borrowers decreased by 70.9 percent, and prime loans to this group decreased by 6.2 percent. Joint households had 59.6 percent less subprime loans than 2009, and 16.3 percent less prime loans.
- Male and female borrowers received about the same number of prime loans (2,857 for males and 2,987 for females), while joint households received 1,881 loans.
- Of all the prime loans that were made, 37.4 percent went to male borrowers and 36.7 percent went to female borrowers. This was a decrease in proportion from 2009 by 1.2 percent for male borrowers, but an increase of 5.4 percent for female borrowers
- For all the loans made to joint households, 97.8 percent were prime loans. This was an increase of 2.3 percent from 2009, and an 12.8 percent increase from 2006 to 2010.
- Applications by males were the most likely to be denied, at a rate of 15.7 percent. Female borrowers had a denial rate of 16 percent. Denial rates decreased from 2009 to 2010 for male applicants by 4.3 percent yet increased for female applicants by 17.4 percent.
- Applications filed by joint male/female households were denied only 10.8 percent of the time, a .4 percent decrease from 2009 to 2010 and a 1.3 percent increase from 2006 to 2010.

Table 3.12: Share of Home Purchase Loans in Philadelphia by Borrower Gender (2010)

Borrower Gender	Pct. Of Prime Loans	Pct. Of Subprime Loans	Gender Share to Male Share Ratio: Prime	Gender Share to Male Share Ratio: Subprime
Male	97.9%	2.1%	1.00	1.00
Female	97.5%	2.5%	1.00	1.19
Joint (Male/Female)	97.8%	2.2%	1.00	1.04

(See Appendix 2: Table 10.)

3.3 Home Refinance Loans

3.3.1 Home Refinance Loans – Overall Observations (see Table 3.13)

In 2010, there were 26,175 applications for home refinance loans, a decrease of 20.8 percent from 2009. Out of that pool, 6,618 applications were rejected, yielding a denial rate of 25.3 percent. Of the 12,222 loans that lenders made, 11,686 were prime loans (or 95.6 percent) and 536 were subprime (or 4.4 percent). The number of prime loans decreased by 19.8 percent from 2009 to 2010 and increased by 11.4 percent from 2006 to 2010. The number of subprime loans decreased by 35.1 percent from 2009 to 2010 and decreased by 93.9 percent from 2006 to 2010.

Table 3.13: Home Refinance Loan Applications and Originations in Philadelphia

	Application	Denials	Denial Rate	Loans	Prime Loans	Subprime Loans
2006	55,816	18,974	34.0%	19,320	10,486	8,834
2007	46,237	17,240	37.3%	15,183	9,927	5,256
2008	32,489	12,841	39.5%	11,568	9,370	2,198
2009	33,030	9,008	27.3%	15,395	14,569	826
2010	26,175	6,618	25.3%	12,222	11,686	536
2006-2010 Difference	-53.10%	-65.12%	-25.59%	-36.74%	11.44%	-93.93%
2009-2010 Difference	-20.75%	-26.53%	-7.33%	-20.61%	-19.79%	-35.11%

3.3.2 Home Refinance Loans - by Borrower Race (see Table 3.14)

- From 2009 to 2010 prime loans decreased for African American borrowers by 19.7 percent, and for White borrowers by 14.9 percent. Prime loans to Asian borrowers decreased by 13.1 percent, and by 5.8 percent for Hispanic borrowers.
- Similarly, subprime loans decreased for all groups from 2009 to 2010, with Hispanic borrowers experiencing the greatest decrease at 59.6 percent. Asian borrowers had the greatest decrease of all racial groups for subprime loans between 2006 and 2010, at 97.9 percent.
- African American borrowers received 68.9 percent fewer loans in 2010 than in 2006. White borrowers received 2.2 percent more loans in 2010 than in 2006.

- White borrowers received 76 percent of all prime loans (up slightly from 75.7 percent in 2009), while African Americans received 14.8 percent of all prime loans (down from 15.6 percent in 2009).
- African American borrowers received 57.3 percent of all subprime loans (up from 38.9 percent in 2009), while White borrowers received 37.6 percent of all subprime loans (down from 51.6 percent in 2009).
- In 2010, all groups received more prime loans than subprime loans, as they had in 2009 and 2008. In 2006, both African Americans and Hispanic borrowers had a higher proportion of total loans comprised of subprime loans.
- African American borrowers received 1,439 prime loans (84.6 percent) and 262 subprime loans (15.4 percent).
- From 2009 to 2010 the number of applications decreased across all racial categories, with African American applications decreasing the most (25.5 percent). From 2006 to 2010, applications decreased across all racial categories, with African Americans again seeing the largest decrease (71.4 percent).
- The denial rate for African American borrowers was 35.4 percent, the highest of all groups. However, all denial rates decreased from 2009 to 2010, with denial rates for Hispanic borrowers decreasing the most at 16.4 percent.
- African American and Hispanic borrowers were denied 1.82 and 1.79 times, respectively, as often as White applicants in 2010. This was lower than 2009 when they were 1.93 and 2.00 times, respectively, as likely to be denied as White applicants.

Table 3.14: Share of Home Refinance Loans in Philadelphia by Borrower Race (2010)

Borrower Race	Percent Of Prime Loans	Percent Of Subprime Loans	Percent Of Households	Denial Rate
White	76.0%	37.6%	47.8%	19.5%
African American	14.8%	57.3%	40.2%	35.4%
Asian	5.2%	0.9%	3.5%	28.1%
Hispanic	4.0%	4.2%	6.5%	34.9%

(See Appendix 2: Table 11.)

3.3.3 Home Refinance Loans - by Borrower Income (see Table 3.15)

- From 2009 to 2010, the number of prime loans decreased for all categories, with borrowers in the moderate income group seeing the greatest decrease of 19.1 percent. From 2006 to 2010, the number of prime loans to low and moderate income groups decreased by 15.2 and 9.5 percent, respectively while increasing for the middle and upper income groups by 6.8 and 66.2 percent, respectively.
- All income groups saw a decrease in the number of subprime loans from 2009 to 2010, with those in the moderate income group experiencing the greatest decline of 73.9 percent. From 2006 to 2010, all income groups have seen a decrease in subprime loans, with the moderate income group again seeing the largest decrease of 98 percent.
- MUI borrowers received 59 percent of all prime loans in 2009; this increased to 60.6 percent of all prime loans in 2010. From 2006 to 2010, the MUI group increased its proportion of prime loans relative to total loans by 2.8 percent.
- All income groups received more prime loans than subprime loans. The proportion of prime loans over subprime loans for each group increased with income, with those in the upper income group receiving 99.2 percent of their loans as prime and .8 percent as subprime. In 2009, the upper income group received 98.3 percent of their loans as prime and 1.7 percent of their loans as subprime. In 2006, this split was 71.6 percent/28.4 percent.
- In 2010 all groups submitted fewer applications than in 2009 and 2006, with low income applicants seeing the greatest decline, of 67.8 percent, from 2006 to 2010. Applications from upper income residents decreased by only 11 percent between 2006 and 2010.
- From 2009 to 2010, LMI applications decreased by 22.9 percent and MUI applications decreased by 13.9 percent.
- The denial rate decreased for all groups in 2009, with those in the middle income group seeing the greatest decrease of 12.4 percent. As in 2006, 2007, 2008, and 2009, the low income group had the highest denial rate, which was 39.1 percent in 2010.
- Applicants in the LMI group were denied 1.67 times for every MUI denial; this increased from the 1.6 denials for every MUI denial in 2009, and the 1.3 denials for every MUI denial in 2006.

Table 3.15: Share of Home Refinance Loans in Philadelphia by Borrower Income (2010)

Borrower Income	Loans Applications	Denial Rate	Income to Upper Income Denial Rate	Pct. Of All Loans	Percent Of All Households
LMI (<79.99% MSA Income)	11,546	31.8%	1.67	39.9%	67.7%
MUI(>80% MSA Income)	12,632	19.1%	1.00	60.1%	32.3%

(See Appendix 2: Table 12.)

3.3.4 Home Refinance Loans - by Tract Minority Level (see Table 3.16)

- From 2009 to 2010, the number of prime loans to non-minority census tracts decreased by 19.5 percent
- Prime loans to borrowers in minority census tracts decreased by 20.6 percent from 2009 to 2010, while the subprime loans decreased by 15.9 percent.
- Non-minority census tracts received 74.9 percent of all prime loans in 2010. This was a 0.4 percent increase from 2009 to 2010, and a 12.9 percent increase from 2006 to 2010.
- The majority of loans to both groups were prime in 2010. Borrowers from minority census tracts received more prime loans (2,936 loans, or 89.8 percent) than subprime loans (333 loans or 10.2 percent), which was a slightly lower proportion of prime loans compared to 2009 and 2008.
- From 2009 to 2010, while prime loans for borrowers in minority tracts decreased by 20.6 percent, subprime and total loans for borrowers in minority tracts decreased by 15.9 percent and 20.2 percent, respectively.
- From 2009 to 2010, applications for residents in non-minority tracts decreased by 19,7 percent while applications from residents in minority tracts decreased by 20.8 percent. Denials decreased by 23.1 percent in non-minority census tracts and by 30.6 percent in minority census tracts between 2009 and 2010. From 2006 to 2010, applications decreased similarly for both groups with minority tract residents seeing the largest decrease of 70.1 percent. Denials decreased between 2006 and 2010, with borrowers in minority tracts seeing the greatest decrease, of 75.7 percent.

Table 3.16: Share of Home Refinance Loans in Philadelphia by Tract Minority Level (2010)

Minority Level	Pct. Of Prime Loans	Pct. Of Subprime Loans	Pct. Of All OOHU	Denial Rate
0-49% Minority	74.9%	37.9%	51.0%	21.7%
50-100% Minority	25.1%	62.1%	49.0%	32.3%

(See Appendix 2: Table 13.)

3.3.5 Home Refinance Loans - by Tract Income Level (see Table 3.17)

- All income tract groups experienced a decrease in prime loans from 2009, with moderate income tract borrowers seeing the greatest decrease of 22.1 percent. From 2006 to 2010, low and moderate income tract groups decreased prime loans (by 25.8 and 14.1 percent, respectively), while middle and upper income tract borrowers increased their prime loans (by 30.2 and 156.5 percent, respectively).
- All categories (excluding low income tract borrowers) experienced a decrease in subprime loans, with borrowers in the middle income tract group seeing the greatest decrease, 52.8 percent. From 2006 to 2010, moderate income tract borrowers saw the greatest decline in subprime loans, with an 94.9 percent decrease.
- Borrowers in the middle income tract group received the largest share of prime loans at 47 percent, while moderate income tract group borrowers received the largest share of subprime loans, at 45.5 percent.
- The number of prime loans made to the MUI group increased by 30.2 percent from 2006 to 2010, while the overall number of prime loans increased by 11.4 percent.
- All categories received more prime loans than subprime loans. The proportion of prime to subprime loans increased with income, with borrowers in the low income group receiving 853 prime loans (85.2 percent) to their 148 subprime loans (14.8 percent). The 2010 results were similar to the 2009 and 2008 results, in which low income borrowers received more prime loans than subprime loans. In 2006, low income tract borrowers received nearly 1.5 times as many subprime loans as prime loans.
- The number of applications fell across all income tract categories from 2009 to 2010, most significantly among applicants in the moderate income group (24.8 percent). From 2006 to 2010, applications from borrowers in the low and moderate income tract groups fell the most at 72.7 and 64.6 percent, respectively. Upper income tract applications have increased by 79 percent from 2006 to 2010.
- As in the previous four years, borrowers in the low income tract group had the highest denial rate, which was 36.7 percent in 2010.

Table 3.17: Share of Home Refinance Loans in Philadelphia by Tract Income Level (2010)

Tract Income	Pct. Of All Loans	Pct. Of Subprime Loans	Pct. Of All OOHU	Prime Share to OOHU Share Ratio	Subprime Share to OOHU Share Ratio	Denial Rate	Income to Upper Income Denial Ratio
LMI (79.99% MSA Income)	40.9%	73.1%	56.0%	0.61	1.09	30.5%	1.51
MUI (>80% MSA Income)	59.1%	26.9%	44.0%	1.79	0.81	20.2%	1.00

(See Appendix 2: Table 14.)

3.3.6 Home Refinance Loans - by Borrower Gender (see Table 3.18)

- The number of prime loans decreased across all households from 2009 to 2010, with male borrowers showing the greatest decrease, at 25.3 percent. Prime loans decreased from 2006 to 2010 for only male and female borrowers (by 1.2 and 12.2 percent, respectively), yet increased for joint borrowers by 44.9 percent. .
- The number of subprime loans decreased for all households from 2009 to 2010, with male households decreasing the most (52.7 percent). Subprime loans decreased the most for male households from 2006 to 2010, at 95.9 percent.
- Joint borrowers continued receiving the largest number of loans, which was 5,107 in 2010, however, this was a decrease from 2009 of 18.9 percent.
- As in the past three years, female borrowers received the most subprime loans, 272, or 53.8 percent of all subprime loans.
- All three categories received more prime loans than subprime loans. Joint borrowers received the highest proportion of prime loans, at 97.2 percent.
- The number of applications decreased among residents from 2009 to 2010. Male applicants saw the largest decrease at 23.6 percent.
- Male applicants had the highest denial rate of 27.7 percent, relative to an overall denial rate of 25.3 percent.
- The denial rate for joint applicants experienced the highest decrease from 2009 to 2010 of 11.8 percent, relative to the decrease in the overall denial rate of 7.3 percent.

Table 3.18: Share of Home Refinance Loans in Philadelphia by Borrower Gender (2010)

Borrower Gender	Loan Application	Denial Rate	Gender to Male Denial Ratio	Pct. Of Prime Loans	Pct. Of Subprime Loans
Male	7,719	27.7%	1.00	96.6%	3.4%
Female	7,630	27.0%	0.97	92.1%	7.9%
Joint (Male/Female)	7,576	19.0%	0.69	97.2%	2.8%

(See Appendix 2: Table 15.)

3.4 Home Improvement Loans

3.4.1 Home Improvement Loans – Overall Observations (see Table 3.19)

In 2010, there were 4,594 applications for home improvement loans, a 18.5 percent decline from the year before. Of these applications, 2,306, or 50.2 percent, were denied, a decrease of 24.6 percent. From 2006 to 2010, applications have decreased by 73.7 percent, while denials have decreased by 71 percent. From 2006 to 2010, subprime loans decreased by 85.7 percent, while prime loans decreased by 73.7 percent.

Table 3.19: Home Improvement Loan Applications and Originations in Philadelphia

	Application	Denied	Denial Rate	Loans	Prime Loans	Subprime Loans
2006	17,473	7,958	45.5%	6,927	5,684	1,243
2007	15,864	7,735	48.8%	5,712	4,584	1,128
2008	9,638	5,171	53.7%	3,043	2,354	689
2009	5,635	3,060	54.3%	1,728	1,435	293
2010	4,594	2,306	50.2%	1,676	1,498	178
2006-2010 Difference	-73.71%	-71.02%	-10.33%	-75.80%	-73.65%	-85.68%
2009-2010 Difference	-18.47%	-24.64%	-7.55%	-3.01%	4.39%	-39.25%

3.4.2 Home Improvement Loans – by Borrower Race (see Table 3.20)

- White borrowers received 61.3 percent of all prime loans, a 4.5 percent decrease from 2009 and a 7.2 percent decrease from 2006.
- African Americans received 55.6 percent of all subprime loans in 2010, a 27 percent increase from 2009 and a 8.4 percent decrease from 2006. White borrowers received 35.8 percent of subprime loans, a 19.1 percent decrease from 2009 and a 1.0 percent decrease from 2006.
- White borrowers received a higher share of loans than their share of households (58.4 percent and 47.8 percent, respectively). That compared to 60.3 percent/47.8 percent in 2009 and 60.6 percent/47.8 percent in 2006.
- As in the previous four years, all groups received more prime loans than subprime loans in 2010. Asian borrowers had the highest proportion of prime loans; 94.4 percent of their loans were prime and 5.6 percent were subprime.
- White and African American applications fell by 13.2 percent and 18.4 percent, respectively, while Asian and Hispanic applications fell by 27.1 percent and 36.1 percent respectively, from 2009 to 2010. From 2006 to 2010, applications have decreased across all racial categories, with applications from Asian residents decreasing by the most (81.4 percent).
- Hispanic borrowers had the highest denial rate of 68.6 percent, followed by Asian borrowers at 59.7 percent. Hispanic borrowers also had the highest denial rates in 2009 and 2006, at 70.6 percent and 57.2 percent, respectively.

