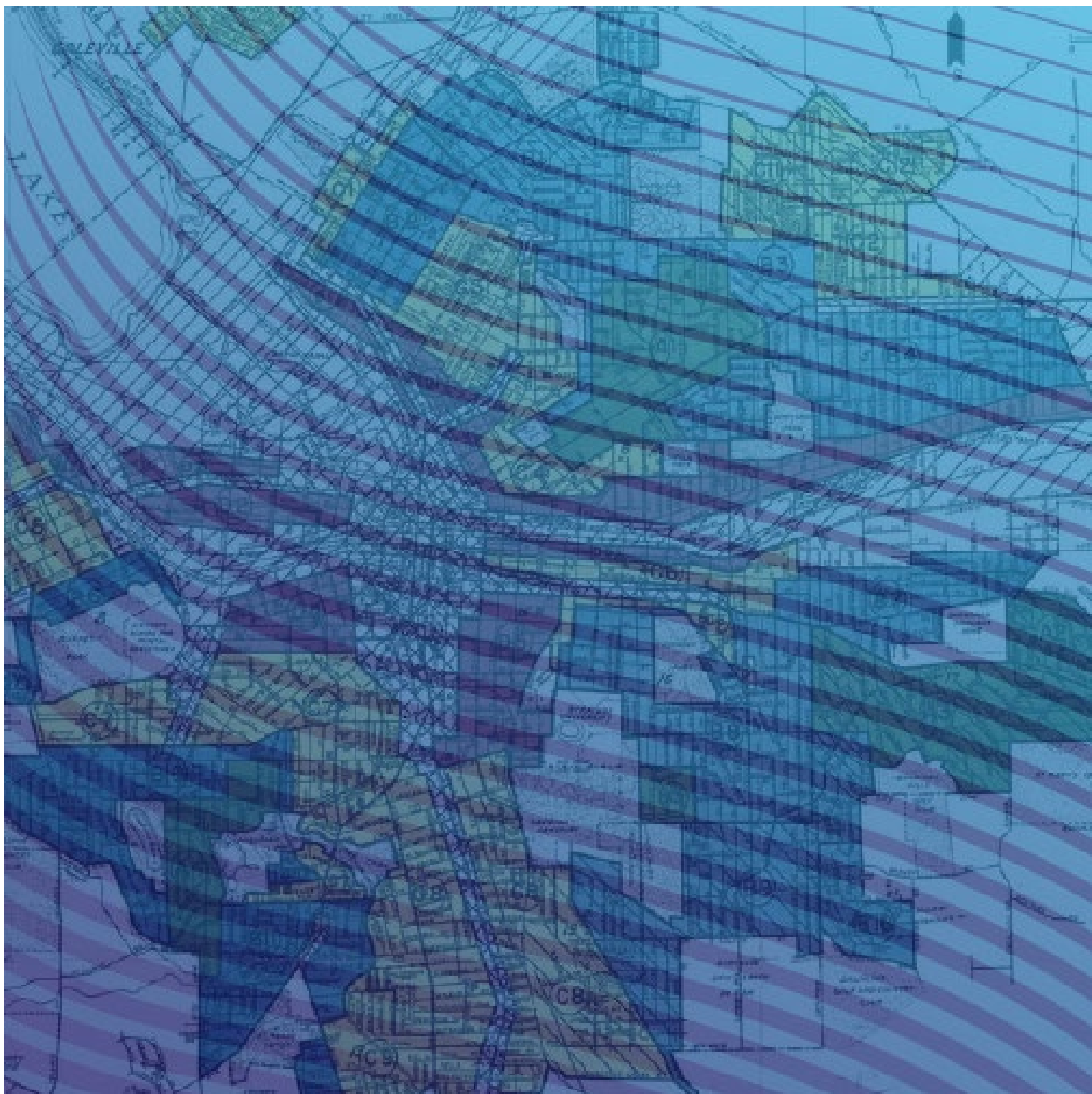


# SECOND REPORT ON THE DEPARTMENT'S INQUIRY INTO REDLINING

SYRACUSE, ROCHESTER AND LONG ISLAND

December 8, 2022



The New York State Department of Financial Services (the “Department”) submits this second report on its inquiry into potential redlining in New York State. The Department released its [first report, concerning the Buffalo metropolitan area](#), on February 4, 2021 (the “2021 Report”). This second report reflects the Department’s inquiry into mortgage lending in Rochester, Syracuse, and Long Island, and contains:

- A brief discussion of the history of redlining in Syracuse, Rochester, and Long Island, including maps showing the contemporary echoes of such redlining;
- Data providing transparency on how well lenders are serving minority communities in those cities; and
- Details of settlements the Department entered into with two nonbank mortgage lenders.

## **I. Introduction**

As discussed in more detail in the 2021 Report, the term “redlining” is now used to refer to various forms of illegal housing discrimination, including lenders refusing to lend to minorities for homes in particular neighborhoods, refusing to do business in a neighborhood based on the population’s racial or ethnic composition, and imposing more onerous terms on home loans in a particular neighborhood for prohibited discriminatory reasons. The term originates from 1930s New-Deal era government homeownership programs, the Home Owners’ Loan Corporation (“HOLC”) and the Federal Housing Administration (“FHA”), which developed color-coded maps evaluating neighborhoods for mortgage lending and insurance purposes. The 2021 Report described some of the pernicious effects of redlining and housing segregation, including that lack of access to mortgage services leads to a lack of access to the wealth-building opportunities of homeownership and accompanying financial stability that, in turn, negatively impacts other socioeconomic factors, including educational opportunities and

health outcomes. Indeed, the Covid-19 pandemic has affected geographic areas with a history of redlining more severely than other communities.

The Department, in reviewing home mortgage lending data<sup>1</sup> for the Buffalo metropolitan area, found that, as a group, nonbank mortgage lenders lent at lower rates to people of color and for homes in neighborhoods with majority-minority populations than the market average.<sup>2</sup> On the basis of its findings, and more generally that nonbank mortgage lenders account for an increasing share of total mortgages originated in New York, the Department called for legislative change — expanding the application of the New York Community Reinvestment Act (“CRA”) (New York Banking Law § 28-b) and its regulations to nonbank mortgage lenders to support access to home loans for all communities. In response, the New York State Legislature passed, and Governor Hochul signed, A.6247-A/S.5246-A, a bill that creates a new mortgage banker community investment law codified at Banking Law § 28-bb (“MBCI law”), a companion to Banking Law § 28-b, that expands community investment examination and obligations to nonbank mortgage lenders in New York.

The federal and New York State Community Reinvestment Acts encourage banks to meet the credit needs of their communities, including low- and moderate-income communities. Both were adopted in response to concerns about the redlining of poor and minority communities by banking institutions during the 1960s and 1970s. The federal CRA establishes that banks have a “continuing and affirmative obligation to help meet the credit needs of the local communities in which they are chartered.” New York’s CRA largely mirrors the federal CRA, and the new

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<sup>1</sup> The Department relied on Home Mortgage Disclosure Act (“HMDA”) data, which is loan-level data required by law to be submitted to the federal government by institutions making home mortgages. HMDA data includes approval and denial information, race and ethnicity of applicants and borrowers, location of properties for which mortgages are made, and other related data.

<sup>2</sup> “Majority-minority” means that the majority of the population is composed of non-white persons or persons of Hispanic or Latino origin.

MBCI law augments the New York CRA by encouraging nonbank mortgage lenders to meet their communities' credit needs as well.

The Department administers the New York CRA and its regulations, which authorize the Department to evaluate a banking institution's performance in its defined "assessment area," a geographic region based on the location of its branches and the areas in which the institution issues loans. Many factors govern whether an institution engages in a satisfactory level of lending, including opportunities presented by a specific community (*i.e.*, demographic and economic factors); the institution's product offerings and business strategies; and institutional capacity and constraints. To evaluate a banking institution's performance, the Department applies various tests depending on the type and size of the institution, such as the lending test, community development test, investment test, and service test. The MBCI law allows the Department to examine nonbank mortgage lenders in a similar manner, while accounting for differences between banks' and nonbank mortgage lenders' business models.

## **II. The Expansion of DFS's Inquiry to Rochester, Syracuse, and Long Island**

The Department has expanded the scope of its inquiry to include mortgage lending in the Syracuse and Rochester metropolitan areas, as well as in Nassau and Suffolk Counties on Long Island.

