

Redlining of Hawaiian Home Lands by Hawaii's Banks

A Hawaii Fair Lending Coalition Preliminary Report

This preliminary report provides a snapshot of ongoing research into how Hawaii's banks are serving native Hawaiians. This snapshot looks at FHA-247 lending by Hawaii's four largest banks over the past 28 years.

Redlining is a form of housing discrimination.

Redlining is an illegal practice in which lenders avoid providing services to individuals living in communities of color because of the race or national origin of the people who live in those communities. On October 22, 2021, the U.S. Department of Justice announced a new **Combatting Redlining Initiative**, which will be led by the DOJ's Civil Rights Division in partnership with U.S. Attorney's Offices.

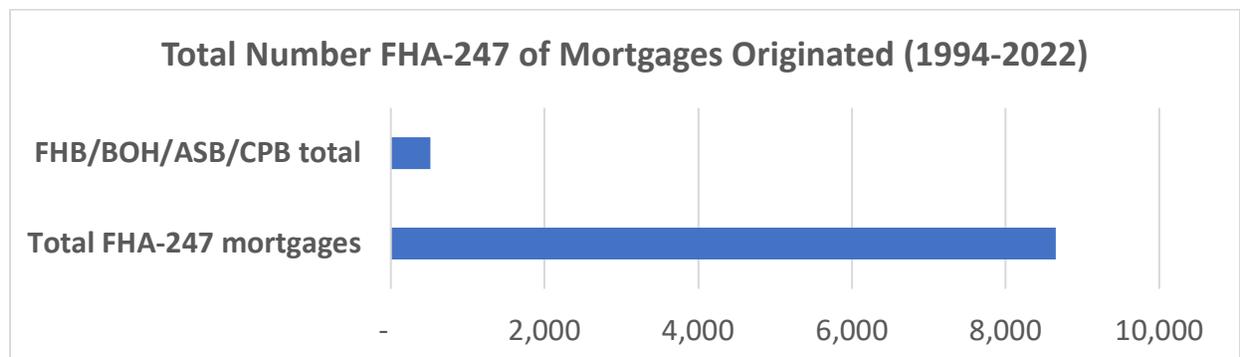
Hawaii's banks redline by avoiding making FHA-247 mortgage loans to Hawaiian Home Lands lessees.

Section 247 of the National Housing Act (FHA-247) authorizes mortgage insurance for loans made to native Hawaiians to purchase housing located on Hawaiian Home Lands (HHL). With FHA insurance, the lender's risk is minimized, which should increase the availability of mortgages to Hawaiian Home Lands beneficiaries.

Hawaii's four biggest banks — First Hawaiian Bank, Bank of Hawaii, American Savings Bank and Central Pacific Bank — have combined assets of \$64.5 Billion and together control 95% of Hawaii's banking market.

This preliminary report ranks each of the four banks for their mortgage lending performance on Hawaiian Home Lands as measured by the dollar volume of the bank's FHA-247 loans since 1994. Each bank's ranking is adjusted to account for its relative size. For example, since First Hawaiian is 3.4 times bigger than Central Pacific, we would expect that First Hawaiian should make 3.4 times as many FHA-247 loans as Central Pacific.

Since 1994, Hawaii's four biggest banks have together originated less than 6% of all FHA-247 loans.



