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## **Chapter 9**

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# ***Home Mortgage Disclosure Act Data Analysis***

**T**he Home Mortgage Disclosure Act (HMDA) was passed by Congress in 1977. The goal of this act is to make information available to community groups, government regulators, and others, which will enable them to determine if the financial institutions are responding to the housing needs in their respective communities.

Information that must be disclosed by banks, savings and loans and credit unions includes the distribution of home mortgage and home improvement lending on a geographic and demographic basis including the distribution of mortgage loans to minorities. Reporting requirements include data on the number, type and amount of loans, the type of action taken (application approved but not accepted, applications denied, applications withdrawn, or files closed as incomplete).

### ***Analysis of Greenville County Data***

In order to maximize the readability and applicability of this study, it was necessary to impose limits on the amount of statistical data included for discussion and as a basis for establishing conclusions and formulating recommendations. Comprehensive tables by census tracts are on file at the Human Relations Commission office and readily accessible for further analysis or research.

All statistical information is based on the HMDA reports provided through the 2000 Census and can be accessed through the internet. Information discussed by census tract is extrapolated from the reports on MSA: 3160 Greenville-Spartanburg—Anderson, S.C.

Greenville County is composed of 65 census tracts. Twenty-two of these are within the city of Greenville. The remaining 43 include all of the un-incorporated areas of the county as well as the municipalities of Mauldin, Simpsonville, Fountain Inn, Greer and Travelers Rest.

A total of 11,682 loans was originated in Greenville County in 2000. Of these 1044 were FHA/VA/RDS; 6560 Conventional; 3,386 Refinancing; and 692 Home Improvement. There was no census tract in which there no lending activity occurred.

The areas of major activity are concentrated in those census tracts with the highest median income and no tract within the city limits is included in the top ten. These tracts and the numbers of loans originated include: 28.06, 927; 30.03, 484, 26.05, 456; 31.00, 415; 30.06, 374; 26.01, 371; 30.07, 328; 33.02, 316; 30.04, 293; 28.03, 282. In these ten tracts 4,246 loans were originated or 36.3% of all loans made in Greenville County.

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In comparison with these statistics in the top ten, figures for the ten lowest in loan originations include: 06.00, 9; 07.00, 10; 08.00, 14; 23.03, 22; 34.00, 23; 02.00, 25; 09.00, 30; 12.00, 30; 4:00,34; 25.04, 44. Seven of these tracts are in the city of Greenville. The three which are in the County include Monaghan, Gantt, and Greer.

The following chart lists each type of loan and the specific numbers made in each of these tracts.

***Chart 9.1: Tracts with the highest median income***

FHA, FSA/RHS & VA	CONVENTIONAL	REFINANCING	HOME IMPROVEMENT	
26.01	57	188	110	16
26.05	33	356	58	9
28.03	21	207	44	10
28.06	68	714	129	16
30.03	46	324	92	22
30.04	51	147	72	23
30.06	66	216	79	13
30.07	36	213	65	14
31.00	52	176	150	37
33.02	41	143	110	22

***Chart 9.2: Tracts with the lowest median income***

FHA, FSA/RHS & VA	CONVENTIONAL	REFINANCING	HOME IMPROVEMENT
02.00	1	22	2
04.00	0	20	13
06.00	0	5	4
07.00	0	6	4
08.00	0	3	10
09.00	0	18	9
12.01	0	22	7
23.03	1	12	6
25.04	4	23	14
34.00	2	9	11

Thus in the ten census tracts in which the fewest number of loans originated there was a total of 241 loans or 0.02% of all loans made in Greenville County.

### ***Data Sampling***

The following lending institutions were selected at random and include conventional banks, mortgage companies and credit unions.

