



Allentown-Bethlehem-Easton 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, about one in three loans, or 29.9%, was a high-cost loan. When buying a home, borrowers of all races have a high incidence of receiving a high-cost home purchase loan. One in four home purchase loans in the metropolitan area, or 26.0%, were high-cost loans.

For the purposes of this report high-cost loans are defined as loans originated with an Annual Percentage Rate (APR) of at least 3 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 Allentown-Bethlehem-Easton 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, 46.5% or one out of two, home refinance loans made to African-Americans were high-cost loans and, 42.2%, or four out of ten, home refinance loans made to Latinos were high-cost loans. In contrast, only 26.7%, or one out of four, 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	282	131	46.5%	1.7
Latino	718	303	42.2%	1.6
White	6678	1786	26.7%	
ALL ²	9010	2695	29.9%	

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 1.6 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 1.7 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, while middle-income Latinos were 1.2 times more likely to receive a high-cost loan than middle-income whites.

Moderate-income African-Americans were 1.8 times more likely to receive a high-cost refinance loan than moderate-income whites, 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 1.3 times more likely to receive a high-cost refinance loan than low-income whites, while low-income Latinos were 1.4 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	37.6%	52.5%	47.8%	1.4	1.3
Moderate Income	32.0%	49.5%	56.4%	1.5	1.8
Middle Income	30.5%	35.8%	43.5%	1.2	1.4
Upper Income	20.6%	35.8%	46.3%	1.7	2.2

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 \$78,421 for the Allentown-Bethlehem-Easton metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$32,950; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$32,950 and \$52,720; middle-income borrowers have incomes 80-119% of median income, or between \$52,720 and \$78,421.

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.

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans received 4.9% of the high-cost refinance loans but only 2.4% of the prime refinance loans. Latinos received 11.2% of the high-cost loans originated but a smaller 6.6% of the prime loans originated. In contrast, whites received 77.5% of all prime loans originated which is greater than their 66.3% share of all high-cost loans originated. African-Americans represent 2.5% of the population in the metropolitan area while Latinos represent 7.3% of the population⁴.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	2.5%	2.4%	4.9%
Latino	7.3%	6.6%	11.2%
White	87.4%	77.5%	66.3%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 41.6%, or about four out of ten, refinance loans made to low-income homeowners were high-cost loans, as were 36.5%, or one out of every three, refinances made to moderate-income homeowners and 32.6% or one of three loans to middle-income homeowners. In contrast, only 23.3%, or one out of every four, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	675	281	41.6%
Moderate-Income	1894	691	36.5%
Middle-Income	2630	857	32.6%
Upper-Income	3488	813	23.3%

In comparative terms, low-income homeowners were 1.8 times more likely to receive a high-cost loan than upper-income homeowners and moderate-income homeowners were 1.6 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.
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, 49.5%, or one out of two, home purchase loans received by African-Americans were high-cost loans and 44.6%, or close to one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 18.4%, 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	386	191	49.5%,	2.7
Latino	1431	638	44.6%	2.4
White	5127	943	18.4%,	
ALL	7975	2077	26.0%	

Minority homebuyers were much more likely than white homebuyers to receive to receive a high-cost loan. African-American homebuyers were 2.7 times as likely to receive a high-cost home purchase loan than whites while Latinos were 2.4 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 58.7% of the home purchase loans received by upper-income African-Americans and 43.0% of the home purchase loans received by upper-income Latinos, compared to only 16.9% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 3.5 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 2.5 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	26.7%	45.2%	56.5%	1.7	2.1
Moderate Income	22.4%	45.7%	46.6%	2.0	2.1
Middle Income	18.5%	44.7%	47.9%	2.4	2.6
Upper Income	16.9%	43.0%	58.7%	2.5	3.5

Middle-income African-Americans were 2.6 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 2.4 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 2.0 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 1.7 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 9.2% of all high-cost home purchase loans but only 3.3% of the prime home purchase loans. Latinos were issued 30.7% of all high-cost loans originated and 13.4% of the prime loans originated. In contrast, whites received 70.9% of the prime loans originated which is greater than their 45.4% share of the high-cost loans originated. African-Americans represent 2.5% of the population in the metropolitan area while Latinos represent 7.3% 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	2.5%	3.3%	9.2%
Latino	7.3%	13.4%	30.7%
White	87.4%	70.9%	45.4%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 38.7% of the loans received by low-income homebuyers were high-cost loans, or about one out of three loans. 32% of the loans received by moderate-income homebuyers, and 26.7% loans to middle-income homeowners were high-cost loans. In comparison, only 19.7% 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	191	493	38.7%
Moderate Income	524	1663	32%
Middle Income	591	2216	26.7%
Upper Income	662	3358	19.7%