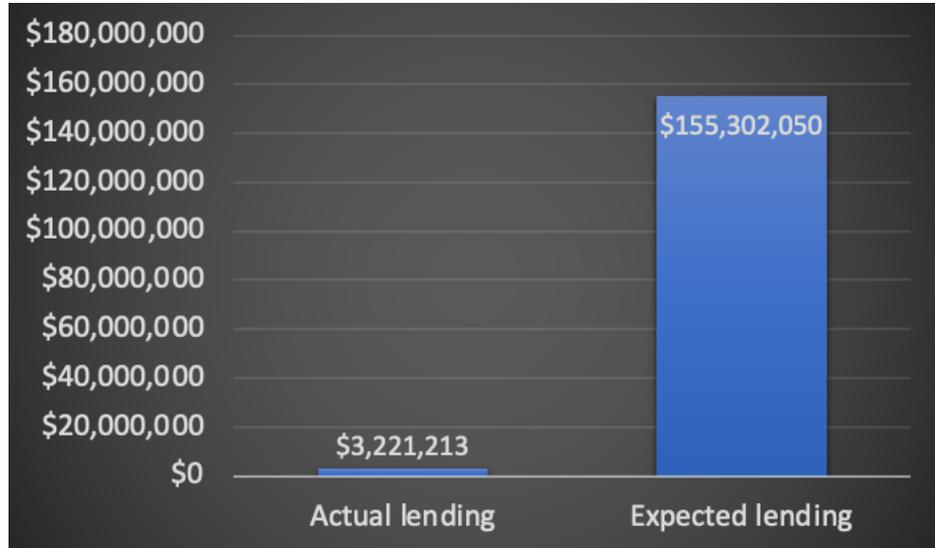
The Hawaii Fair Lending Coalition (HFCL) was formed in 1993 to address redlining, fair lending violations, and community reinvestment in Hawaii. In 1994, in response to evidence of illegal redlining presented by HFCL and Na Po'e Koku, Bank of America was ordered by federal banking regulators to make \$150 million in FHA-247 loans on Hawaiian Home Lands by 1998.

Central Pacific Bank (CPB)

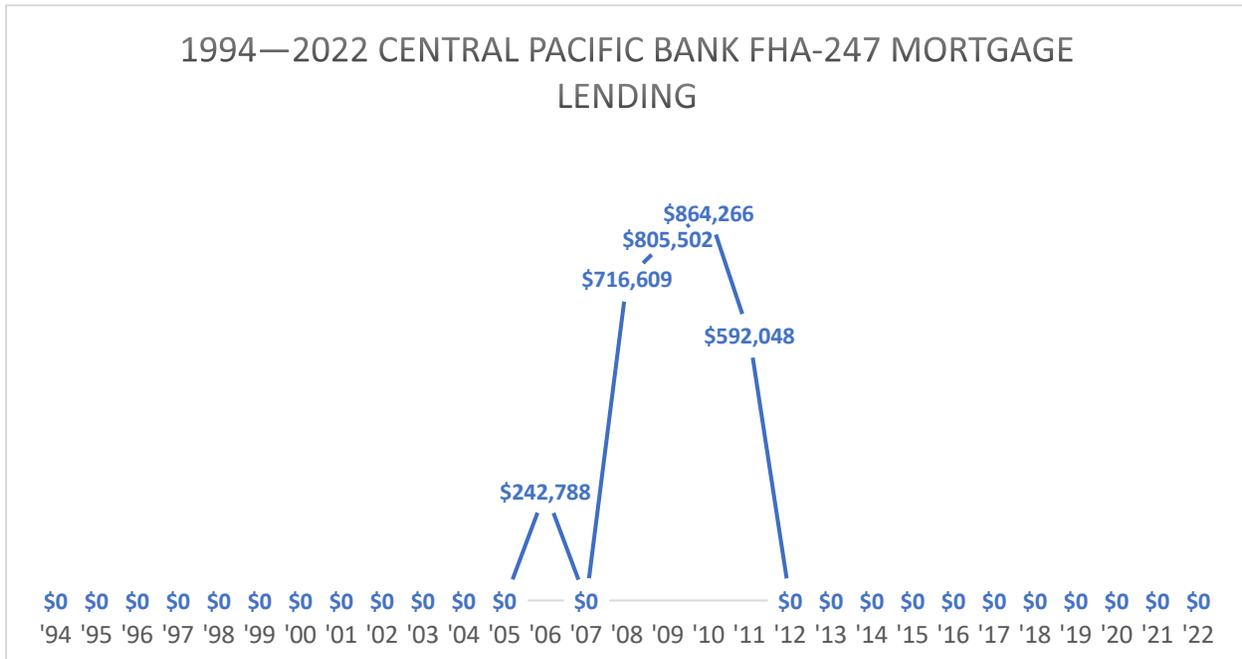
Among Hawaii’s top 4 banks, **CPB** is ranked **4th in size and 4th** for its Hawaiian Homelands lending performance (ranking is weighted to account for CPB’s share of the Hawaii market).

