



Flagstaff Metropolitan Area

Homeowners of all races in the metropolitan area have a moderate incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, one in six loans, or 17.0%, was a high-cost loan. When buying a home, borrowers of all races have a low incidence of receiving a high-cost home purchase loan. One in nine home purchase loans in the metropolitan area, or 10.2%, were high-cost loans.

For the purposes of this report high-cost loans are defined as loans originated with an Annual Percentage Rate (APR) of at least 3 points above the comparable rate on U.S. Treasury Securities. During 2006 many of these loans are also exploding ARMs which are likely to lead to foreclosures.

In this summary of lending in the Flagstaff area, we examine data for the area concerning refinance loans, including the disparities in the issuance of high-cost loans by race and income, and the data concerning purchase loans including the disparities in the issuance of high-cost loans by race and income.



High-cost Refinance Loans¹

For refinance loans, our findings show that in 2006:

1. High-cost loans made up a significant proportion of the home refinance loans made to minorities.
2. Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing.
3. Racial disparities persisted even among homeowners of the same income level.
4. Minorities received a greater proportion of high-cost loans than they received of prime loans.
5. Moderate- and middle-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers.

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 40.0% or one out of three, home refinance loans made to African-Americans were high-cost loans and, 21.9%, or one out of five, home refinance loans made to Latinos were high-cost loans. In contrast, only 14.9%, or one out of seven, home refinance loans made to whites were high-cost loans.

¹ Includes conventional 1st lien refinances and does not include government-backed refinance loans.

REFINANCE LOANS BY BORROWER RACE AND ETHNICITY 2006				
Race/Ethnicity	# Refinance Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	10	4	40.0%	2.7
Latino	105	23	21.9%	1.5
White	1000	149	14.9%	
ALL ²	1341	228	17.0%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 2.7 times more likely to receive a high-cost loan than whites. Latino homeowners were 1.5 times more likely to receive a high cost loan than whites.

Racial disparities persisted even among homeowners of the same income level.³ In 2006, upper-income African-American homeowners were 3.7 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 1.6 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 2.7 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 1.6 times more likely to receive a high-cost loan than middle-income whites.

Low-income African-Americans were 2.9 times more likely to receive a high-cost refinance loan than low-income whites.

High-cost Loans as a Percentage of Refinance Loans By Borrower Race and Ethnicity Among Income Levels 2006					
Borrower Income Level	White	Latino	African-American	Disparity Compared to White	
				Latino	African-American
Low Income	11.5%	--	33.3%	--	2.9
Moderate Income	19.4%	9.1%	--	0.5	--
Middle Income	18.8%	29.6%	50.0%	1.6	2.7
Upper Income	13.5%	22.2%	50.0%	1.6	3.7

Minority homeowners with higher incomes were more likely to receive a high-cost refinance loan than white homeowners with lower incomes. Upper-income and middle-income African-Americans were

² The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

³ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$64,498 for the Flagstaff metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$27,100; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$27,100 and \$43,360; middle-income borrowers have incomes 80-119% of median income, or between \$43,360 and \$64,498.

more likely to receive a high-cost refinance loan than low-income whites. Upper-income and middle-income Latinos were more likely to receive a high-cost refinance loan than low-income whites.

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans received 1.8% of the high-cost refinance loans but only 0.5% of the prime refinance loans. Latinos received 10.1% of the high-cost loans originated but a smaller 7.4% of the prime loans originated. In contrast, whites received 76.5% of all prime loans originated which is greater than their 65.4% share of all high-cost loans originated. African-Americans represent 1.0% of the population in the metropolitan area while Latinos represent 10.9% of the population⁴.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	1.0%	0.5%	1.8%
Latino	10.9%	7.4%	10.1%
White	57.6%	76.5%	65.4%

Moderate- and middle-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 20.8%, or one out of every five, refinance loans made to moderate-income homeowners were high cost loans as were 21.8% or one of five loans to middle-income homeowners. In contrast, only 15.4%, or one out of every seven, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	33	5	15.2%
Moderate-Income	130	27	20.8%
Middle-Income	285	62	21.8%
Upper-Income	827	127	15.4%

In comparative terms, low-income homeowners were 1 times more likely to receive a high-cost loan than upper-income homeowners and moderate-income homeowners were 1.4 times more likely to receive a high-cost loan.

