



Joe Torsella, State Treasurer

February 21, 2018

Home ownership has long been recognized as one of the most effective ways for individuals and families to build wealth and prepare themselves for retirement. Home ownership is therefore of particular importance in addressing wealth inequality in our country. We can offer all Americans the potential to increase their financial security if this powerful tool for wealth accumulation is as accessible as possible. For most purchasers, accessibility to home ownership starts with being able to obtain a mortgage.

In light of the importance of home ownership, I was extremely troubled by the findings of a recent report by The Center for Investigative Reporting. The study, *How Reveal identified lending disparities in federal mortgage data*, found that people of color are more likely to be denied a conventional home mortgage than white applicants, even after controlling for a wide array of economic and social factors. In Philadelphia, the report found that prospective black borrowers were almost three times more likely to be denied a conventional home purchase loan than white applicants; prospective Latino borrowers were likely to be denied roughly 50 percent more often than white applicants.

These findings concern me as Treasurer for several reasons. Improper obstacles to individuals attempting to obtain mortgages for home purchases in Pennsylvania will hamper their ability to build wealth, inextricably affecting the economic prosperity of the Commonwealth. In addition, the Treasury Department relies upon institutions that are significant sources of mortgage capital for critical banking services. We have a direct interest in establishing that organizational standards at those institutions are sound, and that reasonable measures are in place to insure application of best practices.

I am therefore asking that you respond to the following questions.

1. Are the data regarding your institution's approval/denial rates for conventional home mortgage applications for 2015 and 2016 in the Philadelphia metropolitan statistical area presented on the map found at [http://apps.revealnews.org/redlining/?design=cir&race\\_ethn=black&metro\\_area=37964](http://apps.revealnews.org/redlining/?design=cir&race_ethn=black&metro_area=37964) is accurate?
2. If not, please explain in what way you believe the data is inaccurate, and please provide what you believe to be accurate data.
3. If there is a difference in your approval rates in the Philadelphia metropolitan statistical area for conventional home mortgages between white applicants and applicants of any other racial or ethnic groups, please explain the basis for the difference(s).
4. If there is a difference in approval rates, please describe your efforts, if any, to reduce or eliminate that difference.
5. Please provide approval/denial rates for FHA home mortgage applications in the Philadelphia metropolitan statistical area for white applicants and applicants of any other racial or ethnic groups.



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6. Please provide copies of all written policies, guidance documents, or other instructions or directions to relevant employees regarding your decision-making and/or underwriting criteria relating to conventional home mortgage applications in your service territory, the Philadelphia metropolitan statistical area.

I look forward to receiving responses no later than March 7, 2018. Please do not hesitate to contact Treasury if you have any questions about this request.

Thank you for your assistance in addressing this very serious matter.

Joe Torsella  
State Treasurer