

PUBLIC DISCLOSURE

11/03/2020

**MORTGAGE LENDER COMMUNITY INVESTMENT
PERFORMANCE EVALUATION**

**AMERICAN NATIONWIDE MORTGAGE COMPANY, INC.
MC13392**

**3820 NORTHDAL BLVD., SUITE 111A
TAMPA, FLORIDA 33624**

**DIVISION OF BANKS
1000 WASHINGTON STREET
BOSTON, MASSACHUSETTS 02118**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this mortgage lender. The rating assigned to this mortgage lender does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this mortgage lender.</p>
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GENERAL INFORMATION

This document is an evaluation of the Mortgage Lender Community Investment (CRA) performance of **American Nationwide Mortgage Company, Inc. (American Nationwide Mortgage or the Lender)** pursuant to the Massachusetts General Laws chapter 255E, section 8 and the Division of Banks' (Division) regulation 209 CMR 54.00, prepared by the Division, the Lender's supervisory agency, as of **November 3, 2020**.

SCOPE OF EXAMINATION

An evaluation was conducted using examination procedures, as defined by CRA guidelines. A review of the Division's records, as well as the Lender's public CRA file, did not reveal any complaints related to CRA.

The CRA examination included a comprehensive review and analysis, as applicable, of American Nationwide Mortgage's:

- (a) origination of loans and other efforts to assist low- and moderate-income (LMI) residents, without distinction, to be able to acquire or to remain in affordable housing at rates and terms that are reasonable considering the lender's history with similarly-situated borrowers, the availability of mortgage loan products suitable for such borrowers, and consistency with safe and sound business practices;
- (b) origination of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units;
- (c) efforts working with delinquent residential mortgage customers to facilitate a resolution of the delinquency; and
- (d) other efforts, including public notice of the scheduling of examinations and the right of interested parties to submit written comments relative to any such examination to the Commissioner of Banks (Commissioner), as, in the judgment of the Commissioner, reasonably bear upon the extent to which a mortgage lender is complying with the requirements of fair lending laws and helping to meet the mortgage loan credit needs of communities in the Commonwealth of Massachusetts (Commonwealth or Massachusetts).

CRA examination procedures were used to evaluate American Nationwide Mortgage's community investment performance. These procedures utilize a single performance test, the Lending Test. This evaluation considered only American Nationwide Mortgage's lending activity for the period of January 1, 2018 through December 31, 2019. The data and applicable timeframes for the Lending Test are discussed below.

The Lending Test evaluates the mortgage lender's community investment performance pursuant to the following six criteria: geographic distribution of loans, lending to borrowers of different incomes, innovative and flexible lending practices, loss mitigation efforts, fair lending, and loss of affordable housing.

Home mortgage lending data for 2018 and 2019 is presented in the geographic distribution, lending to borrowers of different incomes, and minority application flow tables. Comparative analysis of the

Lender's lending performance for 2018 and 2019 is provided as they are the most recent years for which aggregate Home Mortgage Disclosure Act (HMDA) lending data is available. The aggregate lending data is used for comparison purposes within the evaluation and is a measure of loan demand. It includes lending information from all HMDA reporting mortgage lenders that originated loans in Massachusetts.

In addition to gathering and evaluating statistical information relative to a mortgage lender's loan volume, the CRA examination also reflects an in-depth review of the entity's mortgage lending using qualitative analysis. This analysis includes, but is not limited to an assessment of the suitability and sustainability of the mortgage lender's loan products by reviewing the mortgage lender's internally maintained records of delinquencies and defaults as well as information publicly available through the Federal Reserve Banks, local Registries of Deeds, and through other sources available to the examination team. The examination included inspection of individual loan files for review of compliance with consumer protection provisions and scrutiny of these files for the occurrence of disparate treatment based on a prohibited basis.