Since 1994, Central Pacific Bank has provided just over **\$3.2 million for fourteen (14) FHA-247** loans.

Based on the bank’s market share in Hawaii, CPB should have made over **\$155 million** in mortgage loans on Hawaiian Home Lands over the last three decades.



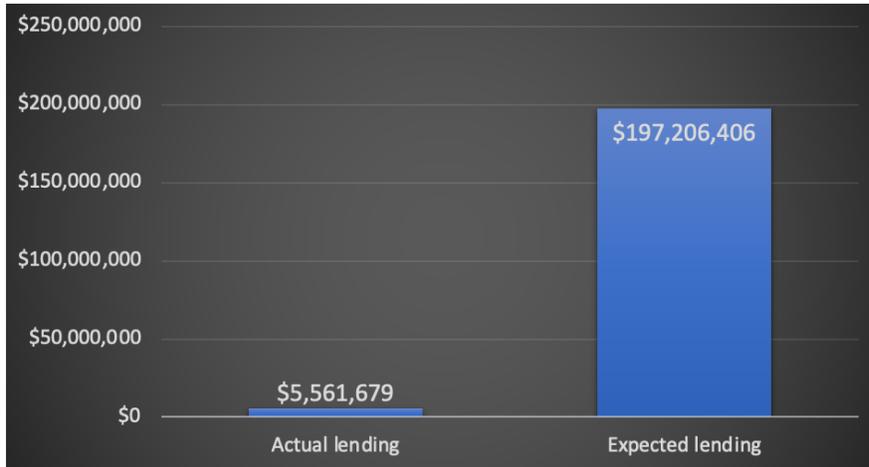
In the last 28 years, Central Pacific Bank only provided FHA-247 loans for the following five years: 2006, 2008, 2009, 2010, and 2011



*2022 numbers include January through June 2022

American Savings Bank (ASB)

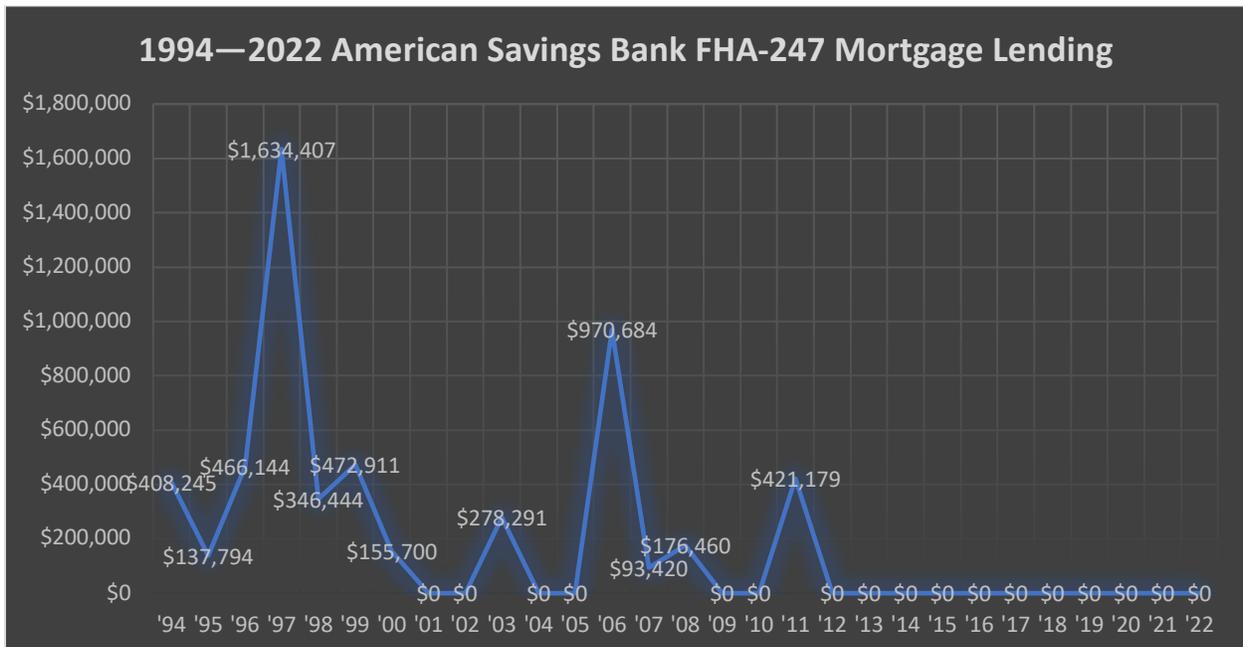
Among Hawaii's top 4 banks, **ASB** is ranked **3rd in size and 3rd** for its Hawaiian Homelands lending performance (ranking is weighted to account for ASB's share of the Hawaii market).



