



Albuquerque 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, one in three loans, or 38.8%, was a high-cost loan. When buying a home, borrowers of all races have a moderate incidence of receiving a high-cost home purchase loan. One in six home purchase loans in the metropolitan area, or 18.1%, 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 Albuquerque 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, 50.7% or one out of two, home refinance loans made to African-Americans were high-cost loans and, 44.5%, or slightly fewer than one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 34.4%, 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	207	105	50.7%	1.5
Latino	3240	1443	44.5%	1.3
White	4387	1509	34.4%	
ALL ²	9008	3498	38.8%	

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.³ In 2006, upper-income African-American homeowners were 1.3 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 1.5 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, 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 2.0 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	37.1%	43.5%	75.0%	1.2	2.0
Moderate Income	39.9%	46.9%	69.7%	1.2	1.7
Middle Income	37.4%	45.8%	56.5%	1.2	1.5
Upper Income	32.1%	43.7%	41.7%	1.4	1.3

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 \$63,308 for the Albuquerque metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$26,600; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$26,600 and \$42,560; middle-income borrowers have incomes 80-119% of median income, or between \$42,560 and \$63,308.

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. 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 3.0% of the high-cost refinance loans but only 1.9% of the prime refinance loans. Latinos received 41.3% of the high-cost loans originated but a smaller 32.6% of the prime loans originated. In contrast, whites received 52.2% of all prime loans originated which is greater than their 43.1% share of all high-cost loans originated. African-Americans represent 2.2% of the population in the metropolitan area while Latinos represent 41.5% of the population⁴.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	2.2%	1.9%	3.0%
Latino	41.5%	32.6%	41.3%
White	49.8%	52.2%	43.1%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 40.2%, or four out of ten, refinance loans made to low-income homeowners were high-cost loans, as were 44.1%, or close to one out of every two, refinances made to moderate-income homeowners and 42.7% or four out of ten loans to middle-income homeowners. In contrast, only 35.7%, or one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	366	147	40.2%
Moderate-Income	1586	699	44.1%
Middle-Income	2445	1043	42.7%
Upper-Income	4316	1542	35.7%

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

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



High-cost Home Purchase Loans⁵

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

1. High-cost loans made up a significant proportion of the home purchase loans made to minorities.
2. Minority homebuyers were much more likely than white homebuyers to receive 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, 27.0%, or one out of four, home purchase loans received by African-Americans were high-cost loans and 21.4%, or one out of five, home purchase loans received by Latinos were high-cost loans. In contrast, only 15.4%, or 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	152	41	27.0%,	1.8
Latino	2904	621	21.4%	1.4
White	4533	700	15.4%,	
ALL	8722	1581	18.1%	

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 1.4 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 27.3% of the home purchase loans received by upper-income African-Americans and 30.7% of the home purchase loans received by upper-income Latinos, compared to only 20.9% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 1.3 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 1.5 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	11.3%	15.7%	0.0%	1.4	--
Moderate Income	15.6%	11.5%	22.7%	0.7	1.5
Middle Income	17.8%	26.2%	22.5%	1.5	1.3
Upper Income	20.9%	30.7%	27.3%	1.5	1.3

Middle-income African-Americans were 1.3 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 1.5 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 1.5 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. 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 1.6% of the prime home purchase loans. Latinos were issued 39.3% of all high-cost loans originated and 32.0% of the prime loans originated. In contrast, whites received 53.7% of the prime loans originated which is greater than their 44.3% share of the high-cost loans originated. African-Americans represent 2.2% of the population in the metropolitan area while Latinos represent 41.5% 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	2.2%	1.6%	2.6%
Latino	41.5%	32.0%	39.3%
White	49.8%	53.7%	44.3%

Methodology

The data for the Albuquerque metropolitan area includes Bernalillo, Sandoval, Torrance, Valencia 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.





Las Cruces 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 46.6%, was a high-cost loan. When buying a home, borrowers of all races have a high incidence of receiving a high-cost home purchase loan. One in four home purchase loans in the metropolitan area, or 23.9%, 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 Las Cruces 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, 42.9% or four out of ten, home refinance loans made to African-Americans were high-cost loans and, 57.8%, or one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 34.6%, or one out of three, 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%	1.2
Latino	566	327	57.8%	1.7
White	390	135	34.6%	
ALL ⁷	1074	501	46.6%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 1.2 times more likely to receive a high-cost loan than whites. Latino homeowners were 1.7 times more likely to receive a high cost loan than whites.

