

Memorandum

To: Phil Ashton, Executive Director
From: Andrew Greenlee, Policy Research Analyst
Date: November 5, 2007
Re: Bank of America / LaSalle Bank Merger Underserved Market Analysis

Section 1:
Title block
containing
To, From,
Date, and Re
lines. Clearly
delineated
from text
body

As per your request, I have conducted a preliminary analysis of Bank of America and LaSalle Bank's lending profiles in the city of Chicago. This analysis focuses in particular on each institution's lending patterns and seeks to understand how responsive lending practices have been to the credit needs of underserved communities. This analysis is based off of CCRC's most current HMDA dataset for Chicago, which is from 2005. Considering the significant changes that have happened in the city's housing market between 2005 and present, I urge that we view these numbers only as a starting place as CCRN begins to articulate a policy response to Bank of America's purchase of LaSalle Bank. Due also to CCRC's continued interest in subprime lending practices, I have included with this report benchmarks to compare subprime lending to market rate lending for the four measures of market responsiveness that I use to profile Bank of America and LaSalle Bank.

Section 2:
Brief
Introduction
1. What is the
memo in
response to?
2. How is the
response
formulated?
3. Outcomes
from memo (if
applicable)

Institution Profiles

Merger Background

Plans for the merger of Bank of America and LaSalle bank were finalized on April 23, 2007, with an agreed upon sales price of \$21 Billion. Due to questions over due process for ABM AMRO Shareholders, the completion of the merger was halted until a court in the Netherlands approved the acquisition proceedings on July 13, 2007. The United States Federal Reserve approved the merger on September 14, 2007, and the merger was finalized on October 1, 2007. Financial analysts are viewing the merger primarily as a strategic move for Bank of America to capture a larger share of the Chicago and Midwest banking market, which was LaSalle Bank's primary focus. (More detailed information is available in the market share analysis section).

Analysis Strategy

In order to better understand how Bank of America and LaSalle bank are positioned within the Chicago mortgage finance market, I examine each institution across four indicators: Loan denial rates, bank market share, fair share lending, and important markets.

- **Loan denial rates** broken down by race/ethnicity and loan purpose provide a general picture about each institution's lending activity.

Bullet lists
can be an
effective
means of
summarizing
subcompone
nts of your
writing

- The **bank market share** analysis provides a breakdown of institution market share by census tract measures of income, which can help us understand in general who successfully gets loans from these institutions.
- The **fair share analysis** illustrates whether the institution is making investments in underserved communities that are proportionate to their investments in historically well served communities.
- Finally, the **important market analysis** illustrates which Chicago community areas receive the greatest amount of lending activity from each institution.

Below, I analyze in turn the Chicago lending market as a whole as well as Bank of America and LaSalle Bank in particular across these dimensions.

Institutional Loan Profiles

City of Chicago

In order to understand the lending patterns of Bank of America and LaSalle Bank, it is important to examine the state of banking within the Chicago region. At present, 304 distinct banking institutions do business within the Chicago PMSA (305 if LaSalle bank is considered separately from Bank of America). Of these the top three institutions in terms of deposit market share (Bank of America (\$41.7 BN), JP Morgan Chase (\$40.07 BN), and Harris Bank (\$24.95 BN)) garnered over 40 percent of local deposits (in 2007, total deposits within the PMSA totaled over \$261.96 BN). Prior to the merger, LaSalle Bank was second in terms of deposit market share (\$36 BN), while Bank of America was ranked at number 11 (\$4.73 BN).

In 2005, the most recent year for which data is available, financial institutions received 349,421 applications for home finance within the city of Chicago. Of this total, 149,302 loans representing 42.72% of applications received were successfully underwritten for home purchase (49.63%), home rehabilitation (5.0%) and home refinancing (45.33%). An additional 20.31% of loans were denied outright, with the remaining 36.95% of loans undergoing another action.¹ In terms of prime lenders versus those considered by the Federal government to be subprime lenders, 106,018 prime loans were originated, and another 43,284 subprime loans were originated. (See Appendix 1 Table 4 and 5, Figures 4 and 5). Both prime and subprime lenders tended to be focused equally on home purchase and home refinance loans, with home improvement loans forming a very small proportion of total loans originated. However, home improvement loans were also more likely to be denied by both prime lenders (36.5% of application) and by subprime lenders (37.89%).

¹ Within the HMDA parlance, these actions include approval but no acceptance of application, withdrawal of application, closing of incomplete files, loan purchase by a financial institution, and denial of preapproval request by financial institution. A more detailed analysis will want to examine these alternate categories more closely to look for nuances in loan actions as related to CCRCs goals and mission. See Appendix 1 Table 1 and Figure 1 for more information.

Footnotes can provide relevant information that is too detailed for the main text. Appendix can be used for complete sections of relevant information.

Bank of America

Bank of America National Association is a subsidiary of Bank of America Corporation. With \$1,535,684,280 in assets as of June, 2007, this makes Bank of America Corporation the second largest Bank Holding Corporation in the nation, behind Citigroup, holder of Citibank. At the local level, Bank of America currently has 42 branches which service \$4.7 Billion in local deposits, making Bank of America the 11th in terms of deposit market share in the Chicago region. In terms of loans made in the Chicago region, Bank of America added 2,954 home loans to its Chicago portfolio in 2005, of which the majority (54%) were made for home purchases (5.72% of loans were for home improvement, and the remaining 40.14% of loans were for home refinancing).²

LaSalle Bank

The LaSalle Bank National Corporation, headquartered in Chicago consisted not only of LaSalle Bank National Association, a national bank, but also a series of 60 other holding companies, investment companies, and international real estate cooperatives. The majority of these entities are headquartered in Chicago, with eight subsidiaries being located in other states, Michigan, Kentucky, Delaware, and four subsidiaries located internationally (three in Amsterdam, and one in Hong Kong). As of the LaSalle Bank merger with Bank of America, it is still unclear what the implications will be for organizational restructuring. Within the region, LaSalle Bank has approximately \$36 Billion in local deposits, serviced by 142 branches. In terms of mortgage lending, this translated in 2005 into 5,180 loan originations (of which 49.86% were for home purchase, 9.3% were for home rehab, and 40.8% were for home refinancing).³

Loan Denial Rates

The examination of loan denial rates allows us an important first look at bank lending patterns. Although understanding which loans were approved or denied gives us some idea of bank lending activity, it says very little about the nature of the borrowers who applied for mortgage capital. As such, numbers should be viewed with caution.

