



Bakersfield 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 36.7%, 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. Close to one in two home purchase loans in the metropolitan area, or 42.9%, 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 Bakersfield 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.

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 52.3% or more than one out of two, home refinance loans made to African-Americans were high-cost loans and, 45.3%, or close to one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 28.3%, or about one out of four, 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	520	272	52.3%	1.8
Latino	4561	2067	45.3%	1.6
White	5404	1530	28.3%	
ALL ²	12906	4739	36.7%	

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 1.6 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 1.9 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 1.7 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 1.7 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 1.5 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 1.3 times more likely to receive a high-cost refinance loan than moderate-income whites.

Low-income African-Americans were 2.3 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	27.5%	29.8%	63.6%	1.1	2.3
Moderate Income	33.2%	42.2%	51.5%	1.3	1.6
Middle Income	31.7%	48.7%	54.8%	1.5	1.7
Upper Income	27.7%	48.1%	52.2%	1.7	1.9

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 \$57,239 for the Bakersfield metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$24,050; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$24,050 and \$38,480; middle-income borrowers have incomes 80-119% of median income, or between \$38,480 and \$57,239.

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 5.7% of the high-cost refinance loans but only 3.0% of the prime refinance loans. Latinos received 43.6% of the high-cost loans originated but a smaller 30.5% of the prime loans originated. In contrast, whites received 47.4% of all prime loans originated which is greater than their 32.3% share of all high-cost loans originated. African-Americans represent 5.7% of the population in the metropolitan area while Latinos represent 38.4% of the population⁴.

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	5.7%	3.0%	5.7%
Latino	38.4%	30.5%	43.6%
White	49.5%	47.4%	32.3%



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.

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 63.6%, or more than one out of two, home purchase loans received by African-Americans were high-cost loans and 52.6%, or more than one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 29.4%, or less than one out of three, home purchase loans received by whites were high-cost loans.

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.

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.



Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	297	189	63.6%	2.2
Latino	4254	2236	52.6%	1.8
White	3025	888	29.4%	
ALL	8765	3763	42.9%	

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 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 35.7% of the home purchase loans received by upper-income African-Americans and 53.9% of the home purchase loans received by upper-income Latinos, compared to only 30.9% of the home purchase loans to upper-income whites.

In comparative terms, upper-income Latinos were 1.7 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	--	30.8%	--	---	---
Moderate Income	20.5%	30.6%	--	1.5	--
Middle Income	28.4%	51.6%	53.6%	1.8	1.9
Upper Income	30.9%	53.9%	35.7%	1.7	1.2

Middle-income African-Americans were 1.9 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 1.8 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income Latinos were 1.5 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans were issued 5.0% of all high-cost home purchase loans but only 2.2% of the prime home purchase loans. Latinos were issued 59.4% of all high-cost loans originated and 40.3% of the prime loans originated. In contrast, whites received 42.7% of the prime loans originated which is greater than their 23.6% share of the high-cost loans originated. African-Americans represent 5.7% of the population in the metropolitan area while Latinos represent 38.4% 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	5.7%	2.2%	5.0%
Latino	38.4%	40.3%	59.4%
White	49.5%	42.7%	23.6%

Methodology

The data for the Bakersfield metropolitan area includes Kern 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.



Fresno 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 37.4%, 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. One in three home purchase loans in the metropolitan area, or 33.5%, 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 Fresno 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, 61.9% or more one out of two, home refinance loans made to African-Americans were high-cost loans and, 45.9%, or close to one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 35.4%, or about one out of three, 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	218	135	61.9%	1.7
Latino	85	39	45.9%	1.3
White	2562	907	35.4%	
ALL ⁷	3071	1150	37.4%	

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 1.3 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 2.0 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 1.3 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 1.4 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.

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	43.4%	40.9%	68.5%	0.9	1.6
Moderate Income	39.8%	54.5%	59.4%	1.4	1.5
Middle Income	33.7%	43.8%	62.5%	1.3	1.9
Upper Income	31.1%	30.0%	61.5%	1.0	2.0

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 \$55,930 for the Fresno metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$23,500; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$23,500 and \$37,600; middle-income borrowers have incomes 80-119% of median income, or between \$37,600 and \$55,930.

Upper-income and middle-income African-Americans 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 11.7% of the high-cost refinance loans but only 4.3% of the prime refinance loans. Latinos received 3.4% of the high-cost loans originated but a smaller 2.4% of the prime loans originated. In contrast, whites received 86.2% of all prime loans originated which is greater than their 78.9% share of all high-cost loans originated. African-Americans represent 5.0% of the population in the metropolitan area while Latinos represent 44.0% of the population⁹.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	5.0%	4.3%	11.7%
Latino	44.0%	2.4%	3.4%
White	39.7%	86.2%	78.9%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 46.3%, or close to one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 41.8%, or close to one out of every two, refinances made to moderate-income homeowners and 36.2% or more than one of three loans to middle-income homeowners. In contrast, only 31.7%, or less than one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	447	207	46.3%
Moderate-Income	828	346	41.8%
Middle-Income	767	278	36.2%
Upper-Income	892	283	31.7%

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 1.3 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, 61.6%, or more one out of two, home purchase loans received by African-Americans were high-cost loans and 44.7%, or close to one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 30.9%, or less than 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	279	172	61.6%	2.0
Latino	141	63	44.7%	1.4
White	3418	1055	30.9%	
ALL	4060	1360	33.5%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 2.0 times as likely to receive a high-cost home purchase loan than whites while Latinos were 1.4 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 60.0% of the home purchase loans received by upper-income African-Americans compared to only 29.5% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 2.0 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	37.3%	48.8%	69.8%	1.3	1.9
Moderate Income	33.1%	52.1%	61.9%	1.6	1.9
Middle Income	29.9%	20.8%	60.7%	0.7	2.0
Upper Income	29.5%	27.3%	60.0%	0.9	2.0

Middle-income African-Americans were 2.0 times more likely than middle-income whites to be issued a high-cost home purchase loan.

Moderate-income African-Americans were 1.9 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 1.6 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 1.9 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos were 1.3 times more likely to be issued a high-cost home purchase loan than low-income whites.