In comparative terms, low-income homebuyers were 2 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 1.6 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Allentown-Bethlehem-Easton metropolitan area includes Carbon, Lehigh, Northampton Counties in Pa and Warren County in NJ 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.



Erie 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, more than one in two loans, or 51.6%, 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. More than one in four home purchase loans in the metropolitan area, or 27.3%, 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 Erie area, we examine data for the area concerning refinance loans, including the disparities in the issuance of high-cost loans by race and income, and the data concerning purchase loans including the disparities in the issuance of high-cost loans by race and income.



High-cost Refinance Loans⁶

For refinance loans, our findings show that in 2006:

1. High-cost loans made up a significant proportion of the home refinance loans made to minorities.
2. African-American homeowners were more likely than white homeowners to receive a high-cost loan when refinancing.
3. Racial disparities persisted even among homeowners of the same income level.
4. 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, 77.5% or more than three out of four, home refinance loans made to African-Americans were high-cost loans and, 43.8%, or almost one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 53.3%, or more than 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	40	31	77.5%	1.5
Latino	16	7	43.8%	0.8
White	858	457	53.3%	
ALL ⁷	1060	547	51.6%	

African-American 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.

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.

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 1.7 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.

Low-income African-Americans were 1.5 times more likely to receive a high-cost refinance loan than low-income whites, while low-income Latinos were 1.7 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	60.5%	100.0%	88.9%	1.7	1.5
Moderate Income	67.0%	60.0%	88.9%	0.9	1.3
Middle Income	58.4%	100.0%	90.9%	1.7	1.6
Upper Income	40.4%	12.5%	62.5%	0.3	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 \$64,617 for the Erie metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$27,150; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$27,150 and \$43,440; middle-income borrowers have incomes 80-119% of median income, or between \$43,440 and \$64,617.

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 5.7% of the high-cost refinance loans but only 1.8% of the prime refinance loans. Latinos received 1.3% of the high-cost loans originated and 1.8% of the prime loans originated. In contrast, whites received 78.2% of all prime loans originated which is greater than their 83.5% share of all high-cost loans originated. African-Americans represent 6.0% of the population in the metropolitan area while Latinos represent 2.2% of the population⁹.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	6.0%	1.8%	5.7%
Latino	2.2%	1.8%	1.3%
White	89.8%	78.2%	83.5%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 65.7%, or more than one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 66.1%, or more than one out of every two, refinances made to moderate-income homeowners and 57.1% or more than one out of two loans to middle-income homeowners. In contrast, only 36.8%, 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	102	67	65.7%
Moderate-Income	271	179	66.1%
Middle-Income	289	165	57.1%
Upper-Income	359	132	36.8%

In comparative terms, low-income homeowners were 1.8 times more likely to receive a high-cost loan than upper-income homeowners and moderate-income homeowners were 1.8 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, 46.5%, or almost one out of two, home purchase loans received by African-Americans were high-cost loans and 32.1%, or almost one out of three, home purchase loans received by Latinos were high-cost loans. In contrast, only 26.5%, or more than 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	20	46.5%,	1.8
Latino	28	9	32.1%	1.2
White	1068	283	26.5%,	
ALL	1225	335	27.3%	

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 1.2 times as likely to receive a high-cost loan.

The racial disparity persists even among borrowers of the same income level. High-cost loans were issued to 50.0% of the home purchase loans received by upper-income African-Americans and 40.0% of the home purchase loans received by upper-income Latinos, compared to only 27.3% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 1.8 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.

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	44.0%	33.3%	60.0%	0.8	1.4
Moderate Income	32.4%	50.0%	53.3%	1.5	1.6
Middle Income	25.6%	44.4%	27.3%	1.7	1.1
Upper Income	27.3%	40.0%	50.0%	1.5	1.8

Latinos were 1.7 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 1.6 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 1.5 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 1.4 times more likely to be issued a high-cost home purchase loan than low-income whites.