Table 3.20: Share of Home Improvement Loans in Philadelphia by Borrower Race (2010)

Borrower Race	Loan Application	Denial Rate	Percent Of Prime Loans	Percent Of Subprime Loans	Prime Share to Household Share Ratio	Subprime Share to Household Share Ratio
White	1,576	36.6%	61.3%	35.8%	1.28	0.75
African American	1,563	59.4%	31.9%	55.6%	0.79	1.38
Asian	129	59.7%	2.9%	1.3%	0.84	0.38
Hispanic	287	68.6%	3.8%	7.3%	0.59	1.12

(See Appendix 2: Table 16.)

3.4.3 Home Improvement Loans - by Borrower Income (see Table 3.21)

- Of the four sub-categories, moderate income borrowers received the most loans and the most prime loans at 29.3 percent and 29.7 percent, respectively. This was similar to the trend in 2009, when moderate income borrowers received 31.7 percent of prime loans and 31 percent of total loans.
- Low income and moderate income borrowers received the most subprime loans (27.1 percent and 33.1 percent, respectively). This is similar to the trend in 2009 when low income borrowers received 47.1 percent of subprime loans, and moderate income borrowers received 27.7 percent.
- LMI borrowers comprise 67.7 percent of households, but received only 51.3 percent of all prime loans.
- All categories received more prime loans than subprime loans. As in other loan categories, the proportion of prime loans increased with income. Prime loans comprised 90 percent of total loans to low income borrowers, while 94.4 percent of loans to upper income borrowers were prime loans.
- LMI borrowers received 1.4 subprime loans for every 1 issued to an MUI borrower, compared to 2.5 subprime loans for every 1 issued to an MUI borrower in 2009. In 2006, this ratio was 2.0 to 1.
- The number of applications decreased in every income category from 2009 to 2010, with the moderate income group seeing the largest decrease of 24.1 percent. Similarly, the moderate income group has seen the largest decrease from 2006 to 2010, at 76.3 percent.
- The denial rate increased from 2009 to 2010 for the upper income group by .3 percent. From 2006 to 2010, the denial rate for all income groups increased, with the upper income group showing the largest increase of 24.6 percent. Denial rates decreased for low, moderate and middle income groups by 3.5 percent, 7.0 percent, and 7.6 percent, respectively, from 2009 to 2010
- As in the four previous years, low income borrowers had the highest denial rate, which was 64.9 percent in 2010.

Table 3.21: Share of Home Improvement Loans in Philadelphia by Borrower Income (2010)

Borrower Income	Pct. Of All Loans	Percent Of All Households	Prime Share to Household Share Ratio	Subprime Share to Household Share Ratio	Denial Rate
LMI (<79.99% MSA Income)	52.0%	67.7%	0.76	0.89	58.2%
MUI(>80% MSA Income)	48.0%	32.3%	1.51	1.23	38.0%

(See Appendix 2: Table 17.)

3.4.4 Home Improvement Loans - by Tract Minority Level (see Table 3.22)

- Lenders issued 63.3 percent of prime loans to borrowers in non-minority tracts in 2010, a slight decrease from 64.7 percent in 2009 and from 64.8 percent in 2006.
- Of all subprime loans issued, 56.2 percent went to minority census tracts. This was a decrease from both 2009 (58.7 percent) and 2006 (61.6 percent).
- Philadelphia households split evenly into minority (49.0 percent) and non-minority (51.0 percent) census tracts, yet 61.3 percent of loans were issued to non-minority tracts, an increase from the 60.8 percent of loans issued to these tracts in 2009.
- As in the previous four years, both groups received more prime loans than subprime loans. Non-minority tracts receive a higher proportion of prime loans to subprime loans, at 92.4 percent prime to 7.6 percent subprime. This compares to a split of 84.6 percent prime to 15.4 percent subprime for minority tracts.
- Non-minority tract applications decreased by 13.1 percent from 2009 and by 73.5 percent from 2006.
- In 2010, applicants in minority census tracts were more likely to be denied. For every denial to a non-minority tract, minority tract applicants received 1.49 denials. This was up from the ratio of 1.46 denials in 2009, and down from the ratio of 1.59 denials in 2006.

Table 3.22: Share of Home Improvement Loans in Philadelphia by Tract Minority Level (2010)

Minority Level	Loan Application	Denial Rate	Pct. Of Prime Loans	Pct. Of Subprime Loans	Pct. Of All OOHU
0-49% Minority	2,244	40.1%	63.3%	43.8%	51.0%
50-100% Minority	2,348	59.9%	36.7%	56.2%	49.0%

(See Appendix 2: Table 18.)

3.4.5 Home Improvement Loans - by Tract Income Level (see Table 3.23)

- Moderate income tracts received the most subprime (80, or 44.9 percent) while middle income tracts received the most prime loans (633, or 42.3 percent).
- The number of prime loans increased for all income tract groups, with the exception of upper income tract borrowers, whose number of prime loans decreased by 18.8 percent.
- The LMI tract group comprises 67.0 percent of all Philadelphia households and received 56.2 percent of all loans, a decrease from the 57.2 percent of loans received in 2009. They also received 73 percent of the subprime loans, a decrease from the 75.3 percent received in 2009.
- As in the four previous years, all categories received more prime loans than subprime in 2010. The proportion of prime loans increases with tract income; of the 55 loans made to upper income tracts, 94.5 percent were prime loans.
- In 2010 applications fell across all categories, with applications from low income tracts decreasing the most at 30.5 percent. From 2006 to 2010, low income tract applications decreased the most at 74.9 percent.
- As in the previous four years, the denial rate fell as tract income rose. For every denial made to an applicant in an upper income tract, 2.46 denials were made to applicants in low income tracts, an increase from the 1.91 denials for every 1 in 2009, yet similar to the 2.47 denials for every 1 in 2006.

Table 3.23: Share of Home Improvement Loans in Philadelphia by Tract Income Level (2010)

Tract Income	Pct. Of All Loans	Pct. Of Subprime Loans	Income Share to Upper Income Share Ratio: Prime	Income Share to Upper Income Share Ratio: Subprime	Denial Rate
LMI (79.99% MSA Income)	54.2%	73.0%	0.81	1.09	56.2%
MUI (>80% MSA Income)	45.8%	27.0%	1.39	0.82	38.5%

(See Appendix 2: Table 19.)

3.4.6 Home Improvement Loans - by Borrower Gender (see Table 3.24)

- The number of prime and subprime loans fell across all categories from 2009 to 2010, with the exception of prime loans to female borrowers. Prime loans to female borrowers increased by 16.9 percent, while total loans to female borrowers increased by 5.3 percent. Male borrowers saw the greatest decrease in subprime loans, at 47.4 percent.
- Female borrowers receive the most subprime loans, at 51.2 percent (an increase from 48.2 percent in 2009) and the most prime loans at 38.8 percent (an increase from 34.7 percent in 2009).
- As in the past four years, all groups received more prime loans than subprime loans in 2010. Joint borrowers were most likely to receive a prime loan, at 92.2 percent.
- Applications were down in all categories. Male borrowers saw the largest decrease of about 27.3 percent between 2009 and 2010. From 2006 to 2010, applications have decreased by 73.7 percent across all categories
- The denial rate decreased for borrowers from 2009 to 2010, with the greatest decrease occurring for female borrowers at 9.5 percent. From 2006 to 2010, denial rates for male borrowers increased by 15.2 percent, the highest of all the borrower groups.
- Male borrowers had the highest denial rate of 55 percent, but were followed closely by female borrowers at 53 percent.

Table 3.24: Share of Home Improvement Loans in Philadelphia by Borrower Gender (2010)

Borrower Gender	Pct. Of Prime Loans	Pct. Of Subprime Loans	Prime Share to Household Share Ratio	Subprime Share to Household Share Ratio	Denial Rate	Gender to Male Denial Rate
Male	24.2%	23.8%	1.08	1.06	55.0%	1.00
Female	38.8%	51.2%	0.87	1.14	53.0%	0.96
Joint (Male/Female)	36.9%	25.0%	1.13	0.76	37.6%	0.68

(See Appendix 2: Table 20.)


Residential Loan Application
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4.0 PHILADELPHIA COMPARED TO OTHER AREAS

Lending to the City of Philadelphia's residents was compared to lending to residents of the City's four suburban counties – Bucks, Chester, Delaware, and Montgomery - as well as to lending in Baltimore, Detroit, and Pittsburgh, three cities identified as a useful comparison group to the City. Specifically, aggregate single-family home purchase, home improvement, and home refinance lending was analyzed (see Appendix 2: Tables 21-40).

4.1 Home Lending in Philadelphia vs. Suburbs

4.1.1 Home Lending in Philadelphia vs. Suburbs – by Borrower Race (see Table 4.1)

- African Americans borrowers in suburban households received 3.0 percent of all prime loans issued, a proportion which did not change from 2009, but which was a 39.9 percent decrease from the 2006 share (4.9 percent). Compared to the City, their share of prime loans have increased from 2009 to 2010, and decreased from 2006 to 2010, by larger percentages (8.5 percent increase and 22.5 percent decrease, respectively).
- Of all loans to Asians in the suburbs, 0.5 percent were subprime (versus 5.4 percent in the City), down from 1.2 percent in 2008 (5.6 percent in the City).
- In the suburbs, Asians represented 2.5 percent of suburban households, while Asian borrowers received 5.5 percent of suburban prime loans and 3.3 percent of suburban subprime loans. These percentages remained relatively flat from 2009 to 2010.
- In 2010, less than 1 percent of loans to Hispanic borrowers were subprime in the suburbs, compared to 6.3 percent in the City; both proportions decreased by over 80 percent from 2009 to 2010.
- Hispanics represented 1.6 percent of households in the suburbs, while Hispanic borrowers received 1.5 percent of suburban prime loans and 1.6 percent of suburban subprime loans.

- Of all loans to Whites in the suburbs, 0.8 percent were subprime (versus 2.0 percent in the City), down from 2.5 percent in 2009 (4.4 percent in the City).
- Loan applications continued to be denied at a higher rate in the City than in the suburbs, as was the case in the past three years; 15.0 percent of loans were denied in the suburbs, compared to 23.2 percent of loans in the City.
- Denial rates were higher in the City versus the suburbs for each racial category, a consistent finding with prior year studies. Unlike prior years, the category with the greatest disparity was the Asian group, with a denial rate of 24.2 percent in the City and 14.1 percent in the suburbs.
- The largest changes in denial rates from 2009 to 2010 were for African American borrowers (10.8 percent decrease) and for Hispanic borrowers (8.2 percent decrease).
- In the suburbs, the ratio of African American to White denials decreased, as did the ratio of Asian to White and Hispanic to White denials, reversing the trends from prior years of the study.
- As in the past four years, African Americans were nearly twice as likely to receive a denial as White borrowers, with this` ratio remaining relatively flat from 2006 to 2009, decreasing slightly to 1.86 in 2010.
- Continuing the trend from 2009, Asian borrowers were more likely than Whites to be denied loans. For every 1 denial to a White applicant, there were 1.03 denials to Asian applicants in the suburbs in 2010.

Table 4.1: Share of All Loans by Borrower Race, Philadelphia vs. Suburbs (2010)

Total	Percent Of Prime Loans	Percent Of Subprime Loans	Percent Of Households	Denial Rate
White	90.0%	85.5%	87.8%	13.7%
African American	3.0%	9.6%	7.1%	25.5%
Asian	5.5%	3.3%	2.5%	14.1%
Hispanic	1.5%	1.6%	1.6%	18.1%

(See Appendix 2: Table 1 and 21.)

4.1.2 Home Lending in Philadelphia vs. Suburbs – by Borrower Income (see Table 4.2)

- In all years studied, the upper-income group received the largest number of all loans (55.8 percent, an increase from the 51.7 percent of 2009) as well as the largest number of prime loans (55.9 percent, an increase from the 52.2 percent of 2009) in the suburbs. In fact, in the suburbs, the higher the income group, the higher the proportion of all loans and prime loans. This was unlike the City pattern, where the moderate-income group consistently received both the most loans and the most prime loans.
- LMI borrowers received 19.9 percent of prime loans and 44.6 percent of subprime loans. The percent of prime loans decreased by 10 percent from 2009 to 2010, while the percent of subprime loans increased by 12.1 percent. From 2006 to 2010, the LMI borrowers' share of prime loans decreased by 7.4 percent, while its share of subprime loans increased by 39.5 percent.

- City LMI borrowers received 49.2 percent of all prime loans and 73.4 percent of all subprime loans in the City. This was a decrease of .7 percent for prime loans and a decrease of .8 percent for subprime loans. From 2006 to 2010, the percent of prime loans for LMI borrowers decreased by .7 percent, while subprime loan share increased by 10.4 percent.
- As in prior years of the study, a greater proportion of subprime loans was issued to LMI borrowers than to middle and upper income (MUI) borrowers in the City, but in the suburbs, a greater proportion of subprime loans was issued to upper and middle income borrowers than was issued to LMI borrowers (55.4 percent in suburbs compared to 26.6 percent in the City).
- Subprime loans were 3.6 percent of the loans issued to LMI borrowers in the City, compared to 1.5 percent of the loans to LMI borrowers in the suburbs. As with MUI borrowers (and for all four sub-divided income categories), the proportion of subprime loans decreased compared to 2009. This was true in both the City and suburbs.
- Similar to prior years, in the suburbs, the denial rate declined as income level rose.
- The LMI group was denied a loan 27.4 percent of the time in the City (a decrease of 8.6 percent from 2009) and 22.1 percent of the time in the suburbs (an increase of 0.6 percent).
- In the suburbs, the LMI denial rate was 22.1 percent, while the MUI denial rate was 12.3 percent. From 2006 to 2010, the LMI denial rate decreased by 19.1 percent, while the MUI denial rate decreased by 27.4 percent.

Table 4.2: 2010 Share of Subprime Loans by Borrower Income, Philadelphia vs. Suburbs

Total	Pct. Of Prim Loans	Pct. Of Subprime Loans	Pct. Of Households	Denial Rate
Low (<50%MSA Income)	4.5%	18.5%	21.2%	31.5%
Moderate (50-79.99% MSA Income	15.4%	26.1%	17.3%	18.6%
Middle (80-119.99% MSA Income)	24.1%	24.3%	20.3%	14.1%
Upper (120% or More MSA Income	55.9%	31.2%	41.2%	11.4%
LMI(<79.99% MSA Income)	19.9%	44.6%	38.5%	22.1%
MUI (>80% MSA Income	80.1%	55.4%	61.5%	12.3%

(See Appendix 2: Table 2 and 22.)

4.1.3 Home Lending in Philadelphia vs. Suburbs – by Tract Minority Level (see Table 4.3.)

- City minority tracts received 57 percent of all subprime loans, while suburban minority tracts received 4.7 percent of all subprime loans. This was an increase from 2009 of 12.3 percent and 43.4 percent, respectively. From 2006 to 2010, minority tract share of subprime loans decreased by 0.5 percent in the City, and by 34 percent in the suburbs.
- In 2010, 6.3 percent of loans in minority tracts were subprime. This was a decrease of 41.2 percent from 2009.
- Suburban minority tracts received 57.4 percent fewer subprime loans in 2010 than in 2009 (versus 42.6 percent fewer for City minority tracts). From 2006 to 2010, borrowers in suburban minority tracts received 96.3 percent fewer subprime loans, and borrowers in City minority tracts have received 94 percent fewer subprime loans.
- Both City and suburban borrowers in minority census tracts received prime loans about 93 percent of the time, an increase of over 4 percent for both groups from 2009 to 2010.
- In 2010, suburban borrowers in minority tracts were 7.5 times more likely to get subprime loans than borrowers in non-minority tracts, compared to 3.0 times in the City. In 2009, the suburban ratio was 4.1 and the City ratio was 2.5.
- The denial rates in suburban and City minority census tracts were 32.4 percent and 29.9 percent, respectively. This was a decrease of 4.2 percent and 10.9 percent, respectively, from 2009.

Table 4.3: 2010 Share of Prime Loans by Tract Minority Level, Philadelphia vs. Suburbs

Total	Pct. Of Prime Loans	Pct. Of Subprime Loans	Pct. Of All OOHU	Denial Rate
0-49% Minority	99.4%	95.3%	97.4%	14.8%
50-100% Minority	0.6%	4.7%	2.6%	32.4%

(See Appendix 2: Table 3 and 23.)

4.1.4 Home Lending in Philadelphia vs. Suburbs – by Tract Income Level (see Table 4.4)

- In the suburbs, the percentage of prime, subprime, and all loans increased with the census tract's income level.
- LMI tracts in the City received 48.9 percent of all prime loans and 73.4 percent of all subprime loans; this was a 2.7 percent increase in prime loan share and a 5.2 percent increase in subprime loan share from 2009. Suburban LMI tracts received 2.5 percent of all prime loans and 9.3 percent of all subprime loans; these represent a 6.9 percent decrease and a 9.9 percent increase, respectively, from 2009 to 2010.
- Of all loans to suburban LMI tracts, 3.1 percent were subprime, compared to 0.8 percent of loans for MUI tracts. Of all loans to LMI tracts in the City, 5.8 percent were subprime, compared to 2.1 percent of loans for MUI tracts in 2010.

