



Eugene-Springfield Metropolitan Area

Homeowners of all races in the metropolitan area have a high incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, more than **one in four loans**, or 27.6%, 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. **About one in five** home purchase loans in the metropolitan area, or 21.2%, were high-cost loans.

For the purposes of this report high-cost loans are defined as loans originated with an Annual Percentage Rate (APR) of at least 3 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 Eugene-Springfield 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. Latinos received a greater proportion of high-cost loans than they received of prime loans.

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 28.6% or more than **one out of four**, home refinance loans made to African-Americans were high-cost loans and, 34.6%, or more than **one out of three**, home refinance loans made to Latinos were high-cost loans. In contrast, only 27.6% home refinance loans made to whites were high-cost loans.

REFINANCE LOANS BY BORROWER RACE AND ETHNICITY 2006				
Race/Ethnicity	# Refinance Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	28	8	28.6%	1.0
Latino	107	37	34.6%	1.3
White	2917	805	27.6%	
ALL ²	3449	951	27.6%	

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

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

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms 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 1.2 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 1.2 times more likely to receive a high-cost loan than upper-income whites.

Middle-income Latinos were 1.4 times more likely to receive a high-cost loan than middle-income whites.

Low-income African-Americans were 2.3 times more likely to receive a high-cost refinance loan than low-income whites, while low-income Latinos were 1.5 times more likely to receive a high-cost loan than low-income whites.

High-cost Loans as a Percentage of Refinance Loans By Borrower Race and Ethnicity Among Income Levels 2006					
Borrower Income Level	White	Latino	African-American	Disparity Compared to White	
				Latino	African-American
Low Income	21.8%	33.3%	50.0%	1.5	2.3
Moderate Income	26.3%	28.6%	---	1.1	---
Middle Income	32.9%	45.0%	20.0%	1.4	0.6
Upper Income	26.0%	30.3%	31.3%	1.2	1.2

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

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

Latinos received 3.9% of the high-cost loans originated but a smaller 2.8% of the prime loans originated. In contrast, whites received 84.5% of all prime loans originated which is greater than their 84.6% share of all high-cost loans originated. African-Americans represent 0.7% of the population in the metropolitan area while Latinos represent 4.6% of the population⁴.

³ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$65,093 for the Eugene-Springfield metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$27,350; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$27,350 and \$43,760; middle-income borrowers have incomes 80-119% of median income, or between \$43,760 and \$65,093.

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.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	0.7%	0.8%	0.8%
Latino	4.6%	2.8%	3.9%
White	88.6%	84.5%	84.6%



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, 45.0%, or close to **one out of two**, home purchase loans received by African-Americans were high-cost loans and 40.6%, or more than **one out of three**, home purchase loans received by Latinos were high-cost loans. In contrast, only 19.7%, or about **one out of five**, home purchase loans received by whites were high-cost loans.

Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	20	9	45.0%,	2.3
Latino	160	65	40.6%	2.1
White	2360	466	19.7%,	
ALL	2788	590	21.2%	

Minority homebuyers were much more likely than white homebuyers to receive to receive a high-cost loan. African-American homebuyers were 2.3 times as likely to receive a high-cost home purchase loan than whites while Latinos were 2.1 times as likely to receive a high-cost loan.

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.



The racial disparity persists even among borrowers of the same income level. High-cost loan were issued 53.6% of the home purchase loans received by upper-income Latinos, compared to only 23.1% of the home purchase loans to upper-income whites.

In comparative terms, upper-income Latinos were 2.3 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	13.4%	0.0%	---	0.0	---
Moderate Income	18.1%	48.3%	0.0%	2.7	0.0
Middle Income	23.5%	53.0%	100.0%	2.3	4.3
Upper Income	23.1%	53.6%	---	2.3	---

Middle-income African-Americans were 4.3 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 2.3 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income Latinos were 2.7 times more likely to be issued a high-cost home purchase loan than moderate-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 1.5% of all high-cost home purchase loans but only 0.5% of the prime home purchase loans. Latinos were issued 11.0% of all high-cost loans originated and 4.3% of the prime loans originated. In contrast, whites received 86.2% of the prime loans originated which is greater than their 79.0% share of the high-cost loans originated. African-Americans represent 0.7% of the population in the metropolitan area while Latinos represent 4.6% 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	0.7%	0.5%	1.5%
Latino	4.6%	4.3%	11.0%
White	88.6%	86.2%	79.0%

Methodology

The data for the Eugene-Springfield metropolitan area includes Lane 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.