MORTGAGE LENDER'S CRA RATING

This mortgage lender is rated “Satisfactory”

Lending Test: “Satisfactory”

- The geographic distribution of the Lender’s loans reflects a good dispersion in LMI census tracts.
- Given the demographics of Massachusetts, the loan distribution to borrowers reflects an adequate record of servicing the credit needs among individuals of different income levels.
- American Nationwide Mortgage offers flexible lending products, which are provided in a safe and sound manner to address the credit needs of LMI individuals.
- The lending practices and products did not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable.
- Fair lending policies are considered less than adequate.

PERFORMANCE CONTEXT

Description of Mortgage Lender

American Nationwide Mortgage was incorporated in Florida on May 8, 1996, and registered in Massachusetts as a foreign corporation on January 13, 2004. The Lender was originally granted a mortgage broker license and a mortgage lender license on September 14, 2004. In December of 2008, the Lender surrendered its mortgage lender license, but retained its mortgage broker license. The Lender reapplied, and again obtained a mortgage lender license on July 10, 2012, and now operates as both a mortgage broker and mortgage lender in Massachusetts. The Lender is licensed to lend in 28 states and the District of Columbia. The Lender’s main office is located at 3820 Northdale Boulevard, Tampa, Florida. The Lender has two branches in Massachusetts, which are located in East Boston and Rockland. Applications are taken either by telephone or in person. American Nationwide Mortgage focuses primarily on the retail origination and processing of residential first lien mortgages. The Lender offers conventional loans, Federal Housing Administration (FHA) loans, and a small percentage of United States Department of Veterans Affairs (VA) loans. All loans are sold with servicing rights released.

During 2018 and 2019, American Nationwide Mortgage originated 144 loans totaling approximately \$54.3 million in Massachusetts.

Demographic Information

The Division’s regulation requires mortgage lenders to be evaluated on their performance within the Commonwealth. Demographic data is provided below to offer contextual overviews of the economic climate along with housing and population characteristics for Massachusetts.

DEMOGRAPHIC INFORMATION OF THE COMMONWEALTH						
Demographic Characteristics	Amount	Low %	Moderate %	Middle %	Upper %	N/A %
Geographies (Census Tracts)	1,478	12.2	19.1	37.5	29.2	2.0
Population by Geography	6,705,586	10.1	18.6	38.9	31.9	0.5
Owner-Occupied Housing by Geography	1,583,667	3.4	13.8	44.4	38.3	0.1
Family Distribution by Income Level	1,620,917	23.3	16.4	19.4	40.9	0.0
Distribution of Low and Moderate Income Families	643,491	17.8	25.8	37.6	18.7	0.1
Median Family Income		\$93,145	Median Housing Value			\$358,764
Households Below Poverty Level		12.0%	Unemployment Rate			2.8%*
2018 HUD Adjusted Median Family Income		\$95,500	2019 HUD Adjusted Median Family Income			\$101,200
<i>Source: 2015 ACS US Census; * Bureau of Labor Statistics as of 12/31/2019</i>						

Based on the 2015 American Community Survey (ACS), the Commonwealth’s population was above 6.7 million people with a total of 2.8 million housing units. Of the total housing units, 1.58 million or 56.4 percent are owner occupied, 966,054 or 34.5 percent are rental units, and 9.1 percent are vacant units.

According to the ACS data, there are 2.5 million households in the Commonwealth with a median household income of \$74,527. Over 41 percent of households are now classified as LMI. Twelve percent

of the total number households are living below the poverty level. Individuals in these categories may find it difficult to qualify for traditional mortgage loan products.

Households classified as “families” totaled slightly over 1.6 million. Of all family households, 23.3 percent were low-income, 16.4 percent were moderate-income, 19.4 percent were middle-income, and 40.9 percent were upper-income. The median family income reported by the ACS data was \$93,145. The Department Housing and Urban Development (HUD) adjusted median family income was \$95,500 in 2018 and increased to \$101,200 in 2019. The HUD adjusted median family income is updated yearly and takes into account inflation and other economic factors.