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

African-Americans were issued 6.0% of all high-cost home purchase loans but only 2.6% of the prime home purchase loans. Latinos were issued 2.7% of all high-cost loans originated and 2.1% of the prime loans originated. In contrast, whites received 88.2% of the prime loans originated which is greater than their 84.5% share of the high-cost loans originated. African-Americans represent 6.0% of the population in the metropolitan area while Latinos represent 2.2% 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	6.0%	2.6%	6.0%
Latino	2.2%	2.1%	2.7%
White	89.8%	88.2%	84.5%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 46.9% of the loans received by low-income homebuyers were high-cost loans, or almost one out of two loans. 35% of the loans received by moderate-income homebuyers, and 26.1% loans to middle-income homeowners were high-cost loans. In comparison, only 15.6% 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	60	128	46.9%
Moderate Income	107	310	35%
Middle Income	92	352	26.1%
Upper Income	64	411	15.6%

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 Erie metropolitan area includes Erie 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.



Harrisburg-Carlisle 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, more than one in three loans, or 38.3%, 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 20.9%, 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 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 Harrisburg-Carlisle 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, 66.4% or more than one out of two, home refinance loans made to African-Americans were high-cost loans and, 57.9%, or more than one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 36.2%, or more than 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	235	156	66.4%	1.8
Latino	57	33	57.9%	1.6
White	2523	913	36.2%	
ALL ¹²	3304	1267	38.3%	

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

Racial disparities persisted even among homeowners of the same income level.¹³ In 2006, upper-income African-American homeowners were 2.2 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 African-Americans were 1.5 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 1.5 times more likely to receive a high-cost loan than middle-income whites.

Moderate-income African-Americans were 1.8 times more likely to receive a high-cost refinance loan than moderate-income whites, while moderate-income Latinos were 1.9 times more likely to receive a high-cost refinance loan than moderate-income whites.

Low-income African-Americans were 1.5 times more likely to receive a high-cost refinance loan than low-income whites, while low-income Latinos were 1.3 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	48.2%	61.5%	74.4%	1.3	1.5
Moderate Income	40.3%	75.0%	72.0%	1.9	1.8
Middle Income	41.5%	63.2%	63.4%	1.5	1.5
Upper Income	28.1%	33.3%	62.5%	1.2	2.2

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 \$76,517 for the Harrisburg-Carlisle metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$32,150; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$32,150 and \$51,440; middle-income borrowers have incomes 80-119% of median income, or between \$51,440 and \$76,517.

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. 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 12.3% of the high-cost refinance loans but only 3.9% of the prime refinance loans. Latinos received 2.6% of the high-cost loans originated but a smaller 1.2% of the prime loans originated. In contrast, whites received 79.0% of all prime loans originated which is greater than their 72.1% share of all high-cost loans originated. African-Americans represent 9.2% of the population in the metropolitan area while Latinos represent 2.6% of the population¹⁴.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	9.2%	3.9%	12.3%
Latino	2.6%	1.2%	2.6%
White	85.1%	79.0%	72.1%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 51.1%, or more than one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 44.2%, or almost one out of every two, refinances made to moderate-income homeowners and 43.2% or almost one of two loans to middle-income homeowners. In contrast, only 28.8%, 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	315	161	51.1%
Moderate-Income	824	364	44.2%
Middle-Income	953	412	43.2%
Upper-Income	1063	306	28.8%

In comparative terms, low-income homeowners were 1.8 times more likely to receive a high-cost loan than upper-income homeowners and moderate-income homeowners were 1.5 times more likely to receive a high-cost loan.

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



High-cost Home Purchase Loans¹⁵

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

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

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 50.0%, or one out of two, home purchase loans received by African-Americans were high-cost loans and 36.6%, or more than one out of three, home purchase loans received by Latinos were high-cost loans. In contrast, only 17.6%, 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	216	108	50.0%,	2.8
Latino	71	26	36.6%	2.1
White	2574	453	17.6%,	
ALL	3386	706	20.9%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 2.8 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.

