



### Disparities in Denial Rates of Conventional Home Purchase Loans by Applicant Race and Ethnicity

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#### Racial disparities in denial rates continue as minority applicants for conventional loans are rejected significantly more often than whites.

- ◆ In 2003, African-Americans were 2.2 times more likely than whites to be denied a conventional home purchase loan while Latino applicants were 2.1 times more likely to be denied than whites.
- ◆ For African-American applicants, the disparity in denial rates is a decrease from 2.6 in 1993 but an increase from 1998 when African-Americans were 1.8 times more likely to be denied than whites.
- ◆ Among Latinos, the disparity in denial rates is a decrease from 1993 when they were 2.7 times more likely to be denied than whites but a small increase from 1998 when Latinos were 2.0 times more likely to be denied.

Change in Denial Rates in Conventional Home Purchase Loan Applications						
	2003		1998		1993	
	Denial Rate	Ratio to White	Denial Rate	Ratio to White	Denial Rate	Ratio to White
African-American	17.6%	2.2	47.5%	1.8	25.0%	2.6
Latino	16.7%	2.1	52.4%	2.0	26.9%	2.7
White	8.1%		26.3%		9.8%	

#### Even when comparing borrowers of the same income level, minorities are rejected more often than whites for conventional purchase loans. Minorities with higher incomes are also denied more often than whites with lower incomes.

- ◆ Upper-income<sup>1</sup> African-Americans were 2.6 times more likely to be turned down than upper-income whites, middle-income African-Americans were 1.5 times more likely to be denied than middle-income whites, moderate-income African-Americans were 2.2 times more likely to be denied than moderate-income whites and low-income African-Americans were 2.0 times more likely to be turned down than low-income whites.
- ◆ Upper-income Latinos were 2.0 times more likely to be turned down than upper-income whites, middle-income Latinos were 1.6 times more likely to be turned down than middle-income whites, moderate-income Latinos were 1.7 times more likely to be turned down than moderate-income whites, while low-income Latinos were 1.4 times more likely to be turned down than low-income whites.

<sup>1</sup> The median family income in metropolitan area was \$51,400 in 2003. Low-income families are those earning below 50% of the area median income, which means below \$25,700 in 2003. Moderate-income families earned from 50% to 79% of the median or between \$25,700 and \$41,120. Middle-income families are those earning 80-119% of the area median income or between \$41,120 and \$61,680. Upper-income families earned 120% of the median or above or \$61,680.



- ◆ Upper-income African-Americans and Latinos were more likely to be denied than moderate-income whites.

<b>Conventional Home Purchase Loan Denial Rate Disparities Among Applicants of Similar Income Levels 2003</b>					
Applicant Income Level	Denial Rates			Likelihood to be Denied Compared to White Applicants*	
	White	African-American	Latino	African-American	Latino
<b>Low-income</b> Below 50% Median Below \$25,700	22.0%	43.8%	31.1%	2.0	1.4
<b>Moderate-income</b> 50-79% median \$25,700 - \$41,120	10.1%	22.4%	17.5%	2.2	1.7
<b>Middle-income</b> 80-119% median \$41,120-\$61,680	9.1%	13.5%	14.6%	1.5	1.6
<b>Upper-income</b> Above 120% median \$61,680 or above	5.1%	13.5%	10.4%	2.6	2.0

\*The likelihood to be denied is calculated by dividing the denial rate of the comparison group by the denial rate of whites.

## Changes in Conventional Home Purchase Loan Originations by Borrower Race and Ethnicity

The number of conventional purchase loans made to all borrowers increased dramatically from 1993 to 2003. Albuquerque followed the national trend where the largest percentage increase for African-Americans was during the earlier 1993-1998 time period compared to the more recent five years. But because lending to minorities was at such a low level, the percentage increase in lending does not reflect the continuing lower volume of loans to minorities compared to whites and compared to their population.