Upper-income and middle-income African-Americans 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 12.6% of all high-cost home purchase loans but only 4.0% of the prime home purchase loans. Latinos were issued 4.6% of all high-cost loans originated and 2.9% of the prime loans originated. In contrast, whites received 87.5% of the prime loans originated which is greater than their 77.6% share of the high-cost loans originated. African-Americans represent 5.0% of the population in the metropolitan area while Latinos represent 44.0% 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	5.0%	4.0%	12.6%
Latino	44.0%	2.9%	4.6%
White	39.7%	87.5%	77.6%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 41.1% of the loans received by low-income homebuyers were high-cost loans, or somewhat less than one out of two loans. 37% of the loans received by moderate-income homebuyers, and 31.8% loans to middle-income homeowners were high-cost loans. In comparison, only 22.9% 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	289	704	41.1%
Moderate Income	460	1234	37%
Middle Income	319	1004	31.8%
Upper Income	231	1010	22.9%

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. Moderate-income homebuyers were 1.6 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Fresno metropolitan area includes Fresno 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.



Los Angeles-Long Beach-Glendale Metropolitan Area

Homeowners of all races in the metropolitan area have a high incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, close to one in four loans, or 24.3%, 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. About one in three home purchase loans in the metropolitan area, or 32.7%, 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 Los Angeles-Long Beach-Glendale 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.

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 39.5% or more than one out of three, home refinance loans made to African-Americans were high-cost loans and, 32.3%, or nearly one out of three, home refinance loans made to Latinos were high-cost loans. In contrast, only 16.4%, or one out of six, 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	11113	4391	39.5%	2.4
Latino	39761	12861	32.3%	2.0
White	40038	6584	16.4%	
ALL ¹²	122344	29784	24.3%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 2.4 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 2.6 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 2.2 times more likely to receive a high-cost loan than upper-income whites.

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 1.4 times more likely to receive a high-cost loan than middle-income whites.

Moderate-income African-Americans were 1.8 times more likely to receive a high-cost refinance loan than moderate-income whites, while moderate-income Latinos were 1.4 times more likely to receive a high-cost refinance loan than moderate-income whites.

Low-income African-Americans were 1.4 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	18.5%	18.6%	26.8%	1.0	1.4
Moderate Income	16.0%	22.7%	29.4%	1.4	1.8
Middle Income	20.1%	28.1%	37.4%	1.4	1.9
Upper Income	16.6%	36.3%	42.9%	2.2	2.6

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 \$66,878 for the Los Angeles-Long Beach-Glendale metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$28,100; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$28,100 and \$44,960; middle-income borrowers have incomes 80-119% of median income, or between \$44,960 and \$66,878.

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 14.7% of the high-cost refinance loans but only 7.3% of the prime refinance loans. Latinos received 43.2% of the high-cost loans originated but a smaller 29.1% of the prime loans originated. In contrast, whites received 36.1% of all prime loans originated which is greater than their 22.1% share of all high-cost loans originated. African-Americans represent 9.5% of the population in the metropolitan area while Latinos represent 44.6% 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	9.5%	7.3%	14.7%
Latino	44.6%	29.1%	43.2%
White	31.1%	36.1%	22.1%



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.

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 57.7%, or more than one out of two, home purchase loans received by African-Americans were high-cost loans and 52.4%, or more than one out of two, home purchase loans

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.

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.



received by Latinos were high-cost loans. In contrast, only 17.3%, or about 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	3931	2267	57.7%	3.3
Latino	21505	11270	52.4%	3.0
White	20393	3527	17.3%	
ALL	62224	20378	32.7%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 3.3 times as likely to receive a high-cost home purchase loan than whites while Latinos were 3 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 55.8% of the home purchase loans received by upper-income African-Americans and 42.8% of the home purchase loans received by upper-income Latinos, compared to only 15.4% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 3.6 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 2.8 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	6.3%	13.3%	60.0%	2.1	9.5
Moderate Income	11.9%	26.2%	40.9%	2.2	3.4
Middle Income	15.5%	39.5%	47.3%	2.5	3.1
Upper Income	15.4%	42.8%	55.8%	2.8	3.6

Middle-income African-Americans were 3.1 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 2.5 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 3.4 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 2.2 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 9.5 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos were 2.1 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 11.1% of all high-cost home purchase loans but only 4.0% of the prime home purchase loans. Latinos were issued 55.3% of all high-cost loans originated and 24.5% of the prime loans originated. In contrast, whites received 40.3% of the prime loans originated which is greater than their 17.3% share of the high-cost loans originated. African-Americans represent 9.5% of the population in the metropolitan area while Latinos represent 44.6% 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	9.5%	4.0%	11.1%
Latino	44.6%	24.5%	55.3%
White	31.1%	40.3%	17.3%

Methodology

The data for the Los Angeles-Long Beach-Glendale metropolitan area includes Los Angeles 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.





Modesto 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, nearly one in three loans, or 32.1%, was a high-cost loan. When buying a home, borrowers of all races have an extremely high incidence of receiving a high-cost home purchase loan. Nearly one in two home purchase loans in the metropolitan area, or 46.1%, 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 Modesto 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 Loans¹⁶

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.

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 49.6% or about one out of two, home refinance loans made to African-Americans were high-cost loans and, 39.3%, or more than one out of three, home refinance loans made to Latinos were high-cost loans. In contrast, only 28.1%, or about one out of four, home refinance loans made to whites were high-cost loans.

¹⁶ 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	230	114	49.6%	1.8
Latino	2675	1051	39.3%	1.4
White	3691	1039	28.1%	
ALL ¹⁷	8502	2725	32.1%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 1.8 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.¹⁸ In 2006, upper-income African-American homeowners were 1.7 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 1.5 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 2.1 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 1.4 times more likely to receive a high-cost loan than middle-income whites.

Low-income Latinos were 2.1 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	21.1%	44.7%	---	2.1	---
Moderate Income	26.7%	28.7%	21.4%	1.1	0.8
Middle Income	25.4%	36.6%	54.3%	1.4	2.1
Upper Income	30.0%	43.5%	50.6%	1.5	1.7

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 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.

¹⁷ The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

¹⁸ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$64,736 for the Modesto metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$27,200; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$27,200 and \$43,520; middle-income borrowers have incomes 80-119% of median income, or between \$43,520 and \$64,736.

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans received 4.2% of the high-cost refinance loans but only 2.0% of the prime refinance loans. Latinos received 38.6% of the high-cost loans originated but a smaller 28.1% of the prime loans originated. In contrast, whites received 45.9% of all prime loans originated which is greater than their 38.1% share of all high-cost loans originated. African-Americans represent 2.4% of the population in the metropolitan area while Latinos represent 31.7% of the population¹⁹.

