

The 21st Annual Mortgage Lending Study

PITTSBURGH COMMUNITY REINVESTMENT GROUP

2015

The Pittsburgh Community Reinvestment Group (PCRG) Annual Mortgage Lending Study provides a current portrait of mortgage lending trends in Allegheny County and the City of Pittsburgh. PCRG prepares this study using publicly available data designed to monitor the performance of financial institutions seeking to meet their community investment requirements under the Community Reinvestment Act. The purpose of publishing these findings is to ensure that the policy makers and community members are aware of trends in community investment and opportunities to increase available financial resources in traditionally underserved communities.

Prepared by

Rachel Rue, Research Analyst
Pittsburgh Community Reinvestment Group

1901 Centre Avenue, Suite 200
Pittsburgh, PA 15219

(412) 391-6732
rrue@pcrg.org

Cover Design by Colleen Balistrieri

Copyright

Copyright © 2015 Pittsburgh Community Reinvestment Group. All rights reserved.

Contents

- List of Tables4
- List of Charts6
- Pittsburgh Community Reinvestment Group7
 - Organization History7
 - 2015 Member Organizations8
 - 2015 Financial Partners8
 - 2015 National Partners9
 - Organizational Make-Up Of Banks Included in This Study9
- Introduction10
- Major Findings11
 - Background11
 - Total Lending in Allegheny County 2005-201311
 - Low to Moderate Income and Minority Lending12
 - Government-backed Lending12
 - Denial Rates and Reasons for Denial13
 - Neighborhood Lending13
 - Subprime Lending and Types of Lenders14
- The Community Reinvestment Act and Bank CRA Ratings16
 - CRA Ratings of Pittsburgh Area Banks17
- Part I: Trends in Residential Mortgage Lending18
 - Introduction18
 - Part I.A Trends in Residential Mortgage Lending19
 - Total Mortgage Lending in 201319
 - Subprime Lending and Shifts in the Lending Landscape23
 - Government-backed Lending31
 - Denial Rates and Reasons for Denial33
 - Part I.B LMI and Minority Lending35
 - Low to Moderate Income Census Tracts37
 - Low to Moderate Income Borrowers42
 - Low Income Borrowers47
 - Substantially Minority Census Tracts49
 - Lending to Minority Borrowers55
 - Lending to African Americans56

Part II: The Lending Landscape in 2013	65
Introduction	65
Major Lenders.....	66
Part II.A Lending by Local Banks	68
Bank Comparison Tables.....	68
Part II.B Lending in Neighborhoods and Municipalities.....	97
Pittsburgh Neighborhood Lending: Where Do Residential Loan Dollars Go?	97
Pittsburgh Neighborhood Mortgage Lending Table (FOLDOUT)	97
Allegheny County Municipalities	98
Glossary	105
Appendix I: Community Reinvestment Act Examinations	108
Appendix II: Methodology	109
Data Sources	109
Census Data And Census Tracts.....	109
Financial Institutions.....	110
Income Levels	110
Deposit Market Share.....	111
Appendix III: Individual Bank Reports.....	112

List of Tables

Table 1.	Applications and Originations by Loan Purpose, Allegheny County 2012-2013.....	p. 19
Table 2.	Applications and Originations by Loan Purpose, City of Pittsburgh 2012-2013.....	p. 19
Table 3.	Applications and Originations, Allegheny County, 2005-2013.....	p. 21
Table 4.	Applications and Originations, City of Pittsburgh, 2005-2013.....	p. 22
Table 5.	Subprime Originations as Percentage of Total Lending by Loan Purpose, 2005-2006.....	p. 23
Table 6.	Subprime Lending and Levels of Recovery by Demographic Group, 1-4 unit Properties, Allegheny County 2005-2013.....	p. 26
Table 7.	Subprime Percentage of Originations by Lender Type, Purpose, Property Location, and Borrower Characteristics, Allegheny County 2005-2006.....	p. 28
Table 8.	Allegheny County Originations 2005-2013: Number of Lenders; Number and Amount of Loans.....	p. 30
Table 9.	Government-backed Mortgage Loan Originations, Allegheny County 2005-2013.....	p. 31
Table 10.	Mortgage Loan Denial Rates, Allegheny County 2005-2013.....	p. 33
Table 11.	Reasons for Loan Denial by Race and Ethnicity, Allegheny County 2013.....	p. 33
Table 12.	Denial Rates by Loan Purpose, Income Level, and Race, Allegheny County 2005-2013.....	p. 34
Table 13.	Population, Housing, and Residential Mortgage Profile, Allegheny County 2013.....	p. 36
Table 14.	Allegheny County Population by Race.....	p. 36
Table 15.	Applications and Originations in LMI Census Tracts, Allegheny County 2013.....	p. 37
Table 16.	Denial Rates for LMI and Non-LMI Census Tracts, Allegheny County 2013.....	p. 37
Table 17.	Government-backed Originations in LMI Census Tracts, Allegheny County 2013.....	p. 39
Table 18.	Applications and Originations to LMI Borrowers, Allegheny County 2013.....	p. 42
Table 19.	Denial Rates by Borrower Income Level, Allegheny County 2013.....	p. 42
Table 20.	Government-backed Originations to LMI Borrowers, Allegheny County 2013.....	p. 44
Table 21.	Applications and Originations in Minority Census Tracts, Allegheny County 2013.....	p. 49
Table 22.	Denial Rates by Census Tract Minority Status, Allegheny County 2013.....	p. 49
Table 23.	Government-backed Originations in Minority Census Tracts, Allegheny County 2013.....	p. 52
Table 24.	1-4 Unit Originations by Applicant Race, Allegheny County 2005-2013.....	p. 55
Table 25.	Applications and Originations to African American Borrowers, Allegheny County 2013.....	p. 57
Table 26.	Denial Rates by Borrower Race, Allegheny County 2005-2013.....	p. 57
Table 27.	Government-backed Originations to African American Borrowers, Allegheny County 2005-2013.....	p. 60
Table 28.	1-4 Unit Originations by Loan, Property, and Borrower Characteristics.....	p. 63
Table 29.	1-4 Unit Originations by Loan, Property, and Borrower Characteristics, Excluding Subprime Loans.....	p. 64
Table 30.	Top Lenders in Allegheny County in 2013.....	p. 66
Table 31.	Top Lenders in Allegheny County in 2013, among Banks with Local Branches.....	p. 66
Table 32.	Top Lenders in the City of Pittsburgh in 2103.....	p. 67
Table 33.	Top Lenders in the City of Pittsburgh in 2013, among Banks with Local Branches.....	p. 67
Table 34.	Bank Asset Size and CRA Rating.....	p. 71
Table 35.	2013 Bank Deposits.....	p. 72
Table 36.	2013 Deposit Market Share.....	p. 73
Table 37.	Loan Applications, Originations, and Denials for Banks in Allegheny County.....	p. 74
Table 38.	1-4 Unit Loan Applications, Originations and Denials for Banks in Allegheny County.....	p. 75

List of Tables, continued

Table 39.	Number of Depository Branches in Allegheny County, 2013.....	p. 76
Table 40.	LMI Census Tracts: Number of Applications and Originations.....	p. 77
Table 41.	LMI Census Tracts: Amount (000s) of Applications and Originations.....	p. 78
Table 42.	LMI Applicants: Number of Applications and Originations.....	p. 79
Table 43.	LMI Applicants: Amount of Applications and Originations.....	p. 79
Table 44.	Minority Census Tracts: Number of Applications and Originations.....	p. 80
Table 45.	Minority Census Tracts: Amount (000s) of Applications and Originations.....	p. 81
Table 46.	African American Applicants: Number of Applications and Originations.....	p. 82
Table 47.	African American Applicants: Amount (000s) of Applications and Originations.....	p. 83
Table 48.1	Conventional and Government-Backed Loans, City of Pittsburgh.....	p. 84
Table 48.2	Conventional and Government-Backed Loans, Allegheny County excluding Pittsburgh.....	p. 85
Table 49.1	Disposition of Applications (%), City of Pittsburgh.....	p. 86
Table 49.2	Disposition of Applications (%), Allegheny County excluding Pittsburgh.....	p. 87
Table 49.3	Disposition of Applications (%), City of Pittsburgh, LMI Census Tracts.....	p. 88
Table 49.4	Disposition of Applications (%), Allegheny County excluding Pittsburgh, LMI Census Tracts.....	p. 89
Table 49.5	Disposition of Applications (%), City of Pittsburgh, Minority Census Tracts.....	p. 90
Table 49.6	Disposition of Applications (%), Allegheny County excluding Pittsburgh, Minority Census Tracts.....	p. 91
Table 49.7	Disposition of Applications (%), City of Pittsburgh, LMI Applicants.....	p. 92
Table 49.8	Disposition of Applications (%), Allegheny County excluding Pittsburgh, LMI Applicants.....	p. 93
Table 49.9	Disposition of Applications (%), City of Pittsburgh, African American Applicants.....	p. 94
Table 49.10	Disposition of Applications (%), Allegheny County excluding Pittsburgh, African American Applicants.....	p. 95
Table 50.	Allegheny County Small Business Loans 2013.....	p. 96
Table 51.	Housing Stock in Pittsburgh Neighborhoods with Most and Least Loan Dollars in 2013.....	p. 97
Table 52.	Top Lending Neighborhoods in Pittsburgh in 2013.....	p. 99
Table 53.1	Pittsburgh Neighborhood Mortgage Lending 2013 by Property Type.....	FOLDOUT
Table 53.2	Pittsburgh Neighborhood Mortgage Lending 2013 by Loan Purpose.....	FOLDOUT
Table 54.1	Selected Allegheny County Municipalities 2013 Lending by Property Type.....	p. 103
Table 54.2	Selected Allegheny County Municipalities 2013 by Loan Purpose.....	p. 104

List of Charts

Chart 1.	Number of Home Purchase and Refinance Originations, Allegheny County 2005-2013.....	p. 20
Chart 2.	Number of Home Purchase and Refinance Originations, City of Pittsburgh 2005-2013.....	p. 20
Chart 3.	Number of Originations by Loan Purpose and Loan Type, Allegheny County 2005-2013....	p. 25
Chart 4.	Market Share of Originations by Institution Type and Loan Purpose, Allegheny County, 2005 and 2013.....	p. 29
Chart 5.	Conventional, FHA, and VA Market Share, Allegheny County 2005-2013.....	p. 31
Chart 6.	Government-backed Share of Home Purchase Originations by Lender Type, Allegheny County 2005-2013.....	p. 32
Chart 7.	Government-backed Share of Refinance Originations by Lender Type, Allegheny County 2005-2013.....	p. 32
Chart 8.	Number of Applications and Originations in LMI Census Tracts, Allegheny County 2005-2013.....	p. 37
Chart 9.	FHA Market Share of Originations in LMI Census Tracts, Allegheny County 2005-2013.....	p. 39
Chart 10.	Number of LMI Census Tract Originations, Allegheny County 2005-2013.....	p. 40
Chart 11.	Mortgage Lending by Institution Type, LMI Census Tracts, Allegheny County 2005-2013.....	p. 41
Chart 12	Number of Applications and Originations to LMI Borrowers, Allegheny County 2005-2013.....	p. 42
Chart 13.	FHA Market Share of Originations to LMI Borrowers, Allegheny County 2005-2013.....	p. 44
Chart 14.	Originations by Applicant Income Level: Middle to Upper Income Census Tracts.....	p. 45
Chart 15.	Originations by Applicant Income Level: Low to Middle Income Census Tracts.....	p. 46
Chart 16.	Number of Originations to LMI Borrowers, Allegheny County 2005-2013.....	p. 47
Chart 17.	Mortgage Lending by Institution Type, LMI Borrowers, Allegheny County 2005-2013.....	p. 47
Chart 18.	Number of Originations to Low Income Borrowers, Allegheny County 2005-2013.....	p. 48
Chart 19.	Number of Applications and Originations in Minority Census Tracts, Allegheny County 2005-2013.....	p. 49
Chart 20.	FHA Market Share of Originations in Minority Census Tracts, Allegheny County, 2005-2013.....	p. 52
Chart 21.	Number of Minority Census Tract Originations, Allegheny County 2005-2013.....	p. 53
Chart 22.	Mortgage Lending by Institution Type, Minority Census Tracts Allegheny County 2005-2013.....	p. 54
Chart 23.	Number of 1-4 Unit Originations by Applicant Race, Allegheny County 2005-2013.....	p. 55
Chart 24.	Number of Applications and Originations to African American Borrowers, Allegheny County 2005-2013.....	p. 56
Chart 25.	FHA Market Share of Originations to African American Borrowers, Allegheny County, 2005-2013.....	p. 60
Chart 26.	Number of Originations to African American Borrowers, Allegheny County 2005-2013..	p. 61
Chart 27.	Mortgage Lending by Institution Type to African American Borrowers, Allegheny County 2005-2013.....	p. 62

PITTSBURGH COMMUNITY REINVESTMENT GROUP

ORGANIZATION HISTORY

In 1988, PCRG organized as a coalition of community-based organizations to provide a coordinated response to the bank practice of “redlining”—the refusal of conventional mortgage credit in low-income communities—and in 1990, PCRG incorporated as a 501(c)3 nonprofit. The financial services markets have evolved since then, and so has PCRG.

2002, PCRG created the Anti-Predatory Lending Initiative (APLI) to protect low-income homeowners from predatory lenders; the APLI successfully came to a close in 2011. In 2006, PCRG began to tackle other prevalent issues such as: REO properties, housing court, and development pipelines. In 2009, PCRG established GoBurgh, a consortium of community groups advocating for smart transportation systems in Allegheny County. Other programs include: Safe Neighborhoods Network,

Today, PCRG works through its relationships with 23 financial institutions, Pittsburgh’s Urban Redevelopment Authority, the Port Authority of Allegheny County, and Pittsburgh Public Schools. PCRG is a nationally recognized leader on issues of equitable lending and access to credit. National partners include: National Community Reinvestment Coalition (NCRC), National Alliance of Community Economic Development Associations (NACEDA), National Community Land Trust Network, National Community Stabilization Trust, and NeighborWorks America.

PCRG is a coalition of community leaders working for economic justice, equitable investment practices, and sufficient financial resources to revitalize communities throughout Pennsylvania’s Allegheny County.

Community Bankers Collaborative Council, Midtier Bankers Collaborative Council, and the Small Business Committee. These working groups operate on an “as needed” basis, and the group dissolves once the task is completed.

PCRG continues to use the Community Reinvestment Act (CRA)

of 1977 and the Home Mortgage Disclosure Act (HMDA) of 1975 to spur the flow of capital to our region’s communities. By analyzing CRA and HMDA data, PCRG can provide a snapshot of the lending landscape in Allegheny County. This analysis takes form in *PCRG’s Annual Mortgage Lending Study* which serves as a tool for PCRG members and partners to identify gaps in services, to work collaboratively with local financial institutions, and to create opportunities for new financial products and more equitable lending.

PCRG’s work has adapted to the changing landscape of community development and has grown to meet the needs of its members and communities. In 1998, PCRG established the Vacant Property Working Group (VPWG) to simplify the process of recycling title to abandoned and tax delinquent properties. In

2015 MEMBER ORGANIZATIONS

ACTION-Housing, Inc.
Allegheny City Central Association
Allegheny Land Trust
Allegheny River Towns Enterprise Zone
Amani Christian CDC
Bellevue Initiative for Growth and Revitalization
Bloomfield Development Corporation
Bloomfield-Garfield Corporation
Brookline Area Community Council
Community Leaders United for Beechview
Design Center of Pittsburgh
East Allegheny Community Council
East Liberty Concerned Citizens Corporation
East Liberty Development, Inc.
Economic Development South
Fineview Citizens Council
Friendship Community Group
Garfield Jubilee Association
GTECH Strategies, Inc.
Hazelwood Initiative, Inc.
Highland Park Community Development Corporation
Hill Community Development Corporation
Hill District Consensus Group
Hill House Economic Development Corporation
Hilltop Alliance
Housing Alliance of Pennsylvania
Larimer Consensus Group
Lawrenceville Corporation
Lawrenceville United

Manchester Citizens Corporation
McKees-Rocks Community Development Corporation
Mexican War Streets Society
Millvale Borough Development Corporation
Mount Washington Community Development Corporation
NeighborWorks Western PA
Northside Leadership Conference
Oakland Planning and Development Corporation
Operation Better Block
Penn Hills Community Development Corporation
Perry Hilltop Citizens Council
Pittsburgh Downtown Community Development Corporation
Pittsburgh Project
Polish Hill Civic Association
Rebuilding Together Pittsburgh
Ross Economic Development
South Side Community Council
South Side Local Development Company
South Side Slopes Neighborhood Association
Squirrel Hill Urban Coalition
Troy Hill Citizens, Inc.
Tube City Renaissance
Uptown Partners of Pittsburgh
Urban Innovation21
West Pittsburgh Partnership
Wilksburg Community Development Corporation

2015 FINANCIAL PARTNERS

Allegheny Valley Bank
Ameriserv Financial Bank
Bank of America
Bank of New York Mellon
Citizens Bank
Dollar Bank
Fifth Third Bank
First Commonwealth Bank
First National Bank of PA
First Niagara Bank
Howard Hanna Financial Services
The Huntington National Bank

Northwest Savings Bank
PNC Bank
Progressive-Home Federal Savings & Loan Association
S&T Bank
Sewickley Savings Bank
Slovak Savings Bank
TriState Capital Bank
The United-American Savings Bank
Washington Financial Bank
Wesbanco Bank
West View Savings Bank

2015 NATIONAL PARTNERS

National Community Land Trust Network
National Community Reinvestment Coalition (NCRC)
National Community Stabilization Trust

National Alliance of Community Economic
Development Associations
NeighborWorks America (Local Western PA affiliate)

ORGANIZATIONAL MAKE-UP OF BANKS INCLUDED IN THIS STUDY

Allegheny Valley Bancorp, Inc.
 Allegheny Valley Bank of Pittsburgh
Ameriserv Financial, Inc.
 Ameriserv Financial Bank
The Bank of America Corporation
 Bank of America, National Association
The Bank of New York Mellon Corporation
 BNY Mellon, National Association
Beal Financial Corporation
 Beal Bank, SSB
CB Financial Services, Inc.
 Community Bank
Compass Savings Bank
Dollar Bank, A Federal Savings Bank
Eureka Financial Corporation
 Eureka Bank
Fifth Third Bancorp
 Fifth Third Bank
 Fifth Third Mortgage Company
First Commonwealth Financial Corporation
 First Commonwealth Bank
F.N.B. Corporation
 First National Bank of Pennsylvania
First Niagara Financial Group, Inc.
 First Niagara Bank, National Association
Huntington Bancshares, Inc.
 The Huntington National Bank
Mars National Bancorp, Inc.
 The Mars National Bank

Mutual Holding Company of Western Pennsylvania
 Brentwood Bank
Nextier Incorporated
 Nextier Bank, National Association
Northwest Bancshares, Inc.
 Northwest Bank
 Northwest Consumer Discount Company, Inc.
The PNC Financial Services Group, Inc.
 PNC Bank, National Association
Progressive-Home Federal Savings & Loan Association
S&T Bancorp, Inc.
 S&T Bank
Seed Money Limited Partnership
 Enterprise Bank
Sewickley Savings Bank
Slovak Savings Bank
Standard Financial Corporation
 Standard Bank, PaSB
TriState Capital Holdings, Inc.
 TriState Capital Bank
UK Financial Investments Limited
 Citizens Bank, NA
The United-American Savings Bank
WesBanco, Inc.
 WesBanco Bank, Inc.
Woodforest Financial Group, Inc.
 Woodforest National Bank
WVS Financial Corp.
 West View Savings Bank

Introduction

This report is devoted to residential mortgage lending in the City of Pittsburgh and Allegheny County from 2005 to 2013, with a detailed analysis of lending in 2013. The period covered in the report begins at the height of the national bubble in housing prices, a year before the bubble burst and precipitated a crisis in housing finance.

The report has two major components:

- Part I identifies trends and changes in lending patterns by all financial institutions reporting residential mortgage loans in Allegheny County from 2005 to 2013, with particular focus on:
 - Subprime lending;
 - Government-backed lending;
 - Denial rates and reasons for denial;
 - Low- to moderate-income Census tracts;
 - Low- to moderate-income borrowers;
 - Minority Census tracts;
 - African American borrowers.

Please refer to the Glossary (p. 105) for definitions of low- and moderate-income levels, minority Census tracts, and other terms.

This year's study is the first in which we examine lending patterns of different types of lending institutions, tracing them from the period in 2005-2006 when subprime lending was at its height, through the collapse of the housing market, the subprime lending crisis, and the Great Recession. We focus on two questions— first, at the point when both the housing bubble and subprime lending were at their most inflated, which institutions were doing the most subprime lending, and where was their subprime lending targeted? Second, what was the market share of different types of lending institutions and how have their lending patterns changed since the subprime mortgage crisis?

The analysis in Part I groups lenders into four types, with distinct lending patterns:

- Banks with branches in Allegheny County, along with their affiliated or subsidiary mortgage companies;
 - Other banks and their affiliated or subsidiary mortgage companies;
 - Independent mortgage companies;
 - Credit unions.
- Part II focuses in detail on local lending in 2013.
 - Part II.A analyzes 2013 lending by *banks with physical branches in Allegheny County*. It provides side-by-side comparisons of lending by individual banks, with loan data broken down by income level, minority status, loan purpose, and type of backing. In addition, it includes information on CRA rating, asset size, market share, and number and location of branches for each bank.
 - Part II.B examines 2013 lending by *individual neighborhood and municipality*. It provides a snapshot of housing, demographics, and residential mortgage lending for all Pittsburgh neighborhoods and twenty Allegheny County municipalities. Within the City of Pittsburgh we highlight the neighborhoods that received the greatest and least amounts of mortgage lending.

Major Findings

BACKGROUND

When the national housing market bubble burst in 2006, the U.S. home price index fell for 33 consecutive months. During that period mortgage lending declined sharply. The market share of government-backed loans rose to historically high levels, playing a counter-cyclical role as the conventional credit market tightened. The national home loan market bottomed out in 2008. By the beginning of 2009, the Federal Reserve had cut the prime rate from a high of 6.25% in mid-2007 to the near-zero levels (.5%-.75%) where it has remained ever since. Low interest rates fueled a jump in refinancing, though home purchase loans continued to decline through 2011.

Allegheny County saw very similar patterns: lending declined from 2006 to 2008, then rose sharply in 2009 and again in 2012 because of increases in refinancing corresponding to interest rate drops. Total lending in the County increased every year from 2009 through 2012, then fell in 2013 because of a large decline in refinancing as mortgage interest rates increased. As in the rest of the country, government-backed lending showed exactly the opposite pattern: Federal Housing Authority (FHA) lending and market share increased dramatically through 2009, then began to decrease.

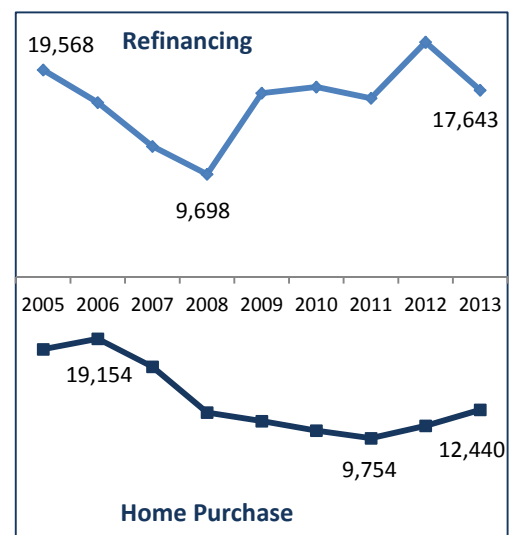
In 2012, the County saw the largest increases in total lending since 2005, with the number of loans jumping more than 20% from 2011. 2012 was also the first year that the recovery began to show up in low- to moderate-income (LMI) and substantially minority neighborhoods and among African American borrowers. For those groups, the number of loans continued to increase in 2013. Nonetheless, their recovery has not caught up with the rest of the county. Moderate-income borrowers have followed a trajectory very much like middle-income borrowers, but low-income borrowers were only slightly better off in 2013 than they were in 2008 during the Great Recession, when the housing market was at its lowest point.

TOTAL LENDING IN ALLEGHENY COUNTY 2005-2013

In last year’s mortgage lending study, we reported large increases in the number of mortgage loans in 2012, across geographies and demographic groups. In 2013, the overall number of loans declined by 8%. Behind the overall ups and downs, the refinancing and home purchase markets have followed very different patterns. Refinancing, where subprime lending played a larger role prior to the housing crisis, peaked in 2005 and fell faster than home purchase lending when the housing bubble burst in 2006. The recovery in refinancing began in 2009 when interest rates fell to historic lows. In 2013, mortgage interest rates rose and the number of refinancing loans in Allegheny County fell by 21%. Compared to 2005, the number of refinancing loans in 2013 was down 6%.

The home purchase market peaked in Allegheny County in 2006, a year later than refinancing. The number of home purchase loans declined more slowly than refinancing, but for a longer period, not beginning to increase again until 2012. In 2013 the number of home purchase loans increased 14%, but was still down 35% from the level in 2006.

Number of Allegheny County Loans 2005-2013



LOW TO MODERATE INCOME AND MINORITY LENDING

The recovery in LMI and minority Census tracts and among LMI and African American borrowers continues to be slower than Allegheny County as a whole. After two years of increases in home purchase lending, the number of home purchase loans in LMI and minority Census tracts and among LMI borrowers was still only 59%-60% of the number in 2006. Among low-income borrowers—those with annual incomes less than 50% of the area median income—the number was only 48%. African Americans have recovered the least, having obtained only 408 home purchase loans in Allegheny County in 2013, or 38% of the number in 2006.

The refinancing picture is more varied. The first major county-wide increase in refinancing in 2009, which took place as the Great Recession was just coming to its official end, did not happen in LMI Census tracts, or for African American or lower income borrowers, with the exception of LMI borrowers outside the City of Pittsburgh. In 2012, however, all of those groups saw big increases in refinancing, followed by a second year of increases in 2013. Nonetheless, the numbers remain low compared to 2005. In LMI Census tracts there were 67% as many refinancing loans in 2013 as in 2005. For LMI borrowers, minority Census tracts, and African American borrowers the numbers were between 51% and 56% of 2005 refinancing levels. Low-income borrowers received only 29% as many refinancing loans in 2005 as in 2013. By contrast, in Allegheny County as a whole the number of refinancing loans in 2013 was 94% of the 2005 level, even with the large drop in 2013.

The recovery in LMI and minority lending continues to be slow.