- ◆ In 2003, African-Americans received 153 conventional home purchase loans, an increase of 218.8%, which is 105 more loans than in 1993. Latinos received 2,940 conventional home purchase loans in 2003, a 222.7% increase which is 2,029 more loans than in 1993.
- ◆ Because lending to minorities started at such a low level in 1993, the smaller percentage increase in loans to whites does not reflect the increased number of loans to white applicants, who received 7,934 loans in 2003, which is 3,710 more loans than in 1993 (an increase of 87.8%).
- ◆ For African-Americans, the greatest percentage increase in lending occurred from 1993 to 1998. Conventional home purchase lending to African-Americans increased 166.7% from 1993 to 1998 but increased only 19.5% from 1998 to 2003.



- ◆ For Latinos, the greatest percentage increase in lending occurred from 1993-1998. Conventional home purchase lending to Latinos increased 133.3% from 1993 to 1998 and increased 38.4% from 1998 to 2003.

<b>Change in Conventional Home Purchase Loan Originations by Borrower Race</b>						
Borrower Race/Ethnicity	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993-1998	Change 1998-2003	Change 1993-2003
African-American	48	128	153	166.7%	19.5%	218.8%
Latino	911	2,125	2,940	133.3%	38.4%	222.7%
White	4,224	5,772	7,934	36.6%	37.5%	87.8%

**Despite the increased number of loans made to minority homebuyers, they continue to receive a smaller portion of loans compared to their portion of the population in the metropolitan area.**

- ◆ In 2003, African-Americans received only 1.1% of the conventional home purchase loans originated although they comprise 2.2% of the metropolitan area's population<sup>2</sup>. Latinos are 41.6% of the population and received 21.7% of the loans. Whites received 58.7% of the conventional home purchase loans although they are 47.7% of the population.

<b>Distribution of Conventional Home Loan Originations by Borrower Race/Ethnicity 2003</b>			
Borrower Race/Ethnicity	Share of Population	Share of All Loans Originated	Disparity*
African-American	2.2%	1.1%	2.0
Latino	41.6%	21.7%	1.9
White	47.7%	58.7%	

\*The disparity is the difference between the share of the population divided by the share of loan originations.

## **Lending to Low- and Moderate-income Families**

**Lending to low- and moderate-income applicants has increased significantly since 1993. When comparing the growth for the five-year periods before and after 1998, Albuquerque had a greater increase in lending to low- and moderate-income homebuyers during the 1993 to 1998 time period, which followed the national trend.**

However, since the number of loans made to low- and moderate-income borrowers was at a much lower level in 1993 compared to upper-income borrowers, the growth in the number of loans to upper-income borrowers was still greater than the increase in loans to low- or moderate-

<sup>2</sup> Population figures from the 2000 United States Census Bureau based on metropolitan area definitions published by the Federal Financial Institutions Examination Council at [www.ffiec.gov](http://www.ffiec.gov)



income borrowers. Despite these increases, low- and moderate-income borrowers continue to receive a small portion of all loans originated.

- ◆ In 2003, low- and moderate-income homebuyers received 3,506 conventional home purchase loans, a 200.7% increase from 1993 when they received 1,166 loans. This was a 30.6% increase from 1998 when they received 2,685 loans. Lending to low- and moderate-income homebuyers increased 130.3% from 1993-1998.
- ◆ Middle-income homebuyers received 2,903 conventional home purchase loans in 2003, an increase of 111.1% from 1993 when they received 1,375 loans and an increase of 22.8% from 1998 when they received 2,364 loans. From 1993 to 1998, lending to middle-income homebuyers increased by 71.9%.
- ◆ Upper-income homebuyers received 6,581 loans in 2003, an increase of 96.92% from 1993 when they received 3,342 loans and an increase of 54.1% from 1998 when they received 4,270 loans.
- ◆ In 2003, upper-income homebuyers received 48.7% of all conventional home purchase loans, while low-income homebuyers received only 6.2% of the home loans originated. Moderate-income homebuyers received 19.8% of home purchase loans, while middle-income homebuyers received 21.5%.

