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THE DROUGHT CONTINUES

Mortgage credit runs dry for Californians of color

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

This paper analyzes California mortgage originations in the post-crisis period, from 2012–2014, using data collected under the Home Mortgage Disclosure Act (HMDA). Similar national analysis provides context for the state-wide observations. Analysis in four large California counties shows the variety of experiences across this large state. The main findings include:

- National and state-wide analysis reveal a reduction in mortgage credit for the loans that most clearly support homeownership overall. More loans that directly supported homeownership were made in 2000 than in 2014.
- Some borrowers are particularly shut out, including non-White borrowers, lower-income borrowers, and those in neighborhoods with lower incomes. This is true nationally and in California.
- Analysis of the loans that were made to these target populations in California reveal:
  - More than half of loans made to Black/African-American and Latino borrowers, lower-income borrowers, and those in lower-income census tracts were government-backed loans (including FHA). Conventional loans, including those supported by Fannie Mae and Freddie Mac, overwhelmingly did not go to these target groups.
  - More than two-thirds of homebuyers in every race/ethnicity group had middle or high incomes for their area.
  - Most Black/African American and Latino borrowers bought homes in majority minority census tracts, even though most had middle or high incomes.
  - Smaller lenders focused on these populations and geographies compared with larger lenders. The largest lenders in the state made the most loans to these target populations, but they typically made up a small share of overall originations.
- Within California, different areas and regions differ in the degree to which non-White and low-income borrowers are accessing homeownership.

INTRODUCTION

The boom and bust mortgage cycle that played out across the nation dramatically affected California's minority and low-wealth families and communities. Predatory, unaffordable loans flooded these communities during the subprime boom, and they suffered the most as the loans subsequently failed in unprecedented numbers. Mounting foreclosures harmed both borrowers and neighborhoods. Despite the official end of the Great Recession, many of these communities continue to struggle. In particular, mortgage lending has not rebounded for these borrowers, or in these places, making it difficult for the families and the communities where these families live to rebuild the wealth lost as a result of the crisis. In many parts of California, home prices are above the national average, which can make it hard for families of modest means to afford to buy and rent. National trends play out in California, of course, but the state also offers a unique place to investigate today's mortgage market. California led the nation during the boom and bust periods, and how lenders have reacted in California markets reflects the unique state market, as well as providing a window on national trends.

Homeownership remains an important opportunity for families, despite the recent crisis. Responsible mortgage credit that enables sustained homeownership remains the primary way that families of modest means build wealth. This is particularly true for families of color, even though historic practices and explicit government policies limited access to homeownership for borrowers of color and contributed to a racial homeownership and wealth gap (Herbert, McCue, & Sanchez-Moyano, 2013).

Restricted access to credit in the post-crisis period has resulted in the very same families and communities which have been historically disadvantaged finding it difficult to access today's responsible mortgages.

In the 1960s and '70s, federal laws such as the Fair Housing Act (1968), the Equal Credit Opportunity Act (1974), and the Home Mortgage Disclosure Act (1975) attempted to remove barriers to homeownership. However, the lending products and practices that sprung up resulted in a new kind of discrimination. There is significant evidence that African–American and Latino borrowers and their neighborhoods were disproportionately targeted by subprime lenders. Borrowers of color were about 30% more likely to receive higher–rate subprime loans than similarly situated White borrowers, and borrowers in non-White neighborhoods were more likely to receive higher–cost loans with risky features such as prepayment penalties (Bocian, Ernst, & Li, 2006). These communities were the hardest hit by the foreclosure crisis, with disproportionate wealth losses falling on families and communities of color (Center for Responsible Lending, 2013).

Recent law (Dodd-Frank, 2010) has made today's loans much safer for borrowers than those of the past. Most importantly, the law's Ability-to-Repay requirement ensures that lenders confirm that a potential borrower can afford the loan. However, restricted access to credit in the post-crisis period has resulted in the very same families and communities which have been historically disadvantaged finding it difficult to access today's responsible mortgages. Families of color and low-wealth continue to lack access to responsible mortgages and the associated potential to build wealth.

DATA AND METHODS

This paper analyzes mortgage originations in the post-crisis period, from 2012–2014, using HMDA data annually released for public review by the Consumer Financial Protection Bureau (CFPB).[1] This data provides important information about loan applications, originations, and denials for nearly all US mortgages.[2] The analysis focuses on the loans that were made to non-White borrowers, lower-income borrowers, and those in neighborhoods with lower-incomes, in order to understand the kinds of loans, lenders, and locations across California where this subset of loans were made. Additionally, we look in detail at four large and illustrative counties in California: Alameda, Solano, Los Angeles, and Fresno. We focus on the segment of mortgage originations that most directly facilitate new homeownership—first-lien, owner-occupied, home purchase loans for 1–4 family units—in the majority of the HMDA analysis. We present additional data to provide context to the state-specific HMDA analysis. This includes the following: similar analysis of national HMDA data; population demographic breakdowns based on the share of the population 18 and over from the US Census Bureau; household income and location information (also from the US Census Bureau); and home price data from Zillow.com. All of these data are publicly available.

1 For more information and to access these data, see: http://www.consumerfinance.gov/data-research/hmda/
2 There are some exceptions; for more information about which lenders are required to report HMDA data, *see:* https://www.ffiec.gov/hmda/reporter.htm

OVERALL LENDING TRENDS

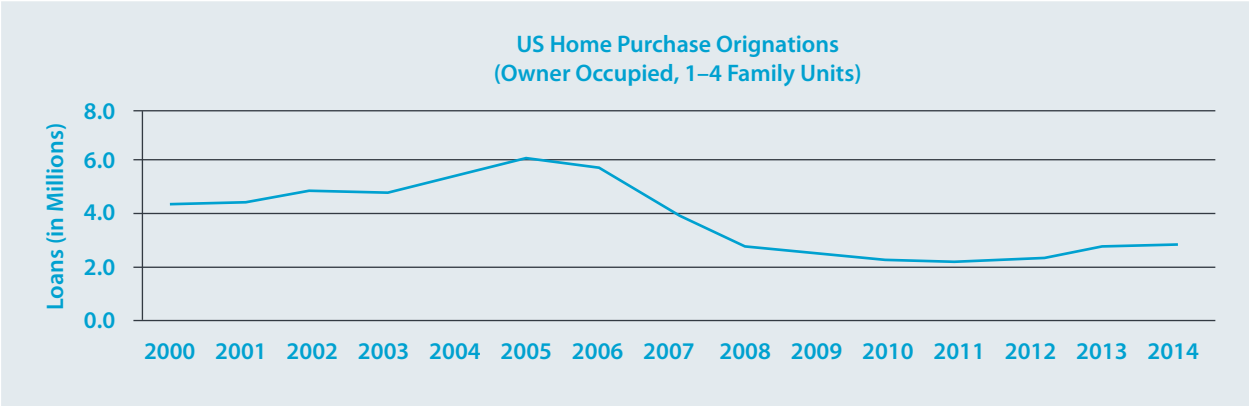
KEY STATS

- Home purchase originations have not rebounded to pre-crisis levels.
- From 2001 to 2016, the median FICO score on new loans rose more than 40 points to 752.
- In California, Black/African-American and Latino borrowers combined received only 25% of new home purchase loans, despite making up nearly 40% of the population.
- Fifty-seven percent of post-crisis originations in California went to high-income borrowers.

National trends show that fewer loans are being made to support homeownership and that the loans that are being made are going only to borrowers with very strong credit credentials who pose little risk to lenders. These trends have excluded from the market some borrowers who have been successful homeowners when they received responsible loans.

Post-crisis originations have not rebounded to historic levels. In particular, the number of loans fell substantially during the crisis and has yet to rebound. The number of such loans stood at 2.9 million in 2014, roughly half the number of such loans originated in 2005 and still below the average number of loans originated in the early 2000s. However, lending has increased modestly year over year, since it bottomed out in 2011 at approximately 2.1 million loans.

Figure 1: Lending for owner-occupied home purchase, 2000–2014



Source: CRL tabulation of HMDA data as analyzed by the Federal Reserve

One reason for the decline in the number of new loans is that lenders have retreated to making only the safest loans. A contraction in underwriting standards means fewer applications make the cut, and ultimately, fewer loans are made. While some contraction is reasonable, there is evidence that today's standards are too tight. The Urban Institute estimated that more than 5.2 million more loans would have been made from 2009 to 2014 if lending standards had been similar to the reasonable standard in place in 2001 (Bai, Goodman, & Zhu, 2016). In California, the researchers found a 54% decline in the number of purchase loans made in the state from 2001 to 2012 (Goodman, Zhu, & George, 2014).

The Urban Institute's "Housing Credit Availability Index" provides one measure of the tightness of lending standards. From 2012–2014, the index averaged 5.6%. It fell substantially from a high of over 16% in 2006 at the height of the boom and remains depressed compared even to pre-boom levels: the average from 2001–2003 was 12.5% (Goodman, et al., 2016). Another measure of the tightness of lending standards is borrower credit scores. This measure has drifted up more than 40 points since 2001. The median credit score on new originations rose to 752 in 2016. The lower-bound of this measure has also risen substantially and stood at 667 in 2016, compared to the low 600s in 2001 (Goodman, et al., 2016).

