



## Little Rock-North Little Rock 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, more than one in three loans, or 35.5%, 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 30.5%, 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 Little Rock-North Little Rock 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 Loans<sup>1</sup>

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**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, 62.5% or more than one out of two, home refinance loans made to African-Americans were high-cost loans and, 38.5%, or more than one out of three, home refinance loans made to Latinos were high-cost loans. In contrast, only 28.1%, or more than one out of four, home refinance loans made to whites were high-cost loans.

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<sup>1</sup> Includes conventional 1<sup>st</sup> 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	403	252	62.5%	2.2
Latino	39	15	38.5%	1.4
White	1686	474	28.1%	
ALL <sup>2</sup>	2580	915	35.5%	

**Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing.** In relative terms, African-Americans were 2.2 times more likely to receive a high-cost loan than whites. Latino homeowners were 1.4 times more likely to receive a high cost loan than whites.

**Racial disparities persisted even among homeowners of the same income level.<sup>3</sup>** In 2006, upper-income African-American homeowners were 2.2 times more likely than upper-income white homeowners to receive a high-cost refinance loan.

Middle-income African-Americans were 1.9 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 2.3 times more likely to receive a high-cost loan than middle-income whites.

Moderate-income African-Americans were 1.9 times more likely to receive a high-cost refinance loan than moderate-income whites, while moderate-income Latinos were 1.3 times more likely to receive a high-cost refinance loan than moderate-income whites.

Low-income African-Americans were 2.0 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	34.4%	33.3%	69.4%	1.0	2.0
Moderate Income	34.8%	44.4%	66.4%	1.3	1.9
Middle Income	37.0%	83.3%	69.1%	2.3	1.9
Upper Income	25.5%	25.0%	57.1%	1.0	2.2

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

<sup>3</sup> Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$61,285 for the Little Rock-North Little Rock metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$25,750; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$25,750 and \$41,200; middle-income borrowers have incomes 80-119% of median income, or between \$41,200 and \$61,285.

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. Middle-income Latinos 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 received 27.5% of the high-cost refinance loans but only 9.1% of the prime refinance loans. Latinos received 1.6% of the high-cost loans originated and 1.4% of the prime loans originated. In contrast, whites received 72.8% of all prime loans originated which is greater than their 51.8% share of all high-cost loans originated. African-Americans represent 20.9% of the population in the metropolitan area while Latinos represent 2.1% of the population<sup>4</sup>.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	20.9%	9.1%	27.5%
Latino	2.1%	1.4%	1.6%
White	74.5%	72.8%	51.8%

**Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers.** In 2006, 49.2%, or almost one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 44.7%, or almost one out of every two, refinances made to moderate-income homeowners and 45.6% or almost one of two loans to middle-income homeowners. In contrast, only 29.7%, or almost one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	120	59	49.2%
Moderate-Income	465	208	44.7%
Middle-Income	562	256	45.6%
Upper-Income	1234	366	29.7%

In comparative terms, low-income homeowners were 1.7 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.

<sup>4</sup> 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 Loans<sup>5</sup>

### 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, 56.0%, or more than one out of two, home purchase loans received by African-Americans were high-cost loans and 42.7%, or almost one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 23.6%, or almost one out of four, 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	697	390	56.0%	2.4
Latino	157	67	42.7%	1.8
White	2515	594	23.6%	
ALL	3751	1145	30.5%	

**Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan.** African-American homebuyers were 2.4 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 to 67.2% of the home purchase loans received by upper-income African-Americans and 50.0% of the home purchase loans received by upper-income Latinos, compared to only 31.8% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 2.1 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 1.6 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

<sup>5</sup> Includes 1<sup>st</sup> 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	23.9%	52.9%	63.4%	2.2	2.7
Moderate Income	20.2%	38.5%	44.4%	1.9	2.2
Middle Income	30.2%	46.9%	64.2%	1.6	2.1
Upper Income	31.8%	50.0%	67.2%	1.6	2.1

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 1.6 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 2.2 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 1.9 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 2.7 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos were 2.2 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 34.1% of all high-cost home purchase loans but only 11.8% of the prime home purchase loans. Latinos were issued 5.9% of all high-cost loans originated and 3.5% of the prime loans originated. In contrast, whites received 73.7% of the prime loans originated which is greater than their 51.9% share of the high-cost loans originated. African-Americans represent 20.9% of the population in the metropolitan area while Latinos represent 2.1% 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	20.9%	11.8%	34.1%
Latino	2.1%	3.5%	5.9%
White	74.5%	73.7%	51.9%

**Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers.** In 2006, 44.7% of the loans received by low-income homebuyers were high-

cost loans, or about one out of two loans. 28% of the loans received by moderate-income homebuyers, and 36.4% loans to middle-income homeowners were high-cost loans. In comparison, only 25.6% of loans made to upper-income homebuyers were high-cost loans.

<b>High-cost Lender Share of Home Purchase Loans by Borrower Income Level 2006</b>			
	High-cost Loans	All Loans	% High-cost
Low Income	92	206	44.7%
Moderate Income	259	913	28%
Middle Income	332	912	36.4%
Upper Income	417	1627	25.6%

In comparative terms, low-income homebuyers were 1.7 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home.

**Methodology**

The data for the Little Rock-North Little Rock metropolitan area includes Faulkner, Grant, Lonoke, Perry, Pulaski, Saline 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.

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](http://www.acorn.org)) for the complete list of lenders, analysis of national data comparisons of different metropolitan areas as well as recommendations.