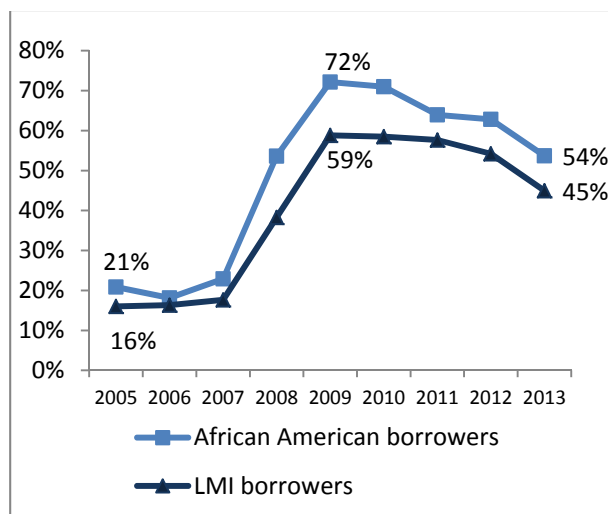
Number of mortgage loans in 2013 compared to high point in 2005-2006:

Allegheny County Total	76%
LMI Census tracts	63%
Minority Census tracts	55%
LMI borrowers	55%
African American borrowers	46%

GOVERNMENT-BACKED LENDING

During the housing crisis, Federal Housing Administration (FHA) lending played a counter-cyclical role, with FHA loans increasing in number as conventional loans declined. FHA lending peaked in 2009. Since then, FHA market share for home purchase loans has declined four years in a row, from 42% in 2009 to 27% in 2013. One factor that may have contributed to the reduction is a series of increases in the FHA mortgage insurance premium (MIP) between October 2010 and April 2013, from .55% of the loan amount to 1.35%. In 2013 the FHA also introduced a requirement that the MIP be paid throughout the life of the loan. It is possible that these increases contributed to a large jump in the number of high-rate FHA loans—loans whose effective annual percentage

FHA Home Purchase Market Share for African American and LMI Borrowers, Allegheny County 2005-2013



rate (APR) caused the loan to exceed HMDA reporting thresholds. High-rate FHA home purchase loans jumped from 1.6% of the total number of FHA home purchase loans in 2012 to 13.7% in 2013. This put the FHA percentage of high-rate home purchase loans at more than ten times that for conventional loans.

In LMI and minority Census tracts, the FHA share of the home purchase market dropped by roughly a quarter (22%-27%) from 2012 to 2013. Among LMI and African American borrowers, the FHA home-purchase market share dropped 16%-17%. Even with those declines, FHA home purchase loans were 36% of the total number of home purchase loans in LMI Census tracts, 35% in minority Census tracts, 45% for LMI borrowers, and 54% for African American borrowers.

DENIAL RATES AND REASONS FOR DENIAL

Denial rates have fallen from 35% in 2005 to a fairly stable 22% -24% since 2009. The denial rate in 2013 was 21.6%, the lowest of any year since 2005. Denial rates are 1.7 to 2.1 times as high in lower income and minority communities as in higher income and white communities. The most common reasons given for denial in 2013, as in 2012, were credit history, cited as a reason for 39% of denials, followed by debt-to-income ratio, cited as a reason in 25% of cases. Credit history was much more frequently cited as a reason for blacks and Hispanics than for whites and Asians—58% of denials to black applicants and 45% of denials to Hispanics gave credit history as a reason, compared to 38% of whites and 25% of Asians.

Credit history was the most common reason for denial in 2013.

Percentage of denials citing credit history:

All applicants:	39%
Asian:	25%
Black:	58%
Hispanic:	45%
White:	38%

NEIGHBORHOOD LENDING

Half of all 2013 residential mortgage loan dollars in the City of Pittsburgh went to just seven neighborhoods: Squirrel Hill South, Squirrel Hill North, Shadyside, Point Breeze, South Side Flats, Highland Park, and Brookline. At the other end of the scale, half of Pittsburgh’s neighborhoods received just 5% of loan dollars.

In 2013

7 of Pittsburgh’s 90 neighborhoods received

- 50% of the City’s mortgage loan dollars;
- 34% of the City’s mortgage loans.

45 of Pittsburgh’s 90 neighborhoods received

- 5% of the City’s mortgage loan dollars;
- 10% of the City’s mortgage loans.

Pittsburgh’s neighborhoods vary greatly in size of population and housing stock. However, that does not explain which neighborhoods received the most loans or the most loan dollars. The seven neighborhoods that received 50% of the City’s residential mortgage loan dollars and 34% of the loans contained fewer units of owner-occupied housing than the 45 neighborhoods that received 5% of the loan dollars and 10% of the loans.

SUBPRIME LENDING AND TYPES OF LENDERS

The subprime lending crisis had multiple causes. It has been suggested that the CRA contributed to the boom in subprime lending by encouraging banks to make loans to lower income borrowers. Our findings do not support that conjecture. At the height of subprime lending in 2005 and 2006, banks subject to CRA evaluation for their Allegheny County lending made far fewer subprime loans (as a percentage of total mortgage lending) than other banks or mortgage companies.

Banks with no Brick and Mortar Presence in Allegheny County

Banks with no physical branches in Allegheny County (“non-local banks”) are not subject to CRA evaluation for their Allegheny County lending. In 2005, these banks, along with their affiliated and subsidiary mortgage companies, made almost half of the mortgage loans in the county. They also did a large amount of subprime lending: 30% of residential mortgage loans by non-local banks in Allegheny County in 2005-2006 were subprime. Notably, subprime lending seems to have been more a function of property location and race than borrower income level. For LMI borrowers, 37% of loans in 2005-2006 were subprime. In LMI and minority Census tracts, subprime levels were significantly higher—51% in LMI Census tracts; 59% in minority Census tracts. Among African American borrowers, 58% of loans by non-local banks were subprime.

In Allegheny County in 2005-2006, mortgage companies and banks with no local branches did most of the subprime lending in the county.

Subprime lending was more a function of property location and race than of borrower income.

By 2013, the subprime market was virtually gone, due to the foreclosure crisis and regulatory intervention. The market share of non-local banks had shrunk by 41%. The home purchase market share of non-local banks had shrunk by half, and their refinance market share by almost a quarter.

Local Banks

Much of the market share lost by non-local banks went to banks with a brick and mortar presence in Allegheny County (“local banks”). Market share of local banks and their subsidiary mortgage companies increased by 39% between 2005 and 2013. The local bank market share of home purchase lending more than doubled to 28%, and the local bank share of the refinance market grew from 30% to 45%.

In LMI Census tracts, the market share lost by non-local banks went entirely to local banks. In minority Census tracts and among African Americans, market share shifted mostly to local banks, but credit unions also picked up a significant share. For LMI borrowers the pattern was quite different: Independent mortgage companies and local banks picked up equal portions of the market share lost by non-local banks.

With one exception, local banks did very little subprime lending. The exception was National City Bank, whose mortgage company First Franklin specialized in subprime loans. After an initial period of high profits from the subprime business, the bank lost most of its value during the foreclosure crisis and was sold to PNC Bank. National City Bank aside, subprime lending made up just 1.6% of local bank mortgage loans in Allegheny County in 2005-2006. Levels in LMI and minority Census tracts were higher, but still only 3.5%-3.6% of all loans. Subprime loans made up 2.6% of loans by local banks to African Americans. With National City included in the total, subprime

lending made up 5% of Allegheny County mortgage loans by local banks in 2005-2006—one sixth of the subprime lending by non-local banks.

Independent Mortgage Companies

Independent mortgage companies (those not owned by or affiliated with banks or bank holding companies) have become a larger player in the Allegheny County mortgage lending market since the housing crisis. In 2005-2006, they made an even higher percentage of subprime loans than non-local banks, but unlike non-local banks they have more than recovered the market share they lost after 2006. In 2013 independent mortgage companies made more than half (53%) of all home purchase loans in Allegheny County, compared to 37% in 2005. In refinancing, their 2013 market share was 22%, slightly below the 2005 level.

Like the banks, independent mortgage companies concentrated their subprime lending in LMI and minority Census tracts and among African American borrowers: 38% of all loans by independent mortgage companies in Allegheny County in 2005-2006 were subprime; 55% in LMI Census tracts, 67% in minority Census tracts, and 63% of loans to African American borrowers. Like both local and non-local banks, mortgage companies did less subprime lending to LMI borrowers than in LMI Census tracts (46% vs. 55%).

Credit Unions

Credit unions play a small part in the mortgage lending market in terms of total market share, but they have played a notable role in lending to African American and LMI borrowers since the housing crisis. In 2005-2006, subprime lending made up 14% of all mortgage loans by credit unions. Like other lenders, they made a somewhat higher percentage of subprime loans in LMI Census tracts (17%). However, unlike all other lender types, credit unions had *lower* percentages of subprime lending to LMI borrowers (12%), African American borrowers (12%), and in minority Census tracts (10%) than they did overall. Between 2005 and 2013, credit union market share among African American borrowers tripled, from 3.3% to 9.9%.

Unlike all other lender types, credit unions made a smaller percentage of subprime loans to lower income and African American borrowers than to higher income and white borrowers.

The Community Reinvestment Act and Bank CRA Ratings

Many organizations around the country prepare reports like PCRG's Mortgage Lending Study. These organizations use data that is publicly available as the result of two major pieces of legislation passed in the 1970s: the Community Reinvestment Act (CRA) and Home Mortgage Disclosure Act (HMDA).

The Community Reinvestment Act (CRA), enacted by Congress in 1977, is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, in a manner consistent with safe and sound banking operations. Depository institutions benefit from publicly-backed federal deposit insurance and guaranteed access to low-interest funds from the Federal Reserve. The premise of the CRA is that, in return for these benefits, banks have an obligation to reinvest in the communities where they have a deposit base by making loans to consumers who live in those communities, investing in affordable housing, and making other investments in community development.

The CRA requires that federal regulatory agencies periodically examine the record of every insured depository institution and assess three areas of reinvestment in LMI neighborhoods: lending, investment, and service. The CRA evaluation results in an overall rating of "Outstanding", "Satisfactory", "Needs to Improve", or "Substantial Noncompliance". A rating of "Needs to Improve" or "Substantial Noncompliance" can delay mergers, acquisitions, or expansion of services. Appendix I (p. 108) contains a more detailed account of CRA examination procedures.

CRA examinations rely on a large amount of data collected by federal regulators. The Home Mortgage Disclosure Act of 1975 (HMDA) requires mortgage lenders to maintain and annually report data about home mortgage loans. In 2013, all depository institutions with assets of more than \$42 million were subject to HMDA. This data includes information about the type, purpose, and amount of the loan; the type of property and whether it is owner-occupied; the Census tract where the property is located; the income, ethnicity, race, and gender of the applicant(s); and the final action taken on the loan application. This information can be used, in combination with Census Bureau data about individual Census tracts, to:

- identify patterns of housing discrimination (in cases where certain classes of borrowers or certain areas have disproportionately low percentages of loan applications or loan approvals);
- determine how well financial institutions are serving the housing needs of their communities;
- allow public officials to understand which areas have the greatest need of public-sector investment so as to attract private investment; and
- evaluate and identify capital caps in communities.

In addition, neighborhood organizations and community members can use this data to understand how well individual banks are serving their neighborhoods and to bring deficiencies to the attention of CRA examiners and federal banking regulators. The CRA requires that regulators consider community input when deciding on bank applications concerning mergers, acquisitions, and expansion of services. Through the *Annual Mortgage Lending Study*, PCRG keeps its membership up to date and informed on bank lending and investment in the community.

CRA RATINGS OF PITTSBURGH AREA BANKS

Five of the 32 banks included in this year's study have overall CRA ratings of "Outstanding": BNY Mellon, Dollar Bank, Eureka Bank, PNC Bank, and WesBanco Bank. Only Dollar Bank received "Outstanding" ratings in all three areas of evaluation. Eureka Bank (classified as a small bank) and BNY Mellon (classified as a wholesale bank) have overall ratings only. Three banks received overall ratings of "Needs to Improve": Sewickley Savings Bank, West View Savings Bank, and Woodforest National Bank. All other banks in the study received overall ratings of "Satisfactory" in their most recent evaluation.

Banks with "Outstanding" CRA ratings:

BNY Mellon
Dollar bank
Eureka Bank
PNC Bank
Wesbanco Bank

Banks with CRA ratings of "Needs to Improve":

Sewickley Savings Bank
West View Savings Bank
Woodforest National Bank

Part I: Trends in Residential Mortgage Lending

Allegheny County 2005-2013

INTRODUCTION

Part I of this study surveys residential mortgage lending in Allegheny County between 2005 and 2013. The analysis includes mortgage applications and loans made by all lenders who report data to federal regulators in accordance with the Home Mortgage Disclosure Act (HMDA). This includes banks with branches in Allegheny County; banks which have no local branches but make loans in the County; mortgage companies (whether independent or affiliated with banks); and credit unions. Between 2005 and 2013, the total number of lending institutions accepting loan applications in Allegheny County ranged from a high of 526 in 2006 down to a low of 404 in 2010.

The purpose of this section is not to evaluate the lending behavior of individual institutions, but to provide a picture of the number, amount, purpose, type, and distribution of loans throughout the period of the study.

Part I.A examines trends in lending to all borrowers. It contains the following sections:

Total Mortgage Lending in 2013 summarizes total residential mortgage loan activity in Allegheny County in 2013, with comparisons to the previous year.

Subprime Lending and Shifts in the Lending Landscape 2005-2013 examines the amount and distribution of subprime lending by lender type, property location, and borrower demographics, and shifts in market share following the subprime mortgage crisis of 2007-2009.

Government-Backed Lending examines the number and market share of government-backed loans in Allegheny County, 2005-2013, with a breakdown of government-backed lending by lender type.

Denial Rates and Reasons for Denial examines mortgage loan application denials in Allegheny County, 2005-2013, by race and income level.

Part I.B (“Lower Income and Minority Lending”) analyzes lending to groups of borrowers by location, income level, and race. It contains individual sections devoted to lending in low- to moderate-income (LMI) and minority Census tracts and lending to LMI and minority borrowers, with separate sections focusing specifically on low income borrowers and African American borrowers.

Part I.A Trends in Residential Mortgage Lending

TOTAL MORTGAGE LENDING IN 2013

In 2013, 453 institutions reported receiving 51,606 residential mortgage applications in Allegheny County (including 5,523 that were withdrawn by the applicant or closed for incompleteness), resulting in 33,361 originations. Application amounts totaled \$7.39 billion, with \$5.07 billion in originated loans. (Table 1, below; Table 3, p. 21)

- The total number and dollar amount of both applications and originations all fell between 7% and 8% from 2012 to 2013. The decline was due entirely to a large drop in refinancing, where applications fell 17%, and originations fell 20%.
- Home purchase applications increased 13% and originations increased 14%. This represents a reversal of a 5-year trend: from 2008 through 2012, the ratio of refinancing to home purchase loans increased steadily.

Chart 1 (p. 20) shows the number of home purchase and refinance loans in Allegheny County since 2005.

The Allegheny County market was somewhat stronger than the national housing market, where the number of originations fell 11%, compared to Allegheny County's 8%. The difference was due to a larger decline in refinancing nationally (23%, compared to Allegheny County's 20%).¹ The increase in home purchase lending was the same locally and nationally.

Table 1. Applications and Originations by Loan Purpose, **Allegheny County** 2012-2013

	Total*			Home Purchase			Refinance		
	2012	2013	% change	2012	2013	% change	2012	2013	% change
Applications (number)	55,700	51,606	-7%	14,069	15,921	13%	35,401	29,468	-17%
Applications (\$000s)	\$7,954,882	\$7,389,928	-7%	\$2,295,694	\$2,773,712	21%	\$5,308,132	\$4,231,728	-20%
Originations (number)	36,128	33,361	-8%	10,927	12,440	14%	22,189	17,643	-20%
Originations (\$000s)	\$5,482,011	\$5,072,639	-7%	\$1,814,089	\$2,169,121	20%	\$3,435,841	\$2,640,880	-23%

*Total includes all reported home purchase, refinance, and home improvement loans.

Table 2. Applications and Originations by Loan Purpose, **City of Pittsburgh** 2012-2013

	Total*			Home Purchase			Refinance		
	2012	2013	% change	2012	2013	% change	2012	2013	% change
Applications (number)	9893	9682	-2.1%	2714	3121	15%	5656	5026	-11%
Applications (\$000s)	\$ 1,415,062	\$ 1,442,335	1.9%	\$ 437,640	\$ 564,407	29%	\$ 879,984	\$ 760,075	-14%
Originations (number)	5883	5934	0.9%	2007	2361	18%	3240	2836	-12%
Originations (\$000s)	\$ 959,943	\$ 950,443	-1.0%	\$ 338,770	\$ 401,199	18%	\$ 554,259	\$ 462,711	-17%

*Total includes all reported home purchase, refinance, and home improvement loans.

¹ "The 2013 Home Mortgage Disclosure Act Data", *Federal Reserve Bulletin* Vol. 100, No. 6 (November 2014), p. 2.

Properties in the City of Pittsburgh accounted for 18% of Allegheny County originations, and 19% of loan dollars. A total of 293 institutions reported receiving 9,682 applications (including 1,061 that were withdrawn by the applicant or closed for incompleteness), resulting in 5,934 originations. Application amounts totaled \$1.4 billion, with \$950 million in originated loans. (Table 2, p. 19; Table 4, p. 22)

- The decline in applications in the City was much smaller than in Allegheny County as a whole (2.1% vs. 7%), and the number of originations in the City increased slightly (0.9%). Declines in refinancing were smaller and increases in home purchase lending were larger than in the rest of the County.
- Refinancing applications fell 11% in the City, from 5,656 to 5,026, and refinancing originations fell 12%, from 3,240 to 2,836.
- Home purchase applications increased 15%, from 2,714 to 3,121, and originations increased 18%, from 2,007 to 2,361. The ratio of refinancing to home purchase lending declined for the first time since 2007, as in the county as a whole, although in the City of Pittsburgh there was a higher proportion of home purchase lending in each of those years.

Chart 2 below shows the number of home purchase and refinance loans in the City of Pittsburgh since 2005.

Chart 1. Number of Home Purchase and Refinance Originations, **Allegheny County** 2005-2013

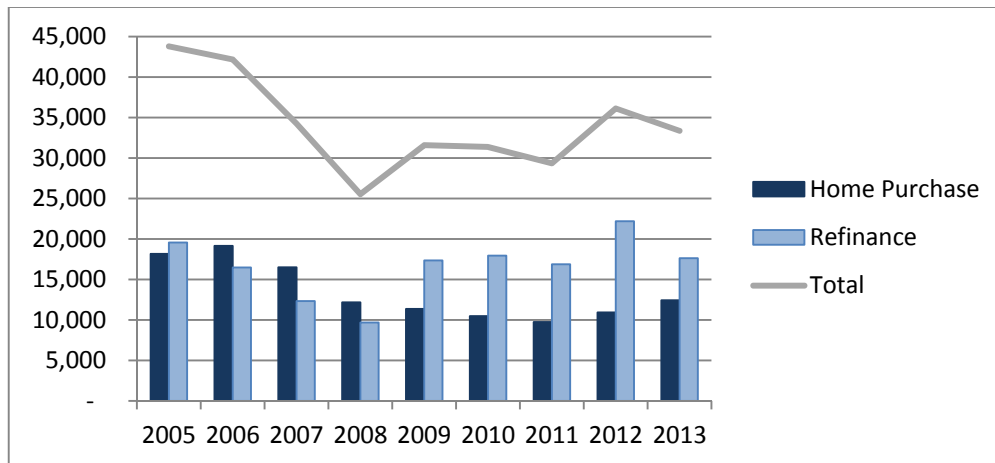


Chart 2. Number of Home Purchase and Refinance Originations, **City of Pittsburgh** 2005-2013

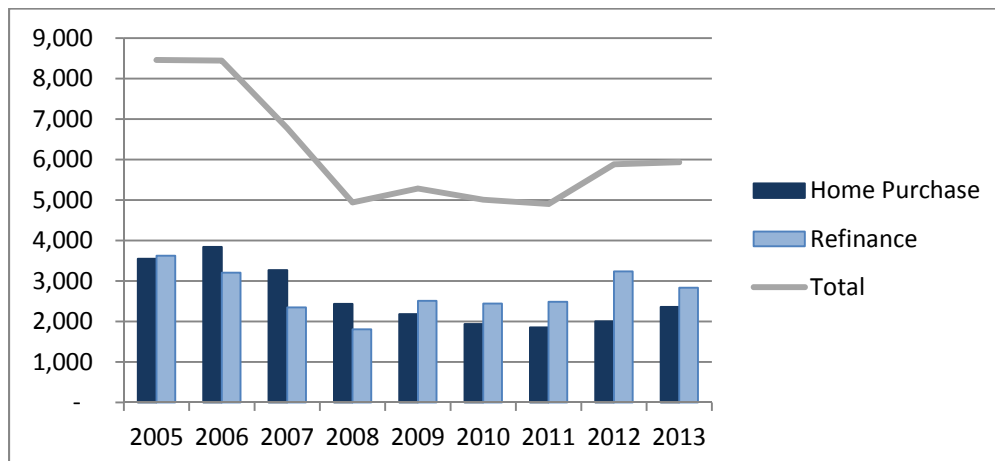


Table 3. Applications and Originations, Allegheny County 2005-2013

Allegheny County Applications and Originations, 2005-2013										% change from 2012 to 2013	% of highest year (2005-2006)
Numbers of Loans											
Characteristic of Loan and Property	2005	2006	2007	2008	2009	2010	2011	2012	2013		
1-4 Family											
Home Purchase											
Applications (excluding Purchases)	24,715	26,121	22,313	16,008	14,395	13,439	12,649	13,944	15,764	13%	60%
Originations	18,067	19,054	16,400	12,107	11,329	10,418	9,701	10,863	12,347	14%	65%
First Lien, owner occupied	14,094	14,318	12,738	10,423	10,174	9,540	8,815	9,857	11,159	13%	78%
Conventional	12,323	12,360	10,911	7,101	5,223	4,987	4,924	5,742	7,342	28%	59%
Non-conventional (government-backed)	1,771	1,958	1,827	3,322	4,951	4,553	3,891	4,115	3,817	-7%	195%
FHA share (percent)	88.2%	89.0%	86.3%	90.5%	93.2%	93.1%	90.3%	89.8%	86.3%	-4%	
VA share (percent)	11.7%	10.8%	13.5%	9.4%	6.3%	6.6%	9.0%	9.5%	12.7%	35%	
FSA/RHS share (percent)	0.1%	0.2%	0.2%	0.1%	0.5%	0.3%	0.7%	0.7%	1.0%	37%	
First Lien, non-owner occupied	1549	1546	1295	1053	525	566	661	774	929	20%	60%
Junior lien, owner occupied	2277	3030	2288	609	355	306	218	225	251	12%	8%
Junior lien, non-owner occupied	116	147	71	19	7	5	3	3	6		
Refinance											
Applications (excluding Purchases)	52,942	44,952	35,789	24,181	31,547	30,969	28,620	35,289	29,340	-17%	55%
Originations	19,509	16,413	12,290	9,642	17,304	17,891	16,821	22,111	17,547	-21%	90%
First Lien, owner occupied	14,621	11,072	8,529	7,598	15,875	16,229	15,177	20,220	15,530	-23%	106%
Conventional	14,365	10,874	8,197	6,271	13,305	14,075	13,464	17,908	13,471	-25%	94%
Non-conventional (government-backed)	256	198	332	1,327	2,570	2,154	1,713	2,312	2,059	-11%	804%
FHA share (percent)	81.3%	90.9%	94.0%	95.4%	92.3%	91.8%	83.8%	77.9%	78.9%	1%	
VA share (percent)	18.8%	9.1%	6.0%	4.5%	7.7%	8.2%	16.2%	22.1%	21.1%	-5%	
FSA/RHS share (percent)	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%		
First Lien, non-owner occupied	1,561	1,349	1,064	744	476	528	666	825	1,100	33%	70%
Junior lien, owner occupied	3,238	3,912	2,653	1,283	899	1,112	963	1,019	881	-14%	23%
Junior lien, non-owner occupied	54	60	34	11	14	5	11	8	16	100%	
Home Improvement											
Applications (excluding Purchases)	14,982	13,982	12,269	8,204	5,707	5,546	5,430	6,164	6,153	0%	41%
Originations	6,014	6,508	5,380	3,622	2,822	2,924	2,689	2,971	3,237	9%	50%
Multifamily											
Applications (excluding Purchases)	194	202	189	177	154	160	145	196	236	20%	117%
Originations	130	137	112	122	104	115	108	149	184	23%	134%
Total Applications (excluding Purchases)	93,292	85,520	70,812	56,637	51,902	50,201	46,933	55,700	51,606	-7.4%	55%
Total Completed Applications (excluding Purchases)	77,968	73,790	62,918	43,313	44,759	44,018	41,573	49,843	46,083	-7.5%	59%
Total Originations	43,798	42,182	34,244	25,533	31,579	31,374	29,345	36,128	33,361	-7.7%	76%
Purchased Loans¹	-	-	-	-	13,498	9,406	8,425	10,090	8,974	-11%	

Notes:

Applications include those withdrawn and those closed for incompleteness.

Total Applications, Completed Applications, and Originations include 1-4 family, multifamily, and manufactured housing.

Source: FFIEC HMDA Raw Data, 2005-2013

¹Data for purchased loans, 2005-2008 is missing.

Table 4. Applications and Originations, City of Pittsburgh 2005-2013

City of Pittsburgh Applications and Originations, 2005-2013										% change from 2012 to 2013	% of highest year (2005-2006)
Numbers of Loans											
Characteristic of Loan and Property	2005	2006	2007	2008	2009	2010	2011	2012	2013		
1-4 Family											
Home Purchase											
Applications	5,313	5,570	4,723	3,398	2,937	2,609	2,551	2,676	3,084	15%	55%
Originations	3,530	3,811	3,246	2,409	2,166	1,921	1,833	1,983	2,332	18%	61%
First Lien, owner occupied	2,569	2,654	2,356	1,904	1,828	1,636	1,492	1,638	1,892	16%	71%
Conventional	2,261	2,254	1,991	1,302	955	861	847	987	1,280	30%	57%
Non-conventional (government-backed)	308	400	365	602	873	775	645	651	612	-6%	153%
FHA share (percent)	89.6%	91.3%	91.2%	94.2%	94.8%	95.4%	91.3%	93.9%	88.9%	-5%	
VA share (percent)	10.4%	8.8%	8.8%	5.8%	5.2%	4.6%	8.7%	6.1%	11.1%	81%	
FSA/RHS share (percent)	-	-	-	-	-	-	-	-	-		
First Lien, non-owner occupied	563	582	480	375	221	232	293	314	378	20%	65%
Junior lien, owner occupied	361	520	388	127	78	52	44	29	57	97%	11%
Junior lien, non-owner occupied	27	50	20	3	2	1	3	1	3		
Refinance											
Applications	11,470	9,882	7,682	4,874	5,017	4,614	4,504	5,614	4,983	-11%	43%
Originations	3,612	3,179	2,340	1,786	2,491	2,419	2,465	3,209	2,799	-13%	77%
First Lien, owner occupied	2,543	2,059	1,511	1,312	2,163	2,094	2,045	2,690	2,169	-19%	85%
Conventional	2,503	2,033	1,465	1,084	1,836	1,807	1,826	2,399	1,893	-21%	76%
Non-conventional (government-backed)	40	26	46	228	327	287	219	291	276	-5%	690%
FHA share (percent)	92.5%	96.2%	89.1%	94.7%	93.0%	92.3%	83.6%	79.7%	82.6%	4%	
VA share (percent)	7.5%	3.8%	10.9%	5.3%	7.0%	7.7%	16.4%	20.3%	17.4%	-14%	
FSA/RHS share (percent)	-	-	-	-	-	-	-	-	-		
First Lien, non-owner occupied	610	587	469	305	203	188	299	361	491	36%	80%
Junior lien, owner occupied	421	512	345	162	118	132	118	146	131	-10%	26%
Junior lien, non-owner occupied	20	17	14	4	4	3	3	4	4		
Home Improvement											
Applications	3,808	3,379	2,946	1,873	1,410	1,299	1,309	1,504	1,508	0.3%	40%
Originations	1,269	1,382	1,141	684	584	614	548	620	714	15%	52%
Multifamily											
Applications	58	84	67	90	66	62	70	92	103	12%	123%
Originations	40	57	43	60	46	53	55	68	87	28%	153%
Total Applications (excluding Purchases)	20,745	18,971	15,451	11,757	9,434	8,589	8,440	9,893	9,682	-2.1%	47%
Total Completed Applications (excluding Purchases)	17,298	16,349	13,698	9,101	8,119	7,460	7,433	8,803	8,621	-2.1%	50%
Total Originations	8,458	8,441	6,774	4,943	5,287	5,010	4,902	5,883	5,934	0.9%	70%
Purchased Loans ¹	-	-	-	-	2,198	1,342	1,208	1,316	1,316	0%	

Notes:

Applications include those withdrawn and those closed for incompleteness.

