



## Detroit-Livonia-Dearborn 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, almost one in two loans, or 48.6%, was a high-cost loan. When buying a home, borrowers of all races have an extremely high incidence of receiving a high-cost home purchase loan. Almost two out of every three home purchase loans in the metropolitan area, or 63.7%, were high-cost loans.

For the purposes of this report high-cost loans are defined as loans originated with an Annual Percentage Rate (APR) of at least 3 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 Detroit-Livonia-Dearborn area, we examine data for the area concerning refinance loans, including the disparities in the issuance of high-cost loans by race and income, and the data concerning purchase loans including the disparities in the issuance of high-cost loans by race and income.



### High-cost Refinance Loans<sup>1</sup>

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**For refinance loans, our findings show that in 2006:**

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

**High-cost loans made up a significant proportion of the home refinance loans made to minorities.** In 2006, 72.4%, or almost three out of every four, home refinance loans made to African-Americans were high-cost loans and, 47.5%, or close to one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 35.6%, or one out of three, home refinance loans made to whites were high-cost loans.

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<sup>1</sup> Includes conventional 1<sup>st</sup> lien refinances and does not include government-backed refinance loans.

REFINANCE LOANS BY BORROWER RACE AND ETHNICITY 2006				
Race/Ethnicity	# Refinance Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	5999	4344	72.4%	2.0
Latino	486	231	47.5%	1.3
White	9437	3358	35.6%	
ALL <sup>2</sup>	17899	8698	48.6%	

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

**Racial disparities persisted even among homeowners of the same income level.<sup>3</sup>** In 2006, upper-income African-American homeowners were 2.1 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 1.5 times more likely to receive a high-cost loan than upper-income whites.

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

Moderate-income African-Americans were 1.8 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.

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	46.3%	52.8%	82.5%	1.1	1.8
Moderate Income	42.1%	51.6%	77.4%	1.2	1.8
Middle Income	38.4%	49.0%	72.0%	1.3	1.9
Upper Income	31.3%	45.4%	66.9%	1.5	2.1

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

<sup>3</sup> Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$67,473 for the Detroit-Livonia-Dearborn metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$28,350; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$28,350 and \$45,360; middle-income borrowers have incomes 80-119% of median income, or between \$45,360 and \$67,473.

Upper-income and middle-income African-Americans were more likely to receive a high-cost refinance loan than low-income whites.

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

African-Americans received 49.9% of the high-cost refinance loans but only 18.0% of the prime refinance loans. Latinos received 2.7% of the high-cost loans originated and 2.8% of the prime loans originated. In contrast, whites received 66.1% of all prime loans originated which is greater than their 38.6% share of all high-cost loans originated. African-Americans represent 41.9% of the population in the metropolitan area while Latinos represent 3.7% of the population<sup>4</sup>.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	41.9%	18.0%	49.9%
Latino	3.7%	2.8%	2.7%
White	49.9%	66.1%	38.6%

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

In 2006, 66.4%, or two out of every three, refinance loans made to low-income homeowners were high-cost loans, as were 58.6%, or over one out of every two, refinances made to moderate-income homeowners and 50.8% or one of two loans to middle-income homeowners. In contrast, only 39.6%, or one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	1520	1010	66.4%
Moderate-Income	3753	2201	58.6%
Middle-Income	4859	2468	50.8%
Upper-Income	6850	2711	39.6%

In comparative terms, low-income homeowners were 1.7 times more likely to receive a high-cost loan than upper-income homeowners and moderate-income homeowners were 1.5 times more likely to receive a high-cost loan.

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



## High-cost Home Purchase Loans<sup>5</sup>

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

1. High-cost loans made up a significant proportion of the home purchase loans made to minorities.
2. Minority homebuyers were much more likely than white homebuyers to receive 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, 87.0%, or almost nine out of ten, home purchase loans received by African-Americans were high-cost loans and 65.3%, or two out of three, home purchase loans received by Latinos were high-cost loans. In contrast, only 45.1%, or less than one out of two, 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	5280	4593	87.0%	1.9
Latino	475	310	65.3%	1.4
White	5720	2579	45.1%	
ALL	12402	7894	63.7%	

**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 1.4 times as likely to receive a high-cost loan.

**The racial disparity persists even among borrowers of the same income level.** High-cost loan were issued to 87.2% of the home purchase loans received by upper-income African-Americans and 64.2% of the home purchase loans received by upper-income Latinos, compared to only 46.2% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 1.9 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 1.4 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

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

High-cost Loans as a Percentage of All Home Purchase Loans by Borrower Race and Ethnicity Among Income Levels 2006					
	White	Latino	African- American	Disparity Compared to White	
				Latino	African- American
Low Income	47.7%	69.4%	88.8%	1.5	1.9
Moderate Income	52.6%	67.8%	90.4%	1.3	1.7
Middle Income	48.7%	66.4%	89.0%	1.4	1.8
Upper Income	46.2%	64.2%	87.2%	1.4	1.9

Middle-income African-Americans were 1.8 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 1.4 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 1.7 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 1.3 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 1.9 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos were 1.5 times more likely to be issued a high-cost home purchase loan than low-income whites.

