



Topeka 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, two out of every five, or 39.8%, 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. One in five home purchase loans in the metropolitan area, or 20.3%, 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 Topeka 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, 60.3% or three out of five, home refinance loans made to African-Americans were high-cost loans and, 53.8%, or more than one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 37.5%, or less than two in 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	73	44	60.3%	1.6
Latino	52	28	53.8%	1.4
White	1052	395	37.5%	
ALL ²	1309	521	39.8%	

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 1.4 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 1.8 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 1.2 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 1.3 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, 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	38.8%	66.7%	75.0%	1.7	1.9
Moderate Income	39.9%	50.0%	60.0%	1.3	1.5
Middle Income	43.5%	56.3%	53.3%	1.3	1.2
Upper Income	33.6%	60.0%	60.0%	1.8	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 \$71,876 for the Topeka metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$30,200; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$30,200 and \$48,320; middle-income borrowers have incomes 80-119% of median income, or between \$48,320 and \$71,876.

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 8.4% of the high-cost refinance loans but only 3.7% of the prime refinance loans. Latinos received 5.4% of the high-cost loans originated but a smaller 3.0% of the prime loans originated. In contrast, whites received 83.4% of all prime loans originated, which is greater than their 75.8% share of all high-cost loans originated. African-Americans represent 6.7% of the population in the metropolitan area while Latinos represent 5.9% of the population⁴.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	6.7%	3.7%	8.4%
Latino	5.9%	3.0%	5.4%
White	83.5%	83.4%	75.8%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 45.9%, or about one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 42.4%, or two of every five, refinances made to moderate-income homeowners and 44.3% or almost one out of two loans to middle-income homeowners. In contrast, only 35.3%, or one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	135	62	45.9%
Moderate-Income	304	129	42.4%
Middle-Income	377	167	44.3%
Upper-Income	448	158	35.3%

In comparative terms, low-income homeowners were 1.3 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, 39.5%, or two out of five, home purchase loans received by African-Americans were high-cost loans and 26.9%, or more than one out of four, home purchase loans received by Latinos were high-cost loans. In contrast, only 19.6%, or one out of five, home purchase loans received by whites were high-cost loans.

Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	43	17	39.5%	2.0
Latino	93	25	26.9%	1.4
White	1534	300	19.6%	
ALL	1853	376	20.3%	

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 as 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 loans were issued to 40.0% of the home purchase loans received by upper-income African-Americans and 20.0% of the home purchase loans received by upper-income Latinos, compared to only 16.9% 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 1.2 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	25.1%	23.5%	45.5%	0.9	1.8
Moderate Income	19.0%	40.7%	50.0%	2.1	2.6
Middle Income	17.5%	15.4%	40.0%	0.9	2.3
Upper Income	16.9%	20.0%	40.0%	1.2	2.4

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

Moderate-income African-Americans were 2.6 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 African-Americans were 1.8 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 4.5% of all high-cost home purchase loans but only 1.8% of the prime home purchase loans. Latinos were issued 6.6% of all high-cost loans originated and 4.6% of the prime loans originated. In contrast, whites received 83.5% of the prime loans originated, which is greater than their 79.8% share of the high-cost loans originated. African-Americans represent 6.7% of the population in the metropolitan area while Latinos represent 5.9% of the population.

Distribution of High-cost Home Purchase Loans by Borrower Race and Ethnicity 2006			
Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	6.7%	1.8%	4.5%
Latino	5.9%	4.6%	6.6%
White	83.5%	83.5%	79.8%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 25.5% of the loans received by low-income homebuyers were high-cost loans, or one out of four loans. 21% of the loans received by moderate-income homebuyers, and 18.0% loans to middle-income homeowners were high-cost loans. In comparison, only 17.1% 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	85	333	25.5%
Moderate Income	116	554	21%
Middle Income	87	482	18.0%
Upper Income	79	461	17.1%

In comparative terms, low-income homebuyers were 1.5 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 1.2 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Topeka metropolitan area includes Jackson, Jefferson, Osage, Shawnee, Wabaunsee 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.