***Chart 9.3: Sampled Lenders***

- 1 Banc One
- 2 Bank of America
- 3 Bank of Travelers Rest
- 4 BB&T of South Carolina

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### **Chart 9.3: Sampled Lenders**

- 5 Carolina First Bank
- 6 Charter One Mortgage Corp.
- 7 Citimortgage Inc.
- 8 Conseco Finance Servicing Corp
- 9 Country Wide Home Loans
- 10 CTX Mortgage Company
- 11 Equity One, Inc.
- 12 First Savers Bank
- 13 First Union Mortgage
- 14 First Union National Bank
- 15 GE Capital Mortgage Services
- 16 GMAC Mortgage
- 17 GMFS LLC
- 18 Grandsouth Bank
- 19 Greenville Federal Credit Union
- 20 Greer State Bank
- 21 H & R Block
- 22 Liberty Mortgage
- 23 Regions Mortgage, Inc.
- 24 Resource One Consumer Discount
- 25 The Money Store
- 26 The Palmetto Bank
- 27 Wachovia Bank
- 28 Well Fargo Home Mortgage

Graphic presentations appear in the Appendix 4 for each of the institutions with the specifics regarding the total numbers of loans initiated by census tracts, race, ethnicity, gender, and median income. Some type of loan activity was originated in 43 or 50.5% of the census tracts.

- Examining loans made in census tracts based on median income loans the twelve lowest income tracts in which loans were initiated included: 2.00, 5.00, 6.00, 7.00, 8.00, 9.00, 10.00, 13.01, 21.06, 23.03, 23.04, and 25.03.
- The highest median income tracts in which loans were originated were 14.00, 18.04, 19.00, 26.05, 27.00, 28.03, 28.04, 28.07, 30.03, 30.04, and 30.07.
- Another comparison is by per capita income and included 14.00, 15.01, 18.02, 18.04, 19.00, 21.03, 26.05, 28.04, 28.05, 28.06, 28.07, and 30.03.

Per capita income in these tracts ranged from a high of \$128,345 to a low of \$61,614 with a mean of \$69,048.

The study found that the following tracts wherein loans were originated with the highest percentage of identifiable population groups were:

- African-American                        5.00, 7.00, 8.00, 13.01, 21.01, 20.02, 20.03 21.05, 23.04, 34.00, 35.00, 36.02
  - Hispanic                                over 7%                        8.00, 17.00, 18.06, 21.04, 21.06, 21.07, 22.01, 22.02, 23.01, 23.02, 23.03, 25.05, 37.02, 37.04
  - Asian                                    over 100                        11.01, 18.06, 26.05, 28.03, 29.01, 37.04
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		persons	
▪	Senior	20-30%	5.00, 15.01, 18.04, 18.05, 19.00, 21.03, 21.04, 21.06, 21.07, 22.02, 23.01, 23.04, 28.04, 37.01
▪	White	95%+	24.01, 24.02, 27.01, 31.02
		94%+	12.01, 26.06, 27.02, 28.04
		93%+	15.01, 18.05, 25.01, 39.03, 41.00

Of the institutions included in this study, Bank of America was the major lender, originating 912 loans, BB&T was second with 686. Carolina First 378, Wells Fargo 316, Conseco Finance and Servicing Corp. 282, were third, fourth, and fifth respectively. At the other end of activity are recorded, Bank One Financial Services , (2), AMFS LLC (4), H &R Block Mortgage Corp (5), Westminster Corp (8), and Citifinancial Mortgage Company (9).

Over all, 399 FHA/RDS/VA loans were originated. CTX with one hundred was the major lender in this category, followed by Wells Fargo and South Trust each with 67, Bank of America 49 and BB&T, 32.

Conventional loan activity ranged from a high of 568 (Bank of America) to a low of two (Citifinancial Mortgage Company and Westminster Mortgage Corporation) Three companies did not originate any Conventional loans.

There were 1317 Refinancing Loans made by these 31 lenders. The largest number (271) was made by Carolina First, followed by Bank of America (241), BB&T 165, Conseco 77, and Greenville Federal Credit Union. The fewest number of loans made in any of the four categories was 277 Home Improvement Loans. Eleven institutions made Home Improvement Loans. The five major lenders were Bank of America (54), BB&T (42), The Bank of Travelers Rest (39), Conseco and Carolina First each 25.

In general, banks initiated loans in at least two categories. The exceptions were Resource One Consumer Discount, Bank One Financial Services, and H&R Block. These three institutions made only Refinance loans—twelve, two and five respectively.

It is expected that the larger banks with branch offices available to a complex of neighborhoods will be positioned to initiate more home loan activity. Bank of America and BB&T each have 19 branches and were in the top five lenders in each category. However there is no consistent correlation between the number of branches and the number of home loans.