These measures indicate that borrowers with lower credit scores are not receiving loans; however, borrowers with lower credit scores can be successful homeowners. For example, the University of North Carolina at Chapel Hill's Center for Community Capital studied 46,453 loans that were made by traditional bank lenders, purchased by the nonprofit Self-Help Ventures Fund (which is affiliated with CRL), and securitized by Fannie Mae (Quercia, Freeman, & Ratcliffe, 2011). The loans were 30-year, fixed-rate loans without risky features (such as prepayment penalties and negative amortization) to subprime borrowers. Borrowers had lower-than-average credit scores (with half under 680); two-fifths were non-White; and 72% had a down payment of less than 5%. The median income of borrowers was approximately $31,000. These loans performed much better than other subprime loans. The rate of "serious delinquency" (capturing borrowers who were more than 90 days late on a mortgage payment) was one-third that of subprime adjustable-rate loans and one-half that of subprime fixed-rate loans (Freeman & Ratcliffe, 2012). Borrowers in the program also built wealth: median home equity across the portfolio was $18,000, and borrowers of all income groups had a higher net worth than similarly-situated renters, even after the recession (Freeman & Ratcliffe, 2012).

Lending for home purchase has been particularly depressed for non-White and low-income borrowers, and in low-income neighborhoods. Figure 2 shows how post-crisis loans nationwide and in California have been distributed across race/ethnicity, borrower income groups, and neighborhoods of differing income levels. African-American and Latino borrowers both nationally and in California have received a much smaller share of loans than their share of the population would suggest. African-American/Black borrowers received approximately 3% of loans in California and made up about 6% of the population of adults 18 and over in the state. Latino borrowers received about 22% of loans in California and made up approximately 33% of the population of adults 18 and over in the state. Similarly, low-income borrowers (defined as those borrowers making <80% of their area median income) received only about 30% of loans nationally and 19% of loans in California. Very low-income neighborhoods received a very small share of loans (only 1% nationally and 2% in California).

Figure 2: Post-crisis mortgage lending (2012–2014)

	Nationwide			California		
	#	%	Population**	#	%	Population**
Total Originations	7,625,561			772,980		
Conventional	4,603,405	60%		487,282	63%	
Government-Backed	3,022,156	40%		285,698	37%	
Total Originations*	6,973,580			681,996		
Black/African-American	401,963	6%	12%	20,868	3%	6%
Asian[3]	471,885	7%	5%	133,701	20%	14%
White	5,439,046	78%	67%	379,906	56%	44%
Latino	660,686	9%	14%	147,521	22%	33%
Total Originations*	7,546,590			762,917		
Borrower Income <50% AMI	603,282	8%	33%	31,102	4%	27%
Borrower Income >=50% and <80% AMI	1,647,791	22%	18%	111,586	15%	16%
Borrower Income >=80% and <120% AMI	1,939,104	26%	17%	188,966	25%	16%
Borrower Income >=120% AMI	3,356,413	44%	32%	431,263	57%	41%
Total Originations*	7,592,098			772,351		
Census Tract Income <50% AMI	113,553	1%	5%	18,947	2%	7%
Census Tract Income >=50% and <80% AMI	870,894	11%	20%	114,864	15%	24%
Census Tract Income >=80 % and <120% AMI	3,352,291	44%	49%	275,579	36%	36%
Census Tract Income >=120% AMI	3,255,360	43%	26%	362,961	47%	34%

*Only loans for which the required demographic, income, or geographic is available in the HDMA files.

**Population comparisons are given to provide context to the lending data. For originations by race/ethnicity, the population comparison numbers are for the population 18 years and older. Households are the unit of analysis used to determine the percentage of the population with a particular income or living in a particular census tract.

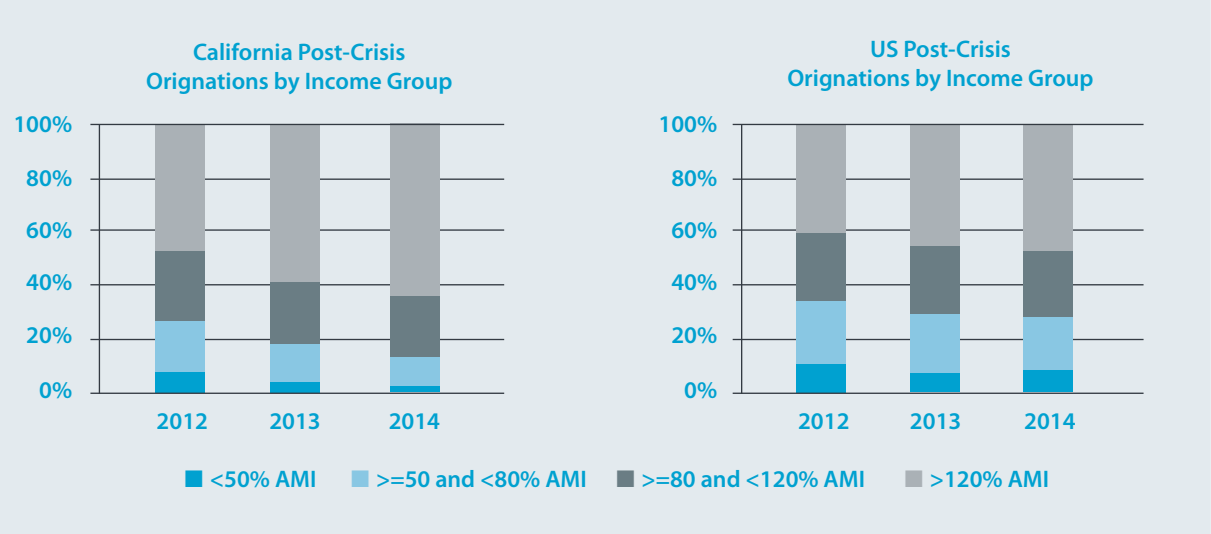
Source: CRL tabulation of HMDA data

This analysis combines three years of HMDA data in order to consider the trends in the post-crisis period rather than simply in a single year. Many of the trends are similar in the annual data as well as the three-year combined data. For example, the distribution of loans by race/ethnicity is fairly constant when looking at 2012, 2013, or 2014 alone, as well as 2012–2014 combined. For example, the annual percentage of California loans made to Black/African-American borrowers varied little over the three years (3.1% in 2012, 2.8% in 2013, 3.3% in 2014). The same can be said for the percentage of California loans to White and Latino borrowers.

3 Asian borrowers are not disaggregated in the 2012–2014 HMDA data. While many Asian sub-populations face specific challenges, this analysis can only look at the overall group of Asians. Recent changes to HMDA data will make data with greater specificity available for future analysis.

However, the distribution across income changed notably over the three years. From 2012 to 2014, the share of loans going to the highest income borrowers increased each year. In 2012, the highest income borrowers received 47% of all California originations, but just two years later they received nearly 64% of all California originations. Over the three-year period, this averaged out to 57%, as shown in Figure 2. Similarly, while the lowest income borrowers received 7% of the loans in 2012, they received just 2% in 2014. This pattern played out across the country as well over this time period, but to a lesser degree. For example, the percent of loans to the lowest income group fell from 10% to 7% nationally from 2012–2014. Figure 3 shows how these percentages changed in each year of the three-year post-crisis period analyzed in this report.

Figure 3: Share of loans by income group 2012–2014



Source: CRL tabulation of HMDA data

One possible explanation for the lending trends described above is that home prices, especially in California, are high, making homeownership too costly for certain borrowers. Home prices are higher overall in the state of California compared to the rest of the nation. Over the 2012–2014 period, the average median sale price of homes in California was nearly double the national average. With higher prices, fewer families can afford to purchase homes, and this may explain some of why lending in the state is concentrated to more affluent borrowers. While this is true overall, there are a number of places in California where home prices between 2012 and 2014 were at or below the national average. In 10 of the 26 Metropolitan Statistical Areas (MSAs) in California, prices were near or below the national average from 2012–2014, and there was great variability in prices even within high-cost counties. For example, prices overall were more than twice the national average in Los Angeles, but prices equaled the national average in the city of Palmdale in northern Los Angeles County.[4]

4 Median sales price data from Zillow.com

Characteristics of loans that were made to target populations

KEY STATS

- The majority of loans made to Black/African-American, Latino, and low-income borrowers, as well as loans in low-income census tracts, were government-backed loans.
- Black/African-American borrowers were 2.8 times as likely and Latino borrowers 3.4 times as likely as White borrowers to receive a higher-cost loan.
- Black/African-American and Latino borrowers were more likely to receive high-cost loans than the lowest income borrowers.
- More than two-thirds of homebuyers in every race/ethnicity group were higher-income borrowers.
- Most Black/African-American and Latino borrowers bought homes in majority minority census tracts, even though most had middle or high incomes.
- While large lenders made the most loans, smaller lenders focused on these populations and geographies.

While a very small share of all loans made in the post-crisis period went to non-White and low-income borrowers or were located in lower-income neighborhoods, tens of thousands of such loans were made in California. Analysis of the characteristics of those loans reveals that most were done through government-backed programs (like FHA and VA guaranteed loans) and that they were for lower-cost homes more likely to be located in lower-income and largely minority neighborhoods. Many more of these loans had high interest rates compared with loans made to higher-income and White borrowers.

Figure 4: Characteristics of post-crisis loans

		Average Loan Amount	Median Loan Amount	Percent Conventional	Percent Government-Backed	Percent with Reported Interest Rate Spread[5]	Average Interest Rate Spread
Borrower Income	<50% AMI	$130,631	$120,000	49%	51%	9.2%	1.88
	>=50% and <80% AMI	$196,425	$186,000	49%	51%	10.1%	1.87
	>=80% and <120% AMI	$277,180	$266,000	53%	47%	9.5%	1.84
	>=120% AMI	$499,373	$417,000	72%	28%	5.4%	1.82
Census Tract Income	<50% AMI	$269,116	$236,000	52%	48%	13.7%	1.85
	>=50% and <80% AMI	$264,030	$235,000	50%	50%	12.7%	1.85
	>=80% and <120% AMI	$317,438	$283,000	57%	43%	8.5%	1.85
	>=120% AMI	$483,723	$392,000	72%	28%	4.2%	1.86
Race and Ethnicity	Black/African-American	$310,684	$281,000	32%	68%	13.9%	1.86
	Asian	$433,193	$378,000	83%	17%	3.4%	1.86
	White	$405,855	$335,000	68%	32%	5.0%	1.85
	Latino	$258,081	$233,000	34%	66%	17.2%	1.85

Source: CRL tabulation of HMDA data

5 Loans with interest rates over a threshold rate (an APR 1.5% above the average prime offer rate) are required to report the amount by which the rate exceeds the threshold.