Wichita Metropolitan Area

Homeowners of all races in the metropolitan area have an extremely high incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, more than two in five, or 42.6%, 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. One in four home purchase loans in the metropolitan area, or 23.4%, 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 Wichita 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, 66.5% or two out of three, home refinance loans made to African-Americans were high-cost loans and, 44.3%, or almost one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 41.0%, or two out of five, 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	179	119	66.5%	1.6
Latino	176	78	44.3%	1.1
White	2424	995	41.0%	
ALL ⁷	3202	1363	42.6%	

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.

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.

Middle-income African-Americans were 1.5 times more likely than middle-income whites to receive a high-cost refinance loan.

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

Low-income African-Americans were 1.5 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	53.3%	51.4%	80.8%	1.0	1.5
Moderate Income	47.3%	50.0%	69.2%	1.1	1.5
Middle Income	43.9%	37.3%	64.8%	0.8	1.5
Upper Income	36.1%	40.6%	58.6%	1.1	1.6

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.

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 \$72,828 for the Wichita metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$30,600; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$30,600 and \$48,960; middle-income borrowers have incomes 80-119% of median income, or between \$48,960 and \$72,828.

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans received 8.7% of the high-cost refinance loans but only 3.3% of the prime refinance loans. Latinos received 5.7% of the high-cost loans originated and 5.3% of the prime loans originated. In contrast, whites received 77.7% of all prime loans originated, which is greater than their 73.0% share of all high-cost loans originated. African-Americans represent 7.4% of the population in the metropolitan area while Latinos represent 7.2% of the population⁹.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	7.4%	3.3%	8.7%
Latino	7.2%	5.3%	5.7%
White	79.7%	77.7%	73.0%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 54.8%, or more than one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 48.3%, or almost one of every two, refinances made to moderate-income homeowners and 44.4% or more than two of every five loans to middle-income homeowners. In contrast, only 38.1%, less than two of every five, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	341	187	54.8%
Moderate-Income	694	335	48.3%
Middle-Income	932	414	44.4%
Upper-Income	1051	400	38.1%

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 1.3 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, 44.9%, or about one out of two, home purchase loans received by African-Americans were high-cost loans and 34.2%, or one out of three, home purchase loans received by Latinos were high-cost loans. In contrast, only 20.5%, or one out of five, home purchase loans received by whites were high-cost loans.

Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	178	80	44.9%	2.2
Latino	333	114	34.2%	1.7
White	3437	703	20.5%	
ALL	4641	1087	23.4%	

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 1.7 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 loans were issued to 47.6% of the home purchase loans received by upper-income African-Americans and 39.1% of the home purchase loans received by upper-income Latinos, compared to only 16.5% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 2.9 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 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	33.8%	44.0%	42.4%	1.3	1.3
Moderate Income	22.4%	34.8%	53.7%	1.6	2.4
Middle Income	19.7%	31.1%	43.4%	1.6	2.2
Upper Income	16.5%	39.1%	47.6%	2.4	2.9

Middle-income African-Americans were 2.2 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 1.6 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 1.3 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.

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 7.4% of all high-cost home purchase loans but only 2.8% of the prime home purchase loans. Latinos were issued 10.5% of all high-cost loans originated and 6.2% of the prime loans originated. In contrast, whites received 76.9% of the prime loans originated, which is greater than their 64.7% share of the high-cost loans originated. African-Americans represent 7.4% of the population in the metropolitan area while Latinos represent 7.2% 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	7.4%	2.8%	7.4%
Latino	7.2%	6.2%	10.5%
White	79.7%	76.9%	64.7%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 36.8% of the loans received by low-income homebuyers were high-cost loans, or more than one out of three loans. 27% of the loans received by moderate-income

homebuyers, and 21.7% of loans to middle-income homeowners were high-cost loans. In comparison, only 15.7% 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	224	609	36.8%
Moderate Income	315	1172	27%
Middle Income	287	1321	21.7%
Upper Income	233	1482	15.7%

In comparative terms, low-income homebuyers were 2.3 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 1.7 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Wichita metropolitan area includes Butler, Harvey, Sedgwick, Sumner counties.

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

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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.