### **A. Rochester and Syracuse – Continued Echoes of Discriminatory HOLC Maps**

As in Buffalo, contemporary mortgage lending, homeownership, and population patterns in Rochester and Syracuse show echoes of discriminatory housing and lending policies dating to the early twentieth century, including the use of Home Owners Loan Corporation ("HOLC")<sup>3</sup>

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<sup>3</sup> See section II of the 2021 Report for more details on HOLC Security Maps. For digitized versions of the maps, see Robert K. Nelson, LaDale Winling, Richard Marciano, Nathan Connolly, et al., *Mapping Inequality: Redlining in New Deal America*, "Mapping Inequality," American Panorama, ed. Robert K. Nelson and Edward L. Ayers, accessed May 6, 2021. HOLC Security Map of [Syracuse](#), HOLC Security Map of [Rochester](#).

security maps and widespread use of restrictive covenants. The effects of HOLC redlining not only entrenched and heightened segregation in neighborhoods where it already existed, but also were used to justify policies that compounded segregation, including so-called “urban renewal” and “slum clearance” initiatives. These initiatives resulted in, among other things, elevated highways slicing through already-segregated neighborhoods and segregated high-rise housing projects replacing established low-rise neighborhoods.

The Interstate 81 viaduct that divides Syracuse, which was constructed with federal Highway Act funding beginning in the late 1950s, is a stark example. To make way for the elevated roadway, the city demolished Syracuse’s 15<sup>th</sup> Ward, a neighborhood that was home to the vast majority of the city’s Black residents (who were restricted from living in many other neighborhoods) and that community’s major cultural institutions. City leaders characterized the demolition as urban renewal and slum clearance, but the depressed conditions that were in supposed need of remediation had resulted at least in part from government action in the first place: redlining by HOLC and a consequent lack of housing investment. The highway construction effort displaced more than 1,200 families and 400 businesses and precipitated a cascade of socioeconomic harms to the adjacent geographic areas.<sup>4</sup> Notably, the 2023 New York State budget, enacted in April of 2022, allocates \$1.1 billion for the replacement of the I-81

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<sup>4</sup> Matt Mulcahy, [The Map: Urban Renewal and the ‘Removal of Blacks’ from the Center of Syracuse](#), CNY Central, March 23, 2021; Robert Samuels, [In Syracuse, a Road and Reparations](#), The Washington Post, Oct. 20, 2019; Alana Semuels, [How to Decimate a City](#), The Atlantic, Nov. 20, 2015; [The Destruction of Syracuse’s 15th Ward](#), Onondaga Historical Association; [The I-81 Story](#), ACLU of New York.

viaduct with a “community grid,” a project that involves tearing down the viaduct.<sup>5</sup> This follows an initial allocation of \$800 million in the 2022 budget.<sup>6</sup>

As in many other U.S. cities, the HOLC-redlined neighborhoods in Rochester that are predominantly populated by Black people and immigrants — particularly the area of Rochester known as the Crescent — remain a locus of concentrated poverty.<sup>7</sup> At the time of the production of the HOLC security maps in the 1930s, the Rochester population was mostly white, with about 19% foreign-born and about 1% Black residents.<sup>8</sup> Over the following decades, however, the Black population increased substantially due in part to increased migration from the South.<sup>9</sup> Although the suburbs of Rochester expanded, mortgage lending remained largely unavailable in the redlined neighborhoods; at the same time, so-called “restrictive covenants” operated elsewhere to limit housing opportunities for minorities.

Race-based restrictive covenants were property deed provisions restricting future sales and assignments of real property to white individuals. These covenants barred ownership by Black people and were designed to be enforceable by adjacent property owners. These now-illegal provisions can still be found in property deeds dating to the 1940s and earlier,<sup>10</sup> and for

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<sup>5</sup> See Press Release, [Governor Hochul and Senator Schumer Announce Major Milestone for \\$2.25 Billion I-81 Viaduct Project in Syracuse](#), May 31, 2022; See Press Release, [Governor Hochul Announces Record \\$32.8 Billion for Transportation Infrastructure as Part of FY 2023 Budget](#) Apr. 9, 2022; New York State Department of Transportation, [I-81 Viaduct: About the Project](#).

<sup>6</sup> Teri Weaver, [Syracuse's I-81 Project Gets \\$800M in NY Budget, with Latest Plan Coming This Summer](#), Syracuse.com, Apr. 9, 2021, Teri Weaver, [Biden Mentions Syracuse's I-81 Project in \\$2T Infrastructure Plan](#), Syracuse.com, Mar. 31, 2021.

<sup>7</sup> Justin Murphy, [1930s Rochester Redlining Maps Show Discrimination](#), Rochester Democrat and Chronicle, Oct. 20, 2016.

<sup>8</sup> *Id.*, [Confronting Racial Covenants: How They Segregated Monroe County and What to Do About Them, a Guide](#), City Roots Community Land Trust and The Yale Environmental Protection Clinic (2020), 18, [Meadowbrook and Rochester: Segregated by Design](#), Meadowbrook Brighton Neighborhood Association, Jennifer Lemak, *Advancement Comes Slowly: African American Employment in Rochester, New York During the Great Migration*, 92 New York History 2011, 81 (according to the 1940 U.S. Census, Rochester's population was 324,975, with 3,262 Black residents).

<sup>9</sup> *Id.* The 1970 U.S. Census counted 296,233 residents in Rochester, 49,647 of whom were Black.

<sup>10</sup> See, e.g., Sean Lahman, [Racial Covenants Removed from Deeds in Brighton Neighborhood After 90 Years](#), Rochester Democrat and Chronicle, Dec. 18, 2020, Tanner Jubenville, [Racial Covenants Found on Thousands of Monroe County Property Deeds](#), WHAM Rochester, Nov. 7, 2019.

many years government, local businesses, and individuals together produced and gave effect to their terms.<sup>11</sup> Some real estate developers wrote restrictive covenants into all deeds for subdivision property developments they created, based on the premise that restricting sales to white people would ensure higher prices and sustain property values. Property deeds, for example, in the Meadowbrook community just outside of Rochester, developed by Kodak in the 1920s for its employees, contained race-based restrictive covenants. Similarly, in 1929, the Roman Catholic Diocese of Rochester purchased land for a church with a deed requiring that the property would “never be occupied by a colored person.” Even after these covenants were declared unenforceable, established segregated housing patterns were maintained and racist attitudes reinforced through exclusionary zoning (for example, limiting density of construction in certain neighborhoods, thereby preventing construction of smaller homes and multifamily apartment buildings or construction on smaller lots), steering by real estate agents, and other exclusionary tactics.<sup>12</sup>

As in Buffalo, the echoes of prior injustices manifest in stark income inequality in Syracuse and Rochester. In a 2018 article, the Brookings Institution published a list, based on 2016 American Community Survey data, of the 21 U.S. counties with older industrial cities with the highest racial income gaps. Erie County/Buffalo ranked third highest, with a 108% gap between white people and people of color; Monroe County/Rochester ranked fifth, with a 102% gap; and Onondaga County/Syracuse ranked seventh, with a 92% gap.<sup>13</sup> As discussed in more

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<sup>11</sup> [\*Confronting Racial Covenants: How They Segregated Monroe County and What to Do About Them, a Guide\*](#), City Roots Community Land Trust and The Yale Environmental Protection Clinic (2020).

<sup>12</sup> *Id.* at 18, Bennett Loudon, [Racist Restrictions Buried in Property Records](#), Rochester Business Journal, Apr. 8, 2020, *Meadowbrook and Rochester: Segregated by Design*, Meadowbrook Brighton Neighborhood Association.

<sup>13</sup> Alan Berube, [To Succeed, Older Industrial Cities Must Overcome Their Stark Color Lines](#), The Avenue, Brookings Institution, May 7, 2018. The only other New York county on the list was Kings (Brooklyn), with a 62% gap.

detail in the 2021 Report, the persistence of inequality described by these reports cannot be disentangled from the history of housing segregation.