Since 1994, American Savings Bank has provided less than **\$5.6 million for forty-six (46) FHA-247 loans.**

Based on the bank's market share in Hawaii, ASB should have made at least **\$197 million** in mortgage loans on Hawaiian Home Lands in the last three decades.

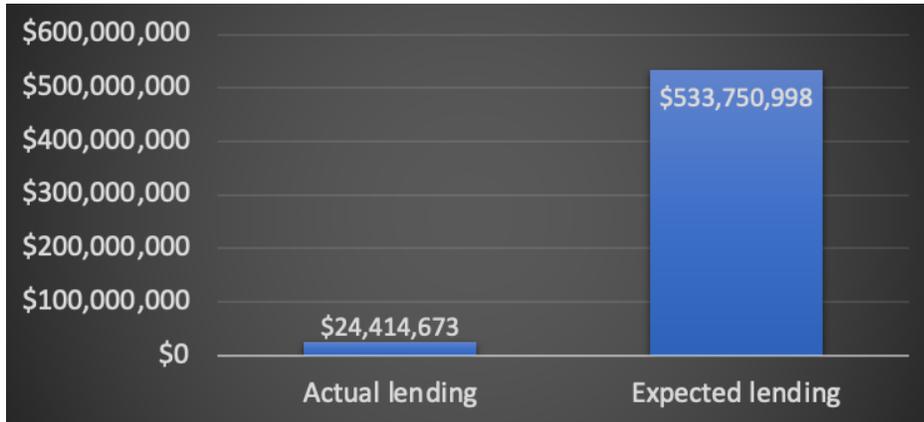
In the last 28 years, American Savings Bank provided varying amounts of FHA-247 loans until 2011, and since then has provided:
Zero FHA-247 mortgages on Hawaiian Home Lands.



*2022 numbers include January through June 2022

First Hawaiian Bank (FHB)

Among Hawaii's top 4 banks, **FHB** is ranked **1st in size and 2nd** for its Hawaiian Homelands lending performance (ranking is weighted to account for FHB's share of the Hawaii market).



Since 1994, First Hawaiian Bank has provided **\$24.4 million for 196 FHA-247 loans.**

Based on the bank's market share in Hawaii, FHB should have made over **\$533 million** in loans on Hawaiian Home Lands in the last three decades.

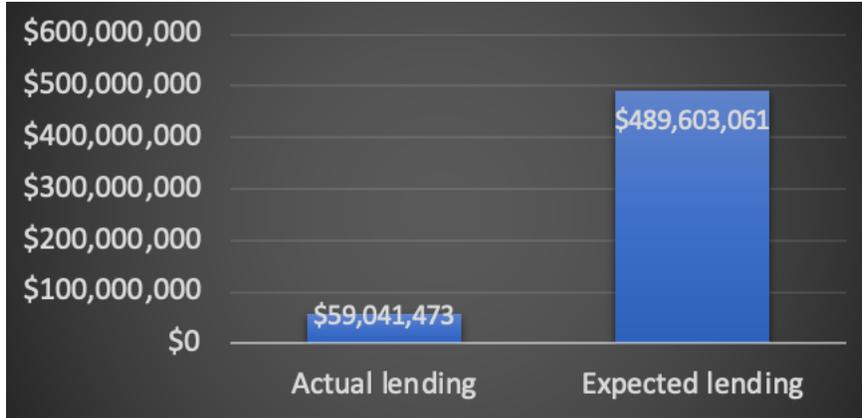
In the last 28 years, First Hawaiian Bank only provided FHA-247 loans until 2013, and has provided: Zero FHA-247 loans in the last 9 years.