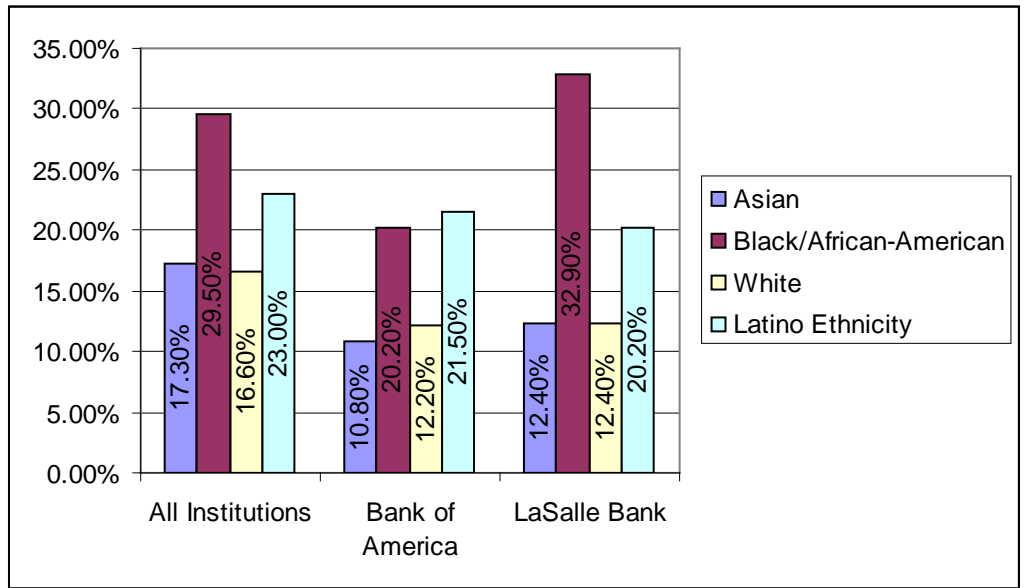
Institutions

Among all home mortgage lending institutions and amongst all loan purposes within the city of Chicago in 2005, 70,980 loan applications were denied (representing 20.31% of all applications). When decomposed by race, some interesting yet predictable phenomena are noted. As illustrated by Figure 1, denial rates range from 16% for White borrowers to 29.5% for black or African American borrowers. These numbers for Bank of America indicate slightly lower loan denial rates across the board, although denial rates for Latinos trend close to the institutional average. Similarly, LaSalle Bank's denial rates reflect closely the institutional averages for the city as a whole.

² See Appendix 1 Table 2 and Figure 2

³ (See Appendix 1 Table 3 and Figure 3)

Figure 1: Loan Denial Rate by Race by Institution



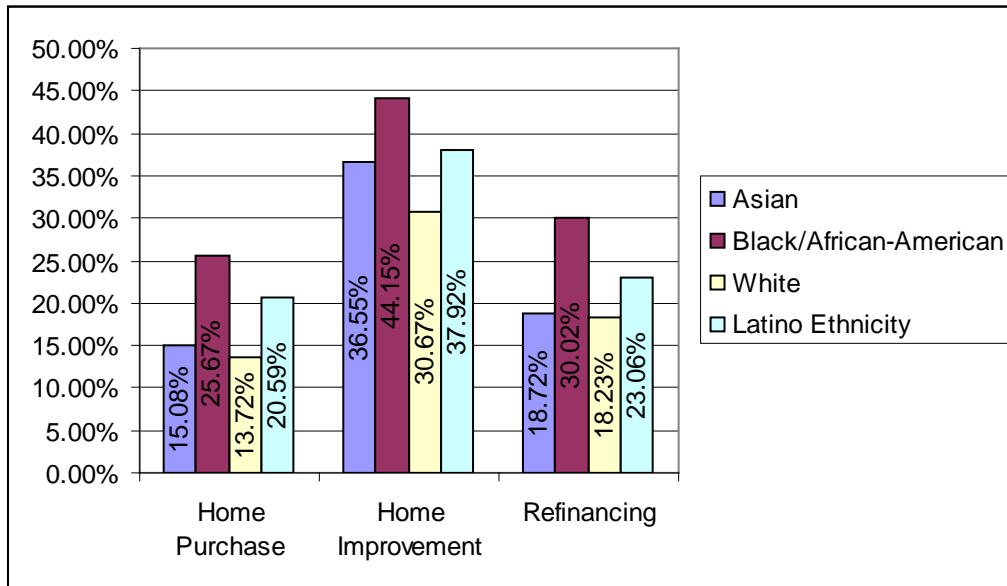
These numbers cannot help us understand whether Bank of America’s denial rates are lower due to well-matched and targeted loan products or to self selection amongst borrowers. Similarly, LaSalle Bank’s numbers provide information that reflects institutional trends within the city, yet we cannot tell why from these data.⁴

Loan Type

When decomposed by loan type, both home purchase and refinancing loans tend to have lower denial rates than home improvement loans. Figure 2 illustrates these trends, showing lower denial rates across the board. Home improvement loans may exhibit higher denial rates due to their relatively small proportion of loans applied for (thereby making these loans more risky due to lack of market information when compared to the other debentures). Again, across the board, patterns indicate similar patterns of loan denial by race, with African Americans being denied most often, followed by Latinos, Asians, and Whites.

⁴ See Appendix 2 Table 6 for more information.

Figure 2: Loan Denial Rate by Selected Race by Loan Type



Again, it is important to recognize that these numbers tell us little about reason for loan denial. A more detailed exploration of HMDA data might help understand the nexus of race and loan denial rates within the city. What these data do help us illustrate is that there is disparity within the quantity of loans being approved based upon race and ethnicity. This holds true both based upon loan type, and when looking at the two target institutions of focus within this report.