The racial disparity persists even among borrowers of the same income level. High-cost loan were issued to 42.9% of the home purchase loans received by upper-income African-Americans and 20.0% 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 African-Americans were 2.4 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	24.9%	50.0%	43.8%	2.0	1.8
Moderate Income	20.7%	42.1%	50.0%	2.0	2.4
Middle Income	20.6%	21.4%	48.1%	1.0	2.3
Upper Income	18.2%	20.0%	42.9%	1.1	2.4

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

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 2.0 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 1.8 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos were 2.0 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 15.3% of all high-cost home purchase loans but only 4.0% of the prime home purchase loans. Latinos were issued 3.7% of all high-cost loans originated and 1.7% of the prime loans originated. In contrast, whites received 79.1% of the prime loans originated which is greater than their 64.2% share of the high-cost loans originated. African-Americans represent 9.2% of the population in the metropolitan area while Latinos represent 2.6% 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	9.2%	4.0%	15.3%
Latino	2.6%	1.7%	3.7%
White	85.1%	79.1%	64.2%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 30.6% of the loans received by low-income homebuyers were high-cost loans, or almost one out of three loans. 25% of the loans received by moderate-income

homebuyers, and 22.3% loans to middle-income homeowners were high-cost loans. In comparison, only 13.6% 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	94	307	30.6%
Moderate Income	208	848	25%
Middle Income	206	923	22.3%
Upper Income	169	1243	13.6%

In comparative terms, low-income homebuyers were 2.3 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 Harrisburg-Carlisle metropolitan area includes Cumberland, Dauphin, Perry 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.



Philadelphia 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 33.6%, 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. Just under one in four home purchase loans in the metropolitan area, or 23.2%, 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 Philadelphia 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 Loans¹⁶

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, 60.2% or more than one out of two, home refinance loans made to African-Americans were high-cost loans and, 46.2%, or about one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 25.2%, or one out of four, home refinance loans made to whites were high-cost loans.

¹⁶ 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	5701	3430	60.2%	2.4
Latino	1324	612	46.2%	1.8
White	22827	5763	25.2%	
ALL ¹⁷	37221	12503	33.6%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 2.4 times more likely to receive a high-cost loan than whites. Latino homeowners were 1.8 times more likely to receive a high cost loan than whites.

Racial disparities persisted even among homeowners of the same income level.¹⁸ In 2006, upper-income African-American homeowners were 2.6 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 2.0 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 1.7 times more likely to receive a high-cost loan than middle-income whites.

Moderate-income African-Americans were 2.0 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 1.7 times more likely to receive a high-cost refinance loan than low-income whites, while low-income Latinos were 1.4 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	41.3%	57.1%	71.6%	1.4	1.7
Moderate Income	33.5%	51.2%	65.6%	1.5	2.0
Middle Income	28.2%	46.9%	56.1%	1.7	2.0
Upper Income	19.5%	30.9%	49.8%	1.6	2.6

¹⁷ The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

¹⁸ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$83,062 for the Philadelphia metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$34,900; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$34,900 and \$55,840; middle-income borrowers have incomes 80-119% of median income, or between \$55,840 and \$83,062.

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

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans received 27.4% of the high-cost refinance loans but only 9.2% of the prime refinance loans. Latinos received 4.9% of the high-cost loans originated but a smaller 2.9% of the prime loans originated. In contrast, whites received 69.0% of all prime loans originated which is greater than their 46.1% share of all high-cost loans originated. African-Americans represent 21.5% of the population in the metropolitan area while Latinos represent 4.7% of the population¹⁹.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	21.5%	9.2%	27.4%
Latino	4.7%	2.9%	4.9%
White	68.7%	69.0%	46.1%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 55.4%, or more than one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 44.2%, or about one out of every two, refinances made to moderate-income homeowners and 35.2% or over one of three loans to middle-income homeowners. In contrast, only 23.3%, or about one out of every four, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	3627	2010	55.4%
Moderate-Income	7791	3446	44.2%
Middle-Income	9343	3287	35.2%
Upper-Income	15106	3520	23.3%

In comparative terms, low-income homeowners were 2.4 times more likely to receive a high-cost loan than upper-income homeowners and moderate-income homeowners were 1.9 times more likely to receive a high-cost loan.

