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Borrowing Trouble? IV

Subprime Mortgage Refinance Lending

in Greater Boston, 2000 – 2002

BY

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FEBRUARY 2004

A REPORT PREPARED FOR

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MASSACHUSETTS COMMUNITY & BANKING COUNCIL

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Acknowledgements

Preparation of this report was supported by a grant from the Massachusetts Community & Banking Council [MCBC] to the Mauricio Gastón Institute for Latino Community Development and Public Policy at the University of Massachusetts/Boston. An advisory board, consisting of six members of MCBC's Mortgage Lending Committee – Tom Callahan of the Massachusetts Affordable Housing Alliance, Chris Leonard of ACORN, Norma Moseley of ESAC (Ensuring Stability through Action in Our Community), Esther Schlorholtz of Boston Private Bank & Trust Company, Richard Thompson of Hyde Park Savings Bank, and Heather Hennessey Whelehan of the Massachusetts Housing Partnership Fund – plus MCBC manager Kathleen Tullberg, oversaw preparation of the report and reviewed the final draft. Very helpful assistance with 2000 Census data was provided by Rolf Goetze of the Boston Redevelopment Authority and Roy Williams of the Massachusetts Institute for Social and Economic Research. Eileen Callahan of Eileen Callahan Design prepared the cover and title pages as well as the PDF file for the on-line version of the report. In spite of helpful comments and suggestions received, the ideas and conclusions in this report are the responsibility of the author, and should not be attributed to any of the officers or board members of either the Gastón Institute or the MCBC.

MCBC is grateful for the assistance of Boston Federal, Boston Private Bank & Trust Company, Citizens Bank, Eastern Bank, Hyde Park Savings Bank, and Sovereign Bank for their help in the distribution of this report. MCBC depends on the financial support of its bank members to produce reports like *Borrowing Trouble?*, and thanks the following banks for their 2003 membership:

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INTRODUCTION

Three years ago, in response to numerous reports of the growth of predatory lending, both locally and nationwide, the Massachusetts Community & Banking Council (MCBC) – whose Board of Directors has an equal number of bank and community representatives – commissioned a study of subprime refinance lending in the city of Boston and surrounding communities. The resulting report, *Borrowing Trouble? Subprime Mortgage Lending in Greater Boston, 1999*, was the first detailed look at subprime lending in the city of Boston and in twenty-seven surrounding communities. The present report is the fourth in the annual series begun by that initial study; it extends the time period covered through 2002, and expands the number of individual cities and towns for which data on subprime refinance lending are provided to 108.

Although motivated by a concern with *predatory* lending, this study and its predecessors – like all of the other quantitative studies of which I am aware – analyzes and reports on lending by *subprime* lenders. It is therefore important to emphasize that *although all predatory loans are subprime, only a fraction of subprime loans are predatory*. While predatory loans are by their nature abusive and harmful to borrowers, responsible subprime lending can provide a useful service. Subprime lenders can do this by making credit available to borrowers who might not otherwise be able to obtain it, at a somewhat higher cost that bears a reasonable relationship to the increased expenses and risks borne by the lender. Nevertheless, the existence of high levels of subprime lending in certain types of neighborhoods or among certain groups of borrowers indicates that these neighborhoods or borrowers are more likely to be targeted by predatory lenders and more vulnerable to being exploited by them.

While acknowledging this very important distinction, the present study attempts to shed light on the problem of predatory lending – an unknown portion of total subprime lending – by examining data on lending by subprime lenders. The reason is very simple: systematic data on predatory lending are not available, but data on lending by subprime lenders are.

The tables and charts in this report are based on the Home Mortgage Disclosure Act (HMDA) data released annually by the federal government. Almost all lenders who make substantial numbers of mortgage loans are required to submit information about each loan application received, including the income, race/ethnicity, and sex of the applicant; the location of the property; whether the loan is for home purchase, refinance, or home improvement; and whether the application was approved or denied. However, HMDA data do not include any of the information about interest rate, fees, loan terms, or applicant credit record that could make it possible to identify any particular loan as subprime.¹

While data about subprime loans are not available, it is possible to obtain information about lending by subprime lenders. Each year the U.S. Department of Housing and Urban Development (HUD), using a variety of sources, prepares a list of HMDA-reporting lenders for whom subprime loans make up at least a majority of total lending. These are the *subprime lenders* referred to in this report. To facilitate comparisons, all other lenders are referred to as *prime lenders*.

It is important to recognize that the HMDA-reported loans by these *subprime lenders* are only an approximation to the number of *subprime loans* that were made. One important reason for this is that some of the loans made by subprime lenders are prime loans, and some of the loans made by prime lenders are subprime loans – although there is no good basis for estimating how many loans there are in either of these categories.²

¹ See Section IV, below, for information on additional information that will be included in HMDA data for future years that will for the first time allow some – but not all – subprime loans to be identified.

² It is also important to note that many of those who receive subprime loans, whether from prime or subprime lenders, are not *subprime borrowers*. That is, they are borrowers whose credit histories and other risk characteristics would have made them

Patterns of refinance lending by subprime lenders are analyzed in this report both in terms of the income level and race/ethnicity of the *borrowers* who received the loans (as reported in the HMDA data) and in terms of the income level and percentage of minority households in the *neighborhoods* where the loans were made (as reported in the 2000 U.S. Census). The “Notes on Data and Methods” at the end of this report provide considerable detail on technical matters.

This study is a companion to *Changing Patterns X: Mortgage Lending to Traditionally Underserved Borrowers & Neighborhoods in Greater Boston, 1990-2002*, the most recent in a series of annual reports on mortgage lending in Boston prepared for MCBC by the present author. The *Changing Patterns* series was motivated primarily by a concern for expanding home ownership and was therefore restricted to analysis of *home-purchase lending*. However, the “prey” for predatory lenders are sought and found primarily among homeowners who have accumulated substantial equity in their homes. Thus, the present study examines *refinance lending* – loans that refinance existing mortgages.³

The goal of this study is to provide interested parties – community groups, consumer advocates, banks, other lenders, regulators, and policy-makers – with information on the extent of subprime mortgage refinance lending in Greater Boston, on the distribution of this lending among different types of borrowers and neighborhoods, and on the identity of the lenders making these loans. By presenting a careful, fair, and accurate *description* of what has happened, this report, like those in the *Changing Patterns* series, seeks to contribute to improving the performance of mortgage lenders in meeting the needs of traditionally underserved borrowers and neighborhoods. The report does not offer either an *explanation* of why the observed trends have occurred or an *evaluation* of how well lenders have performed. Rather, its descriptive contribution is intended to be one important input into the complex, on-going tasks of explanation and evaluation.

The text that follows summarizes the most significant findings that emerge from an analysis of the tables and charts that constitute the bulk of this report:

- Section I reports on subprime refinance lending patterns within the city of Boston, drawing on Tables 1-10 and their associated charts. The analysis looks at: the growth of subprime lending; lending to borrowers grouped by race/ethnicity and by income; lending in census tracts grouped by income level and by percentage of minority households;⁴ lending in the city’s major neighborhoods; and lending by the largest subprime lenders.
- Section II reports on subprime refinance lending patterns in the Metropolitan Area Planning Council (MAPC) Region, an area consisting of the city of Boston plus 100 surrounding communities. (See map preceding Table 11; the introduction to Section II provides more information on this region.) This section draws on Tables 11-18 and their associated charts.
- Section III reports on subprime refinance lending in 108 individual cities and towns – the 101 included in the MAPC Region, plus the seven other communities in Massachusetts with more

eligible for prime loans, but who in fact received the higher interest rates, greater fees, and/or other less favorable terms that characterize subprime loans. Reported estimates by Fannie Mae and Freddie Mac are that a third or more of those who received subprime mortgage loans were in fact qualified to have received prime loans instead.

³ *Changing Patterns X* reports that subprime lenders made 600 home-purchase loans in the city of Boston in 2002, or 7.6% of all home-purchase loans in the city. This number is less than one-third of the 2,065 subprime refinance loans made in the city during 2002, as reported below in Table 1. *Changing Patterns X* was released in January 2004. Both that report and this one are available in the “Reports” section of the MCBC website: www.masscommunityandbanking.org.

⁴ This report follows the common practice of using the term “minority” to refer to all persons other than non-Latino whites, even though “minorities” constitute the majority in some geographical areas. See “Notes on Data and Methods” for additional details.

than 60,000 residents. The tables in this section also provide data on subprime lending in the MAPC Region as a whole and in three larger areas: the Boston Metropolitan Statistical Area (MSA) which has 127 cities and towns; the newly-defined Boston-Cambridge-Quincy New England Metropolitan City and Town Area (Boston NECTA) which has 155 cities and towns; and the entire state (351 cities and towns).

- Section IV offers concluding comments, including descriptions of two bills currently pending before that state legislature that are supported by the MCBC.

I. SUBPRIME MORTGAGE REFINANCE LENDING IN THE CITY OF BOSTON

The data presented in Tables 1 - 10 and their associated charts provide an overview of subprime mortgage refinance lending in the city of Boston. They indicate that the number of loans by subprime lenders, both overall and to every category of borrower and neighborhood, rose substantially in 2002.⁵ They also indicate that loans by subprime lenders continue to make up a disproportionately large share of total refinance loans to black, Latino, and lower-income borrowers and to neighborhoods with low incomes and high percentages of minority residents. Although Tables 2-7 provide data for 2002 only, Charts 2-7 show trends over the 1999-2002 period and Table 8 provides annual data for this four-year period for all of the major variables in the earlier tables.⁶ More specific findings on subprime lending in Boston include the following:

- **Subprime refinance lending in Boston increased 24.8% in 2002, growing to 2,065 loans from 1,654 loans in the previous year. The number of loans by subprime lenders was almost fifteen times greater in 2002 than it was eight years earlier.** However, subprime lenders' share of total refinance lending in the city fell slightly, from 10.4% in 2001 to 9.8% in 2002, as the number of prime refinance loans grew even more rapidly in response to record-low interest rates. (See Table 1 and Chart 1.)
- Subprime lenders made disproportionately large shares of the refinance loans to black and Latino borrowers in Boston. **In 2002, subprime lenders made over one-quarter (27.7%) of all refinance loans to blacks and over one-sixth (17.2%) of the loans to Latinos, compared to just 5.1% of the loans to whites. Expressed differently, the subprime loan share for blacks was 5.4 times greater than the subprime loan share for whites, while the corresponding Latino/white disparity ratio was 3.4.** Subprime lenders accounted for 5.7% of refinance loans to Asian borrowers, for a disparity ratio of 1.1. (Table 2 and Chart 2)
- Borrowers at lower income levels were more likely to receive subprime loans. **For low-income borrowers, 15.6% of all refinance loans were from subprime lenders, compared to 14.0% of loans to moderate-income borrowers, 11.8% of loans to middle-income borrowers, and 6.5% of loans to upper-income borrowers.** Following standard practice in mortgage lending studies, these income categories are defined in relationship to the median family income (MFI) in the Boston metropolitan statistical area (MSA) – which was \$74,200 in 2002. Less than 50% of the MFI of the MSA is “low-income”; between 50% and 80% is “moderate-income”; between 80% and 120% is “middle-income”; and over 120% is “upper-income.” (Table 3 and Chart 3)

⁵ One exception: the number of loans in upper income neighborhoods remained constant at 55 (see Table 8, Panel D).

⁶ One exception: Chart 4 covers only 2001 and Table 8 does not provide historical information on the variables in Table 4.

- The disproportionately high shares of subprime loans among all loans to black and Latino borrowers cannot be explained simply by the fact that they have, on average, lower incomes than white borrowers. When borrowers are grouped by both race/ethnicity and income level, subprime loan shares for blacks ranged from 30.9% (low-income) to 27.7% (upper-income), while subprime loan shares for Latinos ranged from 11.4% (low-income) to 22.9% (upper-income), and subprime loan shares for whites ranged from 9.3% (low-income) to 3.6% (upper-income). **The 27.7% subprime loan share for upper-income blacks was 7.7 times greater than the 3.6% subprime loan share for upper-income whites and, even more striking, it was three times greater than the 9.3% subprime loan share of low-income whites .** (Table 4 and Chart 4)
- When attention is turned from the person receiving the loan to the neighborhood in which the home is located, analogous patterns emerge. The share of all refinance loans from subprime lenders was 28.0% in census tracts with more than 75% minority households, compared to just 3.8% in census tracts where more than 75% of the households were white. That is, **subprime lenders' share of total refinance lending was 7.3 times higher in predominantly minority neighborhoods than in predominantly white neighborhoods.** (Table 5 and Chart 5)
- As the income level of census tracts decreases, the share of all refinance loans made by subprime lenders increases. **The share of loans from subprime lenders was 9.7 times greater in low-income census tracts than it was in upper-income census tracts (17.0% vs. 1.8%). The share in moderate-income census tracts (14.3%) was 8.1 times greater than that in the upper-income tracts.** (Table 6 and Chart 6)
- **The share of all refinance loans that were made by subprime lenders varied dramatically among Boston's major neighborhoods. The 28.7% subprime loan shares in Mattapan and Roxbury (Boston's most highly-minority neighborhoods) were almost seventeen times greater than 1.7% subprime share in Back Bay/Beacon Hill (the city's whitest neighborhood).** Neighborhoods with higher subprime shares tended to have higher percentages of minority residents and lower income levels. This correlation is clearest in the case of race/ethnicity: the four neighborhoods with the highest percentages of minority residents— Roxbury, Mattapan, Dorchester, and Hyde Park – also had the four highest subprime shares, ranging from 15.5% to 28.7%; meanwhile, the four neighborhoods with fewer than 25% minority residents – Back Bay/Beacon Hill, South Boston, West Roxbury, and Charlestown – all had subprime shares between 1.7% and 5.1%. The South End offers an exception to the pattern noted here: although over half of its residents are minorities and it has the lowest income of any neighborhood in the city, subprime lenders accounted for only 2.5% of all refinance loans in this neighborhood.⁷ (Table 7 and Chart 7)
- Who are the subprime lenders? Table 9 presents information on each of the 20 subprime lenders that made 25 or more refinance loans in Boston in 2002, including the four who made more than 100 loans: Ameriquest Mortgage Co., Option One Mortgage Corp. (a subsidiary of H&R Block), New Century Mortgage Corp., and Greenpoint Mortgage Funding (a subsidiary of Greenpoint Bank [New York]). **None of the top 20 subprime lenders were affiliated with a Massachusetts-based bank or based in Massachusetts, and none were subject to regulatory oversight of their**

⁷ It would have been interesting to classify *census tracts* simultaneously by both income level and percentage of minority households in order to see if the patterns resembled those found when *borrowers* were classified simultaneously by both race/ethnicity and income level (Table 4 and Chart 4). In particular, it would have been very interesting to compare the subprime share of all refinance loans in predominantly minority upper-income tracts to the subprime share in predominantly white lower-income tracts. However, it is impossible to make this comparison because *all* of the 65 census tracts in Boston with more than 50% minority households are either low-income or moderate-income tracts – that is, *none* of these tracts are either middle-income or upper-income. (On the other hand, 43 of the 56 census tracts with more than 75% white households are either middle-income or upper-income tracts.)

Boston-area lending under the federal or state Community Reinvestment Act. For purposes of comparison, Table 9 also provides information about each of the 15 prime lenders that made 250 or more refinance loans in Boston in 2002.

- The outcomes of applications to subprime lenders were dramatically different from those submitted to prime lenders. **Just 30.8% of applications to subprime lenders resulted in loans, compared to 64.7% of applications to prime lenders.** The majority of this difference is accounted for by the fact that 47.8% all applicants to subprime lenders (compared to just 21.6% of applicants to prime lenders) abandoned their applications at some point – by formally withdrawing them, by failing to provide all required information, or by declining to accept loans that were offered. The rest of the difference resulted from the higher denial rate of subprime lenders (21.4%, compared to 13.7% for prime lenders). (Table 9)
- Studies in other cities have found the markets for refinance loans to be sharply divided, with traditionally under-served areas served mainly by subprime lenders and traditionally well-served areas served primarily by prime lenders.⁸ However, **prime lenders were the dominant lenders to all categories of borrowers and neighborhoods in Boston in 2002.** Table 10 shows the top five lenders to six categories of traditionally under-served borrowers or neighborhoods alongside the top five lenders to corresponding categories of traditionally well-served borrowers or neighborhoods. In every category at least four of the five top lenders to traditionally well-served borrowers or neighborhoods were among the top five lenders to traditionally under-served borrowers and neighborhoods. The only subprime lender appearing in this table is Ameriquest (as the fifth largest lender in predominantly minority census tracts and the third largest lender in Roxbury and Mattapan).

II. SUBPRIME MORTGAGE REFINANCE LENDING IN THE GREATER BOSTON AREA

This section examines subprime refinance lending in the Greater Boston area as defined by the Metropolitan Area Planning Council (MAPC). The MAPC region consists of the city of Boston plus 100 surrounding cities and town. (See map preceding Table 11.)⁹ The MAPC region is located entirely within the Boston Metropolitan Statistical Area (MSA), which includes twenty-six additional cities and towns. The city of Boston receives about one-eighth of all refinance loans in the MAPC region. (Part III, below, includes selected data on subprime lending in each of the 101 communities in the MAPC region as well as in the seven largest Massachusetts cities outside of this region.)

The data presented in Tables 11 - 18 and their associated charts show that subprime lending accounted for a smaller share of total refinance lending in the year 2002 in the MAPC region than in Boston itself (5.9% vs. 9.8%), but that the *patterns* of subprime lending observed in the MAPC region were very similar to those noted above for the city. Although Tables 12-16 provide data for 2002 only, Charts 12-16 show trends over the 1999-2002 period and Table 17 provides annual data for this four-year period for all of the major variables in the earlier tables.¹⁰ More specific findings on subprime lending in the Greater Boston area include the following:

⁸ For example, the main finding of a study of Chicago was “the hypersegmentation of residential finance.” This study found that of the 20 top lenders in predominantly minority census tracts, 14 were subprime lenders, while of the 20 top lenders in predominantly white census tracts, 19 were prime lenders. (Daniel Immergluck and Marti Wiles, *Two Steps Back: The Dual Mortgage Market, Predatory Lending, and the Undoing of Community Development*, Chicago: Woodstock Institute, Nov. 1999)

⁹ More information on the MAPC region and the MAPC itself – a regional planning agency established by the Massachusetts legislature in 1963 – is available at www.mapc.org.

¹⁰ One exception: Chart 14 covers only 2002 and Table 17 does not provide historical information on the variables in Table 14.