Total Applications, Completed Applications, and Originations include 1-4 family, multifamily, and manufactured housing.

Source: FFIEC HMDA Raw Data, 2005-2013

¹Data for purchased loans, 2005-2008 is missing.

SUBPRIME LENDING AND SHIFTS IN THE LENDING LANDSCAPE

Allegheny County 2005-2013

In 2005-2006², at the height of the housing boom, subprime loans made up nearly a quarter (23%) of all residential mortgage loans in Allegheny County. With the collapse of the housing market in 2006, followed by the home foreclosure crisis and intervention by federal regulators, the percentage of subprime loans started to decline in 2007, fell below 5% in 2009, and has been at less than 2% since 2010. In line with national trends, the overall mortgage market bottomed out in Allegheny County in 2008, but both the contraction and the recovery in home lending followed very different patterns for different segments of the market. This section highlights the market segments where subprime lending was concentrated, and subsequent shifts in lending patterns and market share for market segments defined by loan purpose, borrower demographics, lender type, and loan type. (See “Methodology Note: Subprime Lending”, p. 24.)

Loan Purpose: Home Purchase and Refinancing

During the bubble in the national home price index, many people refinanced mortgages in order to take cash out of the increased equity produced by rising home values. Lenders made it easy to get such loans, in part because as long as home values continued to increase the expected loss in case of default was relatively low. Allegheny County had no housing bubble, but it nonetheless saw a large amount of subprime refinancing. As Table 5 below shows, subprime loans in 2005-2006 were 1.6 times more common for refinancing than for home purchase. When subprime lending began to disappear, the refinancing market fell much faster than home purchase lending. It also began to recover sooner, in response to extremely low interest rates beginning in 2009. For the past five years, the refinancing market has shown much more sensitivity to mortgage interest rates than the home purchase market. Drops in mortgage rates in 2009 and 2012 corresponded to sharp increases in refinancing in Allegheny County, and a mortgage rate increase in 2013 corresponded to a drop in refinancing.³

Even with the 20% drop from 2012 to 2013, the number of refinancing loans in 2013 was 93% of the high point in 2005; excluding subprime loans, the number in 2013 was 126% of the 2005 level. (See Chart 3, p. 25, for the portion of subprime lending by loan purpose and location.)

Home purchase lending in Allegheny County peaked in 2006, a year later than refinancing, then declined more slowly and for a longer period, reaching its low point in 2011. Two years of increases in 2012 and 2013 still only brought the number of home purchase loans to 66% of the 2006 level (80% excluding subprime loans).

Table 5. Subprime Originations as Percentage of Total Lending by Loan Purpose, Allegheny County 2005-2006

	Home Purchase	Refinance	Refinancing/Home Purchase Ratio
City of Pittsburgh	25%	39%	1.6
Allegheny County excluding Pittsburgh	18%	29%	1.6

² We use the two-year period 2005-2006 as a baseline because some segments of the market peaked in 2005 and some in 2006.

³ For mortgage rates, see Freddie Mac, “Mortgage Rates Survey,” webpage, www.freddiemac.com/pmms.

Methodology Note: Subprime Lending

In this study, we define *subprime loans* as conventional, high-interest loans (loans with a rate-spread high enough to meet the HMDA reporting threshold^{*}).

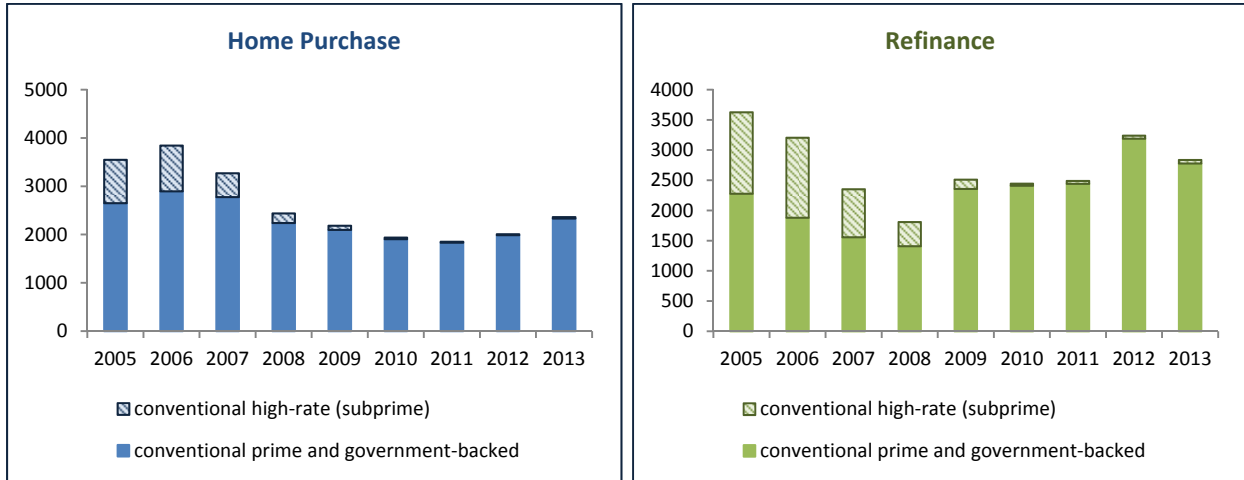
Using high interest rates as a proxy for subprime lending conceals a distinction among borrowers who received subprime loans: some borrowers were genuinely high-risk, and couldn't have qualified for lower-rate loans. Other borrowers could have qualified for lower-rate loans, but were steered by lenders to loans with high rates and other loan features (such as balloon payments and jumps in interest rates after an initial period) that offered short-term profit to the loan originator, but increased the probability of default. It is impossible to tell from HMDA data which high-rate conventional loans reflect a reasonable cost relative to risk and which should never have been made, given sound underwriting standards. This complicates the effort to understand how well different groups of borrowers have recovered from the collapse of the housing market and mortgage lending after 2006. When we report how many loans a group of borrowers received in 2013 compared to 2005 or 2006, we are comparing 2013 to a level of lending that was artificially inflated by the subprime market. On the other hand, some of the subprime loans made in 2005-2006 were loans that could have been responsibly replaced with prime rate loans, so excluding subprime lending from loan totals has the effect of exaggerating the degree of recovery among some groups of borrowers. As it is impossible to tell exactly how much of the subprime market replaced what should have been prime loans and how much of it consisted of loans that should never have been made on any terms, we generally compare 2013 loan levels to pre-crisis levels both ways—both including and excluding subprime loans.

^{*}See Glossary, "High-interest Loans" (p. 105), "Rate Spread", and "Subprime" (p. 107).

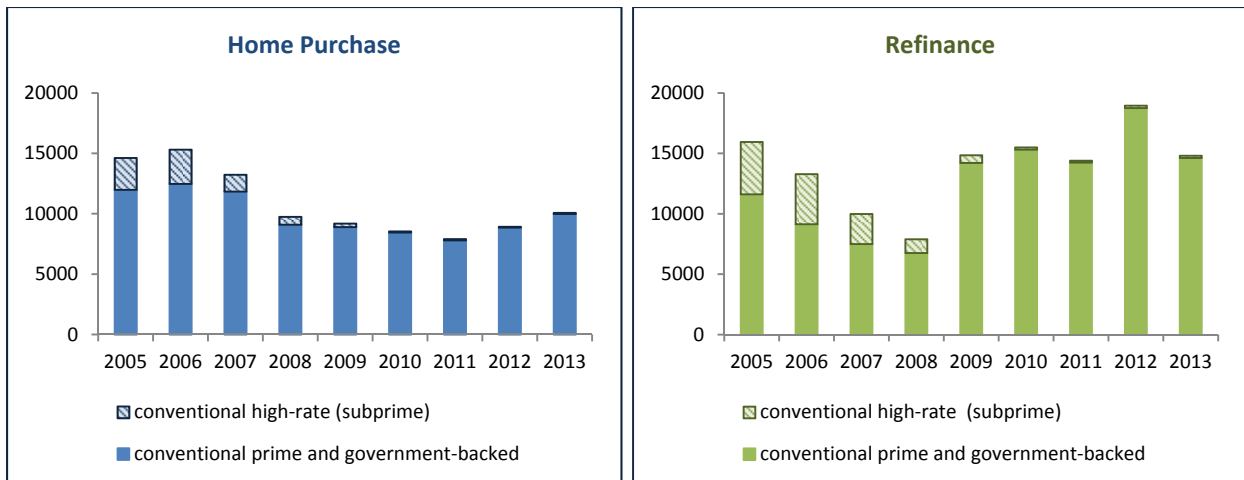
Chart 3. Number of Residential Mortgage Loan Originations by Loan Purpose and Loan Type

Allegheny County 2005-2013

City Of Pittsburgh



Allegheny County excluding Pittsburgh



Distribution of Subprime Lending by Borrower Demographics
Allegheny County, 2005-2006

Subprime loans are commonly associated with lower credit scores, higher debt-to-income ratios, and lower down-payments than prime rate loans. Generally, those characteristics are more common among lower income borrowers. However, in Allegheny County subprime lending at its height was more a function of property location and borrower race than income level of the borrower. Table 6 below shows details for 1-4 unit properties.

The highest rates of subprime lending in 2005-2006 were in minority Census tracts and among African American borrowers, where almost half (46%-48%) of all originated loans were subprime. In contrast, 29% of loans to LMI borrowers were subprime (Table 6, below, left hand column).

Minority Census tracts and African American borrowers had the highest percentage of subprime loans.

Comparing the total number of loans in 2013 to 2005-2006, none of the groups shown in Table 6 (below) has recovered more than two thirds of pre-crisis lending levels either in total, or for home purchase or refinancing loans. The greatest disparity is for African American borrowers in the home purchase market, where the number of home purchase loans in 2013 was only 38% of the pre-crisis peak, in contrast to 59%-60% for minority Census tracts, LMI Census tracts, and LMI borrowers. If subprime loans are excluded, both LMI and minority Census tracts are very close to 2005-2006 levels for home purchase lending, and exceed 2005-2006 levels for refinancing. LMI borrowers, who received the least subprime lending of the four groups, have also recovered the least even when subprime loans are excluded, at 76% of 2005-2006 levels of total lending. African American borrowers, who received the highest levels of subprime lending in 2005-2006, have recovered the least in home purchase lending, at 71% of pre-crisis levels with subprime lending excluded, but exceed the recovery levels of other groups in refinancing (118% of pre-crisis levels excluding subprime loans).

Table 6. Subprime Lending and Levels of Recovery by Demographic Group, 1-4 unit Properties
Allegheny County 2005-2013

	PRE-CRISIS SUBPRIME LENDING LEVELS		Demographic Group	POST-CRISIS RECOVERY LEVELS	
	Number of Subprime Loans as Percentage of All Originations 2005-2006			Number of 1-4 unit 2013 Originations as Percentage of 2005-2006 Peak	
				All	Excluding Subprime
ALL ORIGINATIONS (Home Purchase, Home Improvement, Refinance)	40%		LMI Census Tracts	63%	100%
	46%		Minority Census Tracts	55%	96%
	29%		LMI Borrowers	55%	76%
	48%		African American Borrowers	46%	85%
HOME PURCHASE	38%		LMI Census Tracts	60%	96%
	44%		Minority Census Tracts	59%	99%
	27%		LMI Borrowers	60%	82%
	46%		African American Borrowers	38%	71%
REFINANCE	49%		LMI Census Tracts	67%	107%
	58%		Minority Census Tracts	51%	104%
	38%		LMI Borrowers	52%	79%
	58%		African American Borrowers	56%	118%

Types of Lenders

Lenders reporting residential mortgage loans in accordance with the Home Mortgage Disclosure Act (HMDA) include banks, mortgage companies owned by or otherwise affiliated with banks, independent mortgage companies, and credit unions. They operate in different regulatory environments, have different choices available to them for lending and investment, and have had distinctly different lending patterns over the nine-year period 2005-2013. For the purposes of this study, we divide lenders into four groups.

Local Banks: *Banks with physical, deposit-taking branches in Allegheny County, along with mortgage companies affiliated with or owned by those banks.*

Local banks operate in a different environment from all other lenders. In addition to familiarity with local conditions and longstanding, multi-service relationships with some of their mortgage customers, they are the only institutions subject to CRA evaluation for their Allegheny County lending.

Non-local Banks: *All other banks and their affiliated or subsidiary mortgage companies.*

Non-local banks are subject to the CRA, but the assessment areas for their CRA performance evaluations do not include Allegheny County.

Independent Mortgage Companies: *Mortgage companies that are neither owned by nor affiliated with banks or bank holding companies.*

Independent mortgage companies are not subject to CRA evaluation. They also differ from banks in that their primary focus is mortgage lending, and they are not typically making a choice between mortgage lending and other types of investment. Some mortgage companies are affiliated with real estate companies, integrating home sales with home purchase mortgage lending.

Credit Unions

Credit unions are not-for-profit, member-owned financial institutions. They are not subject to CRA evaluation.

Distribution of Subprime Lending among Lender Types

In this study we divide lenders into four groups, defined on p. 27 (“Types of Lenders”). Of the four types, local banks did by far the least amount of subprime lending. Most subprime lending in Allegheny County in 2005-2006 was done by independent mortgage companies and non-local banks: 38% of loans by independent mortgage companies and 30% by non-local banks were subprime, in contrast to 5% of loans by local banks. (Table 7, below, shows levels of subprime lending by institution type, loan purpose, and borrower demographic.) The distribution of subprime loans by loan purpose also differed among lender types; subprime refinancing was much more common than subprime home purchase lending for mortgage companies and non-local banks; in contrast, local banks actually made a slightly lower percentage of subprime loans for refinancing than for home purchase.

Non-local banks and mortgage companies made subprime loans at more than six times the rate of local banks.

Table 7. Subprime Percentage of Originations by Lender Type, Purpose, Property Location, and Borrower Characteristics, Allegheny County 2005-2006

Lender Type	All Borrowers			LMI Census Tracts	Minority Census Tracts	LMI Borrowers	African American Borrowers
	Total*	Home Purchase	Refinance				
Local Banks	5%	7%	6%	11%	13%	7%	10%
Non-Local Banks	30%	22%	37%	51%	59%	37%	58%
Independent Mortgage Companies	38%	24%	58%	59%	67%	46%	64%
Credit Unions	14%	5%	17%	17%	10%	12%	12%
All Lending Institutions	23%	20%	31%	39%	46%	29%	48%

*Total includes home purchase, refinance, and home improvement originations.

Shifts in Market Share among Lender Types

The aftermath of the subprime mortgage crisis of 2007-2009 brought substantial shifts in market share among different types of lending institutions. Between 2005 and 2013, non-local banks lost well over half of their share of the home purchase market and more than a quarter of their share of the refinance market. (Non-local bank home purchase market share went from 45% in 2005 to 18% in 2013; non-local bank refinance market share fell from 43% in 2005 to 30% in 2013. See Chart 4, p. 29). Local banks, independent mortgage companies, and credit unions all picked up a portion of the home purchase market share lost by non-local banks; in contrast, local banks took over almost all of the refinancing market share lost by non-local banks, with a small amount shifting to credit unions. Independent mortgage companies had a slightly smaller share of the refinancing market in 2013 than in 2005 (22% vs. 24%), though their share increased in both 2012 and 2013. (Table 8, p. 30, shows the number and dollar amount of originations in Allegheny County for the years 2005-2013 by type of lending institution.)

From 2005 to 2013
Local Bank market share increased 40%.
Non-local bank market share decreased 40%.

Chart 4. Market Share of Originations by Institution Type and Loan Purpose
Allegheny County 2005 and 2013

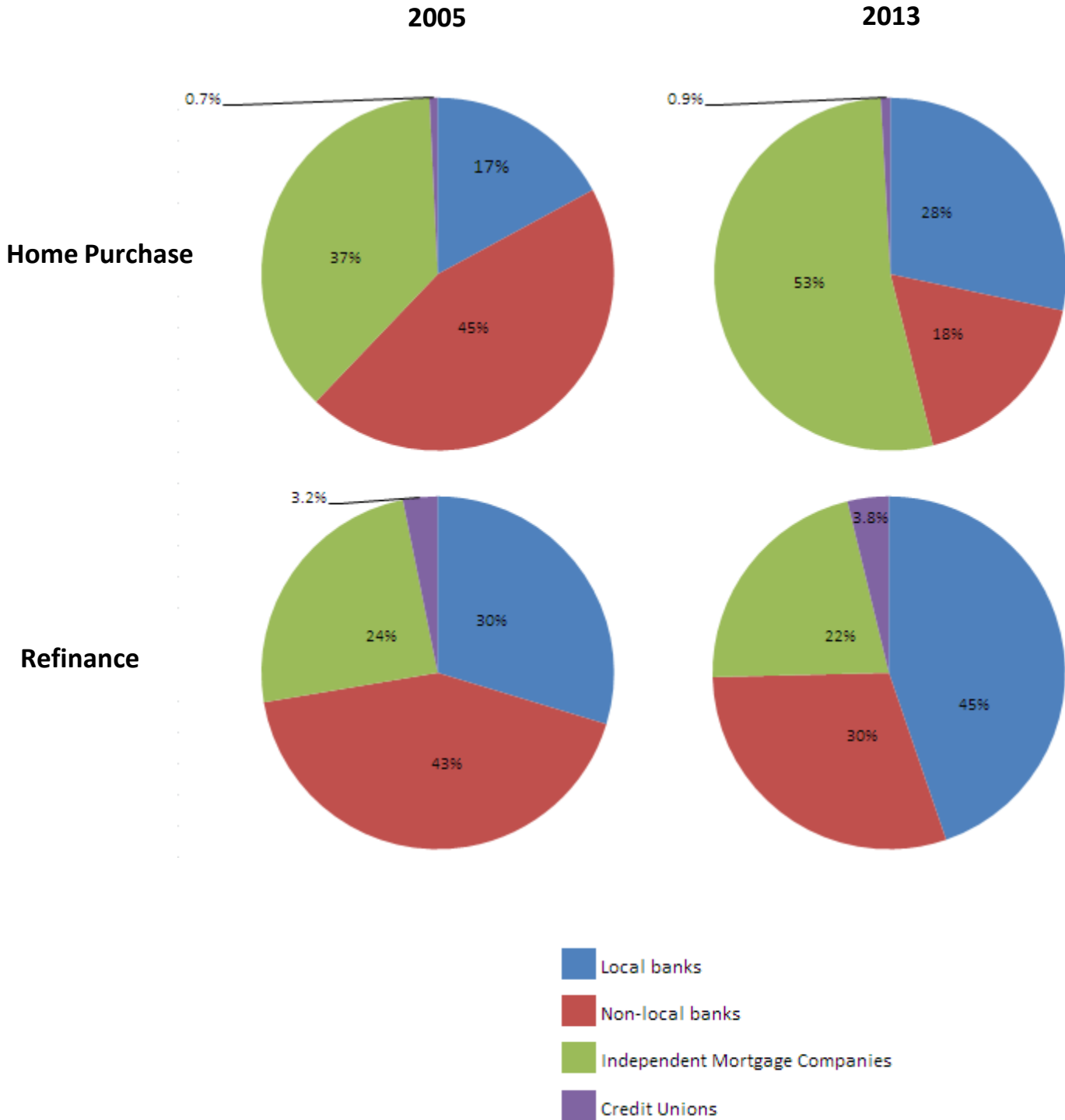


Table 8

Allegheny County Originations, 2005-2013												
Number of Lenders; Number and Amount of Loans												
Lender Type	2005	2006	2007	2008	2009	2010	2011	2012	2013			
All Originations												
Banks and Affiliated Mortgage Companies												
(# of institutions)	230	229	218	183	198	176	183	186	177			
Number of Originations	30,636	30,155	25,760	18,253	22,180	22,361	20,878	24,932	21,696			
Amount of Originations	\$ 2,921,410	\$ 2,764,722	\$ 2,666,027	\$ 2,264,180	\$ 3,217,598	\$ 3,210,371	\$ 3,075,215	\$ 3,739,941	\$ 3,267,397			
Local*	38	38	34	33	31	33	33	33	32			
Number of Originations	13,181	15,298	12,084	8,896	10,894	13,255	12,734	15,795	13,908			
Amount of Originations	\$ 974,503	\$ 1,084,297	\$ 977,311	\$ 889,739	\$ 1,316,452	\$ 1,680,745	\$ 1,699,727	\$ 2,231,832	\$ 2,006,041			
non-Local*	192	191	184	150	167	143	150	153	145			
Number of Originations	17,455	14,857	13,676	9,357	11,286	9,106	8,144	9,137	7,788			
Amount of Originations	\$ 1,946,907	\$ 1,680,425	\$ 1,688,716	\$ 1,374,441	\$ 1,901,146	\$ 1,529,626	\$ 1,375,488	\$ 1,508,109	\$ 1,261,356			
Independent Mortgage Companies												
(# of institutions)	166	163	142	127	120	110	134	142	155			
Number of Originations	11,945	10,756	7,265	5,995	8,203	8,081	7,537	10,165	10,475			
Amount of Originations	\$ 1,316,140	\$ 1,243,674	\$ 928,861	\$ 855,942	\$ 1,217,786	\$ 1,256,626	\$ 1,215,933	\$ 1,669,222	\$ 1,724,096			
Credit Unions (# of institutions)	48	56	59	52	61	56	54	55	70			
Number of Originations	1,217	1,271	1,219	1,285	1,196	932	930	1,031	1,190			
Amount of Originations	\$ 55,245	\$ 58,770	\$ 104,920	\$ 141,335	\$ 87,140	\$ 59,356	\$ 54,601	\$ 72,848	\$ 81,146			
total number of institutions	444	443	419	362	379	342	371	383	402			
total originations	43,798	42,182	34,244	25,533	31,579	31,374	29,345	36,128	33,361			
total amount	\$ 4,292,795	\$ 4,067,166	\$ 3,699,808	\$ 3,261,457	\$ 4,522,524	\$ 4,526,353	\$ 4,345,749	\$ 5,482,011	\$ 5,072,639			

GOVERNMENT-BACKED LENDING

Allegheny County 2005-2013

During the housing crisis, Federal Housing Administration (FHA) lending played a counter-cyclical role, with FHA loans increasing in number as conventional loans declined. FHA lending peaked in 2009. Veterans Administration (VA) loans have continued to increase every year, with 2013 having the highest number of any year from 2005 to 2013. Table 9 below shows the number of government-backed loans (FHA, VA and Rural Housing Service) for 2005-2013; Chart 5 below shows conventional, FHA, and VA market share for first-lien home purchase loans for owner-occupied, 1-4 unit properties—loans which are the primary market for government-backed loans. (See also Tables 3 and 4, pp. 21 and 22, for a breakdown of government loans for 1-4 unit properties by loan purpose.)

Among lender types, independent mortgage companies have consistently made the highest percentage of government-backed loans, followed by non-local banks, with local banks and credit unions doing the least percentage of government-backed lending. (Charts 6 and 7, p. 32)

Table 9. Government-backed Mortgage Loan Originations, Allegheny County 2005-2013

	FHA	VA	RHS	Total
2005	1815	259	1	2075
2006	1958	231	4	2193
2007	1916	268	3	2187
2008	4393	375	5	4773
2009	7261	521	28	7810
2010	6295	482	12	6789
2011	5043	638	27	5708
2012	5619	920	30	6569
2013	5008	943	39	5990

Chart 5. Conventional, FHA, and VA Market Share of 1-4 Unit, Owner-Occupied, First Lien Home Purchase Originations, Allegheny County 2005-2013 (RHS loans not included)

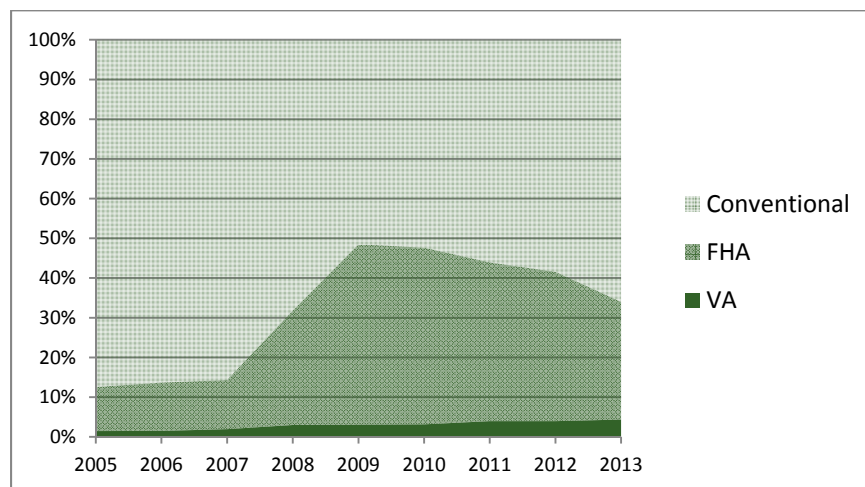


Chart 6. Government-backed Share of **Home Purchase** Originations by Lender Type, Allegheny County 2005-2013

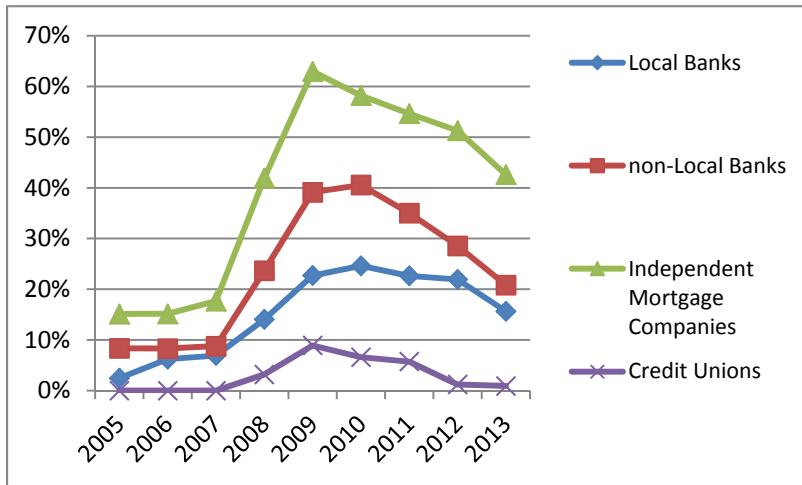
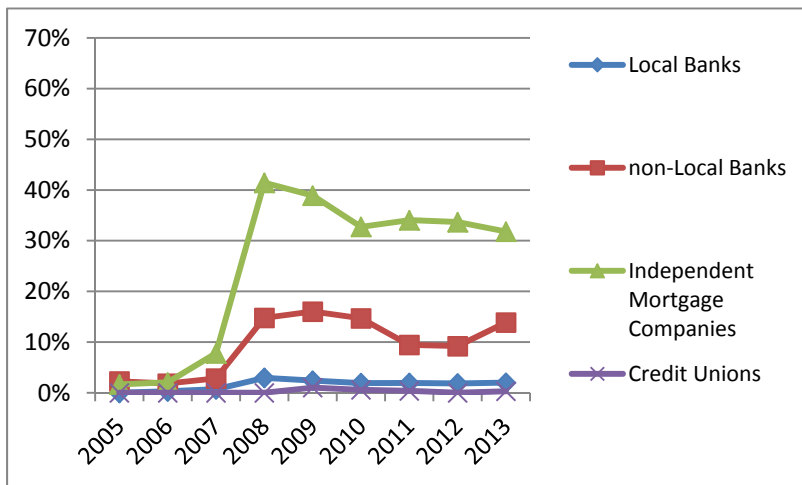


Chart 7. Government-backed Share of **Refinance** Originations by Lender Type, Allegheny County 2005-2013



Note: See "Types of Lenders", p. 27, for definitions of *Local* and *non-Local* Banks.