- City applicants in LMI tracts were denied 27.1 percent of the time, compared to a rate of 24.1 percent in the suburbs.
- In the City, LMI residents were 1.46 times more likely to be denied than MUI residents; in the suburbs they were 1.64 times more likely to be denied than MUI residents. This is compared to the 2009 denial rates of 1.60 for City LMI applicants and 1.74 for suburban LMI applicants.

Table 4.4: 2010 Share of All Loans by Tract Income Level, Philadelphia vs. Suburbs

Total	Percent of Prime Loans	Percent of Subprime Loans	Percent of All OOHU	Denial Rate
Low(<50% MSA Income)	0.1%	1.0%	0.8%	37.1%
Moderate (50-79.99% MSA Income)	2.4%	8.3%	4.8%	23.2%
Middle (80-119.99% MSA Income)	28.2%	43.3%	35.5%	17.6%
Upper (120%or More MSA Income)	69.2%	47.4%	58.9%	13.3%
LMI (<79.99% MSA Income)	2.5%	9.3%	5.6%	24.1%
MUI (>80% MSA Income)	97.5%	90.7%	94.4%	14.7%

(See Appendix 2: Table 4 and 24.)

4.1.5 Home Lending in Philadelphia vs. Suburbs – by Borrower Gender (see Table 4.5)

- In all years studied, joint (male/female) applicants were the most likely to be approved in both the City and the suburbs.
- Similar to previous years of the study, joint applicants were the most likely to receive prime loans in the suburbs.
- Of all loans to joint applicants in the City, 97 percent were prime, an increase of 1.6 percent from 2009 to 2010. Of all loans to joint applicants in the suburbs, 99.3 percent were prime, an increase of 1.7 percent.
- In 2010, females received 50.4 percent of subprime loans in the City (an increase of 15.9 percent from 2009) and 29.6 percent subprime loans in the suburbs (an increase of 24.3 percent from 2009).
- Male applicants received 25.5 percent of the subprime loans in the City and 24.7 percent of subprime loans in the suburbs. This was a decrease of 23.8 percent in the City and a 10.6 percent increase in the suburbs.
- Males received subprime loans at 1.14 times the rate of their share of households in 2010 in the City, and 1.39 times more in the suburbs. This was a decrease from 1.49 in the City, and an increase from 1.26 in the suburbs in 2009.

  Male borrowers were denied at a rate of 24.6 percent in the City and 17.1 percent in the suburbs. This was a decrease of 7.1 percent and 5.8 percent, respectively, from 2009 to 2010.

- Female borrowers were denied at a rate of 24.5 percent in the City and 17.2 percent in the suburbs. This was a decrease of 7 percent and 1.7 percent, respectively, from 2009 to 2010.
- Joint applications were denied 17.5 percent in the City and 11.3 percent in the suburbs. This was a decrease of 10.9 percent and 9.3 percent, respectively, from 2009 to 2010.

Table 4.5: 2010 Share of Prime Loans by Borrower Gender, Philadelphia vs. Suburbs

Total	Pct. Of Prime Loans	Pct. Of Subprime Loans	Pct. Of Households	Denial Rate
Male	21.8%	24.7%	17.8%	17.1%
Female	17.0%	29.6%	28.6%	17.2%
Joint (Male/Female)	61.2%	45.6%	56.5%	11.3%

(See Appendix 2: Table 5 and 25.)

4.2 Home Lending in Philadelphia vs. Comparison Cities

Philadelphia, Baltimore, Detroit, and Pittsburgh have many similarities. All of these cities (with the exception of Philadelphia) have had declining populations since 2000, according to US Census estimates. With the exception of Pittsburgh, the majority of households in these cities are headed by minorities, and the cities all have aging housing stock and infrastructure. Female householders occupy between 43 and 49 percent of the households in all four cities.

Between 2006 and 2010, lending decreased in all four cities, particularly in Detroit (which saw a 88.8 percent decline during that time period) and particularly for subprime loans (which saw declines from 94 percent to 99.2 percent, depending on the city). In 2010, 3.9 percent of loans in Philadelphia were subprime, compared to 6.3 percent in Baltimore, 15.2 percent in Detroit, and 1.8 percent in Pittsburgh (see Table 4.6).

Between 2009 and 2010, there were decreases across cities in home lending. Only Pittsburgh increased the number of prime loans issued (of 0.8 percent), which failed to lead to an increase in total loans for Pittsburgh, as subprime lending decreased by 80.1 percent. Detroit had the greatest decrease in prime loans (42.9 percent) and the greatest decrease in total loans (46.7 percent). Prime and total loans for Baltimore decreased by about 24 percent between 2009 and 2010 (see Table 4.6).

Table 4.6: All Loans, Philadelphia vs. Comparison Cities

2010	Prime Loans	Subprime Loans	Total Loans
Philadelphia	20,780	852	21,632
Baltimore	6,8580	460	7,318
Detroit	593	106	699
Pittsburgh	4,299	80	74,379
2009	**Prime Loans**	**Subprime Loans**	**Total Loans**
Philadelphia	24,490	1,669	26,159
Baltimore	8,985	592	9,577
Detroit	1,038	273	1,311
Pittsburgh	4,265	402	4,667
2008	**Prime Loans**	**Subprime Loans**	**Total Loans**
Philadelphia	19,638	3,995	23,633
Baltimore	8,517	1,692	10,209
Detroit	1,967	1,142	3,109
Pittsburgh	3,015	776	3,791
2006	**Prime Loans**	**Subprime Loans**	**Total Loans**
Philadelphia	25,131	14,093	39,224
Baltimore	23,743	10,997	34,740
Detroit	5,299	13,011	18,310
Pittsburgh	3,563	1,622	5,185
2009-2010 Difference	**Prime Loans**	**Subprime Loans**	**Total Loans**
Philadelphia	-15.2%	-49.0%	-17.3%
Baltimore	-23.7%	-22.3%	-23.6%
Detroit	-42.9%	-61.2%	-46.7%
Pittsburgh	+0.8%	-80.1%	-6.2%
2006-2010 Difference	**Prime Loans**	**Subprime Loans**	**Total Loans**
Philadelphia	-17.3%	-94.0%	-44.9%
Baltimore	-71.1%	-95.8%	-78.9%
Detroit	-88.8%	-99.2%	-96.2%
Pittsburgh	20.7%	-95.1%	-15.5%

4.2.1 Home Lending in Philadelphia vs. Comparison Cities – by Borrower Race (see Table 4.7, Table 4.8, Table 4.9, and Table 4.10)

(See Appendix 2: Tables 1, 41, 46, and 51.)

- Similar to trends of previous study years, Philadelphia, Baltimore, Detroit, and Pittsburgh all showed a disparity in prime lending to African Americans compared to their share of households, with Detroit showing the least disparity in 2010 (0.87).
- In 2010, African Americans were issued subprime loans 9.2 percent of the time in Philadelphia (down from 13.9 percent in 2009), compared to 16.8 percent in Baltimore, 19.5 percent in Detroit, and 3.2 percent in Pittsburgh.
- African American borrowers were 4.6 times as likely to receive a subprime loan relative to White borrowers in Philadelphia, compared to 9.1 times as likely in Baltimore, 2.6 times as likely in Detroit, and 1.8 times as likely in Pittsburgh.
- In 2010, the denial ratio between African American and White borrowers was highest in Baltimore, with a score of 1.94. Pittsburgh had the second highest ratio, with a score of 1.93, a decrease from 2.03 in 2009. This ratio increased in Baltimore from 1.87 in 2009 to 1.94 in 2010.
- In Detroit, the denial ratio between African American and White borrowers remained flat from 2009 to 2010 at 1.28.

Table 4.7: 2010 African American Proportion of Prime Loans and Households, Philadelphia vs. Comparison Cities

City	African American Percent of All Loans	African American Percent of All Households
Philadelphia	20.7%	40.2%
Baltimore	33.3%	58.9%
Detroit	72.8%	80.1%
Pittsburgh	6.4%	24.1%

Table 4.8: 2010 African American to White Denial Ratio, Philadelphia vs. Comparison Cities

City	African American to White Denial Ratio
Philadelphia	1.84
Baltimore	1.94
Detroit	1.28
Pittsburgh	1.93

- Hispanic borrowers in Baltimore received a percentage of prime loans that exceeded the percentage share of Hispanic households (1.1). This was also true for Philadelphia, with a ratio of 1.1.
- In Detroit, 7.7 percent of Hispanic borrowers received subprime loans, compared to 6.3 percent in Philadelphia, 2.6 percent in Pittsburgh, and 6.5 percent in Baltimore.
- In 2010, the greatest disparity between Hispanic and White denial rates was in Baltimore, where Hispanics were 1.9 times more likely to be denied than Whites. This was an increase from the disparity denial ratio of 1.6 in 2009.
- Hispanic borrowers in Detroit were as likely to receive a subprime loan and more likely to receive a prime loan relative to White borrowers. The proportion ratio for the two groups were the closest of any of the comparison cities (1.00 for prime loans and 1.03 for subprime loans).
- Hispanic borrowers in Philadelphia were denied 1.53 times more often than Whites, compared to 1.63 times in Baltimore, 1.35 times in Detroit and 1.13 times in Pittsburgh. Excluding Baltimore, the ratios in all cities decreased from 2009 to 2010. The Hispanic to White denial ratio increased by 17.4 percent in Baltimore from 2009 to 2010.

Table 4.9: White and Hispanic Market Share of Subprime Loans, Philadelphia vs. Comparison Cities (2010)

City	Percent of Whites Receiving Subprime Loans	Percent of Hispanics Receiving Subprime Loans
Philadelphia	2.0%	6.3%
Baltimore	1.8%	6.5%
Detroit	7.4%	7.7%
Pittsburgh	1.8%	2.6%

- In Philadelphia, Detroit, and Baltimore, Asian borrowers received prime loans at a proportion that was greater than their share of households. Detroit offered the second-highest ratio of 1.4, after Philadelphia's 1.7. Asian borrowers in Pittsburgh received prime loans at a proportion that was less than their share of households, with a ratio of 0.8.
- In both Pittsburgh and Baltimore, Asians were less likely than Whites to receive subprime loans, similar to previous years of the study. Following the trend from 2009, Asians in Philadelphia were more likely than Whites to receive a subprime loan, with a share of 2.69. However, since no subprime loans were issued to Asians in Detroit, their share was 0.00 for subprime lending in the city.
- Asians were denied at a higher rate relative to Whites in Baltimore and Philadelphia (1.41 and 1.40, respectively). There were denied at a lesser rate in Detroit (0.98) and in Pittsburgh (0.86).

Table 4.10: Percentage of Prime Loans to Household Share for Asians, Philadelphia vs. Comparison Cities (2010)

City	Asian Prime Share to Household Share Ratio
Philadelphia	1.74
Baltimore	1.36
Detroit	1.42
Pittsburgh	0.82

4.2.2 Home Lending in Philadelphia vs. Comparison Cities – by Borrower Income (see Table 4.11)

- Similar to all prior years of the study, LMI borrowers received a smaller proportion of prime loans than their share of households in all four cities in 2010.
- Philadelphia's ratio of prime loans to LMI borrowers, compared to household share, was the second-highest of all cities at 0.73, while Pittsburgh had the lowest ratio of 0.56. Detroit had the highest ratio of prime loans to LMI borrowers compared to household share, with a ratio of 0.82. The cities held the same order in 2009 and 2008.
- In all of the four cities, borrowers in all income categories were more likely to receive prime loans than subprime loans.
- Pittsburgh had the greatest disparity in subprime lending, with LMI borrowers 3.37 times as likely to receive a subprime loan compared to an MUI borrower. Pittsburgh was followed by Detroit, where LMI borrowers were 3.01 times as likely to receive subprime loans as MUI borrowers.
- LMI borrowers in Philadelphia and Baltimore were also more likely than MUI borrowers to receive subprime loans; with LMI borrowers 2.78 times as likely to receive subprime loans relative to MUI borrowers in Philadelphia and 1.70 times as likely in Baltimore.
- For the first time in the study, Philadelphia's denial rate for LMI applicants (27.4 percent) was the lowest of all four cities.
- At 61 percent, Detroit's denial rate for LMI applicants was the highest, and for the first time showed some dissimilarity from the MUI denial rate of 48 percent. Detroit's denial rate for LMI applicants increased from 56.7 percent in 2009.
- The denial rate for LMI applicants decreased across all cities (excluding Detroit), with Philadelphia seeing the greatest decrease of 8.6 percent from 2009 to 2010. The denial rate for LMI applicants increased in Detroit by 7.6 percent from 2009 to 2010.

(See Appendix 2: Tables 2, 42, 47, and 52.)

Table 4.11: LMI, MUI Denial Rate, Philadelphia vs. Comparison Cities (2010)

City	LMI Denial Rate	MUI Denial Rate
Philadelphia	27.4%	17.9%
Baltimore	28.5%	16.4%
Detroit	61.0%	48.0%
Pittsburgh	28.3%	16.1%

4.2.3 Home Lending in Philadelphia vs. Comparison Cities – by Tract Minority Level (see Table 4.12)

- As in all years in the study, in Philadelphia, Baltimore, and Pittsburgh, borrowers in minority tracts received prime loans at a smaller proportion than their share of households. Similarly, borrowers in minority tracts in Detroit received prime loans at exactly the same proportion as their share of households in 2010.
- Similar to 2009, Pittsburgh had the greatest disparity of prime loans to household proportion for minority tracts, with 6.4 percent of prime loans compared to 16.5 percent of households (giving a ratio of 0.39). Philadelphia and Baltimore followed with the next highest disparity with 29.4 percent of prime loans compared to 49.0 percent of households and 35.9 percent of prime loans compared to 60.2 percent of households, respectively (a ratio of 0.6). Disparities for Baltimore decreased from 2009 to 2010 and increased for Philadelphia and Pittsburgh.
- In all of the four cities, both minority tracts and non-minority tracts were more likely to receive prime loans than subprime loans. This is a trend that began in 2007, and has increased (more prime loans than subprime loans) each year.
- Minority tract borrowers in Philadelphia were 3.03 times as likely to receive subprime loans relative to borrowers in non-minority tracts. In Baltimore, minority tract borrowers were 7.7 times as likely to receive subprime loans.
- Lenders issued subprime loans to Detroit borrowers in minority tracts 15.2 percent of the time and in non-minority tracts 15.4 percent of the time. This was a decrease of 26.8 percent and 33.3 percent, respectively, from 2009 to 2010.
- In 2010, lenders denied applicants in minority areas of Philadelphia about 1.54 times more often than applicants in non-minority areas, which was a decrease from the 2009 ratio of 1.69.
- Applicants in minority tracts in Pittsburgh were denied 1.77 times as often as applicants in non-minority areas in 2010, which was a decrease from 2.00 times as often in 2009.
- Minority tract applicants in Detroit were denied 0.83 times as often as applicants in non-minority tract applicants, a decrease from the 1.28 denial ratio of 2009.
- The denial ratio for minority tract applicants in Baltimore increased slightly from 2009 to 2010 (1.65 to 1.71, respectively).

(See Appendix 2: Tables 3, 43, 48, and 53.)

Table 4.12: Percent of Prime Loans, Households in Minority Tracts, Philadelphia vs. Comparison Cities (2010)

City	Minority Tract Precent of Prime Loans	Minority Tract Percent of All Households
Philadelphia	29.4%	49.0%
Baltimore	35.9%	60.2%
Detroit	96.3%	96.3%
Pittsburgh	6.4%	16.5%

4.2.4 Home Lending in Philadelphia vs. Comparison Cities – by Tract Income Level (see Table 4.13)

- Similar to the pattern from 2009, borrowers in Philadelphia's, Detroit's, and Pittsburgh's middle income tracts received the greatest percentage of prime loans. Borrowers in moderate income tracts received the highest percentage of prime loans in Baltimore.
- As in prior years of the study, borrowers in LMI tracts in all four cities received a smaller percentage of prime loans than the share of housing units in those areas in 2020.
- In Baltimore, borrowers in LMI tracts were 4.73 times more likely to receive a subprime loan as borrowers in MUI tracts. This was the city with the greatest disparity between these two groups. The city with the least disparity was Detroit, where borrowers in LMI tracts 0.87 times more likely to receive subprime loans as those in MUI tracts.
- As in 2007, 2008, and 2009, the city with the highest denial rate for applicants in LMI tracts in 2010 was Detroit, where 61.7 percent received denials. Pittsburgh followed with 28.2 percent, then Philadelphia with 27.1 percent and Baltimore with 25.3 percent. The cities kept the same order in 2010 as they did in 2009.
- The denial rates decreased and increased across tract income groups and cities between 2009 and 2010. Rates increased across all tract income groups in Detroit (excluding the upper income tract group, whose denial rate decreased by 8.5 percent). Denial rates decreased across all tract income groups in Philadelphia (excluding the middle income tract group, whose denial rate increase slightly by 0.5 percent from 2009 to 2010). Denial rates decreased across all tract income groups in Baltimore, with the upper income tract group showing the greatest decrease of 18.3 percent from 2009 to 2010. Pittsburgh denial rates increased and decreased from 2009 to 2010: low income tract applicant denials decreased by 21.1 percent while middle income tract applicant denials increased by 3.8 percent. The overall denial rate in Pittsburgh decreased by 4.6 percent from 2009 to 2010.
- The difference in denial rates between applicants in LMI and MUI tracts was greatest in Baltimore, where the ratio was 1.64 (LMI denial rate/MUI denial rate), followed by Pittsburgh with a ratio of 1.54. The city with the lowest disparity was Detroit, with a ratio of 1.26.