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

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

African-Americans were issued 58.2% of all high-cost home purchase loans but only 15.2% of the prime home purchase loans. Latinos were issued 3.9% of all high-cost loans originated and 3.7% of the prime loans originated. In contrast, whites received 69.7% of the prime loans originated which is greater than their 32.7% share of the high-cost loans originated. African-Americans represent 41.9% of the population in the metropolitan area while Latinos represent 3.7% 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	41.9%	15.2%	58.2%
Latino	3.7%	3.7%	3.9%
White	49.9%	69.7%	32.7%

**Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers.** In 2006, 74.9% of the loans received by low-income homebuyers were high-cost loans, or about three out of four loans. 75% of the loans received by moderate-income homebuyers, and 67.1% loans to middle-income homeowners were high-cost loans. In comparison, only 51.9% of loans made to upper-income homebuyers were high-cost loans.

<b>High-cost Lender Share of Home Purchase Loans by Borrower Income Level 2006</b>			
	High-cost Loans	All Loans	% High-cost
Low Income	590	788	74.9%
Moderate Income	2350	3152	74.6%
Middle Income	2479	3692	67.1%
Upper Income	2311	4454	51.9%

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 Detroit-Livonia-Dearborn metropolitan area includes Wayne counties.

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

High-cost loans are defined as loans originated with an Annual Percentage Rate (APR) at least 3 points above the comparable rate on U.S. Treasury Securities. As such, HMDA regulations require that these loans include information on the difference or “rate spread” between the APR on the loan and the comparable Treasury Rate. Prime loans as counted in this report were loans where no rate spread was reported because the APR on that loan was less than 3 points above the comparable Treasury rate.

This report analyzed data on first liens and does not include government-backed loans (FHA, VA, FmHA).

HMDA data reports race in addition to ethnicity of the applicant. For this report, any borrower of Latino ethnicity is not included in a racial group but only in the Latino category. For example, a borrower of Latino ethnicity and white race is counted as Latino and not counted as white.

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



## Flint 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, close to one in two loans, or 42.6%, was a high-cost loan. When buying a home, borrowers of all races have an extremely high incidence of receiving a high-cost home purchase loan. One in two home purchase loans in the metropolitan area, or 50%, 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 Flint area, we examine data for the area concerning refinance loans, including the disparities in the issuance of high-cost loans by race and income, and the data concerning purchase loans including the disparities in the issuance of high-cost loans by race and income.



### High-cost Refinance Loans<sup>6</sup>

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**For refinance loans, our findings show that in 2006:**

1. High-cost loans made up a significant proportion of the home refinance loans made to minorities.
2. Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing.
3. Racial disparities persisted even among homeowners of the same income level.
4. Minorities received a greater proportion of high-cost loans than they received of prime loans.
5. 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, 70.5% or seven out of ten, home refinance loans made to African-Americans were high-cost loans and, 53.2%, or one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 37.3%, or one out of three, home refinance loans made to whites were high-cost loans.

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

REFINANCE LOANS BY BORROWER RACE AND ETHNICITY 2006				
Race/Ethnicity	# Refinance Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	529	373	70.5%	1.9
Latino	62	33	53.2%	1.4
White	2872	1072	37.3%	
ALL <sup>7</sup>	3779	1610	42.6%	

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

**Racial disparities persisted even among homeowners of the same income level.<sup>8</sup>** In 2006, upper-income African-American homeowners were 1.7 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 1.4 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 1.7 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 1.2 times more likely to receive a high-cost loan than middle-income whites.

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

High-cost Loans as a Percentage of Refinance Loans By Borrower Race and Ethnicity Among Income Levels 2006					
Borrower Income Level	White	Latino	African-American	Disparity Compared to White	
				Latino	African-American
Low Income	53.4%	75.0%	85.7%	1.4	1.6
Moderate Income	45.1%	83.3%	80.5%	1.8	1.8
Middle Income	36.6%	42.1%	63.3%	1.2	1.7
Upper Income	33.1%	46.2%	57.2%	1.4	1.7

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

<sup>8</sup> Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$68,782 for the Flint metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$28,900; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$28,900 and \$46,240; middle-income borrowers have incomes 80-119% of median income, or between \$46,240 and \$68,782.

**Minorities received a greater proportion of high-cost loans than they received of prime loans.** African-Americans received 23.2% of the high-cost refinance loans but only 7.2% of the prime refinance loans. Latinos received 2.0% of the high-cost loans originated but a smaller 1.3% of the prime loans originated. In contrast, whites received 83.0% of all prime loans originated which is greater than their 66.6% share of all high-cost loans originated. African-Americans represent 20.4% of the population in the metropolitan area while Latinos represent 2.3% of the population<sup>9</sup>.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	20.4%	7.2%	23.2%
Latino	2.3%	1.3%	2.0%
White	75.3%	83.0%	66.6%

**Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers.** In 2006, 63.0%, or almost two out of three, refinance loans made to low-income homeowners were high-cost loans, as were 53.9%, or more than one out of every two, refinances made to moderate-income homeowners and 40.2% or two out of five loans to middle-income homeowners. In contrast, only 35.6%, or about one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	305	192	63.0%
Moderate-Income	842	454	53.9%
Middle-Income	1058	425	40.2%
Upper-Income	1409	501	35.6%

In comparative terms, low-income homeowners were 1.8 times more likely to receive a high-cost loan than upper-income homeowners and moderate-income homeowners were 1.5 times more likely to receive a high-cost loan.

<sup>9</sup> 2000 Census data based on the counties that are included in the metropolitan area. See methodology section for a list of counties included for this metropolitan area.



