



Chattanooga Metropolitan Area

Homeowners of all races in the metropolitan area have an extremely high incidence of receiving a high-cost loan when refinancing. Out of all refinance loans made in the metropolitan area, almost one in two loans, or 43.3%, 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 25.6%, 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 Chattanooga 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. 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, 68.1% or more than one out of two, home refinance loans made to African-Americans were high-cost loans and, 39.1%, or more than one out of three, home refinance loans made to Latinos were high-cost loans. In contrast, only 40.4%, or almost one out of two, home refinance loans made to whites were high-cost loans.

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

REFINANCE LOANS BY BORROWER RACE AND ETHNICITY 2006				
Race/Ethnicity	# Refinance Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	457	311	68.1%	1.7
Latino	46	18	39.1%	1.0
White	2901	1172	40.4%	
ALL ²	3955	1713	43.3%	

African-American 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.

Racial disparities persisted even among homeowners of the same income level.³ In 2006, upper-income African-American homeowners were 1.8 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.

Moderate-income African-Americans were 1.5 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	53.6%	25.0%	78.7%	0.5	1.5
Moderate Income	47.7%	35.7%	71.9%	0.7	1.5
Middle Income	43.8%	50.0%	69.5%	1.1	1.6
Upper Income	33.1%	33.3%	60.0%	1.0	1.8

Middle-income African-Americans were more likely to receive a high-cost loan than low-income whites.

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

³ Upper-income is defined as borrowers with incomes 120% or greater than the area median income or greater than \$62,475 for the Chattanooga metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$26,250; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$26,250 and \$42,000; middle-income borrowers have incomes 80-119% of median income, or between \$42,000 and \$62,475.

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

African-Americans received 18.2% of the high-cost refinance loans but only 6.5% of the prime refinance loans. In contrast, whites received 77.1% of all prime loans originated which is greater than their 68.4% share of all high-cost loans originated. African-Americans represent 13.8% of the population in the metropolitan area while Latinos represent 1.5% of the population⁴.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	13.8%	6.5%	18.2%
Latino	1.5%	1.2%	1.1%
White	82.6%	77.1%	68.4%

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

In 2006, 56.7%, or more than one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 53.3%, or more than one out of every two, refinances made to moderate-income homeowners and 46.6% or almost one of two loans to middle-income homeowners. In contrast, only 34.2%, 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	363	206	56.7%
Moderate-Income	815	434	53.3%
Middle-Income	1080	503	46.6%
Upper-Income	1572	537	34.2%

In comparative terms, low-income homeowners were 1.7 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 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, 45.5%, or almost one out of two, home purchase loans received by African-Americans were high-cost loans and 27.6%, or more than one out of four, home purchase loans received by Latinos were high-cost loans. In contrast, only 23.9%, or almost 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	407	185	45.5%,	1.9
Latino	76	21	27.6%	1.2
White	3299	788	23.9%,	
ALL	4194	1073	25.6%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 1.9 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 loan were issued to 40.6% of the home purchase loans received by upper-income African-Americans and 37.5% of the home purchase loans received by upper-income Latinos, compared to only 25.3% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 1.6 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 1.5 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

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



High-cost Loans as a Percentage of All Home Purchase Loans by Borrower Race and Ethnicity Among Income Levels 2006					
	White	Latino	African- American	Disparity Compared to White	
				Latino	African- American
Low Income	37.3%	20.0%	39.8%	0.5	1.1
Moderate Income	30.6%	31.6%	47.6%	1.0	1.6
Middle Income	25.4%	35.3%	45.3%	1.4	1.8
Upper Income	25.3%	37.5%	40.6%	1.5	1.6

Middle-income African-Americans were 1.8 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 1.6 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Minority homebuyers with higher incomes were more likely to receive a high-cost loan than white homebuyers with lower incomes. 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 17.2% of all high-cost home purchase loans but only 7.1% of the prime home purchase loans. Latinos were issued 2.0% of all high-cost loans originated and 1.8% of the prime loans originated. In contrast, whites received 80.5% of the prime loans originated which is greater than their 73.4% share of the high-cost loans originated. African-Americans represent 13.8% of the population in the metropolitan area while Latinos represent 1.5% of the population.