⁴ 2000 Census data based on the counties that are included in the metropolitan area. See methodology section for a list of counties included for this metropolitan area.



High-cost Home Purchase Loans⁵

For home purchase loans, our findings show that in 2006:

1. High-cost loans made up a significant proportion of the home purchase loans made to minorities.
2. Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan.
3. The racial disparity persisted even among borrowers of the same income level.
4. Minorities received a greater portion of high-cost loans than they received of prime loans.
5. Lower-income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers.

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 11.1%, or one out of nine, home purchase loans received by African-Americans were high-cost loans and 17.2%, or one out of six, home purchase loans received by Latinos were high-cost loans. In contrast, only 9.8%, or one out of ten, home purchase loans received by whites were high-cost loans.

Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	9	1	11.1%	1.1
Latino	64	11	17.2%	1.8
White	917	90	9.8%	
ALL	1169	119	10.2%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 1.1 times as likely to receive a high-cost home purchase loan than whites while Latinos were 1.8 times as likely to receive a high-cost loan.

The racial disparity persists even among borrowers of the same income level. High-cost loan were issued in 28.6% of the home purchase loans received by upper-income Latinos, compared to only 14.3% of the home purchase loans to upper-income whites.

Upper-income Latinos were 2.0 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

⁵ Includes 1st lien conventional home purchase loans made to owner-occupied households and does not include loans made by manufactured lenders nor government-backed loans.

High-cost Loans as a Percentage of All Home Purchase Loans by Borrower Race and Ethnicity Among Income Levels 2006					
	White	Latino	African- American	Disparity Compared to White	
				Latino	African- American
Low Income	20.0%	0.0%	--	0.0	--
Moderate Income	8.2%	0.0%	--	0.0	--
Middle Income	12.6%	18.8%	--	1.5	--
Upper Income	14.3%	28.6%	--	2.0	--

Middle-income Latinos were 1.5 times more likely to be issued a high-cost purchase loan than middle-income whites.

Minority homebuyers with higher incomes were more likely to receive a high-cost loan than white homebuyers with lower incomes. Upper-income Latino homebuyers were more likely to receive a high-cost loan than low-income whites.

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans were issued 0.8% of all high-cost home purchase loans but only 0.8% of the prime home purchase loans. Latinos were issued 9.2% of all high-cost loans originated and 5.0% of the prime loans originated. In contrast, whites received 78.8% of the prime loans originated which is greater than their 75.6% share of the high-cost loans originated. African-Americans represent 1.0% of the population in the metropolitan area while Latinos represent 10.9% of the population.

Distribution of High-cost Home Purchase Loans by Borrower Race and Ethnicity 2006			
Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	1.0%	0.8%	0.8%
Latino	10.9%	5.0%	9.2%
White	57.6%	78.8%	75.6%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 16.7% of the loans received by low-income homebuyers were high-cost loans, or about one out of six loans. 7% of the loans received by moderate-income homebuyers, and 13.0% loans to middle-income homeowners were high-cost loans. In comparison, only 9.4% of loans made to upper-income homebuyers were high-cost loans.

High-cost Lender Share of Home Purchase Loans by Borrower Income Level 2006			
	High-cost Loans	All Loans	% High-cost
Low Income	1	6	16.7%
Moderate Income	5	69	7%
Middle Income	22	169	13.0%

Upper Income	83	879	9.4%
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In comparative terms, low-income homebuyers were 1.8 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home.

Methodology

The data for the Flagstaff metropolitan area includes Coconino County.

