



Lincoln 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, almost one in two loans, or 44.5%, was a high-cost loan. When buying a home, borrowers of all races have a moderate incidence of receiving a high-cost home purchase loan. Almost one in five home purchase loans in the metropolitan area, or 18.5%, 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 Lincoln 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, 71.4% or almost three out of four, home refinance loans made to African-Americans were high-cost loans and, 56.0%, or more than one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 44.8%, or almost one out of two, 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	14	10	71.4%	1.6
Latino	25	14	56.0%	1.3
White	1336	599	44.8%	
ALL ²	1483	660	44.5%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 1.6 times more likely to receive a high-cost loan than whites. Latino homeowners were 1.3 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 1.7 times more likely to receive a high-cost loan than upper-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 1.5 times more likely to receive a high-cost refinance loan than moderate-income whites.

Low-income African-Americans were 1.8 times more likely to receive a high-cost refinance loan than low-income whites, while low-income Latinos were 1.8 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	55.7%	100.0%	100.0%	1.8	1.8
Moderate Income	49.7%	75.0%	75.0%	1.5	1.5
Middle Income	45.0%	22.2%	50.0%	0.5	1.1
Upper Income	39.4%	66.7%	80.0%	1.7	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 \$78,659 for the Lincoln metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$33,050; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$33,050 and \$52,880; middle-income borrowers have incomes 80-119% of median income, or between \$52,880 and \$78,659.

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

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans received 1.5% of the high-cost refinance loans but only 0.5% of the prime refinance loans. Latinos received 2.1% of the high-cost loans originated but a smaller 1.3% of the prime loans originated. In contrast, whites received 89.6% of all prime loans originated which is greater than their 90.8% share of all high-cost loans originated. African-Americans represent 2.6% of the population in the metropolitan area while Latinos represent 3.2% of the population⁴.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	2.6%	0.5%	1.5%
Latino	3.2%	1.3%	2.1%
White	89.3%	89.6%	90.8%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 57.3%, or more than one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 49.5%, or almost one out of every two, refinances made to moderate-income homeowners and 44.2% or almost one of two loans to middle-income homeowners. In contrast, only 39.0%, or more than one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	157	90	57.3%
Moderate-Income	372	184	49.5%
Middle-Income	473	209	44.2%
Upper-Income	423	165	39.0%

In comparative terms, low-income homeowners were 1.5 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.

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, 32.0%, or almost one out of three, 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 more than one out of six, home purchase loans received by whites were high-cost loans.

Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	25	8	32.0%,	1.8
Latino	54	15	27.8%	1.5
White	1464	264	18.0%,	
ALL	1661	307	18.5%	

Minority homebuyers were much more likely than white homebuyers 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 50.0% of the home purchase loans received by upper-income African-Americans and 33.3% of the home purchase loans received by upper-income Latinos, compared to only 12.2% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 4.1 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 2.7 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

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

High-cost Loans as a Percentage of All Home Purchase Loans by Borrower Race and Ethnicity Among Income Levels 2006					
	White	Latino	African- American	Disparity Compared to White	
				Latino	African- American
Low Income	19.8%	9.1%	0.0%	0.5	0.0
Moderate Income	21.5%	35.3%	27.3%	1.6	1.3
Middle Income	18.7%	35.7%	57.1%	1.9	3.1
Upper Income	12.2%	33.3%	50.0%	2.7	4.1

Middle-income African-Americans were 3.1 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 1.9 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 1.3 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.

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 2.6% of all high-cost home purchase loans but only 1.3% of the prime home purchase loans. Latinos were issued 4.9% of all high-cost loans originated and 2.9% of the prime loans originated. In contrast, whites received 88.6% of the prime loans originated which is greater than their 86.0% share of the high-cost loans originated. African-Americans represent 2.6% of the population in the metropolitan area while Latinos represent 3.2% of the population.

Distribution of High-cost Home Purchase Loans by Borrower Race and Ethnicity 2006			
Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	2.6%	1.3%	2.6%
Latino	3.2%	2.9%	4.9%
White	89.3%	88.6%	86.0%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 19.9% of the loans received by low-income homebuyers were high-cost loans, or about one out of five loans. 22% of the loans received by moderate-income homebuyers, and 20.0% loans to middle-income homeowners were high-cost loans. In comparison, only 12.3% 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	42	211	19.9%
Moderate Income	107	495	22%
Middle Income	97	484	20.0%
Upper Income	55	446	12.3%

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

Methodology

The data for the Lincoln metropolitan area includes Lancaster, Seward counties.

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

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

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

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

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



Omaha-Council Bluffs 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, almost one in two loans, or 46.7%, 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. Almost one in four home purchase loans in the metropolitan area, or 24.4%, 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 Omaha-Council Bluffs area, we examine data for the area concerning refinance loans, including the disparities in the issuance of high-cost loans by race and income, and the data concerning purchase loans including the disparities in the issuance of high-cost loans by race and income.