<b>Conventional Home Purchase Lending by Homebuyer Income Level 1993-2003</b>						
Borrower-Income	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993-1998	Change 1998-2003	Change 1993-2003
<b>Low- and Moderate-Income</b> Below 80% Median Income Below \$41,120	1,166	2,685	3,506	130.3%	30.6%	200.7%
<b>Middle-income</b> 80-119% median \$41,120-\$61,680	1,375	2,364	2,903	71.9%	22.8%	111.1%
<b>Upper-Income</b> Above 120% median \$61,680 or above	3,342	4,270	6,581	27.8%	54.1%	96.92%

## **Home Purchase Lending in Different Neighborhoods**

**Lending to low and moderate-income neighborhoods has increased significantly since 1993. The growth in the number of loans originated was greater in upper-income neighborhoods than in low- and moderate-income neighborhoods. Low- and moderate-income communities continue to be underserved by conventional lenders.**

- ◆ Low- and moderate-income census tracts<sup>3</sup> account for 30.2% of the metropolitan area but received just 17.7% of the conventional loans in 2003. In contrast, upper-income

<sup>3</sup> Census tract income levels are based on the tract median family income compared to the metropolitan area median family income. A low-income census tract has a median family income below 50% of the metropolitan area's median family income while moderate-income census tracts have a median family income 50-80% of the area



neighborhoods make up 28.0% of the metropolitan area and received a greater 45.5% of the conventional home purchase loans.

- ◆ In 2003, there were 2,387 conventional home purchase loans made in low- and moderate-income neighborhoods, an increase of 287% from 1993 or 1,770 more loans. There were 6,155 conventional home purchase loans made in upper-income neighborhoods in 2003, a 90% increase from 1993 of 2,908 loans. Middle-income neighborhoods received 4,976 conventional home purchase loans in 2003 compared to 2,067 loans in 1993, an increase of 141%.
- ◆ Since 1998, conventional home purchase lending increased by 44% to low- and moderate-income neighborhoods, by 33.0% to middle-income neighborhoods and by 46.3% to upper-income neighborhoods.

Census Tract Income Level	% of Census Tracts in Metropolitan Area	Share of Conventional Home Purchase Loans	1993 # Loans	1998 # Loans	2003 # Loans	Change 1993-1998	Change 1998-2003	Change 1993-2003
<b>Low- and Moderate-Income</b> Below \$41,120	30.2%	17.7%	617	1,658	2,387	168.7%	44.0%	287%
<b>Middle-Income</b> \$41,120 to \$61,680	39.7%	36.8%	2,067	3,740	4,976	80.9%	33.0%	141%
<b>Upper-Income</b> Above \$61,680	28.0%	45.5%	3,247	4,206	6,155	29.5%	46.3%	90%

**Applicants in minority neighborhoods are more likely to be denied than those living in mixed race or predominantly white neighborhoods.**

- ◆ Conventional home loan applicants in neighborhoods where minorities are 50-100% of the population are 2.8 times more likely to be denied than applicants who live in neighborhoods with less than 20% minority population.
- ◆ This disparity has decreased since 1993 when applicants from minority neighborhoods were 2.9 times more likely to be denied than those in white neighborhoods.
- ◆ This disparity in denial rates also decreased from 1998 when applicants from minority neighborhoods were 3.5 times more likely to be denied than those in white neighborhoods.

Neighborhood Characteristic	Denial Rate	Disparity to White Neighborhoods
<b>Minority Neighborhoods</b> 50-100% Minority Population	17.8%	2.8
<b>Mixed Neighborhoods</b> 20-50% Minority Population	8.6%	1.3
<b>White Neighborhoods</b> 0-20% Minority Population	6.4%	

median, middle-income census tracts have a median family income 80% - 119% of the metropolitan median and upper-income census tracts have a median family income 120% or greater than the metropolitan area median.



**Minority neighborhoods receive a smaller share of loans originated and at a disparate rate to their share of all neighborhoods in the metropolitan area.**

- ◆ Minority neighborhoods (where minorities make up at least 50% of the population) comprise 47.6% of the census tracts in the metropolitan area, but received only 32.1% of the conventional home purchase loans originated in 2003.
- ◆ Neighborhoods with a majority white population (where least 80% of the population is white) comprise 5.8% of the census tracts in the metropolitan area, but received 6.8% of the conventional home purchase loans originated.
- ◆ Neighborhoods with both minority and white populations (where minorities make up 20-49% of the population) comprise 46.6% of the census tracts in the metropolitan area and received 61.2% of the conventional home purchase loans.

