

Fair Lending Issues Real Estate: Homeownership Tract

Kevin Stein, California Reinvestment Coalition

INCLUSION, COMMUNITY AND EQUITY:
Affirmatively Furthering Fair Housing
in an Adverse Climate
April 5, 2017

Outline

- CRC
- Fair Lending Issues
 - Redlining → HUD Complaint v OneWest Bank
 - HMDA changes → CFPB rule change (data on AAPI, reverses, aff hsg)
 - Widows foreclosures → CFPB rule change, state law SB1150
 - Access to Credit → CRA agreements
- Advocacy Opportunities

California Reinvestment Coalition (CRC)

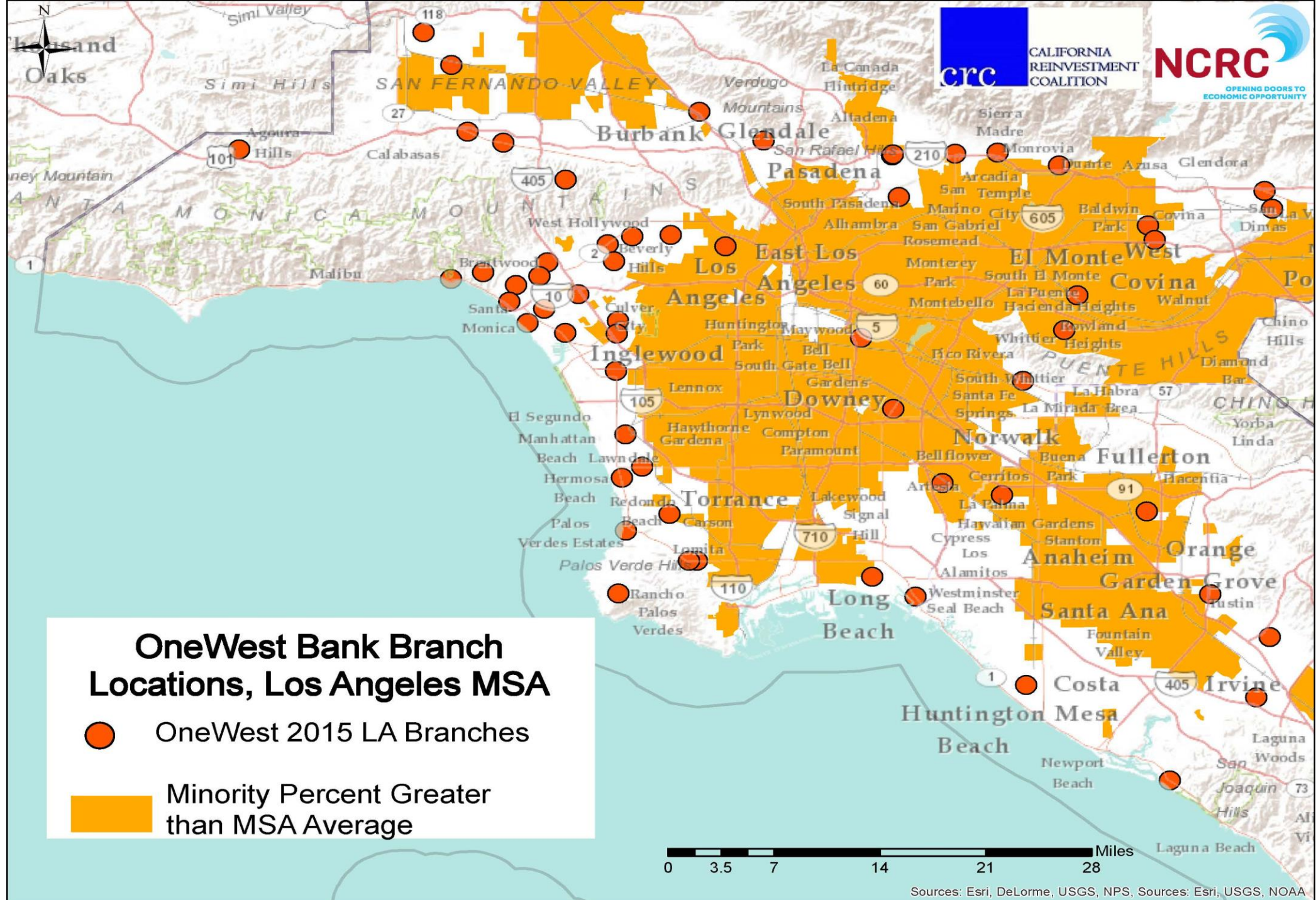
- Statewide advocacy coalition
- 300 member organizations
- Mission - build an inclusive and fair economy that meets the needs of communities of color and low-income communities by ensuring that banks and other corporations invest and conduct business in our communities in a just and equitable manner.
- Fair Housing groups make up a core constituency of CRC's members



