



Kansas City Metropolitan Area

Homeowners of all races in the metropolitan area have a very high incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, almost two out of every five loans, 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. More than one in five home purchase loans in the metropolitan area, or 22.4%, 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 Kansas City 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, 68.9% or more than two out of three, home refinance loans made to African-Americans were high-cost loans and, 43.6%, or more than two out of five, home refinance loans made to Latinos were high-cost loans. In contrast, only 35.8%, or one out of three, home refinance loans made to whites were high-cost loans.

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

REFINANCE LOANS BY BORROWER RACE AND ETHNICITY 2006				
Race/Ethnicity	# Refinance Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	1811	1247	68.9%	1.9
Latino	619	270	43.6%	1.2
White	13719	4918	35.8%	
ALL ²	18319	7288	39.8%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 1.9 times more likely to receive a high-cost loan than whites. Latino homeowners were 1.2 times more likely to receive a high-cost loan than whites.

Racial disparities persisted even among homeowners of the same income level.³ 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 1.3 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 1.2 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.

Low-income African-Americans were 1.7 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	44.5%	41.6%	76.3%	0.9	1.7
Moderate Income	40.8%	46.2%	67.4%	1.1	1.7
Middle Income	37.6%	45.7%	74.6%	1.2	2.0
Upper Income	30.3%	40.0%	61.2%	1.3	2.0

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 \$80,444 for the Kansas City metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$33,800; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$33,800 and \$54,080; middle-income borrowers have incomes 80-119% of median income, or between \$54,080 and \$80,444.

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.

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

African-Americans received 17.1% of the high-cost refinance loans but only 5.1% of the prime refinance loans. Latinos received 3.7% of the high-cost loans originated and 3.2% of the prime loans originated. In contrast, whites received 79.8% of all prime loans originated, which is greater than their 67.5% share of all high-cost loans originated. African-Americans represent 11.8% of the population in the metropolitan area while Latinos represent 4.9% of the population⁴.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	11.8%	5.1%	17.1%
Latino	4.9%	3.2%	3.7%
White	79.9%	79.8%	67.5%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 51.5%, or one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 45.0%, or more than two out of every five, refinances made to moderate-income homeowners and 41.3% or two of five loans to middle-income homeowners. In contrast, only 32.4%, or one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	1946	1003	51.5%
Moderate-Income	4657	2097	45.0%
Middle-Income	4987	2062	41.3%
Upper-Income	6036	1953	32.4%

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 1.4 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, 51.3%, or one out of two, home purchase loans received by African-Americans were high-cost loans and 27.8%, or more than one out of four, home purchase loans received by Latinos were high-cost loans. In contrast, only 18.0%, or less than one 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	1510	775	51.3%	2.9
Latino	993	276	27.8%	1.5
White	13365	2403	18.0%	
ALL	17864	4006	22.4%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 2.9 times as likely to receive a high-cost home purchase loan as whites while Latinos were 1.5 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 55.1% of the home purchase loans received by upper-income African-Americans and 22.2% of the home purchase loans received by upper-income Latinos, compared to only 16.7% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 3.3 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 1.3 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	27.9%	35.6%	61.6%	1.3	2.2
Moderate Income	19.8%	23.0%	47.4%	1.2	2.4
Middle Income	17.6%	30.1%	52.2%	1.7	3.0
Upper Income	16.7%	22.2%	55.1%	1.3	3.3

Middle-income African-Americans were 3.0 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 2.4 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 1.2 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 2.2 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 19.3% of all high-cost home purchase loans but only 5.3% of the prime home purchase loans. Latinos were issued 6.9% of all high-cost loans originated and 5.2% of the prime loans originated. In contrast, whites received 79.1% of the prime loans originated, which is greater than their 60.0% share of the high-cost loans originated. African-Americans represent 11.8% of the population in the metropolitan area while Latinos represent 4.9% 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	11.8%	5.3%	19.3%
Latino	4.9%	5.2%	6.9%
White	79.9%	79.1%	60.0%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 36.1% of the loans received by low-income homebuyers were high-cost loans, or more than one out of three loans. 25% of the loans received by moderate-income

homebuyers, and 21.1% loans to middle-income homeowners were high-cost loans. In comparison, only 15.1% 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	759	2102	36.1%
Moderate Income	1315	5305	25%
Middle Income	920	4356	21.1%
Upper Income	878	5816	15.1%

In comparative terms, low-income homebuyers were 2.4 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 Kansas City metropolitan area includes Bates, Caldwell, Cass, Clay, Clinton, Jackson, Leavenworth, Linn, Lafayette, Platte, and Ray Counties in MO and Franklin, Johnson, Miami, and Wyandotte Counties in KS.

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.



Springfield, MO Metropolitan Area

Homeowners of all races in the metropolitan area have a very high incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, almost two in five loans, or 37.8%, 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 26.5%, were high-cost loans.

