



Cedar Rapids 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 37.0%, 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. Nearly one in five home purchase loans in the metropolitan area, or 18.8%, were high-cost loans.

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

In this summary of lending in the Cedar Rapids 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, 51.9% or more than one out of every two, home refinance loans made to African-Americans were high-cost loans and, 50.0%, or one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 36.6%, or less than two out of every five, 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	27	14	51.9%	1.4
Latino	16	8	50.0%	1.4
White	1418	519	36.6%	
ALL ²	1564	579	37.0%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 1.4 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.³ In 2006, upper-income African-American homeowners were 1.3 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 1.3 times more likely to receive a high-cost loan than upper-income whites.

Moderate-income African-Americans were 1.2 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-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 1.3 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	49.5%	66.7%	88.9%	1.3	1.8
Moderate Income	41.8%	50.0%	50.0%	1.2	1.2
Middle Income	38.0%	33.3%	0.0%	0.9	0.0
Upper Income	25.5%	33.3%	33.3%	1.3	1.3

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 \$77,588 for the Cedar Rapids metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$32,600; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$32,600 and \$52,160; middle-income borrowers have incomes 80-119% of median income, or between \$52,160 and \$77,588.

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans received 2.4% of the high-cost refinance loans but only 1.3% of the prime refinance loans. Latinos received 1.4% of the high-cost loans originated but a smaller 0.8% of the prime loans originated. In contrast, whites received 91.3% of all prime loans originated which is greater than their 89.6% share of all high-cost loans originated. African-Americans represent 2.2% of the population in the metropolitan area while Latinos represent 1.3% of the population⁴.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	2.2%	1.3%	2.4%
Latino	1.3%	0.8%	1.4%
White	94.7%	91.3%	89.6%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 52.3%, or more than one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 42.1%, or two out of every five, refinances made to moderate-income homeowners and 37.2% or one of three loans to middle-income homeowners. In contrast, only 26.0%, or one out of every four, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	216	113	52.3%
Moderate-Income	425	179	42.1%
Middle-Income	443	165	37.2%
Upper-Income	431	112	26.0%

In comparative terms, low-income homeowners were 2.0 times more likely to receive a high-cost loan than upper-income homeowners and moderate-income homeowners were 1.6 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, 50.0%, or one out of two, home purchase loans received by African-Americans were high-cost loans and 41.9%, or two out of five, home purchase loans received by Latinos were high-cost loans. In contrast, only 17.8%, 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	34	17	50.0%	2.8
Latino	31	13	41.9%	2.4
White	1635	291	17.8%	
ALL	1861	350	18.8%	

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 as whites while Latinos were 2.4 times as likely to receive a high-cost loan as whites.

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 17.8% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 3.4 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 or 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	28.9%	62.5%	--	2.2	--
Moderate Income	23.6%	50.0%	36.4%	2.1	1.5
Middle Income	14.2%	33.3%	55.6%	2.3	3.9
Upper Income	17.8%	--	60.0%	--	3.4

Middle-income African-Americans were 3.9 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 2.3 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.

Low-income Latinos were 2.2 times more likely to be issued a high-cost home purchase loan than low-income whites.

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

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

African-Americans were issued 4.9% of all high-cost home purchase loans but only 1.1% of the prime home purchase loans. Latinos were issued 3.7% of all high-cost loans originated and 1.2% of the prime loans originated. In contrast, whites received 88.9% of the prime loans originated which is greater than their 83.1% share of the high-cost loans originated. African-Americans represent 2.2% of the population in the metropolitan area while Latinos represent 1.3% of the population.

Distribution of High-cost Home Purchase Loans by Borrower Race and Ethnicity 2006			
Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	2.2%	1.1%	4.9%
Latino	1.3%	1.2%	3.7%
White	94.7%	88.9%	83.1%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 30.2% of the loans received by low-income homebuyers were high-cost loans, or about one out of three loans. 25% of the loans received by moderate-income

homebuyers, and 15.1% loans to middle-income homeowners were high-cost loans. In comparison, only 7.7% 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	87	288	30.2%
Moderate Income	126	506	25%
Middle Income	76	504	15.1%
Upper Income	40	518	7.7%

In comparative terms, low-income homebuyers were 3.9 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 3.2 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Cedar Rapids metropolitan area includes Benton, Linn, Jones 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 and recommendations.