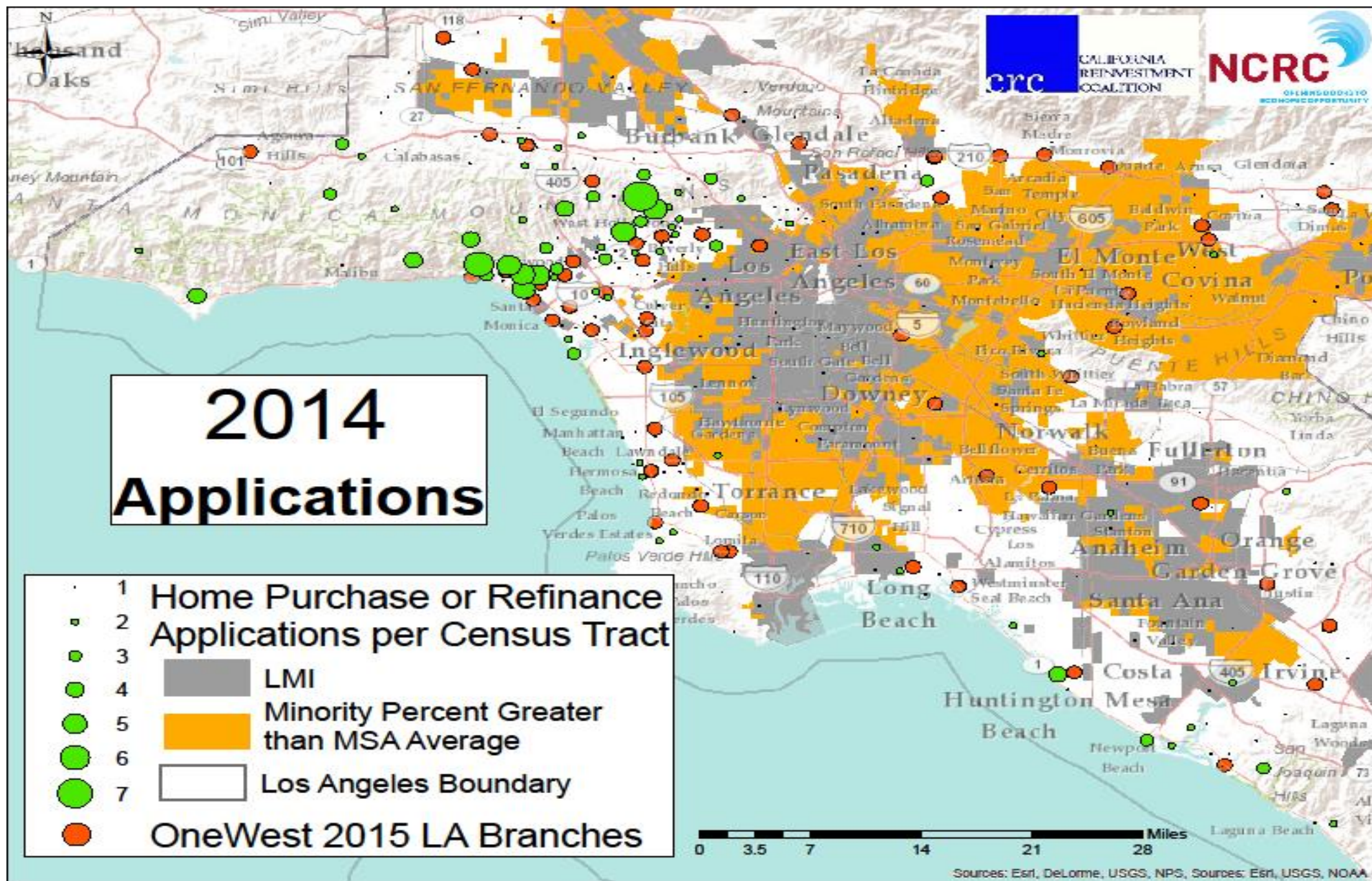


Public Hearing! Los Angeles Fed, 2/26/15





Counties in OneWest's assessment area	Total OneWest Branches	In Asian Majority Tract	In African American Majority Tract	In Hispanic Majority Tract
Los Angeles	52	0	0	8
Orange	11	1	0	1
Ventura	4	0	0	0
Riverside	3	0	0	1
San Diego	3	0	0	1
San Bernardino	1	0	0	0