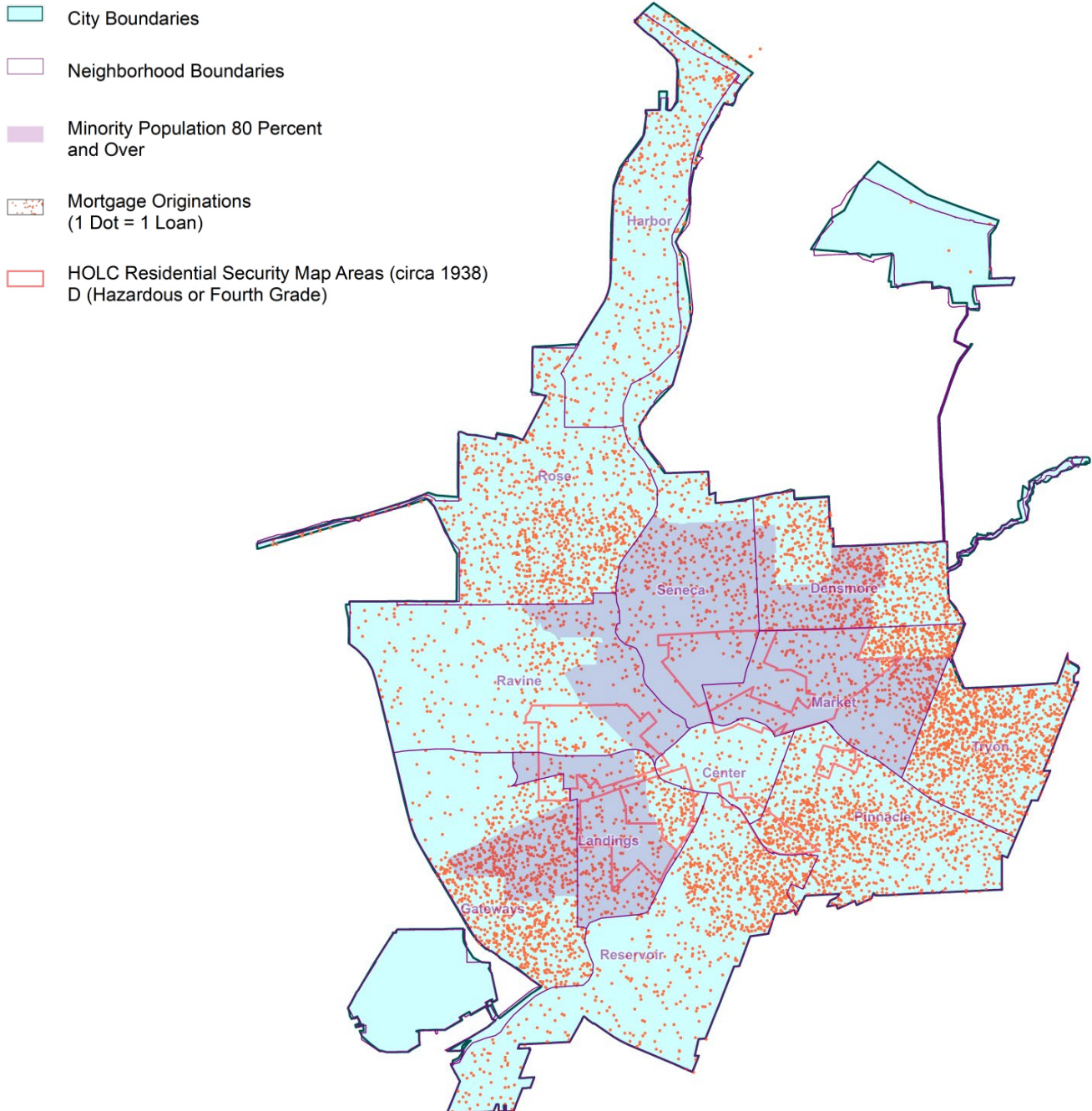
The following maps reflect recent lending within Syracuse and Rochester overlaid on the areas that were explicitly redlined in HOLC maps from the 1930s.<sup>14</sup> These maps show all mortgage originations for the period 2016 to 2021, highlighting (1) neighborhoods designated “high-risk” by HOLC in the 1930s, and (2) geographic areas where current residents who identify as a member of a minority group comprise 80% or more of the population. Each mortgage is represented by a dot in the location of the property for which it was originated. Both the Rochester and Syracuse maps illustrate lower home loan origination volume in the (largely overlapping) majority-minority areas and historically redlined areas.

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<sup>14</sup> HOLC maps of Long Island, which developed later, are not available, so no maps are provided for that area.

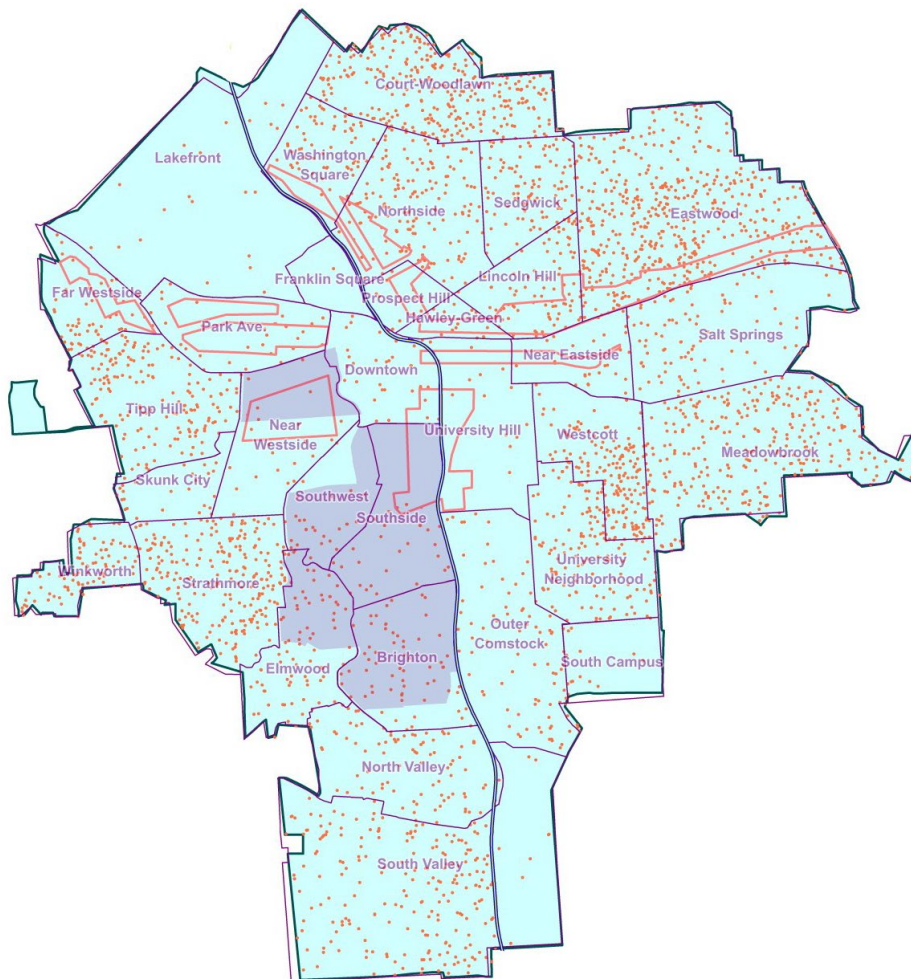
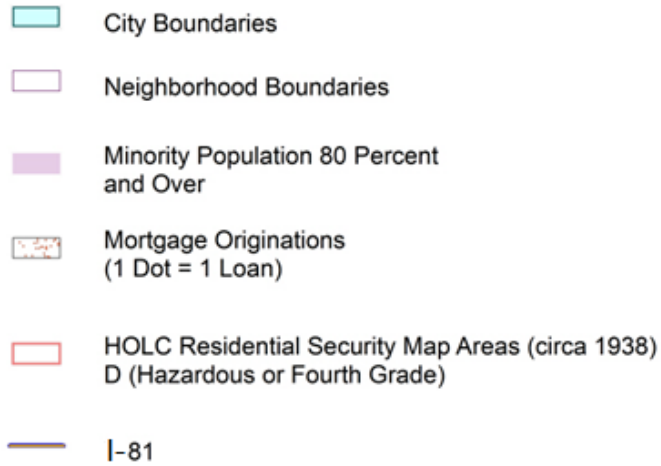


# City of Rochester Mortgage Originations 2016-2021



# City of Syracuse

## Mortgage Originations 2016–2021



## B. Long Island: Historical Restrictive Covenants to Contemporary Steering

Although development in Long Island occurred too late to be subject to the HOLC maps described in the 2021 Report and above, housing discrimination in the post-war era, often supported by government action, helped to promote similar effects on Long Island as seen in Buffalo, Syracuse, and Rochester.

Levittown, in Nassau County, is a prime example of how overt redlining has left lasting negative impacts, even over half a century later. Levittown is widely held to have ushered in a new era of “post-war suburbanization.”<sup>15</sup> In July 1950, Time Magazine ran a cover titled “House Builder Levitt: For Sale: a new way of life.”<sup>16</sup> The accompanying cover story described Levittown, New York, a Long Island neighborhood of nearly uniform homes each priced at \$7,990<sup>17</sup> and financed by mortgages insured by the FHA and Veterans Administration (“VA”) housing programs.<sup>18</sup> *Time* portrayed William Levitt, the creator of Levittown, as the progenitor of a housing “revolution” that addressed the growing U.S. housing demand in the aftermath of World War II.<sup>19</sup>

However, when the community was first developed, each new purchase of a Levittown home came with a restrictive covenant stating, in relevant part: “The tenant agrees not to permit the premises to be used or occupied by any person other than members of the Caucasian race.”<sup>20</sup> These covenants were included with each Levittown home purchase until 1948 when the United States Supreme Court, in *Shelley v. Kraemer*, ruled racially restrictive covenants legally

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<sup>15</sup> [\*HOUSING: Up from the Potato Fields\*](#), Time Magazine, July 3, 1950; Richard Rothstein, *The Color of Law* 72 (2017).