¹⁹ 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 Loans²⁰

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, 54.8%, or more than one out of two, home purchase loans received by African-Americans were high-cost loans and 38.1%, or over one out of three, home purchase loans received by Latinos were high-cost loans. In contrast, only 15.8%, 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	3618	1982	54.8%	3.5
Latino	1392	531	38.1%	2.4
White	17360	2747	15.8%	
ALL	28910	6694	23.2%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 3.5 times as likely to receive a high-cost home purchase loan than whites while Latinos were 2.4 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 57.9% of the home purchase loans received by upper-income African-Americans and 40.1% of the home purchase loans received by upper-income Latinos, compared to only 16.5% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 3.5 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 2.4 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

²⁰ 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	28.0%	37.7%	53.8%	1.3	1.9
Moderate Income	19.7%	43.0%	55.4%	2.2	2.8
Middle Income	16.9%	37.5%	56.6%	2.2	3.3
Upper Income	16.5%	40.1%	57.9%	2.4	3.5

Middle-income African-Americans were 3.3 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 2.2 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 2.8 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 2.2 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 1.9 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos were 1.3 times more likely to be issued a high-cost home purchase loan than low-income whites.

Minority homebuyers with higher incomes were more likely to receive a high-cost loan than white homebuyers with lower incomes. Upper-income and middle-income African-Americans homebuyers were more likely to receive a high-cost loan than low-income whites. 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 29.6% of all high-cost home purchase loans but only 7.4% of the prime home purchase loans. Latinos were issued 7.9% of all high-cost loans originated and 3.9% of the prime loans originated. In contrast, whites received 65.8% of the prime loans originated which is greater than their 41.0% share of the high-cost loans originated. African-Americans represent 21.5% of the population in the metropolitan area while Latinos represent 4.7% 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	21.5%	7.4%	29.6%
Latino	4.7%	3.9%	7.9%
White	68.7%	65.8%	41.0%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 40.2% of the loans received by low-income homebuyers were high-

cost loans, or more than one out of three loans. 31% of the loans received by moderate-income homebuyers, and 24.0% loans to middle-income homeowners were high-cost loans. In comparison, only 15.8% 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	834	2077	40.2%
Moderate Income	1767	5639	31%
Middle Income	1696	7064	24.0%
Upper Income	2117	13385	15.8%

In comparative terms, low-income homebuyers were 2.5 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 2 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Philadelphia metropolitan area includes Bucks, Chester, Delaware, Montgomery, and Philadelphia 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.



Pittsburgh 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, over one in three loans, or 40.4%, 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. One in four home purchase loans in the metropolitan area, or 25.1%, 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 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 Pittsburgh 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 Loans²¹

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, 69.9% or almost three of four, home refinance loans made to African-Americans were high-cost loans and, 41.4%, or over four out of ten, home refinance loans made to Latinos were high-cost loans. In contrast, only 39.6%, or about one out of three, home refinance loans made to whites were high-cost loans.

²¹ 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	585	409	69.9%	1.8
Latino	87	36	41.4%	1.0
White	11187	4433	39.6%	
ALL ²²	14374	5813	40.4%	

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.

Racial disparities persisted even among homeowners of the same income level.²³ 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.

Middle-income African-Americans were 1.8 times more likely than middle-income whites to receive a high-cost refinance loan, while middle-income Latinos were 1.3 times more likely to receive a high-cost loan than middle-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 1.3 times more likely to receive a high-cost refinance loan than moderate-income whites.

Low-income African-Americans were 1.5 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	53.3%	33.3%	82.5%	0.6	1.5
Moderate Income	48.5%	65.0%	70.9%	1.3	1.5
Middle Income	42.2%	53.8%	75.7%	1.3	1.8
Upper Income	30.9%	22.2%	63.0%	0.7	2.0

²² The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

²³ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$68,306 for the Pittsburgh metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$28,700; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$28,700 and \$45,920; middle-income borrowers have incomes 80-119% of median income, or between \$45,920 and \$68,306.

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.