Total	74	1	0	11



Bank tied to Trump adviser accused of discrimination

Kevin McCoy , USA TODAY

Nov. 17, 2016

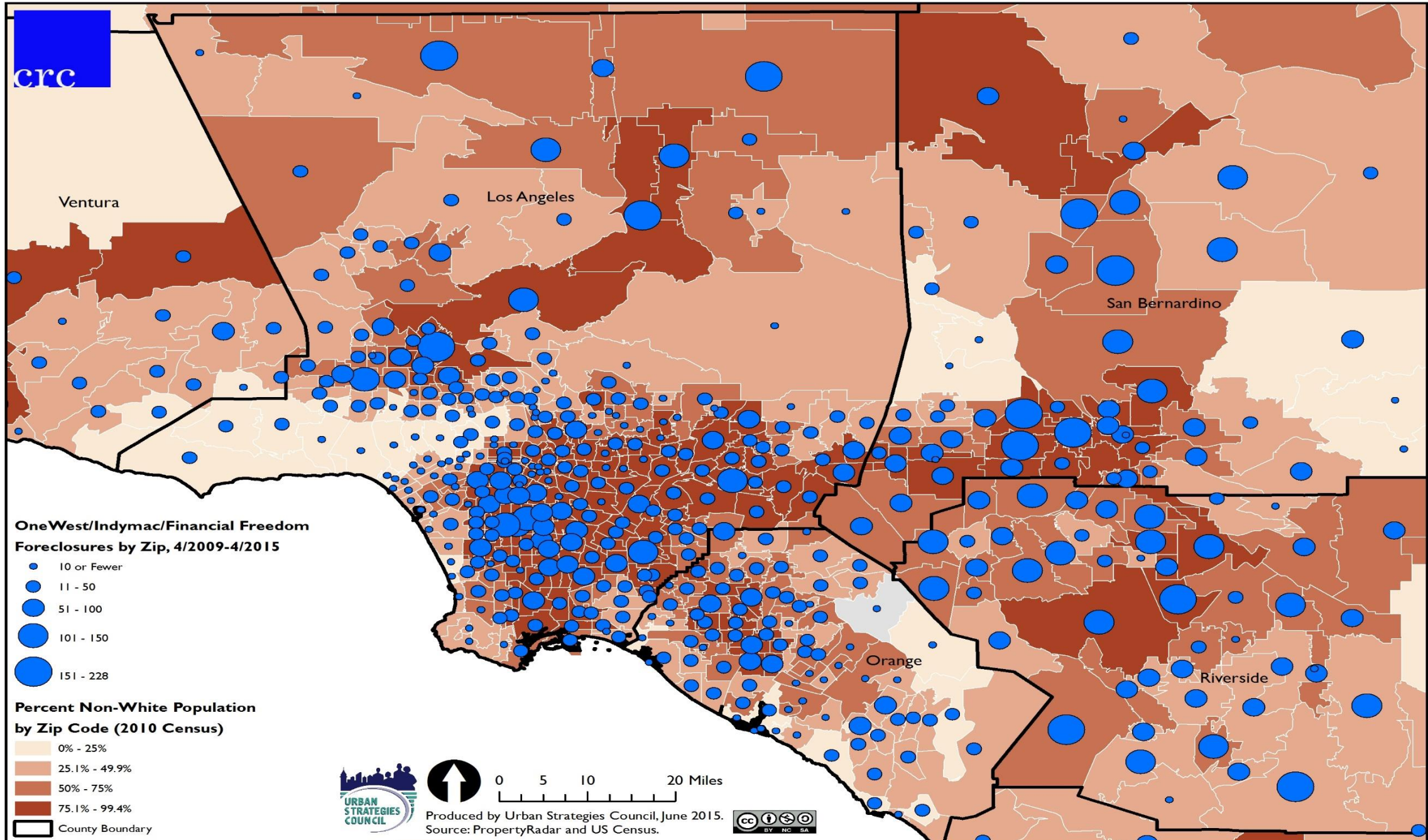
Trump's finance chairman Steven Mnuchin is not only a potential pick for Treasury Secretary but also has been linked to a California bank accused of discriminatory practices against minorities.