<b>Conventional Home Purchase Loan Originations by Neighborhood Minority Population 2003</b>		
	<b>Census Tracts in Metropolitan area</b>	<b>Loans Made in Census Tracts</b>
<b>Minority Neighborhood</b> (50-100% Minority Population)	47.6%	32.1%
<b>Mixed Race Neighborhood</b> (20-49% Minority Population)	46.6%	61.2%
<b>White Neighborhood</b> (80-100% White Population )	5.8%	6.8%

**Role of Government-backed Loans**

**The African-American and Latino share of government-backed loans is substantially larger than their share of conventional loans, and is more proportionate to their share of the population.**

Government-backed loans represent a larger share of the loans made to minority borrowers than conventional home purchase loans. However, since the total number of conventional loans originated is far greater than the number of government loans, so that minority borrowers' larger share of government-backed loans has only a limited impact on their share of all home purchase loans.

- ◆ African-Americans represent 2.2% of the population and received 2.3% of government-backed home purchase loans in 2003, two times their 1.1% share of conventional loans.
- ◆ Latinos represent 41.6% of the population and received 38.2% of the government-backed loans in 2003, one and a half times their 21.7% share of conventional loans.
- ◆ Whites represent 47.7% of the population and received 58.7% of the conventional home purchase loans compared to 44.9% of the government-backed home purchase loans.
- ◆ If we combine both government backed and conventional originations, African-Americans received 1.5% of all home purchase originations, still much less than their share of the



population and Latinos received 26.4% of all home purchase originations, still below their share of the population.

- ◆ Government-backed loans make up a greater portion of purchase loans to minority applicants compared to whites. Government-backed loans accounted for 44.6% or nearly one out of every two home purchase loans received by African-Americans in 2003 and 41.0% or nearly one out of every two of those received by Latinos, as compared to 23.2% or one out of four of the home purchase loans to whites.

Borrower Race/Ethnicity	Share of Population	Share of Gov't-backed loans	Share of Conventional loans	Share of all Purchase loans
African-Americans	2.2%	2.3%	1.1%	1.5%
Latinos	41.6%	38.2%	21.7%	26.4%
Whites	47.7%	44.9%	58.7%	54.8%

**African-Americans and Latinos were rejected more frequently than white applicants for government-backed loans.**

- ◆ African-American applicants for government-backed mortgages were denied 1.9 times more often than white applicants. The denial rate disparity for African-Americans is lower for government-backed loans than for conventional home purchase loans where African-Americans were turned down 2.2 times more frequently than whites.
- ◆ Latino applicants for government-backed loans were 2.2 times more likely to be denied than whites in 2003. This denial rate disparity for government-backed loans is greater than the disparity for conventional home purchase loans where Latinos were turned down 2.1 times more frequently than whites.

**Disparities continue in the distribution of government-backed loans although these loans continue to be a large source of credit in moderate-income communities.**

- ◆ 0.8% of all government-backed home purchase loans are originated in communities with at least 80% white population while 41.9% were made in minority communities with over 50% minority population and 57.3% were made in communities where minorities comprise 20-50% of the population.
- ◆ 32.2% of all home purchase loans made in minority neighborhoods were government-backed compared to 4.5% in white neighborhoods and 27.1% in mixed race neighborhoods.
- ◆ Of all government-backed home purchase loans 45.4% were made in middle-income neighborhoods while less than 1% were made in low-income neighborhoods and 24.9% were made in moderate-income neighborhoods. 28.9% were made in upper-income communities.
- ◆ Almost one out of 3 loans made in moderate-income neighborhoods were government-backed loans, 37.6% of all home purchase loans. Government-backed loans made up 20.2% of home purchase loans in low-income neighborhoods, 32.8% in middle-income neighborhoods, and 20.1% in upper-income neighborhoods.