DENIAL RATES AND REASONS FOR DENIAL

Allegheny County 2005-2013

The overall denial rate in Allegheny County peaked at 37% in 2007. Since 2009 it has been much lower and fairly stable, ranging from 21.6% to 23.8% —with the 2013 denial rate of 21.6% the lowest of any year in the period 2005-2013. (Table 10, below; see also Table 12, p. 34, for a breakdown of denial rates for first lien loans for 1-4 family, owner-occupied properties, by income level and race.) In 2013, credit history was the most commonly reported reason for denial, with debt-to-income ratio as the second most common reason. This was true across racial and ethnic groups, with the exception of Asians, for whom the order of the two was reversed (Table 11, below). Credit history was a much more frequently cited reason for denial for black and Hispanic applicants than for other applicants—58% of loans denials for black applicants and 45% for Hispanic applicants gave credit history as a reason, compared with 38% of white and 25% of Asian applicants. When credit history is cited as a reason for denial, it can be due to low credit score, adverse events like foreclosure or bankruptcy in the past, or absence of enough information for credit scoring companies to establish a credit score. HMDA reporting currently does not require data that would allow distinctions to be made among those cases.

Table 10. Mortgage Loan Denial Rates, Allegheny County 2005-2013

	Allegheny County	City of Pittsburgh	Allegheny County excluding Pittsburgh
2005	35%	42%	33%
2006	34%	39%	32%
2007	37%	42%	35%
2008	34%	39%	33%
2009	23%	29%	22%
2010	23%	27%	22%
2011	24%	29%	23%
2012	21.8%	27%	21%
2013	21.6%	25%	21%

Table 11. Reasons for Loan Denial by Race and Ethnicity, Allegheny County, 2013

	All		Asian		Black		White		Hispanic	
	count	%	count	%	count	%	count	%	count	%
debt to income ratio	1918	25%	44	33%	203	29%	1435	24%	36	30%
employment history	201	3%	5	4%	10	1%	163	3%	6	5%
credit history	3077	39%	34	25%	411	58%	2273	38%	54	45%
collateral	1411	18%	28	21%	72	10%	1113	19%	14	12%
insufficient cash	639	8%	3	2%	37	5%	511	9%	4	3%
unverifiable	438	6%	6	4%	34	5%	349	6%	8	7%
credit application	1013	13%	17	13%	60	8%	768	13%	23	19%
mortgage insurance	14	0%	0	0%	0	0%	11	0%	1	1%
other	834	11%	21	16%	74	10%	615	10%	13	11%
	122%		118%		127%		122%		133%	

Notes: 1. The percentage listed is the percentage of denied loans for which each reason is given. Up to three reasons for denial may be listed, so the percentages in each column add to more than 100%. 2. Data listed includes only the 85% of institutions which report at least one reason for every loan denied.

Table 12. Denial Rates by Loan Purpose, Applicant Income Level, and Race, Allegheny County 2005-2013

Allegheny County Denial Rates, 2005-2013									
Characteristics of Loan and Applicant	2005	2006	2007	2008	2009	2010	2011	2012	2013
1-4 Family, Owner Occupied, First Lien									
Home Purchase									
Low Income									
African American	28%	29%	36%	28%	19%	18%	24%	23%	19%
Asian	18%	20%	25%	29%	33%	26%	31%	23%	25%
White	17%	18%	19%	18%	15%	16%	14%	15%	15%
Race not reported	35%	30%	40%	38%	30%	21%	31%	33%	31%
Moderate Income									
African American	23%	27%	27%	21%	15%	16%	22%	21%	21%
Asian	10%	11%	5%	10%	8%	19%	23%	5%	12%
White	10%	12%	12%	10%	7%	9%	11%	8%	10%
Race not reported	27%	27%	27%	19%	11%	15%	19%	14%	15%
Middle Income									
African American	22%	25%	29%	14%	13%	13%	17%	18%	22%
Asian	6%	7%	7%	18%	9%	5%	8%	11%	10%
White	8%	8%	8%	8%	6%	8%	9%	7%	7%
Race not reported	21%	24%	18%	14%	9%	14%	9%	12%	12%
Upper Income									
African American	17%	21%	27%	11%	12%	13%	16%	14%	16%
Asian	4%	7%	9%	8%	10%	6%	6%	7%	6%
White	5%	6%	7%	6%	6%	7%	8%	6%	6%
Race not reported	16%	14%	14%	13%	7%	9%	10%	9%	11%
Total	11%	12%	12%	10%	8%	9%	10%	9%	9%
Refinance									
Low Income									
African American	69%	65%	78%	82%	75%	75%	74%	67%	59%
Asian	47%	44%	67%	71%	72%	63%	63%	66%	58%
White	41%	51%	60%	60%	48%	50%	51%	42%	46%
Race not reported	67%	64%	67%	63%	63%	61%	65%	59%	65%
Moderate Income									
African American	67%	68%	76%	76%	63%	64%	69%	50%	47%
Asian	36%	53%	67%	72%	39%	39%	25%	50%	34%
White	45%	49%	54%	52%	34%	31%	32%	28%	29%
Race not reported	64%	56%	60%	54%	46%	42%	44%	36%	40%
Middle Income									
African American	65%	67%	74%	74%	58%	47%	41%	46%	35%
Asian	30%	39%	56%	42%	19%	30%	22%	12%	31%
White	41%	43%	52%	48%	25%	24%	24%	21%	21%
Race not reported	58%	52%	50%	47%	38%	32%	34%	23%	29%
Upper Income									
African American	57%	58%	69%	67%	37%	34%	32%	34%	33%
Asian	30%	21%	30%	27%	14%	14%	13%	13%	10%
White	32%	36%	42%	36%	18%	17%	17%	15%	17%
Race not reported	47%	45%	48%	39%	25%	24%	22%	19%	19%
Total	46%	48%	53%	48%	26%	25%	25%	22%	24%

Part I.B LMI and Minority Lending

In this section we explore lending in LMI and minority Census tracts, and lending to LMI and minority borrowers, with additional sections devoted specifically to low-income borrowers (those making less than 50% of area median income) and African American borrowers. For each group we examine:

- Total lending;
- Lending by loan purpose (home purchase and refinance);
- Subprime lending in 2005-2006;
- Market share by type of lending institution;
- Government-backed lending.

Despite recent increases, the percentage of mortgage loans issued in LMI and substantially minority Census tracts is well below the percentage of total population and housing stock in those tracts. A quarter of Allegheny County's population and over a quarter of its housing stock is in LMI Census tracts, but only a tenth of residential mortgage loans were made in those tracts in 2013. Outside the City of Pittsburgh, the percentage of loans in LMI Census tracts is close to the percentage of owner-occupied units. Inside Pittsburgh there is a gap: 44% of owner-occupied units in the City of Pittsburgh are in LMI Census tracts, and 34% of residential mortgage loans.

The proportions are similar in substantially minority Census tracts: 10% of Allegheny County's population, 12% of housing stock, and only 3% of residential mortgage loans were in substantially minority Census tracts in 2013. As with LMI Census tracts, outside the City of Pittsburgh the percentages of owner-occupied units and residential mortgage loans in minority Census tracts are comparable (both 2%), but in the City of Pittsburgh there is a gap: 17% of owner-occupied housing units in Pittsburgh are in minority Census tracts, and 9% of residential mortgage loans. (Table 13, p. 36)

Lending to African Americans is extremely low relative to population and home-ownership rates: African Americans comprise 13% of the Allegheny County population and 6.7% of owner-occupied housing, but just 3.5% of mortgage loan recipients.

For reference, Table 14 (p. 36) shows Allegheny County and City of Pittsburgh population by race.

Table 13. Population, Housing, and Residential Mortgage Profile, Allegheny County 2013⁴

2013 Demographic and Lending Profile						
	Allegheny County		City of Pittsburgh		Allegheny County excluding Pittsburgh	
	Number	%	Number	%	Number	%
All Census Tracts						
population	1,224,772	100%	306,430	100%	918,342	100%
housing units (1-4 unit structures only)	483,326	100%	119,324	100%	364,002	100%
housing units (all)	589,171	100%	157,228	100%	431,943	100%
households	524,392	100%	133,192	100%	391,200	100%
owner occupied units	754,943	100%	65,291	100%	689,652	100%
loan applications	60,580	100%	10,998	100%	49,582	100%
loan originations	33,361	100%	5,934	100%	27,427	100%
loan denials	9,948	100%	2,148	100%	7,800	100%
LMI Census Tracts						
population	301,077	25%	149,213	49%	151,864	17%
housing units (1-4 unit structures only)	133,241	28%	63,712	53%	69,529	19%
housing units (all)	162,995	28%	78,858	50%	84,137	19%
households	132,421	25%	63,598	48%	68,823	18%
owner occupied units	64,980	9%	28,846	44%	36,134	5%
loan applications	7,871	13%	4,013	36%	3,858	8%
loan originations	3,708	11%	1,993	34%	1,715	6%
loan denials	2,115	21%	1,013	47%	1,102	14%
Substantially Minority (>50%) Census Tracts						
population	121,936	10%	66,409	22%	55,527	6%
housing units (1-4 unit structures only)	54,090	11%	27,356	23%	26,734	7%
housing units (all)	68,726	12%	35,678	23%	33,048	8%
households	53,110	10%	28,088	21%	25,022	6%
owner occupied units	23,738	3%	11,369	17%	12,369	2%
loan applications	2,510	4%	1,294	12%	1,216	2%
loan originations	996	3%	541	9%	455	2%
loan denials	860	9%	420	20%	440	6%

Table 14. Allegheny County 2013 Population by Race⁵

Race	Allegheny County		City of Pittsburgh		Allegheny County excluding Pittsburgh	
	Number	%	Number	%	Number	%
African American	159,750	13.0%	77,400	25.3%	82,350	8.9%
Asian	36,286	3.0%	14,248	4.7%	22,038	2.4%
White	998,456	81.4%	203,089	66.4%	795,367	86.4%
Other	6,616	0.5%	2,323	0.8%	4,293	0.5%
Two or more races	25,825	2.1%	9,002	2.9%	16,823	1.8%
Total	1,226,933		306,062		920,871	

⁴Sources: American Community Survey 5yr 2012 (housing and population); HMDA 2013 raw data (loans).

⁵ Source: American Community Survey 5yr 2013.

LOW TO MODERATE INCOME CENSUS TRACTS

Allegheny County, 2005-2013

Total Lending

There were 3708 originations in LMI Census tracts in Allegheny County in 2013, up from 3451 originations in 2012. That number represents a 71% increase over the low point of 2161 originations in 2011, though it is still only 63% of the pre-crisis 2005 level. (Chart 8 and Table 15, below)

The two-year rise in originations is due to a combination of increasing applications and lower denial rates. The total number of completed applications in LMI Census tracts rose 58% between 2011 and 2013, while the denial rate dropped from 41% to 34%. The ratio of denial rates in LMI Census to denial rates in middle- and upper-income Census tracts also dropped, falling to 1.7 in 2013 after four years of hovering between 1.8 and 2.0. (Table 16, below)

Chart 8. Number of Applications and Originations in LMI Census Tracts

Allegheny County 2005-2013

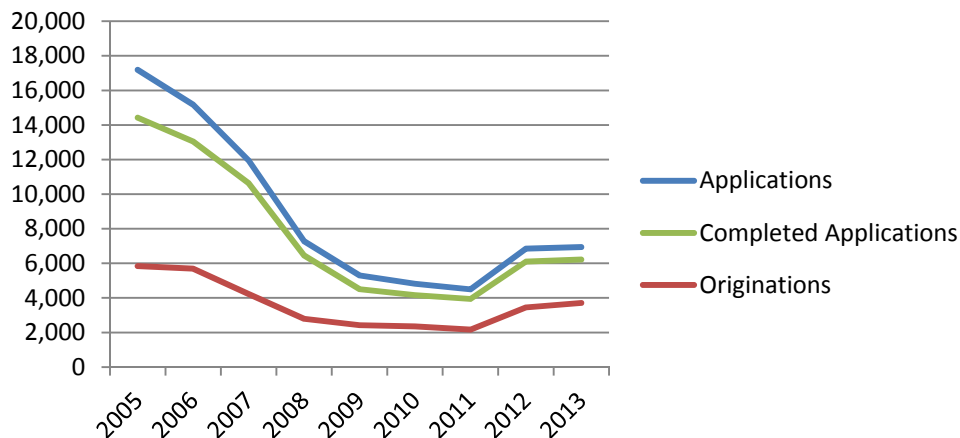


Table 15. Applications and Originations in LMI Census Tracts
Allegheny County 2005-2013

	Applications	Completed Applications	Originations
2005	17,189	14,420	5,839
2006	15,175	13,043	5,691
2007	11,950	10,636	4,226
2008	7,276	6,460	2,790
2009	5,300	4,506	2,423
2010	4,815	4,160	2,343
2011	4,495	3,943	2,161
2012	6,840	6,092	3,451
2013	6,940	6,214	3,708

Table 16. Denial Rates For LMI and non-LMI Census Tracts
Allegheny County 2005-2013

Non-LMI	LMI	LMI/non-LMI ratio
32%	51%	1.6
31%	47%	1.5
34%	52%	1.6
31%	50%	1.6
21%	41%	1.9
21%	38%	1.8
22%	41%	1.9
19%	38%	2.0
20%	34%	1.7

*Loan Purpose: Home Purchase and Refinancing**1-4 Unit Housing*

Home purchase originations for 1-4 unit housing in LMI Census tracts rose 47% from 2011 to 2013 (from 907 to 1336), which brought home purchase lending in LMI Census tracts to 60% of the 2006 high of 5863; if conventional high-rate (subprime) loans are excluded, the 2013 level was 96% of the previous high. The recovery has been stronger inside the City of Pittsburgh: the number of originations in 2013 was 68% of the 2006 level in the City of Pittsburgh and 53% in the rest of the County. Excluding subprime loans, the difference between the City and the rest of the County is smaller: in the City of Pittsburgh home purchase originations were at 99% of the 2006 level; in the rest of the County they were at 92%.

Refinancing originations for 1-4 unit housing in LMI Census tracts more than doubled between 2011 and 2013, from 863 to 1749. In contrast to middle- to upper-income Census tracts, which saw a decline of 23% in refinancing originations from 2012 to 2013, LMI Census tracts saw an increase of 7%.

Refinancing in LMI Census tracts rose in 2013 while falling elsewhere, but was still only 67% of the 2005 level.

The large two-year increase still left refinancing loans in LMI Census tracts at just 67% of the 2005 level. Within the City of Pittsburgh, LMI Census tracts in 2013 were at 75% of the 2005 level; in the rest of the County they were at 60%. Excluding subprime loans, LMI Census tracts in both City and the rest of the County received more 1-4 unit refinancing loans in 2013 than in 2005 (103% in the City, 111% in the rest of the County).

See Table 28 (p. 63) and Table 29 (p. 64). Chart 10 (p. 40) shows the number of prime and subprime loans inside and outside the City of Pittsburgh, with all property types included.

Subprime Lending in Allegheny County, 2005-2006

39% of originations in LMI Census tracts in the years 2005-2006 were conventional high-rate (subprime) loans. In 2009 the percentage of subprime originations dropped to 9%, and in subsequent years has ranged from 4.1% down to 2.6% in 2012 and 2013. The percentage of subprime lending in LMI Census tracts varied considerably by institution type: in the years 2005-2006, 59% of originations in LMI Census tracts by independent mortgage companies were subprime; 51% of originations by non-local banks, 17% of originations by credit unions, and 11% by local banks (banks with physical branches in Allegheny County). (Table 7, p. 28 and Chart 11, p. 41) Most of the subprime lending by local banks was done by a single bank—38% of National City Bank's LMI Census tract originations in 2005-2006 were subprime, as opposed to 3.6% for all other local banks.

Market Share by Lending Institution Type

The near disappearance of subprime lending was followed by a large shift in market share among institution types. The market share of non-local banks in LMI Census tracts has dropped by half, from 41% to 21%, with most of that share taken up by local banks, whose market share increased from 29% to 46%. Though the absolute number

In LMI Census tracts from 2005 to 2013, local bank market share grew by half; non-local bank market share fell by half.

of originations in LMI Census tracts by credit unions is small, the proportional increase in market share of credit unions is significant, from 1.3% in 2005 to 1.6% in 2013. The market share of independent mortgage companies

shrank with the disappearance of the subprime market, but by 2013 it was back to 27%, exactly where it was in 2005. (Data not shown in tables)

Government-backed Lending

The total number of government-backed originations in LMI Census tracts decreased slightly, from 842 in 2012 to 828 in 2013. (Table 17, below) The number of FHA insured 1-4 unit home purchase loans in LMI Census tracts in Allegheny County in 2013 was 490, down 14% from 569 in 2012. FHA market share of 1-4 unit home purchase loans also declined, from 46% to 36%. (Chart 9, below) The number of FHA refinancing loans for 1-4 unit housing in LMI Census tracts increased 21%, from 189 in 2012 to 229 in 2013. The increase of FHA refinancing in LMI Census tracts is in contrast to marked decreases in both FHA and conventional refinance loans in the County as a whole, including among LMI borrowers.

Chart 9. FHA Market Share of Mortgage Loan Originations in LMI Census Tracts Allegheny County 2005-2013

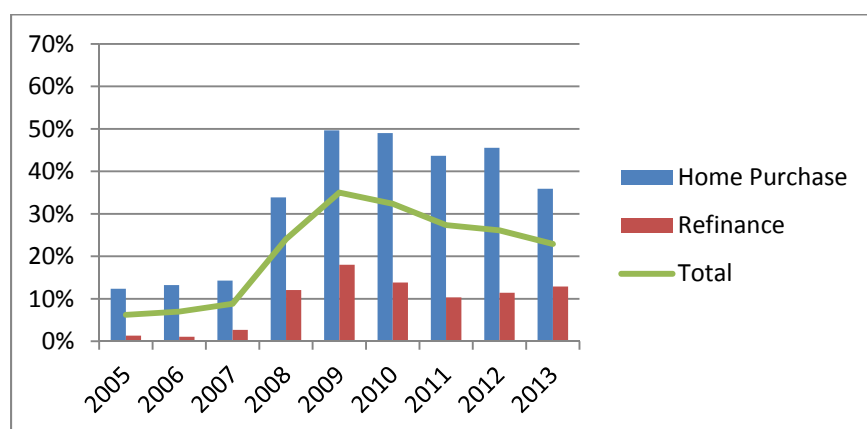


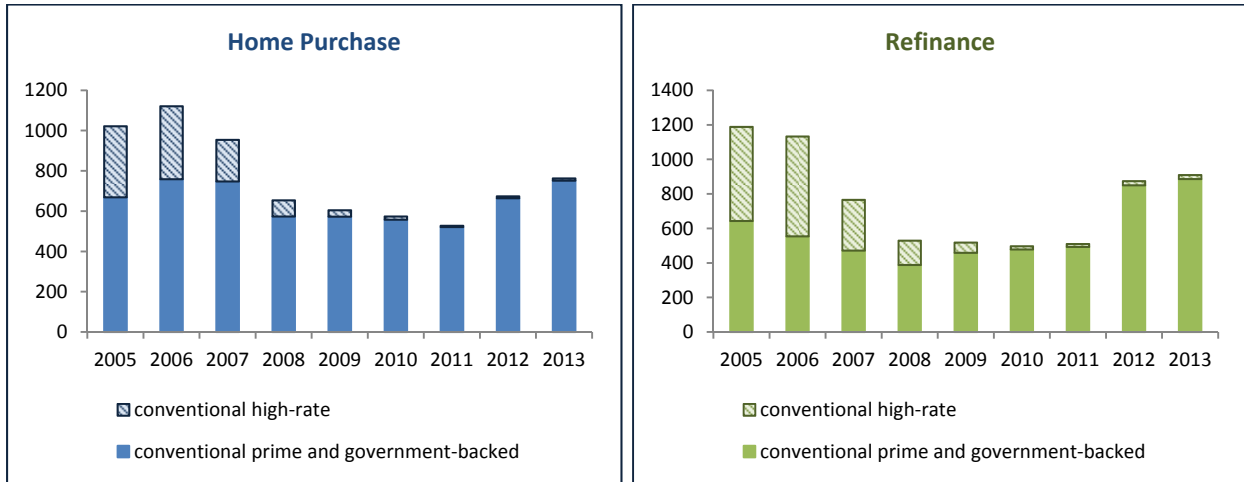
Table 17. Government-backed Mortgage Loan Originations in LMI Census Tracts Allegheny County 2005-2013

	FHA	VA	RHS	Total
2005	304	29	0	333
2006	333	21	0	354
2007	306	25	0	331
2008	539	34	0	573
2009	717	37	0	754
2010	640	34	0	674
2011	507	39	0	546
2012	773	69	0	842
2013	734	94	0	828

Chart 10. Number of LMI Census Tract Originations

Allegheny County 2005-2013

City Of Pittsburgh



Allegheny County excluding Pittsburgh

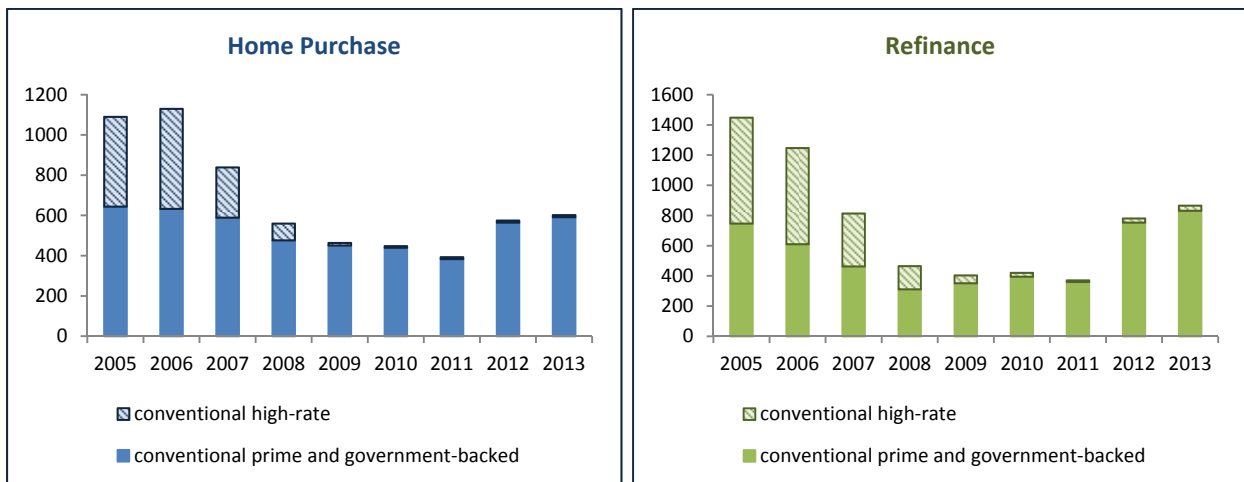
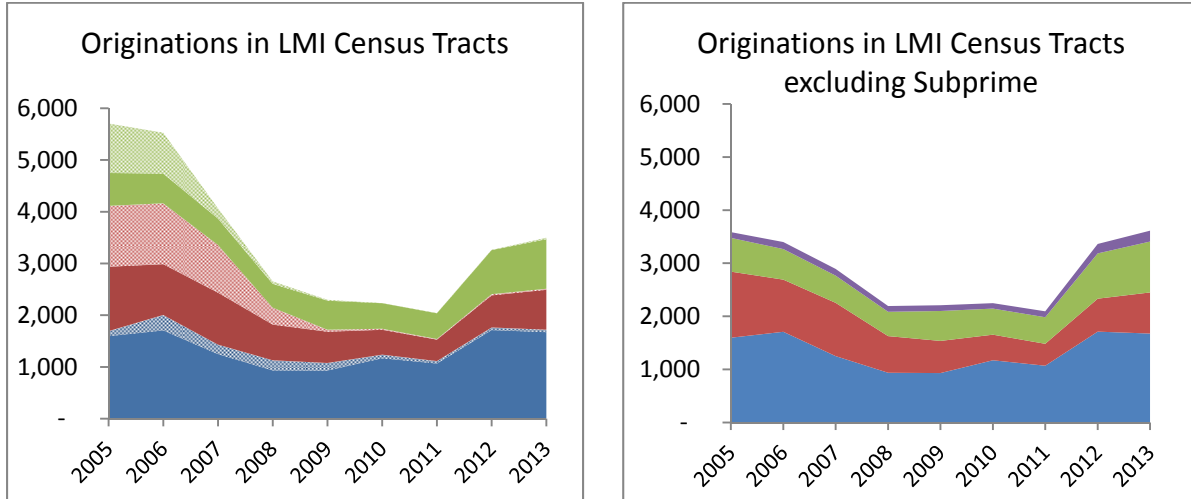


Chart 11. Mortgage Lending by Institution Type
 Allegheny County 2005-2013
LMI Census Tracts



- Independent Mortgage Companies, Subprime
- Independent Mortgage Companies, excluding Subprime
- Non-Local Banks, Subprime
- Non-Local Banks, excluding Subprime
- Local Banks, Subprime
- Local Banks, excluding Subprime
- Credit Unions

Note: the chart on the left does not include credit unions.