<sup>16</sup> *House Builder Levitt: For Sale: a new way of life*, [Time Magazine](#), July 3, 1950.

<sup>17</sup> \$7,990 in 1950 would be approximately \$93,000 in 2022. [USD Inflation](#) (last accessed October 4, 2022).

<sup>18</sup> [\*HOUSING: Up from the Potato Fields\*](#), Time Magazine, July 3, 1950.

<sup>19</sup> [\*Id.\*](#)

<sup>20</sup> Rachelle Blidner, [Long Island Divided: Levittown: Legacy of exclusion is tough to shed](#), Newsday, November 17, 2019.

unenforceable.<sup>21</sup> However, it took Levitt twenty more years to begin accepting non-white families as buyers.<sup>22</sup>

While Levitt certainly bears responsibility for his own racial discrimination, the FHA of the 1940s and 1950s was engaging in “the financing of entire subdivisions, in many cases entire suburbs, as racially exclusive white enclaves.”<sup>23</sup> Indeed, in his book, *The Color of Law*, Richard Rothstein<sup>24</sup> observed that had William Levitt “chosen to integrate Levittown, the federal government would have refused to subsidize him.”<sup>25</sup> The results persist today on Long Island, with Levittown’s current population consisting of only 1.7% African Americans.<sup>26</sup>

Although the Levittown example is effective in demonstrating the methods of housing discrimination of 20<sup>th</sup> Century Long Island, it constitutes only one example of the long and insidious history of housing discrimination across Nassau and Suffolk Counties. In 2019, *Newsday* published a report on the pervasive segregation in Long Island’s communities.<sup>27</sup> Relying on census data, *Newsday* reported that “[half] of Long Island’s [B]lack population lives in just 11 of the Island’s 291 communities, and 90 percent lives in just 62 of them. . . .”<sup>28</sup> A large part of this segregated regime was developed during the 1960s and “propelled by white flight, racial steering and blockbusting” in areas such as “Elmont, Freeport, Hempstead, Lakeview, Westbury, Uniondale and Valley Stream in Nassau County, and Wheatley Heights in Suffolk County.”<sup>29</sup> Steering, which refers to the practice of real estate agents and others in the real estate

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<sup>21</sup> 334 U.S. 1 (1948).

<sup>22</sup> Olivia Winslow, *Long Island Divided: Dividing Lines, Visible and Invisible*, *Newsday*, November 17, 2019.

<sup>23</sup> *Id.* at 70.

<sup>24</sup> Richard Rothstein is a Distinguished Fellow of the Economic Policy Institute and a Senior Fellow (emeritus) at the Thurgood Marshall Institute of the NAACP Legal Defense Fund. See <https://www.epi.org/people/richard-rothstein/>.

<sup>25</sup> Rothstein, *The Color of Law* 69 (2017).

<sup>26</sup> <https://www.census.gov/quickfacts/levittowncdpnnewyork>.

<sup>27</sup> Olivia Winslow, *Long Island Divided: Dividing Lines, Visible and Invisible*, *Newsday*, November 17, 2019.

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

industry influencing white prospective homebuyers to purchase in predominantly white neighborhoods and minority buyers to purchase in predominantly minority neighborhoods, was found by Newsday to be another major contributor to housing discrimination on Long Island.

Another contemporary report by the Empire Justice Center analyzed lending to minority applicants and in majority-minority census tracts (“MMTs”) and majority-minority neighborhoods.<sup>30</sup> Empire Justice concluded that it was more difficult to secure a loan both for minority loan applicants and for people looking to obtain a loan for a home in a minority area on Long Island than it was for white applicants and for people buying a home in a majority white area. Empire Justice found that, in Suffolk County, Black and Latino borrowers, despite representing 23.3% of the population, received only 11.9% of mortgage loans; in Nassau County, Black and Latino borrowers, despite representing 25.1% of the population, received only 14.5% of mortgage loans. Empire Justice also analyzed the data by neighborhood and found that although 23% of Nassau County residents lived in majority-minority neighborhoods, loans for homes in those neighborhoods only made up 14% of the total loans and although 15% of Suffolk County residents lived in majority-minority neighborhoods, loans for homes in those neighborhoods made up only 8.1% of loans. Empire Justice had many recommendations for remedies, including expanding New York State’s CRA to include non-bank lenders.<sup>31</sup>

### **III. Lender-Specific Data on Lending in Rochester, Syracuse, and Long Island**

The charts that follow rely on Home Mortgage Disclosure Act (“HMDA”) data to illustrate mortgage lending patterns in the Syracuse and Rochester Metropolitan Statistical Areas

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<sup>30</sup> Barbara van Kerkhove, Ph.D., *The Lingering Storm: Mortgage Lending Disparities on Long Island*, Empire Justice, Sept. 2015, [the-lingering-storm-mortgage.pdf\(empirejustice.org\)](http://the-lingering-storm-mortgage.pdf(empirejustice.org)).

<sup>31</sup> *Id.*

(“MSAs”)<sup>32</sup> and Nassau and Suffolk counties for the period from 2016 to 2021.<sup>33</sup> For each city or county, the Department has provided lending data for the institutions — banks, credit unions, and nonbank mortgage lenders — that originate 100 or more mortgages annually in the city’s MSA or in the county, as well as the aggregate lending data for the MSA or county for comparison. In Rochester, mortgages from institutions lending at this volume constitute approximately 76% of the mortgage market, and, in Syracuse, they constitute approximately 68% of the mortgage market. In Nassau, mortgages from institutions lending at this volume constitute approximately 74% of the mortgage market, and, in Suffolk, they constitute approximately 78% of the mortgage market.

The first chart for each MSA or county highlights lending in census tracts in which a majority of the residents are minorities, and the list of lenders is sorted by the volume of each lender’s loans made in MMTs expressed as a percentage of that lender’s total loans originated in the MSA or county. The lenders are sorted from highest percentage of loans in MMTs to lowest, with the highest percentage at the top. The second chart highlights lending to minority borrowers throughout the MSA or county, regardless of neighborhood. The lenders are sorted by the volume of each lender’s loans made to borrowers who have identified themselves as members of a minority group, expressed as a percentage of the lender’s total loans originated, from highest percentage to lowest, again with the highest percentage at the top. Consistently low percentages could suggest that scrutiny by regulators is warranted. However, as the Department noted in its 2021 Report, low percentages do not necessarily mean that the lender is engaged in

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<sup>32</sup> An MSA is “an area containing a large population nucleus and adjacent communities that have a high degree of integration with that nucleus,” and the purpose of MSAs is to “provide[] a nationally consistent set of delineations for collecting, tabulating, and publishing Federal statistics for geographic areas.” They are used particularly with respect to census data. <https://www.census.gov/programs-surveys/metro-micro/about.html>.

<sup>33</sup> See page 9 of the 2021 Report for more details on this data source.

discrimination or is violating fair lending laws. For example, some institutions may appear on these charts because they engage in lending in the broader MSA or county, but their seemingly poor performance in lending in MMTs and to minorities can be explained by the fact that their operational footprint is in rural areas outside of Rochester or Syracuse, or in other areas where there is less opportunity for MMT and minority lending.



### Rochester MSA Mortgage Lending in Majority-Minority Tracts (MMTs) 2016-2021

Lender*	Total Originations	Originations for Properties in MMTs	% Originations in MMTs	Total Applications	Mortgage Applications for Properties in MMTs	% Applications in MMTs
Advantage Federal Credit Union	1472	225	15.29	2323	455	19.59
Five Star Bank	2830	420	14.84	3766	511	13.57
Bank of America, N.A.	1805	188	10.42	3693	471	12.75
Manufacturers & Traders Trust Company	6347	636	10.02	8921	1036	11.61
Citizens Bank, N.A.	4799	471	9.81	9526	1335	14.01
Family First of New York Federal Credit Union	2266	218	9.62	2653	254	9.57
PrimeLending, A PlainsCapital Company	4693	412	8.78	5759	517	8.98
Canandaigua National Bank & Trust	2477	184	7.43	3274	280	8.55
Genesee Regional Bank	7240	506	6.99	8435	637	7.55
Bank of Castile	885	57	6.44	1056	70	6.63
Hunt Mortgage Corp.	1024	62	6.05	1309	93	7.10
ESL Federal Credit Union	28198	1552	5.50	38637	3138	8.12
The Summit Federal Credit Union	3790	196	5.17	5437	438	8.06
Nationstar Mortgage, LLC	1470	64	4.35	3392	235	6.93
Homestead Funding Corp.	1150	50	4.35	1293	62	4.80
Rocket Mortgage, LLC (fka Quicken Loans, Inc.)	8272	346	4.18	11744	600	5.11
1st Priority Mortgage, Inc.	3628	149	4.11	3995	178	4.46
Reliant Community Federal Credit Union	5489	211	3.84	7402	365	4.93
KeyBank, N.A.	3854	147	3.81	6626	409	6.17
Wells Fargo Bank, N.A.	2682	99	3.69	5000	266	5.32
JPMorgan Chase Bank, N.A.	1806	66	3.65	3303	224	6.78
Premium Mortgage Corp.	13896	480	3.45	15318	562	3.67
Pittsford Federal Credit Union	2131	35	1.64	2668	47	1.76
The Lyons National Bank	5562	86	1.55	6644	121	1.82
Community Bank, N.A.	2845	14	0.49	3728	16	0.43
<b>Entire Market</b>	<b>159079</b>	<b>9150</b>	<b>5.75</b>	<b>224646</b>	<b>16219</b>	<b>7.22</b>