<b>Government-Backed Lending by Neighborhood Characteristics 2003</b>		
<b>Census Tract Characteristic</b>	<b>Share of Government-Backed Loans</b>	<b>Portion of All Purchase Loans that are Government-Backed</b>
<b>Low-Income</b> Below 50% Area Median	0.8%	20.2%
<b>Moderate-Income</b> 50-80% Area Median	24.9%	37.6%
<b>Middle-Income</b> 80-120% Area Median	45.4%	32.8%
<b>Upper-Income</b> 120% and Above Area Median	28.9%	20.1%
<b>Minority</b> 50-100% minority population	41.9%	32.2%
<b>Mixed</b> 20-50% minority population	57.3%	27.1%
<b>White</b> 0-20% minority population	0.8%	4.5%

*The Albuquerque metropolitan area consists of Bernalillo, Sandoval and Valencia counties.*



## Disparities in Denial Rates of Conventional Home Purchase Loans by Applicant Race and Ethnicity

**Racial disparities in denial rates continue as minority applicants for conventional loans are rejected significantly more often than whites.**

- ◆ In 2003, African-Americans were 2.3 times more likely than whites to be denied a conventional home purchase loan while Latino applicants were 3.8 times more likely to be denied than whites. *There were less than 100 applications received from African-Americans in the metropolitan area for conventional home purchase loans in 2003.*
- ◆ Las Cruces had the second highest disparity in denial rates for Latino borrowers compared to white borrowers.
- ◆ For African-American applicants, the disparity in denial rates is a decrease from 2.9 in 1993 but an increase from 1998 when African-Americans were 1.7 times more likely to be denied than whites.
- ◆ In 2003, Latinos were 3.8 times more likely than whites to be denied a conventional home purchase loan. The disparity in denial rates is an increase from 1993 when they were 2.2 times more likely to be denied than whites and an increase from 1998 when Latinos were 1.7 times more likely to be denied.

Change in Denial Rates in Conventional Home Purchase Loan Applications						
	2003		1998		1993	
	Denial Rate	Ratio to White	Denial Rate	Ratio to White	Denial Rate	Ratio to White
African-American	16.7%	2.3	53.8%	1.7	46.2%	2.9
Latino	27.6%	3.8	52.1%	1.7	35.6%	2.2
White	7.3%		31.1%		16.0%	

**Even when comparing borrowers of the same income level, minorities are rejected more often than whites for conventional purchase loans.**

- ◆ Las Cruces had the seventh highest disparity in denial rates for upper-income Latinos as compared to upper-income whites.
- ◆ Upper-income Latinos were 3.6 times more likely to be turned down than upper-income whites, middle-income Latinos were 3.5 times more likely to be turned down than middle-income whites, moderate-income Latinos were 1.6 times more likely to be turned down than moderate-income whites, while low-income Latinos were 2.2 times more likely to be turned down than low-income whites.



- ◆ Middle-income Latinos were also more likely to be denied than low-income whites.

<b>Conventional Home Purchase Loan Denial Rate Disparities Among Applicants of Similar Income Levels 2003</b>			
<b>Applicant Income Level</b>	<b>Denial Rates</b>		<b>Likelihood to be Denied Compared to White Applicants*</b>
	<b>White</b>	<b>Latino</b>	
<b>Low-Income</b> Below 50% Median Below \$18,600	21.2%	46.2%	2.2
<b>Moderate-Income</b> 50-79% median \$18,600 - \$29,760	22.3%	34.9%	1.6
<b>Middle-income</b> 80-119% median \$29,760-\$44,640	8.7%	30.1%	3.5
<b>Upper-Income</b> Above 120% median \$44,640 or above	4.2%	15.0%	3.6

\*The likelihood to be denied is calculated by dividing the denial rate of the comparison group by the denial rate of whites.

## Changes in Conventional Home Purchase Loan Originations by Borrower Race and Ethnicity

The number of conventional purchase loans made to all borrowers increased dramatically from 1993 to 2003.. But because lending to minorities was at such a low level, the percentage increase in lending does not reflect the continuing lower volume of loans to minorities compared to whites and compared to their population.