This report analyzes data available to the public under the Home Mortgage Disclosure Act (HMDA). It uses a sample of 363 individual lenders owned by 19 different parent companies. They represent the largest mortgage lenders in the country and include the largest subprime mortgage lenders.

High-cost loans are defined as loans originated with an Annual Percentage Rate (APR) at least 3 points above the comparable rate on U.S. Treasury Securities. As such, HMDA regulations require that these loans include information on the difference or “rate spread” between the APR on the loan and the comparable Treasury Rate. Prime loans as counted in this report were loans where no rate spread was reported because the APR on that loan was less than 3 points above the comparable Treasury rate.

This report analyzed data on first liens and does not include government-backed loans (FHA, VA, FmHA).

HMDA data reports race in addition to ethnicity of the applicant. For this report, any borrower of Latino ethnicity is not included in a racial group but only in the Latino category. For example, a borrower of Latino ethnicity and white race is counted as Latino and not counted as white.

See the main text of the report (www.acorn.org) for the complete list of lenders, analysis of national data comparisons of different metropolitan areas as well as recommendations.



Phoenix-Mesa-Scottsdale Metropolitan Area

Homeowners of all races in the metropolitan area have a very high incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, almost one in three loans, or 32.1%, was a high-cost loan. When buying a home, borrowers of all races have a very high incidence of receiving a high-cost home purchase loan. Almost one in three home purchase loans in the metropolitan area, or 31.2%, were high-cost loans.

For the purposes of this report high-cost loans are defined as loans originated with an Annual Percentage Rate (APR) of at least 3 points above the comparable rate on U.S. Treasury Securities. During 2006 many of these loans are also exploding ARMs which are likely to lead to foreclosures.

In this summary of lending in the Phoenix-Mesa-Scottsdale area, we examine data for the area concerning refinance loans, including the disparities in the issuance of high-cost loans by race and income, and the data concerning purchase loans including the disparities in the issuance of high-cost loans by race and income.



High-cost Refinance Loans⁶

For refinance loans, our findings show that in 2006:

1. High-cost loans made up a significant proportion of the home refinance loans made to minorities.
2. Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing.
3. Racial disparities persisted even among homeowners of the same income level.
4. Minorities received a greater proportion of high-cost loans than they received of prime loans.
5. Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers.

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 45.1% or almost one out of two, home refinance loans made to African-Americans were high-cost loans and, 52.0%, or more than one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 26.0%, or more than one out of four, home refinance loans made to whites were high-cost loans.

⁶ Includes conventional 1st lien refinances and does not include government-backed refinance loans.

REFINANCE LOANS BY BORROWER RACE AND ETHNICITY 2006				
Race/Ethnicity	# Refinance Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	2415	1088	45.1%	1.7
Latino	15032	7810	52.0%	2.0
White	44540	11595	26.0%	
ALL ⁷	73620	23646	32.1%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 1.7 times more likely to receive a high-cost loan than whites. Latino homeowners were 2.0 times more likely to receive a high cost loan than whites.

Racial disparities persisted even among homeowners of the same income level.⁸ In 2006, upper-income African-American homeowners were 1.9 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 1.9 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 1.6 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 1.9 times more likely to receive a high-cost loan than middle-income whites.

Moderate-income African-Americans were 1.6 times more likely to receive a high-cost refinance loan than moderate-income whites, while moderate-income Latinos were 1.9 times more likely to receive a high-cost refinance loan than moderate-income whites.

Low-income African-Americans were 1.6 times more likely to receive a high-cost refinance loan than low-income whites, while low-income Latinos were 1.7 times more likely to receive a high-cost loan than low-income whites.