- **Subprime refinance lending in the MAPC region increased 41.8% in 2002, growing to 10,117 loans from 7,135 loans in the previous year. The number of loans by subprime lenders was more than nine times greater in 2002 than it was eight years earlier.** Subprime lenders' share of total refinance lending in the region rose only very slightly, from 5.8% in 2001 to 5.9% in 2002, as the number of prime refinance loans grew rapidly in response to record-low interest rates. (See Table 11 and Chart 11.)
- Subprime lenders made disproportionately large shares of the refinance loans to black and Latino borrowers in the MAPC region. **In 2002, subprime lenders made 22.5% of all refinance loans to blacks and 15.4% of all loans to Latinos, compared to just 4.6% of all loans to whites. Expressed differently, the subprime loan share for blacks was 4.9 times greater than the subprime loan share for whites, while the corresponding Latino/white disparity ratio was 3.3.** Subprime lenders accounted for only 3.3% of refinance loans to Asian borrowers. (Table 12 and Chart 12)
- Borrowers at lower income levels were more likely to receive subprime loans. **For low-income borrowers in the MAPC region, 9.6% of all refinance loans were from subprime lenders, compared to 9.0% of loans to moderate-income borrowers, 7.2% of loans to middle-income borrowers, and 4.1% of loans to upper-income borrowers.** (Table 13 and Chart 13).
- The disproportionately high subprime lender shares of all loans to black and Latino borrowers cannot be explained simply by the fact that they have, on average, lower incomes than white borrowers. When borrowers are grouped by both race/ethnicity and income level, subprime loan shares for blacks ranged from 27.5% (low-income) to 20.8% (upper-income), while subprime loan shares for Latinos ranged from 13.5% (for both low-income and upper-income) to 19.0% (middle-income), and subprime loan shares for whites ranged from 7.0% (low-income and moderate-income) to 3.3% (upper-income). **The 20.8% subprime loan share for upper-income blacks was 6.3 times greater than the 3.3% subprime share for upper-income whites and, even more striking, it was 3.0 times greater than the 7.0% subprime loan share for low-income whites.** (Table 14 and Chart 14)
- When attention is turned from the person receiving the loan to the neighborhood in which the home is located, analogous patterns emerge – that is, neighborhoods with higher percentages of minority households receive higher percentages of their loans from subprime lenders. The share of all refinance loans from subprime lenders was 28.0% in census tracts with more than 75% minority households,¹¹ compared to just 4.9% in census tracts where more than 75% of the households are white. That is, **subprime lenders' share of total refinance lending was 5.7 times greater in predominantly minority neighborhoods than in predominantly white neighborhoods.** (Table 15 and Chart 15)
- As the income level of census tracts decreases, the share of all refinance loans made by subprime lenders increases. **The share of loans from subprime lenders was 5.3 times greater in low-income census tracts than it was in upper-income census tracts (17.4% vs. 3.3%). The share in moderate-income census tracts (12.2%) was 3.7 times greater than it was in upper-income tracts.** The share in middle-income census tracts was 6.0%. (Table 16 and Chart 16)

¹¹ The 28.0% subprime share for census tracts with more than 75% minority households is the same in the MAPC region as in the city of Boston (see Table 5) because the region has no such census tracts except for the 45 located within Boston's city limits.

- Who are the leading subprime lenders in the MAPC region? Table 18 presents information on each of the 20 subprime lenders that made 90 or more refinance loans in the MAPC region in 2002, including the five who made more than 500 loans: Ameriquest Mortgage Co., Option One Mortgage Corp. (a subsidiary of H&R Block), Greenpoint Mortgage Funding (a subsidiary of Greenpoint Bank [New York]), New Century Mortgage Corp., and KeyBank USA. **None of the top 20 subprime lenders were affiliated with a Massachusetts-based bank or based in Massachusetts, and none were subject to regulatory oversight of their Boston-area lending under the federal or state Community Reinvestment Act.** For purposes of comparison, Table 18 also provides information on the top 15 prime refinance lenders in the MAPC region in 2002.
- The outcomes of applications to subprime lenders in the MAPC region were dramatically different from those submitted to prime lenders. **Only 29.5% of applications to subprime lenders resulted in loans, compared to 72.3% of applications to prime lenders.** The majority of this difference is accounted for by the fact that 51.7% all applicants to subprime lenders (compared to just 18.3% of applicants to prime lenders) abandoned their applications at some point – by formally withdrawing them, by failing to provide all required information, or by declining to accept loans that were offered. The rest of the difference resulted from the higher denial rate of subprime lenders (18.8%, compared to 9.4% for prime lenders). (Table 18)

III. SUBPRIME REFINANCE LENDING IN 108 INDIVIDUAL CITIES & TOWNS

Tables 19-21, each three pages long, present information for each of the 101 individual cities and towns that constitute the Metropolitan Area Planning Council (MAPC) Region, as well as for the seven largest Massachusetts cities located outside this region. In addition, these tables present information for four larger areas: the MAPC region as a whole (the focus of the previous section of this report); the Boston Metropolitan Statistical Area (MSA), which contains 127 cities and towns; the recently defined Boston-Cambridge-Quincy Metropolitan New England City and Town Area (referred to in this report as the Boston NECTA) which contains 155 cities and towns; and the entire state, which contains 351 cities and towns.¹²

Basic information about the total population, racial/ethnic composition, and income level of each of the municipalities and larger areas is included in Table 19. This information reveals great variation among the communities in the MAPC Region. For example, median family income ranges from a low of \$32,130 in Chelsea to a high of \$181,041 in Weston. The percentage of black plus Latino households ranges from a low of 0.4% in Manchester-by-the-Sea and Cohasset to a high of 43.7% in Chelsea. The population of individual communities varies from 3,267 residents in Essex to 101,355 in Cambridge (and to 589,141 in Boston).

The data presented in Tables 19-21 should be regarded primarily as a resource for readers interested in learning about lending within their own communities or in making comparisons among a particular set of communities of special interest – there are far too many individual communities to be adequately covered in a brief summary. Nevertheless, it may be of interest to present the following findings and observations that emerge from an examination of the wealth of data presented in the tables.

¹² Inclusion of data on 108 communities is a major expansion from *Borrowing Trouble? III*, which presented data on a total of 38 communities: the city of Boston, 27 cities and towns immediately surrounding the city, and ten other large cities. See the “Notes on Data and Methods” for more detailed information on the definition of the MAPC Region, the Boston MSA, and the Boston NECTA.

- **The five MAPC communities where loans from subprime lenders constituted the largest shares of total refinance loans in 2002 were Chelsea (17.0%), Lynn (14.4%), Everett (13.7%), Randolph (13.4%) and Revere (10.7%). The five lowest subprime loan shares were in Dover (1.4%), Wellesley (1.8%), Brookline (2.2%), Weston (2.2%), and Sherborn (2.2%).** (See Table 19.) If communities are ranked by subprime share for the entire three-year period from 2000 to 2002, rather than just for 2002, the same five communities have the largest subprime loan shares (ranging from 18.9% to 12.7%), while Needham and Winchester replace Weston and Sherborn on the list of the five communities with the lowest subprime loan shares (ranging from 1.8% to 3.2%). (Table 21.)
- Comparing the information on subprime loan shares with the information on median family income and percentage of black and of Latino households in each community that is included in Table 19 shows that communities' subprime loan shares have a strong positive correlation with their percentages of black and Latino residents and a strong negative correlation with their median family incomes (MFIs). For example, **the five MAPC communities with the highest subprime loan shares in 2002 had an average of 21.5% black plus Latino households and an average MFI of \$47,022, while the five communities with the lowest subprime shares had an average of 2.4% black plus Latino households and an average MFI of \$140,436.** For the five communities with the lowest subprime shares over the three-year period, the average percentage of black plus Latino households was 2.3% and the average MFI was \$120,545. (These communities are identified in the previous bullet point.)
- Panel B of Tables 19 and 21 shows that the seven largest Massachusetts cities outside of the MAPC Region all had double-digit subprime loan shares. For the 2000-2002 period, **the subprime loan shares of Lawrence (23.2%), Springfield (21.6%), and Brockton (20.5%) were higher than in any community in the MAPC region.** Lawrence and Springfield have the two highest percentages of black plus Latino households in the state (52.6% and 40.2%, respectively), while Brockton ranks fifth (behind Chelsea and Boston). Of the 108 communities included in these tables, Lawrence and Springfield have the second and third lowest median family incomes (only Chelsea's MFI is lower), while Brockton's MFI is seventh lowest.
- Table 20 presents information on the total number of refinance loans, the number of these that were from subprime lenders, and the subprime loan share for black, for Latino, and for white borrowers in each of the 108 cities and towns in 2002. In communities where there were at least 35 total refinance loans to black or Latino borrowers, the table shows the subprime share disparity ratios – that is, the ratio of the subprime share for blacks (or Latinos) to the subprime share for whites. Every single one of the calculated black/white and Latino/white disparity ratios was greater than 1.0, indicating that **subprime loans accounted for larger percentages of the refinance loans received by black and Latino borrowers than of those received by white borrowers in every community where there was a significant amount of refinance lending to blacks and/or Latinos.**
- Table 21 presents information on the total number of refinance loans, the number of these loans that were from subprime lenders, and the subprime loan share in each of the 108 communities each year from 2000 through 2002 and for the three-year period as a whole. **Between 2000 and 2002, the number of subprime loans increased in all but two of the 108 communities** (the number of subprime loans fell from 10 to 7 in Dover and from 21 to 17 in Millis). Between 2001 and 2002, the number of subprime loans increased in all but six of the 108 communities.

IV. CONCLUDING COMMENTS

Although motivated by reports of increased levels of *predatory lending* in Boston and surrounding communities, this study presents findings on refinance *lending by subprime lenders*. The opening pages of this report explained why data limitations require this indirect approach to shedding light on the subject of primary concern. This concluding section offers comments on four other issues.

Subprime lenders' share of all refinance loans

Subprime lenders' share of all refinance loans in the city of Boston grew from 4.9% in 1994 to 17.6% in 1999, and then jumped to 28.2% in 2000, thereby making it convenient to cite this rising share as an indicator of the growth of subprime lending. Given the particular nature of the market for mortgage refinance loans, however, changes in the subprime loan share are not necessarily a good measure of the extent of subprime lending. This has been clearly demonstrated in the last three years: in 2000 the number of subprime *loans* in Boston fell by 8% while the subprime loan *share* rose sharply; in 2001 the number of subprime *loans* in Boston increased by 29% while the subprime loan *share* plunged by more than half; and in 2002 the number of subprime *loans* grew by 25% while the subprime *share* decreased slightly.

The explanation of this apparent paradox lies in the relationship between the level of mortgage interest rates and the volume of prime mortgage refinance lending. When current interest rates fall below the level on existing mortgages, many homeowners refinance simply to reduce their monthly payments. In 2000, mortgage interest rates were the highest they had been since 1995, so there was relatively little of this standard mortgage refinance lending. In 2001 and 2002, however, mortgage interest rates fell to the lowest levels since the late 1960s, and this type of mortgage refinancing surged to record levels. Prime lenders do almost all of this lending, and big changes in interest rates can lead to very big changes in the number of prime refinance loans (for example, they more than quadrupled in Boston in 2001).

In contrast, borrowers from subprime lenders are more likely to be motivated by factors other than simply reducing monthly payments on an unchanged mortgage amount. That is, a much larger percentage of subprime borrowers seek to obtain additional funds (i.e., to increase the size of their mortgage) in order to consolidate debt, to undertake home improvements or repairs, or to deal with pressing financial needs; accordingly, their borrowing is influenced less by interest rate fluctuations. The greater sensitivity of prime refinance lending to changes in interest rates will tend to increase subprime lenders' share of all refinance loans during a period of rising interest rates, such as 2000. Conversely, during a period of falling interest rates, such as 2001–2003, the accompanying refinance boom will tend to decrease subprime lenders' share of all refinance loans.

These considerations explain this report's limited attention to year-to-year changes in subprime loan shares. Instead, changes in the actual numbers of subprime loans are given increased emphasis. Subprime loan shares are used primarily to indicate differences in the *proportion* of subprime loans to different categories of borrowers – and to different types of neighborhoods – during the same period.

Scheduled enhancements to Home Mortgage Disclosure Act (HMDA) data

On February 2 and June 21, 2002, the Federal Reserve Board published revisions to its Regulation C, which governs the reporting of HMDA data. Although relatively modest, these changes will make it possible for the first time to identify some loans as *subprime loans* rather than simply as loans made by *subprime lenders*. The changes include reporting the amount by which a loan's interest rate exceeds the interest rate on a comparable Treasury security (only for loans with rates at least three percentage points higher than the Treasury interest rate for first mortgages, and at least five percentage

points higher for second mortgages) and identifying loans whose interest rates and/or fees are high enough to make them subject to the Home Ownership and Equity Protection Act (HOEPA loans). Unfortunately, this reporting requirement did not go into effect until January 1, 2004, and HMDA data for 2004 will not become available until mid-2005.

Another change to Regulation C requires lenders to ask the ethnicity, race, and sex of applicants who apply by telephone, thereby subjecting these applications to the same rules that already apply to mail and internet applications. This reporting requirement went into effect on January 1, 2003, and so the percentage of borrowers (and other applicants) whose race/ethnicity is not reported should decrease in the HMDA data for 2003 that will become available in mid-2004. (Regulation C and the Fed's revisions are available at www.federalreserve.gov/regulations.)

Legislation extending Community Reinvestment Act (CRA) coverage to subprime lenders

Under the federal Community Reinvestment Act (CRA), as under its Massachusetts counterpart, a lender's performance in meeting the credit needs of local communities is evaluated by government regulators only if the lender is a bank with at least one branch office (or deposit-taking ATM) in those communities.¹³ As a result, *none* of the biggest subprime lenders listed in either Table 9 or Table 18 are covered by the CRA for their lending in Massachusetts. In fact, *none* of the 70 subprime lenders that made one or more loans in Massachusetts in 2002 are covered by the CRA for their lending in the state. In spite of the important impacts – positive or negative – that these lenders may have on the neighborhoods where they make their loans, they are not subject to regulatory review, evaluation, and ratings.

This state of affairs would be changed if legislation pending at the Massachusetts State House is enacted. Senate 4/House 3107 (“An Act Establishing Community Reinvestment Obligations for Certain Mortgage Lenders”) – whose primary sponsors are Senators Jarrett Barrios and Dianne Wilkerson and Representative Marie St. Fleur – would apply CRA-type responsibilities and regulations to licensed mortgage lenders that make at least 500 total loans per year in Massachusetts.¹⁴ Only eight subprime licensed mortgage lenders made that many Massachusetts loans in 2002, but these eight include the four biggest subprime lenders in Boston, and seven of the biggest thirteen. These eight lenders accounted for three-fifths of all subprime refinance loans in Boston in 2002 (1,229 of 2,065 loans, or 59.5%). They also include the biggest four lenders in the MAPC region, and six of the biggest ten.¹⁵

The pending legislation, supported by the Massachusetts Community & Banking Council, the Massachusetts Bankers Association, and numerous community groups and municipal officials, is identical to the bill that was passed unanimously by the state Senate in 2002. The Senate Co-Chair of the Joint Committee on Banks and Banking remains a co-sponsor of this legislation. If the House Co-Chair of that committee – and the House Leadership – would allow the legislation to be voted on by the full House, it seems very likely that it would pass by a large margin. Governor Romney pledged his support for the key

¹³ This required evaluation extends to lending by subsidiaries of covered banks. Lending by affiliated lenders owned by the same bank holding company may be included at the option of the bank. The Massachusetts CRA extends the coverage to state-chartered credit unions.

¹⁴ The text of these (identical) bills is available at: www.state.ma.us/legis/legis.htm.

¹⁵ Licensed mortgage lenders are indicated by “LML” in the second column of Tables 9 and 18. Out-of-state banks (whether chartered by the federal government or by another state) – as well as the mortgage lending subsidiaries of federally chartered out-of-state banks – are indicated by “OSB” in Tables 9 and 18. Out-of-state banks are exempt from regulation by the Massachusetts Division of Banks; because they do not need a license to make mortgage loans in Massachusetts, they would not be covered by the proposed legislation. An alternative possible way to bring CRA requirements to state-licensed mortgage lenders – and the only way to extend these requirements to out-of-state banks – is through action at the national level. The prospects for adoption of such changes in the near future are too miniscule to warrant further discussion here.

features of the legislation before 1,500 people at a community meeting at the Reggie Lewis Center in Roxbury on May 21, 2003.

Legislation increasing protections against predatory lending

Legislation aimed at curtailing predatory lending is also pending before the state legislature. Senate 24/House 1617 (“An Act Establishing Protections Against Predatory Lending in the Home Mortgage Market”) – whose primary sponsors are Senators Dianne Wilkerson and Andrea Nuciforo, Jr., and Representative Elizabeth Malia – has been endorsed by numerous community-based organizations and advocacy groups; the Massachusetts Community & Banking Council (MCBC) has expressed strong support for its objectives and purpose.

The “High Cost Loan Regulations” adopted by the state’s Division of Banks in March 2001 already offer Massachusetts consumers strong protections against predatory lending, and the proposed legislation would significantly enhance those protections. Both the existing regulations and the proposed legislation classify loans whose interest rate and/or fees exceed certain thresholds as high cost loans, which are then subject to special rules. The proposed legislation would lower the interest-rate threshold for first-lien mortgage loans from eight to five percentage points above the rate on corresponding U.S. Treasury securities (for second-lien loans, the threshold would be lowered from nine to seven percentage points above the corresponding Treasury rate). The threshold for points and fees would be lowered from five to four percent of the loan amount. The enhanced protections for those who did receive high-cost loans would include: a prohibition on prepayment penalties; a requirement that the refinancing of an existing loan provide a demonstrable net benefit to the borrower; a requirement that the borrower have completed an accredited credit counseling program; increased remedies for borrowers who bring successful legal actions against lenders for violating the provisions of the new law, and increased penalties for any such lenders; and a provision that makes any purchaser of the loan subject to all of the same legal actions and liabilities as the original lender.¹⁶

¹⁶ The Division of Banks’ High Cost Loan Regulations, amended in April 2002, are part of the state’s Truth in Lending regulations, and are published in 209 CMR 32.32 (www.state.ma.us/dob/209cmr32.htm). The text of the proposed legislation (the House and Senate bills are identical) is available at: www.state.ma.us/legis/legis.htm.

Table 1
Increase in Subprime Lending, 1994-2002
City of Boston, Refinance Loans Only

	All Lenders	Prime Lenders	Subprime Lenders	Percent Subprime
1994	2,858	2,718	140	4.9%
1999	7,921	6,527	1,394	17.6%
2000	4,532	3,253	1,279	28.2%
2001	15,831	14,177	1,654	10.4%
2002	21,103	19,038	2,065	9.8%
ratio: 2002 to 1994	7.38	7.00	14.75	
% change: 2001-2002	33.3%	34.3%	24.8%	

Chart 1
Growth of Prime and Subprime Lending
City of Boston, Refinance Loans Only, 1994-2002

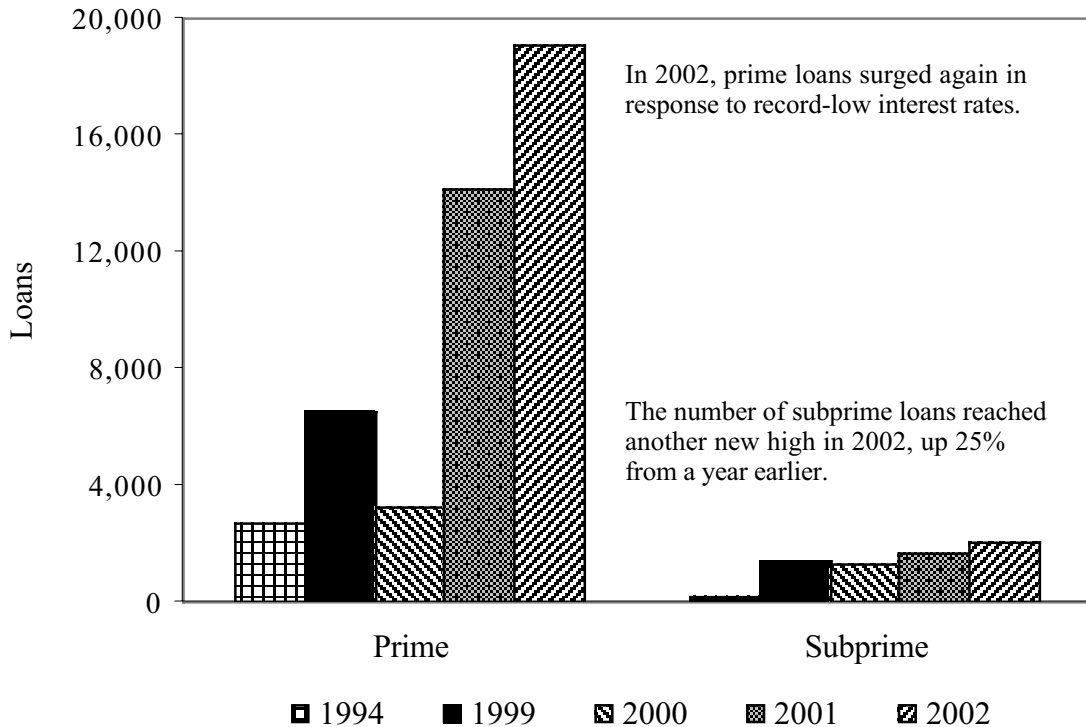


Table 2
Subprime and Prime Lending, By Race/Ethnicity of Borrower
City of Boston, Refinance Loans Only, 2002

Borrower Race/Ethnicity	All Lenders	Prime Lenders	Subprime Lenders	Percent Subprime	Ratio to White %
Asian	690	651	39	5.7%	1.10
Black	2,268	1,640	628	27.7%	5.41
Latino	930	770	160	17.2%	3.36
White	11,619	11,024	595	5.1%	1.00
Not Reported*	5,189	4,598	591	11.4%	
Total*	21,103	19,038	2,065	9.8%	

* "Not Reported" is "Information not provided...in mail or telephone application" & "Not applicable."
 "Total" includes "American Indian" (51 loans, 5 subprime) and "Other" (356 loans, 47 subprime) as well as the categories shown in the table.