The Commonwealth contains 1,478 Census tracts. Of these, 181 or 12.2 percent are low-income; 282 or 19.1 percent are moderate-income; 555 or 37.5 percent are middle-income; 431 or 29.2 percent are upper-income; and 29 or 2.0 percent are NA or have no income designation. The tracts with no income designation are located in areas that contain no housing units and will not be included in this evaluation since they provide no lending opportunities. These areas are made up of correctional facilities, universities, military installations, and uninhabited locations such as the Boston Harbor Islands.

Low-income is defined as individual income that is less than 50 percent of the area median income. Moderate-income is defined as individual income that is at least 50 percent and less than 80 percent of the area median income. Middle-income is defined as individual income that is at least 80 percent and less than 120 percent of the area median income. Upper-income is defined as individual that is more than 120 percent of the area median income.

The median housing value for Massachusetts was \$358,764 according to the 2015 ACS data. The unemployment rate for Massachusetts as of December 31, 2019, stood at 2.8 percent, which was a decrease from December 31, 2018, at which time it stood at 3.1 percent according to the Bureau of Labor Statistics. Employment rates would tend to affect a borrower’s ability to remain current on mortgage loan obligations and also correlates with delinquency and default rates.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test evaluates a mortgage lender’s record of helping to meet the mortgage credit needs of the Commonwealth through its lending activities. Lending performance is rated under six performance criteria: geographic distribution, borrower characteristics, innovative or flexible lending practices, loss mitigation efforts, fair lending policies and procedures, and loss of affordable housing. The following information details the data compiled and reviewed, as well as conclusions on the mortgage lending of American Nationwide Mortgage.

American Nationwide Mortgage’s Lending Test performance was determined to be **“Satisfactory”** at this time.

I. Geographic Distribution

The geographic distribution of loans was reviewed to assess how well American Nationwide Mortgage is addressing the credit needs throughout Massachusetts’ low-, moderate-, middle-, and upper-income census tracts. The table below shows the distribution of HMDA-reportable loans by census tract income level. The lending activity is compared with the percent of owner-occupied housing units based on ACS Census demographics, and American Nationwide Mortgage’s 2018 and 2019 home mortgage lending performance comprised of loans originated and purchased by American Nationwide Mortgage. This lending performance is compared to aggregate lending performance in 2018 and 2019.

Geographic Distribution of HMDA Loans by Census Tract						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	3.4	4.8	13	24.5	4,664	22.8
2019	3.4	4.4	15	16.5	5,400	15.9
Moderate						
2018	13.8	15.6	30	56.6	12,236	59.9
2019	13.8	14.6	41	45.0	16,351	48.2
Middle						
2018	44.4	43.2	8	15.1	2,617	12.8
2019	44.4	43.5	28	30.8	9,630	28.4
Upper						
2018	38.3	36.3	2	3.8	921	4.5
2019	38.3	37.3	7	7.7	2,523	7.4
Not Available						
2018	0.1	0.1	0	0.0	0	0.0
2019	0.1	0.2	0	0.0	0	0.0
Totals						

2018	100.0	100.0	53	100.0	20,438	100.0
2019	100.0	100.0	91	100.0	33,904	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Lender HMDA Data, 2018 & 2019 HMDA Aggregate Data</i>						

As shown in the above table, American Nationwide Mortgage’s lending to low- and moderate-income geographies during 2018 and 2019 was above the percentage of owner occupied housing units, as well as above the performance of the aggregate data for lending to low- and moderate-income census tracts in 2018 and 2019. Data for 2019 showed an increase in loan volume but a decrease in the percentage of loans made in low- and moderate-income census tracts. The Lender’s lending performance is considered good at this time.