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

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

1. High-cost loans made up a significant proportion of the home purchase loans made to minorities.
2. Minority homebuyers were much more likely than white homebuyers to receive 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, 68.8%, or over two out of every three, home purchase loans received by African-Americans were high-cost loans and 62.5%, or more than three out of five, home purchase loans received by Latinos were high-cost loans. In contrast, only 46.1%, or less than one out of two, 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	337	232	68.8%,	1.5
Latino	24	15	62.5%	1.4
White	1567	722	46.1%,	
ALL	2062	1030	50.0%	

**Minority homebuyers were much more likely than white homebuyers to receive to receive a high-cost loan.** African-American homebuyers were 1.5 times as likely to receive a high-cost home purchase loan than whites while Latinos were 1.4 times as likely to receive a high-cost loan.

**The racial disparity persists even among borrowers of the same income level.** High-cost loan were issued to 63.9% of the home purchase loans received by upper-income African-Americans compared to only 42.5% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 1.5 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

<sup>10</sup> Includes 1<sup>st</sup> lien conventional home purchase loans made to owner-occupied households and does not include loans made by manufactured lenders nor government-backed loans.

<b>High-cost Loans as a Percentage of All Home Purchase Loans by Borrower Race and Ethnicity Among Income Levels 2006</b>					
	<b>White</b>	<b>Latino</b>	<b>African- American</b>	<b>Disparity Compared to White</b>	
				Latino	African- American
Low Income	58.3%	80.0%	77.2%	1.4	1.3
Moderate Income	51.0%	80.0%	73.1%	1.6	1.4
Middle Income	46.1%	50.0%	64.2%	1.1	1.4
Upper Income	42.5%	--	63.9%	--	1.5

Middle-income African-Americans were 1.4 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 1.1 times more likely to be issued a high-cost purchase loan than middle-income whites.

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

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

African-Americans were issued 22.5% of all high-cost home purchase loans but only 10.2% of the prime home purchase loans. Latinos were issued 1.5% of all high-cost loans originated and 0.9% of the prime loans originated. In contrast, whites received 81.9% of the prime loans originated which is greater than their 70.1% share of the high-cost loans originated. African-Americans represent 20.4% of the population in the metropolitan area while Latinos represent 2.3% of the population.

<b>Distribution of High-cost Home Purchase Loans by Borrower Race and Ethnicity 2006</b>			
<b>Race/Ethnicity</b>	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	20.4%	10.2%	22.5%
Latino	2.3%	0.9%	1.5%
White	75.3%	81.9%	70.1%

**Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers.** In 2006, 64.8% of the loans received by low-income homebuyers were high-cost loans, or about two out of three loans. 56% of the loans received by moderate-income homebuyers, and 49.3% loans to middle-income homeowners were high-cost loans. In comparison, only 41.1% of loans made to upper-income homebuyers were high-cost loans.

<b>High-cost Lender Share of Home Purchase Loans by Borrower Income Level 2006</b>			
	High-cost Loans	All Loans	% High-cost
Low Income	129	199	64.8%
Moderate Income	326	578	56.4%
Middle Income	257	521	49.3%
Upper Income	289	704	41.1%

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 1.4 times more likely to receive a high-cost loan than upper-income homebuyers.

### **Methodology**

The data for the Flint metropolitan area includes Genesee counties.

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

High-cost loans are defined as loans originated with an Annual Percentage Rate (APR) at least 3 points above the comparable rate on U.S. Treasury Securities. As such, HMDA regulations require that these loans include information on the difference or "rate spread" between the APR on the loan and the comparable Treasury Rate. Prime loans as counted in this report were loans where no rate spread was reported because the APR on that loan was less than 3 points above the comparable Treasury rate.

This report analyzed data on first liens and does not include government-backed loans (FHA, VA, FmHA).

HMDA data reports race in addition to ethnicity of the applicant. For this report, any borrower of Latino ethnicity is not included in a racial group but only in the Latino category. For example, a borrower of Latino ethnicity and white race is counted as Latino and not counted as white.

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



## Grand Rapids-Wyoming 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 39.7%, was a high-cost loan. When buying a home, borrowers of all races have a very high incidence of receiving a high-cost home purchase loan. One in three home purchase loans in the metropolitan area, or 33.2%, 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 Grand Rapids-Wyoming area, we examine data for the area concerning refinance loans, including the disparities in the issuance of high-cost loans by race and income, and the data concerning purchase loans including the disparities in the issuance of high-cost loans by race and income.



### High-cost Refinance Loans<sup>11</sup>

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**For refinance loans, our findings show that in 2006:**

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

**High-cost loans made up a significant proportion of the home refinance loans made to minorities.** In 2006, 66.4% or two out of three, home refinance loans made to African-Americans were high-cost loans and, 52.6%, or one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 37.7%, or one out of three, home refinance loans made to whites were high-cost loans.

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<sup>11</sup> Includes conventional 1<sup>st</sup> lien refinances and does not include government-backed refinance loans.

REFINANCE LOANS BY BORROWER RACE AND ETHNICITY 2006				
Race/Ethnicity	# Refinance Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	402	267	66.4%	1.8
Latino	247	130	52.6%	1.4
White	4794	1807	37.7%	
ALL <sup>12</sup>	6030	2394	39.7%	

**Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing.** In relative terms, African-Americans were 1.8 times more likely to receive a high-cost loan than whites. Latino homeowners were 1.4 times more likely to receive a high cost loan than whites.

**Racial disparities persisted even among homeowners of the same income level.<sup>13</sup>** 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 1.5 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 1.5 times more likely to receive a high-cost refinance loan than moderate-income whites, while moderate-income Latinos were 1.4 times more likely to receive a high-cost refinance loan than moderate-income whites.