High-cost Refinance Loans⁶

For refinance loans, our findings show that in 2006:

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

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 75.7% or three out of four, home refinance loans made to African-Americans were high-cost loans and, 61.8%, or more than one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 44.1%, or almost one out of two, home refinance loans made to whites were high-cost loans.

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

REFINANCE LOANS BY BORROWER RACE AND ETHNICITY 2006				
Race/Ethnicity	# Refinance Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	412	312	75.7%	1.7
Latino	233	144	61.8%	1.4
White	4717	2078	44.1%	
ALL ⁷	5815	2716	46.7%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 1.7 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.⁸ 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 1.9 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 1.2 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, 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 1.6 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	54.4%	55.6%	85.0%	1.0	1.6
Moderate Income	52.0%	64.7%	69.9%	1.2	1.3
Middle Income	47.1%	55.3%	73.3%	1.2	1.6
Upper Income	36.5%	70.3%	77.5%	1.9	2.1

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 \$79,135 for the Omaha-Council Bluffs metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$33,250; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$33,250 and \$53,200; middle-income borrowers have incomes 80-119% of median income, or between \$53,200 and \$79,135.

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 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 11.5% of the high-cost refinance loans but only 3.2% of the prime refinance loans. Latinos received 5.3% of the high-cost loans originated but a smaller 2.9% of the prime loans originated. In contrast, whites received 85.2% of all prime loans originated which is greater than their 76.5% share of all high-cost loans originated. African-Americans represent 7.7% of the population in the metropolitan area while Latinos represent 5.2% of the population⁹.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	7.7%	3.2%	11.5%
Latino	5.2%	2.9%	5.3%
White	84.0%	85.2%	76.5%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 59.1%, or more than one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 54.3%, or more than one out of every two, refinances made to moderate-income homeowners and 48.7% or almost one out of two loans to middle-income homeowners. In contrast, only 37.7%, or more than one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	682	403	59.1%
Moderate-Income	1384	751	54.3%
Middle-Income	1577	768	48.7%
Upper-Income	1955	738	37.7%

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.

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, 62.5%, or more than one out of two, home purchase loans received by African-Americans were high-cost loans and 41.5%, or almost one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 21.4%, or more than one out of five, home purchase loans received by whites were high-cost loans.

Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	272	170	62.5%,	2.9
Latino	323	134	41.5%	1.9
White	4687	1002	21.4%,	
ALL	5786	1409	24.4%	

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 than whites while Latinos were 1.9 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 56.0% of the home purchase loans received by upper-income African-Americans and 37.5% of the home purchase loans received by upper-income Latinos, compared to only 20.4% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 2.7 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.

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

High-cost Loans as a Percentage of All Home Purchase Loans by Borrower Race and Ethnicity Among Income Levels 2006					
	White	Latino	African- American	Disparity Compared to White	
				Latino	African- American
Low Income	37.1%	43.1%	78.1%	1.2	2.1
Moderate Income	26.6%	42.6%	64.6%	1.6	2.4
Middle Income	21.9%	41.8%	59.7%	1.9	2.7
Upper Income	20.4%	37.5%	56.0%	1.8	2.7

Middle-income African-Americans were 2.7 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 1.9 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 2.4 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 1.6 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 2.1 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 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 12.1% of all high-cost home purchase loans but only 2.3% of the prime home purchase loans. Latinos were issued 9.5% of all high-cost loans originated and 4.3% of the prime loans originated. In contrast, whites received 84.2% of the prime loans originated which is greater than their 71.1% share of the high-cost loans originated. African-Americans represent 7.7% of the population in the metropolitan area while Latinos represent 5.2% of the population.

Distribution of High-cost Home Purchase Loans by Borrower Race and Ethnicity 2006			
Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	7.7%	2.3%	12.1%
Latino	5.2%	4.3%	9.5%
White	84.0%	84.2%	71.1%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 42.2% of the loans received by low-income homebuyers were high-cost loans, or almost one out of two loans. 30% of the loans received by moderate-income

homebuyers, and 24.1% loans to middle-income homeowners were high-cost loans. In comparison, only 13.9% of loans made to upper-income homebuyers were high-cost loans.

High-cost Lender Share of Home Purchase Loans by Borrower Income Level 2006			
	High-cost Loans	All Loans	% High-cost
Low Income	287	680	42.2%
Moderate Income	439	1449	30%
Middle Income	358	1486	24.1%
Upper Income	285	2052	13.9%

In comparative terms, low-income homebuyers were 3 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 2.2 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Omaha-Council Bluffs metropolitan area includes Cass, Douglass, Sarpy, Saunders, and Washington Counties in NE and Harrison, Mills and Pottawattamie Counties in IA.

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

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