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

In this summary of lending in the Springfield, MO 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. African-American 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. African-Americans 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, 42.9% or more than two out of five, home refinance loans made to African-Americans were high-cost loans and, 30.0%, or almost one out of three, home refinance loans made to Latinos were high-cost loans. In contrast, 38.0%, or less than 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	14	6	42.9%	1.1
Latino	40	12	30.0%	0.8
White	2366	899	38.0%	
ALL ⁷	2654	1004	37.8%	

African-American homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 1.1 times more likely to receive a high-cost loan than whites.

Racial disparities persisted even among homeowners of the same income level.⁸ Comparison are difficult since so few loans were made to African-Americans and Latinos. In 2006, middle-income African-Americans were 1.9 times more likely than middle-income whites to receive a high-cost refinance loan.

Low-income African-Americans were 1.9 times more likely to receive a high-cost refinance loan than low-income whites.

High-cost Loans as a Percentage of Refinance Loans By Borrower Race and Ethnicity Among Income Levels 2006					
Borrower Income Level	White	Latino	African-American	Disparity Compared to White	
				Latino	African-American
Low Income	51.3%	20.0%	100.0%	0.4	1.9
Moderate Income	42.9%	16.7%	25.0%	0.4	0.6
Middle Income	42.9%	37.5%	80.0%	0.9	1.9
Upper Income	32.5%	36.8%	0.0%	1.1	0.0

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

African-Americans received a greater proportion of high-cost loans than they received of prime loans. African-Americans received 0.6% of the high-cost refinance loans but only 0.5% of the prime refinance loans. In contrast, whites received 88.9% of all prime loans originated. African-Americans

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 \$61,166 for the Springfield, MO metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$25,700; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$25,700 and \$41,120; middle-income borrowers have incomes 80-119% of median income, or between \$41,120 and \$61,166.

represent 1.6% of the population in the metropolitan area while Latinos represent 1.6% of the population⁹.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	1.6%	0.5%	0.6%
Latino	1.6%	1.7%	1.2%
White	93.8%	88.9%	89.5%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 51.6%, or one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 42.8%, or two out of every five, refinances made to moderate-income homeowners and 42.5%, or two out of every five, loans to middle-income homeowners. In contrast, only 32.1%, or one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	215	111	51.6%
Moderate-Income	537	230	42.8%
Middle-Income	696	296	42.5%
Upper-Income	1083	348	32.1%

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 1.3 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, 40.0%, or two out of every five, home purchase loans received by African-Americans were high-cost loans and 32.7%, or one out of three, home purchase loans received by Latinos were high-cost loans. In contrast, only 25.8%, or one out of four, 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	20	8	40.0%	1.6
Latino	52	17	32.7%	1.3
White	2441	629	25.8%	
ALL	2718	721	26.5%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 1.6 times as likely to receive a high-cost home purchase loan as whites, while Latinos were 1.3 times as likely to receive a high-cost loan.

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

While comparisons are difficult due to the small number of loans made to minorities, the racial disparity persists even among borrowers of the same income level.

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	29.5%	40.0%	--	1.4	--
Moderate Income	23.2%	41.2%	14.3%	1.8	0.6
Middle Income	28.3%	25.0%	55.6%	0.9	2.0
Upper Income	25.0%	0.0%	25.0%	0.0	1.0

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

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

Low-income Latinos were 1.4 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. Middle-income African-American 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 1.1% of all high-cost home purchase loans but only 0.6% of the prime home purchase loans. Latinos were issued 2.4% of all high-cost loans originated and 1.8% of the prime loans originated. In contrast, whites received 90.7% of the prime loans originated, which is greater than their 87.2% share of the high-cost loans originated. African-Americans represent 1.6% of the population in the metropolitan area while Latinos represent 1.6% of the population.

Distribution of High-cost Home Purchase Loans by Borrower Race and Ethnicity 2006			
Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	1.6%	0.6%	1.1%
Latino	1.6%	1.8%	2.4%
White	93.8%	90.7%	87.2%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 32.0% of the loans received by low-income homebuyers were high-cost loans, or one out of three loans. 24% of the loans received by moderate-income homebuyers, and

29.1% loans to middle-income homeowners were high-cost loans. In comparison, 24.3% 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	81	253	32.0%
Moderate Income	186	762	24%
Middle Income	175	601	29.1%
Upper Income	243	999	24.3%

In comparative terms, low-income homebuyers were 1.3 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home.

Methodology

The data for the Springfield, MO metropolitan area includes Greene, Christian, Dallas, Polk, Webster counties.

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St. Louis 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, one in two loans, or 41.8%, was a high-cost loan. When buying a home, borrowers of all races have a very high incidence of receiving a high-cost home purchase loan. One in three home purchase loans in the metropolitan area, or 32.0%, were high-cost loans.

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

In this summary of lending in the St. Louis area, we examine data for the area concerning refinance loans, including the disparities in the issuance of high-cost loans by race and income, and the data concerning purchase loans including the disparities in the issuance of high-cost loans by race and income.



High-cost Refinance Loans¹¹

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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, 69.1% or more than two out of every three, home refinance loans made to African-Americans were high-cost loans and, 42.7%, or more than two of five, home refinance loans made to Latinos were high-cost loans. In contrast, only 35.8%, or one out of three, home refinance loans made to whites were high-cost loans.