As shown in Figure 4, the post-crisis loans that were made to non-White and low-income borrowers and in low-income neighborhoods have different characteristics that loans made to other borrowers. First, there are obvious differences in loan amounts. Not surprisingly, loans to lower-income borrowers were for smaller amounts. The median loan amount for low and moderate income borrowers was less than half the loan amount for borrowers with the highest incomes. Interestingly, this pattern is apparent but much less strong for loans made in lower-income neighborhoods. For example, the median loan amount in the lowest income census tracts ($236,000) is actually higher than the median amount in the second lowest income census tracts ($235,000) and within $50,000 of the median in moderate income census tracts ($283,000). Black/African-American and Latino borrowers have loan amounts below those of White and Asian borrowers, though higher than the loan amounts for low-income borrowers.

Also obvious is the importance of government-backed loans. More than two-thirds of loans originated in the post-crisis period for Black/African-American and Latino borrowers were government-backed loans (including FHA and VA guaranteed loans). In contrast, less than a third of loans for White borrowers were originated through these programs. Approximately half of the loans that went to lower-income borrowers and were located in lower-income neighborhoods were government-backed as well. These findings highlight both the importance of these programs and the failure of conventional lenders to serve these borrowers. Only 32% of loans to Black/African American borrowers were conventional loans, which includes loans purchased by Fannie Mae and Freddie Mac.

Black/African-American and Latino borrowers were much more likely than White or Asian borrowers to receive a loan with higher costs: 14% of Black/African-American borrowers and 17% of Latino borrowers received high-cost loans in the post-crisis period, compared with just 5% of White borrowers. The average spread was also slightly higher for Black/African-American and Latino borrowers than for other borrowers who had a high-cost loan. The reliance of these borrowers on government-backed loans, as discussed above, may help explain this trend. FHA insurance pricing changes in 2013 resulted in many FHA loans carrying interest rates above the threshold of "high-cost" as reported in HMDA. Although still higher-cost loans, these loans tended to have rates very close to the threshold and do not present the same concerns as those posed by higher-cost loans prior to the crisis.[6] Interestingly, the pattern of high-cost lending is much clearer for race and ethnicity differences than for income or location differences. While lower-income borrowers and lower-income neighborhoods did have higher rates of high-cost loans than their peers, the differences are not as stark as those by race/ethnicity. Black/African-American and Latino borrowers appear to have received higher-cost loans disproportionately, regardless of income. This difference deserves greater scrutiny and analysis to better understand the drivers and implications of such a difference.

Further analysis, shown in Figures 5 and 6, reveal how some of these demographic and geographic trends overlap. Interestingly, nearly half (49%) of Black/African-American borrowers had incomes greater than 120% AMI, comparable to the rates for White and Asian borrowers (62% and 58% respectively). Despite this, the census tracts where the homes that Black/African-American borrowers purchased were located were much more likely to be majority minority and have higher rates of poverty and unemployment than the census tracts of homes of Asian or White borrowers. This provides potentially troubling evidence of continued racial residential segregation that deserves more follow-up analysis and study. Of the various demographic groups, Latinos have the greatest share with incomes below 80% AMI (33%). Even so, the largest group of Latino borrowers were those with high incomes. Like Black/African-American borrowers, Latino borrowers were also more likely to buy homes in low-income census tracts with higher rates of poverty and unemployment. A vast majority, 77%, bought homes in majority minority census tracts. These trends call into question simple explanations that minority borrowers just can't afford the prices in California. The vast majority of Black/African-American and Latino borrowers (79% of Black/African-American borrowers and 66% of Latino borrowers) had middle or high incomes relative to other households in their areas.

6 For more information, *see* the Federal Reserve's Bulletin "The 2013 Home Mortgage Disclosure Act Data"

Figure 5: Post-crisis originations by race

	Black/African-American	Asian	White	Latino
Total Originations	20,862	133,657	379,740	147,458
Borrower Income <50%AMI	4%	3%	3%	8%
Borrower Income >=50% and <80% AMI	17%	13%	12%	25%
Borrower Income >=80% and <120% AMI	30%	23%	23%	32%
Borrower Income >=120% AMI	49%	58%	62%	34%
Census Tract <50%AMI	5%	2%	1%	5%
Census Tract >=50% and <80% AMI	18%	14%	11%	27%
Census Tract >=80% and <120% AMI	39%	35%	35%	40%
Census Tract >=120% AMI	39%	49%	53%	28%
% of Loans in Majority Minority Census Tracts	73%	65%	30%	77%
Average Census Tract % Poverty	12%	9%	9%	14%
Average Census Tract Unemployment Rate	10%	8%	8%	10%
Average Census Tract Owner Occupancy Rate	61%	62%	62%	59%

Source: CRL tabulation of HMDA data

Looking at the characteristics by income group provides a slightly different perspective. The differences in where borrowers with different incomes bought homes is quite obvious. The percent of loans in majority minority census tracts, in census tracts with higher rates of poverty and unemployment, and in tracts with lower rates of homeownership all trend clearly with income. Borrower income and census tract income are also closely related. For example, 62% of high-income borrowers bought homes in high-income census tracts, whereas only 12% of low-income borrowers bought homes in these places.

Figure 6: Post-crisis originations by borrower income group

	<50% AMI	>=50% & <80% AMI	>=80% & <120% AMI	>=120% AMI
Total Originations	31,096	111,535	188,888	431,041
% Black/African-American Borrowers	3%	3%	3%	2%
% Asian Borrowers	14%	15%	16%	18%
% White Borrowers	36%	39%	45%	55%
% Latino Borrowers	40%	33%	25%	12%
% Census Tract <50%AMI	9%	5%	3%	1%
% Census Tract >=50% and <80% AMI	38%	28%	19%	8%
% Census Tract >=80 % and <120%AMI	41%	46%	44%	29%
% Census Tract >=120% AMI	12%	21%	34%	62%
% of loans in Majority Minority Census Tracts	68%	64%	57%	38%
Average Census Tract % Poverty	17%	14%	11%	8%
Average Census Tract Unemployment Rate	12%	10%	9%	7%
Average Census Tract Owner Occupancy Rate	54%	57%	60%	64%

Source: CRL tabulation of HMDA data

To further understand what might be driving the different loan characteristics, we looked at which lenders made these loans and how large lenders in California served these populations. For simplicity we looked only at 2014 data for this analysis, as some lenders merged, exited the market, or otherwise changed their lending over the three- year post-crisis period.

Figure 16 in the Appendix lists all the lenders that originated more than 1,000 owner-occupied home purchase loans in California in 2014. Although similar in that they all made a relatively large number of loans, the lenders differed in how these loans were distributed to non-White and low-income borrowers and in lower-income neighborhoods. For example, Wells Fargo made nearly 10% of all such loans in the state and more than twice as many loans as the next largest lender (LoanDepot.com). While they also made the greatest number of loans to Black/African-American, Latino, and low-income borrowers and the most in low-income neighborhoods, their concentration of lending to these groups was far less than their overall percentage would suggest. For example, only 1.7% (432 loans) of Wells Fargo's loans were made to Black/African-American borrowers. Some lenders, in contrast, appear to have specialized in lending to these populations. For example, LoanDepot.com, the second largest lender in the state, made nearly 30% of their loans to Latino borrowers, and one lender, Residential Bancorp, made nearly three-quarters of all their loans to Latino borrowers. Similarly, more than a quarter of loans made by Golden Empire Mortgage and Mountain West Financial were in low-income census tracts. Very few lenders appear to be concentrating on the African-American market; of these large lenders, only Mortgage Research Center made more than 10% of their loans to Black/African-American borrowers.

On the one hand, this list highlights many of the largest lenders in the US. On the other hand, there are a remarkable number of smaller and non-bank lenders on this list. For example, 16 different lenders have a marketshare between 1 and 2%, including nationally known Citigroup and Quicken loans. The diversity of lenders serving California homebuyers is an asset in the sense that borrowers have many lending options. However, it also might reflect a fractured market that could be a source of vulnerability for consumers if only certain lenders are serving a particular community.

Lending differences across the state

KEY STATS

- Ten metropolitan areas in California had prices at or below the national average.
- Non-White and low-income borrowers receive a greater share of loans in some metropolitan areas compared to others.
- The majority of loans in most MSAs were to White or Asian and higher-income borrowers.

Different areas and regions of California also differ in the degree to which non-White and low-income borrowers are accessing homeownership. Figure 18 in the Appendix shows lending to various groups in California's 26 MSAs. (Figure 17, also in the Appendix, provides a map of these places). Loans not in an MSA are listed as a group in the final row of the table. Some places (for example, Los Angeles-Long Beach-

Santa Ana; San Jose-Sunnyvale-Santa Clara; San Francisco-Oakland-Freemont; San Diego-Carlsbad-San Marcos; and Santa Cruz-Watsonville) are particularly skewed to higher-income borrowers. In these places, more than 60% of the loans were made to borrowers with incomes greater than 120% of median income. Interestingly, many of these same places also had the highest concentration of loans made in low-income census tracts. While this could be interpreted as showing there is access to affordable homes in these highcost markets, it more likely shows higher-income borrowers purchasing homes in lower-income neighborhoods. In San Francisco for example, 5% of loans were made in low-income census tracts, but only 4% of loans were made to low-income borrowers.