Chart 2
Subprime Loans as Percent of All Refinance Loans
By Borrower Race/Ethnicity
City of Boston, 1999 - 2002

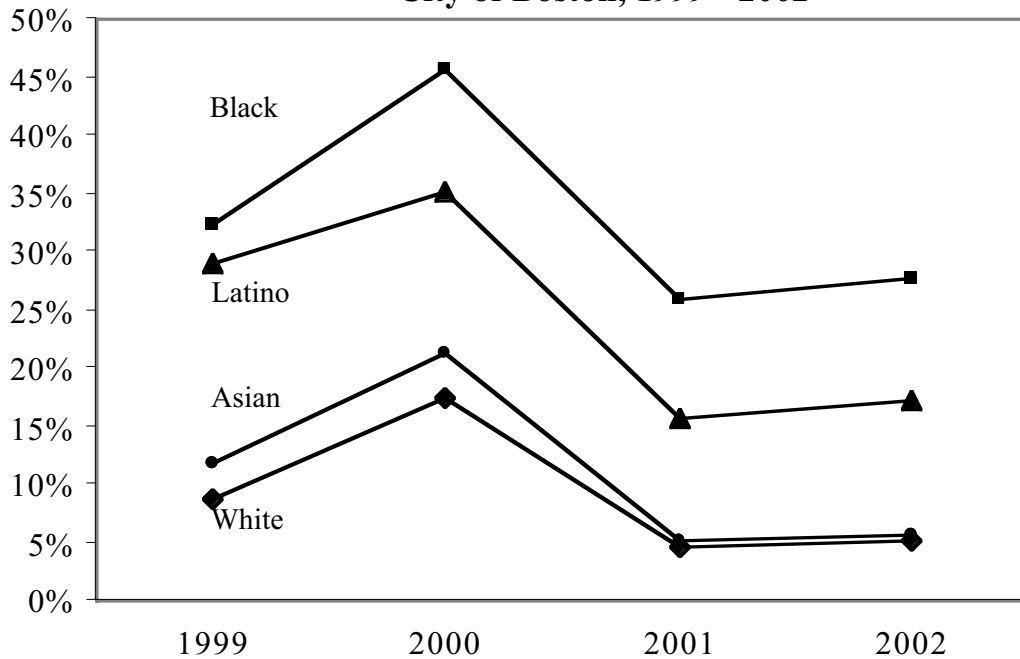


Table 3
Subprime and Prime Lending, By Income of Borrower
City of Boston, Refinance Loans Only, 2002

Income Category*	All Lenders	Prime Lenders	Subprime Lenders	Percent Subprime	Ratio to Upper %
Low	1,307	1,103	204	15.6%	2.41
Moderate	4,073	3,501	572	14.0%	2.17
Middle	5,728	5,052	676	11.8%	1.82
Upper	8,555	8,001	554	6.5%	1.00
Not Reported	1,440	1,381	59	4.1%	
Total	21,103	19,038	2,065	9.8%	

* Income categories are defined in relationship to the Median Family Income of the Boston MSA (\$74,200 in 2002).
 "Low" is less than 50% of this amount (\$1K-\$37K in 2002); "Moderate" is 50%-80% of this amount (\$38K-\$59K);
 "Middle" is 80%-120% of this amount (\$60K-\$89K); & "Upper" is over 120% of this amount (\$90K or more in 2002).

Chart 3
Subprime Loans as Percent of All Refinance Loans
By Borrower Income, City of Boston, 1999 - 2002

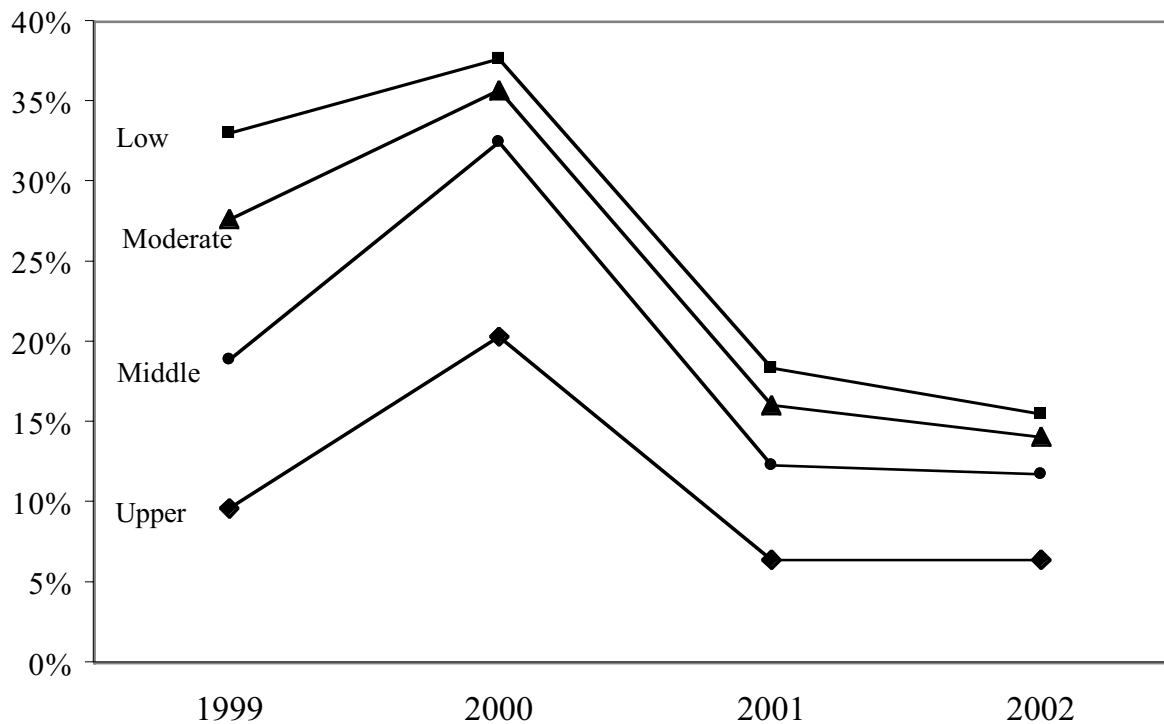


Table 4
Subprime Loans as Percent of Total Loans
By Race/Ethnicity and Income of Borrower
City of Boston, Refinance Loans Only, 2002

	Low Income*	Moderate Income*	Middle Income*	Upper Income*
Black	30.9%	29.4%	28.7%	27.7%
Latino	11.4%	17.6%	17.4%	22.9%
White	9.3%	7.6%	5.9%	3.6%

* Income categories are defined in relationship to the Median Family Income of the Boston MSA (\$74,200 in 2002). "Low" is less than 50% of this amount (\$1K-\$38K in 2002); "Moderate" is 50%-80% of this amount (\$38K-\$59K); "Middle" is 80%-120% of this amount (\$60K-\$89K); and "Upper" is over 120% of this amount (\$90K or greater in 2002).

Chart 4
Subprime Loans as Percent of All Refinance Loans
By Borrower Race/Ethnicity and Income
City of Boston, 2002

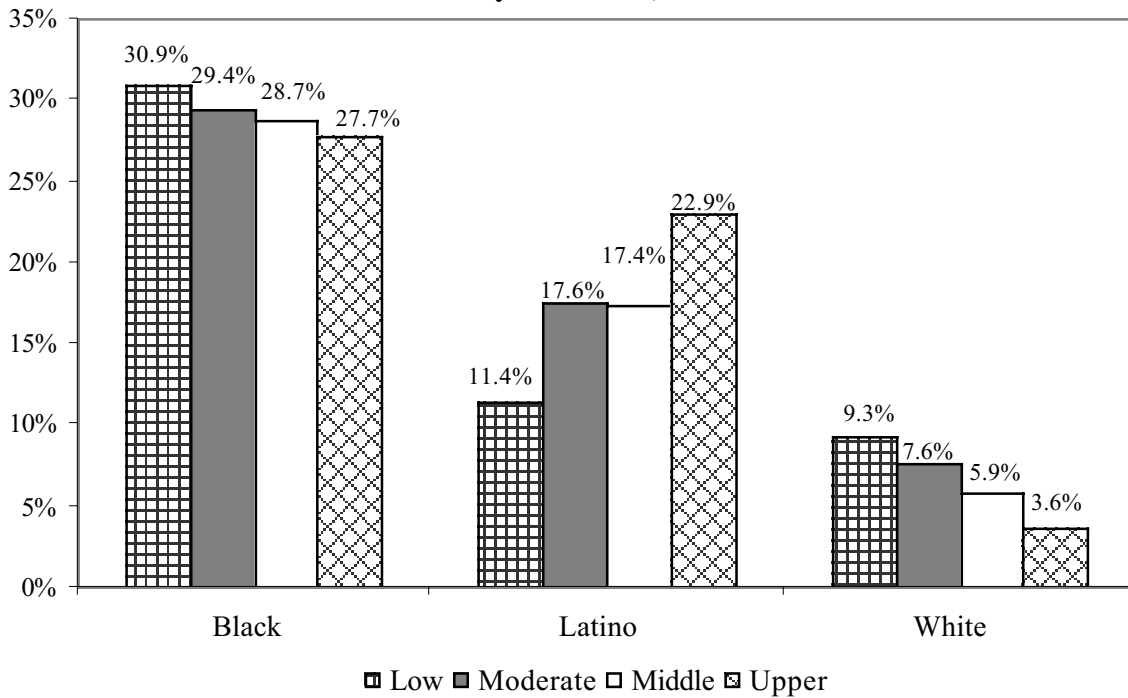


Table 5
Subprime and Prime Lending, By Percent Minority Households in Census Tract*
City of Boston, Refinance Loans Only, 2002

	Number of Tracts	All Lenders	Prime Lenders	Subprime Lenders	Percent Subprime	Ratio to >75% White
> 75% Minority	45	3,507	2,526	982	28.0%	7.28
50%-75% Minority	20	2,056	1,751	305	14.8%	3.86
25%-50% Minority	43	5,219	4,838	381	7.3%	1.90
> 75% White	56	10,321	9,924	397	3.8%	1.00
Total	164	21,104	19,039	2,065	9.8%	

* This table classifies 1990 census tracts (used in HMDA data) into minority percentage categories on the basis of 2000 Census data.

Chart 5
Subprime Loans as Percent of All Refinance Loans
By Percent Minority Households in Census Tract
City of Boston, 1999 - 2002

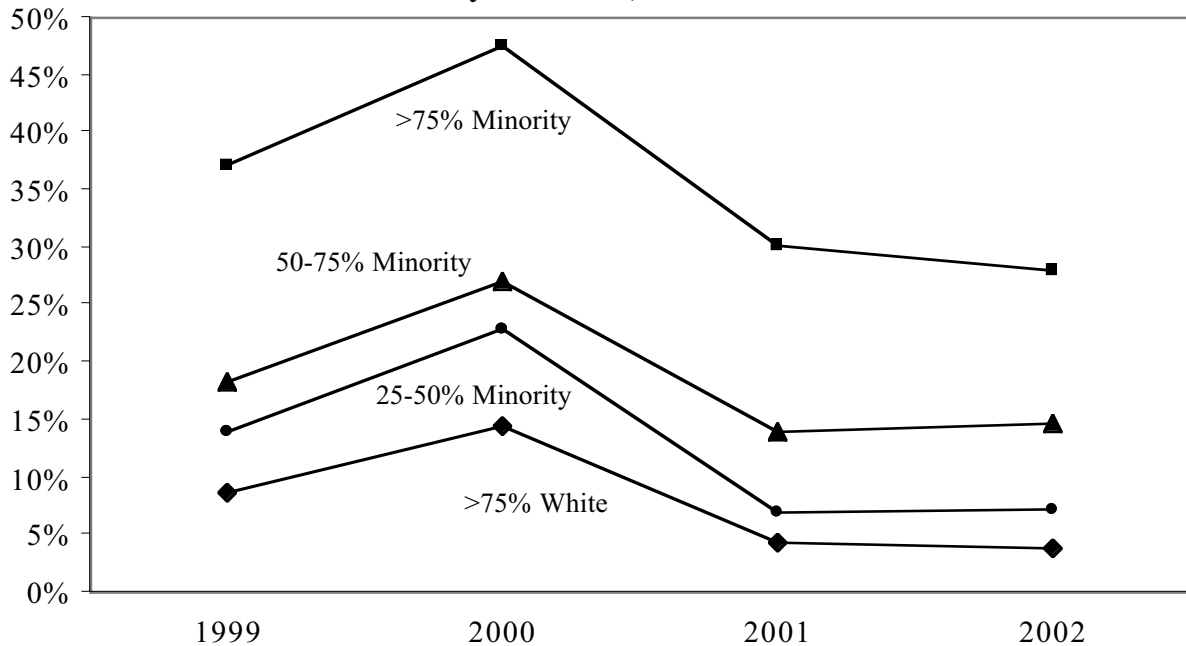


Table 6
Subprime and Prime Lending, By Income Level of Census Tract*
City of Boston, Refinance Loans Only, 2002

	Number of Tracts	All Lenders	Prime Lenders	Subprime Lenders	Percent Subprime	Ratio to Upper %
Low-Income	48	3,054	2,535	519	17.0%	9.66
Moderate-Income	66	7,706	6,604	1,102	14.3%	8.13
Middle-Income	38	7,216	6,827	389	5.4%	3.06
Upper-Income	12	3,127	3,072	55	1.8%	1.00
Total^	164	21,103	19,038	2,065	9.8%	

* A census tract is placed into an income category on the basis of the relationship, according to the 2000 census, between its Median Family Income (MFI) and the MFI of the Boston MSA. "Low" is less than 50% of the MFI of the MSA; "Moderate" is between 50% and 80%; "Middle" is between 80% and 120%; and "Upper" is greater than 120% of the MFI of the MSA.

Chart 6
Subprime Loans as Percent of All Refinance Loans
By Census Tract Median Family Income Level
City of Boston, 1999 - 2002

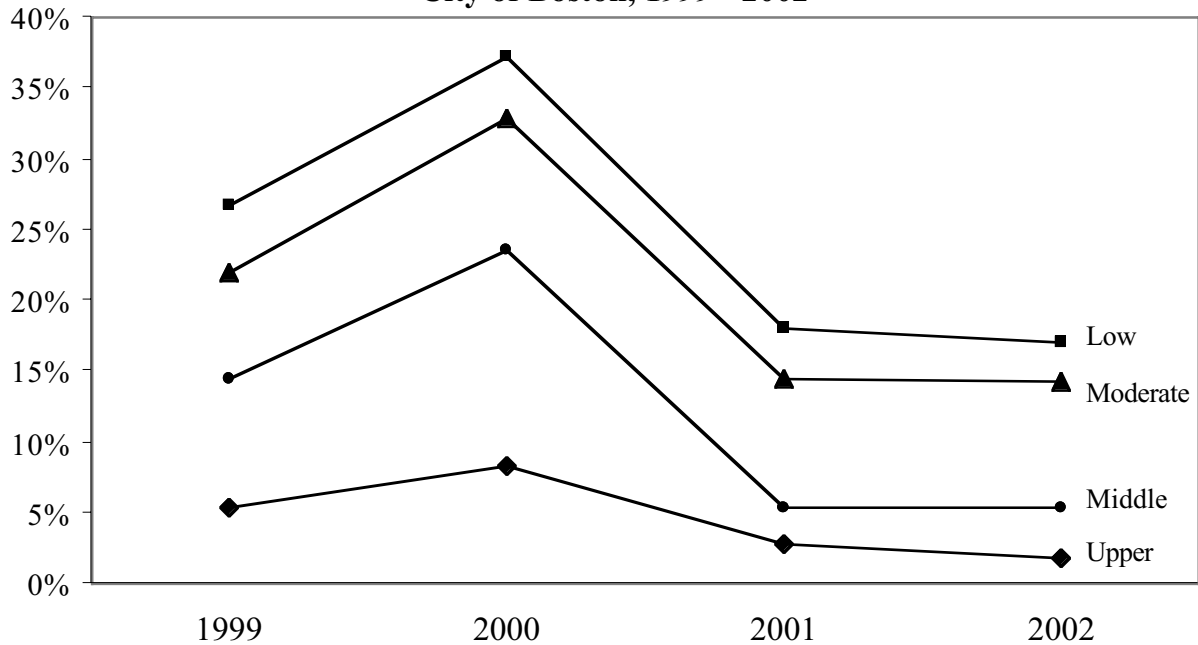


Table 7
Subprime and Prime Lending, By Neighborhood
City of Boston, Refinance Loans Only, 2002

Neighborhood#	All Lenders	Prime Lenders	Subprime Lenders	Percent Subprime	Percent Minority	Income Level*
Mattapan	1,044	744	300	28.7%	96.2%	\$ 38,485
Roxbury	1,122	800	322	28.7%	95.2%	\$ 29,729
Dorchester	2,921	2,396	525	18.0%	68.2%	\$ 37,054
Hyde Park	1,609	1,360	249	15.5%	57.0%	\$ 48,567
East Boston	874	772	102	11.7%	50.3%	\$ 36,078
Roslindale	1,518	1,388	130	8.6%	44.2%	\$ 55,845
Jamaica Plain	1,456	1,381	75	5.2%	50.2%	\$ 40,000
South Boston	1,580	1,500	80	5.1%	15.5%	\$ 56,667
Allston/Brighton	1,642	1,570	72	4.4%	31.3%	\$ 47,582
West Roxbury	1,728	1,656	72	4.2%	16.4%	\$ 71,506
Central	1,097	1,065	32	2.9%	30.4%	\$ 72,431
Charlestown	1,033	1,003	30	2.9%	21.4%	\$ 70,938
Fenway/Kenmore	417	406	11	2.6%	30.5%	\$ 40,179
South End	1,694	1,652	42	2.5%	54.7%	\$ 28,333
BackBay/BeaconHill	1,368	1,345	23	1.7%	15.2%	\$ 119,527
City of Boston	21,103	19,038	2,065	9.8%	50.5%	\$ 44,151

The neighborhoods used in this study are based on the Planning Districts (PDs) defined by the Boston Redevelopment Authority (BRA), except: North and South Dorchester are combined and the Harbor Islands PD (no loans in 2002) is omitted. *Percent minority* was calculated by the BRA for these exact neighborhoods from 2000 Census data. However, *lending data* are available only on a census tract basis and many tracts are divided among two or more PDs. For this table, loans in each PD were calculated using a list of census tracts obtained from the BRA that correspond to the PDs as closely as possible.

* The income level for each PD is estimated as the median of the MFIs (Median Family Incomes) of the census tracts in the PD.