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## ***Analysis of Data***

A second step in the analysis of loans made in Greenville County by a random selection of lending institutions was to determine the loan activity by these financial institutions regarding race, ethnicity, gender and income level. As information was incomplete or not available on three of the lenders, they were excluded from this section of analysis. Data is based on information from the following 28 banks.

Investigations covered all four categories of Home Loans—FHA, FSA/RHS, and VA—as well as the race or ethnicity of the borrower—American Indian, Asian-American, Hispanic, African-American, and White. Within each of these classifications, the number of loans made to males, females or jointly to males and females, as well as the income status of the borrower in relation to the median income of the county. When information was incomplete or unavailable, all loans are grouped together.

There are 9409 loans included in this sample. Of these, 594 were FHA, FSA/RHS and VA home loans; 5,522 were conventional home loans; 2,565 were loans for refinancing; and 728 home improvement. Sixteen institutions made no FHA, FSA/RHS or VA loans. Only two lenders made no conventional loans and fifteen no home improvement loans. Each of the twenty-eight lenders made at least one refinance loan.

There were 1,234 loans for which some piece of information was not available. Information was most complete for FHA, FSA/RHS, and VA loans with only 18 of 594 loans (0.03%) lacking full statistics. Of the conventional loans, 678 (12.2%) of 5,522 lacked information. Of Refinance loans 400 of 2,565 (15.9%) had incomplete statistics. Of the 728 Home Improvement loans, statistics for 138 (18.9%) were incomplete.

The following chart while based on all lenders in Greenville County—not the same twenty-eight lenders discussed under race, ethnicity, gender and income—is useful in appreciating the volume of loans and their disposition.

***Chart 9.4: Disposition of Loan by Type***

	ORIGINATED	APPROVED, NOT TAKEN	DENIED	WITHDRAWN	CLOSED INCOMPLETE	TOTAL
FHA, FHS/RHA & VA	990	124	271	149	16	1,550
	64%	8%	17%	10%	1%	
CONVENTIONAL	6,598	888	2,768	685	203	11,142
	59%	8%	25%	6%	2%	
REFINANCE	3,428	1,018	4,130	1,575	472	10,623
	32%	10%	39%	15%	4%	
HOME IMPROVEMENT	691	188	696	95	12	2,682
	41%	11%	41%	6%	1%	

The attached charts indicate the number of loans originated by American Indian, Asian-American, Hispanic, African-American and white consumers.

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**Chart 9.5: Disposition of Loans by Type Made to American Indians (n=15)**

	MALE	FEMALE	JOINT
FHA, FSA/RHS & VA	2	1	0
CONVENTIONAL	2	2	1
REFINANCE	3	0	0
HOME IMPROVEMENT	4	0	0
	11(73%)	3 (20%)	1 (7%)

**Chart 9.6: Disposition of Loans by Type Made to Asian-Americans (n=98)**

	MALE	FEMALE	JOINT
FHA, FSA/RHS & VA	3	0	3
CONVENTIONAL	32	7	33
REFINANCE	2	2	6
HOME IMPROVEMENT	8	1	1
	45 (45.9%)	10 (10.2%)	43 (43.8%)

**Chart 9.7: Disposition of Loans by Type Made to Hispanics (n=173)**

	MALE	FEMALE	JOINT
FHA, FSA/RHS & VA	6	5	13
CONVENTIONAL	45	14	18
REFINANCE	2	5	4
HOME IMPROVEMENT	1	0	0
	54 (47.7%)	24 (21.23)	35 (30.9%)

**Chart 9.8: Disposition of Loans by Type Made to African-Americans (n=622)**

	MALE	FEMALE	Joint
FHA, FSA/RHS & VA	38	43	27
CONVENTIONAL	104	118	71
REFINANCING	52	57	53
HOME IMPROVEMENT	26	20	13
	220 (35.3%)	24 (38.2%)	164 (26.3%)

**Graph 9.9: Disposition of Loans by Whites**

	MALE	FEMALE	JOINT
FHA, FSA/RHS & VA	121	87	165
CONVENTIONAL	1485	979	1932
REFINANCE	513	358	1020
HOME IMPROVEMENT	175	124	115
	2294 (32.4%)	238 (38.2%)	164 (26.3%)

Thus there is great disparity between these subpopulation groups and their ability to obtain home purchase loans, which is a significant impediment to equal opportunity in housing.

