

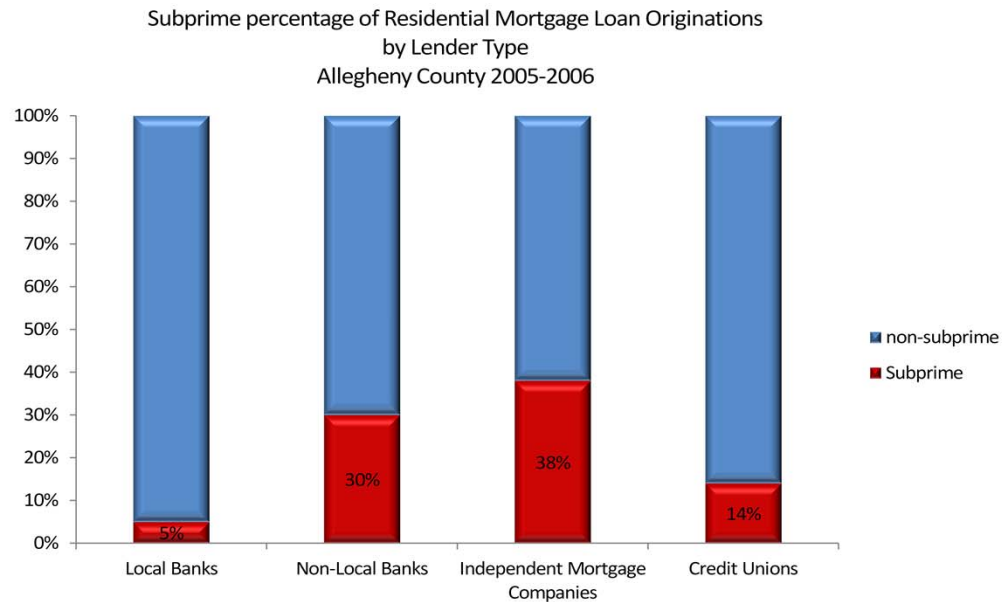
Subprime Lending in Allegheny County, 2005-2006

Which Lenders were Responsible?
Where were Subprime Loans Targeted?
How did Lender Market Share Shift after the Subprime Crisis?

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Subprime Lending in Allegheny County, 2005-2006 Which Lenders were Responsible?

- **30%** of loans by **Banks with no brick and mortar presence** (non-local banks) in Allegheny County were subprime.
- **38%** of loans by **Independent Mortgage Companies** were subprime.



Source: Home Mortgage Disclosure Act (HMDA) 2005-2006 raw data, which includes all reported residential mortgage loans for Allegheny County. *Subprime loans* in the chart above are conventional, high-interest loans (loans with a rate-spread high enough to meet the HMDA reporting threshold). *Originations* are mortgage loans that are approved by the lender and accepted by the applicant.

Lender Types: *Local Banks* are banks with branches in Allegheny County, along with their affiliated and subsidiary mortgage companies. *Non-local Banks* are all other banks, along with their affiliated and subsidiary mortgage companies. *Independent Mortgage Companies* are mortgage companies not owned by or affiliated with any bank.

Subprime Lending in Allegheny County, 2005-2006 Who Received Subprime Loans?

Subprime Lending in Allegheny County was more a function of race and location than applicant income.

- **Almost half** of all mortgage loans to **African Americans** and in **minority Census tracts** were subprime.
- **39%** of mortgage loans in **LMI Census tracts** were subprime.

Subprime Loans as Percentage of all Residential Mortgage Originations
by Lender Type, Purpose, Property Location, and Borrower Characteristics (Allegheny County 2005-2006)