Chart 7
Subprime Loans as Percent of All Refi Loans, Boston Neighborhoods, 2002

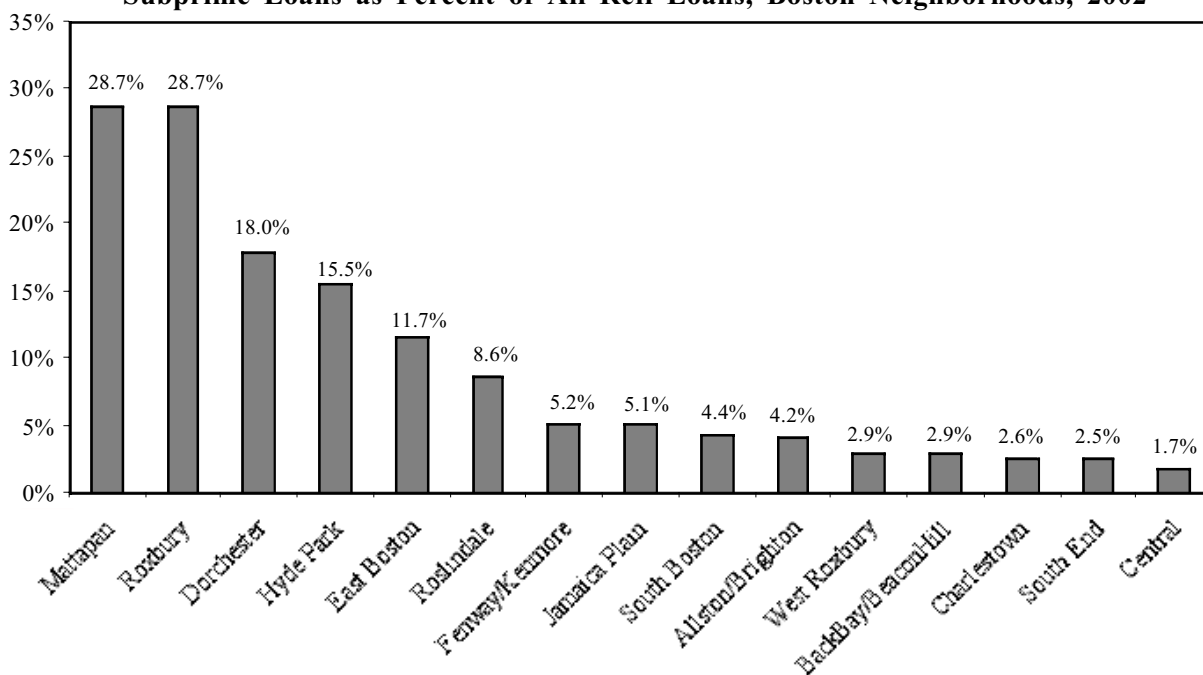


Table 8
Number and Percentage of Loans by Subprime Lenders in the City of Boston
By Type of Borrower and Neighborhood, Refinance Loans Only, 1999-2002

City/Town	Number Subprime Loans				Subprime as % of Total				Disparity Ratio			
	1999	2000	2001	2002	1999	2000	2001	2002	1999	2000	2001	2002
A. By Race/Ethnicity of Borrower (see Table 2 for notes and for details on 2002 lending)												
Asian	26	27	28	39	11.8%	21.4%	5.1%	5.7%	1.35	1.22	1.11	1.10
Black	368	366	474	628	32.4%	45.6%	25.9%	27.7%	3.69	2.60	5.59	5.41
Latino	89	83	114	160	29.1%	35.2%	15.7%	17.2%	3.31	2.01	3.39	3.36
White	413	396	419	595	8.8%	17.5%	4.6%	5.1%	1.00	1.00	1.00	1.00
Not Reported	467	380	587	591	32.5%	37.1%	17.4%	11.4%				
Total	1,394	1,279	1,654	2,065	17.6%	28.2%	10.4%	9.8%				
B. By Income of Borrower (see Table 3)												
Low	197	131	165	204	33.1%	37.8%	18.4%	15.6%	3.42	1.86	2.88	2.41
Moderate	476	360	481	572	27.7%	35.7%	16.1%	14.0%	2.86	1.76	2.52	2.17
Middle	394	439	538	676	19.0%	32.6%	12.4%	11.8%	1.96	1.60	1.94	1.82
Upper	285	311	413	554	9.7%	20.3%	6.4%	6.5%	1.00	1.00	1.00	1.00
Not Reported	42	38	57	59	7.2%	12.8%	5.1%	4.1%				
Total	1,394	1,279	1,654	2,065	17.6%	28.2%	10.4%	9.8%				
C. By Percent Minority Households in Census Tract (see Table 5)												
> 75% Minority	596	594	825	982	37.8%	48.0%	30.1%	28.0%	4.07	3.15	7.11	7.28
50%-75% Minority	184	173	225	305	22.6%	32.3%	14.0%	14.8%	2.43	2.12	3.32	3.86
25%-50% Minority	268	258	294	381	14.8%	23.6%	7.1%	7.3%	1.59	1.55	1.67	1.90
> 75% White	346	254	310	397	9.3%	15.2%	4.2%	3.8%	1.00	1.00	1.00	1.00
Total	1,394	1,279	1,654	2,065	17.6%	28.2%	10.4%	9.8%				
D. By Income Level of Census Tract (see Table 6)												
Low	304	337	430	519	24.9%	39.3%	18.0%	17.0%	6.03	4.13	6.79	9.66
Moderate	711	667	882	1,102	24.2%	33.6%	14.5%	14.3%	5.86	1.92	5.47	8.13
Middle	342	238	287	389	12.5%	18.3%	5.4%	5.4%	3.02	3.53	2.05	3.06
Upper	37	37	55	55	4.1%	9.5%	2.7%	1.8%	1.00	1.00	1.00	1.00
Total	1,394	1,279	1,654	2,065	17.6%	28.2%	10.4%	9.8%				
E. By Neighborhood (see Table 7)												
Allston/Brighton	52	48	50	72	7.8%	15.7%	4.3%	4.4%				
BackBay/BeaconHill	18	20	26	23	3.8%	10.3%	2.7%	1.7%				
Central	18	11	16	32	3.8%	7.2%	2.2%	2.9%				
Charlestown	36	19	20	30	9.8%	13.7%	2.7%	2.9%				
Dorchester	341	322	453	525	28.9%	39.4%	19.5%	18.0%				
East Boston	70	71	72	102	18.5%	37.7%	9.7%	11.7%				
Fenway/Kenmore	18	25	23	11	12.7%	23.4%	5.7%	2.6%				
Hyde Park	161	148	194	249	27.4%	38.4%	15.5%	15.5%				
Jamaica Plain	55	47	62	75	10.7%	17.3%	5.6%	5.2%				
Mattapan	174	189	236	300	37.3%	49.1%	29.2%	28.7%				
Roslindale	89	76	106	130	16.2%	25.7%	9.6%	8.6%				
Roxbury	194	183	263	322	37.0%	44.0%	28.7%	28.7%				
South Boston	102	60	61	80	15.9%	18.3%	5.3%	5.1%				
South End	28	26	34	42	5.5%	11.8%	2.7%	2.5%				
West Roxbury	38	34	38	72	6.8%	13.0%	3.2%	4.2%				
Total	1,394	1,279	1,654	2,065	17.6%	28.2%	10.4%	9.8%				

Table 9
Biggest Subprime and Prime Lenders in City of Boston, Refinance Loans Only, 2002
(The 20 Subprime Lenders with 25 or more Loans & the 15 Prime Lenders with more than 250 Loans)

Lender Name	Lender Type*	Loans	Applica-tions	Lending Rate#	Denial Rate#	Other Outcome Rate#
A. Subprime Lenders						
Ameriquest Mortgage Co.	LML	332	1,636	20.3%	4.7%	75.0%
Option One Mort. Corp. (H&R Block)	LML	312	490	63.7%	26.5%	9.8%
New Century Mort. Corp.	LML	220	405	54.3%	14.1%	31.6%
Greenpoint Mortgage Funding	LML	186	317	58.7%	12.9%	28.4%
Citicorp Trust Bank, FSB	OSB	96	123	78.0%	5.7%	16.3%
KeyBank USA, NB	OSB	92	395	23.3%	21.3%	55.4%
American Business Financial	LML	70	470	14.9%	24.0%	61.1%
Fremont Investment & Loan	OSB	62	159	39.0%	44.7%	16.4%
Full Spectrum Lending (Countrywide)	LML	62	142	43.7%	2.1%	54.2%
Aames Financial Corp.	LML	51	317	16.1%	14.8%	69.1%
Long Beach Mort. Corp. (WAMU)	LML	50	86	58.1%	39.5%	2.3%
Wilmington Finance	OSB	44	125	35.2%	28.8%	36.0%
Household Finance Corp. (Household 1)	LML	36	233	15.5%	39.5%	45.1%
Chase Manhattan Bank USA	OSB	32	246	13.0%	67.5%	19.5%
BNC Mortgage	LML	31	67	46.3%	22.4%	31.3%
First Franklin Financial Corp.	OSB	29	49	59.2%	16.3%	24.5%
Household Bank FSB (Household 2)	OSB	28	53	52.8%	11.3%	35.8%
Accredited Home Lenders	LML	26	55	47.3%	41.8%	10.9%
Delta Funding Corp.	LML	26	83	31.3%	6.0%	62.7%
Novastar Mortgage	LML	25	39	64.1%	17.9%	17.9%
Subtotal, These 20 Lenders		1,810	5,490	33.0%	18.6%	48.4%
Sub-subtotal, 13 LML Lenders		1,427	4,340	32.9%	14.8%	52.3%
Subtotal, All 53 SubPrime Lenders		2,065	6,711	30.8%	21.4%	47.8%
B. Prime Lenders						
Washington Mutual Bank	OSB	2,059	2,946	69.9%	6.7%	23.5%
Fleet NB	CRA	1,531	2,565	59.7%	25.3%	15.0%
Countrywide Home Loans	LML	1,247	1,653	75.4%	2.7%	21.8%
Wells Fargo Home Mortgage	OSB	1,141	1,425	80.1%	9.1%	10.9%
GMAC Bank	OSB	668	694	96.3%	2.3%	1.4%
GMAC Mortgage	LML	509	559	91.1%	1.4%	7.5%
Chase Manhattan Mortgage Corp.	LML	504	622	81.0%	8.0%	10.9%
Citizens Bank of Mass. (Citizens 1)	CRA	405	1,030	39.3%	49.0%	11.7%
Ohio Savings Bank	OSB	395	455	86.8%	2.2%	11.0%
ABN AMRO Mortgage Group	OSB	393	505	77.8%	18.4%	3.8%
National City Mortgage Co.	OSB	375	504	74.4%	9.3%	16.3%
Boston Federal	CRA	319	395	80.8%	3.5%	15.7%
Citizens Mort. Corp. (Citizens 2)	CRA	310	421	73.6%	11.6%	14.7%
Bank of America	OSB	303	388	78.1%	10.3%	11.6%
People's Mortgage Corp.	CRA	258	278	92.8%	1.4%	5.8%
Subtotal, These 15 Lenders		10,417	14,440	72.1%	12.8%	15.0%
Sub-subtotal, 5 CRA Lenders		2,823	4,689	60.2%	26.0%	13.8%
Sub-subtotal, 3 LML Lenders		2,260	2,834	79.7%	3.6%	16.6%
Subtotal, All 305 Prime Lenders		19,038	25,895	73.5%	11.7%	14.8%
Total, All 314 Lenders		21,103	32,606	64.7%	13.7%	21.6%

* "Lender Type" indicates if Boston area performance in meeting community credit needs is subject to evaluation by bank regulators:
CRA: currently covered by federal and/or state Community Reinvestment Act -- banks and state-chartered credit unions with branches in Mass.
LML: Licensed Mortgage Lender, licensed by Mass. Div. of Banks, potentially subject to CRA-type evaluation under proposed state legislation.
OSB: Out-of-State Bank (or subsidiary of federally-chartered out-of-state bank), which the state of Massachusetts is powerless to regulate.

"Lending rate" is percent of applications that result in loans; "denial rate" is percent of applications that are denied; "other outcome rate" is percent of applications that are (1) approved by lender but not accepted by applicant, (2) withdrawn by applicant, or (3) never completed.

Table 10
Top Five Lenders for Various Categories of Loans:
Traditionally Under-Served vs. Well-Served Borrowers and Neighborhoods
City of Boston, Refinance Loans Only, 2002
(Boldface indicates Subprime Lenders; *Italics* indicates Lenders in Both Top 5 Lists)

Lender Name	Loans		Lender Name	Loans
A. Black Borrowers			White Borrowers	
<i>Fleet</i>	217		<i>Washington Mutual</i>	1,107
<i>Wells Fargo</i>	184		GMAC*	727
<i>Countrywide</i>	146		<i>Wells Fargo</i>	641
Citizens*	125		<i>Countrywide</i>	602
<i>Washington Mutual</i>	118		<i>Fleet</i>	458
B. Latino Borrowers			White Borrowers	
<i>Fleet</i>	99		<i>Washington Mutual</i>	1,107
Citizens*	80		GMAC*	727
<i>Countrywide</i>	68		<i>Wells Fargo</i>	641
<i>Washington Mutual</i>	64		<i>Countrywide</i>	602
<i>Wells Fargo</i>	54		<i>Fleet</i>	458
C. Low-Income Borrowers			Upper-Income Borrowers	
<i>Washington Mutual</i>	104		<i>Washington Mutual</i>	955
<i>Fleet</i>	101		<i>Fleet</i>	524
<i>Countrywide</i>	70		<i>Countrywide</i>	498
GMAC*	62		GMAC*	454
Citizens*	55		Wells Fargo	443
D. Census Tracts >75% Minority			Census Tracts >75% White	
<i>Fleet</i>	287		<i>Washington Mutual</i>	1,027
<i>Washington Mutual</i>	276		<i>Fleet</i>	725
<i>Wells Fargo</i>	200		GMAC*	660
<i>Countrywide</i>	191		<i>Wells Fargo</i>	522
Ameriquist	172		<i>Countrywide</i>	520
E. Low-Income Census Tracts			Upper-Income Census Tracts	
<i>Washington Mutual</i>	331		<i>Washington Mutual</i>	343
<i>Countrywide</i>	235		<i>Fleet</i>	253
<i>Fleet</i>	205		<i>Wells Fargo</i>	218
<i>Wells Fargo</i>	164		GMAC*	169
GMAC*	137		<i>Countrywide</i>	135
F. Roxbury and Mattapan			BackBay/BeaconHill and West Roxbury	
<i>Fleet</i>	187		<i>Washington Mutual</i>	297
<i>Washington Mutual</i>	180		<i>Fleet</i>	265
Ameriquist	117		<i>Wells Fargo</i>	179
<i>Countrywide</i>	115		GMAC*	153
<i>Wells Fargo</i>	115		<i>Countrywide</i>	121

* "Citizens" includes the loans by both Citizens Mortgage Co. and Citizens Bank of Mass.
"GMAC" includes the loans by both GMAC Mortgage and GMAC Bank.

Table 11
Increase in Subprime Lending, 1994-2002
Metropolitan Area Planning Council Region
Refinance Loans Only

	All Lenders	Prime Lenders	Subprime Lenders	Percent Subprime
1994	31,206	30,244	962	3.1%
1999	59,073	52,733	6,340	10.7%
2000	27,874	22,372	5,502	19.7%
2001	122,623	115,488	7,135	5.8%
2002	171,577	161,460	10,117	5.9%
ratio: 2002 to 1994	5.50	4.34	9.52	
% change: 2001-2002	39.9%	39.8%	41.8%	

Chart 11
Growth of Subprime Lending in MAPC Region
Refinance Loans Only, 1994 & 1999-2002

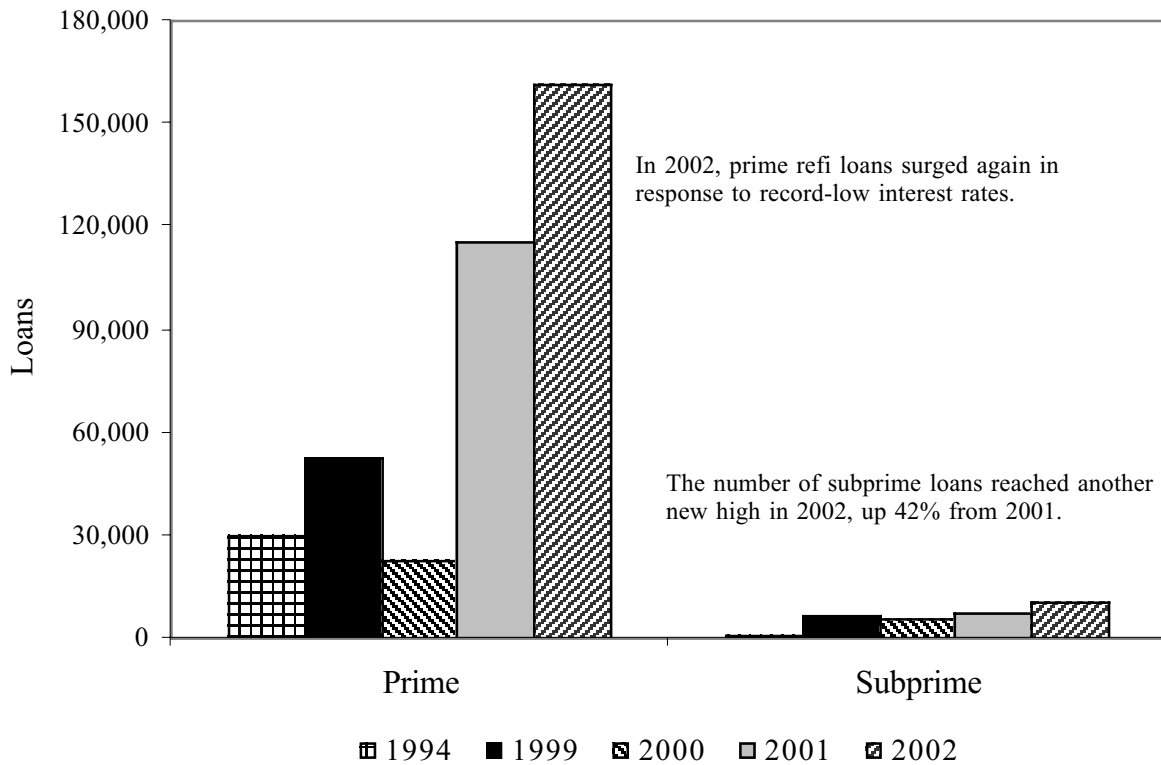


Table 12
Subprime and Prime Lending, By Race/Ethnicity of Borrower
MAPC Region, Refinance Loans Only, 2002

Borrower Race/Ethnicity	All Lenders	Prime Lenders	Subprime Lenders	Percent Subprime	Ratio to White %
Asian	5,253	5,078	175	3.3%	0.72
Black	4,062	3,149	913	22.5%	4.86
Latino	2,966	2,510	456	15.4%	3.32
White	119,815	114,271	5,544	4.6%	1.00
Not Reported*	36,937	34,099	2,838	7.7%	
Total*	171,577	161,460	10,117	5.9%	

* "Not Reported" is "Information not provided...in mail or telephone application" & "Not applicable."
 "Total" includes "American Indian" (444 loans, 21 subprime) and "Other" (2100 loans, 170 subprime) as well as the categories shown in the table.