Low-income African-Americans were 1.6 times more likely to receive a high-cost refinance loan than low-income whites.

High-cost Loans as a Percentage of Refinance Loans By Borrower Race and Ethnicity Among Income Levels 2006					
Borrower Income Level	White	Latino	African-American	Disparity Compared to White	
				Latino	African-American
Low Income	49.9%	50.0%	78.5%	1.0	1.6
Moderate Income	43.9%	61.0%	66.7%	1.4	1.5
Middle Income	40.8%	57.1%	67.3%	1.4	1.6
Upper Income	28.6%	42.1%	57.5%	1.5	2.0

<sup>12</sup> The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

<sup>13</sup> Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$73,185 for the Grand Rapids-Wyoming metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$30,750; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$30,750 and \$49,200; middle-income borrowers have incomes 80-119% of median income, or between \$49,200 and \$73,185.

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 11.2% 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 3.2% of the prime loans originated. In contrast, whites received 82.2% of all prime loans originated which is greater than their 75.5% share of all high-cost loans originated. African-Americans represent 7.2% of the population in the metropolitan area while Latinos represent 6.0% of the population<sup>14</sup>.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	7.2%	3.7%	11.2%
Latino	6.0%	3.2%	5.4%
White	83.5%	82.2%	75.5%

**Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers.** In 2006, 53.5%, or one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 46.7%, or almost one out of every two, refinances made to moderate-income homeowners and 41.8% or two out of five loans to middle-income homeowners. In contrast, only 29.5%, or less than one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	604	323	53.5%
Moderate-Income	1573	734	46.7%
Middle-Income	1774	742	41.8%
Upper-Income	1858	549	29.5%

In comparative terms, low-income homeowners were 1.8 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.

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



## High-cost Home Purchase Loans<sup>15</sup>

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

1. High-cost loans made up a significant proportion of the home purchase loans made to minorities.
2. Minority homebuyers were much more likely than white homebuyers to receive 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, 67.4%, or more than two out of three, home purchase loans received by African-Americans were high-cost loans and 43.4%, or about one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 28.9%, or less than one out of three, home purchase loans received by whites were high-cost loans.

Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	267	180	67.4%,	2.3
Latino	341	148	43.4%	1.5
White	2900	837	28.9%,	
ALL	3836	1272	33.2%	

**Minority homebuyers were much more likely than white homebuyers to receive to receive a high-cost loan.** African-American homebuyers were 2.3 times as likely to receive a high-cost home purchase loan than whites while Latinos were 1.5 times as likely to receive a high-cost loan.

**The racial disparity persists even among borrowers of the same income level.** High-cost loan were issued to 51.7% of the home purchase loans received by upper-income African-Americans and 42.9% of the home purchase loans received by upper-income Latinos, compared to only 23.6% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 2.2 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 1.8 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

<sup>15</sup> Includes 1<sup>st</sup> lien conventional home purchase loans made to owner-occupied households and does not include loans made by manufactured lenders nor government-backed loans.



High-cost Loans as a Percentage of All Home Purchase Loans by Borrower Race and Ethnicity Among Income Levels 2006					
	White	Latino	African- American	Disparity Compared to White	
				Latino	African- American
Low Income	37.5%	37.9%	66.7%	1.0	1.8
Moderate Income	34.0%	43.6%	74.5%	1.3	2.2
Middle Income	28.6%	48.0%	72.0%	1.7	2.5
Upper Income	23.6%	42.9%	51.7%	1.8	2.2

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

Moderate-income African-Americans were 2.2 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 1.3 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. Middle-income Latino homebuyers were more likely to receive a high-cost loan than low-income whites.

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

African-Americans were issued 14.2% of all high-cost home purchase loans but only 3.4% of the prime home purchase loans. Latinos were issued 11.6% of all high-cost loans originated and 7.5% of the prime loans originated. In contrast, whites received 80.5% of the prime loans originated which is greater than their 65.8% share of the high-cost loans originated. African-Americans represent 7.2% of the population in the metropolitan area while Latinos represent 6.0% 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	7.2%	3.4%	14.2%
Latino	6.0%	7.5%	11.6%
White	83.5%	80.5%	65.8%

**Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers.** In 2006, 40.9% of the loans received by low-income homebuyers were high-

cost loans, or about two out of five loans. 39% of the loans received by moderate-income homebuyers, and 32.8% loans to middle-income homeowners were high-cost loans. In comparison, only 25.8% of loans made to upper-income homebuyers were high-cost loans.

<b>High-cost Lender Share of Home Purchase Loans by Borrower Income Level 2006</b>			
	High-cost Loans	All Loans	% High-cost
Low Income	182	445	40.9%
Moderate Income	429	1107	39%
Middle Income	311	948	32.8%
Upper Income	328	1270	25.8%

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 1.5 times more likely to receive a high-cost loan than upper-income homebuyers.

**Methodology**

The data for the Grand Rapids-Wyoming metropolitan area includes Barry, Ionia, Kent, Newaygo counties.

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

High-cost loans are defined as loans originated with an Annual Percentage Rate (APR) at least 3 points above the comparable rate on U.S. Treasury Securities. As such, HMDA regulations require that these loans include information on the difference or “rate spread” between the APR on the loan and the comparable Treasury Rate. Prime loans as counted in this report were loans where no rate spread was reported because the APR on that loan was less than 3 points above the comparable Treasury rate.

This report analyzed data on first liens and does not include government-backed loans (FHA, VA, FmHA).

