



Colorado Springs Metropolitan Area

Homeowners of all races in the metropolitan area have a very high incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, almost one in three loans, or 32.6%, 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. Almost one in five home purchase loans in the metropolitan area, or 19.1%, 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 Colorado Springs area, we examine data for the area concerning refinance loans, including the disparities in the issuance of high-cost loans by race and income, and the data concerning purchase loans including the disparities in the issuance of high-cost loans by race and income.



High-cost Refinance Loans¹

For refinance loans, our findings show that in 2006:

1. High-cost loans made up a significant proportion of the home refinance loans made to minorities.
2. Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing.
3. Racial disparities persisted even among homeowners of the same income level.
4. Minorities received a greater proportion of high-cost loans than they received of prime loans.
5. 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, 49.0% or almost one out of two, home refinance loans made to African-Americans were high-cost loans and, 46.4%, or almost one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 30.3%, or almost one out of three, 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	337	165	49.0%	1.6
Latino	586	272	46.4%	1.5
White	5305	1610	30.3%	
ALL ²	7140	2325	32.6%	

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

Racial disparities persisted even among homeowners of the same income level.³ In 2006, upper-income African-American homeowners were 1.8 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 1.6 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 1.6 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 1.6 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 1.8 times more likely to receive a high-cost refinance loan than low-income whites, while low-income Latinos were 1.9 times more likely to receive a high-cost loan than low-income whites.

High-cost Loans as a Percentage of Refinance Loans By Borrower Race and Ethnicity Among Income Levels 2006					
Borrower Income Level	White	Latino	African-American	Disparity Compared to White	
				Latino	African-American
Low Income	29.4%	57.1%	53.3%	1.9	1.8
Moderate Income	33.1%	45.3%	52.1%	1.4	1.6
Middle Income	35.8%	49.7%	58.2%	1.4	1.6
Upper Income	28.2%	46.3%	51.3%	1.6	1.8

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 \$75,089 for the Colorado Springs metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$31,550; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$31,550 and \$50,480; middle-income borrowers have incomes 80-119% of median income, or between \$50,480 and \$75,089.

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 7.1% of the high-cost refinance loans but only 3.6% of the prime refinance loans. Latinos received 11.7% of the high-cost loans originated but a smaller 6.5% of the prime loans originated. In contrast, whites received 76.7% of all prime loans originated which is greater than their 69.2% share of all high-cost loans originated. African-Americans represent 6.1% of the population in the metropolitan area while Latinos represent 11.0% of the population⁴.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	6.1%	3.6%	7.1%
Latino	11.0%	6.5%	11.7%
White	77.0%	76.7%	69.2%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 35.2%, or more than one out of three, refinance loans made to low-income homeowners were high-cost loans, as were 37.1%, or more than one out of every three, refinances made to moderate-income homeowners and 38.0% or more than one of three loans to middle-income homeowners. In contrast, only 29.7%, or almost one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	324	114	35.2%
Moderate-Income	1270	471	37.1%
Middle-Income	1969	748	38.0%
Upper-Income	3131	929	29.7%

In comparative terms, low-income homeowners were 1.2 times more likely to receive a high-cost loan than upper-income homeowners and moderate-income homeowners were 1.2 times more likely to receive a high-cost loan.

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



High-cost Home Purchase Loans⁵

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

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

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 41.6%, or almost one out of two, home purchase loans received by African-Americans were high-cost loans and 33.8%, or one out of three, home purchase loans received by Latinos were high-cost loans. In contrast, only 16.4%, or one out of six, home purchase loans received by whites were high-cost loans.

Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	226	94	41.6%	2.5
Latino	515	174	33.8%	2.1
White	4978	816	16.4%	
ALL	6330	1208	19.1%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 2.5 times as likely to receive a high-cost home purchase loan than whites while Latinos were 2.1 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 51.9% of the home purchase loans received by upper-income African-Americans and 35.1% of the home purchase loans received by upper-income Latinos, compared to only 17.1% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 3.0 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 2.1 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

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

High-cost Loans as a Percentage of All Home Purchase Loans by Borrower Race and Ethnicity Among Income Levels 2006					
	White	Latino	African- American	Disparity Compared to White	
				Latino	African- American
Low Income	20.8%	14.3%	53.8%	0.7	2.6
Moderate Income	18.9%	44.2%	42.4%	2.3	2.2
Middle Income	17.1%	35.8%	43.1%	2.1	2.5
Upper Income	17.1%	35.1%	51.9%	2.1	3.0

Middle-income African-Americans were 2.5 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 2.1 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 2.2 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 2.3 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 2.6 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 7.8% of all high-cost home purchase loans but only 2.6% of the prime home purchase loans. Latinos were issued 14.4% of all high-cost loans originated and 6.7% of the prime loans originated. In contrast, whites received 81.3% of the prime loans originated which is greater than their 67.5% share of the high-cost loans originated. African-Americans represent 6.1% of the population in the metropolitan area while Latinos represent 11.0% 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	6.1%	2.6%	7.8%
Latino	11.0%	6.7%	14.4%
White	77.0%	81.3%	67.5%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 22.6% of the loans received by low-income homebuyers were high-

cost loans, or about almost one out of four loans. 23% of the loans received by moderate-income homebuyers, and 20.7% loans to middle-income homeowners were high-cost loans. In comparison, only 16.2% of loans made to upper-income homebuyers were high-cost loans.

