



Manchester-Nashua 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, nearly one in three loans, or 30.2%, 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. Close to 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 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 Manchester-Nashua 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, 53.1% or more than one out of two, home refinance loans made to African-Americans were high-cost loans and, 43.5%, or nearly one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 30.2%, or nearly 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	49	26	53.1%	1.8
Latino	115	50	43.5%	1.4
White	3050	921	30.2%	
ALL ²	3726	1125	30.2%	

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.³ In 2006, upper-income African-American homeowners were 2.2 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 2.6 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.

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	29.8%	33.3%	--	1.1	--
Moderate Income	33.3%	36.7%	33.3%	1.1	1.0
Middle Income	32.8%	46.8%	84.6%	1.4	2.6
Upper Income	27.0%	50.0%	58.8%	1.9	2.2

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.

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 \$91,511 for the Manchester-Nashua metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$38,450; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$38,450 and \$61,520; middle-income borrowers have incomes 80-119% of median income, or between \$61,520 and \$91,511.

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans received 2.3% of the high-cost refinance loans but only 0.9% of the prime refinance loans. Latinos received 4.4% of the high-cost loans originated but a smaller 2.5% of the prime loans originated. In contrast, whites received 81.9% of all prime loans originated which is equal to their 81.9% share of all high-cost loans originated. African-Americans represent 1.2% 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	1.2%	0.9%	2.3%
Latino	3.2%	2.5%	4.4%
White	92.3%	81.9%	81.9%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 29.4%, or nearly one out of three, refinance loans made to low-income homeowners were high-cost loans, as were 33.1%, or one out of every three, refinances made to moderate-income homeowners and 33.1% or one of three loans to middle-income homeowners. In contrast, only 26.9%, or more than one out of every four, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	170	50	29.4%
Moderate-Income	855	283	33.1%
Middle-Income	1225	406	33.1%
Upper-Income	1276	343	26.9%

In comparative terms, moderate-income homeowners were 1.2 times more likely to receive a high-cost loan.



High-cost Home Purchase Loans⁵

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.

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.

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.

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 39.5%, or more than one out of three, home purchase loans received by African-Americans were high-cost loans and 37.9%, or more than one out of three, home purchase loans received by Latinos were high-cost loans. In contrast, only 23.4%, or close to 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	43	17	39.5%,	1.7
Latino	103	39	37.9%	1.6
White	2225	521	23.4%,	
ALL	2687	654	24.3%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 1.7 times as likely to receive a high-cost home purchase loan than whites while Latinos were 1.6 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 62.5% of the home purchase loans received by upper-income African-Americans and 54.5% of the home purchase loans received by upper-income Latinos, compared to only 28.8% 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 1.9 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

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	17.0%	--	--	--	--
Moderate Income	23.4%	40.0%	50.0%	1.7	2.1
Middle Income	28.1%	48.8%	56.3%	1.7	2.0
Upper Income	28.8%	54.5%	62.5%	1.9	2.2

Middle-income African-Americans were 2.0 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 2.1 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 1.7 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 6.0% of all high-cost loans originated and 3.1% of the prime loans originated. In contrast, whites received 83.8% of the prime loans originated which is greater than their 79.7% share of the high-cost loans originated. African-Americans represent 1.2% 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	1.2%	1.3%	2.6%
Latino	3.2%	3.1%	6.0%
White	92.3%	83.8%	79.7%

Methodology

The data for the Manchester-Nashua metropolitan area includes Hillsborough County County.

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.