Chart 12
Subprime Loans as Percent of All Refinance Loans
By Borrower Race/Ethnicity
MAPC Region, 1999 - 2002

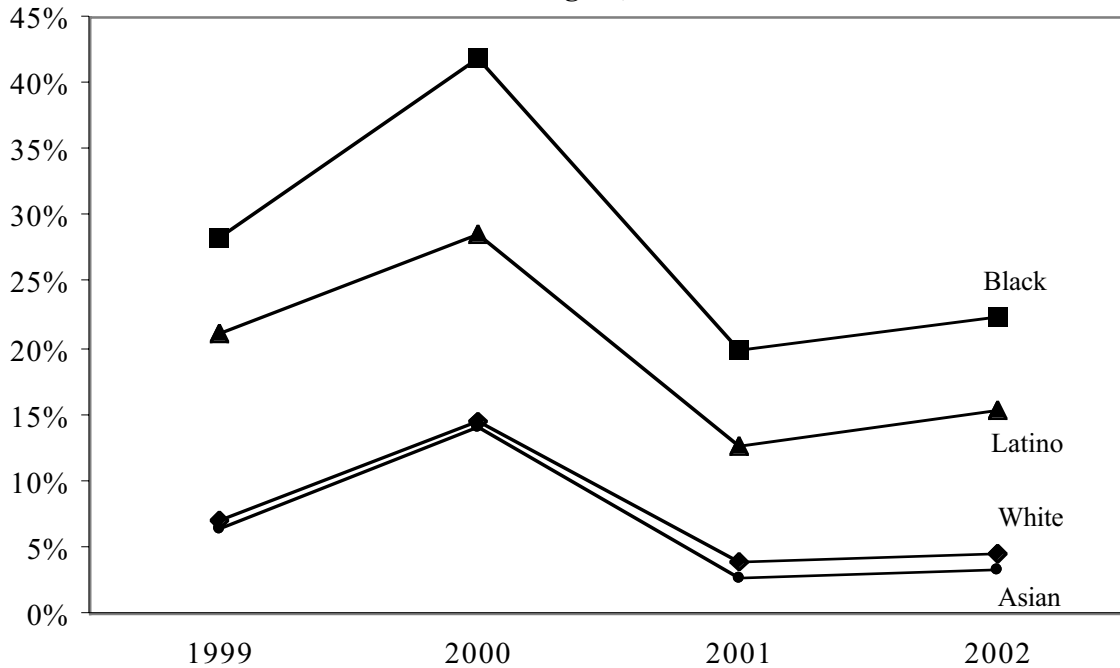


Table 13
Subprime and Prime Lending, By Income of Borrower
MAPC Region, Refinance Loans Only, 2002

Income Category*	All Lenders	Prime Lenders	Subprime Lenders	Percent Subprime	Ratio to Upper %
Low	7,483	6,762	721	9.6%	2.36
Moderate	26,967	24,533	2,434	9.0%	2.21
Middle	44,863	41,619	3,244	7.2%	1.77
Upper	82,167	78,818	3,349	4.1%	1.00
Not Reported	10,097	9,728	369	3.7%	
Total	171,577	161,460	10,117	5.9%	

* Income categories are defined in relationship to the Median Family Income of the Boston MSA (\$74,200 in 2002). "Low" is less than 50% of this amount (\$1K-\$37K in 2002); "Moderate" is 50%-80% of this amount (\$38K-\$59K); "Middle" is 80%-120% of this amount (\$60K-\$89K); and "Upper" is over 120% of this amount (\$90K or greater in 2002).

Chart 13
Subprime Loans as Percent of All Refinance Loans
By Borrower Income, MAPC Region, 1999 - 2002

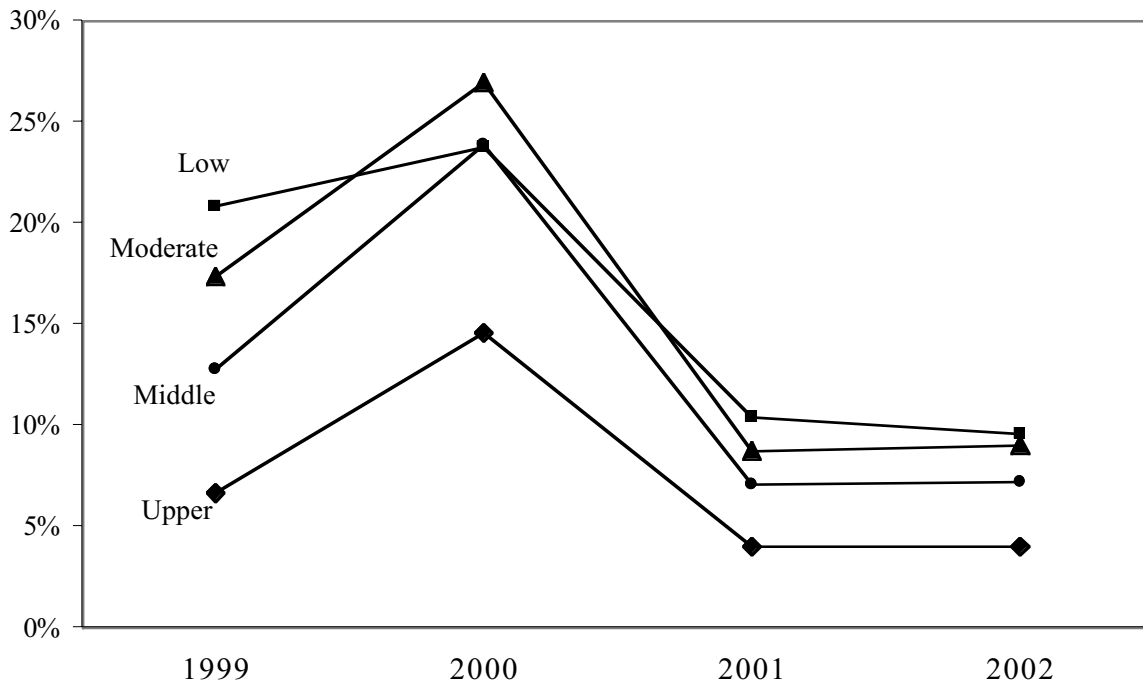


Table 14
Subprime Loans as Percent of Total Loans
By Race/Ethnicity and Income of Borrower
MAPC Region, Refinance Loans Only, 2002

	Low Income*	Moderate Income*	Middle Income*	Upper Income*
Black	27.5%	25.0%	23.6%	20.8%
Latino	13.5%	17.0%	19.0%	13.5%
White	7.0%	7.0%	5.4%	3.3%

* Income categories are defined in relationship to the Median Family Income of the Boston MSA (\$74,200 in 2001). "Low" is less than 50% of this amount (\$1K-\$38K in 2002); "Moderate" is 50%-80% amount (\$38K-\$59K); "Middle" is 80%-120% of this amount (\$60K-\$89K); and "Upper" is over 120% of this amount (\$90K or greater in 2002).

Chart 14
Subprime Loans as Percent of All Refinance Loans
By Borrower Race/Ethnicity and Income
MAPC Region, 2002

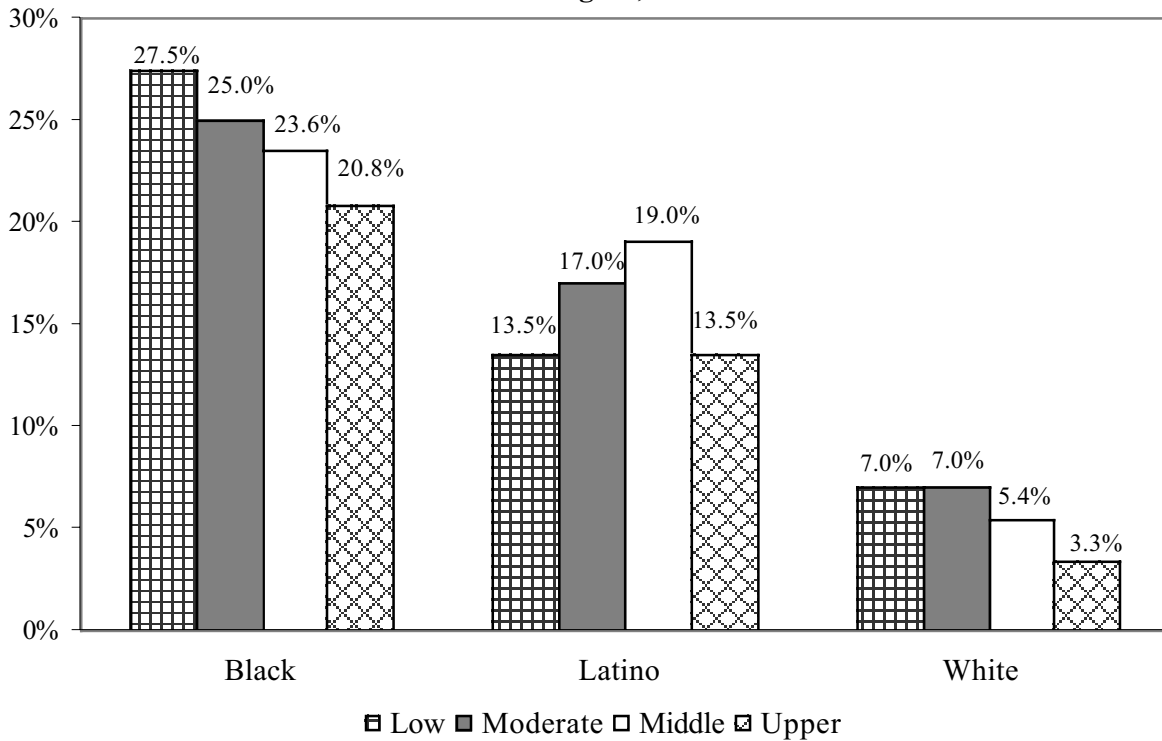


Table 15
Subprime and Prime Lending, By Percent Minority Households in Census Tract*
MAPC Region, Refinance Loans Only, 2002

	Number of Tracts	All Lenders	Prime Lenders	Subprime Lenders	Percent Subprime	Ratio to >75% White
> 75% Minority	45	3,507	2,525	982	28.0%	5.72
50%-75% Minority	32	3,256	2,747	509	15.6%	3.19
25%-50% Minority	82	11,775	10,637	1,138	9.7%	1.98
> 75% White	476	153,036	145,548	7,488	4.9%	1.00
Total	635	171,577	161,460	10,117	5.9%	

* This table classifies 1990 census tracts (used in HMDA data) into minority percentage categories on the basis of 2000 Census data.

Chart 15
Subprime Loans as Percent of All Refinance Loans
By Percent Minority Households in Census Tract
MAPC Region, 1999 - 2002

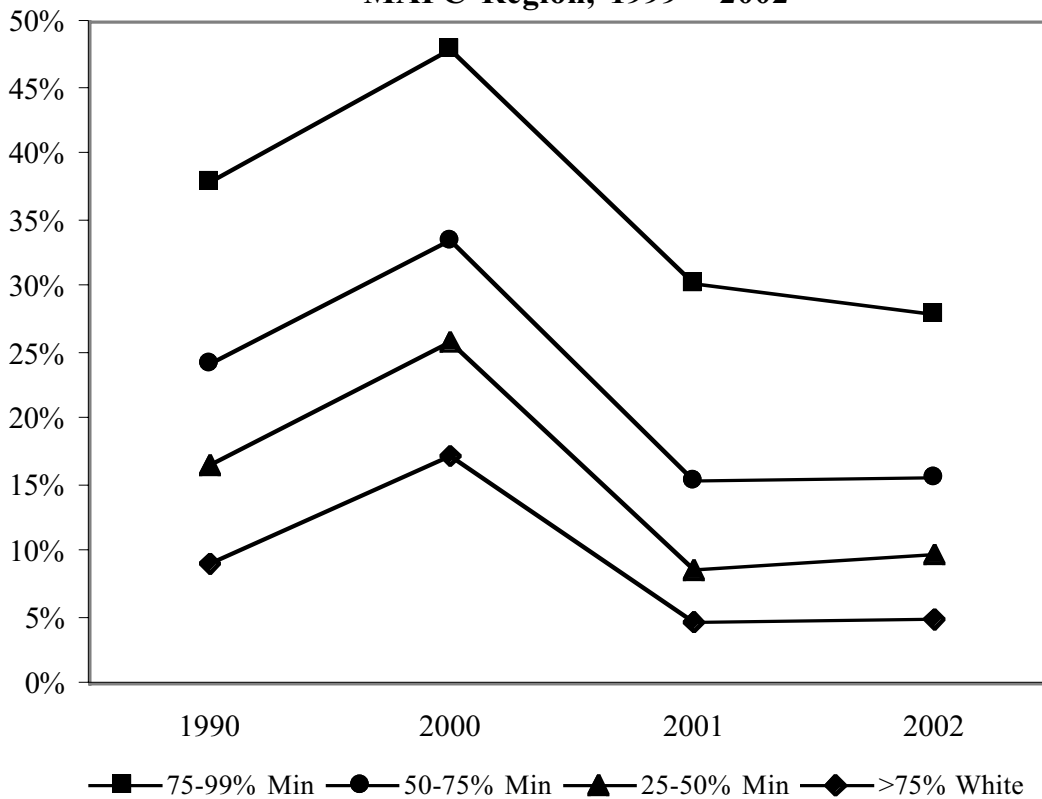


Table 16
Subprime and Prime Lending, By Income Level of Census Tract*
MAPC Region, Refinance Loans Only, 2002

	Number of Tracts	All Lenders	Prime Lenders	Subprime Lenders	Percent Subprime	Ratio to Upper %
Low-Income	63	4,422	3,654	768	17.4%	5.30
Moderate-Income	140	19,789	17,378	2,411	12.2%	3.72
Middle-Income	253	76,605	71,987	4,618	6.0%	1.84
Upper-Income	179	70,758	68,438	2,320	3.3%	1.00
Total	635	171,577	161,460	10,117	5.9%	

* A census tract is placed into an income category on the basis of the relationship, according to the 2000 census, between its Median Family Income (MFI) and the MFI of the Boston MSA. "Low" is less than 50% of the MFI of the MSA; "Moderate" is between 50% and 80%; "Middle" is between 80% and 120%; and "Upper" is greater than 120% of the MFI of the MSA.

Chart 16
Subprime Loans as Percent of All Refinance Loans
By Census Tract Income Level
MAPC Region, 1999 - 2002

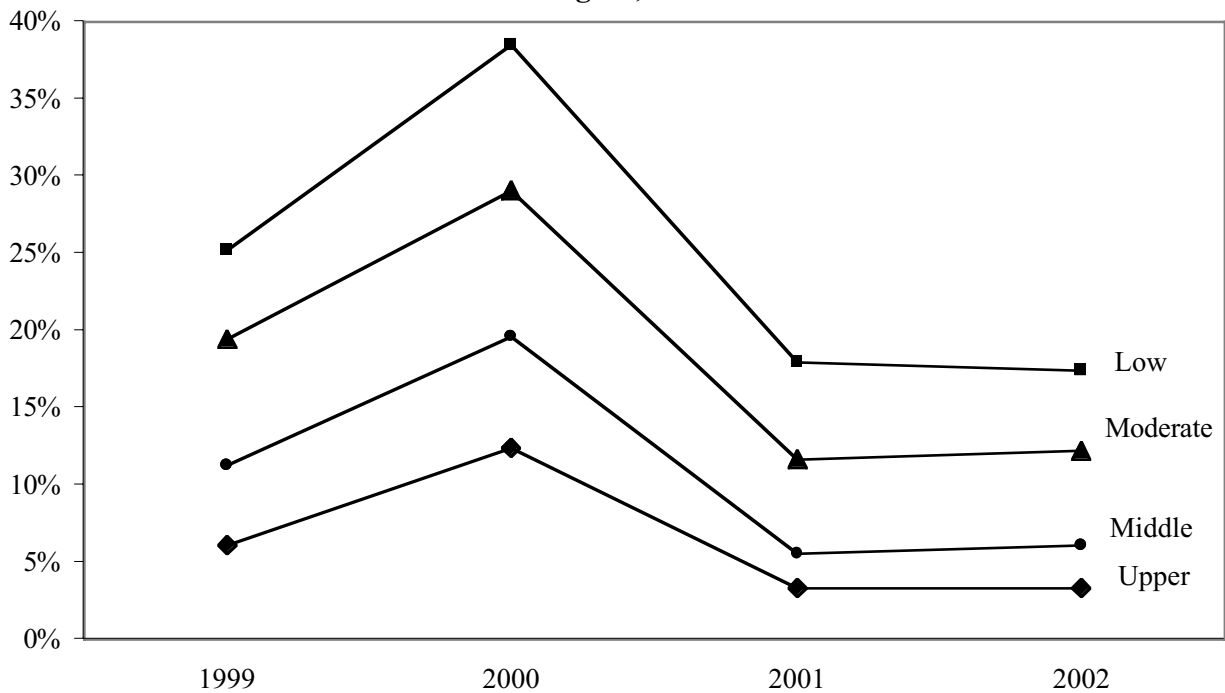


Table 17
Number and Percentage of Loans by Subprime Lenders in the MAPC Region
By Type of Borrower and Neighborhood, Refinance Loans Only, 1999-2002

City/Town	Number Subprime Loans				Subprime as % of Total				Disparity Ratio			
	1999	2000	2001	2002	1999	2000	2001	2002	1999	2000	2001	2002
A. By Race/Ethnicity of Borrower (see Table 12 for notes and for details on 2002 lending)												
Asian	82	81	98	175	6.4%	14.1%	2.7%	3.3%	0.91	0.97	0.69	0.72
Black	525	492	640	913	28.5%	41.8%	19.9%	22.5%	4.07	2.88	5.03	4.86
Latino	183	169	287	456	21.1%	28.6%	12.7%	15.4%	3.01	1.97	3.21	3.32
White	3,253	2,827	3,528	5,544	7.0%	14.5%	4.0%	4.6%	1.00	1.00	1.00	1.00
Not Reported	2,201	1,772	2,472	2,838	26.6%	31.7%	10.9%	7.7%				
Total	6,340	5,502	7,135	10,117	10.7%	19.7%	5.8%	5.9%				
B. By Income of Borrower (see Table 13)												
Low	685	396	516	721	20.9%	23.8%	10.5%	9.6%	3.12	1.63	2.59	2.36
Moderate	1,727	1,406	1,695	2,434	17.4%	26.9%	8.7%	9.0%	2.60	1.84	2.17	2.21
Middle	1,972	1,850	2,280	3,244	12.8%	23.9%	7.0%	7.2%	1.91	1.64	1.74	1.77
Upper	1,783	1,672	2,349	3,349	6.7%	14.6%	4.0%	4.1%	1.00	1.00	1.00	1.00
Not Reported	173	178	295	369	4.5%	9.8%	3.9%	3.7%				
Total	6,340	5,502	7,135	10,117	10.7%	19.7%	5.8%					
C. By Percent Minority Households in Census Tract (see Table 15)												
> 75% Minority	597	594	825	1,098	37.9%	48.0%	30.1%	26.7%	4.16	2.81	6.34	5.63
50%-75% Minority	300	278	372	593	24.2%	33.4%	15.3%	12.3%	2.66	1.95	3.22	2.59
25%-50% Minority	690	644	792	1,437	16.5%	25.9%	8.7%	9.4%	1.81	1.51	1.82	1.98
> 75% White	4,753	3,986	5,146	6,989	9.1%	17.1%	4.8%	4.7%	1.00	1.00	1.00	1.00
Total	6,340	5,502	7,135	10,117	10.7%	19.7%	5.8%	5.9%				
D. By Income Level of Census Tract (see Table 16)												
Low	433	467	620	768	25.2%	38.5%	18.0%	17.4%	4.13	3.10	5.37	5.30
Moderate	1,498	1,352	1,816	2,411	19.5%	29.1%	11.6%	12.2%	3.20	2.35	3.47	3.72
Middle	3,022	2,565	3,148	4,618	11.3%	19.7%	5.5%	6.0%	1.85	1.59	1.63	1.84
Upper	1,387	1,118	1,551	2,320	6.1%	12.4%	3.4%	3.3%	1.00	1.00	1.00	1.00
Total	6,340	5,502	7,135	10,117	10.7%	19.7%	5.8%					

Table 18
Biggest Subprime and Prime Lenders in MAPC Region, Refinance Loans Only, 2002
(The 20 Subprime Lenders with 90 or more Loans & the 15 Prime Lenders with 2,324 or more Loans)