Portland-Vancouver-Beaverton Metropolitan Area

Homeowners of all races in the metropolitan area have a high incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, more than one in four loans, or 27.3%, 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 five home purchase loans in the metropolitan area, or 20.5%, 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 Portland-Vancouver-Beaverton 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, 43.7% or almost one out of two, home refinance loans made to African-Americans were high-cost loans and, 41.1%, or almost one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 26.9%, or more than one out of four, 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	538	235	43.7%	1.6
Latino	1204	495	41.1%	1.5
White	21192	5708	26.9%	
ALL ⁷	27063	7398	27.3%	

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 1.5 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 1.5 times more likely than upper-income white homeowners to receive a high-cost refinance loan. Upper-income Latinos were 1.6 times more likely to receive a high-cost loan than upper-income whites.

Middle-income African-Americans were 1.7 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 1.6 times more likely to receive a high-cost loan than middle-income whites.

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

Low-income African-Americans were 1.7 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	26.6%	30.9%	44.1%	1.2	1.7
Moderate Income	30.3%	40.7%	47.7%	1.3	1.6
Middle Income	29.0%	46.0%	50.0%	1.6	1.7
Upper Income	24.5%	38.6%	37.3%	1.6	1.5

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 \$79,611 for the Portland-Vancouver-Beaverton metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$33,450; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$33,450 and \$53,520; middle-income borrowers have incomes 80-119% of median income, or between \$53,520 and \$79,611.

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

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans received 3.2% of the high-cost refinance loans but only 1.5% of the prime refinance loans. Latinos received 6.7% of the high-cost loans originated but a smaller 3.6% of the prime loans originated. In contrast, whites received 78.7% of all prime loans originated which is greater than their 77.2% share of all high-cost loans originated. African-Americans represent 2.6% of the population in the metropolitan area while Latinos represent 7.4% of the population⁹.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	2.6%	1.5%	3.2%
Latino	7.4%	3.6%	6.7%
White	81.6%	78.7%	77.2%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 26.6%, or more than one out of four, refinance loans made to low-income homeowners were high-cost loans, as were 31.1%, or almost one out of every three, refinances made to moderate-income homeowners and 29.7% or almost one of three loans to middle-income homeowners. In contrast, only 24.6%, or almost one out of every four, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	1047	279	26.6%
Moderate-Income	5208	1618	31.1%
Middle-Income	8562	2540	29.7%
Upper-Income	11063	2725	24.6%

In comparative terms, low-income homeowners were 1.1 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, 41.2%, or almost one out of two, home purchase loans received by African-Americans were high-cost loans and 52.3%, or more than one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 18.9%, or almost 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	345	142	41.2%,	2.2
Latino	1429	747	52.3%	2.8
White	16423	3106	18.9%,	
ALL	22201	4561	20.5%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 2.2 times as likely to receive a high-cost home purchase loan than whites while Latinos were 2.8 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 41.5% of the home purchase loans received by upper-income African-Americans and 59.6% of the home purchase loans received by upper-income Latinos, compared to only 19.9% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 2.1 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 3.0 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	15.5%	47.4%	25.0%	3.1	1.6
Moderate Income	20.9%	60.4%	41.9%	2.9	2.0
Middle Income	20.4%	59.1%	46.3%	2.9	2.3
Upper Income	19.9%	59.6%	41.5%	3.0	2.1

Middle-income African-Americans were 2.3 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 2.9 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 2.0 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 2.9 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 1.6 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos were 3.1 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 3.1% of all high-cost home purchase loans but only 1.2% of the prime home purchase loans. Latinos were issued 16.4% of all high-cost loans originated and 3.9% of the prime loans originated. In contrast, whites received 75.5% of the prime loans originated which is greater than their 68.1% share of the high-cost loans originated. African-Americans represent 2.6% of the population in the metropolitan area while Latinos represent 7.4% 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	2.6%	1.2%	3.1%
Latino	7.4%	3.9%	16.4%
White	81.6%	75.5%	68.1%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 16.9% of the loans received by low-income homebuyers were high-

cost loans, or one out of six loans. 25% of the loans received by moderate-income homebuyers, and 24.4% loans to middle-income homeowners were high-cost loans. In comparison, only 16.4% 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	91	540	16.9%
Moderate Income	856	3489	25%
Middle Income	1526	6262	24.4%
Upper Income	1800	10944	16.4%

In comparative terms, low-income homebuyers were 1 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 1.5 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Portland-Vancouver-Beaverton metropolitan area includes Clackamas, Columbia, Multnomah, Washington, Yamhill in OR and Clark Counties and Skamania Counties in WA.