Borrowers of color also were concentrated in some places, following population trends. In Vallejo-Fairfield for example, 7% of all loans—more than double the state average—were taken out by Black/African-American borrowers. Many Black/African-Americans live in this MSA, where they make up 14% of the population. Similarly, in El Centro almost two-thirds of all loans were made to Latino borrowers. Latinos make up 81% of the population of this MSA. Some places were particularly dominated by White borrowers. In Chico, San Luis Obispo-Paso Robles, and Redding, 80% or more of the borrowers were White. Many Whites live in these MSAs, making up more than 80% of the population in each place.

As discussed earlier, prices differed widely across the state. Ten of the 26 MSAs had prices that were near or below the national average (<105% of the national average). Approximately 78,000 owner-occupied home purchase loans were made in these places between 2012 and 2014. On the opposite end, 11 MSAs had prices more than double the national average, and more than 485,000 mortgages were made in these places in the post-crisis period. As would be expected, a greater share of loans were made to lower-income borrowers in lower-cost areas compared to higher-cost areas. For example, prices in Fresno were approximately equal to the national average ($189,716 compared to $180,250), and 25% of loans made in the MSA were to borrowers with incomes below 80% of the area median income. In contrast, prices were more than three times the national average in San Francisco ($565,258), and in this MSA, only 16% of loans were made to lower-income borrowers.

Statewide California mortgage data demonstrate a great deal of market-to-market variation. In order to disaggregate the data into more digestible and homogeneous sets, we present four short case studies of counties across the state. These four counties emphasize the diversity of economic, demographic, and historical factors at play throughout the state. When the mortgage crisis hit California, it hit different regions in distinctly different ways: the foreclosure crisis of Fresno County and the San Joaquin Valley; the extremes of inequality of Los Angeles; and the new African-American displacement and migration from Alameda County to the suburban Solano County that followed the collapse of subprime mortgages. Post-crisis mortgage lending has also differed in these areas.

Fresno County

Fresno County is located in the San Joaquin Valley, which comprises the southern half of California's Central Valley, an agricultural center for the United States. The Central Valley experienced rapid housing price appreciation during the nineties and early 2000s as California's suburbs expanded. This market collapsed in the subprime foreclosure crisis, when home prices fell precipitously, and many new homeowners were left underwater on their loans.

The average median sales price in Fresno County from 2012–2014 was approximately $160,000, below the national median. There were a number of even more affordable pockets throughout the county. For example, in the cities of Mendota and Orange Cove, prices averaged near $115,000. Median household income in Fresno County ($45,201) also was below both the statewide ($61,489) and national medians ($53,482) during this time.[7]

Figure 7: Post-crisis originations in Fresno County

	Fresno County			California		
	#	%	Population**	#	%	Population**
Total Originations	18,412			772,980		
Conventional	7,884	43%		487,282	63%	
Government-Backed	10,528	57%		285,698	37%	
Total Originations*	17,213			681,996	0%	
Black/African-American	420	2%	5%	20,868	3%	6%
Asian	2,214	13%	9%	133,701	20%	14%
White	8,665	50%	38%	379,906	56%	44%
Latino	5,914	34%	45%	147,521	22%	33%
Total Originations*	18,317			762,917		
Borrower Income <50% AMI	1,127	6%	27%	31,102	4%	27%
Borrower Income >=50% and						
<80% AMI	3,500	19%	17%	111,586	15%	16%
Borrower Income >=80% and <120% AMI	4,724	26%	17%	188,966	25%	16%
Borrower Income >=120% AMI	8,966	49%	39%	431,263	57%	41%
Total Originations*	18,412			772,351		
Census Tract Income <50% AMI	479	3%	10%	18,947	2%	7%
Census Tract Income >=50% and <80% AMI	2,646	14%	27%	114,864	15%	24%
Census Tract Income >=80% and <120% AMI	4,341	24%	28%	275,579	36%	36%
Census Tract Income >=120% AMI	10,946	59%	35%	362,961	47%	34%

*Only loans for which the required demographic, income, or geographic is available in the HDMA files.

** Population comparisons are given to provide context to the lending data. For originations by race/ethnicity, the population comparison numbers are for the population 18 years and older. Households are the unit of analysis used to determine the percentage of the population with a particular income or living in a particular census tract.

Source: CRL tabulation of HMDA data

7 Median household income data is from the US Census Bureau, American Community Survey 2010–2014 in 2014 dollars.

In the post-crisis period, approximately 18,000 loans were originated in Fresno County. The majority (57%) of these loans were government-backed. While a minority of Fresno's population is White (38%), approximately half of all loans were made to White borrowers over this time. Almost half (45%) of Fresno's population is Latino. These borrowers received about a third of the loans. Similarly, although 37% of households in Fresno live in lower-income census tracts, only about 17% of the loans were made in these areas. Nearly 60% of the loans were made in Fresno's highest income areas.

Since Fresno County has such a high Latino population, it is interesting to take a closer look at these loans. In the three-year post-crisis period, approximately 6,000 owner-occupied home purchase loans were made to Latino borrowers in Fresno County. More than three-quarters of these were government-backed loans. The loans were fairly evenly dispersed across income category with borrowers in the moderate, middle, and upper categories all receiving about 30% of the loans, and 12% of the loans going to the lowest income Latino borrowers. Similarly, the loans were fairly evenly distributed across moderate to high-income neighborhoods.

Figure 8: Loans to Latino borrowers in Fresno County

	#	%
Total Originations	5,914	
Conventional	1,446	24%
Government-Backed	4,468	76%
Total Originations*	5,877	
Borrower Income <50% AMI	708	12%
Borrower Income >=50% and <80% AMI	1,711	29%
Borrower Income >=80% and <120% AMI	1,640	28%
Borrower Income >=120% AMI	1,818	31%
Total Originations*	5,914	
Census Tract Income <50% AMI	330	6%
Census Tract Income >=50% and <80% AMI	1,488	25%
Census Tract Income >=80% and <120% AMI	2,048	35%
Census Tract Income >=120% AMI	2,048	35%
Loans in Majority Minority Census Tracts	4,792	81%
Average Census Tract % Poverty	20%	
Average Census Tract Unemployment Rate	11%	
Average Census Tract Owner Occupancy Rate	56%	

*Only loans for which the required demographic, income, or geographic is available in the HDMA files.

Source: CRL tabulation of HMDA data

Los Angeles County

Los Angeles County experienced some of the greatest gains and worst fallout from the recent boom and bust mortgage cycle. The city of Los Angeles itself is home to the most affluent and poorest communities in the state of California, and the County's sprawl captures more juxtaposed inequality. Los Angeles was the metro area in California with the greatest raw number of foreclosures, which externalizes to lower property values in the neighboring communities. These "spillover effects" depressed home values even for borrowers who did not experience a foreclosure.[8]

Figure 9: Post-crisis originations in Los Angeles County

	Los Angeles County			California		
	#	%	Population**	#	%	Population**
Total Originations	147,429			772,980		
Conventional	101,529	69%		487,282	63%	
Government-Backed	45,900	31%		285,698	37%	
Total Originations*	128,544			681,996		
Black/African-American	5,560	4%	8%	20,868	3%	6%
Asian	27,203	21%	15%	133,701	20%	14%
White	58,770	46%	31%	379,906	56%	44%
Latino	37,011	29%	45%	147,521	22%	33%
Total Originations*	144,154			762,917		
Borrower Income <50% AMI	2,559	2%	27%	31,102	4%	27%
Borrower Income >=50% and <80% AMI	13,880	10%	16%	111,586	15%	16%
Borrower Income >=80% and <120% AMI	31,443	22%	16%	188,966	25%	16%
Borrower Income >=120% AMI	96,272	67%	50%	431,263	57%	41%
Total Originations*	147,403			772,351		
Census Tract Income <50% AMI	3,447	2%	7%	18,947	2%	7%
Census Tract Income >=50% and <80% AMI	24,038	16%	26%	114,864	15%	24%
Census Tract Income >=80% and <120% AMI	40,440	27%	27%	275,579	36%	36%
Census Tract Income >=120% AMI	79,478	54%	39%	362,961	47%	34%

*Only loans for which the required demographic, income, or geographic is available in the HDMA files.

** Population comparisons are given to provide context to the lending data. For originations by race/ethnicity, the population comparison numbers are for the population 18 years and older. Households are the unit of analysis used to determine the percentage of the population with a particular income or living in a particular census tract.

Source: CRL tabulation of HMDA data

8 CRL estimated the effect of foreclosures in California MSAs beginning in 2010, based on Harding, Rosenblatt, and Yao's 2008 methodology, whereby each foreclosure prompts a 0.744% value decline for homes within a 1/8-mile radius. Foreclosures are aggregated to the California MSA level in our 2010 paper: http://www.responsiblelending.org/california/ca-mortgage/research-analysis/dreams-deferred-CA-foreclosure-report-August-2010.pdf.