HMDA data reports race in addition to ethnicity of the applicant. For this report, any borrower of Latino ethnicity is not included in a racial group but only in the Latino category. For example, a borrower of Latino ethnicity and white race is counted as Latino and not counted as white.

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



## Lansing-East Lansing 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 38.1%, was a high-cost loan. When buying a home, borrowers of all races have a very high incidence of receiving a high-cost home purchase loan. One in three home purchase loans in the metropolitan area, or 36.0%, were high-cost loans.

For the purposes of this report high-cost loans are defined as loans originated with an Annual Percentage Rate (APR) of at least 3 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 Lansing-East Lansing area, we examine data for the area concerning refinance loans, including the disparities in the issuance of high-cost loans by race and income, and the data concerning purchase loans including the disparities in the issuance of high-cost loans by race and income.



### High-cost Refinance Loans<sup>16</sup>

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**For refinance loans, our findings show that in 2006:**

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

**High-cost loans made up a significant proportion of the home refinance loans made to minorities.** In 2006, 53.4% or over one out of two, home refinance loans made to African-Americans were high-cost loans and, 46.5%, or about one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 36.5%, or one out of three, home refinance loans made to whites were high-cost loans.

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<sup>16</sup> Includes conventional 1<sup>st</sup> lien refinances and does not include government-backed refinance loans.

REFINANCE LOANS BY BORROWER RACE AND ETHNICITY 2006				
Race/Ethnicity	# Refinance Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	268	143	53.4%	1.5
Latino	142	66	46.5%	1.3
White	3193	1167	36.5%	
ALL <sup>17</sup>	3975	1514	38.1%	

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

**Racial disparities persisted even among homeowners of the same income level.<sup>18</sup>** In 2006, upper-income African-American homeowners were 1.5 times more likely than upper-income white homeowners to receive a high-cost refinance loan.

Middle-income African-Americans were 1.6 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 1.3 times more likely to receive a high-cost loan than middle-income whites.

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

Low-income Latinos were 1.5 times more likely to receive a high-cost loan than low-income whites.

High-cost Loans as a Percentage of Refinance Loans By Borrower Race and Ethnicity Among Income Levels 2006					
Borrower Income Level	White	Latino	African-American	Disparity Compared to White	
				Latino	African-American
Low Income	46.6%	69.6%	50.0%	1.5	1.1
Moderate Income	45.4%	43.9%	56.9%	1.0	1.3
Middle Income	35.4%	45.7%	57.4%	1.3	1.6
Upper Income	29.7%	32.1%	45.3%	1.1	1.5

Middle-income African-Americans were more likely to receive a high-cost loan than low-income whites.

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

<sup>18</sup> Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$77,231 for the Lansing-East Lansing metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$32,450; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$32,450 and \$51,920; middle-income borrowers have incomes 80-119% of median income, or between \$51,920 and \$77,231.

**Minorities received a greater proportion of high-cost loans than they received of prime loans.** African-Americans received 9.4% of the high-cost refinance loans but only 5.1% of the prime refinance loans. Latinos received 4.4% of the high-cost loans originated but a smaller 3.1% of the prime loans originated. In contrast, whites received 82.3% of all prime loans originated which is greater than their 77.1% share of all high-cost loans originated. African-Americans represent 7.9% of the population in the metropolitan area while Latinos represent 4.7% of the population<sup>19</sup>.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	7.9%	5.1%	9.4%
Latino	4.7%	3.1%	4.4%
White	82.2%	82.3%	77.1%

**Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers.** In 2006, 48.2%, or almost one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 46.1%, or about one out of every two, refinances made to moderate-income homeowners and 37.6% or one of three loans to middle-income homeowners. In contrast, only 30.4%, or less than one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	419	202	48.2%
Moderate-Income	986	455	46.1%
Middle-Income	1253	471	37.6%
Upper-Income	1176	358	30.4%

In comparative terms, low-income homeowners were 1.6 times more likely to receive a high-cost loan than upper-income homeowners and moderate-income homeowners were 1.5 times more likely to receive a high-cost loan.

<sup>19</sup> 2000 Census data based on the counties that are included in the metropolitan area. See methodology section for a list of counties included for this metropolitan area.



## High-cost Home Purchase Loans<sup>20</sup>

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

1. High-cost loans made up a significant proportion of the home purchase loans made to minorities.
2. Minority homebuyers were much more likely than white homebuyers to receive 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, 68.6%, or over two out of three, home purchase loans received by African-Americans were high-cost loans and 46.0%, or about one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 32.9%, or less than one out of three, home purchase loans received by whites were high-cost loans.

Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	169	116	68.6%,	2.1
Latino	63	29	46.0%	1.4
White	1707	562	32.9%,	
ALL	2145	773	36.0%	

**Minority homebuyers were much more likely than white homebuyers to receive to receive a high-cost loan.** African-American homebuyers were 2.1 times as likely to receive a high-cost home purchase loan than whites while Latinos were 1.4 times as likely to receive a high-cost loan.

**The racial disparity persists even among borrowers of the same income level.** High-cost loan were issued to 80.0% of the home purchase loans received by upper-income African-Americans and 60.0% of the home purchase loans received by upper-income Latinos, compared to only 32.0% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 2.5 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 1.9 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

<sup>20</sup> Includes 1<sup>st</sup> lien conventional home purchase loans made to owner-occupied households and does not include loans made by manufactured lenders nor government-backed loans.