*2022 numbers include January through June 2022

Bank of Hawaii (BOH)

Among Hawaii's top 4 banks, **BOH** is ranked **2nd in size and 1st** for its Hawaiian Homelands lending performance (ranking is weighted to account for FHB's share of the Hawaii market).

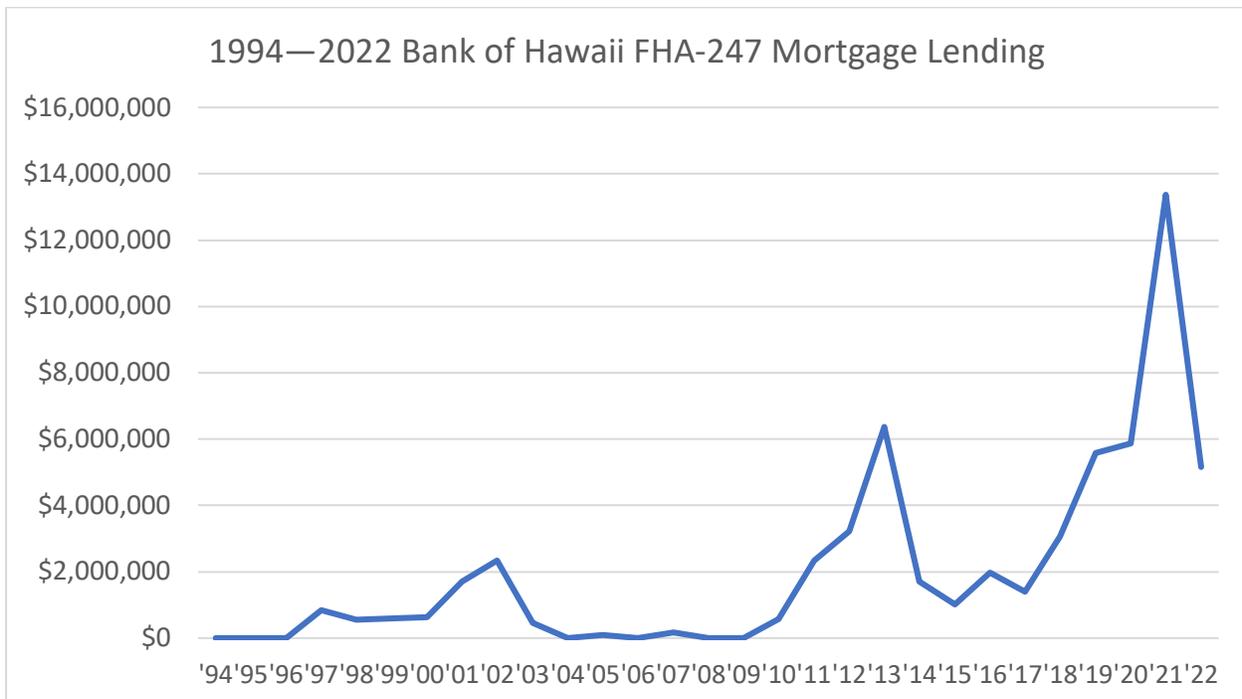


*In the 28 years since 1994, Bank of Hawaii has provided just over **\$59 million** for **259 FHA-247** loans.*

*Based on the bank's market share in Hawaii, BOH should have made more than **\$489 million** in loans on Hawaiian Home Lands in the last three decades.*

While like the other Hawaii banks, Bank of Hawaii's lending on Hawaiian Home Lands is way below what its market share dictates, BOH has been the most consistent provider of FHA-247 loans among Hawaii banks over the last 28 years.

However, BOH provided no FHA-247 loans from 1994-1997, in 2004, 2006, 2008 and 2009.



*2022 numbers include January through June 2022