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Gender was added to the characteristics that were examined this year. Loans were made to 1,823 women as compared to 2,624 to males. In only one group, African Americans, females received more loans than males. It should be noted however the significant numbers of joint loans recorded, 3,475, is also a reflection of the participation of women in Home Loan activity.

All loans are also reported by income groupings based on the median income. Statistics are kept based on 50% or below the median income, 50-79%, 80-99%, 100-119% or above 120%. Of the 10,163 loans reported by income, 1417 (13.9%) were made to very low income households with 50% or less (very low) of the median income. In the low-income range, 50-79 percent of the median, 2,206 (21.7%) loans were made. Moderate-income families 80-99% of the median received 1466 loans or 10.7% of all home loans. Families with incomes between 100 and 119% of the median and those above 120% received 1097 (10%) and 3600 (35.4%) respectively. Three hundred seventy-seven loans were not recorded by income status.

Also included in this study was the identification of reasons for denial for Home Improvement loans by race, gender and income in the Greenville-Spartanburg-Anderson MSA (appendix). The overwhelming conclusion from these statistics is that the number one reason, irrespective of race, income or gender, is credit history.

The second highest percentage factor was debt to income ratio. These two reasons account for over 75% of all denials, including race, ethnicity, gender or income. This is a very loud and very clear signal that fair housing opportunities will only be increased when all groups have equal opportunity to credit counseling, including an understanding of how a credit record is developed, the principles of money management and an awareness of predatory lending practices.

### ***Identified Home Mortgage Data Act Impediments to Fair Housing***

1. ***Impediment:*** A very low number of low-income families are receiving loans. Out of the 4578 loans originated in 2000 only 231 were originated in extremely low-income areas. When low-income communities are not encouraged by banks to apply for loans, they fall prey to Subprime and Predatory Lenders that entice them with “too good to be true” deals.
2. ***Impediment:*** 40% of Hispanics are denied Refinance Loans. As a result, Predatory Lenders will target Hispanics and get them into more debt by charging astronomically high finance fees (i.e., points, origination fees, finance charges, preparation fees, closing costs, etc.)
3. ***Impediment:*** The lack of education about the importance of good credit scoring is a major impediment. Many minorities and low-income individuals are denied prime loans because their credit score is poor.
4. ***Impediment:*** Because banks do not clearly define the “Other” category under Reasons for Denials, it is difficult to know why a bank denied an applicant.
5. ***Impediment:*** The lack of advertising in minority neighborhoods about the type of prime mortgage loans available is another major impediment. Many minorities

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are not aware of the banking programs that are available and if they are qualified for these programs.

6. **Impediment:** Community leaders are not doing enough to warn minorities and low-income individuals about the effects of Predatory and Subprime Lending. As a result, there are far too many rent to own, check cashing, cash advance, and other “sketchy” lending agencies in low-income minority communities.

### ***Identified Home Mortgage Data Act Recommendations to Overcome Impediments to Fair Housing***

**Objective:** Ensure that all Greenville banks’ advertisements for loan products include people of diverse racial/ethnic makeup.

**Strategy 1:** Banks should use marketing tactics that will attract different minority groups. (i.e., advertising loan possibilities on radio stations that have a large Hispanic and African-American audience).

**Strategy 2:** Advertisements should be in languages other than English where appropriate.

**Strategy 3:** Develop affirmative marketing programs in which builders/developers of the project identify and reach persons who are least likely to apply.

**Strategy 4:** Ensure that banks and developers use African American, Hispanic, or Asian relations firm to create or review affirmative marketing project design and ideas.

**Objective:** Change the way of reporting the “reasons for denial” variable.

**Strategy:** All lenders should be required to report not only the reasons for rejection but also all the financial information on which they based their final decision for both rejected and approved cases.

**Objective:** Encourage regulators to study the impact of credit scoring and automated underwriting on racial inequities in the lending market.

**Strategy:** Researchers should immediately assess the racially disparate impact of credit scoring on minority communities with input from the impacted communities. After investigation, regulators should enforce rules to ensure that credit scoring and automated underwriting do not have a negative impact on inner city neighborhoods and families.