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Housing greatest concern as California wildfires continue to rage

By Kelsey Bartlett and Razi Haider

As bankers continue to survey losses associated with the catastrophic wildfires wreaking havoc in Northern California and some southern portions of the state, housing appears to be a top concern.

"It's huge. Tens of thousands of people have been displaced, and from all walks of life," Madeline Schnapp, director of economic research for PropertyRadar, said in an interview.

Eleven active wildfires remain, down from 21, according to California's Oct. 26 statewide fire map. Officials expect the fires be fully contained "by the end of the week," but are warning low humidity and high winds could further spread the flames.



Russell Colombo, president and CEO of Navato, Calif.-based [Bank of Marin](#), said the company is in the process of surveying customers' homes and businesses to determine the extent of the damage, calling the region's losses "enormous." Forty-two people have died since the fires started on Oct. 8, the California Department of Forestry and Fire Protection confirmed. Over 245,000 acres and 8,400 structures have been destroyed. At the wildfires' height, about 100,000 people were forced to evacuate.

California Bankers Association President and CEO Simone Lagomarsino said bankers are working together to rebuild communities.

"They really are struggling, because so many homes were destroyed," she said in an interview, noting areas such as Santa Rosa may need to implement emergency housing options for residents and contractors.

Lagomarsino said a number of branches closed on a temporary basis due to poor air quality and evacuations. She said many bankers in the state are waiving fees and helping customers understand insurance policies.

On Oct. 20, the Federal Deposit Insurance Corp. issued guidance, suggesting banks in impacted areas consider extending repayment terms, restructuring existing loans and easing terms for new loans.

The FDIC [stated](#) it will consider regulatory relief from certain filing and publishing requirements, and is encouraging banks to work constructively with impacted borrowers "experiencing difficulties beyond their control because of damage caused by the wildfires." It noted banks may receive favorable Community Reinvestment Act consideration for aiding disaster recovery.

lenders originated \$84.03 billion in mortgages during the year ending July 31 in the eight California counties designated for individual assistance by the Federal Emergency Management Agency. Banks and thrifts operating in the counties hold \$148.24 billion in deposits, based on summary of deposits filings for the year ended June 30, 2017. [Wells Fargo & Co.](#) has the greatest deposit market share in the affected areas, and is the top mortgage originator.

Colombo said Bank of Marin is working to match client zip codes against affected areas, and that so far, client damages appear minimal. The company is in the midst of [acquiring Bank of Napa NA](#).

"Now that being said, the long-term impact to the regions, both Napa and Sonoma, that's something that we can't assess at this point," he said on an Oct. 23 [earnings call](#). "It's going to be a long road, I suspect, for the communities to rebuild — a couple of years, minimum, just to get all the homes back and rebuild."

The fires have taken a toll on wine country. According to [local reports](#), at least 27 wineries have been damaged or destroyed. Lagomarsino said there will "certainly" be issues with agriculture loans, but not to the extent that some may expect, considering a large amount of lending is conducted by the Farm Credit System. She said the same is true for housing, since many use avenues other than banks to finance their homes.

"Most of our banks have diversified loan portfolios, so they don't have heavy concentrations in any one line of business, or any one type of loan product," she said. "They work to diversify, in many cases, even geographically."

In an early research note, D.A. Davidson's analyst Jeff Rulis [wrote](#) within his coverage, Bank of Marin, Portland, Ore.-based [Umpqua Holdings Corp.](#) and Santa Clara-based [SVB Financial Group](#) have the largest exposure to the wine industry.

But Colombo said other than slight damage to one vineyard, all of Bank of Marin's wine clients were unaffected.

None of Umpqua Holding's wine industry clients were impacted, Chief Credit Officer, Chief Lending Officer and Executive Vice President David Shotwell said on an Oct. 19 [earnings call](#).

Deposit market share in California wildfire-affected counties

Deposit market share rank*	Company (top-level ticker)	Total active branches	Pro forma*		Deposit market share (%)
			Total deposits (\$B)	% of total company deposits [^]	
1	Wells Fargo & Co. (WFC)	138	28.18	2.24	19.01
2	Bank of America Corp. (BAC)	109	24.94	1.94	16.82
3	JPMorgan Chase & Co. (JPM)	129	17.41	1.33	11.75
4	MUFG Americas Holdings Corp. (8306)	45	6.72	7.74	4.53
5	Banc of California Inc. (BANC)	11	5.43	66.94	3.66
6	Citigroup Inc. (C)	28	4.62	0.91	3.11
7	BNP Paribas USA Inc. (BNP)	36	4.48	5.50	3.02
8	U.S. Bancorp (USB)	92	4.46	1.35	3.01
9	PacWest Bancorp (PACW)	9	3.67	18.32	2.47
10	Opus Bank (OPB)	10	3.42	55.10	2.31
11	Farmers & Merchants Bank of Long Beach (FMBL)	13	2.58	48.34	1.74
12	First American Financial Corp. (FAF)	1	2.52	78.32	1.70
13	Pacific Premier Bancorp Inc. (PPBI)	5	2.51	41.48	1.70
14	First Foundation Inc. (FFWM)	4	2.41	69.26	1.63
15	Umpqua Holdings Corp. (UMPQ)	20	2.11	10.80	1.43
16	Exchange Bank (EXSR)	18	1.97	98.14	1.33
17	First Republic Bank (FRC)	5	1.92	3.03	1.29
18	Zions Bancorp. (ZION)	10	1.83	3.46	1.23
19	2011 TCRT	5	1.63	35.77	1.10
20	CIT Group Inc. (CIT)	11	1.43	4.50	0.97
Affected California counties		931	148.24	2.43	

Data compiled Oct. 18, 2017.