(See Appendix 2: Tables 4, 44, 49, and 54.)

Table 4.13: LMI, MUI Tracts Percent Receiving Subprime Loans, Philadelphia vs. Comparison Cities (2010)

City	LMI Tract Percent Receiving Subprime Loans	MUI Tract Percent Receiving Subprime Loans
Philadelphia	5.8%	2.1%
Baltimore	9.7%	2.0%
Detroit	13.8%	15.8%
Pittsburgh	3.3%	1.4%

4.2.5 Home Lending in Philadelphia vs. Comparison Cities – by Borrower Gender

- As in previous years of the study, in all cities, female borrowers received a share of prime loans that was lower than their share of households. Female borrowers in Detroit had the highest rate of prime loans to households at 0.98. This ratio was the slightly higher than the 2009 ratio of 0.95.
- Philadelphia's ratio of female borrowers who received a share of subprime loans was closest to their share of households, with a ratio of 1.12.This was followed by Baltimore with 1.16, Detroit with 1.18 (the city with the highest ratio), and Pittsburgh with 0.67.
- In all cities, joint borrowers were most likely to receive prime loans. Unlike 2009, where male borrowers were more likely to receive prime loans, in Detroit, joint borrowers were far more likely to receive prime loans in 2010. Joint borrowers received prime loans 90.1 percent of the time, compared to male borrowers (85.5 percent) and female borrowers (81.7 percent).
- As in all previous years of the study, in every city except Pittsburgh, female borrowers received a greater share of subprime loans than male or joint borrowers. In Pittsburgh, females (2.0 percent) received a higher percentage of subprime loans than joint borrowers (1.2 percent), but lower than male borrowers (2.4 percent).
- The number of applications dropped in all categories and in all cities, between 2009 and 2010. The greatest decrease occurred in Detroit, where male applications dropped by 51.3 percent from 2009 to 2010.
- Denial rates decreased for all groups in all cities from 2009 to 2010, except for Detroit, which saw increases across all groups. Joint applicants saw the greatest decrease in denial rates in the cities which had decreases, declining by 10.9 percent in Philadelphia, 10.9 percent in Baltimore, and 1.1 percent in Pittsburgh. The overall denial rate increased by 7.2 percent in Detroit from 2009 to 2010, with the greatest increase occurring in the joint applicants group, at 11.8 percent.
- Baltimore and Pittsburgh both had female denial rates that exceeded male denial rates at 24.7 percent and 22.7 percent, respectively. Philadelphia and Detroit had male denial rates that exceeded female denial rates by one percentage point, at 24.6 percent and 54.5 percent, respectively. Joint applicant denial rates were Baltimore, Pittsburgh, and Philadelphia were all around 17 percent, while the denial rate for Detroit joint applicants was 51.1 percent in 2010.
- The ratio of female denial rates compared to male denial rates was very small in all cities, with Baltimore showing the greatest disparity, of 1.05 female denials for every male denial. This disparity increased by 2.0 percent from 2009.

(See Appendix 2: Tables 5, 45, 50, and 55.)


211

5.0 HOME LENDING TO NON-OWNER-OCCUPIED BORROWERS

In 2010, 10.3 percent of all loans were made to non-occupant investors, an increase from 7.8 percent in 2009. The number of non-owner-occupied loans increased by 12.6 percent from 2009 to 2010 (after decreasing 46.3 percent from 2008 to 2009), while the number of owner-occupied loans decreased by 17.3 percent from 2009 (after increasing 10.7 percent from 2008 to 2009). Subprime loans comprised 4.2 percent of all non-owner-occupied loans (a decrease from the 7.5 percent of 2009), a higher share than the 3.9 percent of subprime loans for owner-occupied borrowers (a decrease from 6.4 percent).

5.1 Home Lending to Non-Owner-Occupied Borrowers – by Borrower Race

- Asian borrowers received nearly three times the share of non-occupant loans than their percentage of City households in 2010, slightly decreasing their share from the past three years.
- Most non-occupant loans went to White borrowers, by a margin that increased from 70.6 percent in 2009 to 74.4 percent in 2010.
- The number of non-occupant loans increased for each racial category (excluding African Americans) from 2009 to 2010. Whites saw the greatest increase in non-occupant loans at 23.9 percent between 2009 and 2010. African American non-occupant loans decreased 7.5 percent during this same period. From 2006 to 2010, non-occupant loans decreased across all racial categories. The number of non-occupant loans to Hispanics decreased by 86.2 percent, the greatest decrease of any racial category.
- All racial categories received more prime loans than subprime in 2010, similar to 2009.
- For the first time in four years, the percentage of Hispanic borrowers receiving prime loans decreased from 2009 to 2010 by 0.2 percent. Borrowers in other racial categories all saw increases, with African Americans seeing the greatest increase between 2009 and 2010, at 10.4 percent (from 84.5 percent in 2009 to 93.3 percent in 2010)
- Following a reversal in the usual pattern in 2009, Hispanic non-occupant investors were again less likely than Hispanic owner-occupied borrowers to receive a prime loan (88.7 percent compared to 93.7 percent, respectively).

- The non-owner-occupant denial rate decreased by 5 percent from 2009 to 30.3 percent in 2010.
- Unlike prior years of the study, denial rates decreased for every racial category from 2009 to 2010.
- In 2010, the greatest decrease from 2009 in denial rates (11.3 percent) was for White investors. Hispanic investors saw the second greatest decrease from 2009 (4.0 percent).
- From 2006 to 2010, Asian investors saw the greatest increase in denial rates (88.7 percent). The overall denial rate increased by 16.4 percent during that time period.
- In 2009, Hispanic investors had the highest denial rate at 50.3 percent. This trend continued in 2010, where Hispanic applicants were denied 48.3 percent of the time. African American applications in 2010 were denied at a rate of 47 percent.

(See Appendix 2: Table 56.)

5.2 Home Lending to Non-Owner-Occupied Borrowers – by Borrower Income

- 62.2 percent of prime non-owner-occupied loans went to investors in the upper income group, compared to 56.8 percent in 2009. Similar to 2009, as income levels increased, so did the percentages of prime and subprime loans.
- The middle-to-upper income group (MUI) received 81.3 percent of prime loans made, compared to 18.7 percent for the low-to-moderate income group (LMI). In 2009, the LMI received 23.6 percent of all prime loans.
- The disparity between the share of prime loans and the share of households was lower for MUI owner-occupied borrowers (1.57) than for non-occupant MUI investors (2.52).
- In 2010, the share of prime loans for LMI borrowers decreased from 2009, while the share of subprime loans increased. LMI borrowers received 18.7 percent of prime loans (down from 23.6 percent in 2009); and 33.7 percent of subprime loans (up from 24.5 percent in 2009).
- The proportion of non-occupant prime loans going to LMI tracts slightly increased by 1 percent between 2009 and 2010. From 2006 to 2010, this proportion has increased by 102 percent.
- In 2010, all groups received more prime loans than subprime loans, continuing the trend from the previous two years.
- More than 4 out of 10 applications for LMI investors were denied, remaining largely unchanged from 2007, 2008 and 2009.
- Denial rates decreased from 2009 for both LMI and MUI investors to 2.9 percent and 9.3 percent, respectively.

(See Appendix 2: Table 57.)

5.3 Home Lending to Non-Owner-Occupied Borrowers – by Tract Minority Level

- A greater proportion of loans went to non-minority tracts in 2010 (60.1 percent) than in 2009 (53.3 percent).
- Minority census tracts received 39.4 percent of prime loans (a decrease from 45.5 percent in 2009) and 50.5 percent of subprime loans (a decrease from 61.7 percent in 2009).
- In 2010, investors in both groups received more prime loans than subprime loans, a trend similar to that of the past two years.
- The proportion of prime loans to borrowers in minority tracts increased by 5.1 percent from 2009 to 2010. From 2006 to 2010, this proportion increased by 114.6 percent.
- From 2006 to 2010, denial rates increased for both groups, with non-minority tract applicants seeing the greatest increase of 33.8 percent.
- Between 2009 and 2010, the denial rate for minority tract applicants increased by 2.6 percent.
- For every denial in a non-minority tract, there were 1.39 denials in a minority tract. This was a decrease from the 2009 ratio of 1.21.

(See Appendix 2: Table 58.)

5.4 Home Lending to Non-Owner-Occupied Borrowers – by Tract Income Level

- In all four years studied, moderate income tracts received the most loans. In 2010 these borrowers received 41.5 percent of loans, down from the 42.5 percent received in 2009.
- The share of loans to low income tract borrowers decreased by 13.5 percent from 2009 to 2010; while the share of loans to middle income tract borrowers increased by 7.7 percent.
- 73.4 percent of owner-occupied subprime loans went to borrowers in LMI tracts in 2010, compared to 78.1 percent non-owner-occupied subprime loans that went to LMI tracts.
- In 2010, all groups received fewer subprime loans compared to 2009, with borrowers in upper income tracts seeing the greatest decrease of 50 percent.
- From 2006 to 2010, subprime loans to all groups decreased. Borrowers in LMI tracts saw a decrease of 97.9 percent, and borrowers in MUI tracts saw a decrease of 94.2 percent.
- All groups received more prime loans than subprime loans in 2010. This was also true in 2007, 2008, and 2009. Though in 2006, only 43.3 percent of loans were prime in low-income tracts. The remaining groups received more prime loans than subprime loans in 2006.
- The percentage of prime loans to each group increased with tract income level. 99.4 percent of loans to upper income tract investors were prime loans in 2010.
- Investors in LMI tracts received prime loans 94.9 percent of the time (an increase from 90.7 percent of the time in 2009), compared to 97.4 percent of the time for MUI tract investors (an increase from 96.3 percent in 2009).
- Borrowers in LMI areas were 2.01 times as likely to receive a subprime loan as borrowers in MUI tracts. This was a decrease from 2.50 in 2009, and an increase from 2.06 in 2006.

- The number of applications increased across all groups (excluding low-income tract applicants) from 2009 to 2010, with the number of upper income tract applications increasing the most at 44.9 percent between 2009 and 2010. Low income tract applications decreased by 0.4 percent during this period. All groups have decreased from 2006 to 2010, with low income tract applicants having the largest decrease, at 80.9 percent.
- Denial rates increased for all but low income tract applicants. From 2009 to 2010 the denial rate for moderate income tract applicants decreased the most, by 9.9 percent. Low income tract denial rates increased by 4.5 percent from 2009 to 2010. From 2006 to 2010, the upper income tract denial rate has increased the most, by 125.1 percent.
- The denial rate was 32.4 percent for LMI non-occupant borrowers and 25.8 percent for MUI non-occupant borrowers in 2010.

(See Appendix 2: Table 59.)

5.5 Home Lending to Non-Owner-Occupied Borrowers – by Borrower Gender

- In 2010, male non-occupant investors received less than 50 percent of loans, continuing the trend from the past two years.
- Females received 17 percent of all prime loans (compared to 18.7 percent in 2009) and 23 percent of all subprime loans (compared to 21.3 percent in 2009).
- Prime loans increased for all groups between 2009 and 2010. Joint investors saw the largest increase, at 26 percent. Prime loans decreased between 2006 and 2010, with male investors seeing the largest decrease, at 69.8 percent.
- Male and female investors received prime loans over 90 percent of the time, at 94.9 percent and 93.8 percent of the time, respectively. This is in comparison to the likeliness of 2006, which was 49.1 percent for males and 48.3 percent for females.
- Joint applicants were most likely to receive a prime loan (96.4 percent of the time). This was a slight increase from 2009, when they received prime loans 94.2 percent of the time.
- All categories saw an increase in applications from 2009 to 2010, with joint applicants seeing the highest increase, at 20.6 percent. From 2006 to 2010, applications decreased by over 71 percent, with male applications decreasing the most, at 82 percent.
- From 2009 to 2010 the denial rate decreased for all groups (excluding females), with male investors seeing the greatest decrease, at 11.1 percent. Female denial rates increased by 4.4 percent from 2009 to 2010. From 2006 to 2010, denial rates for all groups increased, with female denial rates seeing the highest increase, at 33.2 percent.
- The denial rates were higher for non-occupant male, female and joint borrowers compared to owner-occupied male and female borrowers. Both male and female non-occupant denial rates exceed occupant denial rates by more than 20 percent.

(See Appendix 2: Table 60.)


BANK

6.0 CITY DEPOSITORIES AND HOME LENDING

6.1 City Depositories in Aggregate

In 2010, 10 banks were designated as City of Philadelphia depositories: Bank of America, Citigroup, Citizens Bank, City National, TD Bank, M&T Bank, PNC Bank, Republic First Bank, United Bank of Philadelphia, and Wells Fargo. Of these 10, only seven originated more than 25 loans, a pre-established threshold for inclusion in this analysis; based on this criteria, City National, Republic First Bank, and United Bank were excluded from all depository rankings.

City depositories in aggregate received over 13,800 loan applications and originated over 6,700 prime loans and 170 subprime loans totaling $2.3 billion in 2010. Thus, these 10 depositories together represented over one third of all applications and prime loans, one fifth of all subprime loans, and nearly two-thirds of the total loan amount within the City (see Table 6.1). The total amount of lending at all institutions in the City was $3.8 billion, down from $4.5 billion the previous year.

Table 6.1: Loan Applications and Originations for City Depositories

	APPLICATIONS	PRIME LOANS	SUBPRIME LOANS	TOTAL LOAN AMOUNT
2010 – Depositories	13,862	6,724	172	$2.3B
2010 – All Banks	40,767	20,780	852	$3.8B
2009 – Depositories	16,994	7,990	640	$1.5B
2009 – All Banks	50,114	24,490	1,669	$4.5B
2010 – Proportion of DepositoriesTo All Banks	34%	32%	20%	61%
2010 – Proportion of DepositoriesTo All Banks	34%	33%	38%	33%

(See Appendix 2: Tables 61, 62, 66, and 67.)

6.2 Ranking of Depositories – Home Purchase Lending

Thirteen factors were combined to create a composite score for prime home purchase lending performance for each depository: The percentage of loans originated, raw number of loans and denial ratios for African Americans, Hispanics and low and moderate income (LMI) borrowers were each weighted one-tenth of the composite score. Four additional neighborhood-related factors were collectively weighted as one-tenth of the composite score: the percentage of loans originated in LMI census tracts, the percentage of loans originated in minority tracts, and the denial ratios for those two types of tracts. This weighting has the effect of equalizing the playing field between higher-volume and lower-volume depositories (see Table 6.2).

Table 6.2: Factors upon Which City Depositories Were Ranked in Home Lending

Factor	Weight
% Loan Originated to African American Borrowers	10%
Raw Number of Loans to African American Borrowers	10%
Denial Ratio, African American Applicants vs. White Applicants	10%
% Loans Originated to Hispanic Borrowers	10%
Raw Number of Loans to Hispanic Borrowers	10%
Denial Ratio, Hispanic Applicants vs. White Applicants	10%
% Loan Originated to Low and Moderate Income Borrowers	10%
Raw Number of Loans to Low and Moderate Income Borrowers	10%
Denial Ratio, Low and Moderate Income Applicants vs. Middle and Upper Income Applicants	10%
% Prime Loans Originated in Low to Moderate Income CensusTracts	2.5%
% Prime Loans Originated in Minority Tracts	2.5%
Denial Ratio, Low to Moderate Income Tractsvs. Middle and Upper Income Tracts	2.5%
Denial Ratio, Minority Tracts vs. Non-Minority Tracts	2.5%
Total for 13 Factors	100%

For each factor, a depository received a score according to how different it was from the average lender in Philadelphia. If the depository was better than average, the score is positive; if it was below average, the score is negative. These 13 scores were added together to form the depository's overall rating score. A rating score that is close to zero means that the lender was an average lender in Philadelphia. A positive rating score means that the depository was above average; and the higher the score, the more above average the depository was.