Racial disparities persisted even among homeowners of the same income level.⁸ In 2006, upper-income African-American homeowners were 1.4 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 1.8 times more likely to receive a high-cost loan than upper-income whites.

Middle-income Latinos were 1.3 times more likely to receive a high-cost loan than middle-income whites.

Moderate-income Latinos were 1.6 times more likely to receive a high-cost refinance loan than moderate-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	0.0%	62.5%	--	--	--
Moderate Income	42.9%	69.3%	--	1.6	--
Middle Income	43.1%	56.5%	--	1.3	--
Upper Income	31.6%	57.4%	42.9%	1.8	1.4

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 \$46,410 for the Las Cruces metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$19,500; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$19,500 and \$31,200; middle-income borrowers have incomes 80-119% of median income, or between \$31,200 and \$46,410.

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

Latinos received 65.3% of the high-cost loans originated but a smaller 41.7% of the prime loans originated. In contrast, whites received 44.5% of all prime loans originated which is greater than their 26.9% share of all high-cost loans originated. African-Americans represent 1.3% of the population in the metropolitan area while Latinos represent 63.4% of the population⁹.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	1.3%	1.4%	1.2%
Latino	63.4%	41.7%	65.3%
White	32.5%	44.5%	26.9%

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

In 2006, 60.0%, or more than one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 59.6%, or about one out of every two, refinances made to moderate-income homeowners and 51.8% or one of two loans to middle-income homeowners. In contrast, only 43.4%, or four out of ten, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	20	12	60.0%
Moderate-Income	114	68	59.6%
Middle-Income	226	117	51.8%
Upper-Income	687	298	43.4%

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.

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 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, 57.1%, or more than one out of two, home purchase loans received by African-Americans were high-cost loans and 28.8%, or one out of four, home purchase loans received by Latinos were high-cost loans. In contrast, only 19.2%, or one out of five, home purchase loans received by whites were high-cost loans.

Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	28	16	57.1%,	3.0
Latino	368	106	28.8%	1.5
White	578	111	19.2%,	
ALL	1084	259	23.9%	

Minority homebuyers were much more likely than white homebuyers to receive to receive a high-cost loan. African-American homebuyers were 3.0 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 as none of the home purchase loans received by upper-income African-Americans and 25.0% of the home purchase loans received by upper-income Latinos, compared to only 18.2% of the home purchase loans to upper-income whites.

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

¹⁰ Includes 1st lien conventional home purchase loans made to owner-occupied households and does not include loans made by manufactured lenders 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	0.0%	42.9%	--	--	--
Moderate Income	4.5%	27.5%	0.0%	6.1	---
Middle Income	20.8%	25.6%	33.3%	1.2	1.6
Upper Income	18.2%	25.0%	0.0%	1.4	--

Middle-income African-Americans were 1.6 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 Latinos were 6.1 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans were issued 6.2% of all high-cost home purchase loans but only 1.5% of the prime home purchase loans. Latinos were issued 40.9% of all high-cost loans originated and 31.8% of the prime loans originated. In contrast, whites received 56.6% of the prime loans originated which is greater than their 42.9% share of the high-cost loans originated. African-Americans represent 1.3% of the population in the metropolitan area while Latinos represent 63.4% 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	1.3%	1.5%	6.2%
Latino	63.4%	31.8%	40.9%
White	32.5%	56.6%	42.9%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 27.3% of the loans received by low-income homebuyers were high-cost loans, or about one out of four loans. 18% of the loans received by moderate-income homebuyers, and 22.2% loans to middle-income homeowners were high-cost loans. In comparison, only 24.7% of loans made to upper-income homebuyers were high-cost loans.

High-cost Lender Share of Home Purchase Loans by Borrower Income Level 2006			
	High-cost Loans	All Loans	% High-cost
Low Income	3	11	27.3%
Moderate Income	12	66	18.1%
Middle Income	37	167	22.2%
Upper Income	198	801	24.7%

In comparative terms, low-income homebuyers were 1.1 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home.

Methodology

The data for the Las Cruces metropolitan area includes Dona Ana counties.

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

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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.