In terms of prime versus subprime lending, denial rates tend to be higher across the board for subprime lenders when compared both against all local institutions and in relation to prime lenders. At the same time, it is important to note that denial rates for African American loan applicants holds relatively steady in across all institutions, prime, and subprime lenders. These figures further call for a more detailed analysis to be done to examine not just denials by race, but also in terms of applicant “fitness” for the loans that they are applying for.⁵

Although the implication of the Bank of America and LaSalle Bank merger upon loan denial rates is unclear, 2005 data do indicate that Bank of America has had lower denial rates for the loans that it has received. At the same time, these data reflect the considerably smaller market share of Bank of America prior to the merger. The incorporation of LaSalle Bank’s lending infrastructure will certainly insure that Bank of America will be more exposed to local markets, however, LaSalle Bank’s underwriting information for the Chicago region suggest that loan denial rates could rise given the combination of increased risk via expansion of market presence, and the specificity of underwriting data from LaSalle Bank to help the expanded Bank of America “dial in” its lending products to local markets.

⁵ See Appendix 2 Table 6 and Figure 8 for more information.

Bank Market Share

Bank market share can help us understand lender responsiveness through its illustration of loan holdings in relation to other institutions. As noted previously, the majority of loans held by institutions were for home purchase and refinancing (Table 1). Home improvement loans make up a very small share of all loans made. For the purposes of this analysis, market share has been decomposed by income quartiles in order to gain an understanding of the income distribution of loans made. When examined based upon loan type (Table 1), a fairly consistent pattern emerges in relation to the distribution of loans. Across all three categories, market shares are lower for borrowers taking out loans in lower income tracts. As tract income rises, so does the predominance of bank market share across the board. This phenomenon is consistent until the upper income category where market shares decline. This could perhaps be attributed to less demand for mortgage capital amongst upper income individuals (particularly for activities such as home improvement and home refinancing).

Table 1: Market Share by Income by Loan Purpose for All Institutions

Tract Income	Home Purchase		Home Improvement		Refinancing	
	Count	Market Share (%)	Count	Market Share (%)	Count	Market Share (%)
Low	11,167	15.07%	1,079	14.37%	8,773	12.96%
Middle	18,769	25.33%	2,386	31.78%	20,762	30.68%
Moderate	27,611	37.26%	3,404	45.34%	29,255	43.22%
Upper	16,444	22.19%	634	8.45%	8,821	13.03%
Unknown	121	0.16%	4	0.05%	72	0.11%
Total	74,112	100.00%	7,507	100.00%	67,683	100.00%

When examined by institution, both LaSalle Bank and Bank of America's numbers indicate loan portfolios skewed more towards properties with upper levels of tract income, when compared to all institutions in the city (Table 2). Lending to individuals located in Census tracts with low income tends to be half the rate of all institutions in the city, with rates picking up and exceeding citywide rates for middle and moderate income tracts. These numbers indicate that Bank of America and LaSalle Bank tend to lend to similar clientele, with lending activities being focused around moderate to upper income borrowers.

Table 2: Market Share by Income by Loan Purpose for Selected Institutions

Tract Income	All Institutions		Bank of America		LaSalle Bank	
	Count	Market Share (%)	Count	Market Share (%)	Count	Market Share (%)
Low	21,019	14.08%	217	7.35%	404	7.80%
Middle	41,917	28.08%	917	31.04%	1,628	31.40%
Moderate	60,270	40.37%	874	29.59%	1,733	33.50%
Upper	25,899	17.35%	942	31.89%	1,402	27.10%
Unknown	197	0.13%	4	0.14%	13	0.30%
Total	149,302	100.00%	2,954	100.00%	5,180	100.00%

Table clearly labeled
Headings use plain language
Numbers consistently formatted.

To add further nuance to this market share analysis, I have decomposed market share by prime and subprime lenders (Table 3). As illustrated, subprime lenders tend to be more concerned on the properties located in low and moderate income tracts, while prime lenders tend to focus more heavily on upper and moderate income tracts. It is interesting to notice in both cases the focus on moderate income tracts, while low and (to a certain extent) middle income tracts receive lower market shares. These data tend to corroborate the focus of subprime lenders on lower income borrowers, as opposed to prime lenders. These indicators also corroborate LaSalle Bank’s CRA Performance Evaluation, which rate LaSalle Bank’s performance in underserved communities as “excellent”. Although in comparison to other prime lenders in the city LaSalle Bank falls behind in terms of market share for low tract income loans, it falls in line with investments made by other prime institutions in the area, with a slight focus on the upper end of the market.

Table 3: Market Share by Income by Loan Purpose for Prime versus Subprime

Tract Income	All Institutions		Subprime Lenders		Prime Lenders	
	Count	Market Share (%)	Count	Market Share (%)	Count	Market Share (%)
Low	21,019	14.08%	8,747	20.21%	12,272	11.58%
Middle	41,917	28.08%	10,799	24.95%	31,118	29.35%
Moderate	60,270	40.37%	21,551	49.79%	38,719	36.52%
Upper	25,899	17.35%	2,175	5.02%	23,724	22.38%
Unknown	197	0.13%	12	0.03%	185	0.17%
Total	149,302	100.00%	43,284	100.00%	106,018	100.00%

Market Share data illustrate one potential area around which CCRC may wish to focus. The Bank of America and LaSalle Bank Merger will increase Bank of America’s overall market share within the city, but will not substantially impact the distribution of market share across tract income. At the same time, there is clearly a gap within the quality of loan products available to those individuals in low and moderate income tracts. CCRC should look more closely at which prime institutions exhibit higher rates of investing in these communities, and should seek ways to help guide large institutions such as Bank of America to invest more in these underserved markets.⁶

Fair Share Analysis

An essential tool that we have for understanding the Chicago lending picture is that of fair share lending. Fair share analysis examines categorically whether institutions are making a “fair” proportion of loans within underserved areas. In this case, underserved areas are defined as areas with high minority concentration⁷, and amongst low income tracts⁸. In both cases, these proportions are normalized by an approximation of the

⁶ A note of warning must be made. Although expanding the reach of large institutions making prime loans such as Bank of America into low and moderate income tracts is a good goal, it must be done carefully, as many smaller prime banks have developed very specialized deposit and lending markets within these communities. Encouraging a large bank to develop loan products for these places may threaten niche bank viability which could result in a significant loss in the effective delivery of loan products at a local level.

⁷ The top 25 percent of Census tracts by minority population.