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	2.4%	2.0%	4.2%
Latino	31.7%	28.1%	38.6%
White	57.3%	45.9%	38.1%



High-cost Home Purchase Loans²⁰

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.

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 67.2%, or more than one out of two, home purchase loans received by African-Americans were high-cost loans and 58.8%, or more than one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 33.5%, or one out of three, home purchase loans received by whites were high-cost loans.

¹⁹ 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.

²⁰ 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.



Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	131	88	67.2%,	2.0
Latino	1967	1157	58.8%	1.8
White	1596	535	33.5%,	
ALL	4499	2076	46.1%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 2.0 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 42.9% of the home purchase loans received by upper-income African-Americans and 45.3% of the home purchase loans received by upper-income Latinos, compared to only 28.4% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 1.5 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.

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	16.7%	60.0%	---	3.6	---
Moderate Income	10.3%	17.4%	25.0%	1.7	2.4
Middle Income	26.2%	40.9%	50.0%	1.6	1.9
Upper Income	28.4%	45.3%	42.9%	1.6	1.5

Middle-income African-Americans were 1.9 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 2.4 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 1.7 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income Latinos were 3.6 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 4.2% of all high-cost home purchase loans but only 1.8% of the prime home purchase loans. Latinos were issued 55.7% of all high-cost loans originated and 33.4% of the prime loans originated. In contrast, whites received 43.8% of the prime loans originated which is greater than their 25.8% share of the high-cost loans originated. African-Americans represent 2.4% of the population in the metropolitan area while Latinos represent 31.7% of the population.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	2.4%	1.8%	4.2%
Latino	31.7%	33.4%	55.7%
White	57.3%	43.8%	25.8%

Methodology

The data for the Modesto metropolitan area includes Stanislaus 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.



Oakland-Fremont-Hayward 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, nearly one in five loans, or 19.0%, 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. more than one in four home purchase loans in the metropolitan area, or 27.4%, 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 Oakland-Fremont-Hayward 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 Loans²¹

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.

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 37.8% or more than one out of three, home refinance loans made to African-Americans were high-cost loans and, 27.2%, or more than one out of four, home refinance loans made to Latinos were high-cost loans. In contrast, only 13.2%, or just over one out of eight, home refinance loans made to whites were high-cost loans.

²¹ 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	3769	1424	37.8%	2.9
Latino	6793	1850	27.2%	2.1
White	16184	2142	13.2%	
ALL ²²	41101	7822	19.0%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 2.9 times more likely to receive a high-cost loan than whites. Latino homeowners were 2.1 times more likely to receive a high cost loan than whites.

Racial disparities persisted even among homeowners of the same income level.²³ In 2006, upper-income African-American homeowners were 3.1 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 2.4 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 2.8 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 1.8 times more likely to receive a high-cost loan than middle-income whites.

Moderate-income African-Americans were 2.6 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 2.4 times more likely to receive a high-cost refinance loan than low-income whites, while low-income Latinos were 1.5 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	12.6%	18.3%	29.8%	1.5	2.4
Moderate Income	12.2%	16.1%	31.2%	1.3	2.6
Middle Income	13.5%	24.1%	38.3%	1.8	2.8
Upper Income	13.5%	32.2%	41.8%	2.4	3.1

²² The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

²³ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$99,722 for the Oakland-Fremont-Hayward metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$41,900; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$41,900 and \$67,040; middle-income borrowers have incomes 80-119% of median income, or between \$67,040 and \$99,722.

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 18.2% of the high-cost refinance loans but only 7.0% of the prime refinance loans. Latinos received 23.7% of the high-cost loans originated but a smaller 14.9% of the prime loans originated. In contrast, whites received 42.2% of all prime loans originated which is greater than their 27.4% share of all high-cost loans originated. African-Americans represent 12.5% of the population in the metropolitan area while Latinos represent 18.5% of the population²⁴.

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	12.5%	7.0%	18.2%
Latino	18.5%	14.9%	23.7%
White	47.7%	42.2%	27.4%



High-cost Home Purchase Loans²⁵

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.

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 55.6%, or more than one out of two, home purchase loans received by African-Americans were high-cost loans and 54.4%, or more than one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 14.5%, or about one out of seven, home purchase loans received by whites were high-cost loans.

²⁴ 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.

²⁵ 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.



Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	1668	928	55.6%	3.8
Latino	4739	2579	54.4%	3.8
White	8601	1243	14.5%	
ALL	23195	6363	27.4%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 3.8 times as likely to receive a high-cost home purchase loan than whites while Latinos were 3.8 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 52.0% of the home purchase loans received by upper-income African-Americans and 57.9% of the home purchase loans received by upper-income Latinos, compared to only 14.4% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 3.6 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 4.0 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	10.0%	21.1%	28.6%	2.1	2.9
Moderate Income	7.6%	18.4%	18.8%	2.4	2.5
Middle Income	12.9%	51.5%	46.5%	4.0	3.6
Upper Income	14.4%	57.9%	52.0%	4.0	3.6

Middle-income African-Americans were 3.6 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 4.0 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 2.5 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 2.4 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 2.9 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos were 2.1 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 14.6% of all high-cost home purchase loans but only 4.4% of the prime home purchase loans. Latinos were issued 40.5% of all high-cost loans originated and 12.8% of the prime loans originated. In contrast, whites received 43.7% of the prime loans originated which is greater than their 19.5% share of the high-cost loans originated. African-Americans represent 12.5% of the population in the metropolitan area while Latinos represent 18.5% 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	12.5%	4.4%	14.6%
Latino	18.5%	12.8%	40.5%
White	47.7%	43.7%	19.5%

Methodology

The data for the Oakland-Fremont-Hayward metropolitan area includes Alameda, Contra Costa 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) for the complete list of lenders, analysis of national data comparisons of different metropolitan areas as well as recommendations.



Riverside-San Bernardino-Ontario 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, nearly one in three loans, or 32.8%, 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. More than one in three home purchase loans in the metropolitan area, or 40.5%, 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 Riverside-San Bernardino-Ontario 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 Loans²⁶

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.

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 45.6% or nearly one out of two, home refinance loans made to African-Americans were high-cost loans and, 40.7%, or over one out of three, home refinance loans made to Latinos were high-cost loans. In contrast, only 26.7%, or about one out of four, home refinance loans made to whites were high-cost loans.

²⁶ 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	5004	2282	45.6%	1.7
Latino	24961	10164	40.7%	1.5
White	30870	8241	26.7%	
ALL ²⁷	77954	25584	32.8%	

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 1.5 times more likely to receive a high cost loan than whites.

