

September 12, 2006

To the Honorable
Common Council
City of Milwaukee
City Hall - Room 205
Milwaukee, WI 53202

RE: Comptroller's 13th Annual Lending Report

Dear Council Members:

As required under Resolution 890493, enclosed is the Comptroller's Annual Financial Institution Lending Report for 2004. As the thirteenth such Annual Report, this Report analyzes the trends in residential lending by local financial institutions, focusing on the Target Area (TA) - that area of the city where home ownership is lowest.

In 2004 the housing market built on the record home sales experienced in 2003. Metropolitan Area conventional loan applications were up 11.5% from 2003 (from 32,753 to 36,508), and originations were up 8.6% (from 25,104 to 27,264). Nationally, conventional loan originations increased by 21.6% over 2003 levels (from 4,811,096 to 5,852,437) as mortgage interest rates remained affordable and credit continued to be available.

This report shows continued improvement in the Target Area, the City of Milwaukee, and in minority lending in the Metropolitan Area. Steps have been taken by area lenders to make the lending process more inclusive and to make the American dream of home ownership a reality for persons of all ethnicities.

For the period of time covered by this report, the rate of growth for residential lending in the Target Area is out-pacing the growth of the Metropolitan Area as a whole. Each year since 1996 the number of loans originated in the TA has grown. In 2004, conventional loan applications in the TA were up 48.1% from 2003 (from 2,017 to 2,988), and originations were up 46.1% (1,173 to 1,714). Assessed values continue to increase in the TA and home equity continues to build.

But this report also illustrates that there is work left to be done to close Milwaukee's racial lending gap. Residential loan denial disparity for non-whites compared to whites in the Milwaukee Metropolitan Area, while improved from prior years, is still among the highest in the nation. While the loan denial rate for Metropolitan Area non-white home loan applicants is declining, and mirrors that of the nation as a whole, the Metro Area denial rate for white loan applicants remains among the lowest in the nation.

Lending institutions are ranked according to their level of Target Area lending in Appendix B (See pages 23 – 27). Appendix B is provided to enable implementation of Common Council resolution #980598. This resolution requires that potential public depositories place within the top half of the financial institutions ranking for Target Area residential lending in the Comptroller's Annual Lending Report.

There continues to remain a large task ahead if we are to attract the necessary capital into the Target Area and its neighborhoods. Your support of effective, action oriented efforts can help make home ownership a reality for more of Milwaukee's families.

Please give your comments and suggestions regarding this Report. I assure you of my active support of your efforts in this vital area.

Sincerely,

W. Martin Morics
Comptroller

Enclosure

cc: Mayor Tom Barrett