⁸ The bottom 33 percent of tracts by median income.

number of single family housing units (approximated by the number of 1-4 family housing units). This helps control for the varying supply of housing stock based upon minority or income status.

Analysis of fair share lending activity by minority status indicates that overall, lending institutions surpass what should be a fair share of lending in minority tracts. In this case, the ratio of 1:3 or .33 provides the benchmark for measuring fair share. Numbers above .3 indicate surpassing fair share expectations. As illustrated in Table 4, trends indicate that as a whole, fair share expectations are met and surpassed for all three loan purposes. Bank of America meets goals, although barely for home purchase and refinancing loans, and far surpasses them for home improvement loans. LaSalle Bank does not meet fair share numbers for home purchase loans, and meets but barely exceeds these ratios for refinancing and home improvement loans.

Table 4: Fair Share Analysis by Percent Minority

Loan Purpose	Institution		
	All Institutions	Bank of America	LaSalle Bank
Home Purchase	0.7466	0.3497	0.1946
Home Improvement	1.1054	3.3961	0.5418
Refinancing	0.8760	0.3949	0.3825

Fair share lending for the top third of minority tracts also shows progress in comparison to past numbers. In this case, a 1:2 ratio is expected, meaning that .5 provides the benchmark for fair share lending. As a whole, fair share lending numbers are met, although both Bank of America and LaSalle Bank do lag in their refinancing numbers (and home improvement in the case of LaSalle Bank).

Table 5: Fair Share Analysis by Percent Low Income

Loan Purpose	Institution		
	All Institutions	Bank of America	LaSalle Bank
Home Purchase	0.8070	0.5402	0.5013
Home Improvement	0.8242	0.7184	0.4869
Refinancing	0.7291	0.4128	0.3699

When taken within historical context, these numbers reflect a marked improvement from fair share numbers of the past. This indicates that much progress has been made in terms of making sure that lenders make a fair share of loans within particularly sensitive communities. At the same time, meeting or exceeding fair share obligations does not necessarily speak to the quality of the loan products being made within particular communities. As illustrated in Appendix Tables 9 and 10, subprime lenders exceed fair share goals significantly across the board for both minority and low income measures. While the quality of subprime loans may not be bad across the board, there is potential that less than ideal loan products are being targeted toward the borrowers who can least

afford them. Implications for the Bank of America merger suggest again that not too much will change as LaSalle Bank’s loan portfolio is absorbed into Bank of America.

Important Markets

One final means of assessing local market conditions is to examine which communities serve as the most important markets for various financial institutions. As illustrated in Table 6, community areas such as the Near North Side, Lakeview, West Town, and Lincoln Park serve as important markets across the board. The similarity within Bank of America and LaSalle important markets reiterate the similarity of target markets for both institutions. See Appendix 3 Tables 11-14 for more detailed tables. In all cases, trends indicate that Bank of America and LaSalle bank tend to focus their lending on the same markets. These markets also tend to be very crucial for other institutions in the city, although this varies. Home purchase loans (Appendix 3 Table 11) tend to be focused on upper income and rapidly reinvesting community areas (e.g. Near North Side, Lakeview, Lincoln Park, Near West Side). Similar characteristics are noted for refinance loans (Appendix 3 Table 13), with marked differences being noted for home improvement loans (Appendix 3 Table 12). Home improvement loan activity tends to be distributed between both stable upper income community areas and gentrifying community areas. The largest differences, however, are noted when comparing prime versus subprime important markets (Appendix 3 Table 14). Prime loans tend to be made to stable middle and upper income areas, with a few exceptions, while subprime important markets tend to be concentrated in historically disinvested community areas such as Austin, Belmont Cragin, and West Englewood.

Market share indicators further reinforce the trends noted in previous portions of this analysis. The Bank of America merger will likely do little on its own to shift the current lending profile of Bank of America, which tends to focus its products on upper income and gentrifying communities, with particular focus on home purchase and home refinance lending.

Table 6: Important Markets for Selected Institutions

A series of three maps could have been a complimentary way of displaying information in Table 6

All Institutions			Bank of America			LaSalle Bank		
Community Area	N	Percent	Community Area	N	Percent	Community Area	N	Percent
Near North Side	7,989	5.35%	Near North Side	319	10.80%	Lakeview	367	7.08%
Lakeview	6,000	4.02%	Lakeview	232	7.85%	Near North Side	351	6.78%
Austin	5,770	3.86%	West Town	188	6.36%	West Town	335	6.47%
West Town	5,280	3.54%	Lincoln Park	182	6.16%	Lincoln Park	256	4.94%
Belmont Cragin	4,067	2.72%	Near West Side	110	3.72%	Near West Side	227	4.38%
Lincoln Park	3,921	2.63%	Logan Square	98	3.32%	Uptown	189	3.65%
Logan Square	3,798	2.54%	Edgewater	89	3.01%	Portage Park	171	3.30%
Chicago Lawn	3,724	2.49%	Loop	88	2.98%	West Ridge	168	3.24%
Near West Side	3,677	2.46%	Near South Side	78	2.64%	Edgewater	162	3.13%
Ashburn	3,555	2.38%	Uptown	76	2.57%	Logan Square	161	3.11%
Other Areas	101,521	68.00%	Other Areas	1,494	50.58%	Other Areas	2,793	53.92%
Total	149,302	100.00%	Total	2,954	100.00%	Total	5,180	100.00%

Analysis

Lay out the bottom line / takeaway clearly and concisely.

These data indicate that CCRC can expect the merger of Bank of America with LaSalle bank to have little overall effect on increasing access to capital for historically underserved populations. The addition of LaSalle Bank's deposit and loan bases will help diversify Bank of America's holdings some, however, 2005 HMDA lending profiles show that the two institutions exhibit very similar lending portfolios focused predominantly on upper income borrowers. However, as we continue to see subprime lending institutions continue to fold, large institutions such as Bank of America may strategically be able to fill the gap formerly occupied by subprime lenders. Given Bank of America's size and loan volume, rating risky loan applications should be facilitated. At the same time, this role of market completion has historically been filled by small local banks within Chicago, and this may prove to be the case again.