II. Borrower Characteristics

The distribution of loans by borrower income levels was reviewed to determine the extent to which the Lender is addressing the credit needs of the Commonwealth’s residents. The table below illustrates HMDA-reportable loan originations and purchases, categorized by borrower income level, that were reported by the Lender during 2018 and 2019, and compares this activity to the 2018 and 2019 aggregate lending data and the percentage of families by income level within the assessment area using ACS Census demographics.

Distribution of HMDA Loans by Borrower Income						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	23.3	6.3	2	3.8	318	1.6
2019	23.3	6.0	8	8.8	1,848	5.5
Moderate						
2018	16.4	18.1	19	35.8	5,617	27.5
2019	16.4	18.2	42	46.1	14,771	43.6
Middle						
2018	19.4	23.1	18	34.0	7,228	35.4
2019	19.4	22.8	28	30.8	12,097	35.7
Upper						
2018	40.9	39.9	14	26.4	7,274	35.6
2019	40.9	39.8	11	12.1	4,482	13.2
Not Available						
2018	0.0	12.6	0	0.0	0	0.0
2019	0.0	13.2	2	2.2	706	2.1
Totals						
2018	100.0	100.0	53	100.0	20,438	100.0
2019	100.0	100.0	91	100.0	33,904	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Lender HMDA Data, 2018 & 2019 HMDA Aggregate Data.</i>						

As shown in the above table, American Nationwide Mortgage's lending to moderate-income borrowers during 2018 and 2019 was above the aggregate and above the percentage of moderate-income families. Lending to low-income borrowers was also above the aggregate in 2019. The Lender's overall lending performance to low- and moderate-income borrowers is considered adequate at this time.

III. Innovative or Flexible Lending Practices

American Nationwide Mortgage originated flexible lending products, which were provided in a safe and sound manner to address the credit needs of LMI individuals and geographies. During the examination period American Nationwide Mortgage offered products insured by HUD through their FHA programs. Examples of products, which may have helped low- and moderate-income families included high-LTV offerings, such as 97% LTV FHA options, 3.5% down FHA purchase, and streamline refinance transactions. During 2018 and 2019, American Nationwide Mortgage closed 59 FHA loans. For this period, 30 or 51% were made to low- or moderate-income borrowers and 44 or 75% were made to low- or moderate-income census tracts. During the evaluation period, American Nationwide Mortgage also originated products through The VA Home Loan Program to qualifying veterans. The VA Home Loan Program offers veterans flexible terms such as low or no down payments and no monthly insurance premiums. During 2018 and 2019, American Nationwide Mortgage originated 1 VA loan. This loan was made to a moderate-income borrower.

IV. Loss Mitigation Efforts

The Division reviews a mortgage lender's efforts to work with delinquent home mortgage loan borrowers to facilitate a resolution of the delinquency, including the number of loan modifications, and the extent to which such modifications are effective in preventing subsequent defaults or foreclosures.

American Nationwide Mortgage does not directly service a portfolio of loans in Massachusetts as it sells originated loans with servicing rights released. As American Nationwide Mortgage does not service mortgage loans for Massachusetts consumers, it would not work directly with delinquent borrowers; therefore, this review did not include an evaluation of loan mitigation and modification efforts.

V. Fair Lending

The Division examines a mortgage lender's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The Lender's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. The review included, but was not limited to, written policies and procedures and interviews with mortgage lender personnel.

American Nationwide Mortgage has established a less than adequate record relative to fair lending practices. The Lender's fair lending policies, procedures, and training program are weak. Despite these weaknesses, no evidence of discriminatory or other illegal credit practices was identified.

Minority Application Flow

Examiners reviewed American Nationwide Mortgage’s HMDA data to determine whether the mortgage application flow from various racial and ethnic groups was consistent with the area demographics.

During 2018, American Nationwide Mortgage received 65 HMDA-reportable mortgage loan applications from within the Commonwealth. Of these applications, 13 or 20.0 percent were received from racial minority applicants. For the same period, American Nationwide Mortgage received 40 or 61.5 percent of HMDA-reportable applications from ethnic groups of Hispanic or Latino origin. This compares to the 12.3 percent of mortgage loans originated by the aggregate in Massachusetts to racial minorities and 6.9 percent to ethnic minorities in 2018.