- ◆ In 2003, Latinos received 486 conventional home purchase loans, an increase of 40.1% which is 139 more loans than in 1993. Because lending to minorities started at such a low level in 1993, the smaller percentage increase in loans to whites does not reflect the increased number of loans to white applicants who received 988 loans in 2003 which is 294 more loans than in 1993, an increase of 42.4%.
- ◆ For Latinos, the greatest percentage increase in lending occurred from 1993 to 1998. Conventional home purchase lending to Latinos increased 159.4% from 1993 to 1998 but decreased 46.0% from 1998 to 2003.

<b>Change in Conventional Home Purchase Loan Originations by Borrower Race</b>						
<b>Borrower Race/Ethnicity</b>	<b>1993 Loan Originations</b>	<b>1998 Loan Originations</b>	<b>2003 Loan Originations</b>	<b>Change 1993-1998</b>	<b>Change 1998-2003</b>	<b>Change 1993-2003</b>
Latino	347	900	486	159.4%	-46.0%	40.1%



White	694	952	988	37.2%	3.8%	42.4%
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**Despite the increased number of loans made to minority homebuyers, they continue to receive a smaller portion of loans compared to their portion of the population in the metropolitan area.**

- ◆ In 2003, Latinos received only 27.3% of the conventional home purchase loans originated although they comprise 63.4% of the metropolitan area's population<sup>4</sup> Whites received 55.4% of the conventional home purchase loans although they are 32.5% of the population.

<b>Distribution of Conventional Home Loan Originations by Borrower Race/Ethnicity 2003</b>			
<b>Borrower Race/Ethnicity</b>	<b>Share of Population</b>	<b>Share of All Loans Originated</b>	<b>Disparity*</b>
Latino	63.4%	27.3%	2.3
White	32.5%	55.4%	

\*The disparity is the difference between the share of the population divided by the share of loan originations.

## **Lending to Low- and Moderate-income Families**

**Although lending to low- and moderate-income applicants has increased since 1993, when comparing the growth for the five-year periods before and after 1998, there was a decrease during the during the 1993 to 1998 time period Meaning the entire increase was during the earlier 1993-1998 time period.**

However, since the number of loans made to low- and moderate-income borrowers was at a much lower level in 1993 compared to upper-income borrowers, the growth in the number of loans to upper-income borrowers was still greater than the increase in loans to low- or moderate-income borrowers. Despite these increases, low- and moderate-income borrowers continue to receive a small portion of all loans originated.

- ◆ In 2003, low- and moderate-income homebuyers received 262 conventional home purchase loans, a 2.3% increase from 1993 when they received 256 loans. This was a -58.5% increase from 1998 when they received 632 loans. Lending to low- and moderate-income homebuyers increased 146.9% from 1993-1998.
- ◆ Middle-income homebuyers received 325 conventional home purchase loans in 2003, an increase of 33.2% from 1993 when they received 244 loans but a decrease of -39.4% from 1998 when they received 536 loans. From 1993 to 1998, lending to middle-income homebuyers increased by 119.7%.
- ◆ Upper-income homebuyers received 1,169 loans in 2003, an increase of 74.22% from 1993 when they received 671 loans and an increase of 24.0% from 1998 when they received 943 loans.

<sup>4</sup> Population figures from the 2000 United States Census Bureau based on metropolitan area definitions published by the Federal Financial Institutions Examination Council at [www.ffiec.gov](http://www.ffiec.gov)



- ◆ In 2003, upper-income homebuyers received 65.6% of all conventional home purchase loans, while low-income homebuyers received only 4.1% of the home loans originated. Moderate-income homebuyers received 10.6% of home purchase loans, while middle-income homebuyers received 18.2%.