In general, Los Angeles County is expensive. The average median sales price over this period was nearly $425,000, more than twice the national average. However, this average belies significant variation, and even within this high-cost market there were some pockets of affordable homes. For example, in Lancaster the average price was below the national average, at approximately $165,000. Of course, the county is also home to some of the priciest areas in the country, with prices in Beverly Hills more than nine times the national average. Median household incomes in Los Angeles ($55,870) were below the statewide median ($61,489) and slightly above the national median ($53,482) during this time. However, again there was wide variation across the county. For example, median household incomes differed greatly in the two cities mentioned above: Lancaster ($49,057) and Beverly Hills ($87,366).[9]

Nearly 150,000 loans enabling homeownership were made in Los Angeles County in the post-crisis period. Like the state as a whole, about a third of these loans were government-backed. The greatest share of loans went to high-income borrowers and high-income places (67% and 54% respectively). Only about 27,000 loans were made in lower-income census tracts in LA, and only about 15,000 loans were made to low-income families. Despite making up less than half of the county's population, Asian and White borrowers received two-thirds of the loans.

More than half of all loans originated were in census tracts where the median income was more than 120% of the area median income. In these highest income places, most of the loans were to high-income borrowers (83%). More than half of these borrowers were White, and only 17% were Black/African-American or Latino.

Figure 10: Loans in high-income census tracts in Los Angeles County

	#	%
Total Originations*	77,495	
Borrower Income <50% AMI	306	0%
Borrower Income >=50% and <80% AMI	2,646	3%
Borrower Income >=80% and <120% AMI	10,036	13%
Borrower Income >=120% AMI	64,507	83%
Total Originations*	67,382	
Black/African-American	2,048	3%
Asian	14,979	22%
White	40,860	61%
Latino	9,495	14%

*Only loans for which the required demographic, income, or geographic is available in the HDMA files.
Source: CRL tabulation of HMDA data

9 Median household income data is from the US Census Bureau, American Community Survey 2010–2014, in 2014 dollars.

Alameda County

While Northern California experienced less depreciation in the subprime mortgage crisis than Southern or Central California overall, and housing appreciation there has rebounded, many longtime residents lost a great deal of wealth in the foreclosure crisis. Additionally they may not have had access to the new prosperity that a second wave of technology-based job growth promised. The Bay Area currently suffers from dual crises of unaffordability and inequality, and the displacement of communities of color threatens to undermine many of the wealth-building effects of the region's progressive policies.

Home prices in Alameda County between 2012 and 2014 were well above the national average for the country as a whole and for every city within the county as well. Prices also increased substantially over the three-year period, rising from an average of $400,000 to over $560,000 in just this three-year period. Overall, the average median sales price in the county was approximately $485,000. Median household incomes in Alameda County ($76,439) also exceeded the statewide ($61,489) and national medians ($53,482) during this time.[10]

Approximately 36,000 owner-occupied home purchase loans were made in Alameda County in the post-crisis period. Two demographic groups, Asians and Whites, received nearly all of the loans (89%), despite these groups making up only about two-thirds of the population of Alameda County. A much greater share of these loans were conventional loans (not government-backed), compared to the overall share of such loans throughout the state, 83% vs 63%. High sales prices in Alameda County might have contributed to this difference by dampening FHA lending. FHA loans are subject to a "conforming loan limit," which puts a ceiling on loan amount of eligible mortgages. FHA's conforming loan limits are adjusted for local price differences and subject to an overall ceiling. In 2014 a borrower could get an FHA loan of up to $625,500 for a single family home in Alameda County, which was equal to the national ceiling amount.[11]

Only about 20% of loans in Alameda County were made in census tracts with a median income below 80% of the area median income. Even in these places, high-income and White borrowers were the most likely purchasers (33% and 39% of borrowers respectively). This provides evidence of higher-income borrowers moving into previously less desirable neighborhoods, a process known as gentrification. Black/African-American and Latino borrowers made up a larger share of borrowers in these places, 8% and 18% compared with 4% and 8% in the county overall.

10 Median household income data is from the US Census Bureau, American Community Survey 2010-2014, in 2014 dollars.

11 For more information on FHA's conforming loan limits see HUD's website: https://entp.hud.gov/idapp/html/hicostlook.cfm

Figure 11: Post-crisis originations in Alameda County

	Alameda County			California		
	#	%	Population**	#	%	Population**
Total Originations	36,284			772,980		
Conventional	30,193	83%		487,282	63%	
Government-Backed	6,091	17%		285,698	37%	
Total Originations*	30,865			681,996		
Black/African-American	1,133	4%	12%	20,868	3%	6%
Asian	14,358	47%	26%	133,701	20%	14%
White	12,838	42%	37%	379,906	56%	44%
Latino	2,536	8%	20%	147,521	22%	33%
Total Originations*	35,641			762,917		
Borrower Income <50% AMI	1,379	4%	28%	31,102	4%	27%
Borrower Income >=50% and <80% AMI	4,639	13%	15%	111,586	15%	16%
Borrower Income >=80% and <120% AMI	8,014	22%	17%	188,966	25%	16%
Borrower Income >=120% AMI	21,609	61%	40%	431,263	57%	41%
Total Originations*	36,284			772,351		
Census Tract Income <50% AMI	2,320	6%	14%	18,947	2%	7%
Census Tract Income >=50% and <80% AMI	5,666	16%	24%	114,864	15%	24%
Census Tract Income >=80% and <120% AMI	12,429	34%	34%	275,579	36%	36%
Census Tract Income >=120% AMI	15,869	44%	28%	362,961	47%	34%

*Only loans for which the required demographic, income, or geographic is available in the HDMA files.

**Population comparisons are given to provide context to the lending data. For originations by race/ethnicity, the population comparison numbers are for the population 18 years and older. Households are the unit of analysis used to determine the percentage of the population with a particular income or living in a particular census tract.

Source: CRL tabulation of HMDA data

Figure 12: Loans in lower income census tracts in Alameda County (<80% AMI)

	#	%
Total Originations*	7,840	
Borrower Income <50% AMI	849	11%
Borrower Income >=50% and <80% AMI	2,065	26%
Borrower Income >=80% and <120% AMI	2,341	30%
Borrower Income >=120% AMI	2,585	33%
Total Originations*	6,746	
Black/African-American	542	8%
Asian	2,371	35%
White	2,606	39%
Latino	1,227	18%

*Only loans for which the required demographic, income, or geographic is available in the HDMA files.
Source: CRL tabulation of HMDA data

Solano County

Solano County, especially cities like Vallejo, may present a moment of opportunity for new mortgage policy to stabilize and build wealth in what have been underserved and disproportionately affected groups. The relative affordability of homes and availability of industrial jobs have made places like Vallejo attractive to families of modest means.

Home prices in Solano County were modestly above the national average from 2012–2014. Throughout the county, prices were fairly consistent, ranging from 110% of the national median value in Vallejo to 225% of the national median value in Benicia. Median household incomes in Solano ($67,341) were also above the statewide ($61,489) and national medians ($53,482) during this time.[12]

Nearly 11,000 owner-occupied home purchase loans were made in Solano County from 2012–2014. Most of these, 57%, were government-backed. In Solano County, 14% of the population is African-American compared to just 6% of the statewide population. Still, only about 8% of the loans (803) were made to Black/African-American borrowers. Very few loans were made in the lowest income places in Solano County. Over the three-year post-crisis period, 47 loans were made in the lowest income census tracts. Middle and moderate income areas and borrowers received many of the loans made in Solano. Specifically, middle and moderate income borrowers received 53% of the loans, and middle and moderate income neighborhoods received 62% of the loans originated in the county. This is similar to the make-up of Solano's population; 73% of the county's households lived in middle or moderate income census tracts (with median household incomes between 50 and 120% of the area median).

12 Median household income data is from the US Census Bureau, American Community Survey 2010–2014, in 2014 dollars.

Figure 13: Post-crisis originations in Solano County

	Solano County			California		
	#	%	Population**	#	%	Population**
Total Originations	10,920			772,980		
Conventional	4,690	43%		487,282	63%	
Government-Backed	6,230	57%		285,698	37%	
Total Originations*	9,665			681,996		
Black/African-American	803	8%	14%	20,868	3%	6%
Asian	1,598	17%	15%	133,701	20%	14%
White	5,593	58%	45%	379,906	56%	44%
Latino	1,671	17%	21%	147,521	22%	33%
Total Originations*	10,852			762,917		
Borrower Income <50% AMI	851	8%	26%	31,102	4%	27%
Borrower Income >=50% and <80% AMI	2,646	24%	17%	111,586	15%	16%
Borrower Income >=80% and <120% AMI	3,175	29%	19%	188,966	25%	16%
Borrower Income >=120% AMI	4,180	39%	39%	431,263	57%	41%
Total Originations*	10,920			772,351		
Census Tract Income <50% AMI	47	0%	2%	18,947	2%	7%
Census Tract Income >=50% and <80% AMI	1,372	13%	23%	114,864	15%	24%
Census Tract Income >=80% and <120% AMI	5,382	49%	50%	275,579	36%	36%
Census Tract Income >=120% AMI	4,119	38%	25%	362,961	47%	34%

*Only loans for which the required demographic, income, or geographic is available in the HDMA files.

** Population comparisons are given to provide context to the lending data. For originations by race/ethnicity, the population comparison numbers are for the population 18 years and older. Households are the unit of analysis used to determine the percentage of the population with a particular income or living in a particular census tract.

Source: CRL tabulation of HMDA data

Since Solano County has become such an important place for African-American families to settle in the Bay areas, a look at the loans made to these borrowers in more detail is particularly interesting. Of the 803 post-crisis loans made to these borrowers, 72% were supported with government guaranteed loans. About two-thirds of the loans were made to moderate and high-income borrowers. Almost half were in moderate income neighborhoods (similar to the distribution of all loans in the county). A large majority, 78%, of loans were in majority minority census tracts.

