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OF CHICAGO

Fair Lending and Redlining Risk Updates

Presented by

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Agenda

Redlining Risk

- Risk indicators
- Assessing risk
- Evaluating the four prongs
- Fair lending risk management

Redlining Risk

Risk Indicators

- Change in demographics
- Proximity to diverse geographies
- Changes in mortgage lending volume
- Geographically driven business strategies

Redlining Risk

Assessing Risk

- Understand geographies
- Map lending patterns and trends
- Evaluate performance
- Activity outside v. inside the assessment area

Redlining

The Four Prongs

- CRA assessment area
- Lending
- Branch and LPO locations
- Marketing and outreach

Evaluation of the Compliance Management System

Redlining – The Four Prongs

Evaluation of Assessment Area

- Is the assessment area irregularly shaped?
- Does it comply with Regulation BB?
- Does it exclude minority areas?

Evaluate Lending Patterns

- Distribution/gap analysis
- Statistical analysis
- Peer analysis

Redlining – The Four Prongs

Branches

- Are branch locations distributed similarly to demographics?
- Do branching strategies, closure or expansion plans reflect demographic considerations?

Redlining Complaints from Consumers and Community Advocates

Redlining – The Four Prongs

Marketing and Outreach

- Do marketing strategies exclude minority geographies?
- Does the bank utilize broker networks or informal referral networks where minority census tracts are not included?

Assessment Area Analysis

Fair Lending Risk Management

- Periodic evaluation of CRA assessment area
- Trend analysis of lending patterns
- Analysis of branch locations, product and service offerings
- Evaluation of marketing and outreach impact



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What questions do you have?



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Thank you!