A California bank linked to Steven Mnuchin, President-elect Trump's national finance chairman and a potential pick for Treasury secretary, has been hit with a new federal complaint of alleged redlining and other discrimination against minorities.

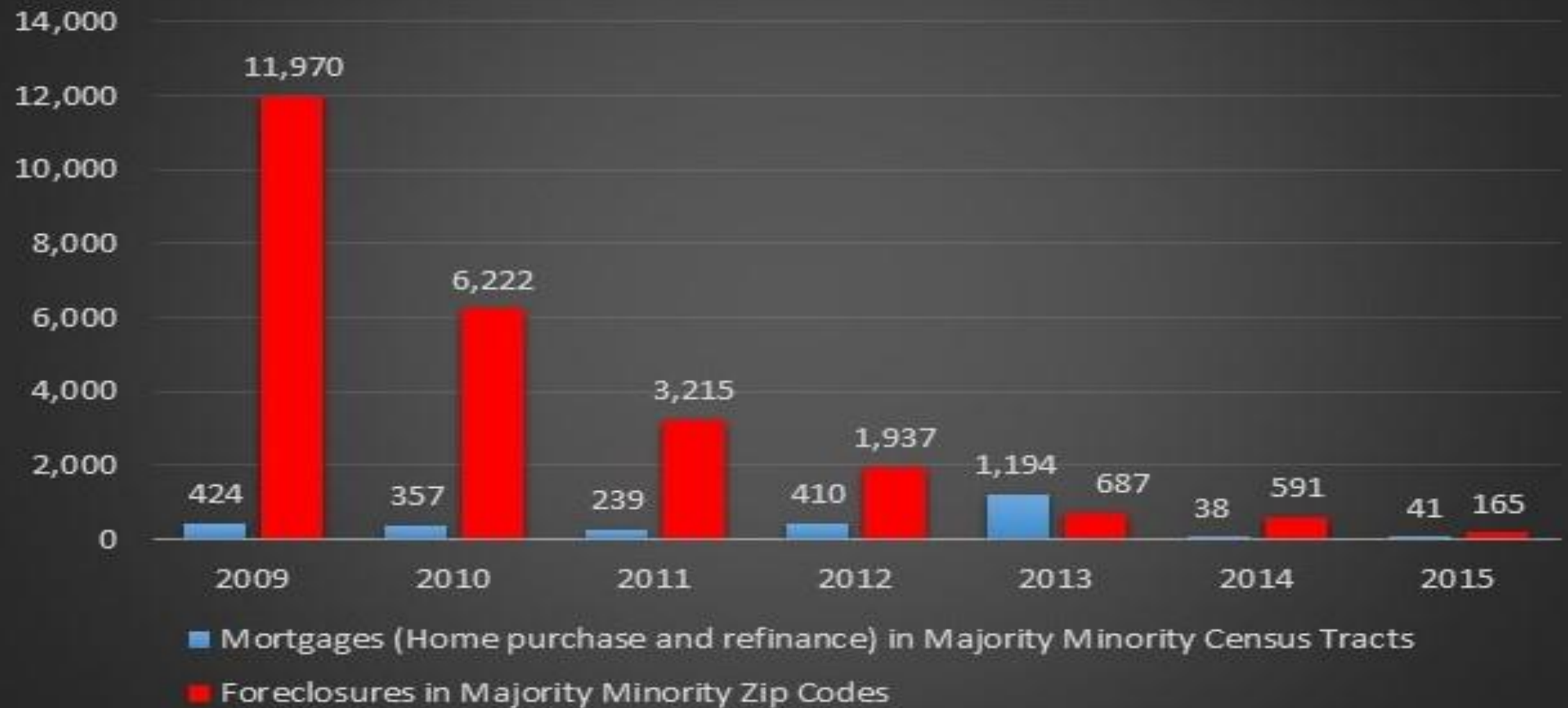
CIT Bank, its parent company, CIT Group (CIT), and its OneWest Bank predecessor discriminated in mortgage lending, decisions on branch locations and closings, and other financial actions, according to the complaint filed Wednesday with the U.S. Department of Housing and Urban Development by groups that advocate for fair housing and equal access to credit.