Davenport-Moline-Rock Island Metropolitan Area

Homeowners of all races in the metropolitan area have a extremely high incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, more than one in two loans, or 52.4%, 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. Close to one in three home purchase loans in the metropolitan area, or 29.4%, 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 point 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 Davenport-Moline-Rock Island 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, 76.2%, or three out of four, home refinance loans made to African-Americans were high-cost loans and, 64.5%, or almost one out of three, home refinance loans made to Latinos were high-cost loans. In contrast, only 51.8%, or one out of two, 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	84	64	76.2%	1.5
Latino	76	49	64.5%	1.2
White	1881	975	51.8%	
ALL ⁷	2231	1169	52.4%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 1.5 times more likely to receive a high-cost loan than whites. Latino homeowners were 1.2 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 1.3 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 1.2 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	60.9%	66.7%	87.5%	1.1	1.4
Moderate Income	58.5%	64.3%	72.0%	1.1	1.2
Middle Income	54.7%	71.4%	70.4%	1.3	1.3
Upper Income	41.9%	45.5%	85.7%	1.1	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 \$71,519 for the Davenport-Moline-Rock Island metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$30,050; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$30,050 and \$48,080; middle-income borrowers have incomes 80-119% of median income, or between \$48,080 and \$71,519.

Upper-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 5.5% of the high-cost refinance loans but only 1.9% of the prime refinance loans. Latinos received 4.2% of the high-cost loans originated but a smaller 2.5% of the prime loans originated. In contrast, whites received 85.3% of all prime loans originated which is greater than their 83.4% share of all high-cost loans originated. African-Americans represent 5.6% of the population in the metropolitan area while Latinos represent 5.6% of the population⁹.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	5.6%	1.9%	5.5%
Latino	5.6%	2.5%	4.2%
White	86.2%	85.3%	83.4%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 61.1%, or three out of five, refinance loans made to low-income homeowners were high-cost loans, as were 59.2%, or more than one out of every two, refinances made to moderate-income homeowners and 54.7% or more than one of two loans to middle-income homeowners. In contrast, only 42.9%, or only two out of five, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	306	187	61.1%
Moderate-Income	603	357	59.2%
Middle-Income	633	346	54.7%
Upper-Income	599	257	42.9%

In comparative terms, low-income homeowners were 1.4 times more likely to receive a high-cost loan than upper-income homeowners and moderate-income homeowners were 1.4 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 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, 55.4%, or more than one out of two, home purchase loans received by African-Americans were high-cost loans and 37.9%, or over one out of three, home purchase loans received by Latinos were high-cost loans. In contrast, only 28.7%, 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	65	36	55.4%	1.9
Latino	87	33	37.9%	1.3
White	1567	449	28.7%	
ALL	1867	548	29.4%	

Minority homebuyers were much more likely than white homebuyers to receive to receive a high-cost loan. African-American homebuyers were 1.9 times as likely to receive a high-cost home purchase loan than whites while Latinos were 1.3 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 50.0% of the home purchase loans received by upper-income African-Americans and 66.7% of the home purchase loans received by upper-income Latinos, compared to only 23.8% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 2.1 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 2.8 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	45.0%	37.5%	90.9%	0.8	2.0
Moderate Income	37.1%	35.5%	70.0%	1.0	1.9
Middle Income	26.6%	57.1%	34.8%	2.1	1.3
Upper Income	23.8%	66.7%	50.0%	2.8	2.1

Middle-income African-Americans were 1.3 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 1.9 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 2.0 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 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 6.6% of all high-cost home purchase loans but only 2.2% of the prime home purchase loans. Latinos were issued 6.0% of all high-cost loans originated and 4.1% of the prime loans originated. In contrast, whites received 84.8% of the prime loans originated which is greater than their 81.9% share of the high-cost loans originated. African-Americans represent 5.6% of the population in the metropolitan area while Latinos represent 5.6% 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	5.6%	2.2%	6.6%
Latino	5.6%	4.1%	6.0%
White	86.2%	84.8%	81.9%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 44.4% of the loans received by low-income homebuyers were high-cost loans, or about one out of two loans. 37% of the loans received by moderate-income homebuyers,

and 28.5% loans to middle-income homeowners were high-cost loans. In comparison, only 14.9% 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	122	275	44.4%
Moderate Income	184	494	37.2%
Middle Income	128	449	28.5%
Upper Income	91	610	14.9%

In comparative terms, low-income homebuyers were 3 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 2.5 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Davenport-Moline-Rock Island metropolitan area includes Henry, Mercer, Rock Island Counties in IL and Scott County in IA 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.



Des Moines 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, one in three loans, or 34.6%, 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. One in six home purchase loans in the metropolitan area, or 16.9%, 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 Des Moines area, we examine data for the area concerning refinance loans, including the disparities in the issuance of high-cost loans by race and income, and the data concerning purchase loans including the disparities in the issuance of high-cost loans by race and income.