LOW TO MODERATE INCOME BORROWERS

Allegheny County 2005-2013

Total Lending

There were 7742 originations to LMI borrowers in Allegheny County in 2013. Unlike LMI Census tracts, where originations declined steadily from 2005 to 2011, then rose sharply in 2012 and 2013, the recovery for LMI borrowers has been intermittent, with the number of originations alternating between increases and decreases four times since 2007. The total number of originations to LMI borrowers in 2013 remains at just 55% of the pre-crisis 2005 level, and actually fell slightly from 2012 to 2013. (Chart 12 and Table 18, below)

The fluctuation in originations from year to year has been due in part to a fluctuation in denial rates between 2010 and 2013, which rose for two years and then fell again. The 2013 denial rate of 33% was the lowest of any year from 2005 to 2013, but the ratio between LMI and non-LMI borrower denial rates in 2013 (1.92) was the highest of any year from 2005 to 2013. (Table 19, below)

Chart 12. Number of Applications and Originations to **LMI Borrowers**, Allegheny County 2005-2013

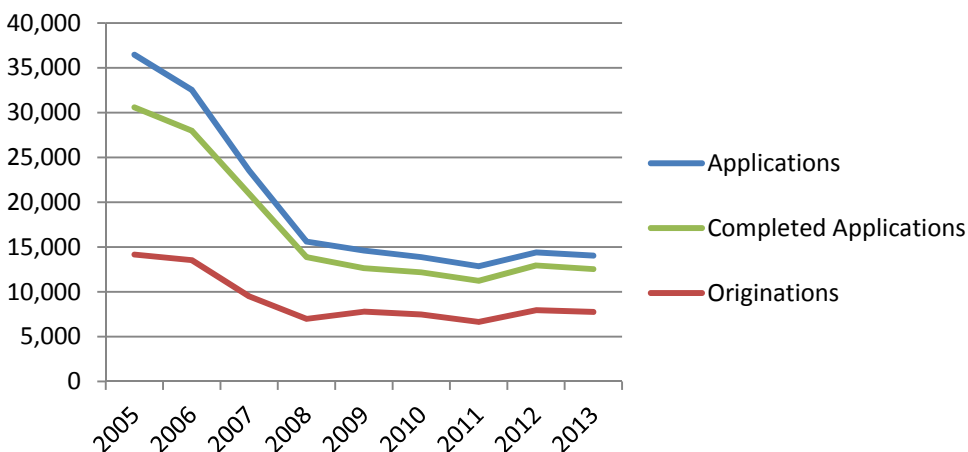


Table 18. Applications and Originations to **LMI Borrowers**
Allegheny County 2005-2013

	Applications	Completed Applications	Originations
2005	36,449	30,577	14,151
2006	32,537	27,974	13,541
2007	23,530	20,947	9,506
2008	15,597	13,879	6,979
2009	14,606	12,648	7,781
2010	13,865	12,176	7,470
2011	12,848	11,229	6,643
2012	14,398	12,953	7,943
2013	14,034	12,531	7,742

Table 19. Denial Rates by **Borrower Income Level**
Allegheny County 2005-2013

Non-LMI	LMI	LMI/non-LMI ratio
29%	45%	1.6
28%	43%	1.5
32%	47%	1.5
30%	44%	1.5
19%	33%	1.7
19%	34%	1.8
19%	36%	1.9
18%	34%	1.9
17%	33%	1.9

Loan Purpose: Home Purchase and Refinancing

1-4 Unit Housing

Home purchase loans to LMI borrowers increased for the second year in a row after reaching a low point in 2011. Originations for 1-4 unit housing rose 19% from 2011 to 2013 (from 2961 to 3510), with nearly the same amount of growth inside and outside the City of Pittsburgh. The number of 1-4 family home purchase originations in 2013 was 60% of the number in 2005—the same percentage as for LMI Census tracts. The recovery for LMI borrowers has been stronger outside the City of Pittsburgh than within the City—the opposite of the recovery pattern for LMI Census tracts. Within the City, the number of originations to LMI borrowers was just 51% of the high point in 2006; in the rest of the County it was 63%. Excluding subprime loans, 1-4 family home purchase originations were at 82% of the 2006 level (73% in the City of Pittsburgh, 84% in the rest of Allegheny County).

Refinancing for LMI borrowers followed the same pattern as middle- to upper-income borrowers, increasing sharply in 2012 but declining in 2013. Originations fell 11% between 2012 and 2013, from 3747 to 3318. Even with that one-year decline, the number in 2013 was up 16% from the low point in 2011 (23% in the City of Pittsburgh, 14% in the rest of the County). Unlike middle- to upper-income borrowers, the number of refinancing loans remained at extremely low levels compared to the refinancing high point in 2005: 52% in the County as a whole, 46% in the City of Pittsburgh, and 54% outside the City. Excluding subprime loans, 1-4 unit refinancing loans to LMI borrowers in 2013 were at 79% of the 2005 level, with similar percentages inside and outside the City of Pittsburgh.

See Table 28 (p. 63) and Table 29 (p. 64). Chart 14 (p. 45) shows the number of prime and subprime loans inside and outside the City of Pittsburgh, with all property types included.

Subprime Lending 2005-2006

29% of originations to LMI borrowers in Allegheny County in the years 2005-2006 were conventional high-rate (subprime) loans, much lower than the 39% in LMI Census tracts. By 2009 subprime lending had fallen to 7% of all originations, and in the four years since has ranged between 1.6% and 2.1%.

As with LMI Census tracts, most of the subprime loans made to LMI borrowers were from independent mortgage companies and non-local banks: 46% of loans by independent mortgage companies to LMI borrowers were subprime; 37% by non-local banks, and 7% by local banks. (Table 7, p. 28 and Chart 15, p. 46) As with LMI Census tracts, most of the subprime loan originations to LMI borrowers by local banks were due to a single bank: 31% of National City Bank's lending to LMI borrowers from 2005 to 2006 was subprime, while just 1.9% of lending by other local banks was subprime.

Market Share by Lending Institution Type

Market share among institution types shifted substantially between 2005 and 2013. Market share of non-local banks dropped by half, from 41% to 20%. The market share lost by non-local banks was split evenly between local banks and independent mortgage companies: local bank market share went from 29% to 40%, and the share of independent mortgage companies went from 28% to 37%—the highest of any year during the period 2005-2013. Credit unions increased their market share from 2.1% to 3.8%, which was also the highest since 2005. The shift to independent mortgage companies and credit unions is in contrast to the pattern in LMI Census tracts, where almost all of the share lost by non-local banks shifted to local banks. (Data not shown in tables)

Government-backed Lending

The total number of government-backed originations to LMI borrowers in Allegheny County decreased 11% from 2012 to 2013 (from 2378 to 2122). (Table 20, below) There were 1582 FHA insured 1-4 unit home purchase loans to LMI borrowers in 2013, down 12% from 1807 in 2012. FHA market share of 1-4 unit home purchase loans also declined, from 54% to 45%. The number of FHA refinance loans to LMI borrowers for 1-4 unit housing fell 22% from 2012 to 2013 (from 368 to 287), more than twice the decline in FHA refinance loans overall. FHA market share of refinance loans to LMI borrowers also fell, from 9.8% to 8.6%, in contrast to an increase from 8.3% to 9.4% for FHA refinance loans overall. (Chart 13, below)

*In 2013
FHA refinancing market share
fell for LMI borrowers
while rising for higher income
borrowers.*

Chart 13. FHA Market Share of Mortgage Loan Originations to **LMI Borrowers**
Allegheny County 2005-2013



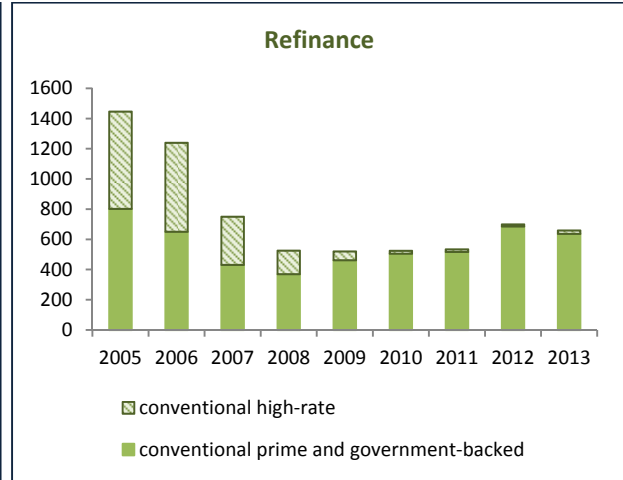
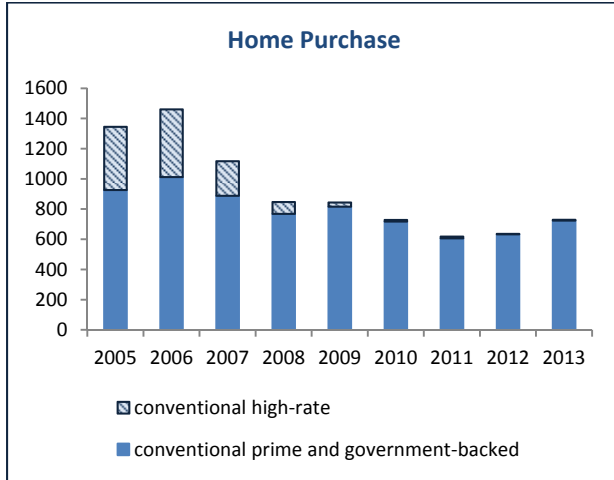
Table 20. Government-backed Mortgage Loan Originations to **LMI Borrowers**
Allegheny County 2005-2013

	FHA	VA	RHS	Total
2005	1073	118	1	1192
2006	1085	93	3	1181
2007	910	72	2	984
2008	1740	97	4	1841
2009	2922	117	24	3063
2010	2530	113	6	2649
2011	2086	138	17	2241
2012	2200	158	20	2378
2013	1883	217	22	2122

Chart 14. Number of Originations to **LMI Borrowers**

Allegheny County 2005-2013

City Of Pittsburgh



Allegheny County excluding Pittsburgh

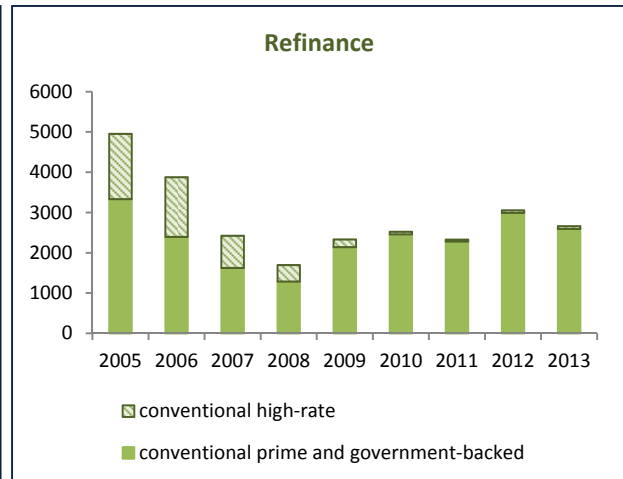
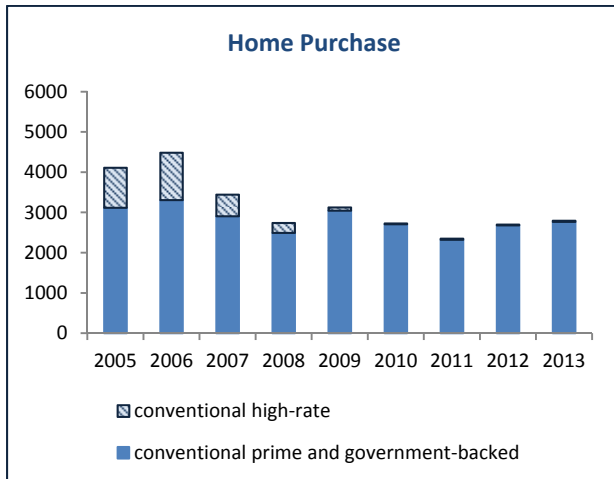
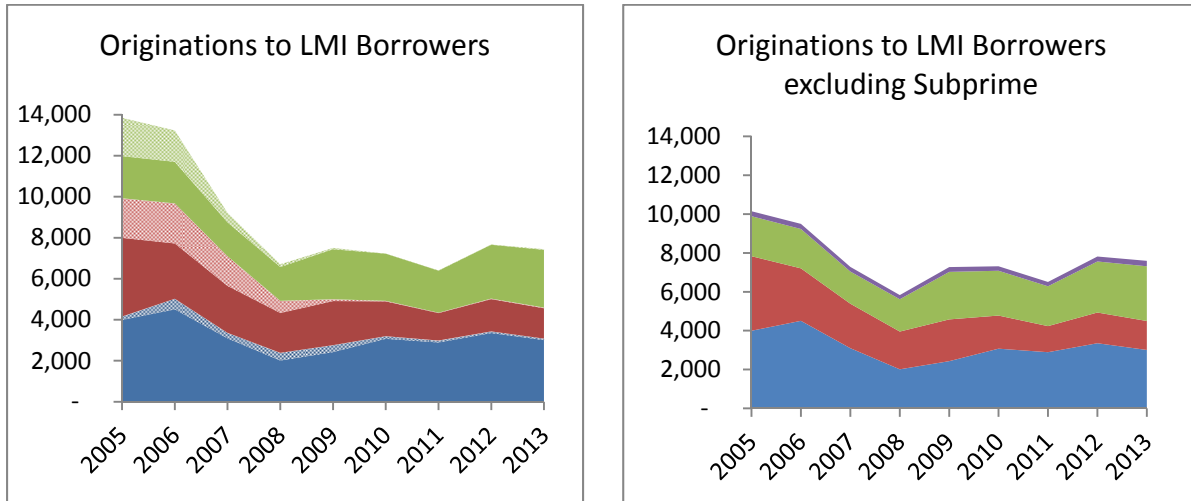


Chart 15. Mortgage Lending by Institution Type
Allegheny County 2005-2013
LMI Borrowers



- Independent Mortgage Companies, Subprime
- Independent Mortgage Companies, excluding Subprime
- Non-Local Banks, Subprime
- Non-Local Banks, excluding Subprime
- Local Banks, Subprime
- Local Banks, excluding Subprime
- Credit Unions

Note: the chart on the left does not include credit unions.

LOW INCOME BORROWERS

It is standard practice to group low-income and moderate-income borrowers together in analysis of the housing market, in part because many public policy programs are targeted at LMI borrowers as a group. However, in the aftermath of the housing crisis and recession, low-income borrowers have fared much worse than moderate-income borrowers, receiving only 38% as many loans in 2013 as in 2005. Moderate-income and Middle-income borrowers are very close in terms of recovery, receiving 66% and 69% as many loans in 2013 as in 2005, respectively. Upper-income borrowers have recovered the most, with 87% as many loans in 2013 as in 2005.

The county-wide pattern also holds true in middle- to upper-income Census tracts: borrower income levels separate out into the same three groups, with nearly the same percentages as in the County as a whole. (Chart 16, below) In LMI Census tracts, the top three borrower income levels were clustered together by 2013. Low-income borrowers again show much weaker recovery than the other groups. (Chart 17, below)

Chart 18 (p. 48) shows the number of prime and subprime loans to low-income borrowers inside and outside the City of Pittsburgh (all property types included).

Number of 1-4 Unit Originations by Applicant Income Level as Percentage of 2005 Baseline Allegheny County 2005-2013

Chart 16. Middle to Upper Income Census Tracts

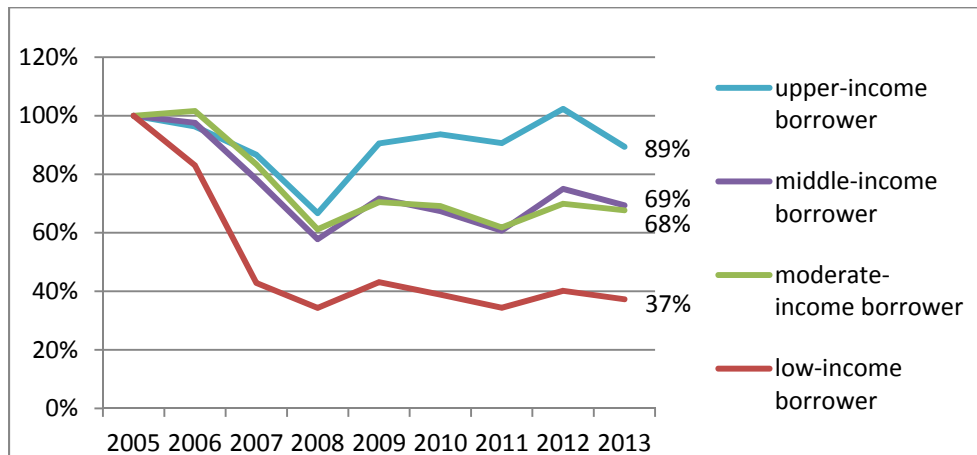


Chart 17. Low to Moderate Income Census Tracts

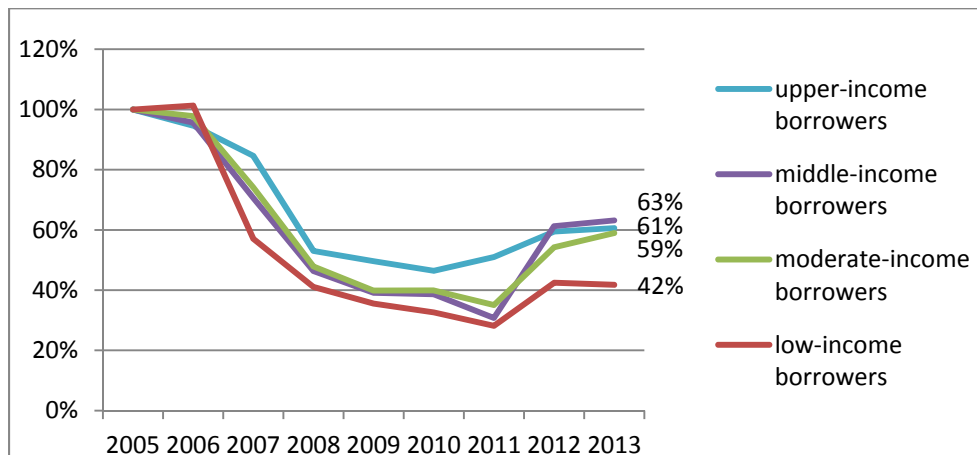
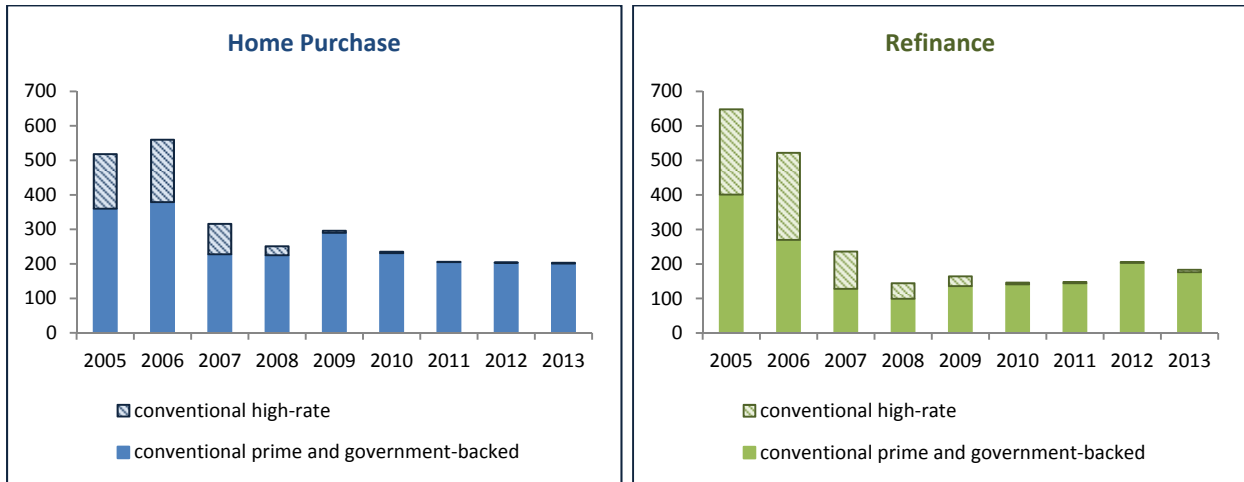


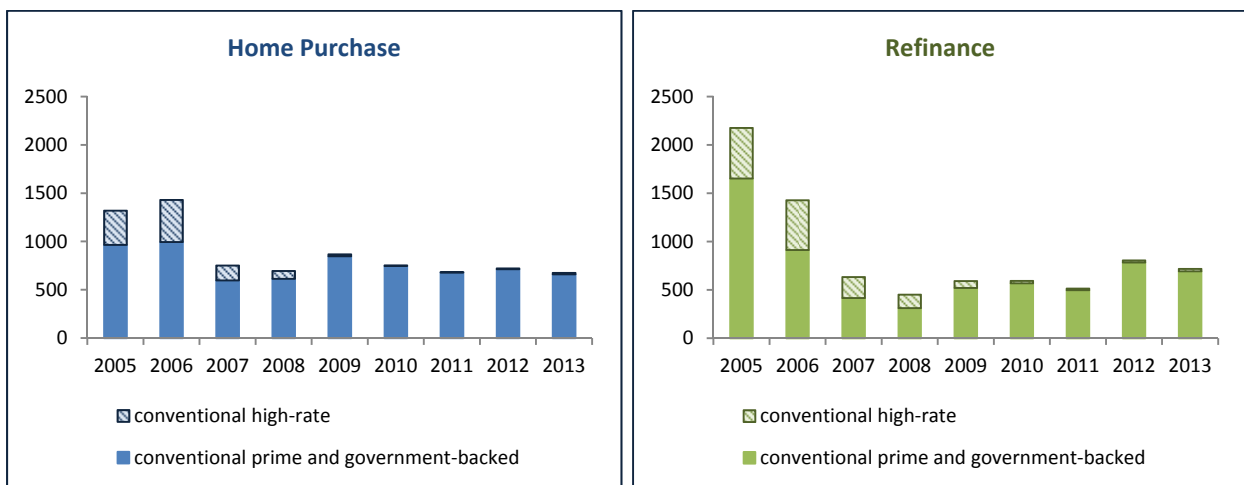
Chart 18. Number of Originations to **Low-Income Borrowers**

Allegheny County 2005-2013

City Of Pittsburgh



Allegheny County excluding Pittsburgh



SUBSTANTIALLY MINORITY CENSUS TRACTS

Allegheny County 2005-2013

Total Lending

There were 996 originations in minority Census tracts in Allegheny County in 2013, up slightly from 965 originations in 2012, and up 39% from the low point of 718 in 2011. Total originations in 2013 were still only 55% of the number in 2005 (53% in the City of Pittsburgh, 59% in the rest of Allegheny County). (Chart 19 and Table 21, below)

The rise in originations since 2011 is due largely to a 26% rise in completed applications between 2011 and 2012, coupled with a drop in the denial rate from 50% in 2011 to 43% in 2013. The ratio of the denial rate in minority Census tracts to the denial rate in majority white Census tracts was 2.1 in 2013, down slightly from 2.2 in each of the previous three years. (Table 22, below)

*Chart 19. Number of Applications and Originations in **Minority Census Tracts** Allegheny County 2005-2013*

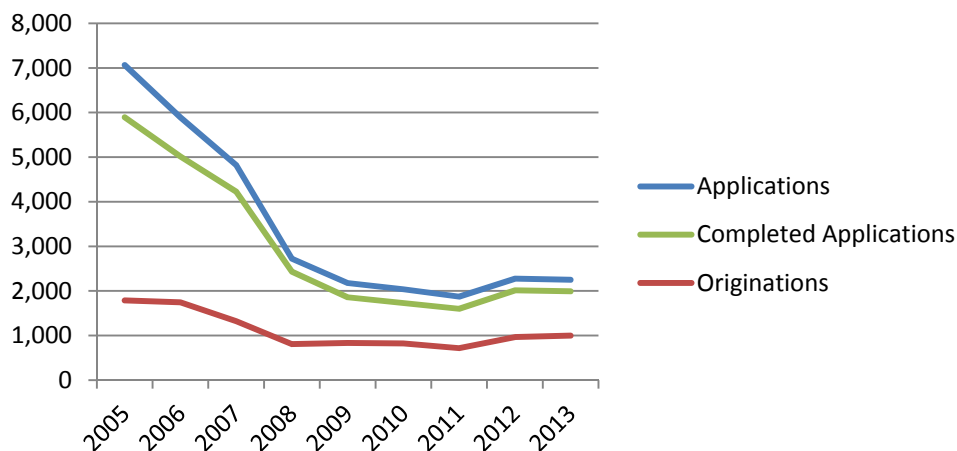


Table 21. Applications and Originations in **Minority Census Tracts** Allegheny County 2005-2013

	Applications	Completed Applications	Originations
2005	7,062	5,894	1,786
2006	5,892	5,016	1,741
2007	4,820	4,226	1,320
2008	2,723	2,430	805
2009	2,177	1,857	832
2010	2,037	1,730	821
2011	1,871	1,598	718
2012	2,272	2,012	965
2013	2,247	1,991	996

Table 22. Denial Rates by **Census Tract Minority Status** Allegheny County 2005-2013

Non-Substantially Minority	Substantially Minority	Minority/non-Minority ratio
33%	61%	1.8
32%	56%	1.8
35%	61%	1.7
33%	61%	1.9
22%	50%	2.3
22%	47%	2.2
23%	50%	2.2
21%	46%	2.2
21%	43%	2.1

*Loan Purpose: Home Purchase and Refinancing**1-4 Unit Housing*

There were 346 home purchase originations for 1-4 unit housing in minority Census tracts in Allegheny County in 2013 (193 in the City of Pittsburgh, 153 in the rest of the County)—up 28% from 271 originations in 2011. The 2-year increase from 2011 to 2013 took place entirely within the City of Pittsburgh, where the number of originations rose 62% from 2011 to 2013, even though the number of Census tracts classified as substantially minority dropped from 37 to 34. (See DATA NOTE p. 53, for a list of the number of Census tracts classified as substantially minority each year from 2005 to 2013.) In the rest of the County the number of home purchase originations was basically flat. The number of loans in 2013 was 59% of the 2005 level, with virtually the same percentage inside and outside the City of Pittsburgh. Excluding subprime loans, the minority Census tracts in the City have fared better: in the City of Pittsburgh in 2013, 1-4 unit home purchase originations were at 88% of the 2005 level; in the rest of the County they were at 74%. (Chart 21, p. 53)

Refinancing originations for 1-4 unit housing in minority Census tracts in the County rose 66% between 2011 and 2013, from 268 to 446. In contrast to the 20% decline in refinancing in the County as a whole from 2012 to 2013, refinancing originations continued to increase (by 4%) from 2012 to 2013 in minority Census tracts. Refinance originations in 2013 were at 51% of the 2005 level (45% in the City of Pittsburgh; 58% in the rest of the County). Excluding subprime loans, minority Census tracts received slightly more refinancing loans for 1-4 unit housing in 2013 than in 2005 (92% in the City of Pittsburgh, 112% in the rest of the County, and 104% in the County as a whole).

See Table 28 (p. 63) and Table 29 (p. 64). Chart 21 (p. 53) shows the number of prime and subprime loans inside and outside the City of Pittsburgh, with all property types included.

Subprime Lending, 2005-2006

46% of originations in minority Census tracts in the years 2005-2006 were conventional high-rate (subprime) loans, twice the percentage of subprime loans in Allegheny County as a whole. By 2009 the percentage of subprime originations had dropped to 9%, and in subsequent years has continued to drop steadily, from 3.7% in 2008 down to 2.4% in 2013.

Almost half of the loans in minority Census tracts in 2005-06 were subprime.

Independent mortgage companies and non-local banks made most of the subprime loans—59% of loans by non-local banks and 67% by independent mortgage companies. 10% of originations by credit unions and 13% by local

Credit unions were the only type of mortgage lender to do less subprime lending in minority Census tracts than in majority white Census tracts.

banks were subprime. Most of the subprime lending by local banks was done by National City Bank—50% of originations by National City Bank were subprime, and 3.5% by all other local banks.