During 2019, American Nationwide Mortgage received 141 HMDA-reportable mortgage loan applications from within the Commonwealth. Of these applications, 20 or 14.1 percent were received from racial minority applicants. For the same period, American Nationwide Mortgage received 88 or 62.4 percent of HMDA-reportable applications from ethnic groups of Hispanic or Latino origin. This compares to the 11.9 percent of mortgage loans originated by the aggregate in Massachusetts to racial minorities and 6.9 percent to ethnic minorities in 2019.

Demographic information for Massachusetts reveals the total racial and ethnic minority population stood at 25.7 percent of total population as of ACS data. At 15.2 percent, racial minorities consisted of 6.5 percent Black; 6.0 percent Asian/Pacific Islander; 0.1 percent American Indian/Alaskan Native; and 2.6 percent identified as Other Race. Ethnic minorities consisted of 10.5 percent Hispanic or Latino.

Refer to the following table for information on the Lender’s minority application flow as well as a comparison to aggregate lenders throughout the Commonwealth. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Lender received from minority applicants.

MINORITY APPLICATION FLOW						
RACE	2018 Lender		2018 Aggregate Data	2019 Lender		2019 Aggregate Data
	#	%	% of #	#	%	% of #
American Indian/ Alaska Native	0	0.0	0.3	1	0.7	0.2
Asian	0	0.0	5.9	1	0.7	5.8
Black/ African American	12	18.5	4.4	15	10.6	4.2
Hawaiian/Pac Isl.	0	0.0	0.2	0	0.0	0.2
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	1	1.5	1.4	3	2.1	1.4
Total Minority	13	20.0	12.3	20	14.1	11.9
White	50	76.9	66.4	100	71.0	65.6
Race Not Available	2	3.1	21.3	21	14.9	22.5
Total	65	100.0	100.0	141	100.0	100.0

ETHNICITY						
Hispanic or Latino	40	61.5	5.8	85	60.3	5.8
Not Hispanic or Latino	21	32.3	71.4	31	22.0	70.3
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.1	3	2.1	1.1
Ethnicity Not Available	4	6.2	21.7	22	15.6	22.8
Total	65	100.0	100.0	141	100.0	100.0

Source: 1/1/2018 - 12/31/2019 Lender HMDA Data, 2018 & 2019 HMDA Aggregate Data

In 2018 and 2019, American Nationwide Mortgage’s performance was above the aggregate’s performance for racial minorities and well above the aggregate for ethnic minority applicants.

VI. Loss of Affordable Housing

This review concentrated on the suitability and sustainability of mortgage loans originated by American Nationwide Mortgage by taking into account delinquency and default rates of the Lender and those of the overall marketplace. Information provided by the Lender was reviewed, as were statistics available on delinquency and default rates for mortgage loans.

A review of information and documentation, from both internal and external sources as partially described above, did not reveal lending practices or products that showed an undue concentration or a systematic pattern of lending, including a pattern of early payment defaults, resulting in the loss of affordable housing units.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 255E, Section 8, and the Division's regulation 209 CMR 54.00, the Mortgage Lender Community Investment (CRA) regulation, require all mortgage lenders to take the following actions within 30 business days of receipt of the CRA evaluation of their mortgage lender:

- 1) Make its most current CRA performance evaluation available to the public.
- 2) Provide a copy of its current evaluation to the public, upon request. The mortgage lender is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the mortgage lender's evaluation, as prepared by the Division of Banks, may not be altered or abridged in any manner. The mortgage lender is encouraged to include its response to the evaluation in its CRA public file.

The Division of Banks will publish the mortgage lender's Public Disclosure on its website no sooner than 30 days after the issuance of the Public Disclosure.