Racial disparities persisted even among homeowners of the same income level.²⁸ In 2006, upper-income African-American homeowners were 1.8 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 1.7 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 1.3 times more likely to receive a high-cost loan than middle-income whites.

Moderate-income African-Americans were 1.4 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, while low-income Latinos were 1.4 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	22.9%	32.4%	46.9%	1.4	2.0
Moderate Income	27.6%	31.7%	37.9%	1.1	1.4
Middle Income	28.8%	38.0%	46.0%	1.3	1.6
Upper Income	27.0%	44.7%	47.3%	1.7	1.8

²⁷ The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

²⁸ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$68,425 for the Riverside-San Bernardino-Ontario metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$28,750; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$28,750 and \$46,000; middle-income borrowers have incomes 80-119% of median income, or between \$46,000 and \$68,425.

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 8.9% of the high-cost refinance loans but only 5.2% of the prime refinance loans. Latinos received 39.7% of the high-cost loans originated but a smaller 28.3% of the prime loans originated. In contrast, whites received 43.2% of all prime loans originated which is greater than their 32.2% share of all high-cost loans originated. African-Americans represent 7.5% of the population in the metropolitan area while Latinos represent 37.8% of the population²⁹.

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	7.5%	5.2%	8.9%
Latino	37.8%	28.3%	39.7%
White	47.3%	43.2%	32.2%



High-cost Home Purchase Loans³⁰

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.

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 61.9%, or more than one out of two, home purchase loans received by African-Americans were high-cost loans and 56.2%, or more than one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 25.9%, or about one out of four, home purchase loans received by whites were high-cost loans.

²⁹ 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.

³⁰ 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.



Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	2879	1782	61.9%,	2.4
Latino	19992	11237	56.2%	2.2
White	16284	4214	25.9%,	
ALL	49801	20187	40.5%	

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 2.2 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 54.7% of the home purchase loans received by upper-income African-Americans and 53.8% of the home purchase loans received by upper-income Latinos, compared to only 27.5% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 2.0 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 2.0 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	14.9%	17.0%	16.7%	1.1	1.1
Moderate Income	14.7%	30.3%	22.5%	2.1	1.5
Middle Income	26.2%	50.8%	52.7%	1.9	2.0
Upper Income	27.5%	53.8%	54.7%	2.0	2.0

Middle-income African-Americans were 2.0 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 1.9 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 1.5 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 2.1 times more likely to be issued a high-cost home purchase loan than moderate-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 8.8% of all high-cost home purchase loans but only 3.7% of the prime home purchase loans. Latinos were issued 55.7% of all high-cost loans originated and 29.6% of the prime loans originated. In contrast, whites received 40.8% of the prime loans originated which is greater than their 20.9% share of the high-cost loans originated. African-Americans represent 7.5% of the population in the metropolitan area while Latinos represent 37.8% 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	7.5%	3.7%	8.8%
Latino	37.8%	29.6%	55.7%
White	47.3%	40.8%	20.9%

Methodology

The data for the Riverside-San Bernardino-Ontario metropolitan area includes Riverside and San Bernardino 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) for the complete list of lenders, analysis of national data comparisons of different metropolitan areas as well as recommendations.



Sacramento-Arden-Arcade- Roseville Metropolitan Area

Homeowners of all races in the metropolitan area have a high incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, nearly one in four loans, or 23.8%, 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. Nearly one in three home purchase loans in the metropolitan area, or 30.9%, 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 Sacramento-Arden-Arcade-Roseville 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 Loans³¹

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.

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 41.4% or nearly one out of two, home refinance loans made to African-Americans were high-cost loans and, 34.9%, or more than one out of three, home refinance loans made to Latinos were high-cost loans. In contrast, only 19.5%, or less than one out of five, home refinance loans made to whites were high-cost loans.

³¹ 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	2042	845	41.4%	2.1
Latino	4496	1569	34.9%	1.8
White	18935	3698	19.5%	
ALL ³²	34258	8157	23.8%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 2.1 times more likely to receive a high-cost loan than whites. Latino homeowners were 1.8 times more likely to receive a high cost loan than whites.

Racial disparities persisted even among homeowners of the same income level.³³ 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. Upper-income Latinos were 1.9 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 1.9 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 2.1 times more likely to receive a high-cost refinance loan than moderate-income whites, while moderate-income Latinos were 1.6 times more likely to receive a high-cost refinance loan than moderate-income whites.

Low-income African-Americans were 3.0 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	15.1%	25.5%	45.3%	1.7	3.0
Moderate Income	18.7%	29.6%	40.2%	1.6	2.1
Middle Income	22.3%	36.9%	41.9%	1.7	1.9
Upper Income	19.3%	36.5%	42.6%	1.9	2.2

³² The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

³³ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$77,826 for the Sacramento-Arden-Arcade-Roseville metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$32,700; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$32,700 and \$52,320; middle-income borrowers have incomes 80-119% of median income, or between \$52,320 and \$77,826.

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 10.4% of the high-cost refinance loans but only 4.6% of the prime refinance loans. Latinos received 19.2% of the high-cost loans originated but a smaller 11.2% of the prime loans originated. In contrast, whites received 58.4% of all prime loans originated which is greater than their 45.3% share of all high-cost loans originated. African-Americans represent 6.9% of the population in the metropolitan area while Latinos represent 15.6% of the population³⁴.

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	6.9%	4.6%	10.4%
Latino	15.6%	11.2%	19.2%
White	64.9%	58.4%	45.3%



High-cost Home Purchase Loans³⁵

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, 58.7%, or more than one out of two, home purchase loans received by African-Americans were high-cost loans and 54.0%, or more than one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 20.9%, or about one out of five, home purchase loans received by whites were high-cost loans.

³⁴ 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.

³⁵ 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.



Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	1181	693	58.7%	2.8
Latino	3098	1672	54.0%	2.6
White	9333	1952	20.9%	
ALL	18549	5734	30.9%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 2.8 times as likely to receive a high-cost home purchase loan than whites while Latinos were 2.6 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 54.3% of the home purchase loans received by upper-income African-Americans and 62.4% of the home purchase loans received by upper-income Latinos, compared to only 23.6% 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 2.6 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	5.8%	16.7%	25.0%	2.9	4.3
Moderate Income	10.9%	27.2%	39.7%	2.5	3.6
Middle Income	21.7%	56.9%	52.3%	2.6	2.4
Upper Income	23.6%	62.4%	54.3%	2.6	2.3

Middle-income African-Americans were 2.4 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 2.6 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 3.6 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 2.5 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 4.3 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos were 2.9 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 12.1% of all high-cost home purchase loans but only 3.8% of the prime home purchase loans. Latinos were issued 29.2% of all high-cost loans originated and 11.1% of the prime loans originated. In contrast, whites received 57.6% of the prime loans originated which is greater than their 34.0% share of the high-cost loans originated. African-Americans represent 6.9% of the population in the metropolitan area while Latinos represent 15.6% 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	6.9%	3.8%	12.1%
Latino	15.6%	11.1%	29.2%
White	64.9%	57.6%	34.0%

Methodology

The data for the Sacramento-Arden-Arcade-Roseville metropolitan area includes El Dorado, Placer, Sacramento, Yolo 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) for the complete list of lenders, analysis of national data comparisons of different metropolitan areas as well as recommendations.



San Diego-Carlsbad-San Marcos 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 about 16.8%, was a high-cost loan. When buying a home, borrowers of all races have a moderate incidence of receiving a high-cost home purchase loan. About one in five home purchase loans in the metropolitan area, or 20.9%, 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 San Diego-Carlsbad-San Marcos 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 Loans³⁶

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.

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 30.9% or nearly one out of three, home refinance loans made to African-Americans were high-cost loans and, 25.0%, or one out of four, home refinance loans made to Latinos were high-cost loans. In contrast, only 12.7%, or about one out of eight, home refinance loans made to whites were high-cost loans.

³⁶ 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	1415	437	30.9%	2.4
Latino	8231	2054	25.0%	2.0
White	22139	2815	12.7%	
ALL ³⁷	42072	7089	16.8%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 2.4 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.³⁸ In 2006, upper-income African-American homeowners were 2.5 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 2.1 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 1.5 times more likely to receive a high-cost loan than middle-income whites.

Moderate-income African-Americans were 2.9 times more likely to receive a high-cost refinance loan than moderate-income whites, while moderate-income Latinos were 1.5 times more likely to receive a high-cost refinance loan than moderate-income whites.

Low-income African-Americans were 2.8 times more likely to receive a high-cost refinance loan than low-income whites, while low-income Latinos were 1.4 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	10.7%	14.7%	30.0%	1.4	2.8
Moderate Income	10.9%	16.8%	31.6%	1.5	2.9
Middle Income	12.9%	19.2%	27.2%	1.5	2.1
Upper Income	13.0%	27.7%	32.7%	2.1	2.5

³⁷ The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

³⁸ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$77,231 for the San Diego-Carlsbad-San Marcos metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$32,450; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$32,450 and \$51,920; middle-income borrowers have incomes 80-119% of median income, or between \$51,920 and \$77,231.

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 6.2% of the high-cost refinance loans but only 2.8% of the prime refinance loans. Latinos received 29.0% of the high-cost loans originated but a smaller 17.7% of the prime loans originated. In contrast, whites received 55.2% of all prime loans originated which is greater than their 39.7% share of all high-cost loans originated. African-Americans represent 5.5% of the population in the metropolitan area while Latinos represent 26.7% of the population³⁹.

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	5.5%	2.8%	6.2%
Latino	26.7%	17.7%	29.0%
White	55.0%	55.2%	39.7%



High-cost Home Purchase Loans⁴⁰

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.

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 42.9%, or less than one out of two, home purchase loans received by African-Americans were high-cost loans and 40.5%, or more than one out of three, home purchase loans received by Latinos were high-cost loans. In contrast, only 12.2%, or about one out of eight, home purchase loans received by whites were high-cost loans.

³⁹ 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.

⁴⁰ 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.



Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	636	273	42.9%,	3.5
Latino	5608	2273	40.5%	3.3
White	12451	1514	12.2%,	
ALL	24253	5075	20.9%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 3.5 times as likely to receive a high-cost home purchase loan than whites while Latinos were 3.3 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 41.0% of the home purchase loans received by upper-income African-Americans and 33.9% of the home purchase loans received by upper-income Latinos, compared to only 10.0% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 4.1 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 3.4 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	3.1%	25.0%	0.0%	8.1	0.0
Moderate Income	7.3%	9.3%	9.4%	1.3	1.3
Middle Income	9.0%	30.9%	30.9%	3.4	3.4
Upper Income	10.0%	33.9%	41.0%	3.4	4.1

Middle-income African-Americans were 3.4 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 3.4 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 1.3 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 1.3 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income Latinos were 8.1 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 5.4% of all high-cost home purchase loans but only 1.9% of the prime home purchase loans. Latinos were issued 44.8% of all high-cost loans originated and 17.4% of the prime loans originated. In contrast, whites received 57.0% of the prime loans originated which is greater than their 29.8% share of the high-cost loans originated. African-Americans represent 5.5% of the population in the metropolitan area while Latinos represent 26.7% of the population.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	5.5%	1.9%	5.4%
Latino	26.7%	17.4%	44.8%
White	55.0%	57.0%	29.8%

Methodology

The data for the San Diego-Carlsbad-San Marcos metropolitan area includes San Diego 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.



San Francisco-San Mateo- Redwood Metropolitan Area

Homeowners of all races in the metropolitan area have a low incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, one in ten loans, or 10.3%, 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. About one in eight home purchase loans in the metropolitan area, or 13.0%, 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 San Francisco-San Mateo-Redwood 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 Loans⁴¹

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.

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 23.8% or about one out of four, home refinance loans made to African-Americans were high-cost loans and, 18.1%, or over one out of six, home refinance loans made to Latinos were high-cost loans. In contrast, only 6.6%, or one out of fifteen, home refinance loans made to whites were high-cost loans.

⁴¹ 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	543	129	23.8%	3.6
Latino	2266	411	18.1%	2.7
White	9597	636	6.6%	
ALL ⁴²	20413	2099	10.3%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 3.6 times more likely to receive a high-cost loan than whites. Latino homeowners were 2.7 times more likely to receive a high cost loan than whites.

Racial disparities persisted even among homeowners of the same income level.⁴³ In 2006, upper-income African-American homeowners were 3.9 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 3.2 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 4.5 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 2.4 times more likely to receive a high-cost loan than middle-income whites.

Moderate-income African-Americans were 4.5 times more likely to receive a high-cost refinance loan than moderate-income whites, while moderate-income Latinos were 1.5 times more likely to receive a high-cost refinance loan than moderate-income whites.