In addition to a general analysis of the Chicago lending market and the potential caveats of subprime lending, this analysis has looked at the potential ramifications of the LaSalle Bank and Bank of America merger. Although at points, LaSalle Bank's HMDA numbers do not look ideal (as in the Fair Share section) it is important to realize that their performance far surpasses that of many other local lenders. This was recognized in LaSalle Bank's last CRA examination in 2002, in which the institution was upgraded in overall ranking from "satisfactory" to "outstanding" in terms of its meeting of CRA obligations. LaSalle Bank's strong community development lending portfolio and outreach into historically underserved communities were cited to this effect. In addition, LaSalle Bank's community service work was also cited. Although my analysis has confirmed these efforts, it is clear that more can be done reasonably, particularly given the current institutional changes brought on by problems with the subprime sector.

Given this information, CCRC must work to identify strategies for monitoring the institutional practices of Bank of America now that the merger is legally complete. HMDA data for 2007 may provide our first comprehensive portrait as to the impacts of this merger on accessibility to capital as well as the overall impacts of subprime lending. In the interim, CCRC must continue to examine in particular the actions of Bank of America's community development wing in order to understand their institutional approach to extending capital into underserved areas. This monitoring should help CCRC effectively advocate for institutional lending practices that reflect and expand upon the positive work done by LaSalle Bank to be a fair and responsive lender within the community.

Appendix

- Appendix 1: Loan Profiles
- Appendix 2: Loan Denial Rates
- Appendix 3: Fair Share Analysis

Appendix 1: Loan Profiles

Table 1: Loan Action Taken For All Institutions

Loan Purpose	Loan Originated		Application Denied		Other Action		Total Applications	
	N	Percent	N	Percent	N	Percent	N	Percent
Home Purchase	74,112	47.60%	24,221	15.60%	57,280	36.81%	155,613	100.00%
Home Improvement	7,507	38.10%	7,239	36.70%	4,956	25.15%	19,702	100.00%
Refinancing	67,683	38.90%	39,520	22.70%	66,903	38.43%	174,106	100.00%
TOTAL	149,302	42.72%	70,980	20.31%	129,139	36.95%	349,421	100.00%

Figure 1: Loan Application Actions for All Institutions

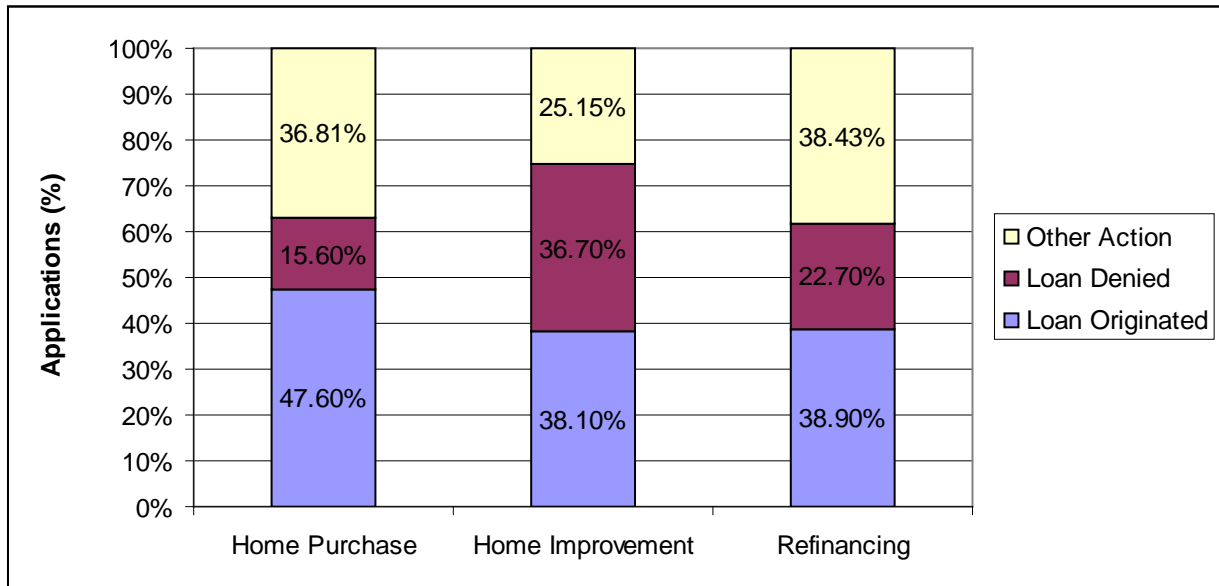


Table 2: Loan Action Taken for Bank of America

Loan Purpose	Loan Originated		Application Denied		Other Action		Total Applications	
	N	Percent	N	Percent	N	Percent	N	Percent
Home Purchase	1,599	60.20%	241	9.10%	814	30.67%	2,654	100.00%
Home Improvement	169	63.10%	74	27.60%	25	9.32%	268	100.00%
Refinancing	1,186	53.20%	223	10.00%	822	36.84%	2,231	100.00%
TOTAL	2,954	57.32%	538	10.44%	1,661	32.23%	5,153	100.00%

The Appendix is a great place to put detailed technical documentation and supplementary tables from your analysis.