High-cost Loans as a Percentage of Refinance Loans By Borrower Race and Ethnicity Among Income Levels 2006					
Borrower Income Level	White	Latino	African-American	Disparity Compared to White	
				Latino	African-American
Low Income	29.9%	52.2%	47.7%	1.7	1.6
Moderate Income	30.7%	58.0%	47.9%	1.9	1.6
Middle Income	30.2%	56.7%	49.3%	1.9	1.6
Upper Income	23.4%	44.7%	43.9%	1.9	1.9

⁷ The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

⁸ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$71,519 for the Phoenix-Mesa-Scottsdale metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$30,050; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$30,050 and \$48,080; middle-income borrowers have incomes 80-119% of median income, or between \$48,080 and \$71,519.

Minority homeowners with higher incomes were more likely to receive a high-cost refinance loan than white homeowners with lower incomes. Upper-income and middle-income African-Americans were more likely to receive a high-cost refinance loan than low-income whites. Upper-income and middle-income Latinos were more likely to receive a high-cost refinance loan than low-income whites.

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans received 4.6% of the high-cost refinance loans but only 2.7% of the prime refinance loans. Latinos received 33.0% of the high-cost loans originated but a smaller 14.5% of the prime loans originated. In contrast, whites received 65.9% of all prime loans originated which is greater than their 49.0% share of all high-cost loans originated. African-Americans represent 3.5% of the population in the metropolitan area while Latinos represent 25.1% of the population⁹.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	3.5%	2.7%	4.6%
Latino	25.1%	14.5%	33.0%
White	65.8%	65.9%	49.0%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 39.2%, or more than one out of three, refinance loans made to low-income homeowners were high-cost loans, as were 40.9%, or almost one out of every two, refinances made to moderate-income homeowners and 37.5% or one of three loans to middle-income homeowners. In contrast, only 26.6%, or more than one out of every four, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	3355	1316	39.2%
Moderate-Income	13534	5540	40.9%
Middle-Income	18826	7056	37.5%
Upper-Income	34266	9103	26.6%

In comparative terms, low-income homeowners were 1.5 times more likely to receive a high-cost loan than upper-income homeowners and moderate-income homeowners were 1.5 times more likely to receive a high-cost loan.

⁹ 2000 Census data based on the counties that are included in the metropolitan area. See methodology section for a list of counties included for this metropolitan area.



High-cost Home Purchase Loans¹⁰

For home purchase loans, our findings show that in 2006:

1. High-cost loans made up a significant proportion of the home purchase loans made to minorities.
2. Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan.
3. The racial disparity persisted even among borrowers of the same income level.
4. Minorities received a greater portion of high-cost loans than they received of prime loans.
5. Lower-income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers.

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 47.3%, or almost one out of two, home purchase loans received by African-Americans were high-cost loans and 59.0%, or more than one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 21.9%, or more than one out of five, home purchase loans received by whites were high-cost loans.

Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	1447	685	47.3%	2.2
Latino	11062	6526	59.0%	2.7
White	28952	6329	21.9%	
ALL	49256	15352	31.2%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 2.2 times as likely to receive a high-cost home purchase loan than whites while Latinos were 2.7 times as likely to receive a high-cost loan.

The racial disparity persists even among borrowers of the same income level. High-cost loan were issued to 49.7% of the home purchase loans received by upper-income African-Americans and 69.8% of the home purchase loans received by upper-income Latinos, compared to only 25.8% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 1.9 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 2.7 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

¹⁰ Includes 1st lien conventional home purchase loans made to owner-occupied households and does not include loans made by manufactured lenders nor government-backed loans.

High-cost Loans as a Percentage of All Home Purchase Loans by Borrower Race and Ethnicity Among Income Levels 2006					
	White	Latino	African- American	Disparity Compared to White	
				Latino	African- American
Low Income	21.4%	37.2%	--	1.7	--
Moderate Income	21.7%	54.4%	--	2.5	--
Middle Income	25.6%	68.6%	55.0%	2.7	2.1
Upper Income	25.8%	69.8%	49.7%	2.7	1.9

Middle-income African-Americans were 2.1 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 2.7 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income Latinos were 2.5 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income Latinos were 1.7 times more likely to be issued a high-cost home purchase loan than low-income whites.