Figure 14: Loans to Black/African-American borrowers in Solano County

	#	%
Total Originations	803	
Conventional	224	28%
Government-Backed	579	72%
Total Originations*	799	
Borrower Income <50% AMI	50	6%
Borrower Income >=50% and <80% AMI	219	27%
Borrower Income >=80% and <120% AMI	253	32%
Borrower Income >=120% AMI	277	35%
Total Originations*	803	
Census Tract Income <50% AMI	2	0%
Census Tract Income >=50% and <80% AMI	128	16%
Census Tract Income >=80% and <120% AMI	383	48%
Census Tract Income >=120% AMI	290	36%
Loans in Majority Minority Census Tracts	629	78%
Average Census Tract % poverty	9%	
Average Census Tract Unemployment Rate	9%	
Average Census Tract Owner Occupancy Rate	64%	

*Only loans for which the required demographic, income, or geographic is available in the HDMA files.

Source: CRL tabulation of HMDA data

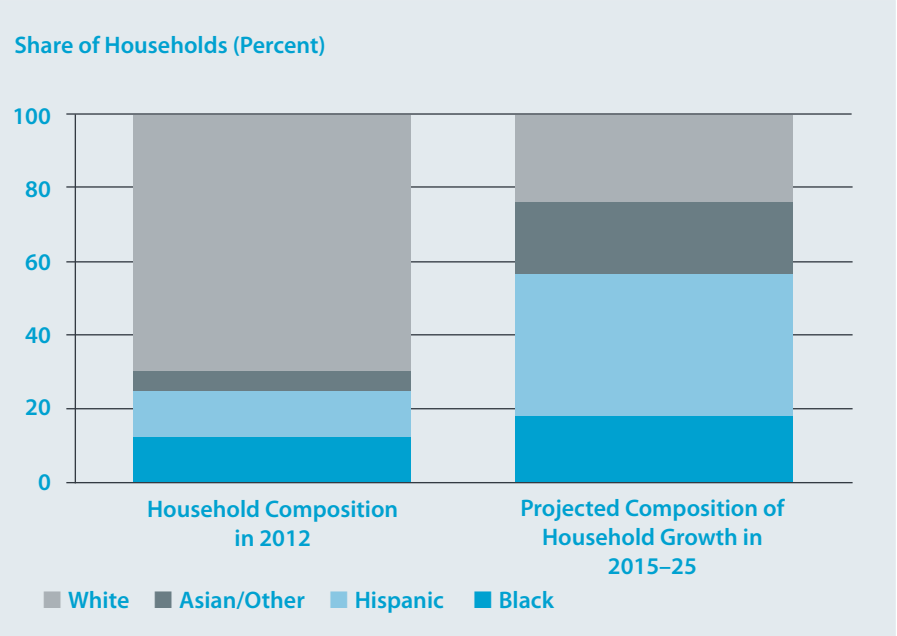
IMPLICATIONS AND CONCLUSIONS

Despite the loss in home equity that many families experienced during the housing collapse, homeownership remains a critical component of family wealth and the largest component of wealth for families of color and modest means in particular (Herbert, McCue, & Sanchez-Moyano, 2013). A host of other benefits, from greater social and neighborhood participation to improved psychological health, has also been associated with homeownership, particularly for low-income and minority families (Herbert & Belsky, 2006; Rohe & Linblad, 2013). Additionally, housing is a critical component of the family budget, and high and increasing rental costs mean that many families could find owning comparable or more affordable than renting. More low-income renters in California (those earning less than $50,000) are considered housing cost burdened than are owners in this income range.[13] This means that more renters than owners earning less than $50,000 spend more than 30% of their income on housing.

If the trends found here continue, few families will become homeowners, with implications for overall national wealth and for the health of the real estate market.

As the demographics of the US population continue to change, the mortgage market will need to serve an increasingly more diverse set of homebuyers. Harvard's Joint Center for Housing Studies estimates that the majority of household growth will come from families of color. Tomorrow's mortgage lenders will need to serve this growing segment of the market. If the trends found here continue, few families will become homeowners, with implications for overall national wealth and for the health of the real estate market.

Figure 15: Minorities will account for three-quarters of household growth over the coming decade



13 2014 American Community Survey, US Census

These trends are even more troubling in that they aggravate and perpetuate wealth inequality. Borrowers who cannot access mortgages cannot become homeowners and forgo the wealth gains associated with homeownership, which even through the recession averaged $90,000 for families who sustained homeownership (Herbert, McCue, & Sanchez-Moyano, 2013). As certain groups of people disproportionately are shut off from this critical wealth building opportunity, the wealth positions of the groups also diverge. Not only is wealth inequality much greater than income inequality in the United States, it has been increasing (Urban Institute, 2015). The trends in mortgage lending identified here clearly result from existing inequality, but also perpetuate these disparities.

There are a number of possible factors which could be contributing to the patterns documented here. Determining which are most influential is beyond the scope of this report, but should be further analyzed and discussed within the state. Below is a list of possible factors:

1) Underwriting constraints: Lenders certainly tightened underwriting post-crisis and could have set threshold levels for FICO scores, DTI ratios, and other measures such that certain borrowers are more likely to be denied mortgages.

2) Higher loan prices: Lenders and guarantors (including the GSEs, FHA, and private mortgage insurers) have raised prices and restructured pricing post-crisis. As a result, prices have gone up for borrowers with lower FICO scores and/or higher LTV loans. Higher costs may have put a mortgage payment outside of the typical budgets of families of modest means.

3) Higher home prices: As discussed, home prices are higher in California than elsewhere in the country on the whole. Higher prices, particularly in the most desirable job markets of the state, could be preventing some borrowers from being able to purchase homes.

4) Borrower fears: After experiencing or witnessing the effects of the crisis, some borrowers may not be applying for mortgages, fearing that they may not be approved or that homeownership is too risky.

5) Economic conditions: Although the recession officially ended in 2009, during this difficult time many workers lost income and/or savings they had built. Many young people also delayed forming new households. Lingering and ongoing effects like these could be affecting homeownership.

6) Other buyers of housing stock: All-cash investors purchased a significant volume of homes during and after the foreclosure crisis. Lower-cost homes were a particular target for investors and may have crowded out buyers who would have purchased homes with a mortgage. This has been a particular concern in lower-cost areas and census tracts.

7) Lender property standards: In the wake of the crisis, many homes fell into disrepair. The relatively high property standards imposed by FHA in particular may have prevented borrowers from purchasing homes that didn't meet these standards.

8) Lack of lender interest: Lenders may not be as interested in mortgage lending after taking hits to their bottom line and reputation for pre-crisis lending. Lenders may have shifted away from mortgage lending to other products or may be putting fewer resources into marketing and staffing mortgages relative to other products.

Analysis of post-crisis mortgage lending in California emphasizes the challenges that low-income families, Black/African-American and Latino borrowers, and lower-income neighborhoods face in accessing the credit necessary to support homeownership. There are a number of factors affecting the trends described here. Policymakers, lenders, and potential homebuyers in California should carefully consider the implications of a continuation of these trends and what can be done to open up homeownership responsibly to more Californians. Although California is unique in many respects, the trends discussed here also play out nationally. Discussion of solutions proposed at the state level may prove useful across the country as well.

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Figure 16: Market share and counts for CA lenders with more than 1,000 originations in 2014