High-cost Loans as a Percentage of All Home Purchase Loans by Borrower Race and Ethnicity Among Income Levels 2006					
	White	Latino	African- American	Disparity Compared to White	
				Latino	African- American
Low Income	41.8%	71.4%	73.9%	1.7	1.8
Moderate Income	38.1%	38.5%	81.1%	1.0	2.1
Middle Income	32.9%	46.7%	63.4%	1.4	1.9
Upper Income	32.0%	60.0%	80.0%	1.9	2.5

Middle-income African-Americans were 1.9 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 1.4 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.

Low-income African-Americans were 1.8 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos 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. Upper-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 15.0% of all high-cost home purchase loans but only 3.9% of the prime home purchase loans. Latinos were issued 3.8% of all high-cost loans originated and 2.5% of the prime loans originated. In contrast, whites received 83.5% of the prime loans originated which is greater than their 72.7% share of the high-cost loans originated. African-Americans represent 7.9% of the population in the metropolitan area while Latinos represent 4.7% 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	7.9%	3.9%	15.0%
Latino	4.7%	2.5%	3.8%
White	82.2%	83.5%	72.7%

**Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers.** In 2006, 47.0% of the loans received by low-income homebuyers were high-

cost loans, or about one out of two loans. 42% of the loans received by moderate-income homebuyers, and 34.9% loans to middle-income homeowners were high-cost loans. In comparison, only 26.7% of loans made to upper-income homebuyers were high-cost loans.

<b>High-cost Lender Share of Home Purchase Loans by Borrower Income Level 2006</b>			
	High-cost Loans	All Loans	% High-cost
Low Income	101	215	47.0%
Moderate Income	260	615	42.3%
Middle Income	227	651	34.9%
Upper Income	166	621	26.7%

In comparative terms, low-income homebuyers were 1.8 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 1.6 times more likely to receive a high-cost loan than upper-income homebuyers.

**Methodology**

The data for the Lansing-East Lansing metropolitan area includes Clinton, Eaton, Ingham counties.

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

High-cost loans are defined as loans originated with an Annual Percentage Rate (APR) at least 3 points above the comparable rate on U.S. Treasury Securities. As such, HMDA regulations require that these loans include information on the difference or “rate spread” between the APR on the loan and the comparable Treasury Rate. Prime loans as counted in this report were loans where no rate spread was reported because the APR on that loan was less than 3 points above the comparable Treasury rate.

This report analyzed data on first liens and does not include government-backed loans (FHA, VA, FmHA).

HMDA data reports race in addition to ethnicity of the applicant. For this report, any borrower of Latino ethnicity is not included in a racial group but only in the Latino category. For example, a borrower of Latino ethnicity and white race is counted as Latino and not counted as white.

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



## Saginaw-Saginaw Township North 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, two out of five loans, or 42.0%, was a high-cost loan. When buying a home, borrowers of all races have a extremely high incidence of receiving a high-cost home purchase loan. Two out of five home purchase loans in the metropolitan area, or 41.6%, 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 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 Saginaw-Saginaw Township North area, we examine data for the area concerning refinance loans, including the disparities in the issuance of high-cost loans by race and income, and the data concerning purchase loans including the disparities in the issuance of high-cost loans by race and income.



### High-cost Refinance Loans<sup>21</sup>

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**For refinance loans, our findings show that in 2006:**

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

**High-cost loans made up a significant proportion of the home refinance loans made to minorities.** In 2006, 75.2%, or three out of four, home refinance loans made to African-Americans were high-cost loans and, 52.6%, or one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 37.0%, or one out of three, home refinance loans made to whites were high-cost loans.

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<sup>21</sup> Includes conventional 1<sup>st</sup> lien refinances and does not include government-backed refinance loans.

REFINANCE LOANS BY BORROWER RACE AND ETHNICITY 2006				
Race/Ethnicity	# Refinance Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	149	112	75.2%	2.0
Latino	57	30	52.6%	1.4
White	914	338	37.0%	
ALL <sup>22</sup>	1237	519	42.0%	

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

**Racial disparities persisted even among homeowners of the same income level.<sup>23</sup>** In 2006, upper-income African-American homeowners were 2.5 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 1.5 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 1.6 times more likely to receive a high-cost loan than middle-income whites.

Moderate-income African-Americans were 2.1 times more likely to receive a high-cost refinance loan than moderate-income whites, while moderate-income Latinos were 1.3 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	51.7%	44.4%	79.2%	0.9	1.5
Moderate Income	43.8%	55.6%	91.3%	1.3	2.1
Middle Income	42.3%	66.7%	67.6%	1.6	1.6
Upper Income	27.1%	40.0%	67.6%	1.5	2.5

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

<sup>23</sup> Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$64,022 for the Saginaw-Saginaw Township North metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$26,900; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$26,900 and \$43,040; middle-income borrowers have incomes 80-119% of median income, or between \$43,040 and \$64,022.

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

**Minorities received a greater proportion of high-cost loans than they received of prime loans.** African-Americans received 21.6% of the high-cost refinance loans but only 5.2% of the prime refinance loans. Latinos received 5.8% of the high-cost loans originated but a smaller 3.8% of the prime loans originated. In contrast, whites received 80.2% of all prime loans originated which is greater than their 65.1% share of all high-cost loans originated. African-Americans represent 18.4% of the population in the metropolitan area while Latinos represent 6.7% of the population<sup>24</sup>.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	18.4%	5.2%	21.6%
Latino	6.7%	3.8%	5.8%
White	72.4%	80.2%	65.1%

**Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers.** In 2006, 54.4%, or one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 52.1%, or one out of every two, refinances made to moderate-income homeowners and 46.5% or about one of two loans to middle-income homeowners. In contrast, only 30.7%, or less than one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	136	74	54.4%
Moderate-Income	267	139	52.1%
Middle-Income	331	154	46.5%
Upper-Income	456	140	30.7%

In comparative terms, low-income homeowners were 1.8 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.