Lender Name	Lender Type*	Loans	Applica-tions	Lending Rate#	Denial Rate#	Other Outcome Rate#
A. Subprime Lenders						
Ameriquist Mortgage Co.	LML	1,774	9,741	18.2%	5.2%	76.6%
Option One Mort. Corp. (H&R Block)	LML	1,419	2,175	65.2%	25.0%	9.8%
Greenpoint Mortgage Funding	LML	1,234	1,874	65.8%	11.6%	22.6%
New Century Mortgage Corp.	LML	878	1,554	56.5%	14.3%	29.2%
KeyBank USA, NA	OSB	615	2,936	20.9%	18.7%	60.4%
Full Spectrum Lending (Countrywide)	LML	342	752	45.5%	2.8%	51.7%
Citicorp Trust Bank, FSB	OSB	297	389	76.3%	3.9%	19.8%
Wilmington Finance	OSB	280	672	41.7%	27.2%	31.1%
Fremont Investment and Loan	OSB	270	554	48.7%	40.1%	11.2%
American Business Financial	LML	259	1,890	13.7%	24.0%	62.3%
Wachovia Bank of Delaware	OSB	222	772	28.8%	21.8%	49.5%
Aames Financial Corp.	LML	182	1,353	13.5%	13.3%	73.2%
Long Beach Mortgage Co. (WAMU)	LML	177	334	53.0%	45.5%	1.5%
Chase Manhattan Bank USA	OSB	153	1,195	12.8%	66.6%	20.6%
Mortgage Lenders Network USA	LML	138	432	31.9%	35.9%	32.2%
First Franklin Financial Corp.	OSB	128	264	48.5%	11.4%	40.2%
Household Finance Corp. (Household 1)	LML	125	983	12.7%	35.0%	52.3%
Advanced Financial Services	LML	102	269	37.9%	61.0%	1.1%
Novastar Mortgage	LML	95	149	63.8%	14.8%	21.5%
Household Bank FSB (Household 2)	OSB	90	176	51.1%	16.5%	32.4%
Subtotal, These 20 Lenders		8,780	28,464	30.8%	17.5%	51.7%
Sub-subtotal, 12 LML Lenders		6,725	21,506	31.3%	13.9%	54.9%
Subtotal, All 58 SubPrime Lenders		10,117	34,313	29.5%	18.8%	51.7%
B. Prime Lenders						
Washington Mutual Bank	OSB	12,242	16,751	73.1%	5.1%	21.8%
Fleet NB	CRA	11,673	17,799	65.6%	18.8%	15.7%
Wells Fargo Home Mortgage	OSB	8,237	9,765	84.4%	6.3%	9.3%
Countrywide Home Loans	LML	6,923	8,963	77.2%	2.0%	20.8%
GMAC Bank	OSB	5,469	5,631	97.1%	1.9%	1.0%
Citizens Bank of Mass.	CRA	3,979	7,554	52.7%	34.3%	13.1%
GMAC Mortgage	LML	3,730	4,044	92.2%	1.1%	6.6%
Chase Manhattan Mort. Corp.	LML	3,669	4,435	82.7%	5.7%	11.6%
ABN AMRO Mort. Group	OSB	3,439	4,034	85.3%	11.1%	3.6%
Bank of America	OSB	3,264	3,869	84.4%	5.4%	10.3%
National City Mortgage Co.	OSB	3,172	3,768	84.2%	4.3%	11.5%
Flagstar Bank	OSB	2,429	3,190	76.1%	5.0%	18.9%
1-800-East-West Mortgage	CRA	2,381	3,154	75.5%	10.8%	13.7%
GN Mortgage	OSB	2,352	2,696	87.2%	8.0%	4.8%
Eastern Bank	CRA	2,324	2,689	86.4%	6.2%	7.4%
Subtotal, These 15 Lenders		75,283	98,342	76.6%	9.9%	13.6%
Sub-subtotal, 4 CRA Lenders		20,357	31,196	65.3%	20.6%	14.1%
Sub-subtotal, 3 LML Lenders		14,322	17,442	82.1%	2.7%	15.2%
Subtotal, All 487 Prime Lenders		161,460	203,145	79.5%	7.8%	12.7%
Total, All 545 Lenders		171,577	237,458	72.3%	9.4%	18.3%

* "Lender Type" indicates if Boston area performance in meeting community credit needs is subject to evaluation by bank regulators:
CRA: currently covered by federal and/or state Community Reinvestment Act -- banks and state-chartered credit unions with branches in Mass.
LML: Licensed Mortgage Lender, licensed by Mass. Div. of Banks, potentially subject to CRA-type evaluation under proposed state legislation.
OSB: Out-of-State Bank (or subsidiary of federally-chartered out-of-state bank), which the state of Massachusetts is powerless to regulate.

"Lending rate" is percent of applications that result in loans; "denial rate" is percent of applications that are denied; "other outcome rate" is percent of applications that are (1) approved by lender by not accepted by applicant, (2) withdrawn by applicant, or (3) never completed.

Table 19 (page 1 of 3)
Prime and Subprime Lending in the 101 Cities and Towns in the MAPC Region,
in the 7 Largest Cities Outside of this Region, and in Four Larger Areas,
Refinance Loans Only, 2002

City/Town	Number of Loans			% Sub-Prime	% Black H-holds	% Latino H-holds	Median Family Income	Total Population
	All Lenders	Prime Lenders	Subprime Lenders					
A. The 101 Cities and Towns in the MAPC Region								
Acton	1,793	1,751	42	2.3%	0.7%	1.3%	\$ 108,189	20,331
Arlington	2,447	2,377	70	2.9%	1.6%	1.3%	\$ 78,741	42,389
Ashland	1,440	1,379	61	4.2%	1.8%	2.4%	\$ 77,611	14,674
Bedford	891	869	22	2.5%	1.6%	1.3%	\$ 101,081	12,595
Bellingham	1,238	1,121	117	9.5%	0.9%	0.8%	\$ 72,074	15,314
Belmont	1,487	1,445	42	2.8%	0.9%	1.3%	\$ 95,057	24,194
Beverly	2,377	2,255	122	5.1%	1.0%	1.3%	\$ 66,486	39,862
Bolton	407	397	10	2.5%	0.1%	0.6%	\$ 108,967	4,148
Boston	21,103	19,038	2,065	9.8%	21.4%	10.8%	\$ 44,151	589,141
Boxborough	426	409	17	4.0%	0.7%	0.9%	\$ 110,572	4,868
Braintree	2,146	2,044	102	4.8%	1.0%	0.9%	\$ 73,417	33,828
Brookline	3,086	3,019	67	2.2%	2.4%	2.8%	\$ 92,993	57,107
Burlington	1,582	1,519	63	4.0%	1.4%	0.9%	\$ 82,072	22,876
Cambridge	2,954	2,857	97	3.3%	10.5%	5.2%	\$ 59,423	101,355
Canton	1,373	1,313	60	4.4%	2.5%	1.0%	\$ 82,904	20,775
Carlisle	413	399	14	3.4%	0.2%	1.1%	\$ 142,350	4,717
Chelsea	804	667	137	17.0%	6.0%	37.7%	\$ 32,130	35,080
Cohasset	639	613	26	4.1%	0.1%	0.3%	\$ 100,137	7,261
Concord	1,151	1,113	38	3.3%	0.7%	0.8%	\$ 115,839	16,993
Danvers	1,698	1,602	96	5.7%	0.3%	0.5%	\$ 70,565	25,212
Dedham	1,559	1,461	98	6.3%	1.0%	1.4%	\$ 72,330	23,464
Dover	502	495	7	1.4%	0.2%	0.9%	\$ 157,168	5,558
Duxbury	1,341	1,282	59	4.4%	0.7%	0.5%	\$ 106,245	14,248
Essex	214	200	14	6.5%	0.1%	0.5%	\$ 70,152	3,267
Everett	1,437	1,240	197	13.7%	5.4%	6.4%	\$ 49,876	38,037
Foxborough	1,169	1,103	66	5.6%	0.7%	0.7%	\$ 78,811	15,659
Framingham	3,617	3,370	247	6.8%	4.2%	7.8%	\$ 67,420	66,910
Franklin	2,669	2,560	109	4.1%	1.0%	0.7%	\$ 81,826	28,165
Gloucester	1,711	1,608	103	6.0%	0.5%	1.0%	\$ 58,459	30,273
Hamilton	588	567	21	3.6%	0.3%	0.7%	\$ 79,886	8,315
Hanover	1,003	955	48	4.8%	0.5%	0.5%	\$ 86,835	13,164
Hingham	1,685	1,618	67	4.0%	0.4%	0.5%	\$ 98,598	19,882
Holbrook	631	567	64	10.1%	3.7%	1.7%	\$ 62,532	10,785
Holliston	1,153	1,099	54	4.7%	0.9%	1.0%	\$ 84,878	13,801
Hopkinton	1,415	1,359	56	4.0%	0.6%	0.7%	\$ 102,550	13,346
Hudson	1,057	987	70	6.6%	1.0%	2.1%	\$ 70,145	18,113
Hull	890	812	78	8.8%	0.3%	0.6%	\$ 62,294	11,050
Ipswich	926	889	37	4.0%	0.3%	0.8%	\$ 74,931	12,987
Lexington	2,318	2,250	68	2.9%	1.1%	1.0%	\$ 111,899	30,355
Lincoln	388	376	12	3.1%	4.5%	2.2%	\$ 87,842	8,056
Littleton	675	650	25	3.7%	0.5%	0.6%	\$ 83,365	8,184

Table 19 (page 2 of 3)

**Prime and Subprime Lending in the 101 Cities and Towns in the MAPC Region,
in the 7 Largest Cities Outside of this Region, and in Four Larger Areas,
Refinance Loans Only, 2002**

City/Town	Number of Loans			% Sub-Prime	% Black H-holds	% Latino H-holds	Median Family Income	Total Population
	All Lenders	Prime Lenders	Subprime Lenders					
A. The 101 Cities and Towns in the MAPC Region (continued)								
Lynn	3,783	3,240	543	14.4%	9.0%	13.2%	\$ 45,295	89,050
Lynnfield	908	885	23	2.5%	0.4%	0.5%	\$ 91,869	11,542
Malden	2,135	1,936	199	9.3%	7.4%	3.6%	\$ 55,557	56,340
Manchester-btS	344	333	11	3.2%	0.0%	0.4%	\$ 93,609	5,228
Marblehead	1,869	1,814	55	2.9%	0.5%	0.5%	\$ 99,892	20,377
Marlborough	2,110	1,951	159	7.5%	2.0%	3.9%	\$ 70,385	36,255
Marshfield	2,133	1,998	135	6.3%	0.5%	0.4%	\$ 76,541	24,324
Maynard	726	681	45	6.2%	0.8%	1.9%	\$ 71,875	10,433
Medfield	1,058	1,031	27	2.6%	0.6%	0.5%	\$ 108,926	12,273
Medford	2,665	2,494	171	6.4%	5.4%	1.7%	\$ 62,409	55,765
Medway	1,026	984	42	4.1%	0.5%	0.6%	\$ 85,627	12,448
Melrose	1,682	1,601	81	4.8%	1.0%	0.9%	\$ 78,144	27,134
Middleton	574	555	19	3.3%	0.3%	0.3%	\$ 87,605	7,744
Milford	1,713	1,602	111	6.5%	1.3%	3.3%	\$ 61,029	26,799
Millis	614	597	17	2.8%	0.6%	0.8%	\$ 72,171	7,902
Milton	1,820	1,718	102	5.6%	9.3%	1.0%	\$ 94,359	26,062
Nahant	249	238	11	4.4%	0.3%	0.8%	\$ 76,926	3,632
Natick	2,431	2,324	107	4.4%	1.6%	1.4%	\$ 85,715	32,170
Needham	2,266	2,212	54	2.4%	0.6%	0.8%	\$ 107,570	28,911
Newton	5,556	5,401	155	2.8%	1.4%	1.6%	\$ 105,289	83,829
Norfolk	717	691	26	3.6%	0.4%	0.6%	\$ 92,001	10,460
North Reading	1,184	1,129	55	4.6%	0.5%	0.5%	\$ 86,341	13,837
Norwell	793	755	38	4.8%	0.5%	0.4%	\$ 96,771	9,765
Norwood	1,375	1,308	67	4.9%	2.0%	1.2%	\$ 70,164	28,587
Peabody	2,775	2,627	148	5.3%	0.8%	2.6%	\$ 65,483	48,129
Pembroke	1,477	1,355	122	8.3%	0.5%	0.4%	\$ 74,985	16,927
Quincy	3,901	3,659	242	6.2%	2.2%	1.6%	\$ 59,735	88,025
Randolph	1,862	1,613	249	13.4%	18.7%	2.4%	\$ 61,942	30,963
Reading	1,796	1,721	75	4.2%	0.4%	0.6%	\$ 89,076	23,708
Revere	1,927	1,720	207	10.7%	2.6%	6.3%	\$ 45,865	47,283
Rockland	1,067	958	109	10.2%	1.8%	0.7%	\$ 60,088	17,670
Rockport	466	452	14	3.0%	0.2%	0.6%	\$ 69,263	7,767
Salem	2,030	1,900	130	6.4%	2.1%	7.4%	\$ 55,635	40,407
Saugus	1,730	1,624	106	6.1%	0.4%	0.6%	\$ 65,782	26,078
Scituate	1,502	1,432	70	4.7%	0.4%	0.4%	\$ 86,058	17,863
Sharon	1,531	1,471	60	3.9%	3.1%	0.7%	\$ 99,015	17,408
Sherborn	364	356	8	2.2%	0.5%	0.7%	\$ 136,211	4,200
Somerville	2,287	2,125	162	7.1%	5.4%	5.7%	\$ 51,243	77,478
Southborough	872	837	35	4.0%	0.7%	0.7%	\$ 119,454	8,781
Stoneham	1,392	1,331	61	4.4%	0.8%	1.4%	\$ 71,334	22,219
Stoughton	1,657	1,508	149	9.0%	5.4%	1.1%	\$ 69,942	27,149

Table 19 (page 3 of 3)
Prime and Subprime Lending in the 101 Cities and Towns in the MAPC Region,
in the 7 Largest Cities Outside of this Region, and in Four Larger Areas,
Refinance Loans Only, 2002

City/Town	Number of Loans			% Sub-Prime	% Black H-holds	% Latino H-holds	Median Family Income	Total Population
	All Lenders	Prime Lenders	Subprime Lenders					
A. The 101 Cities and Towns in the MAPC Region (continued)								
Stow	526	509	17	3.2%	0.4%	1.2%	\$ 102,530	5,902
Sudbury	1,572	1,531	41	2.6%	0.8%	0.8%	\$ 130,399	16,841
Swampscott	1,099	1,062	37	3.4%	0.8%	0.8%	\$ 82,795	14,412
Topsfield	454	443	11	2.4%	0.2%	0.6%	\$ 104,475	6,141
Wakefield	1,718	1,631	87	5.1%	0.5%	0.6%	\$ 77,834	24,804
Walpole	1,664	1,589	75	4.5%	0.4%	0.6%	\$ 84,458	22,824
Waltham	2,359	2,227	132	5.6%	3.6%	5.9%	\$ 64,595	59,226
Watertown	1,462	1,411	51	3.5%	1.3%	2.0%	\$ 67,441	32,986
Wayland	1,100	1,065	35	3.2%	0.7%	0.8%	\$ 113,671	13,100
Wellesley	2,000	1,965	35	1.8%	1.1%	1.3%	\$ 134,769	26,613
Wenham	274	261	13	4.7%	0.0%	0.6%	\$ 98,004	4,440
Weston	828	810	18	2.2%	0.8%	1.3%	\$ 181,041	11,469
Westwood	1,120	1,083	37	3.3%	0.5%	0.6%	\$ 103,242	14,117
Weymouth	3,395	3,185	210	6.2%	1.5%	1.1%	\$ 64,083	53,988
Wilmington	1,629	1,554	75	4.6%	0.4%	0.6%	\$ 76,760	21,363
Winchester	1,619	1,580	39	2.4%	0.8%	0.7%	\$ 110,226	20,810
Winthrop	951	899	52	5.5%	1.5%	2.0%	\$ 65,696	18,303
Woburn	2,162	2,024	138	6.4%	1.6%	2.4%	\$ 66,364	37,258
Wrentham	875	829	46	5.3%	0.4%	0.6%	\$ 89,058	10,554
B. The Seven Other Massachusetts Cities with Population over 60,000								
Brockton	4,150	3,266	884	21.3%	16.9%	6.4%	\$ 46,235	94,304
Fall River	2,124	1,868	256	12.1%	2.1%	2.3%	\$ 37,671	91,398
Lawrence	2,017	1,558	459	22.8%	2.0%	50.6%	\$ 31,809	72,043
Lowell	3,406	2,937	469	13.8%	3.4%	11.4%	\$ 45,901	105,167
New Bedford	2,806	2,383	423	15.1%	4.5%	7.4%	\$ 35,708	93,768
Springfield	2,945	2,425	520	17.7%	19.4%	21.8%	\$ 36,285	152,082
Worcester	6,136	5,356	780	12.7%	5.9%	11.8%	\$ 42,988	172,648
C. Larger Areas[^]								
MAPC Region	171,577	161,460	10,117	5.9%	6.6%	4.7%	not available	3,064,412
Boston MSA	194,808	182,724	12,084	6.2%	6.1%	4.3%	\$ 68,341	3,398,051
Boston NECTA	237,797	221,873	15,924	6.7%	5.6%	5.0%	not available	4,144,933
Massachusetts	339,805	315,188	24,617	7.2%	4.7%	5.0%	\$ 61,664	6,349,097

[^] The Metropolitan Area Planning Council (MAPC) Region consists of 101 communities (all listed in this table). The Boston Metropolitan Statistical Area (MSA) consists of all of the communities in the MAPC Region plus 26 more, for a total of 127 communities. The Boston-Cambridge-Quincy Metropolitan New England City and Town Area (Boston NECTA) consists of 155 communities, including all but one of those in the MAPC Region and all but six of those in the Boston MSA. For more information on these geographical areas, see "Notes on Data and Methods."