Again, only lenders in Philadelphia that originated 25 loans or more in 2010 were included in the calculations. As a result, City National, Republic First Bank, and United Bank were excluded from all depository rankings. Including such small lenders in the ratings would produce unreliable and unusable results[1]

1 See Appendix 2: Table 66 for more performance information on depositories that were not ranked.

In 2010, Wells Fargo ranked first, followed by Citizens Bank. Wells Fargo maintained its first place ranking from 2009, while Citizens improved from 4th place to second. CitiGroup, which was seventh in 2008, increased its home purchase prime loans from 13 in 2009 to 20 in 2010, but was still not eligible for this ranking. M&T Bank ranked sixth with a negative composite score of -0.85, indicating it performed worse than the average home mortgage lender in the City in 2010. While TD Bank slipped from sixth to fourth place with a composite score of 2.52. PNC remained in fifth, with 1.01 (see Table 6.3).[2]

Table 6.3: 2010 Ranking of City Depositories – Home Purchase Lending

2010 Ranking	City Depository	2010 Composite Score	2009 Ranking
1	Wells Fargo (Wachovia)	23.78	1
2	Citizens Financial Group, Inc	16.58	4
3	Bank of America	8.07	3
4	TD Bank North	2.52	6
5	PNC Financial Service Group	1.01	5
6	M&T Bank	-0.85	7

6.3 Aggregate Analysis of Depositories

6.3.1 Home Purchase Loans

- The number of applications decreased by 28.4 percent from 2009 to 2010, while the number of denials decreased by 8.4 percent from 2009 to 2010.
- City depositories issued 24.3 percent of their prime loans to African Americans, 8.0 percent to Hispanics, 7.7 percent to Asians, and 38.7 percent to borrowers in minority tracts.
- Prime loans from City depositories decreased by 27.9 percent for African American borrowers and decreased by 21.5 percent for Hispanic borrowers between 2009 and 2010. From 2009 to 2010, prime loans to Asian borrowers decreased by 45.3 percent and by 22.2 percent for borrowers in minority tracts.
- City depositories issued 62.8 percent of their loans to LMI borrowers and 60.8 percent to borrowers in LMI census tracts. From 2009 to 2010, prime loans to LMI borrowers from City depositories have decreased by 29.8 percent.
- Female borrowers received 41.3 percent of prime loans issued by City depositories, a percentage that decreased only slightly from 42.4 percent from 2009.
- African American applicants were denied by City depositories more than any other racial group, at a rate of 1.86 times for every denial issued to a white applicant. This was a significant difference from 2009, when the denial disparity was 1.50.
- Asian and Hispanic applicants were denied the least, at a rate of 1.80 denials per white denial.

(See Appendix 2: Table 63.)

2 See Appendix 2: Table 61, for additional ranking detail.

Table 6.4: Selected 2010 Results for City Depositories – Home Purchase Loans

Depository	Percent of Loans to African-Americans	Percent of Loans to Hispanics	Percent of Loans in Minority Tracts	Percent of Loans to LMI Borrowers	Percent of Loans to LMI Tracts	African-American to White Denial Ratio	Hispanic to White Denial Ratio	Asian to White Denial Ratio
Bank of America	16.1%	5.4%	29.4%	63.1%	57.4%	2.64	2.35	2.7
Citizens Financial Group, Inc.	39.9%	11.4%	52.8%	81.3%	78.4%	1.05	1.30	2.39
M&T Bank	16.3%	2.3%	44.2%	55.8%	44.2%	1.50	4.50	1.50
PNC	17.2%	5.7%	30.3%	52.5%	58.2%	2.04	2.28	1.38
TD Bank	15.8%	6.7%	35.0%	68.3%	62.5%	1.86	1.65	1.46
Wells Fargo	24.5%	8.5%	39.0%	57.2%	57.0%	2.40	2.05	1.55
All Depositories	24.3%	8.0%	38.7%	62.8%	60.8%	1.86	1.80	1.80
All Lenders	22.4%	9.9%	34.4%	61.2%	59.2%	1.81	1.20	1.53

6.3.2 Home Refinance Loans

- The number of applications for home refinance loans from City depositories decreased by 11.4 percent, the number of denials decreased by 13 percent, and the number of prime loans decreased by 7.4 percent between 2009 and 2010.
- City depositories issued 12.9 percent of the prime home refinance loans they made to African American borrowers, 3.9 percent to Hispanics, and 6.4 percent to Asians.
- The percent of refinance loans to African Americans, Hispanics, Asians, and minority tracts issued by City depositories changed greatly from 2009. The largest change was for number of prime loans to African Americans, which decreased by 12.2 percent from 2009 to 2010. The next largest change was in the percentage of loans to Asians, which decreased by 8.6 percent. Prime loans to Hispanic borrowers actually increased by 14.1 percent.
- City depositories issued 36.8 percent of their prime loans to LMI borrowers (up from 32.7 percent in 2009) and 41.2 percent of their prime loans to borrowers in LMI tracts (up from 40.1 percent in 2009).
- In 2010, Hispanic applicants were denied a loan 1.69 times as often as white applicants, an increase from 2.2 in 2009. This was the largest denial rate relative to white borrowers. Asians were denied the least, at a rate of 1.31 times per white denial, which decreased from 1.6 in 2009.

(See Appendix 2: Table 64.)

Table 6.5: Selected 2010 Results for City Depositories – Home Refinance Loans

Depository	Percent of Loans to African-Americans	Percent of Loans to Hispanics	Percent of Loans in Minority Tracts	Percent of Loans to LMI Borrowers	Percent of Loans to LMI Tracts	African-American to White Denial Ratio	Hispanic to White Denial Ratio	Asian to White Denial Ratio
Bank of America	14.3%	4.0%	28.4%	43.8%	44.5%	1.24	1.44	1.07
Citizens Financial Group, Inc.	9.2%	0.9%	25.9%	46.9%	39.9%	2.30	2.43	1.87
Citigroup	16.9%	4.6%	28.0%	39.8%	37.9%	2.62	1.79	0.96
M&T Bank	6.4%	4.3%	36.2%	29.8%	42.6%	0.00	0.00	5.75
PNC	20.0%	5.4%	40.3%	48.1%	50.8%	1.54	1.70	1.74
TD Bank	6.2%	1.2%	13.6%	34.6%	40.7%	1.63	1.63	1.03
Wells Fargo	11.8%	4.0%	25.6%	31.9%	39.4%	1.58	1.49	1.03
All Depositories	12.9%	3.9%	27.3%	36.8%	41.2%	168	1.69	1.31
All Lenders	12.4%	3.4%	25.1%	37.4%	40.8%	1.21	1.79	1.44

6.3.3 Home Improvement Loans

- The number of applications to City depositories for home improvement loans decreased by 34.1 percent and the number of denials decreased by 32.8 percent in 2010.
- City depositories issued 24.7 percent of their prime home improvement loans to African American borrowers, 3.3 percent to Hispanic borrowers and 3.3 percent to Asian borrowers.
- 39.7 percent of prime loans made by City depositories went to borrowers in minority census tracts (up from 34.6 percent in 2009).

  54.5 percent of prime home improvement loans were issued to LMI borrowers (up from 48.7 percent in 2009) and 59.6 percent to borrowers in LMI census tracts (up from 50.4 in 2009).
- In 2010, female borrowers received 49.8 percent of the prime loans made available by City depositories, an increase of 7.1 percent.
- City depositories denied Hispanics at the highest rate and Asians at the lowest rate for home improvement loans, just as they did in 2009. Hispanic applicants were denied 2.15 times for every white denial, an increase from 1.8 times in 2009; Asians were denied 1.77 times for every white denial, an increase from 1.3 in 2009.
- Applicants in minority census tracts received 1.68 denial notices for every notice sent to applicants in non-minority tracts in 2010. This is a decrease from 1.7 in 2009.

(See Appendix 2: Table 65.)

Table 6.6: Selected 2010 Results for City Depositories – Home Improvement Loans

Depository	Percent of Loans to African-Americans	Percent of Loans to Hispanics	Percent of Loans in Minority Tracts	Percent of Loans to LMI Borrowers	Percent of Loans to LMI Tracts	African-American to White Denial Ratio	Hispanic to White Denial Ratio	Asian to White Denial Ratio
PNC	39.7%	7.7%	51.3%	67.9%	70.5%	1.82	1.83	1.77
TD Bank	14.3%	0.0%	31.0%	42.9%	50.0%	1.79	2.32	1.81
Wells Fargo	23.4%	2.6%	32.5%	45.5%	48.1%	1.89	2.52	1.72
All Depositories	28.5%	3.8%	42.1%	54.5%	59.6%	1.90	2.15	1.77
All Lenders	24.7%	3.3%	39.7%	57.0%	58.5%	2.14	5.61	1.85

6.4 Disaggregated Depository Analysis

6.4.1 Bank of America

6.4.1.1 All Loans

- Issued 1,353 prime loans, a decrease of 21.9 percent from 2009.
- Applications decreased by 22.2 percent while denials decreased by 27.7 percent from 2009 to 2010.
- Exceeded City benchmarks for percent of loans issued to Asian borrowers for the second year in a row.
- Did not meet overall City averages in percentage of loans to African American, Hispanic, minority tract, LMI, or LMI tract borrowers, again for the second year in a row.

  Scored first in the percentage of prime loans issued to Asian borrowers (11.8 percent).
- Maintained prior year's ranking (5th), in the percentage of prime loans issued to African Americans while decreasing in the actual percentage from 2009 (to 15 percent in 2010 from 17.2 percent in 2009).
- Met or exceeded City denial rate benchmarks for every racial and ethnic category for 2010, similar to 2008 and 2009.

6.4.1.2 Home Purchase Loans

- Issued 540 prime home purchase loans, a decrease of 23.9 percent from 2009 to 2010.
- The number of applications decreased by 24.5 percent and the number of denials by 17 percent.
- Ranked 1st in percent of loans to Asians, similar to 2008 and 2009.
- Failed to meet City benchmarks for denial ratios of African Americans, Asians, and minority tract applicants.
- Met City benchmarks for loans to LMI borrowers and loans to females

6.4.1.3 Home Refinance Loans

- Issued 796 prime home refinance loans, a decrease of 20.2 percent from 2009.
- Ranked 1st in percentage of loans to Asian borrowers.
- Met or exceed City averages for all denial rates, excluding that for Asian applicants.
- Met or exceeded City averages in percent of loans to African American, Asian, minority, LMI, and LMI tract borrowers for the third year in a row.
- Failed to meet or exceed City benchmarks for percent of loans to female and Hispanic borrowers.

6.4.2 Citibank

6.4.2.1 All Loans

- Issued 291 prime loans, an increase of 24.9 percent from 2009 to 2010.
- Applications decreased by 25.6 percent and denials decreased by 52.7 percent between 2009 and 2010.
- Ranked 1st in Asian to white denial ratio, an improvement from the fifth place ranking of 2009.
- Exceeded City benchmarks in percentage of loans to African American and female borrowers.
- Failed to meet City benchmarks for minority tract, African American, and Hispanic denial ratios.

6.4.2.2 Home Refinance Loans

- Issued 261 prime loans for home refinancing, an increase of 22.5 percent from 2009 to 2010.
- Met or exceeded City benchmarks for the percent of loans to African Americans, Hispanics, Asians, and female borrowers.
- Met or exceeded the City's average for denial rates for Asian applicants (ranked 1st). However, failed to reach City benchmarks for denial rates for African American, Hispanic, and minority-tract applicants.

6.4.3 Citizens Financial Group

6.4.3.1 All Loans

- Issued 677 prime loans, a 24.7 percent increase from 2009.
- In 2010, applications decreased by 13.2 percent and denials declined by 39.9 percent.
- Scored 1st in percentage of prime loans to African Americans, Hispanics borrowers in minority tracts, LMI borrowers, and borrowers in LMI tracts.
- Met or exceeded City benchmarks in percentage of loans female borrowers.
- Failed to meet City benchmarks for percentage of loans to Asian borrowers (ranked 7th).
- In 2010, Citizens met or exceeded City benchmarks for denial rates for African American, Hispanic, and minority tract applicants. In 2009, none of these benchmarks were met.

6.4.3.2 Home Purchase Loans

- Issued 439 prime home purchase loans, an increase of 75.6 percent from 2009 to 2010.
- Saw a 41.1 percent increase in applications and a 26.7 percent increase in denials in 2010.
- Ranked 1st in percent of loans to minority tract borrowers for the fourth year in a row. Also ranked highest in percent of loans to African Americans compared to whites, percent of loans to LMI tract relative to MUI tracts and the percent of loans to LMI borrowers compared to MUI borrowers for the third year in a row.
- Ranked first in percent of loans to Hispanics and percent of loans to female borrowers.
- Met or exceeded City benchmarks for rate of denials for African American and Hispanic applicants relative to white applicants (ranked 1st in both categories), and for minority tract applicants relative to non-minority tract applicants (ranked 2nd).
- Failed to meet City benchmarks for rate of denials for Asian applicants.

6.4.3.3 Home Refinance Loans

- Issued 228 prime home refinance loans, a 14.6 percent decrease from 2009.
- In 2010, the number of applications decreased by 24.4 percent and the number of denials decreased by 40.9 percent.
- Ranked last (7th) in percent of loans to female borrowers for the second year in a row.
- Met or exceeded City benchmarks in percent of loans to LMI borrowers.
- Did not meet or exceed City benchmarks in denial rates for any of the four categories for the second year in a row.

6.4.4 M&T Bank

6.4.4.1 All Loans

- Issued 91 prime loans in 2010, an increase of 9.6 percent from 2009.
- Failed to meet or exceed City benchmarks for percent of loans to African American, Hispanic, LMI, and female borrowers, and borrowers in LMI tracts.
- Met or exceeded City benchmarks for percent of loans to Asian borrowers (ranked 3rd) and borrowers in minority tracts (ranked 2nd).
- However, failed to meet or exceed City benchmarks for any of the denial ratio categories in 2010.

6.4.4.2 Home Purchase Loans

- Issued 43 prime home purchase loans in 2010 (slightly up from 42 in 2009).
- Exceeded City benchmarks for percentage of prime loans issued to Asians and borrowers in minority tracts.
- Ranked last (6th) in percentage of prime loans to Hispanic and female borrowers, as well as borrowers in LMI tracts.
- Met City benchmarks for the following denial ratios: Minority-to-non-minority (ranked 1st), African American-to-white, and Asian-to-white.

6.4.4.3 Home Refinance Loans

- Issued 47 prime home refinance loans, an increase of 20.5 percent from 2009.
- Met or exceeded City averages for percent of loans to Hispanic (ranked 3rd), female (ranked 2nd), and minority tract borrowers (ranked 2nd).
- Ranked 1st in denial rates for African Americans and Hispanic applicants, but failed to meet or exceed City averages for denial ratios for Asian and minority-tract applicants.

6.4.5 PNC

6.4.5.1 All Loans

- Issued 495 prime loans, an increase of 6.9 percent from 2009.
- Applications increased by 6.3 percent and denials increased by 30.8 percent between 2009 and 2010.
- Unlike prior years, PNC ranked 6th in percent of loans to Asian borrowers in 2010, increasing its ranking (from 7th to 6th) and its overall percentage (from 4.1 to 5.1 percent).
- Did not meet City benchmark in terms of racial denial ratios (African American, Hispanic, Asian) for 2010, a similar trend from 2009.
- Did meet City benchmarks (ranked 1st) for denial ratios minority-to-non minority, an improvement from 2009.
- Met or exceeded City benchmarks in percent of loans to African American, Hispanic, minority tract, LMI tracts, and LMI borrowers.
- Ranked first in percentage of loans to female borrowers.

6.4.5.2 Home Purchase Loans

- Issued 122 prime home purchase loans, a decrease of 25.4 percent from 2009 to 2010.
- Applications increased by 4.8 percent and denials increased by 728.6 percent between 2009 and 2010.
- Met or exceeded the City benchmark for percent of prime home purchase loans to African Americans for the second year in a row.
- Ranked 1st in denial ratios for Asians, an improvement from the 2nd place ranking of 2009.

6.4.5.3 Home Refinance Loans

- Issued 295 prime home refinance loans, an increase of 5.8 percent from 2009.
- Ranked 1st in percentage of loans to African American, Hispanics, LMI, LMI tract, minority tract, and female borrowers.
- Ranked 1st in denial rates for minority applicants relative to non-minority applicants.
- Failed to meet or exceed City averages for three out of four denial ratios: African American, Hispanic, and Asian applicants.
- Failed to meet or exceed City benchmark for percentage of loans to Asian borrowers.

6.4.5.4 Home Improvement Loans

- Issued 78 prime loans for home improvement, an increase of 105.3 percent from 2009 to 2010.
- Scored 1st in the percentage of loans in every category, excluding to Asian borrowers (ranked 2nd) and female borrowers (ranked 2nd).
- Met City benchmarks for Hispanic and minority tract denial ratios (ranked 1st in both).
- Failed to meet City benchmarks for African American and Asian denial ratios (ranked 2nd in both).