## Pine Bluff Metropolitan Area

**Homeowners of all races in the metropolitan area have a extremely high incidence of receiving a high-cost loan when refinancing.** Out of all refinance loans made in the metropolitan area, one in two loans, or 49.8%, was a high-cost loan. When buying a home, borrowers of all races have a extremely high incidence of receiving a high-cost home purchase loan. About one in two home purchase loans in the metropolitan area, or 43.8%, 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 Pine Bluff 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 Loans<sup>6</sup>

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**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, 66.7% or two out of three, home refinance loans made to African-Americans were high-cost loans and, 50.0%, or one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 34.7%, or one out of three, home refinance loans made to whites were high-cost loans.

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<sup>6</sup> Includes conventional 1<sup>st</sup> 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	96	64	66.7%	1.9
Latino	4	2	50.0%	1.4
White	101	35	34.7%	
ALL <sup>7</sup>	237	118	49.8%	

**Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing.** In relative terms, African-Americans were 1.9 times more likely to receive a high-cost loan than whites. Latino homeowners were 1.4 times more likely to receive a high cost loan than whites.

**Racial disparities persisted even among homeowners of the same income level.<sup>8</sup>** In 2006, upper-income African-American homeowners were 2.3 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 1.5 times more likely than middle-income whites to receive a high-cost refinance loan.

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	0.0%	--	60.0%	--	--
Moderate Income	75.0%	--	72.7%	--	1.0
Middle Income	53.8%	--	78.8%	--	1.5
Upper Income	24.1%	50.0%	56.5%	2.1	2.3

**Minorities received a greater proportion of high-cost loans than they received of prime loans.** African-Americans received 54.2% of the high-cost refinance loans but only 26.9% of the prime refinance loans. Latinos received 1.7% of the high-cost loans originated and 1.7% of the prime loans originated. In contrast, whites received 55.5% of all prime loans originated which is greater than their

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

<sup>8</sup> Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$49,861 for the Pine Bluff metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$20,950; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$20,950 and \$33,520; middle-income borrowers have incomes 80-119% of median income, or between \$33,520 and \$49,861.

29.7% share of all high-cost loans originated. African-Americans represent 48.4% of the population in the metropolitan area while Latinos represent 1.0% of the population<sup>9</sup>.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	48.4%	26.9%	54.2%
Latino	1.0%	1.7%	1.7%
White	49.8%	55.5%	29.7%

**Moderate- and middle-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers.** In 2006, 68.0%, or two out of every three, refinances made to moderate-income homeowners and 64.6% or about two out of every three loans to middle-income homeowners were high cost loans. In contrast, only 40.8%, or one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	8	3	37.5%
Moderate-Income	25	17	68.0%
Middle-Income	65	42	64.6%
Upper-Income	125	51	40.8%

In comparative terms, moderate-income homeowners were 1.7 times more likely to receive a high-cost loan than upper-income homeowners and.



## **High-cost Home Purchase Loans<sup>10</sup>**

**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.

<sup>9</sup> 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.

<sup>10</sup> Includes 1<sup>st</sup> 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 made up a significant proportion of the home purchase loans made to minorities.** In 2006, 53.7%, or one out of two, home purchase loans received by African-Americans were high-cost loans and 50.0%, or one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 34.1%, or one out of three, 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	95	51	53.7%,	1.6
Latino	2	1	50.0%	1.5
White	129	44	34.1%,	
ALL	260	114	43.8%	

**Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan.** African-American homebuyers were 1.6 times as likely to receive a high-cost home purchase loan than whites while Latinos were 1.5 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 54.5% of the home purchase loans received by upper-income African-Americans, compared to only 47.1% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 1.2 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

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	50.0%	--	50.0%	--	1.0
Moderate Income	54.5%	--	54.5%	--	1.0
Middle Income	41.9%	--	57.1%	--	1.4
Upper Income	47.1%	--	54.5%	--	1.2

Middle-income African-Americans were 1.4 times more likely than middle-income whites to be issued a high-cost home purchase loan.

Low-income African-Americans were 1.0 times more likely to be issued a high-cost home purchase loan than low-income whites..

**Minorities received a greater proportion of high-cost loans than they received of prime loans.** African-Americans were issued 44.7% of all high-cost home purchase loans but only 30.1% of the prime home purchase loans. Latinos were issued 0.9% of all high-cost loans originated and 0.7% of the prime loans originated. In contrast, whites received 58.2% of the prime loans originated which is greater than their 38.6% share of the high-cost loans originated. African-Americans represent 48.4% of the population in the metropolitan area while Latinos represent 1.0% of the population.

<b>Race/Ethnicity</b>	<b>Share of Population</b>	<b>Share of Prime Loans</b>	<b>Share of High-cost Loans</b>
African-American	48.4%	30.1%	44.7%
Latino	1.0%	0.7%	0.9%
White	49.8%	58.2%	38.6%

**Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers.** In 2006, 55.6% of the loans received by low-income homebuyers were high-cost loans, or about over one out of two loans. 57% of the loans received by moderate-income homebuyers, and 49.3% loans to middle-income homeowners were high-cost loans. In comparison, only 36.4% of loans made to upper-income homebuyers were high-cost loans.

	<b>High-cost Loans</b>	<b>All Loans</b>	<b>% High-cost</b>
Low Income	5	9	55.6%
Moderate Income	28	49	57.1%
Middle Income	33	67	49.3%
Upper Income	48	132	36.4%

In comparative terms, low-income homebuyers were 1.5 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 1.6 times more likely to receive a high-cost loan than upper-income homebuyers.

## **Methodology**

The data for the Pine Bluff metropolitan area includes Cleveland, Jefferson, and Lincoln 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.

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](http://www.acorn.org)) for the complete list of lenders, analysis of national data comparisons of different metropolitan areas as well as recommendations.