	Total Originations		To African-American Borrowers		To Latino Borrowers		To Borrowers with Income <=80% AMI		In Census Tracts with Income <=80% AMI	
	#	Market Share	Originations # (%)	Market Share	Originations # (%)	Market Share	Originations # (%)	Market Share	Originations # (%)	Market Share
WELLS FARGO & CO	25886	9.9%	432 (1.7%)	5.6%	3088 (11.9%)	6.0%	2044 (7.9%)	6.2%	3399 (13.1%)	7.2%
LOANDEPOTCOM	7887	3.0%	276 (3.5%)	3.6%	2234 (28.3%)	4.3%	1066 (13.5%)	3.2%	1478 (18.7%)	3.1%
STEARNS LENDING, INC	7570	2.9%	225 (3.0%)	2.9%	1876 (24.8%)	3.6%	1650 (21.8%)	5.0%	1620 (21.4%)	3.4%
BANK OF AMER CORP	7443	2.8%	118 (1.6%)	1.5%	788 (10.6%)	1.5%	645 (8.7%)	2.0%	936 (12.6%)	2.0%
JPMORGAN CHASE & CO	6770	2.6%	123 (1.8%)	1.6%	771 (11.4%)	1.5%	578 (8.5%)	1.8%	822 (12.1%)	1.7%
MP THRIFT LLC	6757	2.6%	174 (2.6%)	2.3%	906 (13.4%)	1.8%	835 (12.4%)	2.5%	1069 (15.8%)	2.3%
AMERICAN PACIFIC MORTGAGE CORP	6409	2.4%	261 (4.1%)	3.4%	1206 (18.8%)	2.3%	1066 (16.6%)	3.2%	1218 (19.0%)	2.6%
PROSPECT MORTGAGE, LLC	5216	2.0%	132 (2.5%)	1.7%	966 (18.5%)	1.9%	648 (12.4%)	2.0%	1012 (19.4%)	2.1%
PINNACLE CAPITAL MORTGAGE CORP	5153	2.0%	180 (3.5%)	2.3%	870 (16.9%)	1.7%	817 (15.9%)	2.5%	971 (18.8%)	2.1%
BANC OF CA	4797	1.8%	149 (3.1%)	1.9%	1286 (26.8%)	2.5%	686 (14.3%)	2.1%	1033 (21.5%)	2.2%
SIERRA PACIFIC MORTGAGE	4675	1.8%	108 (2.3%)	1.4%	739 (15.8%)	1.4%	696 (14.9%)	2.1%	697 (14.9%)	1.5%
MITSUBISHI UFJ FNCL GRP	4499	1.7%	78 (1.7%)	1.0%	443 (9.8%)	0.9%	332 (7.4%)	1.0%	600 (13.3%)	1.3%
CITIGROUP	3757	1.4%	113 (3.0%)	1.5%	289 (7.7%)	0.6%	258 (6.9%)	0.8%	602 (16.0%)	1.3%
BROKER SOLUTIONS, INC	3653	1.4%	222 (6.1%)	2.9%	1259 (34.5%)	2.4%	381 (10.4%)	1.2%	806 (22.1%)	1.7%
GUILD MORTGAGE COMPANY	3534	1.3%	167 (4.7%)	2.2%	1264 (35.8%)	2.4%	693 (19.6%)	2.1%	876 (24.8%)	1.9%
QUICKEN LOANS, INC	3452	1.3%	76 (2.2%)	1.0%	263 (7.6%)	0.5%	332 (9.6%)	1.0%	554 (16.0%)	1.2%
RPM MORTGAGE INC	3413	1.3%	52 (1.5%)	0.7%	207 (6.1%)	0.4%	283 (8.3%)	0.9%	600 (17.6%)	1.3%
PROVIDENT FNCL HOLD	2870	1.1%	92 (3.2%)	1.2%	676 (23.6%)	1.3%	391 (13.6%)	1.2%	472 (16.4%)	1.0%
GOLDEN EMPIRE MORTGAGE, INC	2819	1.1%	148 (5.3%)	1.9%	1321 (46.9%)	2.6%	554 (19.7%)	1.7%	737 (26.1%)	1.6%
MOUNTAIN WEST FINANCIAL, INC	2811	1.1%	116 (4.1%)	1.5%	1096 (39.0%)	2.1%	626 (22.3%)	1.9%	710 (25.3%)	1.5%
PARAMOUNT RESIDENTIAL MORTGAGE	2738	1.0%	111 (4.1%)	1.4%	1185 (43.3%)	2.3%	509 (18.6%)	1.5%	737 (26.9%)	1.6%
UNITED SHORE FINANCIAL SERVICE	2695	1.0%	72 (2.7%)	0.9%	657 (24.4%)	1.3%	403 (15.0%)	1.2%	534 (19.8%)	1.1%
MAEDGEN & WHITE	2612	1.0%	67 (2.6%)	0.9%	604 (23.1%)	1.2%	396 (15.2%)	1.2%	562 (21.5%)	1.2%
ACADEMY MORTGAGE CORPORATION	2608	1.0%	80 (3.1%)	1.0%	919 (35.2%)	1.8%	522 (20.0%)	1.6%	577 (22.1%)	1.2%
CMG MORTGAGE, INC	2519	1.0%	102 (4.0%)	1.3%	490 (19.5%)	0.9%	289 (11.5%)	0.9%	456 (18.1%)	1.0%
PLAZA HOME MORTGAGE, INC	2401	0.9%	104 (4.3%)	1.4%	485 (20.2%)	0.9%	351 (14.6%)	1.1%	484 (20.2%)	1.0%
SUMMIT FUNDING, INC	2348	0.9%	97 (4.1%)	1.3%	381 (16.2%)	0.7%	452 (19.3%)	1.4%	508 (21.6%)	1.1%
PMAC LENDING SERVICES INC	2282	0.9%	61 (2.7%)	0.8%	691 (30.3%)	1.3%	376 (16.5%)	1.1%	573 (25.1%)	1.2%
OPES ADVISORS, INC	2257	0.9%	40 (1.8%)	0.5%	218 (9.7%)	0.4%	198 (8.8%)	0.6%	395 (17.5%)	0.8%
U S BC	2249	0.9%	39 (1.7%)	0.5%	138 (6.1%)	0.3%	167 (7.4%)	0.5%	261 (11.6%)	0.6%
UNIVERSAL AMERICAN MTG OF CA	2201	0.8%	111 (5.0%)	1.4%	455 (20.7%)	0.9%	123 (5.6%)	0.4%	173 (7.9%)	0.4%
NATIONS DIRECT MORTGAGE, LLC	2064	0.8%	95 (4.6%)	1.2%	1032 (50.0%)	2.0%	320 (15.5%)	1.0%	624 (30.2%)	1.3%
FIRST MORTGAGE CORPORATION	2017	0.8%	125 (6.2%)	1.6%	767 (38.0%)	1.5%	306 (15.2%)	0.9%	483 (23.9%)	1.0%

Figure 16: Market share and counts for CA lenders with more than 1,000 originations in 2014 (Continued)

	Total Originations		To African-American Borrowers		To Latino Borrowers		To Borrowers with Income <=80% AMI		In Census Tracts with Income <=80% AMI	
	#	Market Share	Originations # (%)	Market Share	Originations # (%)	Market Share	Originations # (%)	Market Share	Originations # (%)	Market Share
WJ BRADLEY MORT CAPITAL	2005	0.8%	49 (2.4%)	0.6%	326 (16.3%)	0.6%	245 (12.2%)	0.7%	345 (17.2%)	0.7%
PACIFIC UNION FINANCIAL LLC	2004	0.8%	82 (4.1%)	1.1%	817 (40.8%)	1.6%	309 (15.4%)	0.9%	517 (25.8%)	1.1%
FIRST REPUBLIC BK	2001	0.8%	7 (0.3%)	0.1%	48 (2.4%)	0.1%	71 (3.5%)	0.2%	218 (10.9%)	0.5%
LAND HOME FINANCIAL SERVICES	1958	0.7%	86 (4.4%)	1.1%	369 (18.8%)	0.7%	387 (19.8%)	1.2%	488 (24.9%)	1.0%
CALIBER HOME LOANS, INC	1917	0.7%	41 (2.1%)	0.5%	298 (15.5%)	0.6%	199 (10.4%)	0.6%	328 (17.1%)	0.7%
AMERICAN FINANCIAL NETWORK INC	1838	0.7%	79 (4.3%)	1.0%	812 (44.2%)	1.6%	284 (15.5%)	0.9%	466 (25.4%)	1.0%
BENJAMIN CURRY QUAZZO MINORITY	1757	0.7%	11 (0.6%)	0.1%	87 (5.0%)	0.2%	43 (2.4%)	0.1%	188 (10.7%)	0.4%
NAVY FCU	1740	0.7%	124 (7.1%)	1.6%	234 (13.4%)	0.5%	131 (7.5%)	0.4%	250 (14.4%)	0.5%
SKYLINE FINANCIAL CORP	1697	0.6%	54 (3.2%)	0.7%	245 (14.4%)	0.5%	112 (6.6%)	0.3%	263 (15.5%)	0.6%
RMR FINANCIAL, LLC	1651	0.6%	27 (1.6%)	0.4%	128 (7.8%)	0.2%	184 (11.1%)	0.6%	299 (18.1%)	0.6%
HOMEBRIDGE FINANCIAL SERVICES	1591	0.6%	76 (4.8%)	1.0%	575 (36.1%)	1.1%	242 (15.2%)	0.7%	373 (23.4%)	0.8%
UNITED SVC AUTO ASSN	1579	0.6%	78 (4.9%)	1.0%	198 (12.5%)	0.4%	121 (7.7%)	0.4%	251 (15.9%)	0.5%
KINECTA FCU	1537	0.6%	23 (1.5%)	0.3%	119 (7.7%)	0.2%	61 (4.0%)	0.2%	153 (10.0%)	0.3%
PRIMARY RESIDENTIAL MORTGAGE	1514	0.6%	65 (4.3%)	0.8%	572 (37.8%)	1.1%	291 (19.2%)	0.9%	382 (25.2%)	0.8%
GUARANTEED RATE INC	1393	0.5%	37 (2.7%)	0.5%	170 (12.2%)	0.3%	129 (9.3%)	0.4%	248 (17.8%)	0.5%
STONEGATE MORTGAGE LLC	1374	0.5%	35 (2.5%)	0.5%	299 (21.8%)	0.6%	175 (12.7%)	0.5%	295 (21.5%)	0.6%
FIRST PRIORITY FINANCIAL, INC	1320	0.5%	42 (3.2%)	0.5%	194 (14.7%)	0.4%	223 (16.9%)	0.7%	202 (15.3%)	0.4%
BAY EQUITY LLC	1310	0.5%	45 (3.4%)	0.6%	318 (24.3%)	0.6%	213 (16.3%)	0.6%	303 (23.1%)	0.6%
PARKSIDE LENDING LLC	1309	0.5%	11 (0.8%)	0.1%	82 (6.3%)	0.2%	159 (12.1%)	0.5%	220 (16.8%)	0.5%
KINGS MORTGAGE SERVICES INC	1296	0.5%	26 (2.0%)	0.3%	652 (50.3%)	1.3%	296 (22.8%)	0.9%	240 (18.5%)	0.5%
VITEK MORTGAGE GROUP	1291	0.5%	49 (3.8%)	0.6%	141 (10.9%)	0.3%	286 (22.2%)	0.9%	313 (24.2%)	0.7%
FREMONT BC	1195	0.5%	12 (1.0%)	0.2%	88 (7.4%)	0.2%	140 (11.7%)	0.4%	200 (16.7%)	0.4%
HOMESTREET	1195	0.5%	32 (2.7%)	0.4%	198 (16.6%)	0.4%	110 (9.2%)	0.3%	218 (18.2%)	0.5%
COUNTRY CLUB MORTGAGE	1184	0.5%	13 (1.1%)	0.2%	584 (49.3%)	1.1%	277 (23.4%)	0.8%	296 (25.0%)	0.6%
BROADVIEW MORTGAGE CORPORATION	1146	0.4%	58 (5.1%)	0.8%	316 (27.6%)	0.6%	141 (12.3%)	0.4%	226 (19.7%)	0.5%
PLATINUM HOME MORTGAGE CORP	1112	0.4%	30 (2.7%)	0.4%	470 (42.3%)	0.9%	276 (24.8%)	0.8%	345 (31.0%)	0.7%
SIMONICH CORP DBA COMM MORT	1095	0.4%	26 (2.4%)	0.3%	205 (18.7%)	0.4%	153 (14.0%)	0.5%	189 (17.3%)	0.4%
MORTGAGE RESEARCH CENTER, LLC	1095	0.4%	130 (11.9%)	1.7%	188 (17.2%)	0.4%	136 (12.4%)	0.4%	213 (19.5%)	0.5%
RESIDENTIAL BANCORP	1092	0.4%	51 (4.7%)	0.7%	811 (74.3%)	1.6%	219 (20.1%)	0.7%	439 (40.2%)	0.9%
FIRST CALIFORNIA MORTGAGE CO	1009	0.4%	32 (3.2%)	0.4%	238 (23.6%)	0.5%	155 (15.4%)	0.5%	185 (18.3%)	0.4%
RESOURCE LENDERS INC	1002	0.4%	13 (1.3%)	0.2%	209 (20.9%)	0.4%	133 (13.3%)	0.4%	137 (13.7%)	0.3%