Notably, credit unions did a lower percentage of subprime lending in minority Census tracts than they did in the County as a whole or in LMI Census tracts, even though 54 of the 59 minority Census tracts in Allegheny County are also LMI Census tracts. All other institution types did more subprime lending in minority Census tracts than in any other category we examined. (Table 7, p. 28 and Chart 22, p. 5453)

Market Share by Lending Institution Type

As with all demographic categories we examined, minority Census tracts have seen a substantial shift in lending market share to local banks, whose share of originations increased from 26% to 45% between 2005 and 2013. From 2005 to 2013 non-local banks lost nearly half of their market share, which declined from 42% to 22%. The market share of independent mortgage companies was 29% in 2005 and 25% in 2013, though it was higher in 2013 than any year since 2006. Credit unions have seen their market share almost triple, from 3% in 2005 to 8% in each of the years 2011-2013. (Data not shown in tables)

*Minority Census tract market share:**Non-local banks fell 48%**Local banks increased 73%**Credit unions increased 277%*

In loan dollars, the market share of local banks has more than tripled, from 19% to 60%. The increase in loan dollar market share resulted from \$36 million for 24 multifamily loans in minority Census tracts in 2013. All of the multifamily loans in minority Census tracts in 2013 were made by local banks, with 9 different banks making such loans. During the entire period 2005 to 2013 there were 161 multifamily loans totaling just under \$200 million in minority Census tracts; of these, 140 were made by local banks.

140 of 161 multifamily loans in minority Census tracts since 2005 were made by local banks.

Government-backed Lending

The total number of government-backed loans in minority Census tracts dropped 14% from 2012 to 2013. (Table 23, p. 52) The number of FHA insured 1-4 unit home purchase loans in minority Census tracts dropped 23% from 2012 to 2013 (from 162 to 124), substantially more than the 14% drop in LMI Census tracts. The market share of FHA home purchase loans in minority Census tracts dropped from 48% to 35%. The number of FHA refinance loans for 1-4 unit housing in minority Census tracts increased by a single loan—from 58 to 59. (Chart 20 and Table 23, p. 52)

In minority Census tracts, FHA home purchase market share fell from 48% to 35% in 2013. FHA refinance market share was 13% in 2012 and 2013.

Chart 20. FHA Market Share of Mortgage Loan Originations in **Minority Census Tracts** Allegheny County 2005-2013

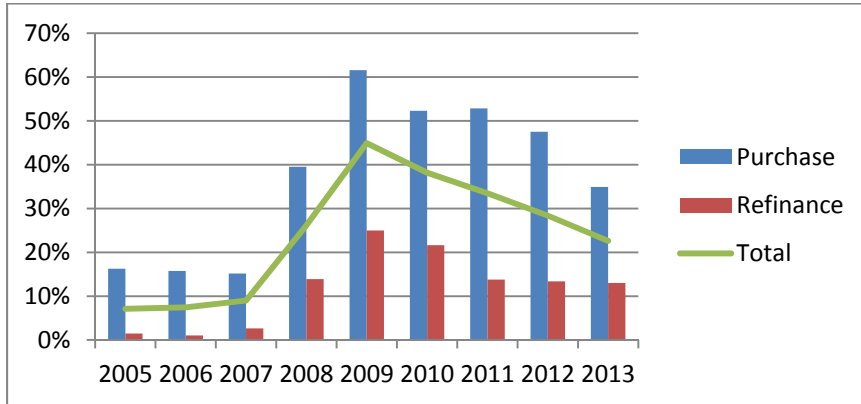


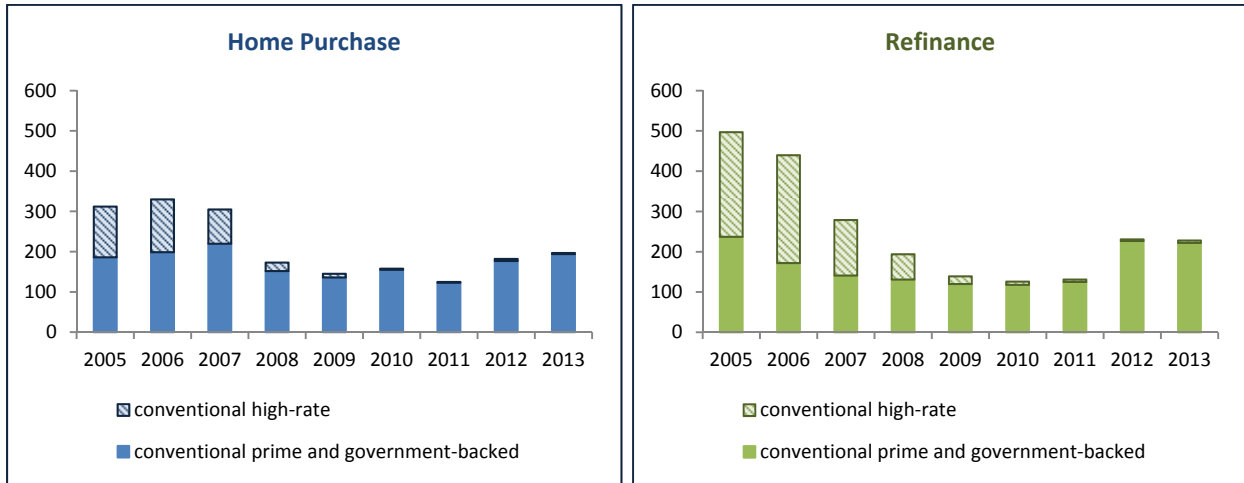
Table 23. Government-backed Mortgage Loan Originations in **Minority Census Tracts** Allegheny County 2005-2013

	FHA	VA	RHS	Total
2005	103	6	0	109
2006	106	4	0	110
2007	93	7	0	100
2008	163	8	0	171
2009	310	11	0	321
2010	252	10	0	262
2011	190	20	0	210
2012	226	32	0	258
2013	186	40	0	226

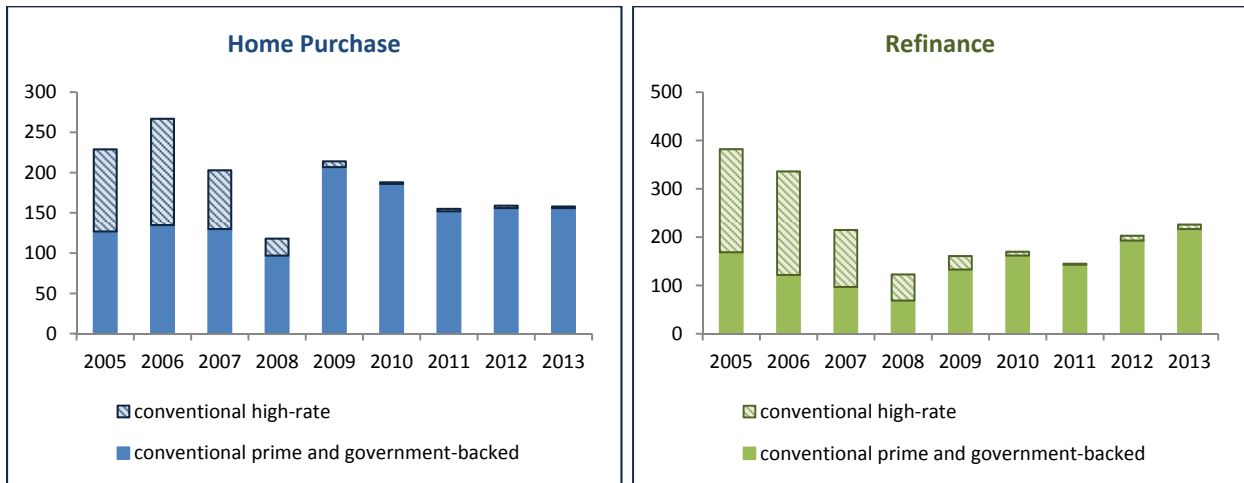
Chart 21. Number of **Minority Census Tract Originations**

Allegheny County 2005-2013

City Of Pittsburgh



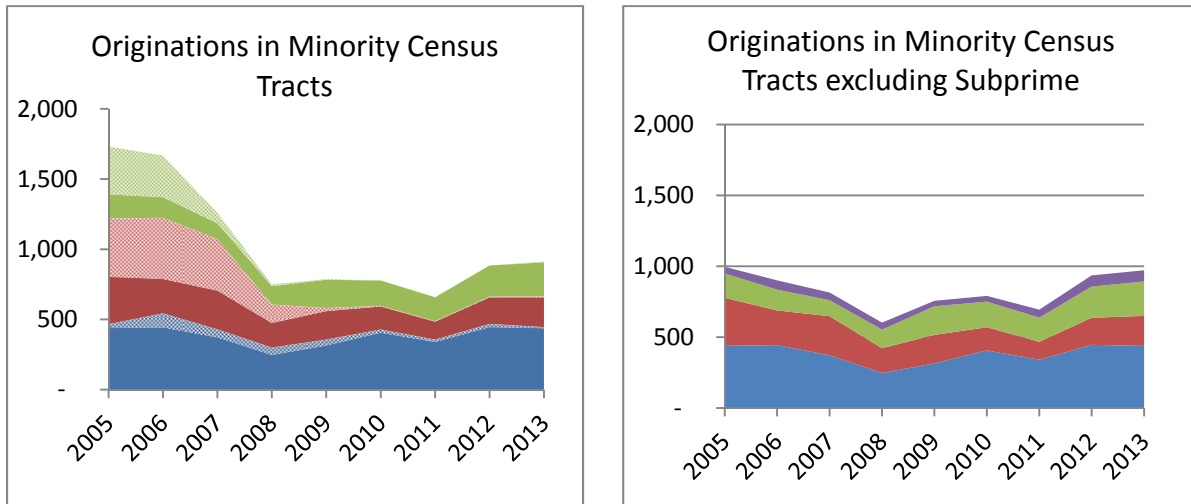
Allegheny County excluding Pittsburgh



DATA NOTE: The apparent jump in originations outside of Pittsburgh in 2009 is due in part to the fact that 8 Census tracts were reclassified in 2009 as minority (>50% minority population). The number of Census tracts classified as minority each year is shown below.

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Allegheny County excluding Pittsburgh	17	17	17	17	25	24	25	25	25
City of Pittsburgh	41	41	40	40	38	36	37	33	34
Total	58	58	57	57	63	60	62	58	59

Chart 22. Mortgage Lending by Institution Type
 Allegheny County, 2005-2013
Minority Census Tracts



- Independent Mortgage Companies, Subprime
- Independent Mortgage Companies, excluding Subprime
- Non-Local Banks, Subprime
- Non-Local Banks, excluding Subprime
- Local Banks, Subprime
- Local Banks, excluding Subprime
- Credit Unions

Note: the chart on the left does not include credit unions.

LENDING TO MINORITY BORROWERS

Allegheny County 2005-2013

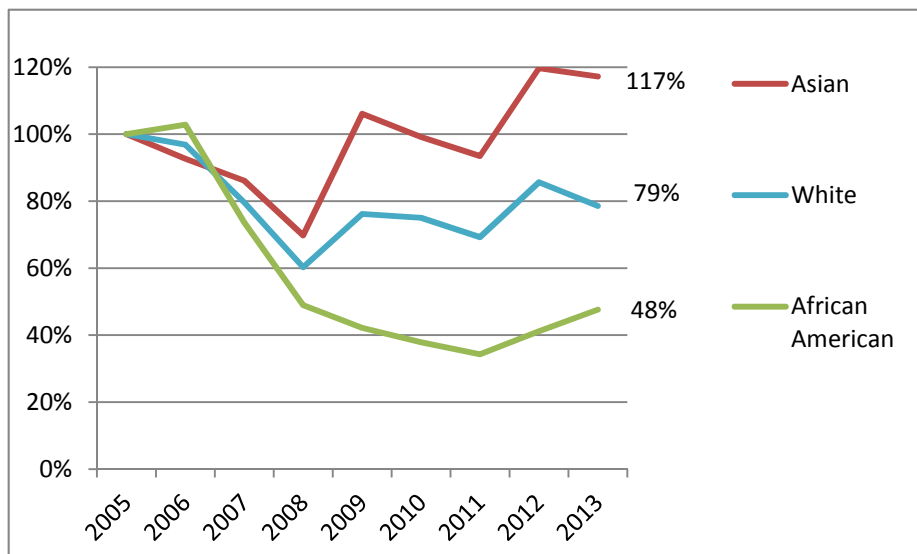
Allegheny County’s population is predominately (95%) white and African American. Asians, the third largest group, make up just over 3% of the County population. Lending to Asian borrowers has recovered well since the housing crisis; in fact Asian borrowers received 117% as many mortgage loans for 1-4 unit housing in 2013 as in 2005, while whites received 79% as many. In contrast, there were less than half (48%) as many residential mortgage originations to African American borrowers for 1-4 unit housing in 2013 as in 2005. (Table 24 and Chart 23, below) In this section we focus specifically on African American borrowers rather than all minorities as a group.

Table 24. 1-4 Unit Originations by Applicant Race,* Allegheny County 2005-2013

	African American		Asian		White		Other		race not reported	
	count	%	count	%	count	%	count	%	count	%
2005	2,323	5.3%	721	1.7%	34,904	80%	170	0.4%	5,472	13%
2006	2,389	5.7%	668	1.6%	33,811	81%	175	0.4%	4,932	12%
2007	1,711	5.0%	621	1.8%	27,785	82%	137	0.4%	3,816	11%
2008	1,137	4.5%	503	2.0%	21,036	83%	99	0.4%	2,596	10%
2009	979	3.1%	765	2.4%	26,595	85%	83	0.3%	3,033	10%
2010	880	2.8%	715	2.3%	26,187	84%	63	0.2%	3,388	11%
2011	796	2.7%	674	2.3%	24,169	83%	82	0.3%	3,490	12%
2012	956	2.7%	863	2.4%	29,895	83%	100	0.3%	4,131	11%
2013	1,106	3.3%	845	2.6%	27,417	83%	114	0.3%	3,649	11%
2013 population	159,750	13.0%	36,286	3.0%	998,456	81.4%	6,616	0.5%		

*Table entries represent originations by applicant race, regardless of co-applicant race.

Chart 23. Number of 1-4 Unit Originations by Applicant Race, as Percentage of 2005 Baseline Allegheny County 2005-2013



LENDING TO AFRICAN AMERICANS

African Americans make up 13% of the population in Allegheny County, or just under 160,000 people out of 1.2 million as of the 2010 Census. Out of the 344,618 owner-occupied housing units, 6.7% (23,228) are owned by African Americans.⁶ Out of all mortgage loan originations for 1-4 unit properties in 2013, African Americans received just 3.5% (1163 out of 33,131). The low loan volume is due to a combination of lower application rates and higher denial rates than other borrowers.

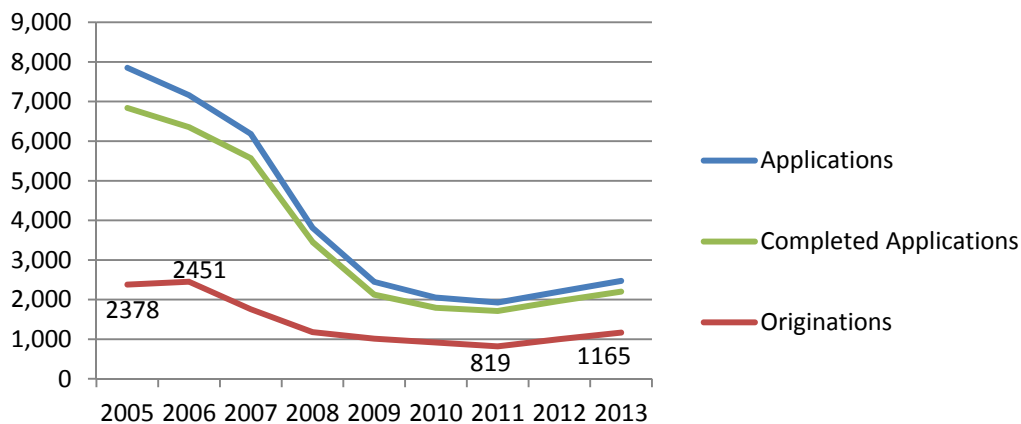
*African Americans in Allegheny County account for:
13% of population;
6.7% of owner-occupied housing;
3.5% of mortgage loans.*

Total Lending

There were 1165 originations to African Americans in Allegheny County in 2013 (1163 for 1-4 unit, and 2 for multi-unit properties), up 16% from 1002 originations in 2012, and up 42% from the low point of 819 in 2011. Total originations in 2013 were still only 48% of the number in 2005 (44% in the City of Pittsburgh, 50% in the rest of Allegheny County).

The rise in originations since 2011 is due to a 29% rise in completed applications between 2011 and 2012 (from 1712 to 2203), coupled with a drop in the denial rate from 48% in 2011 to 41% in 2013. The ratio of the denial rate for African American borrowers to the denial rate for other races was 2.1 in 2013, down slightly from 2.2 in 2012. The denial rate ratio has ranged between 1.9 and 2.2 since 2005. Completed applications rose by about the same number in each of the years 2012 and 2013. This is in contrast to other groups we examined, where completed applications dropped in 2013 after sharp increases in 2012. (See Chart 24, below, and Tables 25 and 26, p.57⁷)

Chart 24. *Number of Applications and Originations to African American Borrowers Allegheny County 2005-2013*



⁶ Source: American Community Survey 5yr 2012.

⁷ Data for African Americans in this section includes all applications where either applicant or co-applicant is identified as African American. Where comparisons are made to non-African American applicants, only those where applicant race is reported are included. Since 2008, the percentage of applications where no applicant race is reported has been 13%-14% annually. In the years 2005-2007 the percentages were 22%, 19%, and 16%, respectively.

Table 25. Applications and Originations to **African American Borrowers**
Allegheny County 2005-2013

	Applications	Completed Applications	Originations
2005	7,851	6,838	2,378
2006	7,163	6,354	2,451
2007	6,185	5,569	1,757
2008	3,814	3,456	1,179
2009	2,449	2,123	1,014
2010	2,052	1,795	918
2011	1,925	1,712	819
2012	2,202	1,968	1,002
2013	2,472	2,203	1,165

Table 26. Denial Rates* by **Borrower Race**
Allegheny County 2005-2013

	African American	Asian	White	Other	Race not Reported	African American/ non-African American ratio
2005	58%	17%	29%	42%	49%	2.0
2006	54%	18%	29%	39%	43%	1.9
2007	62%	21%	33%	42%	43%	1.9
2008	61%	22%	31%	45%	38%	2.0
2009	47%	18%	21%	38%	32%	2.2
2010	43%	18%	21%	39%	29%	2.1
2011	48%	17%	22%	41%	29%	2.2
2012	44%	17%	20%	36%	28%	2.2
2013	41%	15%	20%	34%	26%	2.1

*Denial rate = percentage of completed applications denied. See Glossary, p. 105.

Loan Purpose: Home Purchase and Refinancing

1-4 Unit Housing

There were 408 home purchase originations to African American borrowers for 1-4 unit housing in Allegheny County in 2013 (111 in the City of Pittsburgh, 297 in the rest of the County). The 2013 number is 18% higher than the 346 originations in 2011. In the County as a whole, the number of originations in 2013 was just 38% of the 2005 level (31% in the City of Pittsburgh, 41% in the rest of the County). Excluding subprime loans, African American borrowers received 71% as many loans in 2013 as in 2005 (63% in the City of Pittsburgh, 75% in the rest of the County). (Chart 26, p. 61)

African Americans obtained only 38% as many home purchase loans in 2013 as in 2005.

Refinancing originations to African Americans for 1-4 unit housing increased 68% (from 299 to 503) between 2011 and 2013. In contrast to the 21% decline in refinancing in the County as a whole from 2012 to 2013, refinancing originations to African Americans continued to increase, rising 15-16% from 2012 to 2013 both inside and outside the City of Pittsburgh. Refinancing levels have recovered somewhat more than home purchase loans relative to 2005: the number of loans to African American borrowers in 2013 was 56% of the 2005 level (43% in the City of Pittsburgh, 62% in the rest of the County). Excluding subprime loans, African American borrowers actually received 18% more refinancing loans in 2013 than in 2005 (7% more in the City of Pittsburgh, 25% more in the rest of the County).

See Table 28 (p. 63) and Table 29 (p. 64). Chart 26 (p. 61) shows the number of prime and subprime loans inside and outside the City of Pittsburgh, with all property types included.

Subprime Lending 2005-2006

47% of originations to African American borrowers in the years 2005-2006 were conventional high-rate (subprime) loans, twice the percentage of subprime loans in Allegheny County as a whole, slightly more than the percentage of subprime lending in minority Census tracts (46%), and substantially more than for LMI borrowers (29%) or in LMI Census tracts (39%).

In 2009 the percentage of subprime originations dropped to 7%, and in subsequent years has ranged between 2.0% and 2.8%.

Subprime lending to African Americans in 2005-2006 was twice as common as subprime lending to whites.

58% of loans by non-local banks in 2005-2006 were subprime, 63% by independent mortgage companies, 12% by credit unions and 10% by local banks. National City did most of the subprime lending to African Americans among local banks—44% of originations of National City Bank were subprime, and just 2.6% by all other local banks. Credit unions—unlike all other institution types—did a lower percentage of subprime lending to African American borrowers than they did in the County as a whole, similar to their record in minority Census tracts. (Table 7, p. 28 and Chart 27, p. 62)

Credit unions were the only mortgage lenders to do less subprime lending to African Americans than to whites in 2005-2006.

Market Share by Lending Institution Type

As with all demographic categories we examined, African Americans have shifted a substantial portion of their borrowing to local banks, whose share of originations increased from 20% to 35% between 2005 and 2013. In loan dollars, the market share of local banks has more than doubled, from 13% to 29%. Non-local banks lost more than half of their market share, which declined from 45% to

21%. The share of independent mortgage companies dropped by a third during the years 2006-2008, but in 2013 it was 33%, just above their 32% market share in 2005. Credit unions have experienced the largest change in market share in lending to African Americans, with their share tripling from 3.3% in 2005 to 9.9% in 2013. The market share of local banks peaked in 2010 at 44%; the loss of local bank market share since then has taken place despite the fact that the ratio of refinancing to home purchase lending to African Americans increased in each of the years 2011-2013, and local banks have a much larger market share in refinancing overall than in home purchase lending. (Data not shown in tables)

In 2013, credit union market share among African Americans reached 10%, triple what it was in 2005.

Government-backed Lending

The total number of government-backed loans to African Americans rose in both 2012 and 2013, increasing 19% from 331 in 2011 to 393 in 2013. The number of FHA insured 1-4 unit home purchase loans remained essentially flat from 2011 to 2013 (227 loans in 2012, 233 in 2013). FHA market share of 1-4 family home purchase loans to African Americans dropped from 63% to 54% from 2012 to 2013 (compared to a drop from 34% to 27% for all borrowers in the county).

The number of FHA refinance loans for 1-4 unit housing to African Americans has been extremely small, but doubled (from 40 to 82) between 2011 and 2013. FHA market share of 1-4 unit refinancing increased from 13% in 2011 to 16% in 2013. (Chart 25 and Table 27, p. 60)

Chart 25. FHA Market Share of Mortgage Loan Originations to **African American Borrowers**
Allegheny County 2005-2013

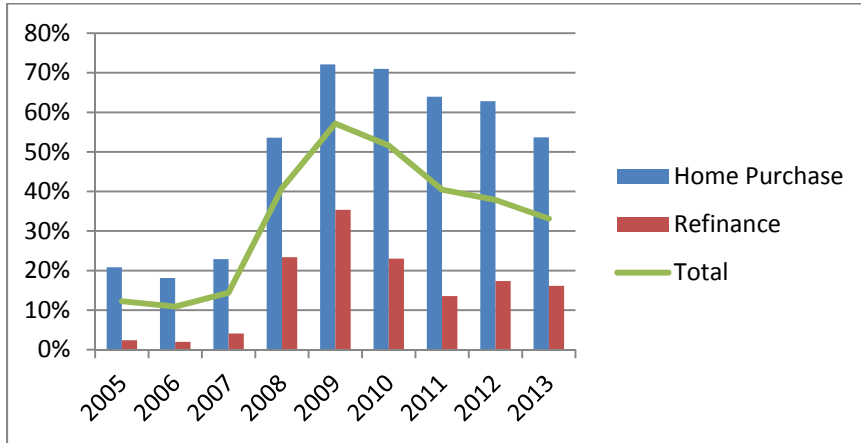


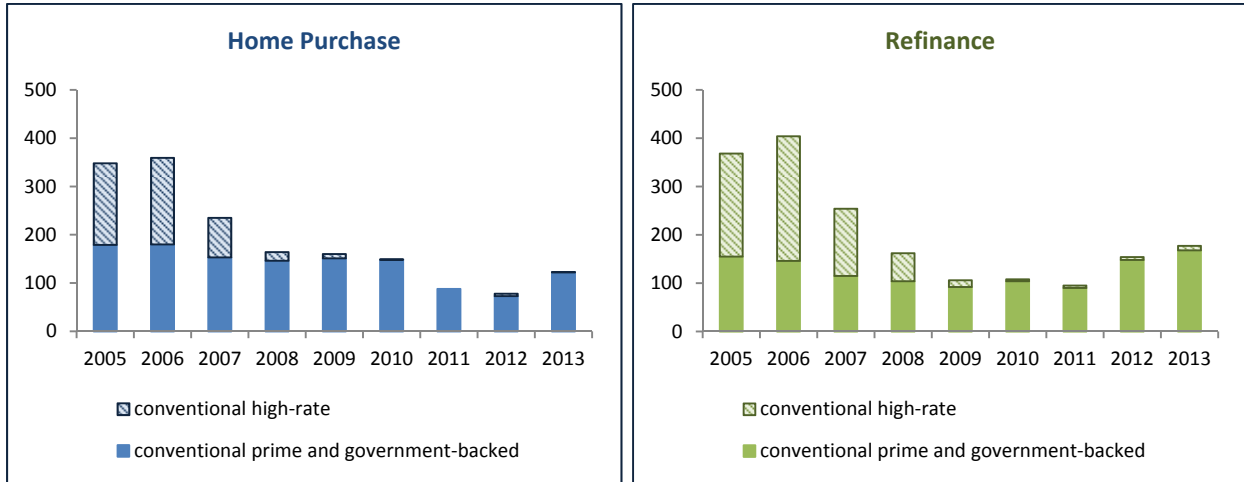
Table 27. Government-backed Mortgage Loan Originations to **African American Borrowers**
Allegheny County 2005-2013

	FHA	VA	RHS	Total
2005	246	35	0	281
2006	228	24	1	253
2007	208	26	0	234
2008	396	29	0	425
2009	501	30	1	532
2010	410	31	0	441
2011	275	55	1	331
2012	325	53	1	379
2013	322	70	1	393