<b>Conventional Home Purchase Lending by Homebuyer Income Level 1993-2003</b>						
Borrower-Income	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993-1998	Change 1998-2003	Change 1993-2003
<b>Low- and Moderate-Income</b> Below 80% Median Income Below \$29,760	256	632	262	146.9%	-58.5%	2.3%
<b>Middle-income</b> 80-119% median \$29,760-\$44,640	244	536	325	119.7%	-39.4%	33.2%
<b>Upper-Income</b> Above 120% median \$44,640 or above	671	943	1,169	40.5%	24.0%	74.22%

## Home Purchase Lending in Different Neighborhoods

**Lending to low and moderate-income neighborhoods has increased significantly since 1993. The growth in the number of loans originated was greater in upper-income neighborhoods than in low- and moderate-income neighborhoods. Low- and moderate income communities continue to be underserved by conventional lenders.**

- ◆ Low- and moderate-income census tracts<sup>5</sup> account for 34.4% of the metropolitan area but received just 12.3% of the conventional loans in 2003. In contrast, upper-income neighborhoods make up 31.3% of the metropolitan area and received a greater 55.0% of the conventional home purchase loans.
- ◆ In 2003, there were 220 conventional home purchase loans made in low- and moderate-income neighborhoods, an increase of 24% from 1993 or 43 more loans. There were 980 conventional home purchase loans made in upper-income neighborhoods in 2003, a 152% increase from 1993 of 591 loans. Middle-income neighborhoods received 582 conventional home purchase loans in 2003 compared to 609 loans in 1993, a decrease of 4%.
- ◆ Since 1998, conventional home purchase lending to low- and moderate-income neighborhoods decreased -59.6%, decreased by -43.1% to middle-income neighborhoods but increased 71.3% to upper-income neighborhoods.

<sup>5</sup> Census tract income levels are based on the tract median family income compared to the metropolitan area median family income. A low-income census tract has a median family income below 50% of the metropolitan area's median family income while moderate-income census tracts have a median family income 50-80% of the area median, middle-income census tracts have a median family income 80% - 119% of the metropolitan median and upper-income census tracts have a median family income 120% or greater than the metropolitan area median.



<b>Conventional Home Purchase Lending by Neighborhood Income 1993-2003</b>								
Census Tract Income Level	% of Census Tracts in Metropolitan Area	Share of Conventional Home Purchase Loans	1993 # Loans	1998 # Loans	2003 # Loans	Change 1993-1998	Change 1998-2003	Change 1993-2003
<b>Low- and Moderate-Income</b> Below \$29,760	34.4%	12.3%	177	544	220	207.3%	-59.6%	24%
<b>Middle-Income</b> \$29,760 to \$44,640	34.4%	32.7%	609	1,022	582	67.8%	-43.1%	-4%
<b>Upper-Income</b> Above \$44,640	31.3%	55.0%	389	572	980	47.0%	71.3%	152%

**Applicants in minority neighborhoods are more likely to be denied than those living in mixed race neighborhoods.**

- ◆ Conventional home loan applicants in neighborhoods where minorities are 50-100% of the population are 2.7 times more likely to be denied than applicants who live in neighborhoods with less than 20-50% minority population.

<b>Disparity in Denial Rates by Neighborhood Type 2003</b>		
Neighborhood Characteristic	Denial Rate	Disparity to Mixed Neighborhoods
<b>Minority Neighborhoods</b> 50-100% Minority Population	20.2%	2.7
<b>Mixed Neighborhoods</b> 20-50% Minority Population	7.5%	

**Minority neighborhoods receive a smaller share of loans originated and at a disparate rate to their share of all neighborhoods in the metropolitan area.**

- ◆ Minority neighborhoods (where minorities make up at least 50% of the population) comprise 87.5% of the census tracts in the metropolitan area, but received only 68.2% of the conventional home purchase loans originated in 2003.
- ◆ Neighborhoods with both minority and white populations (where minorities make up 20-49% of the population) comprise 12.5% of the census tracts in the metropolitan area and received 31.8% of the conventional home purchase loans.