Figure 2: Loan Application Actions for Bank of America

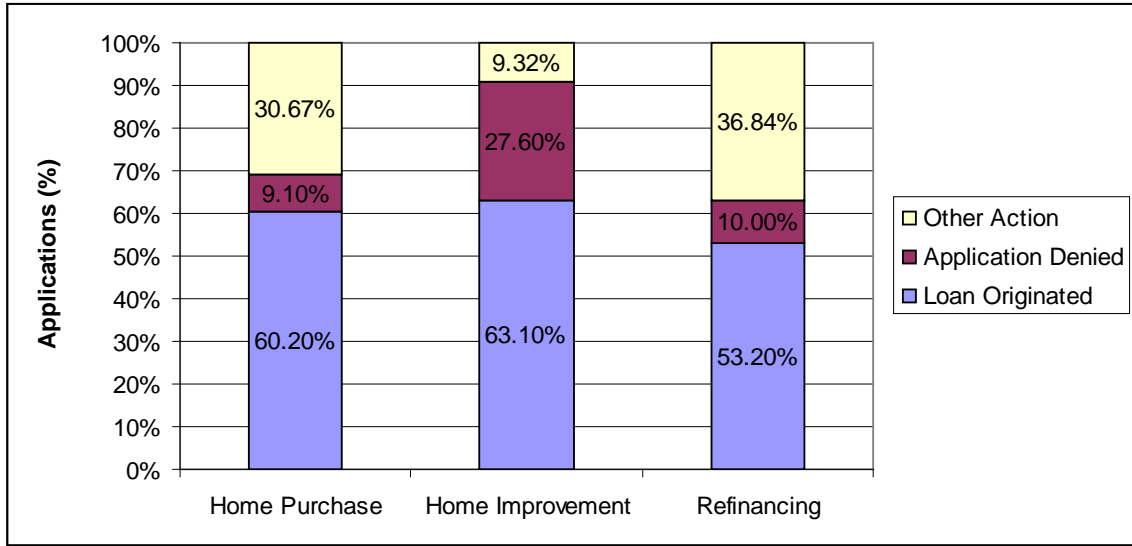


Table 3: Loan Action Taken for LaSalle Bank

Loan Purpose	Loan Originated		Application Denied		Other Action		Total Applications	
	N	Percent	N	Percent	N	Percent	N	Percent
Home Purchase	2,583	58.10%	257	5.80%	1,605	36.10%	4,445	100.00%
Home Improvement	482	43.90%	444	40.40%	173	15.74%	1,099	100.00%
Refinancing	2,115	54.40%	652	16.80%	1,123	28.80%	3,890	100.00%
TOTAL	5,180	54.91%	1,353	14.34%	2,901	30.75%	9,434	100.00%

Figure 3: Loan Application Actions for LaSalle Bank

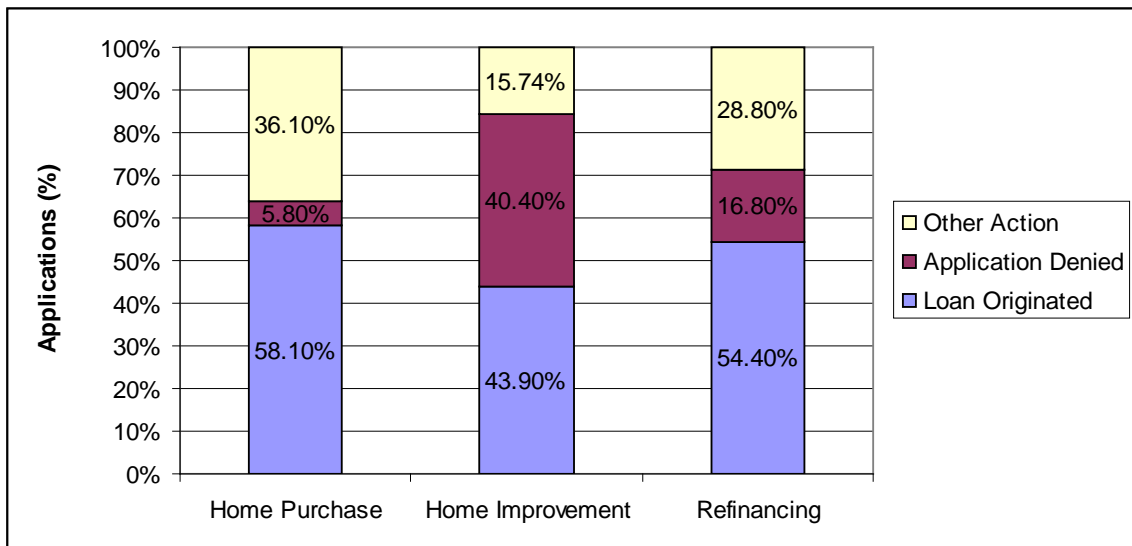


Table 4: Loan Action Taken for Prime Lenders

Loan Purpose	Loan Originated		Application Denied		Other Action		Total Applications	
	N	Percent	N	Percent	N	Percent	N	Percent
Home Purchase	52,126	49.86%	12,060	11.54%	40,354	38.60%	104,540	100.00%
Home Improvement	6,391	39.27%	5,940	36.50%	3,943	24.23%	16,274	100.00%
Refinancing	47,501	43.93%	18,990	17.56%	41,646	38.51%	108,137	100.00%
TOTAL	106,018	46.31%	36,990	16.16%	85,943	37.54%	228,951	100.00%

Figure 4: Loan Application Actions for Prime Lenders

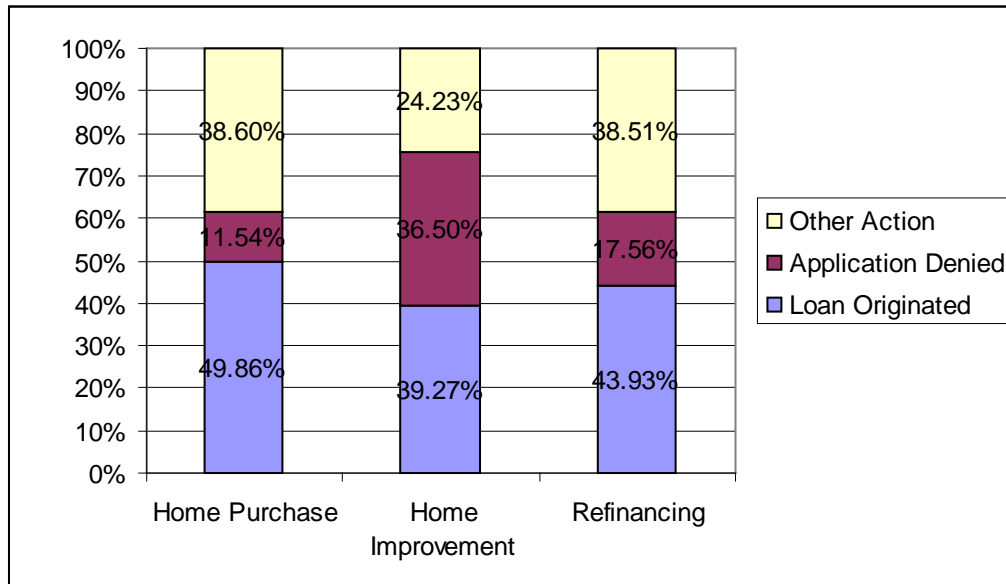
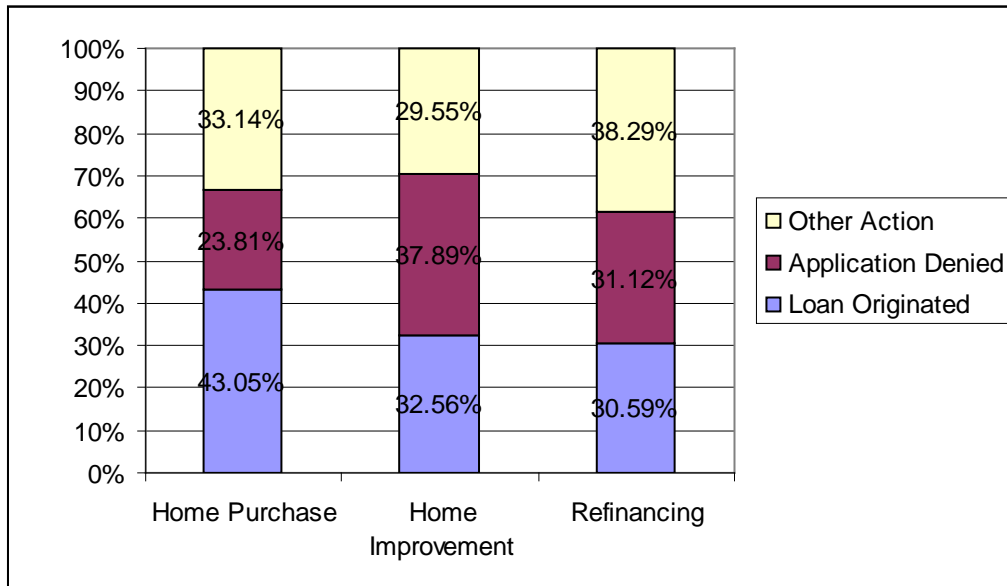