<sup>24</sup> 2000 Census data based on the counties that are included in the metropolitan area. See methodology section for a list of counties included for this metropolitan area.



## High-cost Home Purchase Loans<sup>25</sup>

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

1. High-cost loans made up a significant proportion of the home purchase loans made to minorities.
2. Minority homebuyers were much more likely than white homebuyers to receive 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, 67.4%, or two out of three, home purchase loans received by African-Americans were high-cost loans and 54.1%, or one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 36.5%, or one out of three, home purchase loans received by whites were high-cost loans.

Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	95	64	67.4%,	1.8
Latino	37	20	54.1%	1.5
White	545	199	36.5%,	
ALL	717	298	41.6%	

**Minority homebuyers were much more likely than white homebuyers to receive to receive a high-cost loan.** African-American homebuyers were 1.8 times as likely to receive a high-cost home purchase loan than whites while Latinos were 1.5 times as likely to receive a high-cost loan.

**The racial disparity persists even among borrowers of the same income level.** High-cost loan were issued to 66.7% 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 34.5% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 1.9 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 1.9 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

<sup>25</sup> Includes 1<sup>st</sup> lien conventional home purchase loans made to owner-occupied households and does not include loans made by manufactured lenders nor government-backed loans.



<b>High-cost Loans as a Percentage of All Home Purchase Loans by Borrower Race and Ethnicity Among Income Levels 2006</b>					
	White	Latino	African- American	Disparity Compared to White	
				Latino	African- American
Low Income	54.7%	66.7%	78.6%	1.2	1.4
Moderate Income	43.7%	57.1%	76.5%	1.3	1.8
Middle Income	32.3%	40.0%	53.8%	1.2	1.7
Upper Income	34.5%	66.7%	66.7%	1.9	1.9

Middle-income African-Americans were 1.7 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 1.8 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 1.3 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 1.4 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos were 1.2 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 African-American homebuyers were more likely to receive a high-cost loan than low-income whites. Upper-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 21.5% of all high-cost home purchase loans but only 7.4% of the prime home purchase loans. Latinos were issued 6.7% of all high-cost loans originated and 4.1% of the prime loans originated. In contrast, whites received 82.6% of the prime loans originated which is greater than their 66.8% share of the high-cost loans originated. African-Americans represent 18.4% of the population in the metropolitan area while Latinos represent 6.7% of the population.

<b>Distribution of High-cost Home Purchase Loans by Borrower Race and Ethnicity 2006</b>			
Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	18.4%	7.4%	21.5%
Latino	6.7%	4.1%	6.7%
White	72.4%	82.6%	66.8%

**Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers.** In 2006, 59.1% of the loans received by low-income homebuyers were high-cost loans, or about three out of five loans. 51% of the loans received by moderate-income homebuyers, and 37.0% loans to middle-income homeowners were high-cost loans. In comparison, only 30.4% of loans made to upper-income homebuyers were high-cost loans.

<b>High-cost Lender Share of Home Purchase Loans by Borrower Income Level 2006</b>			
	High-cost Loans	All Loans	% High-cost
Low Income	52	88	59.1%
Moderate Income	99	194	51.0%
Middle Income	61	165	37.0%
Upper Income	77	253	30.4%

In comparative terms, low-income homebuyers were 1.9 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 Saginaw-Saginaw Township North metropolitan area includes Saginaw counties.

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

High-cost loans are defined as loans originated with an Annual Percentage Rate (APR) at least 3 points above the comparable rate on U.S. Treasury Securities. As such, HMDA regulations require that these loans include information on the difference or “rate spread” between the APR on the loan and the comparable Treasury Rate. Prime loans as counted in this report were loans where no rate spread was reported because the APR on that loan was less than 3 points above the comparable Treasury rate.

This report analyzed data on first liens and does not include government-backed loans (FHA, VA, FmHA).

HMDA data reports race in addition to ethnicity of the applicant. For this report, any borrower of Latino ethnicity is not included in a racial group but only in the Latino category. For example, a borrower of Latino ethnicity and white race is counted as Latino and not counted as white.

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



## Warren-Troy-Farmington Hills 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 28.6%, 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 24.3%, 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 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 Warren-Troy-Farmington Hills area, we examine data for the area concerning refinance loans, including the disparities in the issuance of high-cost loans by race and income, and the data concerning purchase loans including the disparities in the issuance of high-cost loans by race and income.



### High-cost Refinance Loans<sup>26</sup>

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**For refinance loans, our findings show that in 2006:**

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

**High-cost loans made up a significant proportion of the home refinance loans made to minorities.** In 2006, 40.1% or more than one out of three, home refinance loans made to African-Americans were high-cost loans and, 35.9%, or about one out of three, home refinance loans made to Latinos were high-cost loans. In contrast, only 19.1%, or less than one out of five, home refinance loans made to whites were high-cost loans.

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<sup>26</sup> Includes conventional 1<sup>st</sup> lien refinances and does not include government-backed refinance loans.