6.4.6 TD Bank

6.4.6.1 All Loans

- Issued 243 prime loans, a decrease of 11 percent from 2009.
- Slightly improved or maintained rankings in percentage of loans to African Americans, Hispanics, and borrowers in minority tracts, but failed to meet or exceed City benchmarks in these categories.
- Exceeded City benchmark for percentage of loans to Asian, LMI, LMI tract borrowers.
- Failed to meet or exceed City benchmarks for any denial ratios in 2010.

6.4.6.2 Home Purchase Loans

- Issued 120 prime home purchase loans, a decrease of 25.5 percent from 2009.
- Ranked last (6th) in percent of prime loans to African American borrowers for the second year in a row.
- Met or exceeded City benchmarks for percentage of prime loans to Hispanics, Asians, LMI borrowers, and borrowers in LMI tracts.
- Exceeded the City benchmark for Asian denial ratios for the second year in a row.

6.4.6.3 Home Refinance Loans

- Issued 81 prime home refinance loans, a decrease of 13.8 percent from 2009.
- Did not rank 1st in any category for the second year in a row.
- Scored last (7th) in percentage of loans to African American borrowers for the second year in a row.
- Met or exceeded City averages for percentage of loans to Asian borrowers, in addition to exceeding the City's denial ratio average for Asian applicants.

6.4.6.4 Home Improvement Loans

- Issued 42 prime home improvement loans, an increase of 133.3 percent from 2009 to 2010.
- Exceeded the City benchmark in the African American to white denial ratio (ranked 1st).
- Failed to meet any City benchmarks in percentage to loans for any racial or income group.

6.4.7 Wells Fargo (Wachovia Corporation)

6.4.7.1 All Loans

- Issued 3,574 prime loans in 2010, a decrease of 2.5 percent between 2009 and 2010. In 2009, Wells Fargo issued more than twice that of the next highest depositor; this year, it originated nearly three times as many.
- The number of applications decreased by 3.9 percent and denials increased by 13.2 percent in 2010.
- Met only one City benchmark for percentage of loans (to Hispanics) in 2010 (ranking 3rd).
- Met or exceeded all City benchmarks for denial ratios for every racial and income category, a trend similar to 2008 and 2009.

6.4.7.2 Home Purchase Loans

- Issued 1,122 prime home purchase loans in 2010, down 20.9 percent from 2009.
- Met or exceeded City benchmarks for percentage of loans to African American, Hispanic, and minority-tract borrowers.
- Failed to meet or exceed City averages in percent of loans to Asian, LMI, LMI tract, and female borrowers.
- Met or exceeded City averages for Hispanic denial ratios, while failing to meet City averages for Asian, African American, and minority tract denial ratios.

6.4.7.3 Home Refinance Loans

- Issued 2,375 prime home refinance loans, an increase of 10.7 percent from 2009.
- Failed to meet or exceed City benchmarks in all percentage of loans issued to all borrowers, except females, where Wells Fargo ranked 3rd.
- Met or exceeded City averages for denial ratios to Hispanics (ranked 3rd), Asians (ranked 2nd) and minority tract applicants (ranked 3rd).
- Failed to meet or exceed City averages for denial ratios for African American applicants.

6.4.7.4 Home Improvement Loans

- Issued 77 prime home improvement loans, a decrease of 23.8 percent from 2009 to 2010.
- Ranked 1st in percent of loans to Asian and female borrowers.
- Ranked 1st in denial ratios for Asian applicants, but failed to meet City averages for denial ratios for African American and Hispanic applicants (ranked last, 3rd), and minority-tract applicants (ranked 2nd).

Table 6.7: Selected 2010 Results for City Depositories – Home Purchase Loans

Depository	Applications	Prime Loan Originated	Rank Percent of Loans to African - Americans	Rank Percent of Loans to Hispanics	Rank Percent of Loans to Asians	Rank Percent of Loans to LMI Borrowers	Rank Percent of Loans to LMI Tracts	Rank African American to White Denial Ratio	Rank Hispanic to White Denial Ratio	Rank Asian to White Denial Ratio
Bank of America	796	540	5	5	1	3	4	6	5	5
Citizens Financial Group, Inc.	591	439	1	1	6	1	1	1	1	6
M&T Bank	58	43	4	6	3	5	6	2	6	3
PNC	197	122	3	4	4	6	3	4	4	1
TD Bank	244	120	6	3	2	2	2	3	2	2
Wells Fargo	1,796	1,122	2	2	5	4	5	5	3	4
All Depositories	3,716	2,406								
All Lenders	12,562	8,403								

Table 6.8: Selected 2010 Results for City Depositories – Home Refinance Loans

Depository	Applications	Prime Loan Originated	Rank Percent of Loans to African - Americans	Rank Percent of Loans to Hispanics	Rank Percent of Loans to Asians	Rank Percent of Loans to LMI Borrowers	Rank Percent of Loans to LMI Tracts	Rank African American to White Denial Ratio	Rank Hispanic to White Denial Ratio	Rank Asian to White Denial Ratio
Bank of America	1,650	796	3	5	1	3	2	2	2	4
Citizens Financial Group, Inc.	517	228	5	7	5	2	5	6	7	6
Citigroup	781	261	2	2	2	4	7	7	6	1
M&T Bank	62	47	6	3	7	7	3	1	1	7
PNC	714	295	1	1	6	1	1	3	5	5
TD Bank	255	81	7	6	3	5	4	5	4	3
Wells Fargo	5,252	2,375	4	4	4	6	6	4	3	2
All Depositories	9,232	4,083								
All Lenders	26,175	11,686								

Table 6.9: Selected 2010 Results for City Depositories – Home Improvement Loans

Depository	Applications	Prime Loan Originated	Rank Percent of Loans to African - Americans	Rank Percent of Loans to Hispanics	Rank Percent of Loans to Asians	Rank Percent of Loans to LMI Borrowers	Rank Percent of Loans to LMI Tracts	Rank African American to White Denial Ratio	Rank Hispanic to White Denial Ratio	Rank Asian to White Denial Ratio
PNC	265	78	1	1	2	1	1	2	1	2
TD Bank	152	42	3	3	3	3	2	1	2	3
Wells Fargo	268	77	2	2	1	2	3	3	3	1
All Depositories	914	235								
All Lenders	2,030	691								

7.0 SMALL BUSINESS LENDING

7.1 Small Business Lending Overall – Philadelphia

According to Community Reinvestment Act (CRA) data, 11,322 loans with an aggregate value of $445.0 million were made to small business in Philadelphia during 2010. 3,472 of those loans were made to small businesses with annual revenues of less than $1 million. All of these totals were down from 2007, 2008, and 2009 totals (see Table 7.1).

Table 7.1: Small Business Lending Activity in Philadelphia

	Total Dollars Loaned to Small Businesses in Philadelphia ($M)	Total Small Business Loans in Philadelphia	Total Small Businesses in Philadelphia with Annual Revenues of Less than $1 Million
2006	$881	31,844	11,704
2007	$926	37,173	12,915
2008	$802	28,533	8,216
2009	$581	12,365	3,870
2010	$445	11,322	3,472
% Difference 2009-2010	-231%	-8%	-10%
% Difference 2008-2010	-45%	-60%	-58 %

(See Appendix 2: Tables 68-78.)

7.2 Small Business Lending by Tract Income Level – Philadelphia

51.3 percent of loans made to small businesses in Philadelphia were made to those located in low and moderate income areas. This compares to 60.4 percent of small businesses in Philadelphia that are located in low and moderate income tracts (see Table 7.2).

Table 7.2: Distribution of Loans to Small Businesses

Tract Income Level	Number of Loans in Philadelphia	Percentage of Loans in Philadelphia	Number of Small Businesses	Percentage of Small Businesses in Philadelphia
Low Income	1,934	17.1%	31,096	22.2%
Moderate Income	3,867	34.2%	58,770	38.4%
Middle Income	3,098	27.4%	35,393	25.3%
Upper Income	1,953	17.2%	16,695	12.1%
Tract or Income not Known	470	4.2%	2,947	2.1%
Total	11,322	100%	140,141	100%

54.9 percent of loans made to businesses with less than $1 million in revenue were made to those businesses located in low and moderate income areas. This compares to 62.0 percent of businesses with less than $1 million in revenue that are located in low and moderate income tracts (see Table 7.3).

Table 7.3: Distribution of Loans to Small Businesses with Revenues less than $1million in Philadelphia by Tract Income Level

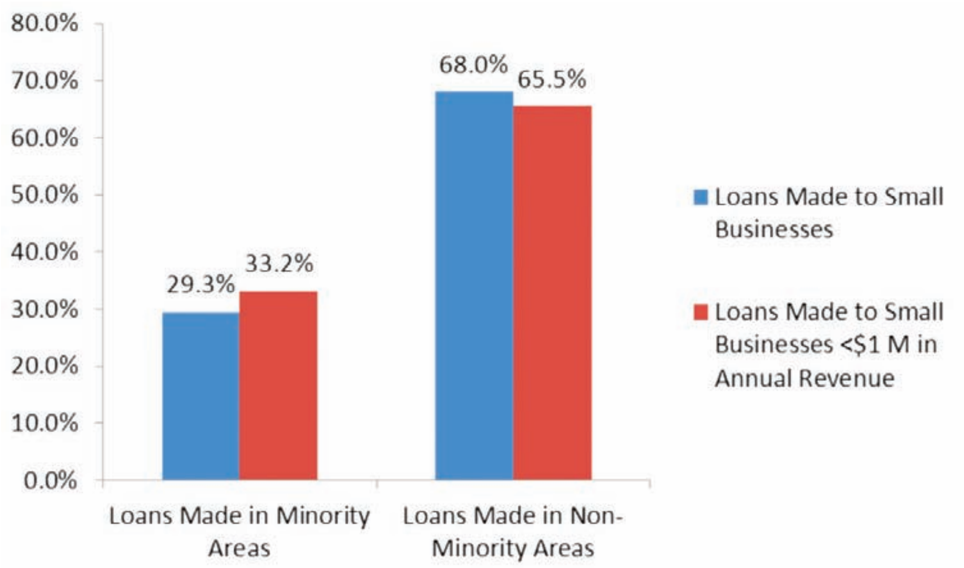
Tract Income Level	Number of Loans in Philadelphia	Percentage of Loans in Philadelphia	Number of Small Businesses	Percentage of Small Businesses in Philadelphia
Low Income	665	19.2%	19,833	22.7%
Moderate Income	1,238	35.7%	34,305	39.3%
Middle Income	956	24.5%	22,283	25.5%
Upper Income	544	15.7%	9,659	11.1%
Tract or Income not Known	69	2.0%	1,250	1.4%
Total	3,472	100%	87,330	100%

(See Appendix 2: Table 79.)

7.3 Small Business Lending by Tract Minority Level – Philadelphia

For small businesses, including those with revenues of less than $1 million, more loans were made in non-minority areas than in minority areas, For both categories of small businesses, the ratio of loans for non-minority areas to minority areas was more than 2:1 (see Table 7.4).

Table 7.4: Percentage of Loans to Small Business in Philadelphia by Minority Status

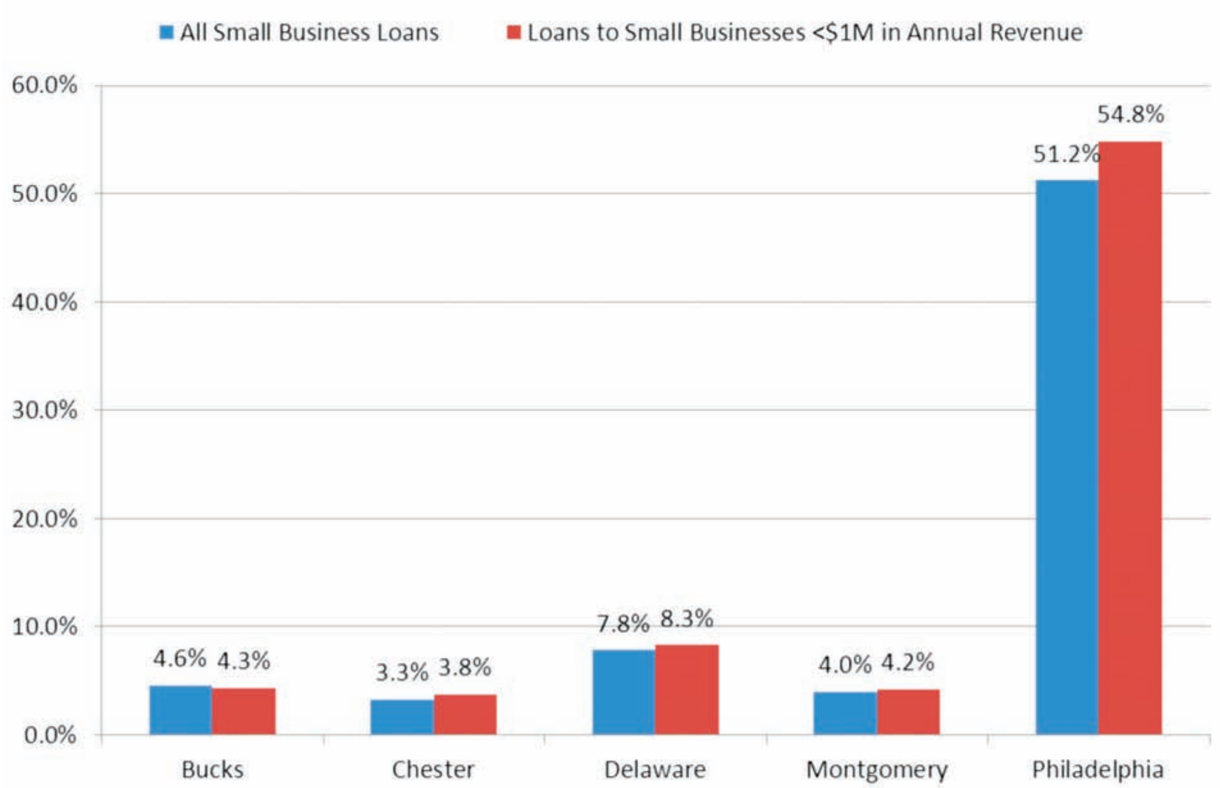


(See Appendix 2: Table 80.)

7.4 Small Business Lending by Tract Income Level – Philadelphia vs. Suburban Counties

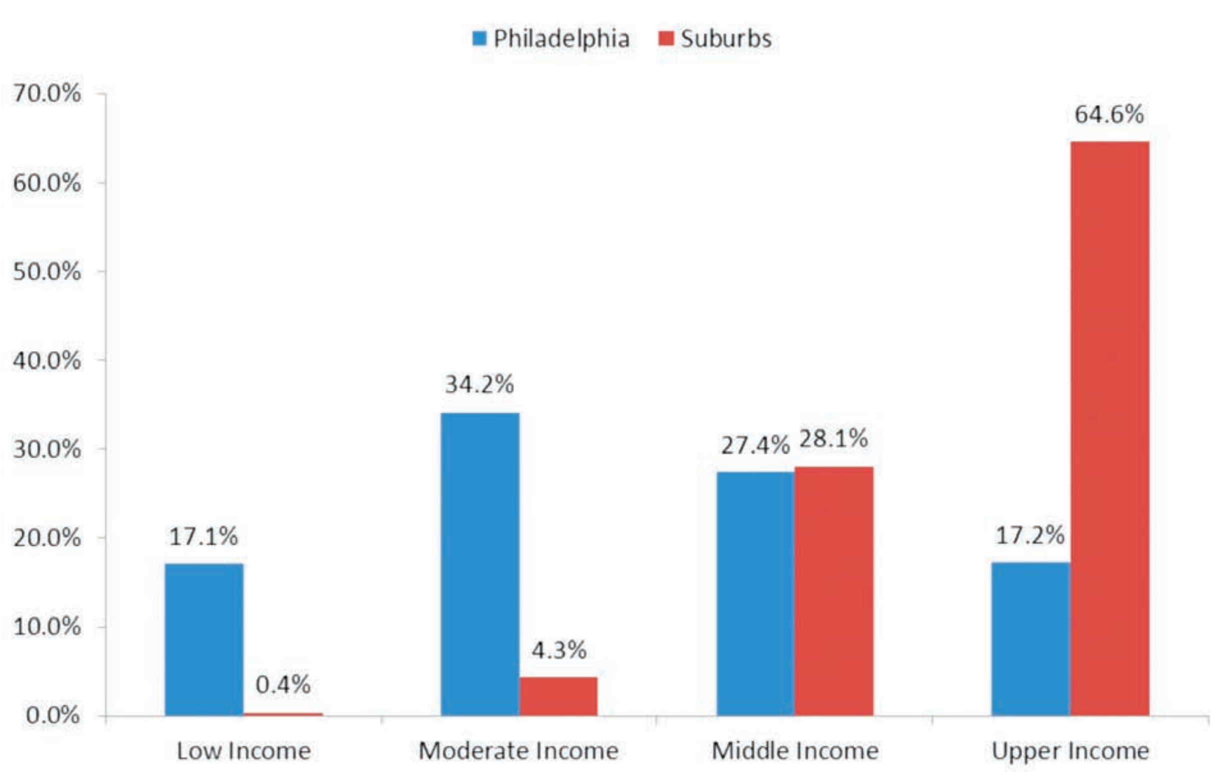
As was the case in previous years, no loans were made to businesses located in low-income areas for Bucks County or Chester County in 2010. Loans to small businesses in moderate-income area represented 4.6 percent of loans made in Bucks County (down from 4.7 percent in 2009) and 3.3 percent of those made in Chester County (down from 2.8 percent in 2009). Loans to businesses in low- and moderate-income areas of Delaware County represented 7.8 percent (down from 7.9 percent in 2009) of the total loans to small businesses. In Montgomery County, the number of loans made to small businesses in low-and moderate-income areas represented 4.0 percent of loans (down from 4.2 percent in 2009) (see Table 7.5).