High-cost Lender Share of Home Purchase Loans by Borrower Income Level 2006			
	High-cost Loans	All Loans	% High-cost
Low Income	65	287	22.6%
Moderate Income	292	1261	23%
Middle Income	333	1612	20.7%
Upper Income	481	2969	16.2%

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

Methodology

The data for the Colorado Springs metropolitan area includes El Paso, Teller 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.



Denver-Aurora 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, more than one in four loans, or 27.6%, 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. close to one in four home purchase loans in the metropolitan area, or 22.6%, 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 Denver-Aurora 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, 40.7% or more than one out of three, home refinance loans made to African-Americans were high-cost loans and, 42.0%, or close to one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 24.8%, or about one out of four, home refinance loans made to whites were high-cost loans.

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

REFINANCE LOANS BY BORROWER RACE AND ETHNICITY 2006				
Race/Ethnicity	# Refinance Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	1158	471	40.7%	1.6
Latino	3808	1599	42.0%	1.7
White	21267	5271	24.8%	
ALL ⁷	29629	8180	27.6%	

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

Racial disparities persisted even among homeowners of the same income level.⁸ In 2006, upper-income African-American homeowners were 1.6 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 1.8 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 1.5 times more likely to receive a high-cost loan than middle-income whites.

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

Low-income African-Americans were 1.7 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	22.9%	39.9%	40.0%	1.7	1.7
Moderate Income	27.9%	46.8%	48.6%	1.7	1.7
Middle Income	27.6%	41.5%	44.4%	1.5	1.6
Upper Income	23.5%	41.5%	38.6%	1.8	1.6

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 \$84,847 for the Denver-Aurora metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$35,650; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$35,650 and \$57,040; middle-income borrowers have incomes 80-119% of median income, or between \$57,040 and \$84,847.

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 5.8% of the high-cost refinance loans but only 3.2% of the prime refinance loans. Latinos received 19.5% of the high-cost loans originated but a smaller 10.3% of the prime loans originated. In contrast, whites received 74.6% of all prime loans originated which is greater than their 64.4% share of all high-cost loans originated. African-Americans represent 5.2% of the population in the metropolitan area while Latinos represent 18.4% of the population⁹.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	5.2%	3.2%	5.8%
Latino	18.4%	10.3%	19.5%
White	71.1%	74.6%	64.4%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 33.7%, or about one out of every three, refinance loans made to moderate-income homeowners were high cost loans as were 30.3% or nearly one of three loans to middle-income homeowners. In contrast, only 24.9%, or about one out of every four, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	1232	347	28.2%
Moderate-Income	5681	1914	33.7%
Middle-Income	8236	2492	30.3%
Upper-Income	12682	3159	24.9%

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

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, 55.8%, or more than one out of two, home purchase loans received by African-Americans were high-cost loans and 47.2%, or almost one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 17.9%, or over 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	898	501	55.8%	3.1
Latino	2621	1237	47.2%	2.6
White	17921	3207	17.9%	
ALL	24293	5501	22.6%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 3.1 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 51.4% of the home purchase loans received by upper-income African-Americans and 44.9% of the home purchase loans received by upper-income Latinos, compared to only 18.6% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 2.8 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 2.4 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	20.3%	47.0%	50.0%	2.3	2.5
Moderate Income	21.5%	51.2%	60.9%	2.4	2.8
Middle Income	20.2%	48.4%	49.6%	2.4	2.5
Upper Income	18.6%	44.9%	51.4%	2.4	2.8

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

Low-income African-Americans were 2.5 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos were 2.3 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 9.1% of all high-cost home purchase loans but only 2.1% of the prime home purchase loans. Latinos were issued 22.5% of all high-cost loans originated and 7.4% of the prime loans originated. In contrast, whites received 78.3% of the prime loans originated which is greater than their 58.3% share of the high-cost loans originated. African-Americans represent 5.2% of the population in the metropolitan area while Latinos represent 18.4% 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	5.2%	2.1%	9.1%
Latino	18.4%	7.4%	22.5%
White	71.1%	78.3%	58.3%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 27.7% of the loans received by low-income homebuyers were high-

cost loans, or more than than one out of four loans. 29% of the loans received by moderate-income homebuyers, and 25.0% loans to middle-income homeowners were high-cost loans. In comparison, only 17.7% 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	329	1187	27.7%
Moderate Income	1495	5114	29%
Middle Income	1553	6211	25.0%
Upper Income	1952	11021	17.7%

In comparative terms, low-income homebuyers were 1.6 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 Denver-Aurora metropolitan area includes Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, Park 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.

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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.