Low-income African-Americans were 1.9 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	7.8%	8.9%	15.0%	1.1	1.9
Moderate Income	5.4%	8.0%	24.4%	1.5	4.5
Middle Income	6.2%	14.6%	28.0%	2.4	4.5
Upper Income	6.9%	22.1%	27.1%	3.2	3.9

⁴² The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

⁴³ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$108,528 for the San Francisco-San Mateo-Redwood metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$45,600; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$45,600 and \$72,960; middle-income borrowers have incomes 80-119% of median income, or between \$72,960 and \$108,528.

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 6.1% of the high-cost refinance loans but only 2.3% of the prime refinance loans. Latinos received 19.6% of the high-cost loans originated but a smaller 10.1% of the prime loans originated. In contrast, whites received 48.9% of all prime loans originated which is greater than their 30.3% share of all high-cost loans originated. African-Americans represent 5.2% of the population in the metropolitan area while Latinos represent 16.8% of the population⁴⁴.

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	5.2%	2.3%	6.1%
Latino	16.8%	10.1%	19.6%
White	51.2%	48.9%	30.3%



High-cost Home Purchase Loans⁴⁵

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.

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 26.8%, or more than one out of four, home purchase loans received by African-Americans were high-cost loans and 42.4%, or close to one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 6.0%, or close to one out of seventeen, home purchase loans received by whites were high-cost loans.

⁴⁴ 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.

⁴⁵ 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.



Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	138	37	26.8%,	4.5
Latino	1331	565	42.4%	7.1
White	6069	362	6.0%,	
ALL	12260	1595	13.0%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 4.5 times as likely to receive a high-cost home purchase loan than whites while Latinos were 7.1 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 28.1% of the home purchase loans received by upper-income Latinos, compared to only 6.1% of the home purchase loans to upper-income whites.

In comparative terms, upper-income Latinos were 4.6 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	3.1%	--	--	--	--
Moderate Income	1.2%	14.0%	--	11.7	--
Middle Income	4.1%	27.9%	14.3%	6.8	3.5
Upper Income	6.1%	28.1%	0.0%	4.6	0.0

Middle-income African-Americans were 3.5 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 6.8 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income Latinos were 11.7 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Minority homebuyers with higher incomes were more likely to receive a high-cost loan than white homebuyers with lower incomes. Middle-income African-American 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 2.3% of all high-cost home purchase loans but only 0.9% of the prime home purchase loans. Latinos were issued 35.4% of all high-cost loans originated and 7.2% of the prime loans originated. In contrast, whites received 53.5% of the prime loans originated which is greater than their 22.7% share of the high-cost loans originated. African-Americans represent 5.2% of the population in the metropolitan area while Latinos represent 16.8% of the population.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	5.2%	0.9%	2.3%
Latino	16.8%	7.2%	35.4%
White	51.2%	53.5%	22.7%

Methodology

The data for the San Francisco-San Mateo-Redwood metropolitan area includes Marin, San Mateo, San Francisco 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) for the complete list of lenders, analysis of national data comparisons of different metropolitan areas as well as recommendations.



San Jose-Sunnyvale-Santa Clara Metropolitan Area

Homeowners of all races in the metropolitan area have a low incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, about one in eight loans, or 12.2%, was a high-cost loan. When buying a home, borrowers of all races have a moderate incidence of receiving a high-cost home purchase loan. more than one in six home purchase loans in the metropolitan area, or 17.5%, 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 San Jose-Sunnyvale-Santa Clara 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 Loans⁴⁶

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.

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 22.8% or nearly one out of four, home refinance loans made to African-Americans were high-cost loans and, 23.5%, or nearly one out of four, home refinance loans made to Latinos were high-cost loans. In contrast, only 9.4%, or about one out of eleven, home refinance loans made to whites were high-cost loans.

⁴⁶ 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	451	103	22.8%	2.4
Latino	4750	1114	23.5%	2.5
White	9953	933	9.4%	
ALL ⁴⁷	25503	3110	12.2%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 2.4 times more likely to receive a high-cost loan than whites. Latino homeowners were 2.5 times more likely to receive a high cost loan than whites.

Racial disparities persisted even among homeowners of the same income level.⁴⁸ In 2006, upper-income African-American homeowners were 2.7 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 3.0 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 2.3 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 2.1 times more likely to receive a high-cost loan than middle-income whites.

Moderate-income African-Americans were 2.7 times more likely to receive a high-cost refinance loan than moderate-income whites, while moderate-income Latinos were 1.8 times more likely to receive a high-cost refinance loan than moderate-income whites.

Low-income Latinos were 2.4 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	8.2%	19.4%	--	2.4	--
Moderate Income	8.3%	15.1%	22.7%	1.8	2.7
Middle Income	9.9%	20.4%	23.0%	2.1	2.3
Upper Income	9.5%	28.2%	25.6%	3.0	2.7

⁴⁷ The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

⁴⁸ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$115,549 for the San Jose-Sunnyvale-Santa Clara metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$48,550; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$48,550 and \$77,680; middle-income borrowers have incomes 80-119% of median income, or between \$77,680 and \$115,549.

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 3.3% of the high-cost refinance loans but only 1.6% of the prime refinance loans. Latinos received 35.8% of the high-cost loans originated but a smaller 16.2% of the prime loans originated. In contrast, whites received 40.3% of all prime loans originated which is greater than their 30.0% share of all high-cost loans originated. African-Americans represent 2.6% of the population in the metropolitan area while Latinos represent 24.7% of the population⁴⁹.

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	2.6%	1.6%	3.3%
Latino	24.7%	16.2%	35.8%
White	44.9%	40.3%	30.0%



High-cost Home Purchase Loans⁵⁰

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.

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 31.7%, or nearly one out of three, home purchase loans received by African-Americans were high-cost loans and 47.0%, or almost one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 8.5%, or about one out of twelve, home purchase loans received by whites were high-cost loans.

⁴⁹ 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.

⁵⁰ 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.



Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	205	65	31.7%	3.7
Latino	3306	1554	47.0%	5.5
White	5444	461	8.5%	
ALL	15481	2713	17.5%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 3.7 times as likely to receive a high-cost home purchase loan than whites while Latinos were 5.5 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 44.4% of the home purchase loans received by upper-income African-Americans and 48.1% of the home purchase loans received by upper-income Latinos, compared to only 8.6% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 5.2 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 5.6 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	6.3%	28.6%	33.3%	4.5	5.3
Moderate Income	2.9%	18.7%	0.0%	6.4	0.0
Middle Income	7.5%	47.0%	31.8%	6.3	4.2
Upper Income	8.6%	48.1%	44.4%	5.6	5.2

Middle-income African-Americans were 4.2 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 6.3 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income Latinos were 6.4 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 5.3 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos were 4.5 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 2.4% of all high-cost home purchase loans but only 1.1% of the prime home purchase loans. Latinos were issued 57.3% of all high-cost loans originated and 13.7% of the prime loans originated. In contrast, whites received 39.0% of the prime loans originated which is greater than their 17.0% share of the high-cost loans originated. African-Americans represent 2.6% of the population in the metropolitan area while Latinos represent 24.7% of the population.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	2.6%	1.1%	2.4%
Latino	24.7%	13.7%	57.3%
White	44.9%	39.0%	17.0%

Methodology

The data for the San Jose-Sunnyvale-Santa Clara metropolitan area includes San Benito, Santa Clara 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) for the complete list of lenders, analysis of national data comparisons of different metropolitan areas as well as recommendations.



Santa Ana- Anaheim-Irvine Metropolitan Area

Homeowners of all races in the metropolitan area have a low incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, more than one in seven loans, or 15.4%, was a high-cost loan. When buying a home, borrowers of all races have a moderate incidence of receiving a high-cost home purchase loan. About one in five home purchase loans in the metropolitan area, or 20.5%, 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 Santa Ana- Anaheim-Irvine 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 Loans⁵¹

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.

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 24.3% or about one out of four, home refinance loans made to African-Americans were high-cost loans and, 28.6%, or more than one out of four, home refinance loans made to Latinos were high-cost loans. In contrast, only 11.4%, or one out of nine, home refinance loans made to whites were high-cost loans.

⁵¹ 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	490	119	24.3%	2.1
Latino	7309	2088	28.6%	2.5
White	19889	2274	11.4%	
ALL ⁵²	38308	5884	15.4%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 2.1 times more likely to receive a high-cost loan than whites. Latino homeowners were 2.5 times more likely to receive a high cost loan than whites.

Racial disparities persisted even among homeowners of the same income level.⁵³ In 2006, upper-income African-American homeowners were 2.1 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 2.8 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 2.0 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 2.2 times more likely to receive a high-cost loan than middle-income whites.

Moderate-income African-Americans were 4.9 times more likely to receive a high-cost refinance loan than moderate-income whites, while moderate-income Latinos were 2.3 times more likely to receive a high-cost refinance loan than moderate-income whites.

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	7.6%	13.0%	--	1.7	--
Moderate Income	9.0%	20.8%	43.8%	2.3	4.9
Middle Income	11.2%	24.7%	22.6%	2.2	2.0
Upper Income	11.9%	32.8%	24.5%	2.8	2.1

⁵² The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

⁵³ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$93,177 for the Santa Ana- Anaheim-Irvine metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$39,150; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$39,150 and \$62,640; middle-income borrowers have incomes 80-119% of median income, or between \$62,640 and \$93,177.

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 2.0% of the high-cost refinance loans but only 1.1% of the prime refinance loans. Latinos received 35.5% of the high-cost loans originated but a smaller 16.1% of the prime loans originated. In contrast, whites received 54.3% of all prime loans originated which is greater than their 38.6% share of all high-cost loans originated. African-Americans represent 1.5% of the population in the metropolitan area while Latinos represent 30.8% of the population⁵⁴.

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	1.5%	1.1%	2.0%
Latino	30.8%	16.1%	35.5%
White	51.3%	54.3%	38.6%



High-cost Home Purchase Loans⁵⁵

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.

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 34.5%, or more than one out of three, home purchase loans received by African-Americans were high-cost loans and 50.8%, or about one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 10.6%, or about one out of nine, home purchase loans received by whites were high-cost loans.

⁵⁴ 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.

⁵⁵ 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.



Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	249	86	34.5%,	3.3
Latino	4532	2302	50.8%	4.8
White	10010	1057	10.6%,	
ALL	21163	4341	20.5%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 3.3 times as likely to receive a high-cost home purchase loan than whites while Latinos were 4.8 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 20.0% of the home purchase loans received by upper-income African-Americans and 53.5% of the home purchase loans received by upper-income Latinos, compared to only 11.4% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 1.8 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 4.7 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	3.1%	10.0%	--	3.2	--
Moderate Income	5.0%	25.6%	27.3%	5.1	5.5
Middle Income	8.7%	50.0%	23.1%	5.7	2.7
Upper Income	11.4%	53.5%	20.0%	4.7	1.8

Middle-income African-Americans were 2.7 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 5.7 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 5.5 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 5.1 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income Latinos were 3.2 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 2.0% of all high-cost home purchase loans but only 1.0% of the prime home purchase loans. Latinos were issued 53.0% of all high-cost loans originated and 13.3% of the prime loans originated. In contrast, whites received 53.2% of the prime loans originated which is greater than their 24.3% share of the high-cost loans originated. African-Americans represent 1.5% of the population in the metropolitan area while Latinos represent 30.8% of the population.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	1.5%	1.0%	2.0%
Latino	30.8%	13.3%	53.0%
White	51.3%	53.2%	24.3%

Methodology

The data for the Santa Ana- Anaheim-Irvine metropolitan area includes Orange 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.



Santa Cruz-Watsonville Metropolitan Area

Homeowners of all races in the metropolitan area have a low incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, nearly one in seven loans, or 13.0%, was a high-cost loan. When buying a home, borrowers of all races have a moderate incidence of receiving a high-cost home purchase loan. About one in six home purchase loans in the metropolitan area, or 17.1%, 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 Santa Cruz-Watsonville 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 Loans⁵⁶

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.

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 17.4% or more than one out of six, home refinance loans made to African-Americans were high-cost loans and, 21.2%, or more than one out of five, home refinance loans made to Latinos were high-cost loans. In contrast, only 10.9%, or about one out of nine, home refinance loans made to whites were high-cost loans.

⁵⁶ 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	23	4	17.4%	1.6
Latino	626	133	21.2%	1.9
White	2127	231	10.9%	
ALL ⁵⁷	3412	442	13.0%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 1.6 times more likely to receive a high-cost loan than whites. Latino homeowners were 1.9 times more likely to receive a high cost loan than whites.