Table 7.5: Percentage of Loans in Low- and Moderate-Income areas for Philadelphia and the Suburban Counties



The percentage of loans to small businesses in low- and moderate-income areas is far greater for Philadelphia than for its surroundings counties. Comparing lending in Philadelphia with lending in the suburban counties by income levels and by minority status for businesses with revenues less than $1 million, Philadelphia has a higher performance ratio. Additionally, the rate of lending to small businesses in low- and moderate-income areas is greater for Philadelphia than for the suburban counties combined (see Table 7.6).

Table 7.6: Percentage of Loans to Small Businesses by Tract Income Level for Philadelphia and the Suburbs



7.5 Small Business Lending by Tract Minority Level – Philadelphia vs. Suburban Counties

Of the approximately 87,330 small businesses with annual revenues of less than $1 million in Philadelphia, 43.3 percent are located in minority areas. In contrast, a little less than 3 percent of small businesses with revenues less than $1 million are located in minority areas in the suburban counties.[1]

In 2010, 29.4 percent of all small business loans in the City were in minority areas, compared to 2.3 percent for the suburban counties. For small businesses with revenues less than $1 million, the percentage was 33.2 percent and 2.6 percent respectively. Given that the City has a higher proportion of small businesses in minority areas, compared to the suburban counties, it is not surprising that a higher proportion of small business lending is expected to occur in minority areas.

Although the City outperformed the suburbs in lending to small businesses in low-and moderate-income areas, the percentage of loans in areas of Philadelphia with large minority populations is still disproportionately smaller than for non-minority areas.

(See Appendix 2: Table 80 and 81.)

1 The suburban proportion is based on 2006 data.

8.0 RANKING OF DEPOSITORIES - SMALL BUSINESS LENDING

8.1 Small Business Lending - Methodology

Small business lending in all categories among the City depositories represented over 39 percent of the total small business lending reported in Philadelphia. To rank the City depositories on small business lending, we reviewed the 2010 Institution Disclosure Statements for 7 of the 10 depositories. Data was not available for United Bank, Republic First Bank, or City National Bank.

There were five factors, equally weighted, considered in the ranking of the seven banks. Each bank was given a rating (1 to 7, where 7 is the highest rating) on each of the factors relating to performance in Philadelphia County. Ratings were assigned based on where each institution placed in relation to fellow institutions (see Table 8.1).

Table 8.1: Factors upon Which City Depositories Were Ranked in Small Business Lending

Factor	Description
Market share of loans to small businesses in Philadelphia (MS to SB)	This shows the ranking of the individual bank based on its performance in relation to all institutions serving the city in terms of percentage of loans made to small businesses.
Market share of loans to the smallest of small businesses (MS to SSB)	This shows the ranking of the individual bank based on its performance in relation to all institutions serving the city in terms of percentage of loans to small businesses with revenues of less than one million dollars.
Lending to small businesses located in low and moderate income areas (LMI/MS)	This shows the ranking of the individual bank based on its performance in relation to all institutions serving the city in terms of percentage of loans to small businesses in low- and moderate-income areas.
Ranking among depositories for small business lending to the smallest businesses (SSB/ Other Depositories)	This shows the individual bank's performance in relation to the other five depositories for lending to smallest businesses and is indicated by the percentage of its own total lending to small businesses that goes to small businesses with revenues of less than one million dollars.
Ranking among depositories for small business lending in low and moderate income areas (LMI/Other Depositories)	This shows the individual bank's performance in relation to the other five depositories for lending to small businesses in low and moderate income areas as indicated by the percentage of its own small business lending that goes to low- and moderate- income areas.

These five factors were selected because they show performance in relation to the entire city and among the depositories on key lending practices affecting low- and moderate-income and minority businesses. These factors also take into consideration service to the smallest businesses (those with revenues less than $1 million).

8.2 Small Business Lending - Results

Ratings were totaled for each bank, resulting in an overall score by institution (see Table 8.2).

Table 8.2: Factor-by-Factor Rankings of City Depositories in Small Business Lending (1 to 7, Where 7 is the Highest Rating)

Institution	MS to SB	MS to SSB	LMI / MS	SSB / Other Depositories	LMI / Other Depositories	Total Score
TD Bank	2	2	2	4	1	11
Bank Of America	4	3	7	1	2	14
PNC	7	7	2	5	3	29
Wells Fargo	5	5	3	6	4	25
M&T Bank	1	1	1	2	5	10
Citizens	3	4	3	7	6	23
Citigroup	6	6	6	3	7	28

8.3 Small Business Lending - Rankings

Based on the total scores shown above, the seven depositories were ranked as follows (see Table 8.3).

Table 8.3: Ranking of City Depositories in Small Business Lending

Institution	2010 Ranking	2010 Ranking	2008 Ranking	2007 Ranking
PNC Bank	1	1	2	2
Citigroup	2	2	1	1
Wells Fargo	3	3	6	T4
Citizens	4	5	T4	7
Bank Of America	5	4	3	3
TD Bank	6	7	7	N/A
M&T Bank	7	8	N/A	N/A

In 2010, PNC ranked first, which is unchanged from 2009. The highest ranked from 2008 and 2007, Citigroup ranked second place in 2010 which is unchanged from 2009. Wells Fargo remained in third place, while Bank of America moved down to fifth place from fourth. From fifth place in 2009, Citizens Bank moved up to fourth and TD Bank and M&T Bank each moved up one place.

9.0 BANK BRANCH ANALYSIS

9.1 Overall

There were 330 bank branches in Philadelphia in 2010, according to the FDIC's Institution Directory and Summary of Deposits, down from 338 in 2009. For the purpose of this analysis, branches were defined as offices with consumer banking services (see Table 9.1).[1]

Table 9.1: Number of Branches in Philadelphia by Depository (N/A = Not a Depository during that Year)

Bank	2010 Branches	% of All 2010 City Branches	2008 Branches	% of All 2009 City Branches
Advance	N/A	N/A	1	0%
Bank of America	19	6%	19	6%
Citibank	7	2%	7	2%
Citizens Bank	60	18%	60	18%
City National Bank	1	0%	1	0%
Bank of New York Mellon	N/A	N/A	2	1%
M&T Bank	7	2%	8	2%
PNC	39	12%	42	12%
Republic First	7	2%	7	2%
Sovereign	N/A	N/A	17	5%
TD Bank	20	6%	20	6%
United Bank of Philadelphia	4	1%	4	1%
Wells Fargo	42	12%	44	13%
All Depositories	206	62%	232	69%
Non-Depositories	124	38%	106	31%
All Banks	330	100%	338	100%

1 FDIC Summary of Deposit data available as of June 2010 was used for this report.

- 206 of those branches, or about 62 percent of all branches in the City, were owned by City depositories, which is down from 232 branches in 2009 (which represented about 69 percent of all branches in the City). Since Advance Bank, Bank of New York Mellon, and Sovereign Bank were City depositories in 2009 but not in 2010, that led to a decrease of 20 branches owned by City depositories and an increase of 20 branches owned by non-City depositories.
- There were 232 branches owned by City depositories in 2009. Three banks that were once City depositories were no longer City depositories in 2010, representing a decrease of 20 branches. The remaining City depositories lost another 6 branches. Thus, there were 206 branches owned by City depositories in 2010: 232 minus 20 minus 6 equals 206.
- There were 106 branches owned by non-City depositories in 2009. Three banks that were once City depositories were no longer City depositories in 2010, representing an increase of 20 branches. The remaining non-City depositories lost another 2 branches. Thus, there were 124 branches owned by non-City depositories in 2010: 106 plus 20 minus 2 equals 124. As noted above, City depositories lost 6 branches. M & T lost one branch, PNC lost three, and Wells Fargo lost two; all other City depositories maintained the same number of branches as in 2009.
- Due to the fact that most depositories have a relatively small number of branches, the percentage of branches in minority or low-to-moderate-income (LMI) areas can quickly change with the opening or closing of just one or two offices.

(See Appendix 2: Table 82.)

9.2 Branch Locations in Minority Areas

- Twenty-three percent of all branches were in areas that were more than 50 percent minority, which was unchanged from 2009.
- Over 25 percent of the depository branches were located in minority areas in 2010, down from 26 percent in 2009 and higher than the citywide ratio of 23 percent of all branches in areas that were more than 50 percent minority.
- Four out of the 10 depositories surpassed the Citywide ratio of 23 percent. Seven out of 13 did in 2009.
- Citibank, City National, and Republic First had no branches located in minority areas.
- PNC and M&T are down from 2009 as a result of each closing a branch in minority areas. M & T remains below the city benchmark, while PNC remains above it.
- Fifty-two percent of census tracts were more than half minority. Only United (3 out of 4) surpassed the census benchmark.

(See Appendix 3: Maps 11, 13.)

9.3 Branch Locations in LMI Areas

- In 2010 59 percent of all branches were in Low-to-Moderate-Income (LMI) areas, which have a median income of less than 80 percent of the area median. This was up from 57 percent in 2009.
- 60 percent of City depositories had branches in LMI areas in 2010, compared to 59 percent of all bank branches Citywide. The percentage of City depositories in this area is up from 58 percent in 2009. Six City depositories surpass this benchmark.
- City National, M&T, PNC, Republic, United Bank, and Wells Fargo surpassed the Citywide benchmark for locating branches in LMI areas. City National's sole branch, 71 percent of M&T's branches, 86 percent of Republic's branches, 75 percent of United Bank's branches, and 60 percent of Wells Fargo's branches were located in LMI areas.
- Citizens, and TD Bank were within 6 percentage points from achieving the 2010 benchmark, while Bank of America and Citibank were more than ten percentage points of achieving the 2010 benchmark.
- Sixty-five percent of census tracts in the City are LMI tracts. City National, M&T, United Bank, and Republic First were able to reach this goal.

(See Appendix 3: Map 12.)

9.4 Conclusion

- Several City depositories continued to do a better job locating branches in minority areas than all banks, though few surpassed the census benchmark for minority tracts.
- A majority of City depositories (six) did meet or exceed the Citywide bank benchmark for locating branches in LMI areas.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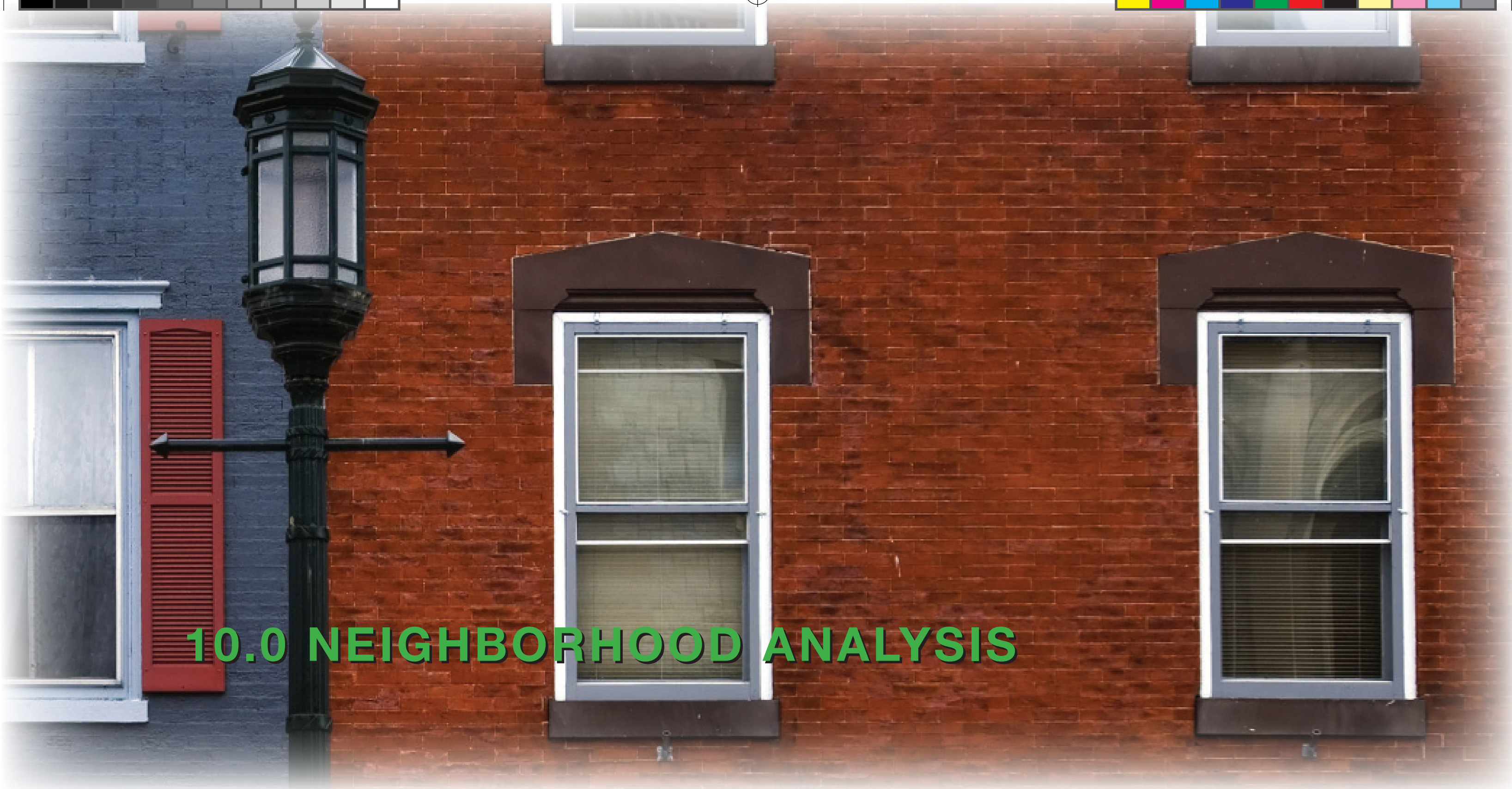

10.0 NEIGHBORHOOD ANALYSIS

10.1 Neighborhoods Analyzed

The home and business lending practices in nine City neighborhoods were examined. These neighborhoods contain census tracts classified as minority and low-to-moderate-income (LMI). All nine neighborhoods are located in areas where community development corporations and empowerment zones have been established. These areas and their corresponding entities and census tracts are listed below:

- Association of Puerto Ricans on the March (APM) – 156
- Hispanic Association of Contractors & Enterprises (HACE) – 175, 176.01, 176.02, 195
- Allegheny West Foundation (AWF) – 170, 171, 172, 173
- Ogontz Avenue Revitalization Committee (OARC) – 262, 263.01, 263.02, 264, 265, 266, 267
- Project Home – 151, 152, 168, 169.01
- People's Emergency Center (PEC) – 90, 91, 108, 109
- American Street Empowerment Zone – 144, 156, 157, 162, 163
- North Central Empowerment Zone – 140, 141, 147, 148, 165
- West Philadelphia Empowerment Zone – 105, 111

(See Appendix 2: Table 83.)

10.2 Demographics and Lending Practices by Neighborhood (see Table 10.1)

10.2.1 Asociación Puertorriqueños en Marcha

Asociación Puertorriqueños en Marcha (APM) is located in the northeastern section of Philadelphia. More than three-quarters of this area's households are Hispanic, giving APM the largest Hispanic population of all neighborhoods examined in this section. The next largest group is African Americans (14 percent of households). The median family income is approximately 36 percent of the regional median family income. There are 289 owner-occupied housing units (OOHUs) in the APM neighborhood, which is less than 0.1 percent of all OOHUs in the City.

In 2010, a total of 9 loans were made in the APM neighborhood, up from 2 in 2009. As in previous years, APM received the fewest loans of any neighborhood examined. Eight of those loans were a prime loan and remaining loan was subprime. These loans represent less than 0.04 percent of all loans in the City, including less than 0.04 percent of all prime loans and 0.12 percent of all subprime loans.