Table 5: Loan Action Taken for Subprime Lenders

Loan Purpose	Loan Originated		Application Denied		Other Action		Total Applications	
	N	Percent	N	Percent	N	Percent	N	Percent
Home Purchase	21,986	43.05%	12,161	23.81%	16,926	33.14%	51,073	100.00%
Home Improvement	1,116	32.56%	1,299	37.89%	1,013	29.55%	3,428	100.00%
Refinancing	20,182	30.59%	20,530	31.12%	25,257	38.29%	65,969	100.00%
TOTAL	43,284	35.93%	33,990	28.21%	43,196	35.86%	120,470	100.00%

Figure 5: Loan Application Actions for Subprime Lenders



Appendix 2: Loan Denial Rates

Table 6: Loan Denial Rate by Race by Institution

Race or Ethnicity	All Institutions		Bank of America		LaSalle Bank	
	Count	Rate	Count	Rate	Count	Rate
Asian	2128	17.30%	32	10.80%	56	12.40%
Black/African-American	27032	29.50%	114	20.20%	351	32.90%
White	27513	16.60%	350	12.20%	688	12.40%
Latino Ethnicity	32934	23.00%	112	21.50%	314	20.20%

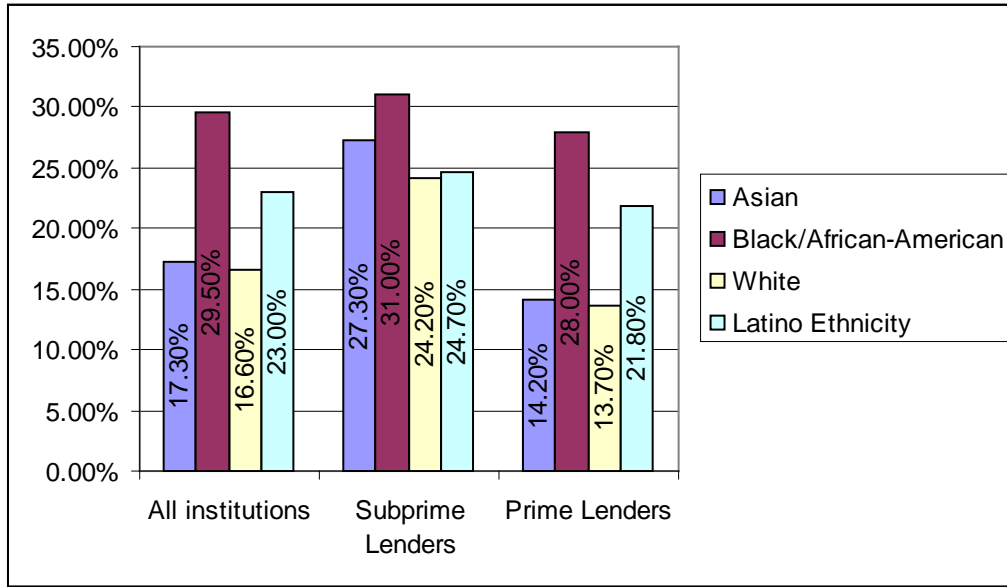
Table 7: Loan Denial Rate by Race by Loan Type

Race or Ethnicity	Home Purchase		Home Improvement		Refinancing	
	Count	Rate	Count	Rate	Count	Rate
Asian	1,101	15.08%	174	36.55%	853	18.72%
Black/African-American	9,014	25.67%	3,157	44.15%	14,861	30.02%
White	11,344	13.72%	2,469	30.67%	13,700	18.23%
Latino Ethnicity	6,128	20.59%	1,746	37.92%	7,785	23.06%

Table 8: Loan Denial Rate by Race by Prime vs. Subprime

Race or Ethnicity	All Institutions		Subprime Lenders		Prime Lenders	
	Count	Rate	Count	Rate	Count	Rate
Asian	2128	17.30%	789	27.30%	1339	14.20%
Black/African-American	27032	29.50%	13802	31.00%	13230	28.00%
White	27513	16.60%	10931	24.20%	16582	13.70%
Latino Ethnicity	32934	23.00%	6834	24.70%	8825	21.80%

Figure 6: Loan Denial Rate by Race by Prime vs. Subprime



Appendix 3: Fair Share Analysis

Table 9: Fair Share Analysis for Minority Tracts, Prime Versus Subprime

Loan Purpose	Institution		
	All Institutions	Subprime	Prime
Home Purchase	0.7466	1.7393	0.6753
Home Improvement	1.1054	1.5631	1.2837
Refinancing	0.8760	1.8138	0.8066