Figure 17: MSA boundaries in California

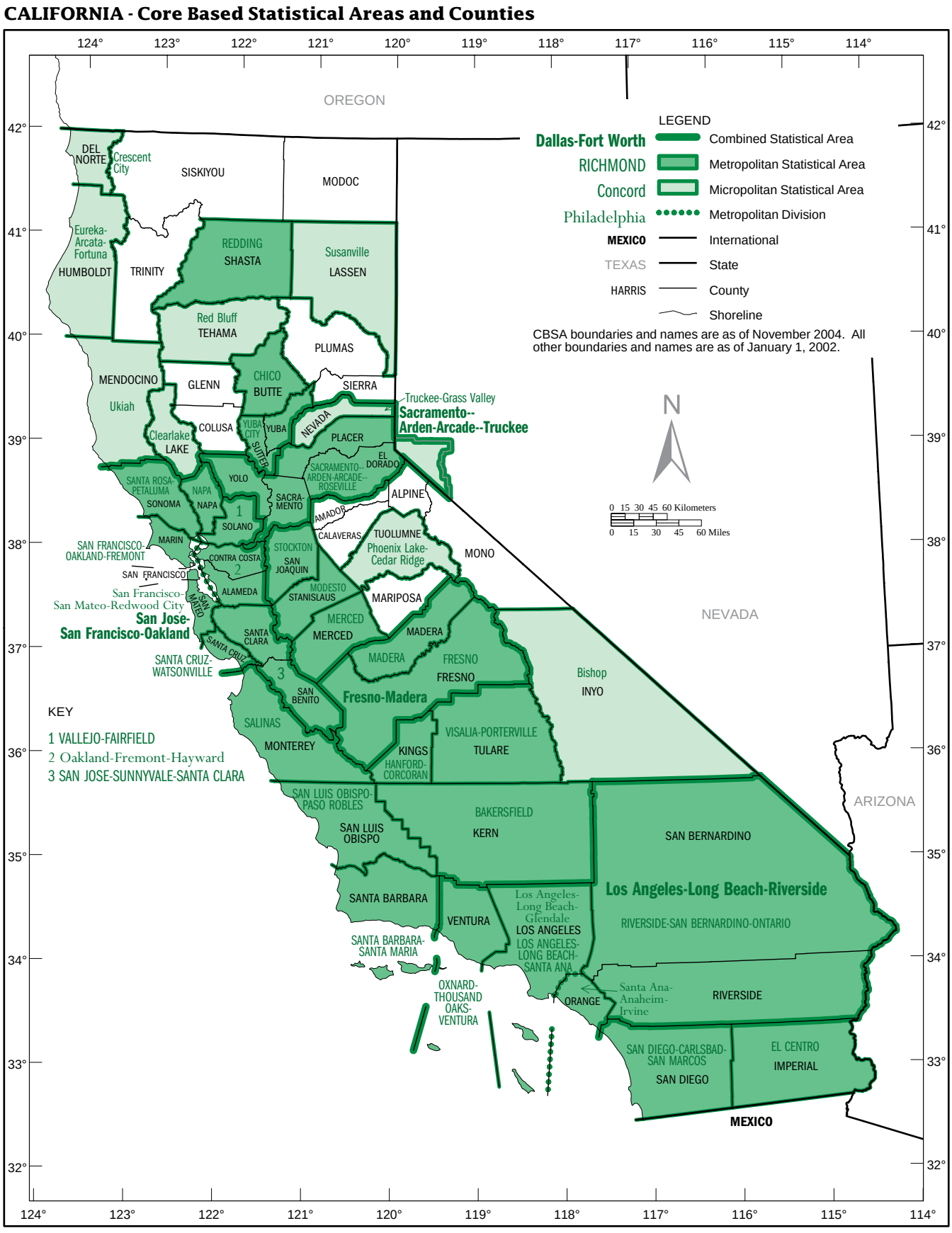

Figure 18: Post-Crisis Lending by MSA

	Median Sales Price as % of US Median	Total Originations	Originations by Borrower Income				Originations by Census Tract Income				Originations by Borrower Race/Ethnicity			
			<50% AMI	>=50% & <80% AMI	>=80 & <120% AMI	>=120% AMI	<50% AMI	>=50% & <80% AMI	>=80 & <120% AMI	>=120% AMI	Black	Asian	White	Latino
Bakersfield	91%	19,855	5%	17%	27%	51%	0%	12%	25%	62%	2%	5%	51%	35%
Chico	117%	4,325	6%	19%	26%	49%	0%	13%	50%	37%	1%	3%	82%	7%
El Centro	85%	2,888	4%	16%	26%	53%	0%	11%	56%	34%	1%	2%	18%	73%
Fresno	105%	18,412	6%	19%	26%	49%	3%	14%	24%	59%	2%	12%	47%	32%
Hanford-Corcoran	89%	2,638	6%	19%	29%	45%	0%	14%	25%	60%	3%	5%	49%	39%
Los Angeles-Long Beach-Santa Ana	235%	209,795	2%	10%	22%	64%	2%	16%	29%	53%	3%	20%	43%	21%
Medera	92%	2,675	8%	23%	30%	39%	0%	22%	55%	23%	1%	3%	46%	42%
Merced	85%	4,455	7%	21%	28%	43%	1%	23%	35%	42%	1%	8%	36%	49%
Modesto	100%	11,494	8%	23%	29%	40%	1%	10%	46%	43%	2%	7%	52%	29%
Napa	232%	2,708	3%	14%	24%	58%	0%	26%	41%	34%	1%	8%	66%	13%
Oxnard-Thousand Oaks-Ventura	237%	17,421	4%	18%	28%	49%	2%	15%	43%	40%	1%	9%	58%	18%
Redding	105%	3,940	6%	20%	29%	45%	0%	21%	53%	26%	0%	3%	87%	4%
Riverside-San Bernardino-Ontario	136%	102,159	6%	19%	28%	45%	2%	16%	36%	46%	4%	9%	44%	33%
Sacramento-Arden-Arcade-Roseville	142%	62,349	8%	20%	26%	45%	3%	14%	39%	44%	3%	14%	61%	10%
Salinas	205%	5,914	3%	15%	26%	56%	2%	16%	42%	41%	1%	8%	43%	40%
San Diego-Carlsbad-San Marcos	226%	74,985	2%	11%	25%	61%	3%	12%	36%	50%	2%	13%	58%	13%
San Francisco-Oakland-Freemont	314%	103,223	4%	12%	20%	62%	5%	13%	38%	45%	3%	29%	45%	7%
San Jose-Sunnyvale-Santa Clara	354%	42,271	2%	11%	23%	63%	4%	20%	40%	36%	1%	46%	36%	7%
San Luis Obispo-Paso Robles	233%	6,513	2%	14%	30%	53%	0%	8%	66%	26%	1%	3%	80%	7%
Santa Cruz-Watsonville	290%	4,795	2%	12%	22%	63%	0%	21%	34%	44%	1%	3%	75%	12%
Santa Maria-Santa Barbara	249%	7,501	4%	16%	24%	55%	3%	17%	38%	41%	1%	5%	62%	21%
Santa Rosa-Petaluma	214%	10,285	4%	17%	27%	50%	0%	20%	57%	24%	1%	4%	73%	9%
Stockton	118%	16,014	8%	20%	26%	45%	1%	14%	32%	53%	4%	18%	42%	25%
Vallejo-Fairfield	141%	10,920	8%	24%	29%	38%	0%	13%	49%	38%	7%	15%	51%	15%
Visalia-Porterville	85%	7,714	5%	20%	26%	48%	0%	14%	27%	58%	1%	4%	45%	45%
Yuba City-Marysville	100%	3,715	9%	22%	29%	39%	1%	16%	38%	46%	2%	13%	60%	17%
Not in MSA	N/A	14,016	5%	19%	29%	47%	0%	9%	58%	30%	1%	2%	79%	8%

About the Center for Responsible Lending

The Center for Responsible Lending is a nonprofit, nonpartisan research and policy organization dedicated to protecting homeownership and family wealth by working to eliminate abusive financial practices. CRL is affiliated with Self-Help, one of the nation's largest community development financial institutions.

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