<b>Conventional Home Purchase Loan Originations by Neighborhood Minority Population 2003</b>		
	Census Tracts in Metropolitan area	Loans Made in Census Tracts
<b>Minority Neighborhood</b> (50-100% Minority Population)	87.5%	68.2%
<b>Mixed Race Neighborhood</b> (20-49% Minority Population)	12.5%	31.8%



## **Role of Government-backed Loans**

**The Latino share of government-backed loans is substantially larger than their share of conventional loans, and is more proportionate to their share of the population.**

Government-backed loans represent a larger share of the loans made to minority borrowers than conventional home purchase loans. However, since the total number of conventional loans originated is far greater than the number of government loans, so that minority borrowers' larger share of government-backed loans has only a limited impact on their share of all home purchase loans.

- ◆ **Las Cruces ranked seventh of the cities studied in the proportion of loans to Latino borrowers which were government backed.**
- ◆ African-Americans represent 1.3% of the population and received 1.0% of government-backed home purchase loans in 2003, larger than their 0.7% share of conventional loans.
- ◆ Latinos represent 63.4% of the population and received 42.8% of the government-backed loans in 2003, almost two times their 27.3% share of conventional loans.
- ◆ Whites represent 32.5% of the population and received 55.4% of the conventional home purchase loans compared to 44.0% of the government-backed home purchase loans.
- ◆ If we combine both government backed and conventional originations, African-Americans received 0.8% of all home purchase originations, still much less than their share of the population and Latinos received 30.7% of all home purchase originations, still below their share of the population.
- ◆ Government-backed loans make up a greater portion of purchase loans to minority applicants compared to whites. Government-backed loans accounted for 27.8% or one out of every four home purchase loans received by African-Americans in 2003 and 31.0% or nearly one out of every three of those received by Latinos, as compared to 18.5% or almost one out of five of the home purchase loans to whites.

<b>Home Purchase Loans by Loan Type and Borrower Race/Ethnicity 2003</b>				
<b>Borrower Race/Ethnicity</b>	<b>Share of Population</b>	<b>Share of Gov't-backed loans</b>	<b>Share of Conventional loans</b>	<b>Share of all Purchase loans</b>
African-Americans	1.3%	1.0%	0.7%	0.8%
Latinos	63.4%	42.8%	27.3%	30.7%
Whites	32.5%	44.0%	55.4%	52.9%

**Latinos were rejected more frequently than white applicants for government-backed loans.**

- ◆ Latino applicants for government-backed loans were 1.8 times more likely to be denied than whites in 2003. This denial rate disparity for government-backed loans is lower than the



disparity for conventional home purchase loans where Latinos were turned down 3.8 times more frequently than whites.

**Disparities continue in the distribution of government-backed loans although these loans continue to be a large source of credit in moderate-income communities.**

- ◆ 84.1% of all government-backed home purchase loans are originated in communities with at least 50% minority population while 15.9% were made in communities where minorities comprise 20-50% of the population.
- ◆ 21.6% of all home purchase loans made in minority neighborhoods were government-backed compared to 12.5% in mixed race neighborhoods.
- ◆ Of all government-backed home purchase loans 46.2% were made in middle-income neighborhoods while less than 1% were made in low-income neighborhoods and 10.0% were made in moderate-income neighborhoods. 43.0% were made in upper-income communities.
- ◆ Almost one out of five loans made in moderate-income neighborhoods were government-backed loans, 19.0% of all home purchase loans. Government-backed loans made up 57.1% of home purchase loans in low-income neighborhoods, 28.8% in middle-income neighborhoods and 18.3% in upper-income neighborhoods.

<b>Government-Backed Lending by Neighborhood Characteristics 2003</b>		
<b>Census Tract Characteristic</b>	<b>Share of Government-Backed Loans</b>	<b>Portion of All Purchase Loans that are Government-Backed</b>
<b>Low-Income</b> Below 50% Area Median	0.8%	57.1%
<b>Moderate-Income</b> 50-80% Area Median	10.0%	19.0%
<b>Middle-Income</b> 80-120% Area Median	46.2%	28.8%
<b>Upper-Income</b> 120% and Above Area Median	43.0%	18.3%
<b>Minority</b> 50-100% minority population	84.1%	21.6%
<b>Mixed</b> 20-50% minority population	15.9%	12.5%

*The Las Cruces metropolitan area consists of Dona Ana County.*