\*Lenders originating 100 or more mortgages annually in the Rochester Metropolitan Statistical Area



### Rochester MSA Mortgage Lending to Minority Borrowers 2016-2021

Lender*	Total Originations	Originations for Minority Borrowers	Minority Borrower Originations % of Total	Total Applications	Applications from Minority Borrowers	Minority Applications % of Total
Bank of America, N.A.	1539	404	26.25	3190	817	25.61
Advantage Federal Credit Union	1410	345	24.47	2204	674	30.58
Five Star Bank	2682	618	23.04	3551	762	21.46
Homestead Funding Corp.	943	193	20.47	1057	215	20.34
Manufacturers & Traders Trust Company	6055	1096	18.10	8417	1766	20.98
Citizens Bank, N.A.	4346	740	17.03	8458	1853	21.91
JPMorgan Chase Bank, N.A.	1745	268	15.36	3145	646	20.54
PrimeLending, A PlainsCapital Company	4295	618	14.39	5201	748	14.38
Nationstar Mortgage, LLC	1267	179	14.13	2981	497	16.67
Genesee Regional Bank	6782	846	12.47	7884	1025	13.00
Rocket Mortgage, LLC (fka Quicken Loans, Inc.)	5526	666	12.05	7714	1033	13.39
Hunt Mortgage Corp.	1005	119	11.84	1283	162	12.63
1st Priority Mortgage, Inc.	3429	383	11.17	3756	442	11.77
The Summit Federal Credit Union	3024	317	10.48	4405	659	14.96
Family First of New York Federal Credit Union	2111	218	10.33	2488	277	11.13
ESL Federal Credit Union	25838	2599	10.06	35301	4700	13.31
KeyBank, N.A.	3417	334	9.77	5877	746	12.69
Wells Fargo Bank, N.A.	2528	246	9.73	4632	588	12.69
Premium Mortgage Corp.	13524	1200	8.87	14841	1358	9.15
Bank of Castile	777	61	7.85	925	74	8.00
Pittsford Federal Credit Union	1854	140	7.55	2324	187	8.05
Reliant Community Federal Credit Union	5220	375	7.18	6679	540	8.09
Canandaigua National Bank & Trust	2239	139	6.21	2798	217	7.76
The Lyons National Bank	5458	201	3.68	6535	244	3.73
Community Bank, N.A.	2796	83	2.97	3669	136	3.71
<b>Entire Market</b>	<b>144426</b>	<b>16347</b>	<b>11.32</b>	<b>201273</b>	<b>27022</b>	<b>13.43</b>

\*Lenders originating 100 or more mortgages annually in the Rochester Metropolitan Statistical Area

### Syracuse MSA Mortgage Lending in Majority-Minority Tracts (MMTs) 2016-2021

Lender*	Total Originations	Originations for Properties in MMTs	% Originations in MMTs	Total Applications	Mortgage Applications for Properties in MMTs	% Applications in MMTs
Plaza Home Mortgage, Inc.	1715	82	4.78	2075	116	5.59
Empower Federal Credit Union	14688	586	3.99	20319	1095	5.39
Commonfund Mortgage Corp.	2046	81	3.96	2291	102	4.45
Pathfinder Commercial Bank	1784	62	3.48	2086	69	3.31
Manufacturers & Traders Trust Company	3715	122	3.28	5600	266	4.75
SECNY Federal Credit Union	814	26	3.19	969	31	3.20
SEFCU Services, LLC	2931	77	2.63	3359	106	3.16
Geddes Federal Savings and Loan	2332	59	2.53	2707	72	2.66
NBT Bank, N.A.	2415	53	2.19	3567	85	2.38
Rocket Mortgage, LLC (fka Quicken Loans, Inc.)	4999	109	2.18	7377	213	2.89
KeyBank, N.A.	3279	70	2.13	5318	219	4.12
AmeriCU Credit Union	4126	85	2.06	5865	174	2.97
Hunt Mortgage Corp.	1492	28	1.88	1864	39	2.09
Solvay Bank	1636	30	1.83	2099	41	1.95
Wells Fargo Bank, N.A.	1333	24	1.80	2605	80	3.07
1st Priority Mortgage, Inc.	1331	17	1.28	1491	22	1.48
Fulton Savings Bank	1056	13	1.23	1235	15	1.21
Community Bank, N.A.	2456	25	1.02	3097	40	1.29
<b>Entire Market</b>	<b>84051</b>	<b>2427</b>	<b>2.89</b>	<b>122301</b>	<b>4621</b>	<b>3.78</b>

\*Lenders originating 100 or more mortgages annually in the Syracuse Metropolitan Statistical Area

## Syracuse MSA Mortgage Lending to Minority Borrowers 2016-2021

Lender*	Total Originations	Originations for Minority Borrowers	Minority Originations % of Total	Total Applications	Applications from Minority Borrowers	Minority Applications % of Total
Commonfund Mortgage Corp.	2035	256	12.58	2276	308	13.53
1st Priority Mortgage, Inc.	1177	132	11.21	1314	157	11.95
SEFCU Services, LLC	2794	290	10.38	3180	341	10.72
Plaza Home Mortgage, Inc.	1688	162	9.60	2036	202	9.92
Empower Federal Credit Union	14093	1320	9.37	19380	2184	11.27
Rocket Mortgage, LLC (fka Quicken Loans, Inc.)	3402	318	9.35	4957	519	10.47
Hunt Mortgage Corp.	1465	132	9.01	1823	172	9.43
Geddes Federal Savings and Loan	2212	199	9.00	2539	237	9.33
Wells Fargo Bank, N.A.	1241	101	8.14	2418	259	10.71
Manufacturers & Traders Trust Company	3477	239	6.87	5195	460	8.85
KeyBank, N.A.	3051	209	6.85	4944	406	8.21
Pathfinder Commercial Bank	1633	101	6.18	1922	131	6.82
SECNY Federal Credit Union	812	49	6.03	965	63	6.53
AmeriCU Credit Union	4075	227	5.57	5762	387	6.72
NBT Bank, N.A.	1995	105	5.26	2970	180	6.06
Solvay Bank	1384	63	4.55	1752	99	5.65
Fulton Savings Bank	1028	39	3.79	1195	46	3.85
Community Bank, N.A.	2380	70	2.94	3006	108	3.59
<b>Entire Market</b>	<b>77308</b>	<b>6702</b>	<b>8.67</b>	<b>111206</b>	<b>11278</b>	<b>10.14</b>

\*Lenders originating 100 or more mortgages annually in the Syracuse Metropolitan Statistical Area