Minority homebuyers with higher incomes were more likely to receive a high-cost loan than white homebuyers with lower incomes. Upper-income and middle-income African-Americans homebuyers were more likely to receive a high-cost loan than low-income whites. Upper-income and middle-income Latino homebuyers were more likely to receive a high-cost loan than low-income whites.

Minorities received a greater proportion of high-cost loans than they received of prime loans.

African-Americans were issued 4.5% of all high-cost home purchase loans but only 2.2% of the prime home purchase loans. Latinos were issued 42.5% of all high-cost loans originated and 13.4% of the prime loans originated. In contrast, whites received 66.7% of the prime loans originated which is greater than their 41.2% share of the high-cost loans originated. African-Americans represent 3.5% of the population in the metropolitan area while Latinos represent 25.1% of the population.

Distribution of High-cost Home Purchase Loans by Borrower Race and Ethnicity 2006			
Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	3.5%	2.2%	4.5%
Latino	25.1%	13.4%	42.5%
White	65.8%	66.7%	41.2%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 27.1% of the loans received by low-income homebuyers were high-cost loans, or about more than one out of four loans. 36% of the loans received by moderate-income

homebuyers, and 42.6% loans to middle-income homeowners were high-cost loans. In comparison, only 25.3% of loans made to upper-income homebuyers were high-cost loans.

High-cost Lender Share of Home Purchase Loans by Borrower Income Level 2006			
	High-cost Loans	All Loans	% High-cost
Low Income	215	792	27.1%
Moderate Income	2022	5690	36%
Middle Income	5112	11992	42.6%
Upper Income	7023	27810	25.3%

In comparative terms, low-income homebuyers were 1.1 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 1.4 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Phoenix-Mesa-Scottsdale metropolitan area includes Maricopa, Pinal counties.

This report analyzes data available to the public under the Home Mortgage Disclosure Act (HMDA). It uses a sample of 363 individual lenders owned by 19 different parent companies. They represent the largest mortgage lenders in the country and include the largest subprime mortgage lenders.

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See the main text of the report (www.acorn.org) for the complete list of lenders, analysis of national data comparisons of different metropolitan areas as well as recommendations.



Tucson Metropolitan Area

Homeowners of all races in the metropolitan area have a very high incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, almost one in three loans, or 31.2%, was a high-cost loan. When buying a home, borrowers of all races have a high incidence of receiving a high-cost home purchase loan. Almost one in four home purchase loans in the metropolitan area, or 22.7%, were high-cost loans.

For the purposes of this report high-cost loans are defined as loans originated with an Annual Percentage Rate (APR) of at least 3 points above the comparable rate on U.S. Treasury Securities. During 2006 many of these loans are also exploding ARMs which are likely to lead to foreclosures.

In this summary of lending in the Tucson area, we examine data for the area concerning refinance loans, including the disparities in the issuance of high-cost loans by race and income, and the data concerning purchase loans including the disparities in the issuance of high-cost loans by race and income.



High-cost Refinance Loans¹¹

For refinance loans, our findings show that in 2006:

1. High-cost loans made up a significant proportion of the home refinance loans made to minorities.
2. Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing.
3. Racial disparities persisted even among homeowners of the same income level.
4. Minorities received a greater proportion of high-cost loans than they received of prime loans.
5. Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers.

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 44.0% or almost one out of two, home refinance loans made to African-Americans were high-cost loans and, 47.0%, or almost one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 24.0%, or almost one out of four, home refinance loans made to whites were high-cost loans.

¹¹ Includes conventional 1st lien refinances and does not include government-backed refinance loans.

REFINANCE LOANS BY BORROWER RACE AND ETHNICITY 2006				
Race/Ethnicity	# Refinance Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	323	142	44.0%	1.8
Latino	3627	1705	47.0%	2.0
White	7493	1802	24.0%	
ALL ¹²	13365	4172	31.2%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 1.8 times more likely to receive a high-cost loan than whites. Latino homeowners were 2.0 times more likely to receive a high cost loan than whites.