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.



Salem 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 one in three loans, or 30.4%, 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 23.4%, 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 Salem 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

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, 44.4% or almost one out of two, home refinance loans made to African-Americans were high-cost loans and, 40.0%, or more than one out of three, home refinance loans made to Latinos were high-cost loans. In contrast, only 29.3%, or almost 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	18	8	44.4%	1.5
Latino	400	160	40.0%	1.4
White	3283	961	29.3%	
ALL ¹²	4160	1264	30.4%	

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 1.4 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 1.3 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 African-Americans were 1.4 times more likely than middle-income whites to receive a high-cost refinance loan.

Moderate-income African-Americans were 3.3 times more likely to receive a high-cost refinance loan than moderate-income whites, while moderate-income Latinos were 1.3 times more likely to receive a high-cost refinance loan than moderate-income whites.

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	29.0%	32.1%	0.0%	1.1	0.0
Moderate Income	30.4%	38.6%	100.0%	1.3	3.3
Middle Income	34.5%	38.3%	50.0%	1.1	1.4
Upper Income	25.8%	45.2%	33.3%	1.8	1.3

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

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 \$67,592 for the Salem metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$28,400; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$28,400 and \$45,440; middle-income borrowers have incomes 80-119% of median income, or between \$45,440 and \$67,592.

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

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans received 0.6% of the high-cost refinance loans but only 0.3% of the prime refinance loans. Latinos received 12.7% of the high-cost loans originated but a smaller 8.3% of the prime loans originated. In contrast, whites received 80.2% of all prime loans originated which is greater than their 76.0% share of all high-cost loans originated. African-Americans represent 0.8% of the population in the metropolitan area while Latinos represent 15.6% of the population¹⁴.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	0.8%	0.3%	0.6%
Latino	15.6%	8.3%	12.7%
White	83.0%	80.2%	76.0%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 30.1%, or almost one out of three, refinance loans made to low-income homeowners were high-cost loans, as were 32.3%, or almost one out of every three, refinances made to moderate-income homeowners and 35.2% or more than one of three loans to middle-income homeowners. In contrast, only 26.8%, 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	146	44	30.1%
Moderate-Income	753	243	32.3%
Middle-Income	1294	456	35.2%
Upper-Income	1831	490	26.8%

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. Latino 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, 11.1%, or one out of nine, home purchase loans received by African-Americans were high-cost loans and 44.8%, or almost one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 20.5%, 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	18	2	11.1%,	0.5
Latino	458	205	44.8%	2.2
White	2747	562	20.5%,	
ALL	3555	831	23.4%	

Latino homebuyers were much more likely than white homebuyers to receive a high-cost loan. Latinos were 2.2 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 33.3% of the home purchase loans received by upper-income African-Americans and 56.7% of the home purchase loans received by upper-income Latinos, compared to only 20.6% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 1.6 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 2.8 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 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	21.1%	18.2%	---	0.9	---
Moderate Income	23.4%	50.4%	0.0%	2.2	0.0
Middle Income	24.0%	45.3%	33.3%	1.9	1.4
Upper Income	20.6%	56.7%	33.3%	2.8	1.6

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

Moderate-income Latinos were 2.2 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 0.2% of all high-cost home purchase loans but only 0.6% of the prime home purchase loans. Latinos were issued 24.7% of all high-cost loans originated and 9.3% of the prime loans originated. In contrast, whites received 80.2% of the prime loans originated which is greater than their 67.6% share of the high-cost loans originated. African-Americans represent 0.8% of the population in the metropolitan area while Latinos represent 15.6% 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	0.8%	0.6%	0.2%
Latino	15.6%	9.3%	24.7%
White	83.0%	80.2%	67.6%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 20.6% of the loans received by low-income homebuyers were high-cost loans, or one out of five loans. 29% of the loans received by moderate-income homebuyers, and 27.1% loans to middle-income homeowners were high-cost loans. In comparison, only 18.0% 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	21	102	20.6%
Moderate Income	183	638	29%
Middle Income	302	1115	27.1%
Upper Income	282	1564	18.0%

Moderate-income homebuyers were 1.6 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Salem metropolitan area includes Marion, Polk 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.