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

African-Americans received 7.0% of the high-cost refinance loans but only 2.1% of the prime refinance loans. Latinos received 0.6% of the high-cost loans originated and 0.6% of the prime loans originated. In contrast, whites received 78.9% of all prime loans originated which is greater than their 76.3% share of all high-cost loans originated. African-Americans represent 7.8% of the population in the metropolitan area while Latinos represent 0.7% of the population²⁴.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	7.8%	2.1%	7.0%
Latino	0.7%	0.6%	0.6%
White	89.3%	78.9%	76.3%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 55.3%, or more than one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 49.3%, or one out of every two, refinances made to moderate-income homeowners and 42.9% or close to one of two loans to middle-income homeowners. In contrast, only 31.2%, or less than one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	1419	784	55.3%
Moderate-Income	3176	1565	49.3%
Middle-Income	3874	1662	42.9%
Upper-Income	5444	1696	31.2%

In comparative terms, low-income homeowners were 1.8 times more likely to receive a high-cost loan than upper-income homeowners and moderate-income homeowners were 1.6 times more likely to receive a high-cost loan.

²⁴ 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 Loans²⁵

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. African-American 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. African-Americans 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, 54.6%, or more than one out of two, home purchase loans received by African-Americans were high-cost loans and 18.4%, or one out of five, home purchase loans received by Latinos were high-cost loans. In contrast, only 22.6%, or one out of four, home purchase loans received by whites were high-cost loans.

Home Purchase Loans By Borrower Race and Ethnicity 2006				
Race/Ethnicity	# Home Purchase Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	537	293	54.6%	2.4
Latino	147	27	18.4%	0.8
White	10530	2381	22.6%	
ALL	12516	3138	25.1%	

African-American homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 2.4 times as likely to receive a high-cost home purchase loan than whites.

The racial disparity persists even among borrowers of the same income level. High-cost loan were issued to 56.3% 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 20.5% of the home purchase loans to upper-income whites.

²⁵ 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.

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 1.2 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	42.2%	35.7%	52.0%	0.8	1.2
Moderate Income	29.6%	21.4%	58.8%	0.7	2.0
Middle Income	21.4%	31.0%	60.2%	1.4	2.8
Upper Income	20.5%	25.0%	56.3%	1.2	2.7

Middle-income African-Americans were 2.8 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 1.4 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.

Low-income African-Americans 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.

African-Americans received a greater proportion of high-cost loans than they received of prime loans. African-Americans were issued 9.3% of all high-cost home purchase loans but only 2.6% of the prime home purchase loans. In contrast, whites received 86.9% of the prime loans originated which is greater than their 75.9% share of the high-cost loans originated. African-Americans represent 7.8% of the population in the metropolitan area while Latinos represent 0.7% 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	7.8%	2.6%	9.3%
Latino	0.7%	1.3%	0.9%
White	89.3%	86.9%	75.9%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 44.4% of the loans received by low-income homebuyers were high-

cost loans, or about one out of two loans. 33% of the loans received by moderate-income homebuyers, and 24.4% loans to middle-income homeowners were high-cost loans. In comparison, only 16.0% 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	508	1143	44.4%
Moderate Income	921	2817	32.7%
Middle Income	779	3188	24.4%
Upper Income	823	5138	16.0%

In comparative terms, low-income homebuyers were 2.8 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 2 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Pittsburgh metropolitan area includes Allegheny, Armstrong, Beaver, Butler, Fayette, Washington, and Westmoreland 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.



Reading 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 32.7%, 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. One in four home purchase loans in the metropolitan area, or 28.7%, 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 Reading 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 Loans²⁶

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, 59.8% or more than one out of two, home refinance loans made to African-Americans were high-cost loans and, 44.9%, or about one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 31.2%, or one out of three, home refinance loans made to whites were high-cost loans.

²⁶ 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	92	55	59.8%	1.9
Latino	214	96	44.9%	1.4
White	2682	837	31.2%	
ALL ²⁷	3468	1135	32.7%	

Minority homeowners were more likely than white homeowners to receive a high-cost loan when refinancing. In relative terms, African-Americans were 1.9 times more likely to receive a high-cost loan than whites. Latino homeowners were 1.4 times more likely to receive a high cost loan than whites.

Racial disparities persisted even among homeowners of the same income level.²⁸ 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.

Middle-income African-Americans were 2.1 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 2.3 times more likely to receive a high-cost refinance loan than moderate-income whites.