Racial disparities persisted even among homeowners of the same income level.⁵⁸ In 2006, upper-income Latinos were 2.2 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 5.5 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 1.3 times more likely to receive a high-cost loan than middle-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	5.6%	--	---	--	---
Moderate Income	9.9%	7.7%	--	0.8	--
Middle Income	12.2%	15.7%	66.7%	1.3	5.5
Upper Income	11.1%	24.7%	11.8%	2.2	1.1

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 0.9% of the high-cost refinance loans but only 0.6% of the prime refinance

⁵⁷ The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

⁵⁸ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$89,369 for the Santa Cruz-Watsonville metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$37,550; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$37,550 and \$60,080; middle-income borrowers have incomes 80-119% of median income, or between \$60,080 and \$89,369.

loans. Latinos received 30.1% of the high-cost loans originated but a smaller 16.6% of the prime loans originated. In contrast, whites received 63.8% of all prime loans originated which is greater than their 52.3% share of all high-cost loans originated. African-Americans represent 1.0% of the population in the metropolitan area while Latinos represent 26.8% of the population⁵⁹.

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	1.0%	0.6%	0.9%
Latino	26.8%	16.6%	30.1%
White	75.1%	63.8%	52.3%



High-cost Home Purchase Loans⁶⁰

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.

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 66.7%, or more than one out of two, home purchase loans received by African-Americans were high-cost loans and 40.2%, or more than one out of three, home purchase loans received by Latinos were high-cost loans. In contrast, only 10.2%, or one out of ten, home purchase loans received by whites were high-cost loans.

⁵⁹ 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.

⁶⁰ 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.



Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	12	8	66.7%	6.5
Latino	348	140	40.2%	3.9
White	996	102	10.2%	
ALL	1587	272	17.1%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 6.5 times as likely to receive a high-cost home purchase loan than whites while Latinos were 3.9 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 25.0% of the home purchase loans received by upper-income Latinos, compared to only 12.5% of the home purchase loans to upper-income whites.

In comparative terms, upper-income Latinos were 2.0 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	--	--	--	---	---!
Moderate Income	--	9.1%	---	---	---
Middle Income	12.2%	11.8%	50.0%	1.0	4.1
Upper Income	12.5%	25.0%	---	2.0	---

Middle-income African-Americans were 4.1 times more likely than middle-income whites to be issued a high-cost home purchase loan.

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans were issued 2.9% of all high-cost home purchase loans but only 0.3% of the prime home purchase loans. Latinos were issued 51.5% of all high-cost loans originated and 15.8% of the prime loans originated. In contrast, whites received 68.0% of the prime loans originated which is greater than their 37.5% share of the high-cost loans originated. African-Americans represent 1.0% of the population in the metropolitan area while Latinos represent 26.8% 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%	0.3%	2.9%
Latino	26.8%	15.8%	51.5%
White	75.1%	68.0%	37.5%

Methodology

The data for the Santa Cruz-Watsonville metropolitan area includes Santa Cruz 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.



Stockton 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, nearly one in three loans, or 31.3%, was a high-cost loan. When buying a home, borrowers of all races have an extremely high incidence of receiving a high-cost home purchase loan. Nearly one in two home purchase loans in the metropolitan area, or 46.9%, 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 Stockton 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 Loans⁶¹

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.

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 48.6% or close to one out of two, home refinance loans made to African-Americans were high-cost loans and, 37.3%, or more than one out of three, home refinance loans made to Latinos were high-cost loans. In contrast, only 25.5%, or about one out of four, home refinance loans made to whites were high-cost loans.

⁶¹ 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	881	428	48.6%	1.9
Latino	3248	1213	37.3%	1.5
White	4454	1136	25.5%	
ALL ⁶²	12219	3820	31.3%	

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 1.5 times more likely to receive a high cost loan than whites.

Racial disparities persisted even among homeowners of the same income level.⁶³ 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 1.5 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 1.8 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 1.4 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 1.2 times more likely to receive a high-cost refinance loan than moderate-income whites.

Low- Latinos were 1.2 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	24.6%	29.8%	27.3%	1.2	1.1
Moderate Income	21.9%	27.2%	40.9%	1.2	1.9
Middle Income	25.1%	34.9%	45.0%	1.4	1.8
Upper Income	26.5%	40.5%	51.1%	1.5	1.9

⁶² The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

⁶³ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$67,949 for the Stockton metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$28,550; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$28,550 and \$45,680; middle-income borrowers have incomes 80-119% of median income, or between \$45,680 and \$67,949.

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 11.2% of the high-cost refinance loans but only 5.4% of the prime refinance loans. Latinos received 31.8% of the high-cost loans originated but a smaller 24.2% of the prime loans originated. In contrast, whites received 39.5% of all prime loans originated which is greater than their 29.7% share of all high-cost loans originated. African-Americans represent 6.4% of the population in the metropolitan area while Latinos represent 30.5% of the population⁶⁴.

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	6.4%	5.4%	11.2%
Latino	30.5%	24.2%	31.8%
White	47.4%	39.5%	29.7%



High-cost Home Purchase Loans⁶⁵

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.

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 66.8%, or more than one out of two, home purchase loans received by African-Americans were high-cost loans and 59.3%, or more than one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 30.9%, or less than one out of three, home purchase loans received by whites were high-cost loans.

⁶⁴ 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.

⁶⁵ 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.



Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	431	288	66.8%	2.2
Latino	2183	1295	59.3%	1.9
White	1603	495	30.9%	
ALL	5797	2720	46.9%	

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 1.9 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 76.9% of the home purchase loans received by upper-income African-Americans and 57.6% of the home purchase loans received by upper-income Latinos, compared to only 31.4% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 2.4 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 1.8 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	10.0%	0.0%	100.0%	0.0	10.0
Moderate Income	10.8%	13.3%	30.0%	1.2	2.8
Middle Income	25.3%	48.0%	80.8%	1.9	3.2
Upper Income	31.4%	57.6%	76.9%	1.8	2.4

Middle-income African-Americans were 3.2 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 1.9 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 2.8 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 1.2 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 10.0 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 10.6% of all high-cost home purchase loans but only 4.6% of the prime home purchase loans. Latinos were issued 47.6% of all high-cost loans originated and 28.9% of the prime loans originated. In contrast, whites received 36.0% of the prime loans originated which is greater than their 18.2% share of the high-cost loans originated. African-Americans represent 6.4% of the population in the metropolitan area while Latinos represent 30.5% 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	6.4%	4.6%	10.6%
Latino	30.5%	28.9%	47.6%
White	47.4%	36.0%	18.2%

Methodology

The data for the Stockton metropolitan area includes San Joaquin 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.