Just two African-American borrowers received mortgages originated by OneWest

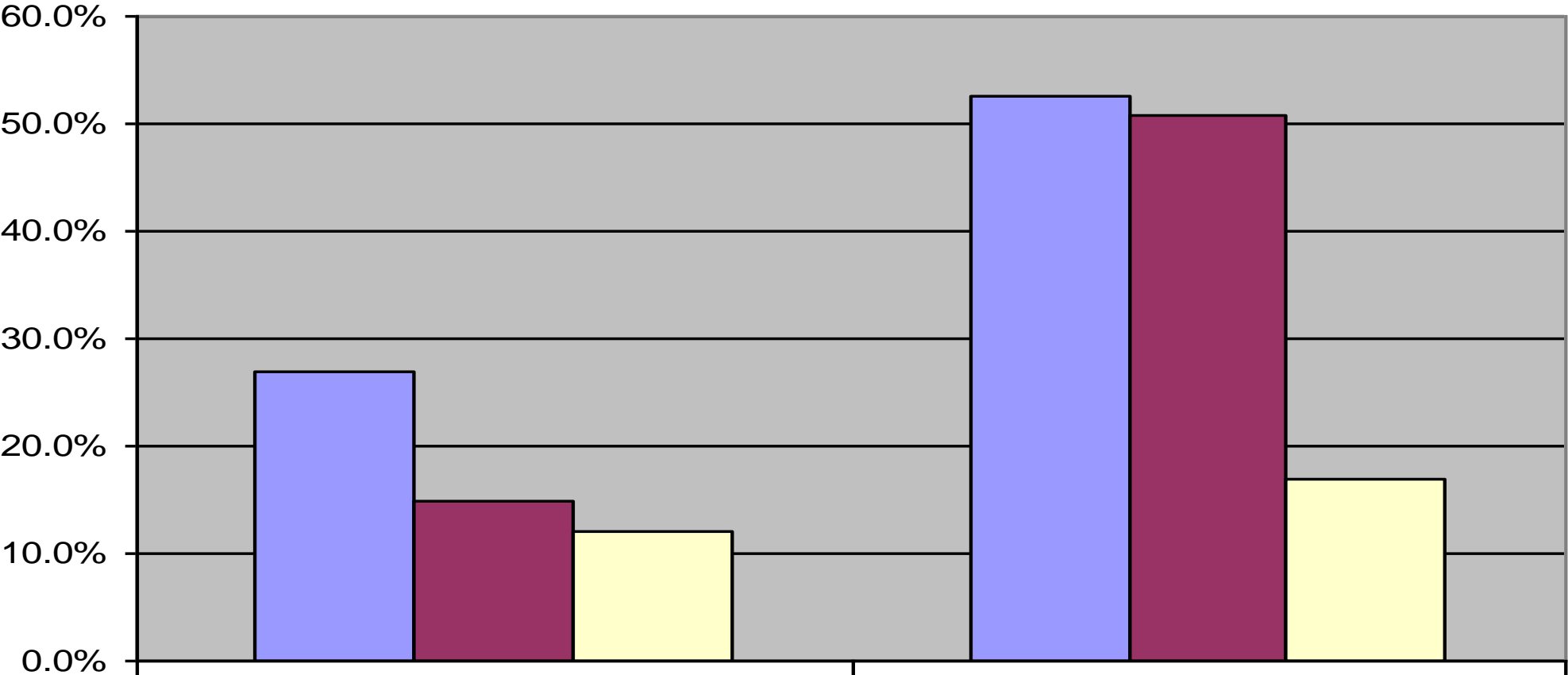
Indymac, OneWest, & Financial Freedom Foreclosures with Non-White Population, by Zip Code