Low-income African-Americans were 1.5 times more likely to receive a high-cost refinance loan than low-income whites, while low-income Latinos were 1.9 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	30.4%	56.4%	46.2%	1.9	1.5
Moderate Income	39.1%	39.4%	90.0%	1.0	2.3
Middle Income	33.4%	52.5%	69.2%	1.6	2.1
Upper Income	27.0%	23.3%	35.7%	0.9	1.3

²⁷ The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

²⁸ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$76,874 for the Reading metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$32,300; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$32,300 and \$51,680; middle-income borrowers have incomes 80-119% of median income, or between \$51,680 and \$76,874.

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 4.8% of the high-cost refinance loans but only 1.6% of the prime refinance loans. Latinos received 8.5% of the high-cost loans originated but a smaller 5.1% of the prime loans originated. In contrast, whites received 79.1% of all prime loans originated which is greater than their 73.7% share of all high-cost loans originated. African-Americans represent 3.7% of the population in the metropolitan area while Latinos represent 9.7% of the population²⁹.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	3.7%	1.6%	4.8%
Latino	9.7%	5.1%	8.5%
White	88.2%	79.1%	73.7%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 37.1%, or one out of three, refinance loans made to low-income homeowners were high-cost loans, as were 39.6%, or one out of every three, refinances made to moderate-income homeowners and 35.2% or one of three loans to middle-income homeowners. In contrast, only 26.9%, or one out of every four, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	318	118	37.1%
Moderate-Income	787	312	39.6%
Middle-Income	1028	362	35.2%
Upper-Income	1204	324	26.9%

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 1.5 times more likely to receive a high-cost loan.

²⁹ 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 Loans³⁰

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, 49.3%, or one out of two, home purchase loans received by African-Americans were high-cost loans and 49.0%, or one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 21.3%, 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	134	66	49.3%	2.3
Latino	524	257	49.0%	2.3
White	2096	447	21.3%	
ALL	3067	881	28.7%	

Minority homebuyers were much more likely than white homebuyers 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 2.3 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 36.4% of the home purchase loans received by upper-income African-Americans and 47.5% of the home purchase loans received by upper-income Latinos, compared to only 24.4% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 1.5 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.

³⁰ 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	21.6%	43.3%	52.6%	2.0	2.4
Moderate Income	23.6%	46.8%	55.6%	2.0	2.4
Middle Income	24.5%	48.1%	40.0%	2.0	1.6
Upper Income	24.4%	47.5%	36.4%	1.9	1.5

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 2.0 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 2.0 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 2.4 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos were 2.0 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 7.5% of all high-cost home purchase loans but only 3.1% of the prime home purchase loans. Latinos were issued 29.2% of all high-cost loans originated and 12.2% of the prime loans originated. In contrast, whites received 75.4% of the prime loans originated which is greater than their 50.7% share of the high-cost loans originated. African-Americans represent 3.7% of the population in the metropolitan area while Latinos represent 9.7% 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	3.7%	3.1%	7.5%
Latino	9.7%	12.2%	29.2%
White	88.2%	75.4%	50.7%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 35.5% of the loans received by low-income homebuyers were high-

cost loans, or about one out of three loans. 32% of the loans received by moderate-income homebuyers, and 29.2% loans to middle-income homeowners were high-cost loans. In comparison, only 23.1% of loans made to upper-income homebuyers were high-cost loans.

High-cost Lender Share of Home Purchase Loans by Borrower Income Level 2006			
	High-cost Loans	All Loans	% High-cost
Low Income	110	310	35.5%
Moderate Income	227	715	31.7%
Middle Income	236	809	29.2%
Upper Income	261	1132	23.1%

In comparative terms, low-income homebuyers were 1.5 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 1.4 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Reading metropolitan area includes Berks 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.



Scranton-Wilkes-Barre 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, four out of ten loans, or 40.0%, was a high-cost loan. When buying a home, borrowers of all races have a very high incidence of receiving a high-cost home purchase loan. One in three home purchase loans in the metropolitan area, or 39.1%, 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 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 Scranton-Wilkes-Barre 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 Loans³¹

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, 59.1% or one out of two, home refinance loans made to African-Americans were high-cost loans and, 47.6%, or one out of two, home refinance loans made to Latinos were high-cost loans. In contrast, only 39.1%, or one out of three, home refinance loans made to whites were high-cost loans.