Distribution of High-cost Home Purchase Loans by Borrower Race and Ethnicity 2006			
Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	13.8%	7.1%	17.2%
Latino	1.5%	1.8%	2.0%
White	82.6%	80.5%	73.4%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 36.3% of the loans received by low-income homebuyers were high-cost loans, or more than one out of three loans. 33% of the loans received by moderate-income homebuyers, and 26.7% loans to middle-income homeowners were high-cost loans. In comparison, only 17.5% 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	134	369	36.3%
Moderate Income	317	957	33%
Middle Income	283	1059	26.7%
Upper Income	299	1704	17.5%

In comparative terms, low-income homebuyers were 2.1 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 1.9 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Chattanooga metropolitan area includes Hamilton, Marion, and Sequatchie Counties in TN and Catoosa, Dade, and Walker Counties in GA.

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.



Knoxville 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 40.0%, 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 26.5%, were high-cost loans.

For the purposes of this report high-cost loans are defined as loans originated with an Annual Percentage Rate (APR) of at least 3 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 Knoxville area, we examine data for the area concerning refinance loans, including the disparities in the issuance of high-cost loans by race and income, and the data concerning purchase loans including the disparities in the issuance of high-cost loans by race and income.



High-cost Refinance Loans⁶

For refinance loans, our findings show that in 2006:

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

High-cost loans made up a significant proportion of the home refinance loans made to minorities. In 2006, 58.8% or more than one out of two, home refinance loans made to African-Americans were high-cost loans and, 41.5%, or four out of ten, home refinance loans made to Latinos were high-cost loans. In contrast, only 39.5%, or one out of three, home refinance loans made to whites were high-cost loans.

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

REFINANCE LOANS BY BORROWER RACE AND ETHNICITY 2006				
Race/Ethnicity	# Refinance Loans	# High Cost Loans	% High Cost	Disparity to White
African-American	233	137	58.8%	1.5
Latino	41	17	41.5%	1.1
White	4082	1613	39.5%	
ALL ⁷	4959	1984	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.

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

Moderate-income African-Americans were 1.4 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	52.9%	50.0%	79.6%	0.9	1.5
Moderate Income	46.7%	37.5%	67.3%	0.8	1.4
Middle Income	44.4%	71.4%	55.0%	1.6	1.2
Upper Income	32.0%	35.7%	46.8%	1.1	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 \$65,212 for the Knoxville metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$27,400; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$27,400 and \$43,840; middle-income borrowers have incomes 80-119% of median income, or between \$43,840 and \$65,212.

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 6.9% of the high-cost refinance loans but only 3.2% of the prime refinance loans. Latinos received 0.9% of the high-cost loans originated and 0.8% of the prime loans originated. In contrast, whites received 83.0% of all prime loans originated which is greater than their 81.3% share of all high-cost loans originated. African-Americans represent 6.3% of the population in the metropolitan area while Latinos represent 1.3% of the population⁹.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	6.3%	3.2%	6.9%
Latino	1.3%	0.8%	0.9%
White	90.0%	83.0%	81.3%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 54.9%, or more than one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 47.6%, or about one out of every two, refinances made to moderate-income homeowners and 44.1% or close to one of two loans to middle-income homeowners. In contrast, only 32.4%, or one out of every three, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	450	247	54.9%
Moderate-Income	1047	498	47.6%
Middle-Income	1294	571	44.1%
Upper-Income	1964	636	32.4%

In comparative terms, low-income homeowners were 1.7 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.

⁹ 2000 Census data based on the counties that are included in the metropolitan area. See methodology section for a list of counties included for this metropolitan area.



High-cost Home Purchase Loans¹⁰

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

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

High-cost loans made up a significant proportion of the home purchase loans made to minorities. In 2006, 55.0%, or over one out of two, home purchase loans received by African-Americans were high-cost loans and 38.1%, or one out of three, home purchase loans received by Latinos were high-cost loans. In contrast, only 24.8%, 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	209	115	55.0%,	2.2
Latino	139	53	38.1%	1.5
White	5424	1345	24.8%,	
ALL	6461	1710	26.5%	

Minority homebuyers were much more likely than white homebuyers to receive to receive a high-cost loan. African-American homebuyers were 2.2 times as likely to receive a high-cost home purchase loan than whites while Latinos were 1.5 times as likely to receive a high-cost loan.