Table 20 (page 1 of 3)

**Subprime Lending to Black, Latino, and White Borrowers
In the 101 Cities & Towns in the MAPC Region, in the 7 Largest Cities Outside of
this Region, and in Four Larger Areas, Refinance Loans Only, 2002**

City/Town	Black Borrowers			Latino Borrowers			White Borrowers			Subprime Share Disparity Ratios*	
	All Lenders	Sub-prime Lenders	% Sub-prime	All Lenders	Sub-prime Lenders	% Sub-prime	All Lenders	Sub-prime Lenders	% Sub-prime	Black/White	Latino/White
A. The 101 Cities and Towns in the MAPC Region											
Acton	6	0	0.0%	12	1	8.3%	1,102	30	2.7%	-	-
Arlington	21	3	14.3%	14	1	7.1%	1,776	45	2.5%	-	-
Ashland	10	0	0.0%	12	1	8.3%	974	37	3.8%	-	-
Bedford	3	0	0.0%	4	0	0.0%	617	16	2.6%	-	-
Bellingham	4	0	0.0%	9	3	33.3%	924	80	8.7%	-	-
Belmont	4	0	0.0%	10	2	20.0%	1,117	23	2.1%	-	-
Beverly	8	2	25.0%	17	0	0.0%	1,878	74	3.9%	-	-
Bolton	0	0	n/a	0	0	n/a	310	8	2.6%	-	-
Boston	2,268	628	27.7%	930	160	17.2%	11,619	595	5.1%	5.41	3.36
Boxborough	1	0	0.0%	1	0	0.0%	290	9	3.1%	-	-
Braintree	7	1	14.3%	10	1	10.0%	1,584	59	3.7%	-	-
Brookline	25	2	8.0%	24	1	4.2%	2,083	41	2.0%	-	-
Burlington	11	2	18.2%	9	1	11.1%	1,078	39	3.6%	-	-
Cambridge	97	14	14.4%	37	1	2.7%	1,968	51	2.6%	5.57	1.04
Canton	21	5	23.8%	11	2	18.2%	951	33	3.5%	-	-
Carlisle	0	0	n/a	4	0	0.0%	270	11	4.1%	-	-
Chelsea	22	6	27.3%	191	35	18.3%	363	61	16.8%	-	1.09
Cohasset	2	0	0.0%	0	0	n/a	511	17	3.3%	-	-
Concord	4	1	25.0%	7	0	0.0%	849	25	2.9%	-	-
Danvers	2	0	0.0%	11	0	0.0%	1,337	66	4.9%	-	-
Dedham	9	3	33.3%	21	0	0.0%	1,151	63	5.5%	-	-
Dover	2	0	0.0%	3	0	0.0%	360	5	1.4%	-	-
Duxbury	1	1	100.0%	4	2	50.0%	1,035	44	4.3%	-	-
Essex	0	0	n/a	1	0	0.0%	184	9	4.9%	-	-
Everett	67	13	19.4%	96	18	18.8%	914	106	11.6%	1.67	1.62
Foxborough	7	2	28.6%	6	1	16.7%	894	52	5.8%	-	-
Framingham	58	5	8.6%	133	25	18.8%	2,300	135	5.9%	1.47	3.20
Franklin	12	1	8.3%	7	0	0.0%	1,992	70	3.5%	-	-
Gloucester	3	0	0.0%	3	0	0.0%	1,394	73	5.2%	-	-
Hamilton	0	0	n/a	2	0	0.0%	474	17	3.6%	-	-
Hanover	3	1	33.3%	3	1	33.3%	770	29	3.8%	-	-
Hingham	3	0	0.0%	5	0	0.0%	1,304	49	3.8%	-	-
Holbrook	10	1	10.0%	8	2	25.0%	465	37	8.0%	-	-
Holliston	5	1	20.0%	11	1	9.1%	832	44	5.3%	-	-
Hopkinton	2	1	50.0%	2	0	0.0%	1,046	40	3.8%	-	-
Hudson	7	0	0.0%	12	0	0.0%	791	44	5.6%	-	-
Hull	1	0	0.0%	3	0	0.0%	689	56	8.1%	-	-
Ipswich	1	0	0.0%	2	0	0.0%	742	26	3.5%	-	-
Lexington	18	1	5.6%	13	0	0.0%	1,481	44	3.0%	-	-
Lincoln	1	0	0.0%	0	0	n/a	267	8	3.0%	-	-
Littleton	3	0	0.0%	4	0	0.0%	500	18	3.6%	-	-

Table 20 (page 2 of 3)
Subprime Lending to Black, Latino, and White Borrowers
In the 101 Cities & Towns in the MAPC Region, in the 7 Largest Cities Outside of
this Region, and in Four Larger Areas, Refinance Loans Only, 2002

City/Town	Black Borrowers			Latino Borrowers			White Borrowers			Subprime Share Disparity Ratios*	
	All Lenders	Sub-prime Lenders	% Sub prime	All Lenders	Sub-prime Lenders	% Sub prime	All Lenders	Sub-prime Lenders	% Sub prime	Black/White	Latino/White
A. The 101 Cities and Towns in the MAPC Region (continued)											
Lynn	161	33	20.5%	319	86	27.0%	2,421	256	10.6%	1.94	2.55
Lynnfield	2	0	0.0%	2	0	0.0%	700	17	2.4%	-	-
Malden	91	14	15.4%	79	9	11.4%	1,305	103	7.9%	1.95	1.44
Manchester-btS	2	1	50.0%	0	0	n/a	259	8	3.1%	-	-
Marblehead	3	1	33.3%	6	0	0.0%	1,593	41	2.6%	-	-
Marlborough	26	3	11.5%	47	11	23.4%	1,445	97	6.7%	-	3.49
Marshfield	8	0	0.0%	9	1	11.1%	1,637	91	5.6%	-	-
Maynard	6	2	33.3%	3	1	33.3%	560	27	4.8%	-	-
Medfield	4	1	25.0%	6	0	0.0%	817	19	2.3%	-	-
Medford	73	8	11.0%	37	7	18.9%	1,917	97	5.1%	2.17	3.74
Medway	2	0	0.0%	5	0	0.0%	769	31	4.0%	-	-
Melrose	3	0	0.0%	11	2	18.2%	1,224	58	4.7%	-	-
Middleton	0	0	n/a	6	0	0.0%	430	13	3.0%	-	-
Milford	9	1	11.1%	28	3	10.7%	1,269	69	5.4%	-	-
Millis	1	0	0.0%	0	0	n/a	449	14	3.1%	-	-
Milton	124	27	21.8%	16	0	0.0%	1,244	47	3.8%	5.76	-
Nahant	0	0	n/a	0	0	n/a	200	6	3.0%	-	-
Natick	23	6	26.1%	13	0	0.0%	1,740	78	4.5%	-	-
Needham	5	1	20.0%	9	2	22.2%	1,658	35	2.1%	-	-
Newton	41	5	12.2%	47	4	8.5%	3,832	93	2.4%	5.02	3.51
Norfolk	2	0	0.0%	2	0	0.0%	526	19	3.6%	-	-
North Reading	3	0	0.0%	4	0	0.0%	889	42	4.7%	-	-
Norwell	3	0	0.0%	3	0	0.0%	616	26	4.2%	-	-
Norwood	9	3	33.3%	10	1	10.0%	978	46	4.7%	-	-
Peabody	14	1	7.1%	31	2	6.5%	2,207	102	4.6%	-	-
Pembroke	4	1	25.0%	1	0	0.0%	1,120	86	7.7%	-	-
Quincy	23	2	8.7%	34	2	5.9%	2,683	157	5.9%	-	-
Randolph	340	63	18.5%	29	6	20.7%	840	84	10.0%	1.85	-
Reading	8	3	37.5%	7	0	0.0%	1,369	44	3.2%	-	-
Revere	22	4	18.2%	135	14	10.4%	1,241	118	9.5%	-	1.09
Rockland	4	0	0.0%	5	1	20.0%	805	75	9.3%	-	-
Rockport	0	0	n/a	1	0	0.0%	383	13	3.4%	-	-
Salem	11	1	9.1%	44	11	25.0%	1,600	75	4.7%	-	5.33
Saugus	6	1	16.7%	14	2	14.3%	1,389	73	5.3%	-	-
Scituate	5	0	0.0%	7	0	0.0%	1,150	48	4.2%	-	-
Sharon	24	6	25.0%	13	0	0.0%	1,077	35	3.2%	-	-
Sherborn	1	0	0.0%	1	0	0.0%	261	6	2.3%	-	-
Somerville	74	9	12.2%	82	17	20.7%	1,518	88	5.8%	2.10	3.58
Southborough	2	0	0.0%	1	0	0.0%	603	20	3.3%	-	-
Stoneham	6	0	0.0%	8	0	0.0%	1,065	45	4.2%	-	-
Stoughton	57	9	15.8%	19	3	15.8%	1,128	101	9.0%	1.76	-

Table 20 (page 3 of 3)

**Subprime Lending to Black, Latino, and White Borrowers
In the 101 Cities & Towns in the MAPC Region, in the 7 Largest Cities Outside of
this Region, and in Four Larger Areas, Refinance Loans Only, 2002**

City/Town	Black Borrowers			Latino Borrowers			White Borrowers			Subprime Share Disparity Ratios*	
	All Lenders	Sub-prime Lenders	% Sub prime	All Lenders	Sub-prime Lenders	% Sub prime	All Lenders	Sub-prime Lenders	% Sub prime	Black/White	Latino/White
	A. The 101 Cities and Towns in the MAPC Region (continued)										
Stow	3	0	0.0%	4	0	0.0%	374	9	2.4%	-	-
Sudbury	1	0	0.0%	10	0	0.0%	1,099	30	2.7%	-	-
Swampscott	4	0	0.0%	9	1	11.1%	887	27	3.0%	-	-
Topsfield	1	0	0.0%	1	0	0.0%	353	5	1.4%	-	-
Wakefield	2	0	0.0%	6	1	16.7%	1,351	64	4.7%	-	-
Walpole	4	1	25.0%	5	0	0.0%	1,257	46	3.7%	-	-
Waltham	41	6	14.6%	67	6	9.0%	1,552	79	5.1%	2.87	1.76
Watertown	8	0	0.0%	17	0	0.0%	1,057	29	2.7%	-	-
Wayland	1	0	0.0%	5	0	0.0%	766	22	2.9%	-	-
Wellesley	9	0	0.0%	8	0	0.0%	1,408	22	1.6%	-	-
Wenham	0	0	n/a	2	0	0.0%	209	9	4.3%	-	-
Weston	5	0	0.0%	2	0	0.0%	566	9	1.6%	-	-
Westwood	4	1	25.0%	8	0	0.0%	815	21	2.6%	-	-
Weymouth	22	4	18.2%	23	1	4.3%	2,676	139	5.2%	-	-
Wilmington	2	0	0.0%	5	0	0.0%	1,229	56	4.6%	-	-
Winchester	6	1	16.7%	7	0	0.0%	1,139	21	1.8%	-	-
Winthrop	4	0	0.0%	12	1	8.3%	701	32	4.6%	-	-
Woburn	13	0	0.0%	25	2	8.0%	1,609	101	6.3%	-	-
Wrentham	1	0	0.0%	4	0	0.0%	664	31	4.7%	-	-
B. The Seven Other Massachusetts Cities with Population over 60,000											
Brockton	536	173	32.3%	171	42	24.6%	2,111	295	14.0%	2.31	1.76
Fall River	18	0	0.0%	20	7	35.0%	1,695	155	9.1%	-	-
Lawrence	37	12	32.4%	891	244	27.4%	704	108	15.3%	2.11	1.79
Lowell	75	19	25.3%	138	29	21.0%	2,115	235	11.1%	2.28	1.89
New Bedford	95	18	18.9%	84	22	26.2%	2,024	219	10.8%	1.75	2.42
Springfield	283	71	25.1%	245	51	20.8%	1,641	152	9.3%	2.71	2.25
Worcester	210	51	24.3%	280	67	23.9%	3,890	353	9.1%	2.68	2.64
C. Larger Areas[^]											
MAPC Region	4,062	913	22.5%	2,966	456	15.4%	119,815	5,544	4.6%	4.86	3.32
Boston MSA	4,238	940	22.2%	3,095	482	15.6%	137,347	6,782	4.9%	4.49	3.15
Boston NECTA	5,066	1,176	23.2%	4,650	840	18.1%	167,010	8,771	5.3%	4.42	3.44
Massachusetts	6,222	1,398	22.5%	5,972	1,090	18.3%	243,533	13,654	5.6%	4.01	3.26

* "Subprime share disparity ratios" are calculated by dividing the percentage of refinance loans to blacks [or Latinos] that were made by subprime lenders by the share of refinance loans to whites that were made by subprime lenders. These ratios are only calculated for communities where blacks [or Latinos] received at least 35 total refinance loans.

[^] The Metropolitan Area Planning Council (MAPC) Region consists of 101 communities (all listed in this table). The Boston Metropolitan Statistical Area (MSA) consists of all of the communities in the MAPC Region plus 26 more, for a total of 127 communities. The Boston-Cambridge-Quincy Metropolitan New England City and Town Area (Boston NECTA) consists of 155 communities, including all but one of those in the MAPC Region and all but six of those in the Boston MSA. For more information on these geographical areas, see "Notes on Data and Methods."

Table 21 (page 1 of 3)

**Number and Percentage of Loans by Subprime Lenders
In the 101 Cities & Towns in the MAPC Region, in the 7 Largest Cities Outside of
this Region, and in Four Larger Areas, Refinance Loans Only, 2000-2002**

City/Town	All Lenders				Subprime Lenders				Percent Subprime			
	2000	2001	2002	Total	2000	2001	2002	Total	2000	2001	2002	Total
A. The 101 Cities and Towns in the MAPC Region												
Acton	158	1,143	1,793	3,094	19	38	42	99	12.0%	3.3%	2.3%	3.2%
Arlington	277	1,562	2,447	4,286	24	56	70	150	8.7%	3.6%	2.9%	3.5%
Ashland	206	1,003	1,440	2,649	39	46	61	146	18.9%	4.6%	4.2%	5.5%
Bedford	104	607	891	1,602	16	17	22	55	15.4%	2.8%	2.5%	3.4%
Bellingham	251	1,008	1,238	2,497	59	88	117	264	23.5%	8.7%	9.5%	10.6%
Belmont	145	852	1,487	2,484	8	25	42	75	5.5%	2.9%	2.8%	3.0%
Beverly	426	1,855	2,377	4,658	78	90	122	290	18.3%	4.9%	5.1%	6.2%
Bolton	52	261	407	720	5	6	10	21	9.6%	2.3%	2.5%	2.9%
Boston	4,532	15,831	21,103	41,466	1,279	1,654	2,065	4,998	28.2%	10.4%	9.8%	12.1%
Boxborough	38	253	426	717	4	7	17	28	10.5%	2.8%	4.0%	3.9%
Braintree	326	1,619	2,146	4,091	57	72	102	231	17.5%	4.4%	4.8%	5.6%
Brookline	324	1,956	3,086	5,366	19	44	67	130	5.9%	2.2%	2.2%	2.4%
Burlington	228	1,139	1,582	2,949	43	51	63	157	18.9%	4.5%	4.0%	5.3%
Cambridge	429	1,753	2,954	5,136	64	71	97	232	14.9%	4.1%	3.3%	4.5%
Canton	206	1,048	1,373	2,627	29	35	60	124	14.1%	3.3%	4.4%	4.7%
Carlisle	65	253	413	731	9	9	14	32	13.8%	3.6%	3.4%	4.4%
Chelsea	224	637	804	1,665	72	105	137	314	32.1%	16.5%	17.0%	18.9%
Cohasset	110	497	639	1,246	14	10	26	50	12.7%	2.0%	4.1%	4.0%
Concord	147	731	1,151	2,029	11	16	38	65	7.5%	2.2%	3.3%	3.2%
Danvers	265	1,316	1,698	3,279	34	49	96	179	12.8%	3.7%	5.7%	5.5%
Dedham	310	1,191	1,559	3,060	55	75	98	228	17.7%	6.3%	6.3%	7.5%
Dover	75	279	502	856	10	7	7	24	13.3%	2.5%	1.4%	2.8%
Duxbury	207	906	1,341	2,454	38	47	59	144	18.4%	5.2%	4.4%	5.9%
Essex	30	152	214	396	5	8	14	27	16.7%	5.3%	6.5%	6.8%
Everett	340	1,124	1,437	2,901	102	126	197	425	30.0%	11.2%	13.7%	14.7%
Foxborough	146	794	1,169	2,109	31	51	66	148	21.2%	6.4%	5.6%	7.0%
Framingham	560	2,627	3,617	6,804	128	199	247	574	22.9%	7.6%	6.8%	8.4%
Franklin	351	1,909	2,669	4,929	64	71	109	244	18.2%	3.7%	4.1%	5.0%
Gloucester	348	1,358	1,711	3,417	50	63	103	216	14.4%	4.6%	6.0%	6.3%
Hamilton	74	385	588	1,047	10	12	21	43	13.5%	3.1%	3.6%	4.1%
Hanover	154	730	1,003	1,887	30	34	48	112	19.5%	4.7%	4.8%	5.9%
Hingham	254	1,188	1,685	3,127	29	41	67	137	11.4%	3.5%	4.0%	4.4%
Holbrook	148	512	631	1,291	40	49	64	153	27.0%	9.6%	10.1%	11.9%
Holliston	137	758	1,153	2,048	29	34	54	117	21.2%	4.5%	4.7%	5.7%
Hopkinton	174	931	1,415	2,520	26	37	56	119	14.9%	4.0%	4.0%	4.7%
Hudson	140	738	1,057	1,935	24	42	70	136	17.1%	5.7%	6.6%	7.0%
Hull	235	693	890	1,818	71	56	78	205	30.2%	8.1%	8.8%	11.3%
Ipswich	153	671	926	1,750	16	23	37	76	10.5%	3.4%	4.0%	4.3%
Lexington	267	1,441	2,318	4,026	15	41	68	124	5.6%	2.8%	2.9%	3.1%
Lincoln	54	222	388	664	4	3	12	19	7.4%	1.4%	3.1%	2.9%
Littleton	84	489	675	1,248	20	20	25	65	23.8%	4.1%	3.7%	5.2%

Table 21 (page 2 of 3)

**Number and Percentage of Loans by Subprime Lenders
In the 101 Cities & Towns in the MAPC Region, in the 7 Largest Cities Outside of
this Region, and in Four Larger Areas, Refinance Loans Only, 2000-2002**

City/Town	All Lenders				Subprime Lenders				Percent Subprime			
	2000	2001	2002	Total	2000	2001	2002	Total	2000	2001	2002	Total
A. The 101 Cities and Towns in the MAPC Region (continued)												
Lynn	847	3,105	3,783	7,735	264	374	543	1,181	31.2%	12.0%	14.4%	15.3%
Lynnfield	126	601	908	1,635	14	17	23	54	11.1%	2.8%	2.5%	3.3%
Malden	460	1,731	2,135	4,326	120	139	199	458	26.1%	8.0%	9.3%	10.6%
Manchester-btS	49	240	344	633	8	8	11	27	16.3%	3.3%	3.2%	4.3%
Marblehead	236	1,212	1,869	3,317	22	33	55	110	9.3%	2.7%	2.9%	3.3%
Marlborough	298	1,651	2,110	4,059	62	105	159	326	20.8%	6.4%	7.5%	8.0%
Marshfield	361	1,694	2,133	4,188	64	71	135	270	17.7%	4.2%	6.3%	6.4%
Maynard	106	534	726	1,366	21	32	45	98	19.8%	6.0%	6.2%	7.2%
Medfield	120	648	1,058	1,826	20	26	27	73	16.7%	4.0%	2.6%	4.0%
Medford	505	2,074	2,665	5,244	115	135	171	421	22.8%	6.5%	6.4%	8.0%
Medway	137	723	1,026	1,886	33	32	42	107	24.1%	4.4%	4.1%	5.7%
Melrose	243	1,184	1,682	3,109	51	34	81	166	21.0%	2.9%	4.8%	5.3%
Middleton	98	398	574	1,070	9	20	19	48	9.2%	5.0%	3.3%	4.5%
Milford	246	1,361	1,713	3,320	64	88	111	263	26.0%	6.5%	6.5%	7.9%
Millis	97	428	614	1,139	21	18	17	56	21.6%	4.2%	2.8%	4.9%
Milton	294	1,171	1,820	3,285	56	58	102	216	19.0%	5.0%	5.6%	6.6%
Nahant	45	169	249	463	7	7	11	25	15.6%	4.1%	4.4%	5.4%
Natick	336	1,760	2,431	4,527	53	69	107	229	15.8%	3.9%	4.4%	5.1%
Needham	246	1,383	2,266	3,895	6	29	54	89	2.4%	2.1%	2.4%	2.3%
Newton	573	3,197	5,556	9,326	39	89	155	283	6.8%	2.8%	2.8%	3.0%
Norfolk	91	570	717	1,378	19	18	26	63	20.9%	3.2%	3.6%	4.6%
North Reading	181	836	1,184	2,201	35	37	55	127	19.3%	4.4%	4.6%	5.8%
Norwell	120	513	793	1,426	13	27	38	78	10.8%	5.3%	4.8%	5.5%
Norwood	227	986	1,375	2,588	42	29	67	138	18.5%	2.9%	4.9%	5.3%
Peabody	539	2,228	2,775	5,542	95	117	148	360	17.6%	5.3%	5.3%	6.5%
Pembroke	269	1,093	1,477	2,839	49	63	122	234	18.2%	5.8%	8.3%	8.2%
Quincy	661	2,930	3,901	7,492	117	153	242	512	17.7%	5.2%	6.2%	6.8%
Randolph	399	1,420	1,862	3,681	129	143	249	521	32.3%	10.1%	13.4%	14.2%
Reading	224	1,261	1,796	3,281	39	33	75	147	17.4%	2.6%	4.2%	4.5%
Revere	514	1,587	1,927	4,028	137	166	207	510	26.7%	10.5%	10.7%	12.7%
Rockland	245	876	1,067	2,188	58	56	109	223	23.7%	6.4%	10.2%	10.2%
Rockport	80	371	466	917	13	15	14	42	16.3%	4.0%	3.0%	4.6%
Salem	337	1,630	2,030	3,997	60	102	130	292	17.8%	6.3%	6.4%	7.3%
Saugus	307	1,398	1,730	3,435	69	86	106	261	22.5%	6.2%	6.1%	7.6%
Scituate	246	1,035	1,502	2,783	43	47	70	160	17.5%	4.5%	4.7%	5.7%
Sharon	189	993	1,531	2,713	23	44	60	127	12.2%	4.4%	3.9%	4.7%
Sherborn	54	239	364	657	6	7	8	21	11.1%	2.9%	2.2%	3.2%
Somerville	459	1,671	2,287	4,417	96	134	162	392	20.9%	8.0%	7.1%	8.9%
Southborough	103	510	872	1,485	12	18	35	65	11.7%	3.5%	4.0%	4.4%
Stoneham	246	1,048	1,392	2,686	38	35	61	134	15.4%	3.3%	4.4%	5.0%
Stoughton	300	1,237	1,657	3,194	75	87	149	311	25.0%	7.0%	9.0%	9.7%