## Nassau County Mortgage Lending in Majority-Minority Tracts 2016-2021

Lender*	Total Originations	Originations for Properties in MMTs	% Originations in MMTs	Total Applications	Applications for Properties in MMTs	% Applications in MMTs
Intercontinental Capital Group, Inc.	1596	539	33.77	2276	839	36.86
United Mortgage Corp.	2378	743	31.24	3287	1110	33.77
Nationstar Mortgage, LLC	3028	891	29.43	7352	2205	29.99
East Coast Capital Corp.	1231	358	29.08	1779	576	32.38
Homebridge Financial Services, Inc.	2168	624	28.78	2953	897	30.38
Meadowbrook Financial Mortgage Bankers Corp.	2369	665	28.07	3811	1212	31.80
Freedom Mortgage Corporation	4377	1199	27.39	6663	2050	30.77
Plaza Home Mortgage, Inc.	1033	271	26.23	1515	431	28.45
Flagstar Bank, FSB	1416	358	25.28	2204	605	27.45
Contour Mortgage Corporation	3486	875	25.10	4762	1287	27.03
Mid-Island Mortgage Corp.	1070	259	24.21	1441	384	26.65
Newrez, LLC	2686	634	23.60	6386	1741	27.26
Rocket Mortgage, LLC (fka Quicken Loans, Inc.)	12943	2899	22.40	18301	4422	24.16
United Wholesale Mortgage, LLC	5242	1166	22.24	6818	1631	23.92
Caliber Home Loans, Inc.	1910	422	22.09	2839	740	26.07
Cliffco, Inc.	1575	326	20.70	2168	497	22.92
Loandepot.Com, LLC	4593	853	18.57	8035	1720	21.41
Jovia Federal Credit Union	7344	1015	13.82	12763	2148	16.83
Lynx Mortgage Bank LLC	1017	134	13.18	1197	156	13.03
JPMorgan Chase Bank, N.A.	15561	2034	13.07	25186	3846	15.27
Bethpage Federal Credit Union	15456	2016	13.04	28372	4557	16.06
Citibank, N.A.	6978	835	11.97	13189	2132	16.16
Bank of America, N.A.	6296	741	11.77	12457	2006	16.10
Wells Fargo Bank, N.A.	12474	1412	11.32	21769	3136	14.41
TD Bank, N.A.	5116	484	9.46	10191	1410	13.84
Citizens Bank, N.A.	5970	538	9.01	9409	1074	11.41
Teachers Federal Credit Union	2899	233	8.04	3934	380	9.66
Island Federal Credit Union	646	42	6.50	883	71	8.04
Academy Mortgage Corp.	1389	84	6.05	1671	107	6.40
<b>Entire Market</b>	<b>189077</b>	<b>33508</b>	<b>17.72</b>	<b>318191</b>	<b>65130</b>	<b>20.47</b>

\*Lenders originating 100 or more mortgages annually in Nassau Count

### Nassau County Mortgage Lending to Minority Borrowers 2016-2021

Lender*	Total Originations	Originations for Minority Borrowers	Minority Originations % of Total	Total Applications	Applications From Minority Borrowers	Minority Applications % of Total
East Coast Capital Corp.	1228	742	60.42	1773	1078	60.80
Homebridge Financial Services, Inc.	1996	1147	57.46	2715	1559	57.42
Intercontinental Capital Group, Inc.	1460	728	49.86	2058	1101	53.50
Plaza Home Mortgage, Inc.	950	459	48.32	1386	700	50.51
Flagstar Bank, FSB	1298	599	46.15	1971	945	47.95
United Mortgage Corp.	2292	1039	45.33	3141	1499	47.72
Meadowbrook Financial Mortgage Bankers Corp.	2339	1000	42.75	3719	1707	45.90
Contour Mortgage Corporation	3157	1346	42.64	4276	1953	45.67
Mid-Island Mortgage Corp.	738	309	41.87	1015	430	42.36
Freedom Mortgage Corporation	3618	1498	41.40	5437	2446	44.99
United Wholesale Mortgage, LLC	4630	1855	40.06	5995	2573	42.92
Caliber Home Loans, Inc.	1704	649	38.09	2462	1026	41.67
Loandepot.Com, LLC	3439	1301	37.83	6055	2358	38.94
Nationstar Mortgage, LLC	2453	904	36.85	6091	2414	39.63
JPMorgan Chase Bank, N.A.	14429	5166	35.80	23203	8686	37.43
Newrez LLC	2387	820	34.35	5440	2000	36.76
Rocket Mortgage, LLC (fka Quicken Loans, Inc.)	8249	2799	33.93	11507	4180	36.33
Lynx Mortgage Bank LLC	1007	339	33.66	1187	409	34.46
Citibank, N.A.	6102	1989	32.60	11511	4272	37.11
Cliffco, Inc.	1535	482	31.40	2102	743	35.35
TD Bank, N.A.	4156	1193	28.71	8510	2915	34.25
Wells Fargo Bank, N.A.	11193	3187	28.47	19228	6228	32.39
Citizens Bank, N.A.	4339	1198	27.61	6703	2062	30.76
Bank of America, N.A.	5244	1353	25.80	10532	3345	31.76
Bethpage Federal Credit Union	12220	2929	23.97	22359	6264	28.02
Jovia Federal Credit Union	6478	1430	22.07	11077	2957	26.69
Teachers Federal Credit Union	2519	533	21.16	3297	755	22.90
Island Federal Credit Union	630	121	19.21	851	171	20.09
Academy Mortgage Corp.	1372	214	15.60	1647	268	16.27
<b>Entire Market</b>	<b>160887</b>	<b>56821</b>	<b>35.32</b>	<b>266955</b>	<b>101108</b>	<b>37.87</b>

\*Lenders originating 100 or more mortgages annually in Nassau County

Suffolk County Mortgage Lending in Majority-Minority Tracts 2016-2021

Lender*	Total Originations	Originations for Properties in MMTs	% Originations in MMTs	Total Applications	Applications for Properties in MMTs	% Applications in MMTs
Associated Mortgage Bankers, Inc.	1106	263	23.78	1367	351	25.68
East Coast Capital Corp.	1649	332	20.13	2382	527	22.12
Carrington Mortgage Services, LLC	1017	179	17.60	2301	464	20.17
Caliber Home Loans, Inc.	3011	483	16.04	4229	738	17.45
United Mortgage Corp.	3924	575	14.65	5202	809	15.55
Plaza Home Mortgage, Inc.	1791	252	14.07	2388	346	14.49
Intercontinental Capital Group, Inc.	2229	308	13.82	3049	474	15.55
Manufacturers & Traders Trust Company	1739	229	13.17	2904	381	13.12
Nationstar Mortgage LLC	3820	503	13.17	9264	1360	14.68
Contour Mortgage Corporation	4251	553	13.01	5515	806	14.61
Meadowbrook Financial Mortgage Bankers Corp.	2193	278	12.68	3401	505	14.85
Homebridge Financial Services, Inc.	3048	373	12.24	3970	526	13.25
Interstate Home Loan Center, Inc.	804	92	11.44	1422	186	13.08
Flagstar Bank, FSB	1248	141	11.30	1937	236	12.18
Loandepot.Com, LLC	6039	628	10.40	10286	1194	11.61
Freedom Mortgage Corporation	13036	1331	10.21	17610	2004	11.38
United Wholesale Mortgage, LLC	5402	550	10.18	6778	777	11.46
Newrez LLC	2983	288	9.65	7170	868	12.11
Cliffco, Inc.	1656	158	9.54	2560	278	10.86
Rocket Mortgage, LLC (fka Quicken Loans, Inc.)	17390	1458	8.38	24719	2365	9.57
Mid-Island Mortgage Corp.	1913	160	8.36	2494	232	9.30
Jovia Federal Credit Union	2560	185	7.23	4770	435	9.12
Suffolk Federal Credit Union	3760	249	6.62	7638	703	9.20
NJ Lenders Corp.	1418	83	5.85	1721	109	6.33
Bethpage Federal Credit Union	15842	867	5.47	28373	2137	7.53
Citibank, N.A.	5080	278	5.47	9503	1014	10.67
Academy Mortgage Corp.	1717	91	5.30	2083	123	5.90
JPMorgan Chase Bank, N.A.	13876	721	5.20	23519	1479	6.29
Continental Mortgage Bankers, Inc.**	830	42	5.06	1116	61	5.47
Island Federal Credit Union	1845	93	5.04	2402	149	6.20
Bank of America, N.A.	6277	312	4.97	12852	1069	8.32
Teachers Federal Credit Union	14655	696	4.75	18210	977	5.37
People's United Bank, N.A.	1542	70	4.54	3198	188	5.88
Embrace Home Loans, Inc.	2296	99	4.31	4030	363	9.01
Wells Fargo Bank, N.A.	11460	479	4.18	20504	1237	6.03
Evolve Bank & Trust	978	35	3.58	1133	43	3.80
TD Bank, N.A.	4406	156	3.54	8908	494	5.55
Citizens Bank, N.A.	5834	199	3.41	9067	412	4.54
First Republic Bank	1231	4	0.32	1462	5	0.34
Entire Market	231515	19517	8.43	376691	37602	9.98

\*Lenders originating 100 or more mortgages annually in Suffolk County

\*\*2021 HMDA data unavailable for Continental Mortgage Bankers, Inc.