10.2.2 Hispanic Association of Contractors & Enterprises

The Hispanic Association of Contractors & Enterprises (HACE) is located within the neighborhood surrounding the North Fifth Street cluster of key Latino neighborhood businesses and cultural institutions. Hispanic households make up 75 percent of all households in this neighborhood, and 19 percent of all households are African American. With a median family income of only 24 percent of the regional median family income, HACE is the poorest of the nine neighborhoods evaluated for this study. The neighborhood contains 4,022 OOHUs, approximately one percent of all City OOHUs.

A total of 46 loans were made within the HACE community in 2010, a decrease from 70 in 2009. These loans represented 0.21 percent of all loans made in the City, a smaller share than the portion of OOHUs contained in this neighborhood (1.2 percent). Lenders provided HACE borrowers with 34 prime loans and 12 subprime loans (0.16 percent of all City prime and 1.4 percent of all City subprime loans). As in 2009, the neighborhood received a higher share of subprime loans and a smaller share of prime loans in comparison to their share of OOHUs.

10.2.3 Allegheny West Foundation

The Allegheny West Foundation (AWF) is located in North Philadelphia, a predominately African American neighborhood. Ninety-four percent of all households are African American and one percent are Hispanic. AWF has a median family income that is 46 percent of the regional median family income. The neighborhood is comprised of four census tracts and contains 4,584 units, which is more than one percent of the City's total OOHUs.

Borrowers from the AWF neighborhood received a total of 51 loans in 2010, a decrease of 60 loans from last year. Over 88 percent of these loans were prime and 12 percent were subprime. AWF borrowers received 0.2 percent of all loans originated in Philadelphia, but the neighborhood contains 1.3 percent of City-wide OOHUs. Lenders gave borrowers from this section of the City a 0.2 share of City prime loans and a 0.7 percent share of subprime loans.

10.2.4 Ogontz Avenue Revitalization Corporation

The Ogontz Avenue Revitalization Corporation (OARC) is located in the West Oak Lane section of the City. Ninety-six percent of total households in the neighborhood are African American, while 0.8 percent of the neighborhood's total households are Hispanic. Though the median family income is only 76 percent of the regional median family income, it is the highest of the nine neighborhoods. OARC is also the largest of the nine neighborhoods discussed in this section and typically receives the most loans (from each depositor and overall). It contains seven census tracts and three percent of all City OOHUs are located there.

The OARC community received 460 loans in 2010, the largest amount of the nine neighborhoods. The number of originated loans decreased from 576 in 2010. These loans made up 2.1 percent of all loans issued in the City. Nearly 89 percent of the loans received in OARC were prime loans and 11 percent were subprime loans.

10.2.5 Project HOME

The Project HOME neighborhood is located near the Spring Garden section of the City. Ninety-eight percent of its households are African American, making it the largest African American population of all the neighborhoods detailed in this study. Less than one percent of all households are Hispanic. The median family income is 34 percent of the regional median family income and the 3,894 housing units located in this area comprise approximately one percent of the City's total owner-occupied units.

Lenders provided 43 loans to the Project HOME neighborhood in 2010, 81 percent of which were prime and 19 percent were subprime loans. These loans accounted for 0.2 percent of all loans made in Philadelphia. With respect to their share of the City's OOHUs, the borrowers in the Project HOME neighborhood received a lower share of subprime loans and prime loans.

10.2.6 Peoples' Emergency Center

The Peoples' Emergency Center (PEC) neighborhood is located in the City's West Philadelphia section. This neighborhood contains four census tracts and 1,445 OOHUs, which is approximately 0.4 percent of all City units. Nearly two-thirds of households in this neighborhood are African American and approximately three percent are Hispanic. The median family income for PEC is 36 percent of the regional median family income.

In 2010, 64 loans were made to borrowers in the PEC neighborhood. This was a increase of 13 loans from 2009. Eighty-six percent of originated loans were prime. Borrowers in the PEC neighborhood received 0.3 percent of all loans made in the City.

10.2.7 American Street Empowerment Zone

The American Street Empowerment Zone is located in the Olney section of the City. Its population is predominately Hispanic, with two-thirds of total households being from this ethnic group. Seventeen percent of the households are African American. The zone is comprised of five census tracts and contains 2,165 owner-occupied housing units, or 0.6 percent of the total owner-occupied housing units in the City of Philadelphia. The median family income is 37 percent of the regional median family income.

Borrowers in the American Street Empowerment Zone received 115 loans in 2010, a slight increase from the 113 loans made in 2009. These loans comprised 0.5 percent of all loans made in the City. Ninety-six percent of these loans were prime (an increase of 12 percent over 2009).

10.2.8 North Central Empowerment Zone

The North Central Empowerment Zone is located in North Philadelphia and is comprised of five census tracts and 1,339 OOHUs, or 0.4 percent of City units. North Central is 90 percent African American. Five percent of households are Hispanic. The median family income for North Central is 33 percent of the regional median family income.

Sixty-six loans were made in 2010 within the North Central neighborhood, a increase of fifteen loans over 2009. These loans comprised only 0.32 percent of all City lending. Ninety-one percent of originated loans were prime, and increase from 78 percent in 2009.

10.2.9 West Philadelphia Empowerment Zone

The West Philadelphia Empowerment Zone is located in the West Philadelphia section of the City. Ninety-five percent of households in the area are African American and less than one percent are Hispanic. The neighborhood contains two census tracts and 1,399 OOHUs (0.4 percent) of the City. The median family income for this area is 41 percent of the regional median family income.

In 2010, lenders provided 23 loans to the West Philadelphia Empowerment Zone, up from 17 in 2009. Of all of the neighborhoods examined, the West Philadelphia Empowerment Zone had the second lowest number of loans, behind only APM. Nearly 83 percent of those loans were prime, down from 76 percent in 2009. Only 0.1 percent of all loans made in Philadelphia went to the West Philadelphia Empowerment Zone.

Table 10.1: Demographics and Lending Practices by Neighborhood

Organization	Location	Major Ethnic Group	2000 Median Income as a % of Regional Median Income	# Loans	% Loans that were Subprime
APM	N Phila	Hisp	36%	9	11.1%
HACE	N 5th St	Hisp	36%	46	26.1%
AWF	N Phila	Afr Am	46%	51	11.8%
OARC	W Oak Ln	Afr Am	76%	460	11.1%
Project HOME	Spr Grdn	Afr Am	34%	43	18.6%
PEC	W Phila	Afr Am	36%	64	3.1%
American St EZ	Kensington	Hisp	36%	445	4.3%
North Central EZ	N Phila	Afr Am	33%	66	9.1%
West Phila EZ	W Phila	Afr Am	41%	23	17.4%

10.3 Depository Lending Practices by Neighborhood

10.3.1 Bank of America

Bank of America provided 50 loans to borrowers in the neighborhoods examined as part of this analysis. Lending by Bank of America to these neighborhoods represented 3.6 percent of all loans the bank originated in the City. Thirty-eight of those loans were in OARC; Bank of America's market share, however, was only 8.3 percent in this neighborhood. Its market share of all City lending was 6.5 percent, compared with 5.8 in the nine neighborhoods.

10.3.2 Citigroup

Citigroup made a total of 8 loans to borrowers in four of the nine CDC neighborhoods. It issued 2.7 percent of its Philadelphia lending to these borrowers. Citigroup originated 0.9 percent of all lending to the nine neighborhoods, compared with 1.4 percent market share of all lending in the City. As with all other banks, the plurality of Citigroup's lending (4 loans) was made in the OARC area, constituting a portfolio share 1.3 percent.

10.3.3 Citizens Bank

Citizens Bank made a total of 61 loans, or 8.6 percent of all of its City lending, in the nine neighborhoods. It made loans in every neighborhood. Thirty-four percent of these loans were made in the OARC neighborhood. Citizens wrote 4.6 percent of all loans in that neighborhood, and those 21 loans represent 3.0 percent of all lending done by Citizens in the City.

10.3.4 City National

City National did not make any loans in the City.

10.3.5 M & T Bank

M & T Bank made a total of 4 loans, or 4.3 percent of all of its City lending, in the nine neighborhoods. It made loans in three of the nine neighborhoods.

10.3.6 PNC Bank

Borrowers in six of the nine neighborhoods received 30 loans from PNC bank, up from 27 loans in 2009. These loans represented 6.1 percent of lending by PNC in the City of Philadelphia. Within the CDC neighborhoods, PNC held a market share of 3.5 percent. As with all of the other depositories, the majority of PNC's loans in the nine neighborhoods went to the OARC area, which received 15 loans.

10.3.7 TD Bank

TD Bank provided borrowers in three of the nine CDC neighborhoods with a total of five loans. It originated 0.6 percent of all loans in the nine neighborhoods, compared to 1.2 percent of all loans in the City. TD Bank made 1.9 percent of its Philadelphia loans in the nine neighborhoods.

10.3.8 Wells Fargo

Wells Fargo made 114 loans within the nine neighborhoods, the most loans of any city depository. Wells Fargo made 3.0 percent of all its City loans in those nine areas. Its market share in the neighborhoods was 11.5 percent. Its market share in all of Philadelphia was 14.5 percent. The largest number of loans by Wells Fargo was made in the OARC neighborhood (62 loans), where Wells Fargo had a market share of 10.7 percent.

(See Appendix 2: Table 84.)

10.4 Small Business Lending in the Neighborhoods

Small business lending was examined in the nine neighborhoods, since information was not available at the census tract level for individual institutions. The table below shows the number of small business loans reported in the 2010 CRA data for each of the targeted neighborhoods. It also displays the number of small businesses with revenues less than $1 million located in the neighborhoods (see Table 10.2).

PEC has the largest number of small businesses with revenues less than $1 million, with 1,699. The PEC neighborhood had second the highest number of loans to small businesses, with 88 loans to small businesses down from 116 in 2009, and 299 in 2008. There were 42 loans to the smallest of small businesses, up slightly from 41 in 2009.

The neighborhood with the next largest number of businesses with revenues of less than $1 million was American Street, HACE with 919 such businesses. This area had the highest number of loans to small businesses with 115, which was up from 107 in 2009. This area had the second highest number of loans to businesses with revenues of less than $1 million with 40, up from 39 in 2009.

The third column of the table below shows the percentages of small business loans that went to businesses with revenues less than one million dollars. In all cases, the range of this percentage of loans going to businesses with revenues of less than $1 million was between 20 percent and 54 percent.

Table 10.2: 2010 Small Business Loan Activity in Selected Philadelphia Neighborhoods

Neighborhood	Number of Small Business Loans	Number of Loans to Small Business <$1Million in Annual Revenues	Percentatge of Loans to Small Businesses with Annual Revenues <$1 Million	Number of Small Business	Number of Small Business with Annual Revenues <$1Million
APM	85	17	20%	1206	770
HACE	115	40	35%	1402	919
AWF	5	1	20%	135	92
OARC	58	29	50%	1215	818
Project HOME	46	12	26%	1161	737
PEC	88	42	48%	2443	1699
American St EZ	87	23	26%	1043	649
North Central EZ	24	13	54%	956	663
West Phila EZ	34	7	21%	658	410

(See Appendix 2: Table 85.)

11.0 RECOMMENDATIONS

11.1 Public Policy Changes

11.1.1 New Recommendations

Depositories should be required to have more current CRA ratings

The Community Reinvestment Act (CRA) requires banks to serve the credit needs of low-and moderate-income communities and to take steps to provide equal access to responsible financial products and services. CRA requires the federal financial institution supervisory agencies, in connection with their examinations of certain depository institutions, to assess the institutions' CRA performance. Institutions are provided ratings of Outstanding, Satisfactory, Needs to Improve, or Substantial Noncompliance. Thanks to CRA, banks have actively promoted housing and economic opportunity for traditionally underserved groups by providing affordable mortgage programs, small business loan products, community development financing, funding for non-profit housing, and other investments and services.

The 2010 RFI responses indicate that of the eight depositories, only one had a recent CRA exam result updated (as of 2009). In regards to the remainder of the depositories, two were updated in 2008; one updated in 2007; three updated in 2006; and one updated in 2003. Community reinvestment is an important issue for Philadelphia given its demographics and strong commitment to ending disparities in lending and investments. Without updated CRA information, the City lacks one of the objective tools needed to determine if depositories continue to meet their CRA obligations and adhere to Philadelphia's expectations for its depositories.

Require Depositories to Establish Separate Community Investment Goals for the Philadelphia Market

The 2009 report recommended that requirements for depositories should be uniform so they can be easily compared and fairly ranked, and that without this information, it is difficult to determine a depository's compliance with the City's expectations for community investment in the Philadelphia market.

11.1.2 Relevant Past Recommendations

This recommendation resulted from the fact that one depository indicated that it does not separate community investment goals for Philadelphia from their overall assessment area, and yet another had not established goals for 2009, nor did it make any investments in this area during that reporting period. The 2010 RFI responses indicated that the same depository still does not extrapolate community investment goals for Philadelphia from its aggregate reporting, and the other depository did not establish goals for 2010 nor did it project goals for 2011.

Require Depositories to Track Gender and Race/Ethnic Demographics of the Bank Loan Officers Serving the Philadelphia Market

The RFI template requests gender and race/ethnic characteristics of the depositories' bank loan officers. In past reports, some of the depositories reported this information and a few indicated that they do not track that information at all. This demographics inquiry stems from a recommendation made in the 2007 report where depositories were encouraged to recruit bilingual and minority staff who are familiar with the needs and concerns of minority borrowers. The 2009 report recommended that the City should require depositories to report on this information each year as it relates to the Philadelphia market because it is more important from the City's perspective to analyze the impact that the staff demographics has on lending in the Philadelphia market. This remains a concern for the 2010 report. Compliance with this requirement would be aided if the City changed the wording of the question in the RFI template so that it is clear to depositories that the question relates to the demographics of bank loan officers serving the Philadelphia market.

Require the depositories to conduct internal analysis regarding lending practices and extensively review policies in place to detect discriminatory behavior in house

Past reports recommended that the City require each depository to perform internal analysis of lending practices and have extensive review of policies in place to detect discriminatory behavior in house, so as to increase external awareness of lending practices and allow for quick corrective actions to be taken by the lender in between City reporting periods.

This recommendation remains relevant because the 2010 RFI template does not specifically ask for the results of an internal analysis or review of policies. A few depositories volunteered this information, however most did not. For those that did provide the information, some provided more details than others. The RFI template should specifically request the results of the depositories' internal analysis so that the City can have a basis for assessing progress made by depositories in improving lending practices and increasing their ability to detect discriminatory practices in house.

Recognition and Promotion of Depositories

Past reports recommended the creation of a program to recognize and promote banks that consistently exhibit outstanding lending practices and participate in community reinvestment. This recommendation remains relevant for the 2010.

Authorized depositories who have met and/or exceeded community reinvestment goals should not only be recognized by the Treasurer's Office, but the public should be made aware of their accomplishments as well.

Provide Fair Lending Training for Employees
Past reports cite the importance of frequent employee training on fair lending practices. This remains relevant to the 2010 report period. The current RFI template does not request information related to employee training. Therefore, it is recommended that the City request data related to the frequency of fair lending training provided by the depositories to ensure each depository provides up-to-date lending information to customers.

11.2 Additional Data Collection

11.2.1 Relevant Past Recommendations

Standardize the RFI Report
Past reports indicate that the information reported in the annual RFI is still not standardized or complete and as a result does not allow for an accurate cross-comparison of the authorized depositories. For example, depositories use differing definitions for loan categories, reporting time periods, and income levels. To mitigate confusion and provide much needed standardization, the City should make available a sample of a completed 'example RFI' online to serve as a guide for developing a response. Additionally, it should include detailed explanations regarding data collection in order to increase the uniformity of submissions.

11.3 Ancillary Topics

11.3.1 Relevant Past Recommendations

Analyze the Distribution of Capital and the Availability of Lending Opportunities
Past reports speak to the geographic distribution of depositories as an important factor which affects distribution of capital as well as availability of lending information and opportunities. The city should determine depository accessibility by conducting an analysis of the locations of all depository branches so as to identify under-served neighborhoods. Again, this can be accomplished by using counts of small businesses by Census tract, and accounting for other potentially explanatory variables such as demographics, industry composition, and macro-economic lending trends, one can estimate the anticipated number of small business loans that a Census tract is predicted to receive, and compare that estimate with the actual number of loans it received. This will isolate any areas that have been over-invested or under-invested.

Relationship Between Private and Public Investment and Neighborhoods that Attract Private Capital
Past reports suggested further research into the relationship between private and public investment as a means to identify characteristics of neighborhoods that have been able to attract private capital without public funds. Econometric techniques can be used to determine the extent to which public and private investments create over-invested and under-invested communities, and in what settings does public investment catalyze private investment. Such research would be helpful in identifying the best ways to use public funds to stimulate private activity.