Chart 26. Number of Originations to **African American Borrowers**

Allegheny County 2005-2013

City Of Pittsburgh



Allegheny County excluding Pittsburgh

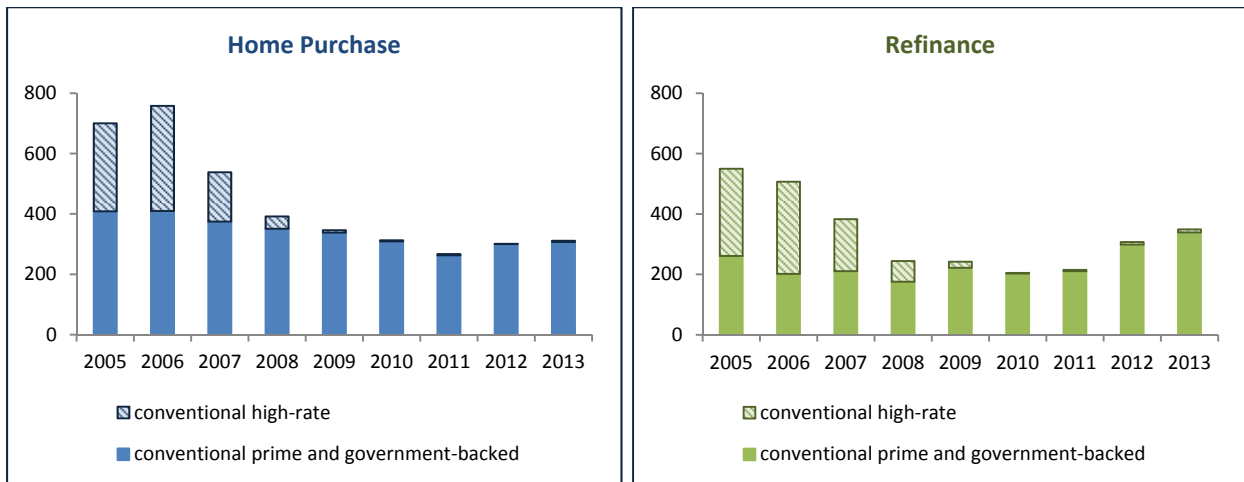
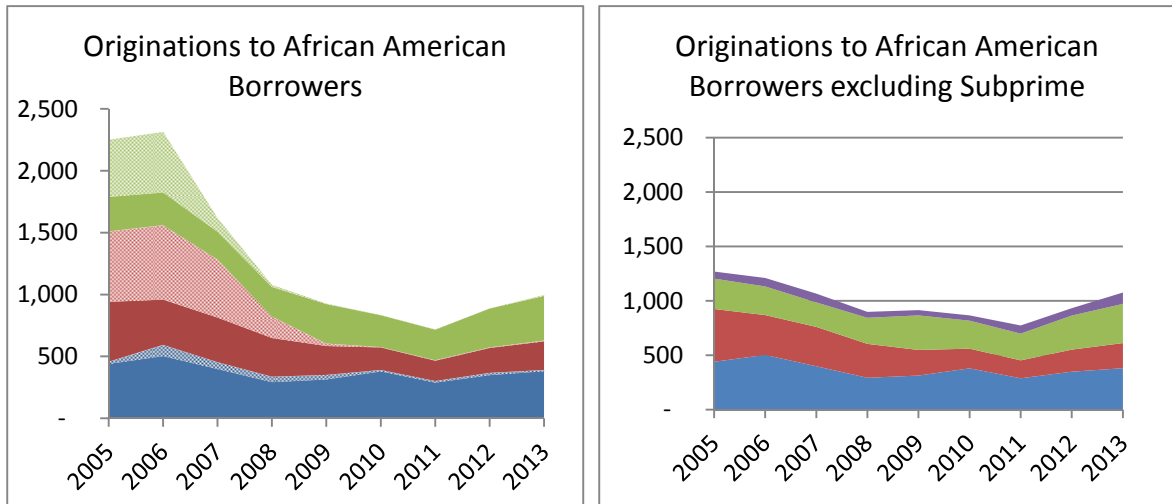


Chart 27. Mortgage Lending by Institution Type
 Allegheny County 2005-2013
African American Borrowers



- Independent Mortgage Companies, Subprime
- Independent Mortgage Companies, excluding Subprime
- Non-Local Banks, Subprime
- Non-Local Banks, excluding Subprime
- Local Banks, Subprime
- Local Banks, excluding Subprime
- Credit Unions

PART I.B LMI AND MINORITY LENDING

Table 28

Allegheny County 1-4 Unit Originations, 2005-2013										% change from 2012 to 2013	% of peak year (2005-2006)
Numbers of Loans											
Characteristic of Loan, Property and Borrower	2005	2006	2007	2008	2009	2010	2011	2012	2013		
1-4 Units											
Home Purchase											
Allegheny County	18,053	19,034	16,399	12,107	11,329	10,418	9,701	10,862	12,346	14%	63%
City of Pittsburgh	3,530	3,811	3,246	2,409	2,166	1,921	1,833	1,983	2,332	18%	61%
Allegheny County excluding Pittsburgh	14,523	15,223	13,153	9,698	9,163	8,497	7,868	8,879	10,014	13%	66%
LMI Census Tracts											
Allegheny County	2,085	2,219	1,768	1,195	1,055	1,007	907	1,228	1,336	9%	60%
City of Pittsburgh	1,015	1,107	940	647	595	571	519	663	752	13%	68%
Allegheny County excluding Pittsburgh	1,070	1,112	828	548	460	436	388	565	584	3%	53%
Minority Census Tracts											
Allegheny County	535	585	500	284	354	341	271	333	346	4%	59%
City of Pittsburgh	311	324	298	170	143	156	119	177	193	9%	60%
Allegheny County excluding Pittsburgh	224	261	202	114	211	185	152	156	153	-2%	59%
LMI Borrowers											
Allegheny County	5,381	5,863	4,535	3,572	3,964	3,450	2,961	3,332	3,510	5%	60%
City of Pittsburgh	1,326	1,431	1,116	846	844	727	618	636	729	15%	51%
Allegheny County excluding Pittsburgh	4,055	4,432	3,419	2,726	3,120	2,723	2,343	2,696	2,781	3%	63%
African American Borrowers											
Allegheny County	1,020	1,086	749	535	491	443	346	360	408	13%	38%
City of Pittsburgh	341	353	228	155	155	144	83	74	111	50%	31%
Allegheny County excluding Pittsburgh	679	733	521	380	336	299	263	286	297	4%	41%
Refinance											
Allegheny County	19,507	16,413	12,290	9,642	17,304	17,891	16,821	22,111	17,543	-21%	90%
City of Pittsburgh	3,612	3,179	2,340	1,786	2,491	2,419	2,465	3,209	2,799	-13%	77%
Allegheny County excluding Pittsburgh	15,895	13,234	9,950	7,856	14,813	15,472	14,356	18,902	14,744	-22%	93%
LMI Census Tracts											
Allegheny County	2,624	2,361	1,568	976	912	899	863	1,638	1,749	7%	67%
City of Pittsburgh	1,185	1,123	761	513	509	482	498	867	892	3%	73%
Allegheny County excluding Pittsburgh	1,439	1,238	807	463	403	417	365	771	857	11%	60%
Minority Census Tracts											
Allegheny County	875	768	493	312	295	289	268	428	446	4%	51%
City of Pittsburgh	497	436	279	190	134	121	126	228	225	-1%	45%
Allegheny County excluding Pittsburgh	378	332	214	122	161	168	142	200	221	11%	58%
LMI Borrowers											
Allegheny County	6,354	5,058	3,170	2,217	2,847	3,043	2,860	3,747	3,318	-11%	52%
City of Pittsburgh	1,432	1,215	790	525	520	524	534	697	659	-5%	46%
Allegheny County excluding Pittsburgh	4,922	3,843	2,420	1,692	2,327	2,519	2,326	3,050	2,659	-13%	54%
African American Borrowers											
Allegheny County	902	892	620	388	331	296	299	437	503	15%	56%
City of Pittsburgh	365	396	249	157	102	102	91	147	170	16%	43%
Allegheny County excluding Pittsburgh	537	496	371	231	229	194	208	290	333	15%	62%
TOTAL (Home Purchase, Refinance, and Home Improvement)											
Allegheny County	43,574	41,955	34,069	25,371	31,455	31,233	29,211	35,944	33,126	-8%	76%
City of Pittsburgh	8,411	8,372	6,727	4,879	5,241	4,954	4,846	5,812	5,845	1%	69%
Allegheny County excluding Pittsburgh	35,163	33,583	27,342	20,492	26,214	26,279	24,365	30,132	27,281	-9%	78%
LMI Census Tracts											
Allegheny County	5,791	5,631	4,180	2,741	2,389	2,297	2,123	3,401	3,637	7%	63%
City of Pittsburgh	2,711	2,780	2,132	1,445	1,322	1,281	1,224	1,794	1,952	9%	70%
Allegheny County excluding Pittsburgh	3,080	2,851	2,048	1,296	1,067	1,016	899	1,607	1,685	5%	55%
Minority Census Tracts											
Allegheny County	1,775	1,719	1,307	790	816	799	695	949	970	2%	55%
City of Pittsburgh	1,013	972	772	464	354	373	337	508	526	4%	52%
Allegheny County excluding Pittsburgh	762	747	535	326	462	426	358	441	444	1%	58%
LMI Borrowers											
Allegheny County	13,986	13,371	9,476	6,960	7,767	7,461	6,631	7,925	7,716	-3%	55%
City of Pittsburgh	3,354	3,330	2,345	1,671	1,603	1,510	1,375	1,572	1,659	6%	49%
Allegheny County excluding Pittsburgh	10,632	10,041	7,131	5,289	6,164	5,951	5,256	6,353	6,057	-5%	57%
African American Borrowers											
Allegheny County	2,320	2,387	1,711	1,137	979	880	796	956	1,106	16%	46%
City of Pittsburgh	895	927	645	414	337	326	243	299	392	31%	42%
Allegheny County excluding Pittsburgh	1,425	1,460	1,066	723	642	554	553	657	714	9%	49%

PART I.B LMI AND MINORITY LENDING

Table 29

Allegheny County 1-4 Unit Originations, 2005-2013, excluding Conventional High Rate Loans										% change from 2012 to 2013	% of peak year (2005- 2006)
Numbers of Loans											
Characteristic of Loan, Property and Borrower	2005	2006	2007	2008	2009	2010	2011	2012	2013		
1-4 Family											
Home Purchase											
Allegheny County	14,535	15,268	14,536	11,273	10,964	10,301	9,579	10,774	12,234	14%	80%
City of Pittsburgh	2,633	2,870	2,755	2,215	2,083	1,892	1,810	1,964	2,305	17%	80%
Allegheny County excluding Pittsburgh	11,902	12,398	11,781	9,058	8,881	8,409	7,769	8,810	9,929	13%	80%
LMI Census Tracts											
Allegheny County	1290	1368	1315	1035	1013	983	890	1208	1315	9%	96%
City of Pittsburgh	663	750	736	569	565	555	512	653	741	13%	99%
Allegheny County excluding Pittsburgh	627	618	579	466	448	428	378	555	574	3%	92%
Minority Census Tracts											
Allegheny County	307	325	344	244	338	336	266	325	341	5%	105%
City of Pittsburgh	185	196	215	150	134	153	117	172	190	10%	97%
Allegheny County excluding Pittsburgh	122	129	129	94	204	183	149	153	151	-1%	117%
LMI Borrowers											
Allegheny County	3978	4254	3784	3258	3859	3423	2926	3308	3482	5%	82%
City of Pittsburgh	910	990	887	769	816	717	607	633	724	14%	73%
Allegheny County excluding Pittsburgh	3068	3264	2897	2489	3043	2706	2319	2675	2758	3%	84%
African American Borrowers											
Allegheny County	565	565	507	477	474	438	342	354	403	14%	71%
City of Pittsburgh	172	175	147	138	146	143	83	69	110	59%	63%
Allegheny County excluding Pittsburgh	393	390	360	339	328	295	259	285	293	3%	75%
Refinance											
Allegheny County	13,848	10,972	9,010	8,120	16,516	17,664	16,619	21,861	17,303	-21%	125%
City of Pittsburgh	2,266	1,857	1,547	1,392	2,336	2,385	2,419	3,159	2,741	-13%	121%
Allegheny County excluding Pittsburgh	11,582	9,115	7,463	6,728	14,180	15,279	14,200	18,702	14,562	-22%	126%
LMI Census Tracts											
Allegheny County	1381	1152	923	686	801	854	835	1586	1692	7%	123%
City of Pittsburgh	640	545	467	377	450	463	481	843	869	3%	136%
Allegheny County excluding Pittsburgh	741	607	456	309	351	391	354	743	823	11%	111%
Minority Census Tracts											
Allegheny County	403	289	237	195	248	273	260	414	431	4%	107%
City of Pittsburgh	237	168	141	127	115	113	120	224	219	-2%	92%
Allegheny County excluding Pittsburgh	166	121	96	68	133	160	140	190	212	12%	128%
LMI Borrowers											
Allegheny County	4100	3004	2052	1658	2601	2961	2793	3671	3228	-12%	79%
City of Pittsburgh	790	629	431	370	462	505	517	683	637	-7%	81%
Allegheny County excluding Pittsburgh	3310	2375	1621	1288	2139	2456	2276	2988	2591	-13%	78%
African American Borrowers											
Allegheny County	410	338	315	265	298	290	291	424	485	14%	118%
City of Pittsburgh	152	142	112	101	88	98	87	141	162	15%	107%
Allegheny County excluding Pittsburgh	258	196	203	164	210	192	204	283	323	14%	125%
TOTAL (Home Purchase, Refinance, and Home Improvement)											
Allegheny County	33,585	31,872	28,067	22,370	29,964	30,729	28,784	35,496	32,692	-8%	97%
City of Pittsburgh	5,941	5,855	5,209	4,149	4,931	4,857	4,759	5,723	5,742	0%	97%
Allegheny County excluding Pittsburgh	27,644	26,017	22,858	18,221	25,033	25,872	24,025	29,773	26,950	-9%	97%
LMI Census Tracts											
Allegheny County	3,546	3,353	2,850	2,157	2,176	2,202	2,057	3,312	3,541	7%	100%
City of Pittsburgh	1,714	1,733	1,534	1,169	1,205	1,229	1,189	1,750	1,907	9%	110%
Allegheny County excluding Pittsburgh	1,832	1,620	1,316	988	971	973	868	1,562	1,634	5%	89%
Minority Census Tracts											
Allegheny County	986	884	804	590	740	769	671	920	946	3%	96%
City of Pittsburgh	581	520	504	359	319	358	323	493	513	4%	88%
Allegheny County excluding Pittsburgh	405	364	300	231	421	411	348	427	433	1%	107%
LMI Borrowers											
Allegheny County	10,004	9,358	7,267	5,826	7,266	7,304	6,503	7,801	7,578	-3%	76%
City of Pittsburgh	2,187	2,193	1,700	1,371	1,477	1,467	1,340	1,549	1,623	5%	74%
Allegheny County excluding Pittsburgh	7,817	7,165	5,567	4,455	5,789	5,837	5,163	6,252	5,955	-5%	76%
African American Borrowers											
Allegheny County	1,259	1,201	1,066	897	914	862	774	930	1,075	16%	85%
City of Pittsburgh	451	449	383	318	309	318	236	285	380	33%	84%
Allegheny County excluding Pittsburgh	808	752	683	579	605	544	538	645	695	8%	86%

Part II: The Lending Landscape in 2013

Introduction

This section begins with a list of the major lenders in Allegheny County and the City of Pittsburgh by total dollar amount of loans in 2013. (Tables 30-33, pp. 66 and 67) Parts II (A) and II (B) then provide breakdowns of 2013 lending according to individual lending institution and geographic location, respectively.

Part II.A compares the lending of all banks with branches in Allegheny County in 2013. In addition to the comparison tables in Part II (A), Appendix III (p. 112) contains tables detailing lending by each individual bank.

Part II.B details lending by neighborhood for the City of the Pittsburgh, and by municipality for 20 additional Allegheny County municipalities.

MAJOR LENDERS

PNC Bank was the top lender in Allegheny County, lending \$575 million in 2013. Among the eleven top lenders overall (those making over 2% of the total dollar amount of loans), four are depository institutions with branches in Allegheny County (down from six in 2012) and two are independent mortgage lending companies based in the region (Howard Hanna Mortgage Services, based in Pittsburgh, and SAIL Mortgage Corp., based in Wexford, PA). PNC and Dollar Bank accounted for 19.6% of all loan dollars and 47.5% of the dollar amount lent by banks with branches in Allegheny County. Wells Fargo was the largest lender among institutions without local branches, accounting for \$416 million in loans or 8% of all loan dollars (down from 12% in 2012). (Tables 30 and 31, below)

Table 30. Top Lenders In Allegheny County in 2013

Lender	Total Loan Amount (000s)	%*
PNC Bank, National Association	\$ 575,170	11%
Dollar Bank, Federal Savings Bank	\$ 419,618	8%
Wells Fargo Bank, National Association	\$ 416,271	8%
Howard Hanna Mortgage Services	\$ 229,264	5%
First National Bank of Pennsylvania	\$ 139,672	3%
Quicken Loans	\$ 135,652	3%
Citizens Bank of PA	\$ 120,761	2%
PHH Home Loans	\$ 117,801	2%
JP Morgan Chase	\$ 113,224	2%
SAIL Mortgage Corporation	\$ 103,077	2%
Union Home Mortgage Corporation	\$ 102,316	2%
Total	\$ 2,472,826	49%

*Percentage of total dollar amount of loans made by all lenders

Table 31. Top Lenders In Allegheny County in 2013, among Banks with Local Branches

Bank	Total Loan Amount (000s)	%**
PNC Bank, National Association	\$ 575,170	27%
Dollar Bank, Federal Savings Bank	\$ 419,618	20%
First National Bank of Pennsylvania	\$ 139,672	7%
Citizens Bank of PA	\$ 120,761	6%
First Niagara Bank	\$ 79,974	4%
Northwest Savings Bank	\$ 76,912	4%
First Commonwealth Bank	\$ 67,683	3%
ESB Bank	\$ 67,664	3%
S&T Bank	\$ 66,696	3%
The Huntington National Bank	\$ 66,343	3%
Total	\$ 1,680,493	80%

**Percentage of total dollar amount of loans made by all banks with branches in Allegheny County

PART II: THE LENDING LANDSCAPE IN 2013

In the City of Pittsburgh, Dollar Bank was the top lender, lending \$104 million in 2013. Among the nine lenders making over 2% of the total dollar amount of loans, four are depository institutions with branches in Allegheny County and two are independent mortgage lending companies based in the region (Howard Hanna Mortgage Services, based in Pittsburgh, and SAIL Mortgage Corp., based in Wexford, PA). Dollar Bank and PNC Bank accounted for 20.8% of all loan dollars in the City of Pittsburgh and 45.8% of the dollar amount lent by banks with branches in Allegheny County. Wells Fargo was the largest lender among institutions without local branches, accounting for \$85 million in loans or 9% of all loan dollars. (Tables 32 and 33, below)

Table 32. Top Lenders In the City of Pittsburgh in 2013

Lender	Total Loan Amount (000s)	%*
Dollar Bank, Federal Savings Bank	\$ 103,589	11%
PNC Bank, National Association	\$ 93,835	10%
Wells Fargo Bank, National Association	\$ 85,496	9%
Howard Hanna Mortgage Services	\$ 40,812	4%
First National Bank of Pennsylvania	\$ 35,997	4%
SAIL Mortgage Corp	\$ 25,369	3%
PHH Home Loans	\$ 23,731	2%
First Niagara Bank	\$ 21,522	2%
Berkadia Commercial Mortgage LLC	\$ 19,825	2%
Total	\$ 450,176	47%

*Percentage of total dollar amount of loans made by all lenders

Table 33. Top Lenders In the City of Pittsburgh in 2013, among Banks with Local Branches

Bank	Total Loan Amount (000s)	%**
Dollar Bank, Federal Savings Bank	\$ 103,589	24%
PNC Bank, National Association	\$ 93,835	22%
First National Bank of Pennsylvania	\$ 35,997	8%
First Niagara Bank	\$ 21,522	5%
S&T Bank	\$ 18,879	4%
Eureka Bank	\$ 18,574	4%
ESB Bank	\$ 16,889	4%
Citizens Bank of PA	\$ 15,065	3%
First Commonwealth Bank	\$ 14,604	3%
Wesbanco Bank, Inc.	\$ 13,036	3%
Total	\$ 351,990	82%

**Percentage of total dollar amount of loans made by all banks with branches in Allegheny County

Part II.A Lending by Local Banks

This section focuses on the 32 banks with branches in Allegheny County. Unlike credit unions and independent mortgage companies, banks are subject to the Community Reinvestment Act. Regulators are required to take into account the Allegheny County lending and community development record of all banks with branches in Allegheny County before approving mergers, acquisitions, or branch openings. To facilitate a side-by-side evaluation, we provide tables comparing banks across a number of categories. Tables 34-50, summarized below, show comparisons of all included banks. Detailed tables for individual banks may be found in Appendix III (p. 112).

Not all of the banks included in this section do 1-4 unit residential mortgage lending as part of their regular business. Beal Bank and BNY Mellon are wholesale banks, which are not subject to CRA evaluation for mortgage lending.

Enterprise Bank is a small bank that focuses on the banking needs of small and medium sized businesses. It is evaluated under Small Bank CRA Evaluation procedures, which include both commercial and home mortgage loans. Since home mortgage loans make up a minimal portion of the bank's loan portfolio, its CRA evaluation places greatest weight on commercial lending.

TriState Capital Bank is a large bank which offers services targeted primarily to middle market businesses, as well as professionals and high net-worth individuals. As the bank does not offer products and services designed to meet the needs of the retail public, it has chosen to move to the Strategic Plan method of CRA evaluation. Under that method, the bank commits to a strategic plan, approved by its regulator, specifying measurable goals for community development activities. It is evaluated according to how well it meets those goals.

The few loans shown for BNY Mellon, Enterprise Bank, and TriState Capital bank in this section and in Appendix III are typically offered as accommodation loans to the banks' commercial customers or high net-worth individual customers.

Appendix I (p. 108) describes CRA performance evaluation criteria for all categories of banks.

BANK COMPARISON TABLES

CRA Ratings of Pittsburgh Area Banks

Five of the 32 banks included in this year's study have overall CRA ratings of "Outstanding": BNY Mellon, Dollar Bank, Eureka Bank, PNC Bank, and Wesbanco Bank. Only Dollar Bank received "Outstanding" ratings in all three areas of evaluation (lending, investment, and service). Eureka Bank (classified as a small bank) and BNY Mellon (classified as a wholesale bank) have overall ratings only. Three banks received overall ratings of "Needs to Improve": Sewickley Savings Bank, West View Savings Bank, and Woodforest National Bank. All other banks in the study received overall ratings of "Satisfactory" in their most recent evaluation. Table 34 shows the asset size, CRA exam method, and ratings from the most recent CRA exam for all banks included in this study.

Deposit Market Share and Lending Market Share

PNC Bank dominates the market among depository institutions in Allegheny County, holding 57% of the total dollar amount in deposits in the County as a whole in 2013 and an even greater share (66%) in the City of Pittsburgh. BNY

Mellon had the second largest market share in 2013, holding 21% of all deposits in the City of Pittsburgh, giving it a 15% market share for the County. (All of BNY Mellon's Allegheny County deposits are in its two downtown Pittsburgh branches.) Table 35 shows the total amount of deposits held by each bank with branches in Allegheny County for the county as a whole; for the City of Pittsburgh; and for the rest of the county. Table 36 shows the deposit market share for each bank.

Total Loan Applications, Originations, and Denials

Tables 37.1-37.3 show the number and dollar amount of all applications, originations, and denials for each bank. Tables 38.1-38.3 show similar numbers for 1-4 unit housing.

Location of Bank Branches

Table 39 shows the total number of branches accepting deposits for each bank, in the City of Pittsburgh and the rest of Allegheny County, along with the number of branches in LMI and minority Census tracts.

Lending in LMI Census Tracts

Tables 40 and 41 show the number and dollar amounts of loan applications and loan originations, respectively, in LMI Census tracts in the City of Pittsburgh and in Allegheny County outside of Pittsburgh. Loans for 1-4 unit and multi-unit properties are shown separately.

Lending to LMI Applicants

Tables 42 and 43 show the number and dollar amount of loan applications and loan originations, respectively, for LMI applicants in the City of Pittsburgh and in Allegheny County outside of Pittsburgh. Loans for 1-4 unit properties are shown; there were no applications in 2013 from LMI individuals for multi-unit properties.

Lending in Substantially Minority Census Tracts

Tables 44 and 45 show the number and dollar amount of loan applications and loan originations, respectively, for minority Census tracts in the City of Pittsburgh and in Allegheny County outside of Pittsburgh. Loans for 1-4 unit and multi-unit properties are shown separately.

Lending to African American Applicants

Tables 46 and 47 show the number and dollar amount of loan applications and loan originations, respectively, for African American applicants in the City of Pittsburgh and in Allegheny County outside of Pittsburgh. Loans for 1-4 unit and multi-unit properties are shown separately. See "Lending to Minority Borrowers", p. 55, for a discussion of our focus on African American applicants rather than all minority applicants as a group.

Conventional and Government-Backed Loans

Tables 48.1 and 48.2 show the total number and amount of conventional and government-backed loan applications, originations, and purchased loans inside and outside the City of Pittsburgh.

Disposition of Applications

Tables 49.1-49.10 show categories of action taken on all applications in the City of Pittsburgh and Allegheny County excluding Pittsburgh. Actions taken are shown for all applications in total; for LMI and substantially minority Census tracts; for LMI applicants; and for African American applicants. The tables show the percentage of applications that were originated, approved but not accepted, denied, withdrawn by the applicant, closed for incompleteness, or purchased by the financial institution from another institution. An additional column shows the denial rate. See Glossary, p. 105, for definitions of denial rate and each category of action.

PART II.A LENDING BY LOCAL BANKS

Small Business Lending

Table 50 shows the data reported by banks for small business lending in Allegheny County. It includes the total number and amount of loans reported, along with the number and amount for businesses in LMI Census tracts, and the number and amount for businesses whose gross annual revenue is less than \$1 million. Not all banks choose to report this data. The data is available only at the County level.

Part II.B Lending in Neighborhoods and Municipalities

This section provides a snapshot of housing, demographics, and lending in each of Pittsburgh’s neighborhoods and in twenty Allegheny County municipalities. For the City of Pittsburgh, we highlight the neighborhoods that receive the majority of lending dollars.

PITTSBURGH NEIGHBORHOOD LENDING: WHERE DO RESIDENTIAL LOAN DOLLARS GO?

Half of all 2013 residential mortgage loan dollars for single family (1-4 unit) housing in the City of Pittsburgh went to just seven neighborhoods: Squirrel Hill South, Squirrel Hill North, Shadyside, Point Breeze, South Side Flats, Highland Park, and Brookline. At the other end of the scale, half of Pittsburgh’s neighborhoods received just 5% of loan dollars.

It is to be expected that neighborhoods with more single-family and owner-occupied housing stock will receive more residential mortgage loans. Nonetheless, the seven neighborhoods that received half of the residential loan dollars in Pittsburgh contained fewer units of owner-occupied housing and fewer units of 1-4 unit housing than the 45 neighborhoods that received 5% of the loan dollars. (See table below.)