REFINANCE LOANS BY BORROWER RACE AND ETHNICITY 2006				
Race/Ethnicity	# Refinance Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	23313	9345	40.1%	2.1
Latino	6906	2478	35.9%	1.9
White	24020	4598	19.1%	
ALL <sup>27</sup>	69793	19948	28.6%	

**Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing.** In relative terms, African-Americans were 2.1 times more likely to receive a high-cost loan than whites. Latino homeowners were 1.9 times more likely to receive a high cost loan than whites.

**Racial disparities persisted even among homeowners of the same income level.<sup>28</sup>** In 2006, upper-income African-American homeowners were 2.4 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 2.4 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 2.0 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 1.9 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 1.3 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	24.1%	24.2%	39.5%	1.0	1.6
Moderate Income	24.5%	31.8%	42.7%	1.3	1.7
Middle Income	21.2%	39.4%	42.0%	1.9	2.0
Upper Income	15.7%	38.2%	38.1%	2.4	2.4

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

<sup>28</sup> Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$94,605 for the Warren-Troy-Farmington Hills metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$39,750; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$39,750 and \$63,600; middle-income borrowers have incomes 80-119% of median income, or between \$63,600 and \$94,605.

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 46.8% of the high-cost refinance loans but only 28.0% of the prime refinance loans. Latinos received 12.4% of the high-cost loans originated but a smaller 8.9% of the prime loans originated. In contrast, whites received 39.0% of all prime loans originated which is greater than their 23.0% share of all high-cost loans originated. African-Americans represent 6.1% of the population in the metropolitan area while Latinos represent 2.1% of the population<sup>29</sup>.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	6.1%	28.0%	46.8%
Latino	2.1%	8.9%	12.4%
White	87.0%	39.0%	23.0%

**Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers.** In 2006, 32.3%, or one out of three, refinance loans made to low-income homeowners were high-cost loans, as were 33.8%, or one out of every three, refinances made to moderate-income homeowners and 31.5% or one of three loans to middle-income homeowners. In contrast, only 23.7%, or one out of every four, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	5043	1630	32.3%
Moderate-Income	15544	5247	33.8%
Middle-Income	20234	6368	31.5%
Upper-Income	25520	6055	23.7%

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.

<sup>29</sup> 2000 Census data based on the counties that are included in the metropolitan area. See methodology section for a list of counties included for this metropolitan area.



## High-cost Home Purchase Loans<sup>30</sup>

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

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

**High-cost loans made up a significant proportion of the home purchase loans made to minorities.** In 2006, 44.9%, or about one out of two, home purchase loans received by African-Americans were high-cost loans and 49.1%, or one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 8.9%, or one out of eleven, 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	9121	4097	44.9%,	5.0
Latino	7179	3523	49.1%	5.5
White	16862	1503	8.9%,	
ALL	43203	10511	24.3%	

**Minority homebuyers were much more likely than white homebuyers to receive to receive a high-cost loan.** African-American homebuyers were 5.0 times as likely to receive a high-cost home purchase loan than whites while Latinos were 5.5 times as likely to receive a high-cost loan.

**The racial disparity persists even among borrowers of the same income level.** High-cost loan were issued to 52.0% of the home purchase loans received by upper-income African-Americans and 59.4% of the home purchase loans received by upper-income Latinos, compared to only 9.4% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 5.5 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 6.3 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

<sup>30</sup> Includes 1<sup>st</sup> lien conventional home purchase loans made to owner-occupied households and does not include loans made by manufactured lenders nor government-backed loans.



<b>High-cost Loans as a Percentage of All Home Purchase Loans by Borrower Race and Ethnicity Among Income Levels 2006</b>					
	White	Latino	African- American	Disparity Compared to White	
				Latino	African- American
Low Income	7.0%	18.1%	26.2%	2.6	3.7
Moderate Income	9.3%	35.8%	34.7%	3.8	3.7
Middle Income	9.9%	56.9%	48.5%	5.7	4.9
Upper Income	9.4%	59.4%	52.0%	6.3	5.5

Middle-income African-Americans were 4.9 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 5.7 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 3.7 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 3.8 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 3.7 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos 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 39.0% of all high-cost home purchase loans but only 15.4% of the prime home purchase loans. Latinos were issued 33.5% of all high-cost loans originated and 11.2% of the prime loans originated. In contrast, whites received 47.0% of the prime loans originated which is greater than their 14.3% share of the high-cost loans originated. African-Americans represent 6.1% of the population in the metropolitan area while Latinos represent 2.1% of the population.

<b>Distribution of High-cost Home Purchase Loans by Borrower Race and Ethnicity 2006</b>			
Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	6.1%	15.4%	39.0%
Latino	2.1%	11.2%	33.5%
White	87.0%	47.0%	14.3%

## **Methodology**

The data for the Warren-Troy-Farmington Hills metropolitan area includes Oakland , Macomb, Livingston, St. Clair, Lapeer counties.

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

High-cost loans are defined as loans originated with an Annual Percentage Rate (APR) at least 3 points above the comparable rate on U.S. Treasury Securities. As such, HMDA regulations require that these loans include information on the difference or “rate spread” between the APR on the loan and the comparable Treasury Rate. Prime loans as counted in this report were loans where no rate spread was reported because the APR on that loan was less than 3 points above the comparable Treasury rate.

This report analyzed data on first liens and does not include government-backed loans (FHA, VA, FmHA).

HMDA data reports race in addition to ethnicity of the applicant. For this report, any borrower of Latino ethnicity is not included in a racial group but only in the Latino category. For example, a borrower of Latino ethnicity and white race is counted as Latino and not counted as white.

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