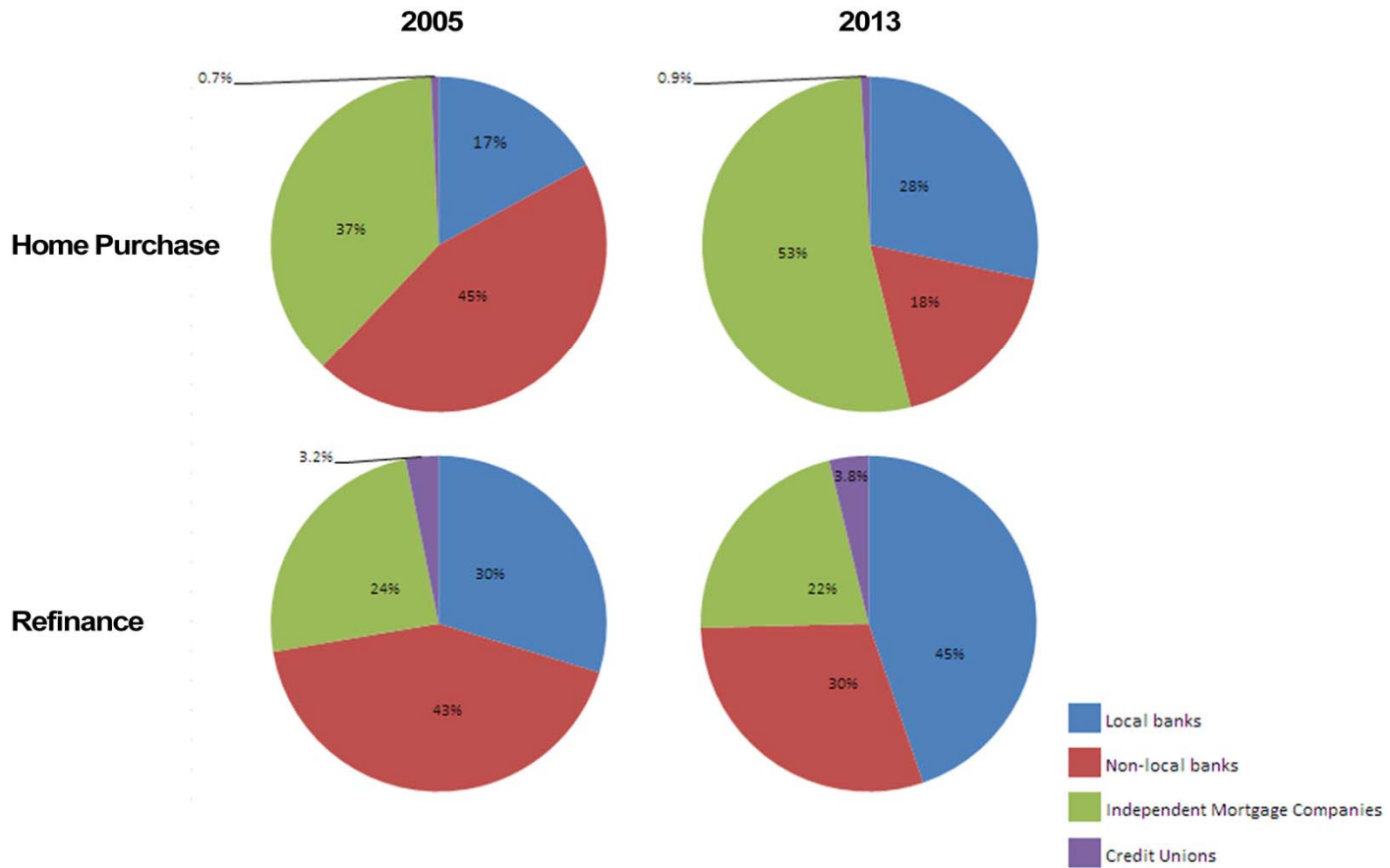
Lender Type	All Borrowers			LMI Census Tracts	Minority Census Tracts	LMI Borrowers	African American Borrowers
	Total*	Home Purchase	Refinance				
Local Banks	5%	7%	6%	11%	13%	7%	10%
Non-Local Banks	30%	22%	37%	51%	59%	37%	58%
Independent Mortgage Companies	38%	24%	58%	59%	67%	46%	64%
Credit Unions	14%	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.

Low-to Moderate-Income (LMI): median income below 80% of the Pittsburgh Metropolitan Statistical Area median family income.

Minority Census tracts: Census tracts with greater than 50% minority population.

Market Share of Originations by Lender Type and Loan Purpose Allegheny County, 2005 and 2013



Subprime Lenders and Target Markets Allegheny County, 2005-2006 Summary

- Subprime lending was highest:
 - Among African Americans
 - In minority Census Tracts
 - In low- to moderate-income Census tracts
 - NOT among low- to moderate-income borrowers
- Most Subprime lending was done by:
 - Banks with no Allegheny County branches
 - Independent mortgage companies
- Banks with branches in Allegheny County did very little subprime lending here.
- Unlike other lenders, credit unions did less subprime lending among African Americans and in minority Census tracts than among other borrowers.
- From 2005 to 2013 market share shifted:
 - Banks without branches in Allegheny County lost 40% of their market share.
 - Banks with branches in Allegheny County increased their market share by 40%.
 - Independent mortgage companies increased their share of the home purchase market to more than half of all home purchase loans.