High-cost Refinance Loans¹¹

For refinance loans, our findings show that in 2006:

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

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 65.8% or two out of three, home refinance loans made to African-Americans were high-cost loans and, 50.0%, or one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 33.1%, or one out of three, 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	117	77	65.8%	2.0
Latino	158	79	50.0%	1.5
White	4533	1500	33.1%	
ALL ¹²	5342	1849	34.6%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 2.0 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.¹³ In 2006, upper-income African-American homeowners were 2.0 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 1.7 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 2.2 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 1.5 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	49.1%	47.7%	77.3%	1.0	1.6
Moderate Income	40.8%	60.0%	69.7%	1.5	1.7
Middle Income	34.6%	53.3%	75.8%	1.5	2.2

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 \$80,563 for the Des Moines metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$33,850; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$33,850 and \$54,160; middle-income borrowers have incomes 80-119% of median income, or between \$54,160 and \$80,563.

Upper Income	24.6%	42.9%	50.0%	1.7	2.0
--------------	-------	-------	-------	-----	-----

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

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

African-Americans received 4.2% of the high-cost refinance loans but only 1.1% of the prime refinance loans. Latinos received 4.3% of the high-cost loans originated but a smaller 2.3% of the prime loans originated. In contrast, whites received 86.8% of all prime loans originated which is greater than their 81.1% share of all high-cost loans originated. African-Americans represent 3.9% of the population in the metropolitan area while Latinos represent 4.0% of the population¹⁴.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	3.9%	1.1%	4.2%
Latino	4.0%	2.3%	4.3%
White	88.5%	86.8%	81.1%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers.

In 2006, 49.8%, or one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 42.6%, or more than two of every five, refinances made to moderate-income homeowners and 36.4% or one of three loans to middle-income homeowners. In contrast, only 24.9%, or one out of every four, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	651	324	49.8%
Moderate-Income	1341	571	42.6%
Middle-Income	1496	545	36.4%
Upper-Income	1500	374	24.9%

In comparative terms, low-income homeowners were 2.0 times more likely to receive a high-cost loan than upper-income homeowners and moderate-income homeowners were 1.7 times more likely to receive a high-cost loan.

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



High-cost Home Purchase Loans¹⁵

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

1. High-cost loans made up a significant proportion of the home purchase loans made to minorities.
2. Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan.
3. The racial disparity persisted even among borrowers of the same income level.
4. Minorities received a greater portion of high-cost loans than they received of prime loans.
5. 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, 41.3%, or two out of five, home purchase loans received by African-Americans were high-cost loans and 28.4%, or more than one out of four, home purchase loans received by Latinos were high-cost loans. In contrast, only 15.5%, or less than one 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	138	57	41.3%	2.7
Latino	243	69	28.4%	1.8
White	5196	807	15.5%	
ALL	6105	1030	16.9%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 2.7 times as likely to receive a high-cost home purchase loan as whites while Latinos were 1.8 times as likely to receive a high-cost loan as whites.

The racial disparity persists even among borrowers of the same income level. High-cost loan were issued to 66.7% of the home purchase loans received by upper-income African-Americans, compared to only 11.9% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 5.6 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home..

¹⁵ Includes 1st lien conventional home purchase loans made to owner-occupied households and does not include loans made by manufactured lenders or 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	27.7%	30.2%	47.1%	1.1	1.7
Moderate Income	19.9%	36.5%	41.3%	1.8	2.1
Middle Income	13.8%	16.2%	50.0%	1.2	3.6
Upper Income	11.9%	--	66.7%	--	5.6

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

Moderate-income African-Americans were 2.1 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 1.8 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

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

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

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

African-Americans were issued 5.5% of all high-cost home purchase loans but only 1.6% of the prime home purchase loans. Latinos were issued 6.7% of all high-cost loans originated and 3.4% of the prime loans originated. In contrast, whites received 86.5% of the prime loans originated which is greater than their 78.3% share of the high-cost loans originated. African-Americans represent 3.9% of the population in the metropolitan area while Latinos represent 4.0% 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	3.9%	1.6%	5.5%
Latino	4.0%	3.4%	6.7%
White	88.5%	86.5%	78.3%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 28.8% of the loans received by low-income homebuyers were high-cost loans, or about one out of four loans. 21% of the loans received by moderate-income

homebuyers, and 15.3% loans to middle-income homeowners were high-cost loans. In comparison, only 9.4% of loans made to upper-income homebuyers were high-cost loans.

High-cost Lender Share of Home Purchase Loans by Borrower Income Level 2006			
	High-cost Loans	All Loans	% High-cost
Low Income	237	824	28.8%
Moderate Income	365	1716	21%
Middle Income	234	1532	15.3%
Upper Income	164	1753	9.4%

In comparative terms, low-income homebuyers were 3.1 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 2.3 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Des Moines metropolitan area includes Dallas, Guthrie, Madison, Polk, Warren 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 and recommendations.