Racial disparities persisted even among homeowners of the same income level.¹³ In 2006, upper-income African-American homeowners were 2.0 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 2.1 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 1.6 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 1.7 times more likely to receive a high-cost loan than middle-income whites.

Moderate-income African-Americans were 1.5 times more likely to receive a high-cost refinance loan than moderate-income whites, while moderate-income Latinos were 1.9 times more likely to receive a high-cost refinance loan than moderate-income whites.

Low-income African-Americans were 1.8 times more likely to receive a high-cost refinance loan than low-income whites, while low-income Latinos were 1.7 times more likely to receive a high-cost loan than low-income whites.

High-cost Loans as a Percentage of Refinance Loans By Borrower Race and Ethnicity Among Income Levels 2006					
Borrower Income Level	White	Latino	African-American	Disparity Compared to White	
				Latino	African-American
Low Income	25.9%	45.1%	47.4%	1.7	1.8
Moderate Income	29.0%	54.0%	43.9%	1.9	1.5
Middle Income	28.9%	48.4%	46.5%	1.7	1.6
Upper Income	21.7%	45.7%	43.0%	2.1	2.0

¹² The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

¹³ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$62,356 for the Tucson metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$26,200; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$26,200 and \$41,920; middle-income borrowers have incomes 80-119% of median income, or between \$41,920 and \$62,356.

Minority homeowners with higher incomes were more likely to receive a high-cost refinance loan than white homeowners with lower incomes. Upper-income and middle-income African-Americans were more likely to receive a high-cost refinance loan than low-income whites. Upper-income and middle-income Latinos were more likely to receive a high-cost refinance loan than low-income whites.

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans received 3.4% of the high-cost refinance loans but only 2.0% of the prime refinance loans. Latinos received 40.9% of the high-cost loans originated but a smaller 20.9% of the prime loans originated. In contrast, whites received 61.9% of all prime loans originated which is greater than their 43.2% share of all high-cost loans originated. African-Americans represent 0.6% of the population in the metropolitan area while Latinos represent 29.3% of the population¹⁴.

Distribution of High-cost Refinance Loans by Borrower Race and Ethnicity 2006			
Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	0.6%	2.0%	3.4%
Latino	29.3%	20.9%	40.9%
White	12.5%	61.9%	43.2%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 37.0%, or more than one out of three, refinance loans made to low-income homeowners were high-cost loans, as were 39.9%, or more than one out of every three, refinances made to moderate-income homeowners and 35.8% or more than one out of three loans to middle-income homeowners. In contrast, only 27.2%, or more than one out of every four, refinances to upper-income homeowners were high-cost loans.

Refinance Loans by Borrower Income Level 2006			
	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	579	214	37.0%
Moderate-Income	2083	831	39.9%
Middle-Income	3527	1264	35.8%
Upper-Income	6558	1785	27.2%

In comparative terms, low-income homeowners were 1.4 times more likely to receive a high-cost loan than upper-income homeowners and moderate-income homeowners were 1.5 times more likely to receive a high-cost loan.

¹⁴ 2000 Census data based on the counties that are included in the metropolitan area. See methodology section for a list of counties included for this metropolitan area.



High-cost Home Purchase Loans¹⁵

For home purchase loans, our findings show that in 2006:

1. High-cost loans made up a significant proportion of the home purchase loans made to minorities.
2. Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan.
3. The racial disparity persisted even among borrowers of the same income level.
4. Minorities received a greater portion of high-cost loans than they received of prime loans.
5. Moderate- and middle-income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers.

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 45.5%, or almost one out of two, home purchase loans received by African-Americans were high-cost loans and 43.1%, or almost one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 15.6%, or one out of six, home purchase loans received by whites were high-cost loans.

Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	154	70	45.5%	2.9
Latino	1968	848	43.1%	2.8
White	5209	810	15.6%	
ALL	8625	1957	22.7%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 2.9 times as likely to receive a high-cost home purchase loan than whites while Latinos were 2.8 times as likely to receive a high-cost loan.

The racial disparity persists even among borrowers of the same income level. High-cost loan were issued to 41.7% of the home purchase loans received by upper-income African-Americans and 52.9% of the home purchase loans received by upper-income Latinos, compared to only 17.9% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 2.3 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 3.0 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

¹⁵ Includes 1st lien conventional home purchase loans made to owner-occupied households and does not include loans made by manufactured lenders nor government-backed loans.

High-cost Loans as a Percentage of All Home Purchase Loans by Borrower Race and Ethnicity Among Income Levels 2006					
	White	Latino	African- American	Disparity Compared to White	
				Latino	African- American
Low Income	16.2%	22.6%	25.0%	1.4	1.5
Moderate Income	13.4%	37.3%	50.0%	2.8	3.7
Middle Income	17.4%	48.5%	40.0%	2.8	2.3
Upper Income	17.9%	52.9%	41.7%	3.0	2.3

Middle-income African-Americans were 2.3 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 2.8 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 3.7 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 2.8 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 1.5 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos were 1.4 times more likely to be issued a high-cost home purchase loan than low-income whites.

Minority homebuyers with higher incomes were more likely to receive a high-cost loan than white homebuyers with lower incomes. Upper-income and middle-income African-Americans homebuyers were more likely to receive a high-cost loan than low-income whites. Upper-income and middle-income Latino homebuyers were more likely to receive a high-cost loan than low-income whites.

Minorities received a greater proportion of high-cost loans than they received of prime loans.

African-Americans were issued 3.6% of all high-cost home purchase loans but only 1.3% of the prime home purchase loans. Latinos were issued 43.3% of all high-cost loans originated and 16.8% of the prime loans originated. In contrast, whites received 66.0% of the prime loans originated which is greater than their 41.4% share of the high-cost loans originated. African-Americans represent 0.6% of the population in the metropolitan area while Latinos represent 29.3% of the population.

Distribution of High-cost Home Purchase Loans by Borrower Race and Ethnicity 2006			
Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	0.6%	1.3%	3.6%
Latino	29.3%	16.8%	43.3%
White	12.5%	66.0%	41.4%

Moderate- and middle-income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 23% of the loans received by moderate-income

homebuyers, and 28.6% loans to middle-income homeowners were high-cost loans. In comparison, only 20.2% of loans made to upper-income homebuyers were high-cost loans.

High-cost Lender Share of Home Purchase Loans by Borrower Income Level 2006			
	High-cost Loans	All Loans	% High-cost
Low Income	29	174	16.7%
Moderate Income	201	872	23%
Middle Income	583	2035	28.6%
Upper Income	1048	5185	20.2%

Methodology

The data for the Tucson metropolitan area includes Pima County.

This report analyzes data available to the public under the Home Mortgage Disclosure Act (HMDA). It uses a sample of 363 individual lenders owned by 19 different parent companies. They represent the largest mortgage lenders in the country and include the largest subprime mortgage lenders.

High-cost loans are defined as loans originated with an Annual Percentage Rate (APR) at least 3 points above the comparable rate on U.S. Treasury Securities. As such, HMDA regulations require that these loans include information on the difference or “rate spread” between the APR on the loan and the comparable Treasury Rate. Prime loans as counted in this report were loans where no rate spread was reported because the APR on that loan was less than 3 points above the comparable Treasury rate.

This report analyzed data on first liens and does not include government-backed loans (FHA, VA, FmHA).

HMDA data reports race in addition to ethnicity of the applicant. For this report, any borrower of Latino ethnicity is not included in a racial group but only in the Latino category. For example, a borrower of Latino ethnicity and white race is counted as Latino and not counted as white.

See the main text of the report (www.acorn.org) for the complete list of lenders, analysis of national data comparisons of different metropolitan areas as well as recommendations.