³¹ 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	22	13	59.1%	1.5
Latino	105	50	47.6%	1.2
White	3191	1247	39.1%	
ALL ³²	3734	1495	40.0%	

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

Racial disparities persisted even among homeowners of the same income level.³³ 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 1.4 times more likely to receive a high-cost loan than upper-income whites.

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

Low-income African-Americans were 1.2 times more likely to receive a high-cost refinance loan than low-income whites, while low-income Latinos were 1.1 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	41.5%	44.4%	50.0%	1.1	1.2
Moderate Income	47.8%	50.0%	50.0%	1.0	1.0
Middle Income	45.4%	50.0%	60.0%	1.1	1.3
Upper Income	31.1%	43.5%	62.5%	1.4	2.0

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

³² The category ALL loans includes borrowers from other racial/ethnic groups as well as borrowers who did not self-declare their race.

³³ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$63,784 for the Scranton-Wilkes-Barre metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$26,800; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$26,800 and \$42,880; middle-income borrowers have incomes 80-119% of median income, or between \$42,880 and \$63,784.

more likely to receive a high-cost refinance 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 0.9% of the high-cost refinance loans but only 0.4% of the prime refinance loans. Latinos received 3.3% of the high-cost loans originated but a smaller 2.5% of the prime loans originated. In contrast, whites received 86.8% of all prime loans originated which is greater than their 83.4% share of all high-cost loans originated. African-Americans represent 1.5% of the population in the metropolitan area while Latinos represent 1.2% of the population³⁴.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	1.5%	0.4%	0.9%
Latino	1.2%	2.5%	3.3%
White	96.7%	86.8%	83.4%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 44.6%, or close to one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 48.4%, or one out of every two, refinances made to moderate-income homeowners and 45.9% or close to one of two loans to middle-income homeowners. In contrast, only 32.0%, or one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	305	136	44.6%
Moderate-Income	812	393	48.4%
Middle-Income	1028	472	45.9%
Upper-Income	1454	466	32.0%

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 1.5 times more likely to receive a high-cost loan.

³⁴ 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 Loans³⁵

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

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

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 70.7%, or almost three out of four, home purchase loans received by African-Americans were high-cost loans and 55.3%, or more than one out of two, home purchase loans received by Latinos were high-cost loans. In contrast, only 34.2%, or one out of three, 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	75	53	70.7%	2.1
Latino	517	286	55.3%	1.6
White	2291	783	34.2%	
ALL	3179	1242	39.1%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 2.1 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 60.0% of the home purchase loans received by upper-income African-Americans and 61.2% of the home purchase loans received by upper-income Latinos, compared to only 31.8% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 1.9 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.

³⁵ 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	53.7%	38.7%	83.3%	0.7	1.6
Moderate Income	41.5%	58.1%	76.5%	1.4	1.8
Middle Income	31.6%	61.8%	68.2%	2.0	2.2
Upper Income	31.8%	61.2%	60.0%	1.9	1.9

Middle-income African-Americans were 2.2 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 2.0 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 1.8 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 1.4 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 1.6 times more likely to be issued a high-cost home purchase loan than low-income whites.

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

Minorities received a greater proportion of high-cost loans than they received of prime loans. African-Americans were issued 4.3% of all high-cost home purchase loans but only 1.1% of the prime home purchase loans. Latinos were issued 23.0% of all high-cost loans originated and 11.9% of the prime loans originated. In contrast, whites received 77.9% of the prime loans originated which is greater than their 63.0% share of the high-cost loans originated. African-Americans represent 1.5% of the population in the metropolitan area while Latinos represent 1.2% 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	1.5%	1.1%	4.3%
Latino	1.2%	11.9%	23.0%
White	96.7%	77.9%	63.0%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 50.0% of the loans received by low-income homebuyers were high-cost loans, or about one out of two loans. 46% of the loans received by moderate-income homebuyers,

and 38.9% loans to middle-income homeowners were high-cost loans. In comparison, only 30.3% 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	145	290	50.0%
Moderate Income	363	788	46.1%
Middle Income	306	786	38.9%
Upper Income	367	1212	30.3%

In comparative terms, low-income homebuyers were 1.7 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 Scranton-Wilkes-Barre metropolitan area includes Lackawanna, Luzerne, and Wyoming 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.