Suffolk County Mortgage Lending to Minority Borrowers 2016-2021

Lender*	Total Originations	Originations for Minority Borrowers	Minority Originations % of Total	Total Applications	Applications From Minority Applicants	Minority Applications % of Total
East Coast Capital Corp.	1643	818	49.79	2369	1258	53.10
Associated Mortgage Bankers, Inc.	1089	496	45.55	1338	659	49.25
Intercontinental Capital Group, Inc	2130	870	40.85	2887	1265	43.82
Carrington Mortgage Services, LLC	930	370	39.78	2029	835	41.15
Plaza Home Mortgage, Inc.	1522	591	38.83	2033	795	39.10
Caliber Home Loans, Inc.	2778	1023	36.83	3809	1484	38.96
Contour Mortgage Corporation	3631	1286	35.42	4730	1773	37.48
United Mortgage Corp.	3793	1295	34.14	4994	1741	34.86
Homebridge Financial Services, Inc.	2518	853	33.88	3349	1150	34.34
Meadowbrook Financial Mortgage Bankers Corp.	2179	690	31.67	3353	1162	34.66
Flagstar Bank, FSB	1134	355	31.31	1723	569	33.02
Manufacturers and Traders Trust Company	1538	429	27.89	2565	766	29.86
Interstate Home Loan Center, Inc.	803	218	27.15	1413	416	29.44
Loandepot.Com, LLC	4784	1298	27.13	8101	2206	27.23
United Wholesale Mortgage, LLC	4835	1289	26.66	6063	1774	29.26
Freedom Mortgage Corporation	11287	2968	26.30	15151	4232	27.93
Mid-Island Mortgage Corp.	1458	379	25.99	1896	529	27.90
Cliffco, Inc.	1623	414	25.51	2093	586	28.00
Newrez LLC	2613	637	24.38	6049	1519	25.11
Nationstar Mortgage LLC	3202	765	23.89	7880	2135	27.09
NJ Lenders Corp.	1370	312	22.77	1651	395	23.92
Rocket Mortgage, LLC	11271	2251	19.97	15764	3401	21.57
Citibank, N.A.	4180	728	17.42	8058	1998	24.80
People's United Bank, N.A.	1429	236	16.52	2955	554	18.75
Bank of America, N.A.	5294	856	16.17	10967	2375	21.66
JPMorgan Chase Bank, N.A.	12485	1977	15.84	21139	3980	18.83
Academy Mortgage Corp.	1673	264	15.78	2029	354	17.45
Evolve Bank & Trust	978	154	15.75	1125	183	16.27
Jovia Federal Credit Union	2265	346	15.28	4189	856	20.43
Embrace Home Loans, Inc.	2121	314	14.80	3463	617	17.82
Wells Fargo Bank, N.A.	10349	1495	14.45	18290	3250	17.77
Island Federal Credit Union	1806	247	13.68	2344	344	14.68
TD Bank, N.A.	3555	471	13.25	7513	1330	17.70
Citizens Bank, N.A.	4764	622	13.06	7121	1128	15.84
Teachers Federal Credit Union	13559	1732	12.77	16560	2335	14.10
Continental Mortgage Bankers, Inc.**	817	101	12.36	1097	170	15.50
Suffolk Federal Credit Union	3575	439	12.28	7139	1273	17.83
Bethpage Federal Credit Union	12769	1549	12.13	22788	3630	15.93
First Republic Bank	902	101	11.20	1065	118	11.08
Entire Market	199042	44669	22.44	319980	78976	24.68

\*Lenders originating 100 or more mortgages annually in Suffolk County

\*\*2021 HMDA data unavailable for Continental Mortgage Bankers, Inc.



As in Buffalo, the range of performance by institutions in Syracuse, Rochester, and Long Island varies greatly. In the Rochester MSA, the population of which is 23.9% non-white,<sup>34</sup> the average percentage of lending to minority borrowers for all lenders in the MSA is 11.32% — *i.e.*, less than half of what would be expected solely based on population (about the same representation of minority borrowers that the Department found in Buffalo). The lender making the largest percentage of its loans in MMTs originates 15.29% of its loans in MMTs, and the same lender makes 24.47% of its loans to borrowers identifying themselves as members of a minority group. The lender providing the smallest percentage of its total lending in MMTs originated only 0.49% of its total in MMTs, and the same bank has the lowest percentage of originations to borrowers identifying as members of a minority group, 2.97%. The average percentage of originations in MMTs for all lenders in the MSA is 5.75%.

In the Syracuse MSA, the population of which is 18.7% non-white,<sup>35</sup> the average percentage of lending to minority borrowers for the market is 8.67% — again, less than half of what would be expected just based on population (and, again, about the same representation of minority borrowers as in Buffalo). The lender making the largest percentage of its loans in

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<sup>34</sup> <https://datausa.io/profile/geo/rochester-ny-31000US40380#demographics>. The MSA includes the city proper and its suburbs. 2019 data for the MSA showed the following population distribution: 76.1% white (non-Hispanic), 10.9% Black/African-American (non-Hispanic), 4.73% white (Hispanic), 2.75% Asian (non-Hispanic), 2.15% multi-racial (non-Hispanic), 1.51% “other” (Hispanic), 0.671% Black/African-American (Hispanic), 0.696% multiracial (Hispanic), “other” (non-Hispanic), 0.205%, American Indian and Alaska Native (non-Hispanic), 0.172%, American Indian and Alaska Native (Hispanic), 0.051%, Native Hawaiian and other Pacific Islander 0.0925%. In the city of Rochester, the population distribution as of 2021 is estimated to be 45.4% white only (including white Hispanic/Latino), 39.4% Black/African American, 19.4% Hispanic or Latino, 6.2% 2 or more races, 3.3% Asian, 0.7% American Indian and Alaska Native, and 0.2% Native Hawaiian and other Pacific Islander. [U.S. Census Bureau Quick Facts](#).

<sup>35</sup> <https://datausa.io/profile/geo/syracuse-ny-31000US45060#demographics>. The MSA includes the city proper and its suburbs. According to 2019 data, the MSA population distribution was 81.3% white (non-Hispanic), 8.03% Black/African-American (non-Hispanic), 2.93% multi-racial (non-Hispanic), 2.91% Asian (non-Hispanic), 1.99% white (Hispanic), 0.971% “other” (Hispanic), 0.627% Black/African-American (Hispanic), 0.587% multiracial (Hispanic), 0.422% American Indian and Alaska Native (non-Hispanic), 0.132% American Indian and Alaska Native (Hispanic), 0.0634% “other” (non-Hispanic), 0.0367% Native Hawaiian and other Pacific Islander (Hispanic), 0.0113% Asian (Hispanic), . In the city of Syracuse, the population distribution as of 2021 is estimated to be 53.4% white (including white Hispanic/Latino), 29.4% Black/African American, 9.5% Hispanic or Latino, 6.9% Asian, 7.0% 2 or more races, and 0.9% American Indian and Alaska Native. [U.S. Census Bureau Quick Facts](#).



MMTs originates 4.78% of its loans in MMTs, and the institution originating the highest proportion of its loans to borrowers identifying themselves as members of a minority group makes 12.58% of its loans to those borrowers. The lender with the smallest percentage of its loans in MMTs makes only 1.02% of its loans in MMTs, and that same lender reaches borrowers identifying as members of a minority group at the lowest rate, making about 2.94% of its loans to those borrowers. The average percentage of originations in MMTs for the MSA is 2.89%.

In Nassau County, the population of which is 41.8% non-white,<sup>36</sup> the average percentage of lending to minority borrowers for all lenders in the county was 35.32% — less than what would be expected based solely on population (but not as bad as seen in Buffalo, Rochester, and Syracuse). The lender making the largest percentage of its loans in MMTs originated 33.77% of its loans in MMTs in the 2016-2021 time period, and the same lender made 49.86% of its loans to borrowers identifying themselves as members of a minority group. The lender providing the smallest percentage of its total lending in MMTs originated only 6.05% of its total in MMTs, and the same lender had the lowest percentage of originations to borrowers identifying as members of a minority group, 15.6%. The average percentage of originations in MMTs for all lenders in the county was 17.72%.

In Suffolk County, the population of which is 33.7% non-white,<sup>37</sup> the average percentage of lending to minority borrowers for the market is 22.44% — again, less than what would be

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<sup>36</sup> <https://datausa.io/profile/geo/nassau-county-ny#demographics>. 2019 data for the county showed the following population distribution: 58.2% white (non-Hispanic), 11.3% Black/African American (non-Hispanic), 9.16% White (Hispanic), 10.3% Asian (non-Hispanic), 1.92% Multiracial (non-Hispanic), 6.14% “Other” (Hispanic), 0.51% Black/African-American (Hispanic), 1.43% Multiracial (Hispanic), 0.68% “Other” (non-Hispanic), 0.17% American Indian and Alaska Native (non-Hispanic), 0.19% American Indian and Alaska Native (Hispanic), 0.06% Asian (Hispanic), and 0.006% Native Hawaiian and Other Pacific Islander.

<sup>37</sup> <https://datausa.io/profile/geo/suffolk-county-ny#demographics>. According to the 2019 data, the county population distribution was 66.3% White (non-Hispanic), 7.17% Black/African American (non-Hispanic), 13.4% white (Hispanic), 3.99% Asian (non-Hispanic), 1.37% Multiracial (non-Hispanic), 5.21% “Other” (Hispanic), 0.48% Black/African American (Hispanic), 0.89% Multiracial (Hispanic), 0.71% “Other” (non-Hispanic), 0.21% American

expected solely based on population. The lender making the largest percentage of its loans in MMTs originates 23.78% of its loans in MMTs, and the institution originating the highest proportion of its loans to borrowers identifying themselves as members of a minority group makes 49.79% of its loans to those borrowers. The lender with the smallest percentage of its loans in MMTs makes only 0.32% of its loans in MMTs, and that same lender reaches borrowers identifying as members of a minority group at the lowest rate, making about 11.2% of its loans to those borrowers. The average percentage of originations in MMTs for the county is 8.43%.