OneWest Home Loans vs. OneWest Foreclosures in California's Neighborhoods of Color



Countrywide NY High Cost Lending 2004 v CA Industry High Cost Lending 2005



■ African American	27.0%	52.6%
■ Latino	15.0%	50.8%
■ White non Hispanic	12.0%	16.8%

Home Mortgage Disclosure Act: HMDA

- Key tool, used in lending analysis, CRA exams, Als, new AFH plans?
- Detailed, publicly available bank data
- CRC and others issue reports showing disparities
- Key limitations to the data
- CFPB recently updated HMDA. CRC's top asks v Final Rule:
 - Loan modifications – NOT IN HMDA
 - **Disaggregate “Asian” race category – YES, IN HMDA!**
 - Language of the borrower – NO
 - **Affordable multifamily lending v market rate – YES!**
 - **HELOCs with a “small business” purpose – YES AND NO**
 - **Age of borrower and whether a reverse mortgage - YES**

New race and ethnicity data

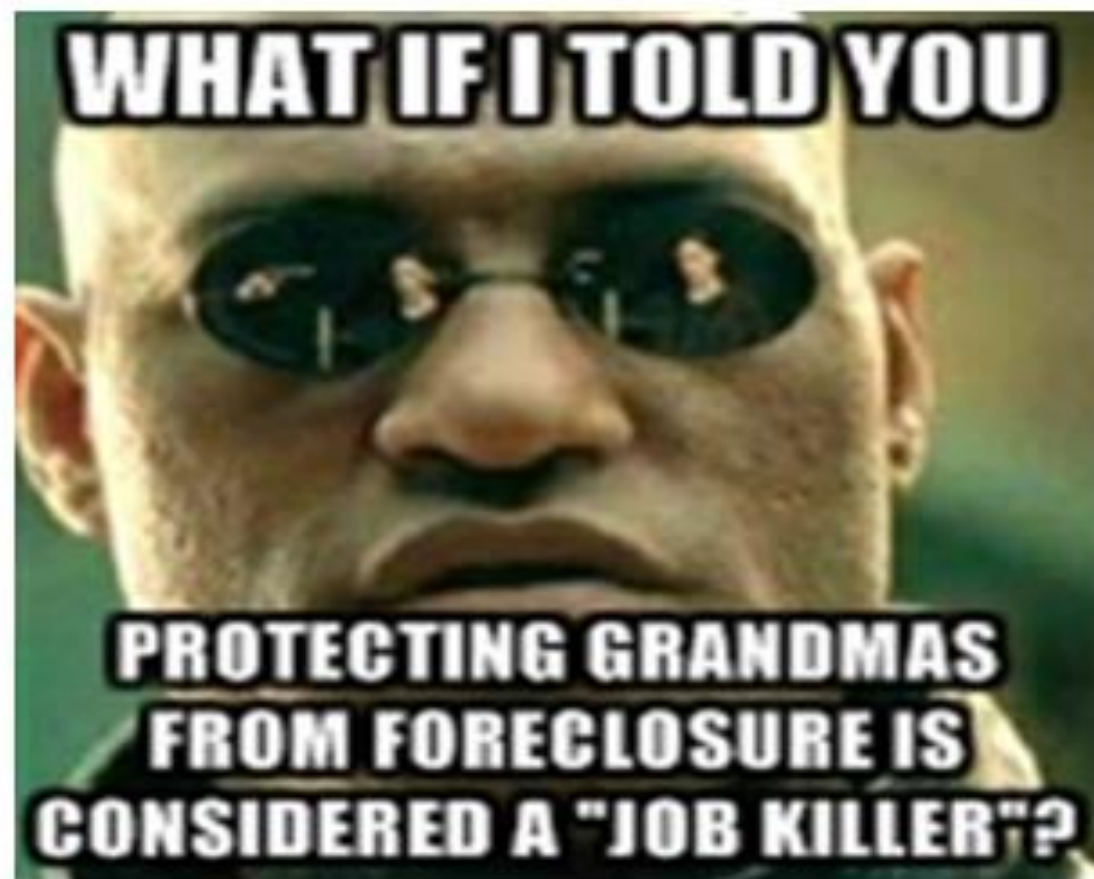
- Latino or Hispanic ethnicity
 - Mexican
 - Puerto Rican
 - Cuban
 - Other Hispanic or Latino (print)
- Asian
 - Asian Indian
 - Chinese
 - Filipino
 - Japanese
 - Korean
 - Vietnamese
 - Other Asian
- Native Hawaiian or Other Pacific Islander
 - Native Hawaiian
 - Guamanian/Chomorro,
 - Samoan
 - Other