Table 21 (page 3 of 3)
Number and Percentage of Loans by Subprime Lenders
In the 101 Cities & Towns in the MAPC Region, in the 7 Largest Cities Outside of
this Region, and in Four Larger Areas, Refinance Loans Only, 2000-2002

City/Town	All Lenders				Subprime Lenders				Percent Subprime			
	2000	2001	2002	Total	2000	2001	2002	Total	2000	2001	2002	Total
A. The 101 Cities and Towns in the MAPC Region (continued)												
Stow	70	315	526	911	7	8	17	32	10.0%	2.5%	3.2%	3.5%
Sudbury	168	979	1,572	2,719	13	32	41	86	7.7%	3.3%	2.6%	3.2%
Swampscott	156	790	1,099	2,045	23	29	37	89	14.7%	3.7%	3.4%	4.4%
Topsfield	53	302	454	809	1	13	11	25	1.9%	4.3%	2.4%	3.1%
Wakefield	265	1,258	1,718	3,241	47	48	87	182	17.7%	3.8%	5.1%	5.6%
Walpole	212	1,120	1,664	2,996	30	35	75	140	14.2%	3.1%	4.5%	4.7%
Waltham	339	1,675	2,359	4,373	48	107	132	287	14.2%	6.4%	5.6%	6.6%
Watertown	178	902	1,462	2,542	23	37	51	111	12.9%	4.1%	3.5%	4.4%
Wayland	137	748	1,100	1,985	21	29	35	85	15.3%	3.9%	3.2%	4.3%
Wellesley	209	1,168	2,000	3,377	5	21	35	61	2.4%	1.8%	1.8%	1.8%
Wenham	37	186	274	497	4	10	13	27	10.8%	5.4%	4.7%	5.4%
Weston	103	475	828	1,406	8	19	18	45	7.8%	4.0%	2.2%	3.2%
Westwood	155	732	1,120	2,007	15	20	37	72	9.7%	2.7%	3.3%	3.6%
Weymouth	634	2,421	3,395	6,450	153	150	210	513	24.1%	6.2%	6.2%	8.0%
Wilmington	286	1,339	1,629	3,254	54	71	75	200	18.9%	5.3%	4.6%	6.1%
Winchester	233	1,038	1,619	2,890	22	21	39	82	9.4%	2.0%	2.4%	2.8%
Winthrop	203	763	951	1,917	43	41	52	136	21.2%	5.4%	5.5%	7.1%
Woburn	395	1,658	2,162	4,215	73	85	138	296	18.5%	5.1%	6.4%	7.0%
Wrentham	120	636	875	1,631	29	30	46	105	24.2%	4.7%	5.3%	6.4%
B. The Seven Other Massachusetts Cities with Population over 60,000												
Brockton	1,000	3,282	4,150	8,432	296	548	884	1,728	29.6%	16.7%	21.3%	20.5%
Fall River	323	1,305	2,124	3,752	91	101	256	448	28.2%	7.7%	12.1%	11.9%
Lawrence	448	1,503	2,017	3,968	168	295	459	922	37.5%	19.6%	22.8%	23.2%
Lowell	664	2,833	3,406	6,903	171	294	469	934	25.8%	10.4%	13.8%	13.5%
New Bedford	554	1,887	2,806	5,247	170	187	423	780	30.7%	9.9%	15.1%	14.9%
Springfield	860	2,217	2,945	6,022	376	407	520	1,303	43.7%	18.4%	17.7%	21.6%
Worcester	1,044	4,249	6,136	11,429	310	470	780	1,560	29.7%	11.1%	12.7%	13.6%
C. Larger Areas[^]												
MAPC Region	27,921	122,623	171,577	322,121	5,516	7,135	10,117	22,768	19.8%	5.8%	5.9%	7.1%
Boston MSA	32,103	140,497	194,808	367,408	6,469	8,406	12,084	26,959	20.2%	6.0%	6.2%	7.3%
Boston NECTA	39,676	173,369	237,797	450,842	8,224	10,879	15,924	35,027	20.7%	6.3%	6.7%	7.8%
Massachusetts	58,181	245,830	339,805	643,816	12,678	16,397	24,617	53,692	21.8%	6.7%	7.2%	8.3%

[^] The Metropolitan Area Planning Council (MAPC) Region consists of 101 communities (all listed in this table). The Boston Metropolitan Statistical Area (MSA) consists of all of the communities in the MAPC Region plus 26 more, for a total of 127 communities. The Boston-Cambridge-Quincy Metropolitan New England City and Town Area (Boston NECTA) consists of 155 communities, including all but one of those in the MAPC Region and all but six of those in the Boston MSA. For more information on these geographical areas, see "Notes on Data and Methods."

NOTES ON DATA AND METHODS

These notes are intended to supplement the information provided in the text and in notes to the tables, and not all of the information provided in those places is repeated here.

Predatory vs. Subprime Lending

The distinction between the terms *subprime lending* and *predatory lending* has been clearly expressed by former Massachusetts Banking Commissioner Thomas Curry:

Subprime lending generally refers to borrowers who do not meet standard underwriting criteria because they have impaired credit and do not qualify for ‘prime’ or conventional mortgage financing terms. Lenders that engage in subprime lending responsibly offer loans at a price or with terms that reasonably compensate the lender for the increased risk associated with subprime loans. Such prices and terms are also done in a manner that is clearly understood by the consumer. When done responsibly, subprime lending can help consumers who have impaired credit histories due to past financial difficulties or who need temporary financial relief to help avoid bankruptcy or foreclosure.

Predatory lending is a pernicious form of lending that can have a destabilizing effect on low- and moderate-income neighborhoods, as these lenders often attack the most vulnerable segments of the population. Predatory lending usually involves high rates, points, fees, and onerous loan terms, and often is accompanied by high pressure sales tactics or advertising. Predatory lending invariably leaves consumers worse off than when they entered into the transaction, even if their payments are lower in the short-term.

(From letter accompanying the distribution of the Division of Banks’ proposal for revised regulations on high rate mortgage loans, August 3, 2000.) A much more detailed discussion of how predatory lending might best be defined is offered in Deborah Goldstein, “Understanding Predatory Lending: Moving Toward a Common Definition and Workable Solutions” (Joint Center for Housing Studies of Harvard University, Working Paper W99-11, Sept. 1999, pages 7-20 – available at www.jchs.harvard.edu/publications/finance/goldstein_w99-11.pdf).

Subprime Lenders

Each year the U.S. Department of Housing and Urban Development (HUD) prepares a list of HMDA-reporting lenders that it has identified as subprime lenders. On the basis of a several sources of information, including direct contact with each lender, HUD determines that these are lenders that specialize in subprime lending or for whom subprime loans make up at least a majority of loans originated. Randall Scheessele of HUD has provided the annual lists to me in electronic form. Information on how the lists are compiled and the lists themselves are available at: www.huduser.org/datasets/manu.html.

There are 202 lenders on HUD’s subprime lenders list for 2002; 58 of these made at least one loan in the MAPC Region in 2002. These are the *subprime lenders* referred to in this report. To facilitate comparisons, all other lenders are referred to in this report as *prime lenders*. The HUD lists separately identify subprime lenders and manufactured home lenders; the latter are important in some areas, but they do very little business in the Boston area and in this report they are included among subprime lenders. In the MAPC region in 2002, there were only five loans by manufactured home lenders.

It is important to recognize that the HMDA-reported loans by these *subprime lenders* are only an approximation to the number of *subprime loans* that were made. One important reason for this is that some of the loans made by subprime lenders are prime loans, and some of the loans made by prime lenders are subprime loans – although there is no good basis for estimating how many loans there are in either of these categories. In addition, some important subprime lenders have been exempt from HMDA reporting because mortgage lending constituted less than one-tenth of their total lending; Household Finance and Beneficial (both subsidiaries of Household International) were for this reason exempt from HMDA reporting until 2001, even though Household has consistently been the largest or second largest originator of subprime mortgage loans in the nation. Furthermore, although many subprime loans take the form of second mortgage loans or home equity loans, HMDA regulations do not require either of these types of loans to be reported.

Home Mortgage Disclosure Act (HMDA) Data

Data on loans, applications, and denials were calculated from HMDA data, as collected, processed, and released each year by the FFIEC (www.ffiec.gov). Among the HMDA data provided for each loan application are: the identity of the lending institution; the 1990 census tract in which the property is located; the race and sex of the applicant (and co-applicant, if any); the income of the applicant(s); the purpose of the loan (home purchase, refinancing of existing mortgage, or home improvement for a one-to-four family building; or any loan for a building with five or more dwelling units); the amount of the loan or request; and the disposition of the application (loan originated, approved but not accepted by applicant, denied, application withdrawn, or file closed for incompleteness). The FFIEC makes raw HMDA data available on CD-ROM.

Conventional and government-backed (VA & FHA) loans are identified in HMDA data. Some studies of subprime lending include only conventional loans (that is, they exclude government backed-loans – those backed by the Federal Housing Administration or the Department of Veterans Affairs). In this report all these loans are combined and only total loans are analyzed. In fact, there are very few government-backed refinance loans in Boston. In 2002, there were 253 government-backed refinance loans in Boston, accounting for 1.2% of all refinance loans in the city. Only three of these 253 loans were from subprime lenders.

Income categories for applicants/borrowers are defined in relationship to the median family income (MFI) of the Boston Metropolitan Statistical Area (MSA) as reported annually by the U.S. Department of Housing and Urban Development. The MFIs for the years covered in this report are: \$62,700 in 1999, \$65,500 in 2000, \$70,000 in 2001, and \$74,200 in 2002. The MFI for the Boston MSA for 2003 is \$80,800. The borrower income categories are as follows -- low: below 50% of the MSA median; moderate: between 50% and 80% of the MSA median; middle: between 80% and 120% of the MSA median; upper: over 120% of the MSA median. Using these definitions, specific income ranges were calculated for each category for each year. Applicants/borrowers were assigned to income categories on the basis of their income as reported (to the nearest \$1000) in the HMDA data. Note that while information on the MFIs for census tracts and for cities and towns are only available from the decennial census, current borrower incomes are reported in HMDA data and these incomes can be compared to the annually updated data from HUD on the MFI in each MSA.

Racial/Ethnic categories provided in HMDA data are: “American Indian or Alaskan Native,” “Asian or Pacific Islander,” “Black,” “Hispanic,” “White,” “Other,” “Information not provided by applicant in mail or telephone application,” and “Not available.” In this report, “Asian,” is used as shorthand for “Asian or Pacific Islander”; “Latino” is substituted for “Hispanic”; and only data on the race of applicants are used (that is, data on race of co-applicants are ignored). Until January 1, 2003, HMDA regulations did not require that loan applicants be asked their race/ethnicity if the application is made entirely by phone; all other applicants had to be asked. For applications made in person, but not for mail or internet applications, if the applicant chooses not to provide the information, the lender must note the applicant’s race/ethnicity “on the basis of visual observation or surname.”

Data on Population and Income from the 2000 Census

All population and income data presented in this report for geographical areas (census tracts, neighborhoods, cities and towns, the MAPC Region, the Boston MSA, the Boston NECTA, and the state of Massachusetts) are from the 2000 Census. Rolf Goetze of the Policy Development and Research Department at the Boston Redevelopment Authority (BRA) provided me with 2000 Census data in electronic form on requested population variables for all of the census tracts in the city of Boston. Roy Williams of the Massachusetts Institute for Social and Economic Research (MISER) at UMass/Amherst provided me with census data for all Massachusetts cities and towns and for all census tracts in the state. Additional data from the 2000 Census were obtained using the “American FactFinder” feature on the website of the U.S. Census Bureau (www.census.gov).

Racial/Ethnic composition of geographic areas may be defined in a number of ways as a result of the fact that the 2000 Census allowed individuals to choose two or more racial categories for themselves, in addition to classifying themselves as either Hispanic/Latino or not (the 2000 Census regards the terms “Latino” and “Hispanic” as equivalent; this report uses the term “Latino”). The percentage for Latinos consists of all those who classified themselves as Latino, regardless of the race or races that they selected. The terms “Asian,” “black,” and “white” are used in this report as shorthand for “non-Latino Asian,” “non-Latino black,” and “non-Latino white,” respectively. *The percentage for a single race is calculated as the average of (1) the percentage that chose that race alone and (2) the percentage that chose that race alone or together with one or more other races.* One advantage of this method is that the sum of the percentages for all of the races equals very close to 100% (the sum of all percentages based on each race alone is less than 100%, while the sum of all percentages based on each race alone or together with one or more other races is greater than 100%). The percentage “minority” is defined as 100% minus the percentage non-Latino white (as defined just above). Common usage of the term “minority” is followed in spite of the fact that “minorities” constitute the majority of the population in many geographical areas (including the world as a whole – but not, by the definition used here, the city of Boston.)

Racial/Ethnic composition may be reported either as percentage of the entire population or as percentage of households, where a household is defined as one or more persons living in a single housing unit. (In many cases, a household consists of a family, but there are also many non-family households consisting of a single individual or a set of unrelated individuals.) In most cases, this report uses household percentages rather than population percentages because households provide a better indicator of the number of potential home owners. The race/ethnicity of a household is determined by the race of the individual identified as the householder.

HMDA data are reported for 1990 census tracts and HMDA data for 2003 will continue to be reported that way. The record for each mortgage application in the HMDA LAR data provides information on the census tract in which the home is located, including the percentage of minority residents in the census tract, the ratio of the MFI in the census tract to the MFI of the MSA in which the tract is located, and the number of owner-occupied housing units in the tract. The census tracts used in 2002 HMDA data are from the 1990 census and the population, income, and housing data are from that year’s census. For this report, however, census tracts have been classified on the basis of data from the 2000 Census. As a result, results reported for analyses of lending in different categories of census tracts will be different in this report than in most other analyses of HMDA data – and

they should more accurately reflect current demographic reality. In most cases, census tracts are the same in the 2000 Census as they were in the 1990 Census, and the process of using 2000 Census data for these tracts is straightforward. However, in some cases census tract definitions (boundaries) were changed between the 1990 Census and the 2000 Census. In Boston, for example, there were 165 census tracts for the 1990 Census, but only 157 census tracts for the 2000 Census; this net reduction of 8 census tracts resulted from five single tracts being divided into pairs of tracts (+5 tracts) and 23 former tracts being consolidated into ten new tracts (-13 tracts). (For detailed information, see the Boston Redevelopment Authority's Research Report #544, available at www.ci.boston.ma.us/bra/publications.asp.) For Tables 5, 6, 15, and 16, considerable effort was expended in using 2000 Census data to classify those 1990 census tracts that no longer existed for the 2000 Census into the categories for income level and racial/ethnic composition that are used in this report.

Major categories of lenders: the biggest individual subprime and prime lenders listed in Tables 9 and 18 are each classified into one of three major categories in order to indicate their status with respect to current and potential evaluation, by government regulators, of their performance in meeting the mortgage lending needs of Boston-area communities. **"CRA"** indicates lenders whose local lending is currently covered by the federal and/or Massachusetts Community Reinvestment Act (CRA). These lenders consist of Massachusetts banks, defined as any bank with one or more branches in the state. (Massachusetts-chartered credit unions also fall into this category, although none are among the lenders listed in these two tables.) **"LML"** (for "licensed mortgage lender") indicates lenders that were required to obtain a license from the Massachusetts Division of Banks (DoB) in order to make mortgage loans in the state. These lenders consist of independent mortgage companies, mortgage company affiliates of federally-chartered non-Massachusetts banks, and mortgage company subsidiaries or affiliates of non-Massachusetts banks chartered by other states. (Mortgage company subsidiaries or affiliates of "Massachusetts banks" based in other states that require a license to make mortgage loans in Massachusetts are classified, in this report, as "CRA" lenders; the most important example is Citizens Mortgage Company, a subsidiary of Citizens Bank of Rhode Island but an affiliate of Citizens Bank of Massachusetts because it is within the same bank holding company.) Licensed mortgage lenders that make 500 loans per year would be subject to DoB evaluation of their performance in meeting the mortgage credit needs of local communities under the provisions of proposed Massachusetts Senate 4/House 3127 ("An Act Establishing Community Reinvestment Obligations for Certain Mortgage Lenders"). **"OSB"** (for "out-of-state bank") indicates lenders (other than CRA lenders) able to make mortgage loans in the state without a license from the DoB. These lenders consist of federally-chartered banks (or credit unions) and their subsidiaries and banks (or credit unions) chartered by other states. These lenders are exempt from regulation by the Massachusetts government and therefore would not be subject to the provisions of the proposed Senate 4/House 3127.

Geographical areas. Panel C in Tables 19-21 presents information for three multi-community geographic areas as well as for the state as a whole. The *Metropolitan Area Planning Council Region (MAPC Region)*, consisting of 101 cities and towns, is defined by the Metropolitan Area Planning Council (MAPC), a regional planning agency established by the state in 1963. More information on the MAPC and the MAPC Region is available at www.mapc.org. The Massachusetts portion of the *Boston Metropolitan Statistical Area (Boston MSA)*, consisting of 127 cities and towns, includes the entire MAPC Region. The Boston MSA has a pair of arms extending northwest and another pair extending southeast, bordering "gulfs" created by the Lowell, Lawrence, and Brockton MSAs. The Massachusetts portion of *Boston-Cambridge-Quincy MA-NH Metropolitan New England City and Town Area (Boston NECTA)*, consisting of 155 cities and towns, includes 121 of the 127 communities in the Boston MSA, plus all 14 of the communities in the Brockton MSA, all 10 of the communities in the Lawrence MSA, and all 10 of the communities in the Lowell MSA. (The communities in the Boston MSA, but not in the Boston NECTA are: Bellingham [also in the MAPC Region], Blackstone, Millville, Lancaster, Plainville, and Wareham.) The Boston NECTA was defined by the U.S. Office of Management and Budget in June 2003 [www.whitehouse.gov/omb/bulletins/b03-04.html]. (New England now has both NECTAs – defined in terms of cities and towns – and MSAs; for the first time, MSAs in New England – like those in the rest of the U.S. – consist of entire counties. The MSAs used in this report are the old MSAs, as defined by the OMB in 1993.) In terms of counties, the Boston NECTA includes all of the communities in Essex County (34) and Suffolk County (4); most of the communities in Middlesex County (53 of 54), Norfolk County (26 of 28), and Plymouth County (23 of 27); and a minority of the communities in Bristol County (7 of 20) and Worcester County (8 of 60).