Table 10: Fair Share Analysis for Low Income Tracts, Prime Versus Subprime

Loan Purpose	Institution		
	All Institutions	Subprime	Prime
Home Purchase	0.8070	1.5160	0.7428
Home Improvement	0.8242	1.1800	0.9036
Refinancing	0.7291	1.1530	0.6854

Appendix 4: Important Market Analysis

Table 11: Important Markets by Institution for Home Purchase Loans

All Institutions			Bank of America			LaSalle Bank		
Community Area	N	Percent	Community Area	N	Percent	Community Area	N	Percent
Near North Side	5554	7.49%	Near North Side	215	13.45%	Lakeview	244	9.45%
Lakeview	3964	5.35%	Lakeview	146	9.13%	West Town	230	8.90%
West Town	3211	4.33%	Lincoln Park	119	7.44%	Near North Side	219	8.48%
Lincoln Park	2533	3.42%	West Town	114	7.13%	Lincoln Park	167	6.47%
Near West Side	2383	3.22%	Near West Side	72	4.50%	Near West Side	158	6.12%
Austin	2143	2.89%	Loop	61	3.81%	Uptown	129	4.99%
Logan Square	1983	2.68%	Logan Square	59	3.69%	Edgewater	108	4.18%
Loop	1881	2.54%	Edgewater	57	3.56%	Logan Square	108	4.18%
Uptown	1856	2.50%	Near South Side	54	3.38%	Loop	97	3.76%
Rogers Park	1727	2.33%	Rogers Park	51	3.19%	North Center	91	3.52%
Other Areas	46877	63.25%	Other Areas	651	40.71%	Other Areas	1032	39.95%
Total	74112	100.00%	Total	1599	100.00%	Total	2583	100.00%

Table 12: Important Markets by Institution for Home Improvement Loans

All Institutions			Bank of America			LaSalle Bank		
Community Area	N	Percent	Community Area	N	Percent	Community Area	N	Percent
Austin	395	5.26%	Near North Side	10	5.92%	Belmont Cragin	42	8.71%
Ashburn	242	3.22%	Belmont Cragin	9	5.33%	Portage Park	33	6.85%
Belmont Cragin	235	3.13%	Lakeview	8	4.73%	Dunning	24	4.98%
Chicago Lawn	231	3.08%	Lincoln Park	7	4.14%	Gage Park	18	3.73%
Portage Park	217	2.89%	West Ridge	7	4.14%	Norwood Park	16	3.32%
Roseland	209	2.78%	Austin	7	4.14%	Logan Square	14	2.90%
Auburn Gresham	203	2.70%	New City	6	3.55%	Irving Park	13	2.70%
Humboldt Park	167	2.22%	Uptown	5	2.96%	Austin	13	2.70%
South Shore	167	2.22%	Norwood Park	5	2.96%	Forest Glen	13	2.70%
Logan Square	156	2.08%	Garfield Ridge	5	2.96%	Clearing	13	2.70%
Other Areas	5,285	70.40%	Other Areas	100	59.17%	Other Areas	283	58.71%
Total	7,507	100.00%	Total	169	100.00%	Total	482	100.00%

Table 13: Important Markets by Institution for Home Refinancing Loans

All Institutions			Bank of America			LaSalle Bank		
Community Area	N	Percent	Community Area	N	Percent	Community Area	N	Percent
Austin	3,232	4.78%	Near North Side	94	7.93%	Near North Side	123	5.82%
Near North Side	2,303	3.40%	Lakeview	78	6.58%	Lakeview	111	5.25%
Belmont Cragin	2,266	3.35%	West Town	70	5.90%	Portage Park	107	5.06%
Ashburn	2,005	2.96%	Lincoln Park	56	4.72%	West Town	100	4.73%
West Town	1,943	2.87%	Norwood Park	45	3.79%	Lincoln Park	82	3.88%
Chicago Lawn	1,915	2.83%	Logan Square	36	3.04%	West Ridge	81	3.83%
Lakeview	1,915	2.83%	Near West Side	35	2.95%	Belmont Cragin	69	3.26%
Portage Park	1,748	2.58%	Dunning	32	2.70%	Irving Park	66	3.12%
Logan Square	1,659	2.45%	Edgewater	31	2.61%	Near West Side	66	3.12%
Humboldt Park	1,640	2.42%	West Ridge	28	2.36%	Norwood Park	64	3.03%
Other Areas	47,057	69.53%	Other Areas	681	57.42%	Other Areas	1,246	58.91%
Total	67,683	100.00%	Total	1,186	100.00%	Total	2,115	100.00%

Table 14: Important Markets by Prime versus Subprime Lender

All Institutions			Subprime Institutions			Prime Institutions		
Community Area	N	Percent	Community Area	N	Percent	Community Area	N	Percent
Near North Side	7,989	5.35%	Austin	2,850	6.58%	Near North Side	7,335	6.92%
Lakeview	6,000	4.02%	Chicago Lawn	1,832	4.23%	Lakeview	5,630	5.31%
Austin	5,770	3.86%	Belmont Cragin	1,659	3.83%	West Town	4,614	4.35%
West Town	5,280	3.54%	West Englewood	1,540	3.56%	Lincoln Park	3,735	3.52%
Belmont Cragin	4,067	2.72%	Ashburn	1,513	3.50%	Near West Side	3,229	3.05%
Lincoln Park	3,921	2.63%	Humboldt Park	1,488	3.44%	Logan Square	3,063	2.89%
Logan Square	3,798	2.54%	Roseland	1,380	3.19%	Austin	2,920	2.75%
Chicago Lawn	3,724	2.49%	Auburn Gresham	1,234	2.85%	Uptown	2,589	2.44%
Near West Side	3,677	2.46%	West Pullman	1,132	2.62%	West Ridge	2,556	2.41%
Ashburn	3,555	2.38%	New City	1,042	2.41%	Portage Park	2,486	2.34%
Other Areas	101,521	68.00%	Other Areas	27,614	63.80%	Other Areas	67,861	64.01%
Total	149,302	100.00%	Total	43,284	100.00%	Total	106,018	100.00%