Table 51. Housing Stock in Pittsburgh Neighborhoods Obtaining Most and Least Mortgage Loan Dollars in 2013

	Number of Loans	% of Loans	Loan Dollars	% of Loan Dollars	% of Owner-Occupied Units	% of Units in 1-4 Unit Housing
45 neighborhoods receiving fewest loan dollars	578	10%	\$43 million	5%	24%	27%
7 neighborhoods receiving most loan dollars	1997	34%	\$402 million	50%	22%	21%

Table 52 (p. 97) shows the neighborhoods that receive the most loan dollars, with enough neighborhoods included to make up half of the loan dollars from each individual lending institution. The right hand column shows the total number of neighborhoods in which the bank made residential mortgage loans.

For comparison, Table 52 also includes the top lending neighborhoods for all lenders in total in 2013, and for the group of all banks with branches in Allegheny County.

PITTSBURGH NEIGHBORHOOD MORTGAGE LENDING TABLE (FOLDOUT)

The Pittsburgh Neighborhood Mortgage Lending 2013 foldout (Tables 53.1 and 53.2) shows the number and amount of loans for every Pittsburgh neighborhood, as well as the number of loans per 100 units of housing in the neighborhood.

Although Pittsburgh has 90 neighborhoods, for the purposes of this study we have combined 13 neighborhoods with adjacent neighborhoods, so that the total number of neighborhood groups is 77 (see Appendix II, *Census Data And Census Tracts*, p. 109, for a discussion of combined neighborhoods). Out of these, two low-income neighborhoods—Homewood West and Northview Heights—had 10 loan applications between them but received no loans. Chateau and South Shore, which had 0 and 10 units of housing, respectively, had no loan applications.

Thirty-three neighborhoods received a total of 87 loans for multifamily housing (up from 68 in 2012). Larimer received the largest amount of loan money for multifamily housing—\$27.4 million for a single loan. The Central Business District followed with \$26.8 million for 4 loans. Squirrel Hill South was third with \$11.9 million for 8 loans.

Structure of the Pittsburgh Neighborhood Lending Table

The central column in each table lists neighborhoods. The columns to the left of the Neighborhood column in both tables contain a snapshot of demographic and housing information for each neighborhood. The housing information for each neighborhood includes the estimated number of housing units, the occupancy rate, and median home value and sales price for 1-4 unit housing.

In Table 53.1, the first five columns to the right of the Neighborhood column contain information about the number and amount of loans for 1-4 unit housing, which accounted for 99% of mortgage loans in Pittsburgh in 2013. The last two columns on the right show number and amount of loans for multi-family housing.

In Table 53.2, the columns to the right of the Neighborhood column give the number, dollar amount, and denial rates for residential mortgage loans, broken down according to whether the purpose of the loan was home purchase, home improvement, or refinancing.

ALLEGHENY COUNTY MUNICIPALITIES

As PCRG's membership has expanded to include a larger number of organizations representing communities outside the City of Pittsburgh, we include a number of additional Allegheny County municipalities in our analysis. Tables 54.1 and 54.2 (pp. 102-103) provide a snapshot of PCRG's twenty municipal partners with the same structure and information as the Pittsburgh Neighborhood Lending Tables.

PART II.B LENDING IN NEIGHBORHOODS AND MUNICIPALITIES

Table 52. Top Lending Neighborhoods in the City of Pittsburgh in 2013

Lender	Top Lending Neighborhoods	Dollar Amount	% of Total Loan Dollars	Total Number of Lending Neighborhoods
LENDER GROUPS				
All Lenders	Squirrel Hill South	\$ 95,149,000	10%	74
	Squirrel Hill North	\$ 83,632,000	9%	
	Shadyside	\$ 83,027,000	9%	
	Point Breeze	\$ 51,789,000	5%	
	Central Business District	\$ 49,276,000	5%	
	South Side Flats	\$ 45,629,000	5%	
	Highland Park	\$ 33,908,000	4%	
	Brookline	\$ 32,073,000	3%	
All Local Banks	Squirrel Hill North	\$ 42,819,000	10%	73
	Squirrel Hill South	\$ 42,169,000	10%	
	Shadyside	\$ 41,552,000	9%	
	Larimer	\$ 27,462,000	6%	
	South Side Flats	\$ 23,672,000	5%	
	Point Breeze	\$ 22,528,000	5%	
	Mount Washington	\$ 20,581,000	5%	
INDIVIDUAL BANKS				
Allegheny Valley Bank of Pittsburgh	Central Lawrenceville	\$ 2,018,000	16%	42
	Morningside	\$ 1,008,000	8%	
	Troy Hill	\$ 964,000	8%	
	Shadyside	\$ 907,000	7%	
	Highland Park	\$ 836,000	7%	
	Squirrel Hill North	\$ 601,000	5%	
Ameriserv Financial Bank	South Side Flats	\$ 883,000	52%	4
Bank of America	Squirrel Hill North	\$ 2,340,000	18%	37
	Shadyside	\$ 1,307,000	10%	
	Point Breeze	\$ 1,093,000	8%	
	South Side Flats	\$ 1,086,000	8%	
	Squirrel Hill South	\$ 742,000	6%	
BNY Mellon, NA	Shadyside	\$ 1,350,000	100%	1
Brentwood Bank	South Side Slopes	\$ 2,457,000	30%	17
	Squirrel Hill South	\$ 1,324,000	16%	
	Mount Washington	\$ 1,136,000	14%	

PART II.B LENDING IN NEIGHBORHOODS AND MUNICIPALITIES

Table 52. Top Lending Neighborhoods in the City of Pittsburgh in 2013

Lender	Top Lending Neighborhoods	Dollar Amount	% of Total Loan Dollars	Total Number of Lending Neighborhoods
Citizens Bank and RBS Citizens	Squirrel Hill North	\$ 2,549,000	17%	46
	Squirrel Hill South	\$ 2,088,000	14%	
	Shadyside	\$ 786,000	5%	
	Mount Washington	\$ 695,000	5%	
	Highland Park	\$ 653,000	4%	
	Point Breeze	\$ 596,000	4%	
	Bloomfield	\$ 563,000	4%	
Community Bank	Brookline	\$ 722,000	29%	10
	South Side Flats	\$ 612,000	24%	
Dollar Bank	Larimer	\$ 27,400,000	26%	69
	Squirrel Hill North	\$ 8,859,000	9%	
	Squirrel Hill South	\$ 7,420,000	7%	
	Shadyside	\$ 6,012,000	6%	
	Point Breeze North	\$ 4,287,000	4%	
Enterprise Bank	Lower Lawrenceville	\$ 1,494,000	80%	2
ESB Bank	Squirrel Hill South	\$ 4,419,000	26%	33
	Shadyside	\$ 1,781,000	11%	
	Central Business District	\$ 989,000	6%	
	Bloomfield	\$ 937,000	6%	
	Mount Washington	\$ 888,000	5%	
Eureka Bank	Mount Washington	\$ 5,178,000	28%	22
	Central Oakland	\$ 4,152,000	22%	
Fifth Third Bank and Fifth Third Mortgage Company	Squirrel Hill North	\$ 1,967,000	18%	32
	Squirrel Hill South	\$ 1,707,000	16%	
	Shadyside	\$ 1,113,000	10%	
	Greenfield	\$ 1,040,000	9%	
First Commonwealth Bank	Bloomfield	\$ 1,729,000	12%	41
	Shadyside	\$ 1,197,000	8%	
	Squirrel Hill South	\$ 960,000	7%	
	South Side Flats	\$ 845,000	6%	
	Mount Washington	\$ 766,000	5%	
	Brookline	\$ 744,000	5%	
	Central Lawrenceville	\$ 601,000	4%	
	Knoxville	\$ 524,000	4%	

PART II.B LENDING IN NEIGHBORHOODS AND MUNICIPALITIES

Table 52. Top Lending Neighborhoods in the City of Pittsburgh in 2013

Lender	Top Lending Neighborhoods	Dollar Amount	% of Total Loan Dollars	Total Number of Lending Neighborhoods
First National Bank of Pennsylvania	Central Business District	\$ 5,528,000	15%	57
	Shadyside	\$ 3,913,000	11%	
	Mount Washington	\$ 3,387,000	9%	
	South Side Flats	\$ 1,966,000	5%	
	Squirrel Hill South	\$ 1,811,000	5%	
	Central Lawrenceville	\$ 1,798,000	5%	
First Niagara Bank	East Liberty	\$ 3,705,000	17%	35
	Friendship	\$ 3,442,000	16%	
	Squirrel Hill South	\$ 2,050,000	10%	
	Point Breeze	\$ 1,464,000	7%	
Nextier Bank, National Association	Central North Side	\$ 580,000	37%	5
	Squirrel Hill South	\$ 380,000	24%	
Northwest Savings Bank and Northwest Consumer Discount Company	Squirrel Hill South	\$ 1,224,000	12%	40
	South Side Flats	\$ 1,018,000	10%	
	Shadyside	\$ 845,000	8%	
	Squirrel Hill North	\$ 653,000	6%	
	Central Lawrenceville	\$ 613,000	6%	
	Brighton Heights	\$ 505,000	5%	
	Central North Side	\$ 467,000	5%	
PNC Bank	Squirrel Hill North	\$ 14,105,000	15%	65
	Shadyside	\$ 13,833,000	15%	
	Squirrel Hill South	\$ 12,855,000	14%	
	Point Breeze	\$ 9,547,000	10%	
Progressive-Home Federal Savings and Loan Association	South Side Slopes	\$ 327,000	28%	10
	South Side Flats	\$ 215,000	18%	
	Banksville	\$ 150,000	13%	
S&T Bank	Shadyside	\$ 2,442,000	13%	36
	Central Lawrenceville	\$ 1,942,000	10%	
	South Side Flats	\$ 1,683,000	9%	
	South Side Slopes	\$ 1,623,000	9%	
	Bloomfield	\$ 1,587,000	8%	
	Point Breeze	\$ 1,166,000	6%	
Sewickley Savings Bank	Greenfield	\$ 159,000	48%	3
	Banksville	\$ 140,000	42%	

PART II.B LENDING IN NEIGHBORHOODS AND MUNICIPALITIES

Table 52. Top Lending Neighborhoods in the City of Pittsburgh in 2013

Lender	Top Lending Neighborhoods	Dollar Amount	% of Total Loan Dollars	Total Number of Lending Neighborhoods
Slovak Savings Bank	Squirrel Hill North	\$ 1,050,000	23%	18
	Lower Lawrenceville	\$ 640,000	14%	
	Perry South	\$ 500,000	11%	
	Allegheny Center/Allegheny	\$ 415,000	9%	
Standard Bank, PaSB	Bluff	\$ 276,000	60%	4
The Huntington National Bank	Squirrel Hill North	\$ 2,064,000	20%	29
	Shadyside	\$ 1,264,000	12%	
	Highland Park	\$ 1,028,000	10%	
	Squirrel Hill South	\$ 984,000	9%	
The Mars National Bank	Bloomfield	\$ 926,000	30%	6
	Squirrel Hill North	\$ 917,000	30%	
Tristate Capital Bank	Highland Park	\$ 280,000	70%	3
United-American Savings Bank	South Side Flats	\$ 2,047,000	37%	23
	Duquesne Heights	\$ 456,000	8%	
	East Allegheny/North Shore	\$ 363,000	6%	
Wesbanco Bank, Inc.	Squirrel Hill North	\$ 3,715,000	28%	28
	North Oakland	\$ 2,300,000	18%	
	Point Breeze	\$ 895,000	7%	
West View Savings Bank	Squirrel Hill South	\$ 1,489,000	100%	1

Glossary

The tables and charts in this report use standard HMDA, U.S. Census Bureau, and Department of Housing and Urban Development (HUD) categories and definitions for mortgage loans and for demographic and economic information about Census tracts and neighborhoods. These data definitions are not always intuitive, and in some cases, the terms used for mortgage lending differ from those used by other parts of the banking industry. This section lists definitions and explanations of the terms and phrases used in this report.

Applicant Information (HMDA):

- **Race:** Reporting categories are American Indian or Alaskan native; Asian, Black or African American; Native Hawaiian or Other Pacific Islander; White, and Information Not Provided or Not Applicable.
- **Minority:** All racial categories except White and Information not Provided or Not Applicable.
- **Sex:** Male; Female, and Information Not Provided or Not Applicable.
- **Income:** Total annual income of the applicant and co-applicants.
- **Income Level** for an individual applicant is defined in the same way as income level for Census tracts (see main entry for *Income Level* below).

Denial Rate is defined for the purposes of this report as *the fraction of all completed loan applications a financial institution denies*. It does not include applications that are closed for incompleteness or withdrawn by the applicant before going through the approval process. The number of *completed applications* is equal to *(number of loans originated + number of loans approved but not accepted + number of loans denied)*.

Depository Institution: A financial institution that makes loans and obtains its funds mainly through accepting deposits from the public; includes commercial banks, savings and loan associations, savings banks, and credit unions.

Deposit Market Share: A bank's market share in a region is determined by the percentage it holds of all deposits in bank accounts in the region. All FDIC insured banks that have a main office and at least one branch are required to report annually to the FDIC how much money is held in deposits in accounts at their main office and each of their branches. Accounts can be associated with branches in whatever manner a bank chooses, provided it is consistent with the bank's own internal record-keeping procedures. The branch associated with an account could be, for example, the office where the account was originated, the office closest to the account holder's address, or the office where the account is most active.

High-interest Loans: For the purposes of this report, we define high-interest loans to be loans for which the **Rate Spread** is required to be reported in HMDA data. The **Rate Spread** for a loan is reported only if it is higher than a certain threshold. Not all loans with reportable rate spreads are subprime loans, but nearly all subprime loans are high-interest loans (see also **Rate Spread** and **Subprime**).

Income level: Every year the Department of Housing and Urban Development (HUD) estimates the *Median Family Income* (MFI) for metropolitan regions, called *Metropolitan Statistical Areas* (MSA) or *Metropolitan Areas* interchangeably. The Pittsburgh MSA includes Allegheny, Armstrong, Beaver, Butler, Fayette, Washington, and Westmoreland Counties. The median family income is the income level that exceeds the income of half the families in the region and is exceeded by the income of half the families. In 2013, the HUD estimated Median Family Income for the Pittsburgh MSA was \$65,100. Each Census tract is categorized as Low-, Moderate-, Middle- or Upper-Income, depending on what its median family income is compared to the regional MFI.

GLOSSARY

2013 Income Levels:

Income Level	Census Tract MFI as Percent of Pittsburgh MSA MFI	2013 Limits
Low	Less than 50%	Less than \$32,550
Moderate	At least 50% but less than 80%	\$32,550 to \$52,080
Middle	At least 80% but less than 120%	\$52,080 to \$78,120
Upper	120% or greater	\$78,120 or greater

- **LMI:** *Low- to Moderate-Income*, used where data for low- to moderate-income Census tracts or borrowers is grouped together in a single category.
- **Substantially Minority:** A Census tract whose population is more than 50% minority.

Loan Information (HMDA)

Action Taken

- **Application Approved but not Accepted:** Loans that are approved but not accepted by the applicant
- **Loan Originated:** Loans that are approved by the financial institution and accepted by the applicant
- **Loan Purchased by Financial Institution:** A previously originated loan purchased by the reporting institution

Amount of Loan: The dollar amount of a loan, typically reported in thousands of dollars (\$000s).

Loan Type

- **Conventional:** A mortgage loan secured by a dwelling, which is not insured by a federal organization such as the Federal Housing Administration (FHA), Veteran's Administration (VA), or Rural Housing Service (RHS)
- **Government-backed:** A mortgage loan secured by a dwelling, which is insured by a federal organization such as the Federal Housing Administration (FHA), Veteran's Administration (VA), or Rural Housing Service (RHS)

Purpose of Loan

- **Home Purchase Loan:** Any loan made for the purpose of purchasing a dwelling.
- **Home Improvement:** Any loan secured by a dwelling to be used at least in part for repairing, rehabilitating, remodeling, or improving the dwelling or the property on which it is located.
- **Refinancing:** Any dwelling-secured loan that replaces another dwelling-secured loan to the same borrower.

Property Information (HMDA)

Property Location

- **Census tract:** The Census 2010 tract where the property securing the loan is located.

GLOSSARY

Property Type

- **One-to-Four-Family** or **One-to-Four Unit** properties are single residential structures containing between one and four separate dwelling units, other than manufactured housing. Individual condominium units count as one-to-four-family.
- **Manufactured Housing:** Mobile homes or other homes not constructed on site.
- **Multifamily properties:** Residential structures with five or more units, such as apartment buildings.

Rate Spread (HMDA): Prior to 2010, the rate spread was defined as the spread between the Annual Percentage Rate (APR) and the comparable treasury security. For loans acted on after January 1, 2010, rate spread is defined as the spread between the Annual Percentage Rate (APR) and a survey-based estimate of APRs currently offered on prime mortgage loans of a comparable type.

Subprime: For the purposes of this report, subprime loans are defined as **Conventional, High-Interest** loans.

Appendix I: Community Reinvestment Act Examinations

The Community Reinvestment Act is a federal statute that is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- to moderate-income (LMI) neighborhoods, consistent with safe and sound operations. It was enacted by the Congress in 1977 (12 U.S.C. 2901) and is implemented by Regulation BB (12 CFR 228).

CRA examinations are conducted by the federal agencies that are responsible for supervising depositories: the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC). Prior to 2012, the Office of Thrift Supervision (OTS) was also responsible for regulating banks and savings and loans associations and conducting CRA examinations. Under the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, the OTS was merged with OCC, effective July 21, 2011, and the OCC has taken over its responsibility for conducting CRA examinations. Depository institutions regulated by the FDIC, FRB or OCC are subject to the CRA. The CRA does not apply to Credit Unions (which are regulated by the National Credit Union Administration) or independent mortgage companies.

Banks are divided into three classes, based on asset size. The thresholds change annually. As of Jan. 1, 2013, the size classes are: Large Banks (assets of over \$1.186 billion); Intermediate Small Banks (assets between \$296 million and \$1.186 billion); and Small Banks (less than \$296 million in assets). Large banks are evaluated according to the most comprehensive and stringent standards. Small banks may choose not to be evaluated in the investment and service categories, and to receive an overall rating only. Intermediate Small Banks may receive a “Community Development” rating in place of Investment and Service ratings. Large and Intermediate Small Banks are evaluated every three years. Small Banks with Outstanding CRA ratings are evaluated every five years, and those with Satisfactory ratings every four years.

Banks whose business is not primarily retail lending can be classified as Wholesale/Special Purpose banks, or can apply to be evaluated under a CRA Strategic Plan. CRA Performance evaluations for wholesale banks are based on community development loans, investments and services; the bank’s record of using innovative and complex investments and loans for the purpose of community development; and the bank’s responsiveness to credit and community development needs in its assessment areas. Under the Strategic Plan method of CRA evaluation, the bank and its primary regulator agree to a Strategic Plan specifying measurable goals for community development lending, investment, and services in the bank’s assessment areas.

CRA Rating: The CRA exam results in an overall rating of Outstanding, Satisfactory, Needs to Improve, or Substantial Noncompliance. Separate ratings may be given for the following tests:

- **Lending Test:** The part of a CRA exam that evaluates a bank’s record of helping to meet the credit needs of its assessment area through its lending activities by considering a bank’s home mortgage, small business, farm, and community development lending.
- **Investment Test:** The part of a CRA exam that evaluates a bank’s record of helping to meet the credit needs of its assessment area through qualified investments and grants that benefit its assessment area or a broader statewide or regional area that includes the bank’s assessment area.
- **Service Test:** The part of a CRA exam that evaluates a bank’s record of helping to meet the credit needs of its assessment area by analyzing the availability and effectiveness of a bank’s systems for delivering retail services and the extent and innovativeness of its community development services.
- **Community Development Test:** For Intermediate Small Banks, this single test replaces the Investment and Service Test.

Appendix II: Methodology

Data Sources

This report relies primarily HMDA data, FDIC data about financial institutions, and Census Bureau data. For some information about Pittsburgh neighborhoods we use PGH SNAP. PGH SNAP is a City of Pittsburgh neighborhood data and map resource, accessible through the City of Pittsburgh website. It includes a mapping of Census tracts to Pittsburgh’s ninety neighborhoods, as well as housing data. It is our source for median home value and sales price for Pittsburgh neighborhoods.

HMDA data and most of the Census data were obtained in raw form from the Federal Financial Institutions Examination Council (FFIEC), which sets standards for reporting financial data and maintains and distributes HMDA data. The FFIEC provides free HMDA and Census software applications for each year’s data that allow users to submit queries about data for specific financial institutions and regions. The FFIEC Census Application provides Census data related to housing and income, intended to be used in conjunction with HMDA loan data. In some cases, we supplemented FFIEC Census data with additional data downloaded directly from the U.S. Census Bureau website. Data on bank assets and deposits was downloaded from the FDIC website. CRA Performance evaluations were downloaded from the FDIC, OCC, and FRB websites. All of our analysis is done in Microsoft Office Access and Excel.

Census Data And Census Tracts

Every geographical point in the United States is assigned to a Census tract. Every ten years, in preparation for the decennial census, the U.S. Census Bureau adjusts the boundaries of some Census tracts, eliminates some Census tracts, and creates some new Census tracts. Between 2000 and 2010, a number of tracts were changed, added, or eliminated in the Pittsburgh Metropolitan Area. 2012 was the first year for which HMDA reports used 2010 Census tracts. As a result, the Census data is more accurate. However, with the new Census boundaries, there are now 13 Census tracts that span more than one Pittsburgh neighborhood. For mortgages on properties in those tracts, it is now impossible to tell in which neighborhood they are located. For this reason, we combine 13 of Pittsburgh’s 90 neighborhoods with adjacent neighborhoods in our analysis. Table 54 below shows the groups of combined neighborhoods.

Table 54. Pittsburgh Neighborhoods Sharing Census Tracts

Combined Pittsburgh Neighborhoods
Allegheny Center/ Allegheny West
Arlington/Arlington Heights
Beltzhoover/Bon Air
Chartiers City/Fairywood/Windgap
East Allegheny/North Shore
East Carnegie/Oakwood
Elliott/West End
Esplen/Sheraden
Glen Hazel/Hays/Hazelwood
Mt. Oliver/St. Clair
Ridgemont/Westwood

Financial Institutions

The group of banks included for comparison in this report is made up of banks with physical branches in Allegheny County. We also include the Bank of America, which has no branch offices or deposit base in the Pittsburgh region, but makes a significant number of mortgage loans in Allegheny County. The Bank of America is a PCRG financial partner.

Wesbanco Bank merged with Fidelity Bank in October 2012, and acquired ESB Bank and all of its branches in February 2015. We report 2013 data separately for ESB Bank and Wesbanco Bank. Fidelity Bank's branches were converted into WesBanco branches in March 2013, and Fidelity reported HMDA data separately for all of 2012. Prior to 2013, WesBanco operated no branches in Allegheny County.

Farmers and Merchants Bank of Western Pennsylvania, National Association, acquired Nextier Bank, National Association in October 2014. The combined bank is now named Nextier Bank, National Association. We report 2013 data for Nextier Bank, NA, but not Farmers and Merchants Bank, which had no Allegheny County branches before the acquisition.

In 2013, RBS Citizens, National Association, Citizens Bank, National Association, and Citizens Bank of Pennsylvania were all owned by UK Financial Investments, Limited. (Citizens Bank, National Association made loans in Allegheny County from 2007 to 2010 but none in 2013.) In April 2014, RBS Citizens changed its name to Citizens Bank, National Association. The change does not affect our reporting, as data for the three banks have always been combined in our studies.

In April 2015, Northwest Savings Bank changed its name to Northwest Bank; the 2013 data is reported under the name Northwest Savings Bank.

Mortgage loan data for banks with branches in Allegheny County includes data for affiliated or subsidiary institutions. 2013 data for Citizens Bank of Pennsylvania includes mortgage loans by RBS Citizens, National Association. RBS Citizens had no deposits in the Pittsburgh MSA, but made mortgage loans. Data for Fifth Third Bank includes data for Fifth Third Mortgage Company. Data for Northwest Savings Bank includes loans by its mortgage lending subsidiary, Northwest Consumer Discount Company.

In addition, charts and tables in Appendix III showing mortgage originations by individual banks from 2005 to 2013 include the following: Bank of America data includes Merrill Lynch Credit Corporation (2009-2011); BNY Mellon data includes Mellon Bank, NA (2005-10), Mellon Trust of New England (2005-07), and Bank of New York Mellon (2005-11); Citizens Bank data includes Charter One Bank (2005-2006), Citizens Bank, NA (RBS) (2005, 2007-2010), Citizens Mortgage Corporation (2006), and RBS Citizens (2011-2013).

Income Levels

In the Allegheny County Municipal Lending Tables (pp. 102-103), we relied on two sources for income level estimates. Where possible we used FFIEC 2013 Census Data, which provides income level by Census tract. These income levels are based on FFIEC Estimated Median Family Income, which is equivalent to the HUD Estimated Median Family Income. For municipalities whose Census tracts do not all have the same income level, we relied on estimated median family income in the American Community Survey 2007-2011 five-year survey.

In the Pittsburgh Neighborhood Lending Tables (Foldout), we used FFIEC 2013 Census Data for the income levels of individual Census tracts. For neighborhoods with multiple Census tracts, we estimated the income level of the

APPENDIX II: METHODOLOGY

neighborhood by assigning integers 1-4 to Low, Moderate, Middle, and Upper income levels, respectively, and taking the average. Note that the resulting estimate may not be the true income level for the neighborhood.

Deposit Market Share

Data analysts have a choice in calculating deposit market share for the City of Pittsburgh. The FDIC Summary of Deposits reports the location of bank branches in two ways: (1) as reported by banks; (2) as determined by United States Postal Service Zip Codes. Neither of these methods restricts branches identified as being in the City of Pittsburgh to those which are located within the city limits. In this study, we define the City of Pittsburgh strictly by the city limits, and calculate deposit market share for the City of Pittsburgh based only on branches located within the city limits. Our reason for doing so is to align this study with the needs of the City in evaluating depository institutions in accordance with the Responsible Banking Ordinance, which requires City depositories to be chosen using criteria which include a comparison of overall deposit market share in the City with market share in LMI Census tracts. We use Federal Information Processing Series (FIPS) place codes provided in the FDIC Summary of Deposits to identify which branches are located in the City of Pittsburgh.

Appendix III: Individual Bank Reports

This appendix contains two sets of tables for each of the 30 banks that had physical branches in Allegheny County and received mortgage loan applications in 2013. Each set of tables contains one version for the City of Pittsburgh and a second for Allegheny County excluding Pittsburgh.

- 1) Bank profiles, 2005-2013. The first table for each bank (“Total Mortgage Lending”) shows the total number and dollar amount of loans originated by the bank for each year, 2005-2013. An accompanying chart shows the number of loans graphically. Additional tables show the same information for LMI and substantially minority Census tracts, for LMI borrowers, and for African American borrowers.
- 2) 2013 Loans by Census Tract and Borrower Income Level. For each bank, we include tables with breakdowns of the bank’s 2013 lending by Census tract income level. Within each Census tract income level, lending is broken down by the income level of the borrower. This shows where and to whom money is flowing: even within LMI Census tracts, a significant portion of mortgage money goes to middle- and upper-income borrowers.

For purposes of comparison, the individual bank reports are preceded by two sets of aggregate tables with the same data and format: the first set aggregates data for all lending institutions, and the second for all banks with branches in Allegheny County.