#### **IV. Enforcement Investigations**

As discussed in more detail in the 2021 Report, informed by the HMDA data, the Department has been conducting fair-lending investigations into several of the DFS-regulated entities that performed poorly on one or both of the measures reflected in the charts above. At the time of the 2021 Report, the Department announced an [agreement](#) with Hunt Mortgage (“Hunt”), one of the major nonbank mortgage lenders in Buffalo, wherein Hunt agreed to improve its service to people of color seeking to buy homes and in neighborhoods with majority-minority populations. The Department has since concluded two more investigations of mortgage lenders, 1<sup>st</sup> Priority Mortgage, Inc. (“1<sup>st</sup> Priority”), which has a significant share of the Buffalo metropolitan area market and operates in Rochester and Syracuse as well, and Premium Mortgage, Inc. (“Premium”), which is the largest nonbank mortgage lender in Rochester and also does business in Buffalo and Syracuse.

The Department reached an agreement with 1<sup>st</sup> Priority in March 2021, and Premium in June 2021. As with its prior investigations into nonbank mortgage lenders in Buffalo, the

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Indian and Alaska Native (non-Hispanic), 0.014% American Indian and Alaska Native (Hispanic), 0.06% Asian (Hispanic), and 0.03% Native Hawaiian and Other Pacific Islander.

Department commenced its investigations into Premium Mortgage and 1<sup>st</sup> Priority after reviewing HMDA data for the period from 2016 through 2019, which showed both companies' lending in majority-minority census tracts was statistically below the average of other lenders in Buffalo and Rochester. In Syracuse, 1<sup>st</sup> Priority also was not performing well as measured by its rate of lending in majority-minority census tracts, though its rate of lending to borrowers identifying as members of minority groups was above average.<sup>38</sup> After taking the testimony of Premium Mortgage and 1<sup>st</sup> Priority executives, as well as a number of licensed mortgage loan originators at Premium Mortgage, and reviewing documents provided by the companies, the Department made no findings of any violation of fair lending laws, and the Department did not find any evidence of intentional discrimination. However, the Department concluded that 1<sup>st</sup> Priority's and Premium's poor performance in lending to people of color and in majority-minority neighborhoods resulted, in part, from weaknesses in their fair lending and compliance programs.

1<sup>st</sup> Priority's agreement with the Department obligates the company to take significant steps in a good faith attempt to improve its service to all communities in Buffalo, Rochester, Syracuse, and their surrounding areas. These steps include:

- Increasing marketing to people of color and within majority-minority neighborhoods;
- Developing a special financing program to provide at least \$150,000 in discounted or subsidized financing on loans for properties located in majority-minority neighborhoods;
- Providing annual fair lending training to 1<sup>st</sup> Priority employees and agents who have significant involvement in lending; and
- Conducting an annual fair lending compliance audit.

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<sup>38</sup> Premium is not a major participant in the Syracuse market.

Premium's agreement with the Department similarly obligates the company to take significant steps in a good faith attempt to improve its service to all communities in Buffalo and Rochester and their surrounding areas. Premium agreed to, among other things:

- Provide at least \$500,000 in closing cost assistance, or other discounts and subsidies designed to borrowers in majority-minority neighborhoods in Premium's target lending areas;
- Provide annual fair lending training to Premium employees, including executives and licensed mortgage loan originators, with significant involvement in lending; and
- Conduct an annual fair lending compliance audit.

Upon analyzing the HMDA data for Nassau and Suffolk Counties, the Department has commenced inquiries into the lending patterns of several additional licensees that operate in those markets. Those cases are ongoing. In addition, several of the Department's investigations into other lenders in Buffalo, Rochester, and Syracuse remain pending. The Department will report on any enforcement actions taken with respect to any of those lenders. Moreover, as with Buffalo, the Department will alert appropriate federal regulators of the findings contained in this report with respect to underperforming lenders not under the Department's jurisdiction, such as national banks and credit unions.

## **V. Best Practices**

In the 2021 Report, the Department recounted the various best practices described by lenders that have a record of serving the whole Buffalo community. Their successful strategies, as well as policies expressed in the New York State Community Reinvestment Act, informed the terms of the Department's agreements with Hunt Mortgage, 1<sup>st</sup> Priority, and Premium. Since February of 2021, the Department has also conferred with Bank of America, which also has a

strong record of reaching minority communities in Buffalo, Rochester, and Syracuse. As shown above, the bank's lending to borrowers identifying as members of minority groups as a percentage of its total lending in the Rochester MSA is 26.25%, the highest rate, and the bank's 10.42% rate of originations in MMTs is third-highest among the highest-volume lenders in the MSA.<sup>39</sup> As shown in the HMDA data charts in the 2021 Report, Bank of America had the second-highest rate of originations to borrowers identifying as members of minority groups in the Buffalo MSA for the 2016-2019 period, and its rate of originations in MMTs for that period was above average at 5.84%.

The Department spoke with representatives from Bank of America to learn about the strategies the nationwide lender uses in New York to ensure it is complying with all fair lending obligations and making lending available to all communities. The representatives included members of Bank of America's Regulatory Relations, Legal, Fair Lending, Neighborhood Lending, and Small Business Lending Teams. The Bank of America team members attributed the bank's good performance with respect to fair lending, in large part, to the bank's collaboration with local community leaders. Bank of America conducts specific market analysis for each region served by the bank, on the premise that every market is different. The bank seeks to connect with local market leaders, such as community advocates, HUD intermediaries, and realtors, to garner feedback as to its existing practices and develop action plans designed to better serve and understand a specific area. The bank's representatives stressed the importance of local market feedback in creating successful lending programs in traditionally underserved communities. In coordination with its collaboration with local partners, the bank uses multimedia

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<sup>39</sup> The bank's lending activity is not shown in the chart of Syracuse data above because it did not originate 100 or more mortgages annually in the Syracuse MSA, but its lending to minority borrowers as a percentage of its total lending in the MSA, 14.94% over the 2016-2021 period, would place it first among the listed institutions. The bank's originations in MMTs constitute 2.66% of its total for the 2016-2021 period, which is slightly below average.

campaigns specifically targeted to multicultural census tracts and designed to explain how the bank's different lending programs work, to achieve their goal of increasing access to its lending programs.

The Department also conferred with a community development financial institution ("CDFI") that works in Central and Western New York. The CDFI confirmed the importance of outreach and coordination with local organizations. The CDFI staff described the benefits of leveraging the varied expertise of traditional lenders, CDFIs, financial counselors, and local organizations.

In addition to speaking with the CDFI, the Department sought input from community organizations with expertise in the local housing markets in Syracuse and Rochester, including through its Consumer Protection Task Force, which includes experts in economic justice and housing, among other areas, and advises the Superintendent and Department on related policy issues. This input was essential to ensuring the Department could evaluate its investigative findings and data analysis in the context of the direct experience of community members, longtime advocates, and service providers with the mortgage lending markets in the Syracuse and Rochester MSAs.

## **VI. Upcoming Regulatory Action**

Finally, in addition to the Department's outreach efforts, the Department will be expanding its oversight of non-depository mortgage lenders operating within New York State. As set forth above, the Department's advocacy for legislative action in the 2021 Report led to the MBCI law. The Department is now developing regulations to implement the law and provide clear guidelines for non-depository mortgage lenders. The proposed regulations will reflect insight the Department has gained from these new redlining studies and investigations. As

identified in this report, the issue of non-bank mortgage lenders failing to conduct sufficient outreach to the entire communities in which they operate is a statewide problem.

The Department anticipates that the proposed regulation will provide guidance on how a non-bank mortgage lender will be evaluated on whether they are lending broadly throughout its community, both in diverse geographies and to a diverse set of individuals. In addition, because non-bank mortgage lenders until now have not been subject to an analog to the New York CRA (there is no federal equivalent, and few states have such laws) these entities have had no statutory obligation to contribute to local community development activities. The regulation will establish the procedures and criteria for the Department's evaluations of whether a non-bank mortgage lender is contributing to community development through grants, services, and other relevant means. The Department is also currently considering varied methods for evaluating whether non-bank mortgage lenders are meeting the credit needs of the local community.

The Department will publish these proposed regulation for public comment in 2023.

The Department of Financial Services remains committed to combatting redlining and other forms of housing discrimination across the State of New York and expects to continue its efforts to identify and eliminate redlining and all other forms of housing discrimination.