**BACK IN MY DAY, WE JUST
QUIETLY FORECLOSED ON WIDOWS**

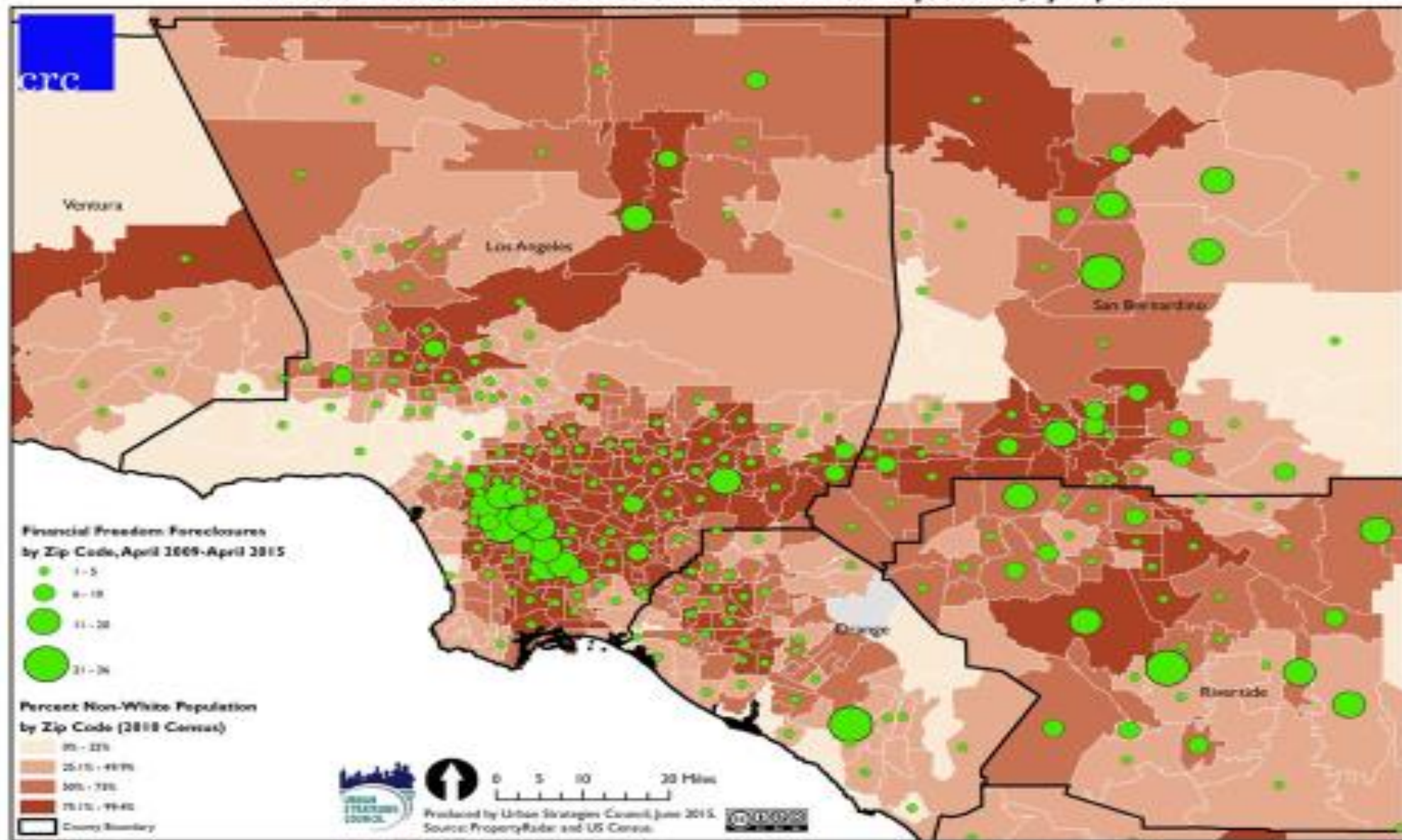
**AB 244 WOULD MAKE US TALK TO THEM
FIRST! AND WE'D HAVE TO FOLLOW THE
HOMEOWNER BILL OF RIGHTS- OH NO!**

Cal Chamber: AB244 “a jobs killer”

Chair of Cal Chamber: OWB CEO Joe Otting



Financial Freedom Foreclosures with Non-White Population, by Zip Code



Reverse Mortgages, Forward Mortgages and Widows

- Financial Freedom – 39% of all HECM foreclosures since 2009
- CRC estimates FF only had half that market share
- HUD requires 100 years to determine how many complaints filed
- Stories of foreclosures for 27 cents, “owner non occupancy,” etc
- Seniors testify at bank merger hearing, Mnuchin “peoples” hearing
- HUD changes policy: Servicers can allow Non Borrower Spouse to stay
- **CFPB protects widows as part of new servicing rule!**
- **CA passes SBOR (SB1150 – Leno, Galgiani)!**

CRA Community Benefit commitments

- Bank mergers allow room for dialogue with community groups
- Banc of California - 20% of deposits annually for CRA
- Mechanics Bank – goal of 15% of deposits annually for CRA
- City National Bank - \$11 Billion CRA commitment
- Cathay Bank - \$4B commitment, micro loans for small business
- BBCN and Wilshire (now Bank of Hope) - \$8B commitment
- Agreements include lending goals, investments in affordable housing, accessible bank accounts, EBT fee waivers, philanthropy

Advocacy Opportunities

- AFFH bill AB686 (Santiago)
- State reverse mortgage Non Borrower Spouse bill SB739
- HMDA rule – all CFPB rules – Congressional Review Act concerns
- CRA advocacy – let me know
- Support for HUD complaint against OneWest Bank???

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