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

REFINANCE LOANS BY BORROWER RACE AND ETHNICITY 2006				
Race/Ethnicity	# Refinance Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	4470	3089	69.1%	1.9
Latino	330	141	42.7%	1.2
White	20881	7472	35.8%	
ALL ¹²	29122	12180	41.8%	

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

Racial disparities persisted even among homeowners of the same income level.¹³ In 2006, upper-income African-American homeowners were 2.1 times more likely than upper-income, white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 1.3 times more likely to receive a high-cost loan than upper-income whites.

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

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

High-cost Loans as a Percentage of Refinance Loans By Borrower Race and Ethnicity Among Income Levels 2006					
Borrower Income Level	White	Latino	African-American	Disparity Compared to White	
				Latino	African-American
Low Income	45.6%	54.5%	75.5%	1.2	1.7
Moderate Income	41.4%	44.9%	73.7%	1.1	1.8
Middle Income	38.1%	46.4%	67.8%	1.2	1.8
Upper Income	29.1%	36.7%	61.8%	1.3	2.1

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

¹³ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$78,302 for the St. Louis metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$32,900; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$32,900 and \$52,640; middle-income borrowers have incomes 80-119% of median income, or between \$52,640 and \$78,302.

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.

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

African-Americans received 25.4% of the high-cost refinance loans but only 8.2% of the prime refinance loans. Latinos received 1.2% of the high-cost loans originated and 1.1% of the prime loans originated. In contrast, whites received 79.1% of all prime loans originated, which is greater than their 61.3% share of all high-cost loans originated. African-Americans represent 17.7% of the population in the metropolitan area while Latinos represent 2.1% of the population¹⁴.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	17.7%	8.2%	25.4%
Latino	2.1%	1.1%	1.2%
White	78.0%	79.1%	61.3%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 56.8%, or almost three out of five, refinance loans made to low-income homeowners were high-cost loans, as were 49.1%, or one out of every two, refinances made to moderate-income homeowners and 42.6% or more than two of of five loans to middle-income homeowners. In contrast, only 32.3%, or one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	3354	1906	56.8%
Moderate-Income	7193	3529	49.1%
Middle-Income	8233	3505	42.6%
Upper-Income	9295	3000	32.3%

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.

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



High-cost Home Purchase Loans¹⁵

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

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

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 70.8%, or more than two out of every three, home purchase loans received by African-Americans were high-cost loans and 33.1%, or one out of three, home purchase loans received by Latinos were high-cost loans. In contrast, only 22.8%, or one out of four, 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	3187	2257	70.8%	3.1
Latino	362	120	33.1%	1.5
White	12615	2874	22.8%	
ALL	18182	5812	32.0%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 3.1 times as likely to receive a high-cost home purchase loan than whites while Latinos were 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 loans were issued to 65.9% of the home purchase loans received by upper-income African-Americans compared to 22.3% of the home purchase loans to upper-income whites.

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

¹⁵ Includes 1st lien conventional home purchase loans made to owner-occupied households and does not include loans made by manufactured lenders or government-backed loans.

High-cost Loans as a Percentage of All Home Purchase Loans by Borrower Race and Ethnicity Among Income Levels 2006					
	White	Latino	African- American	Disparity Compared to White	
				Latino	African- American
Low Income	37.4%	42.0%	81.1%	1.1	2.2
Moderate Income	28.3%	38.3%	69.6%	1.4	2.5
Middle Income	23.4%	28.6%	67.3%	1.2	2.9
Upper Income	22.3%	20.7%	65.9%	0.9	3.0

Middle-income African-Americans were 2.9 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 1.2 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 2.5 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 1.4 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

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

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

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans were issued 38.8% of all high-cost home purchase loans but only 7.5% of the prime home purchase loans. Latinos were issued 2.1% of all high-cost loans originated and 2.0% of the prime loans originated. In contrast, whites received 78.7% of the prime loans originated, which is greater than their 49.4% share of the high-cost loans originated. African-Americans represent 17.7% of the population in the metropolitan area while Latinos represent 2.1% 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	17.7%	7.5%	38.8%
Latino	2.1%	2.0%	2.1%
White	78.0%	78.7%	49.4%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 55.5% of the loans received by low-income homebuyers were high-cost loans, or about more than one out of every two loans. 39% of the loans received by moderate-

income homebuyers, and 30.7% loans to middle-income homeowners were high-cost loans. In comparison, only 19.1% 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	1203	2169	55.5%
Moderate Income	1906	4930	39%
Middle Income	1373	4467	30.7%
Upper Income	1198	6286	19.1%

In comparative terms, low-income homebuyers were 2.9 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 2.0 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the St. Louis metropolitan area includes Bond, Calhoun, Clinton, Jersey, Macoupin, Madison, Monroe, and St. Clair Counties in IL and St. Louis City, Franklin, Jefferson, Lincoln, St. Charles, St. Louis, Warren and Washington Counties in MO.

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.