Analysis based on banks and thrifts operating in select California counties affected by wildfires. The list of counties is based on a FEMA California disaster declaration map dated Oct. 15, 2017, that was available on the agency's website as of Oct. 18, 2017. The counties include: Butte, Lake, Mendocino, Napa, Nevada, Orange, Sonoma and Yuba.

* Pro forma deposits and branches are based on the FDIC's Summary of Deposits data as of June 30, 2017, and are adjusted for announced and completed mergers and acquisitions and openings and closings that have occurred until Oct. 18, 2017.

[^] Represents the institution's deposits in the affected California counties as a percentage of the company's total deposits as of June 30, 2017. Openings, closings and acquisitions made since June 30, 2017, are collected on a best-efforts basis.

Top-level ticker based on home country stock exchange.

Sources: S&P Global Market Intelligence; Federal Emergency Management Agency

Shotwell said in terms of loss exposure, the company, which has a number of California branches, isn't projecting a material impact. He said Umpqua's aggregate loan balances totaled just under \$200 million in the impacted zip codes.

Santa Rosa, Calif.-based Summit State Bank is also not expecting a material financial impact "at this time," but expects its allowance for loan losses to evolve throughout the fourth quarter.

Top mortgage originators in wildfire-affected counties

12 months ended July 31, 2017

Company (city, state)	Mortgage loans			
	Amount		Count	
	Last-12-months (\$M)	YOY change (%) [*]	Last-12-months (#)	YOY change (%) [*]
Wells Fargo & Co. (San Francisco, CA)	6,979.7	-12.0	11,461	-14.3
Bank of America Corp. (Charlotte, NC)	5,265.7	-6.4	10,182	-1.1
JPMorgan Chase & Co. (New York, NY)	4,088.0	13.8	5,995	12.3
Quicken Loans Inc. (Detroit, MI)	2,112.1	21.3	5,410	18.5
Mitsubishi UFJ Financial Group Inc.	1,792.1	4.1	2,630	19.7
U.S. Bancorp (Minneapolis, MN)	1,604.0	-14.3	4,044	0.3
Finance of America Mortgage LLC (Horsham, PA)	1,231.9	50.0	3,223	46.9
United Wholesale Mortgage (Troy, MI)	1,220.3	59.7	3,039	55.4
CashCall Mortgage (Orange, CA)	1,140.5	-10.8	3,191	-10.7
New American Funding (Tustin, CA)	1,022.9	-6.2	2,401	-6.5
First Republic Bank (San Francisco, CA)	1,000.8	16.3	953	14.3
loanDepot.com LLC (Foothill Ranch, CA)	987.0	25.1	2,435	21.8
Stearns Lending LLC (Santa Ana, CA)	979.3	-19.3	2,421	-23.6
SchoolsFirst Federal CU (Santa Ana, CA)	911.6	10.7	4,120	4.8
BNP Paribas SA	910.3	-5.0	1,416	-11.4

Total mortgage originations in counties affected by wildfires

12 months ended July 31, 2017

Counties	Mortgage loans			
	Amount		Count	
	Last-12-months (\$M)	YOY change (%) [*]	Last-12-months (#)	YOY change (%) [*]
Orange	65,130.21	1.1	113,649	2.2
Sonoma	9,311.02	-0.2	21,394	1.5
Napa	3,687.13	8.3	6,092	8.0
Butte	1,901.14	-0.7	7,751	0.9
Nevada	1,792.31	9.2	5,762	3.5
Mendocino	900.18	7.3	3,040	8.0
Yuba	772.75	6.1	3,128	12.0
Lake	533.66	0.6	2,585	11.3

Data compiled Oct. 18, 2017.

Analysis based on financial institutions operating in select California counties affected by wildfires. The list of counties is based on a FEMA California disaster declaration map dated Oct. 15, 2017, that was available on the agency's website as of Oct. 18, 2017. The counties include: Butte, Lake, Mendocino, Napa, Nevada, Orange, Sonoma and Yuba.

Analysis includes residential and commercial mortgages that sourced from mortgage deeds and property assessment data gathered across the U.S. coverage

Citigroup Inc. (New York, NY)	781.7	-30.5	1,543	-19.0	universe. Results may change as more mortgage filings become available. Origination values for individual loans are capped at \$50 million for counties designated as "rural" by SNL and \$75 million for counties designated as "metro." * Reflects change since the prior 12-month period that ended July 31, 2017. Sources: S&P Global Market Intelligence; Federal Emergency Management Agency
Sierra Pacific Mortgage Company Inc. (Folsom, CA)	680.3	19.9	1,745	20.7	
CBRE Capital Markets Inc. (Houston, TX)	645.3	53.9	18	100.0	
Farmers & Merchants Bank of Long Beach (Long Beach, CA)	600.1	64.6	372	4.2	
Redwood CU (Santa Rosa, CA)	593.6	7.5	2,633	8.8	
Affected California counties	84,028.4	1.5	163,401	2.7	

Product Tips



For a recorded webinar on how to use the Mortgage Analytics tool, click [here](#).

Click [here](#) to view a webinar on best practices for bank branch analysis.

Click [here](#) to access a tool that allows you to generate market share reports for specific companies or U.S. markets.

SNL combines bank branch data along with demographic information, which can be accessed via the market demographics page under the U.S. market analysis section of a company's Briefing Book page on SNL.com or in SNLxl.

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