The racial disparity persists even among borrowers of the same income level. High-cost loan were issued to 36.8% of the home purchase loans received by upper-income African-Americans and 42.9% of the home purchase loans received by upper-income Latinos, compared to only 21.6% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 1.7 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 2.0 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home.

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

High-cost Loans as a Percentage of All Home Purchase Loans by Borrower Race and Ethnicity Among Income Levels 2006					
	White	Latino	African- American	Disparity Compared to White	
				Latino	African- American
Low Income	46.5%	66.7%	74.3%	1.4	1.6
Moderate Income	35.7%	61.8%	61.8%	1.7	1.7
Middle Income	25.5%	38.5%	49.1%	1.5	1.9
Upper Income	21.6%	42.9%	36.8%	2.0	1.7

Middle-income African-Americans were 1.9 times more likely than middle-income whites to be issued a high-cost home purchase loan, while middle-income Latinos were 1.5 times more likely to be issued a high-cost purchase loan than middle-income whites.

Moderate-income African-Americans were 1.7 times more likely to be issued a high-cost home purchase loan than moderate-income whites, while moderate-income Latinos were 1.7 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans were 1.6 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos were 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 6.7% of all high-cost home purchase loans but only 2.0% of the prime home purchase loans. Latinos were issued 3.1% of all high-cost loans originated and 1.8% of the prime loans originated. In contrast, whites received 85.9% of the prime loans originated which is greater than their 78.7% share of the high-cost loans originated. African-Americans represent 6.3% of the population in the metropolitan area while Latinos represent 1.3% 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	6.3%	2.0%	6.7%
Latino	1.3%	1.8%	3.1%
White	90.0%	85.9%	78.7%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 49.0% of the loans received by low-income homebuyers were high-cost loans, or about one out of two loans. 39% of the loans received by moderate-income homebuyers, and 27.4% loans to middle-income homeowners were high-cost loans. In comparison, only 14.6% 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	260	531	49.0%
Moderate Income	540	1395	38.7%
Middle Income	455	1661	27.4%
Upper Income	396	2716	14.6%

In comparative terms, low-income homebuyers were 3.4 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 2.7 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Knoxville metropolitan area includes Knox, Blount, Anderson, Loudon, Union 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.



Memphis 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 53.0%, was a high-cost loan. When buying a home, borrowers of all races have a extremely high incidence of receiving a high-cost home purchase loan. Almost one in two home purchase loans in the metropolitan area, or 46.8%, 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 Memphis 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. 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. African-Americans 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, 70.6% or almost three out of four, home refinance loans made to African-Americans were high-cost loans and, 37.6%, or more than one out of three, home refinance loans made to Latinos were high-cost loans. In contrast, only 40.8%, or almost one out of two, 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	3102	2189	70.6%	1.7
Latino	149	56	37.6%	0.9
White	3773	1540	40.8%	
ALL ¹²	8034	4261	53.0%	

African-American 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.

Racial disparities persisted even among homeowners of the same income level.¹³ In 2006, upper-income African-American homeowners were 1.7 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 1.3 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.

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	54.0%	36.4%	83.0%	0.7	1.5
Moderate Income	50.8%	39.5%	77.3%	0.8	1.5
Middle Income	44.9%	57.1%	72.6%	1.3	1.6
Upper Income	36.6%	33.9%	62.7%	0.9	1.7

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 \$64,736 for the Memphis metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$27,200; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$27,200 and \$43,520; middle-income borrowers have incomes 80-119% of median income, or between \$43,520 and \$64,736.

Middle-income African-Americans 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 received 51.4% of the high-cost refinance loans but only 24.2% of the prime refinance loans. In contrast, whites received 59.2% of all prime loans originated which is greater than their 36.1% share of all high-cost loans originated. African-Americans represent 41.5% of the population in the metropolitan area while Latinos represent 2.4% of the population¹⁴.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	41.5%	24.2%	51.4%
Latino	2.4%	2.5%	1.3%
White	52.8%	59.2%	36.1%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 72.9%, or almost three out of four, refinance loans made to low-income homeowners were high-cost loans, as were 65.5%, or more than one out of every two, refinances made to moderate-income homeowners and 58.4% or more than one out of two loans to middle-income homeowners. In contrast, only 44.0%, or almost one out of every two, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	609	444	72.9%
Moderate-Income	1523	998	65.5%
Middle-Income	1904	1111	58.4%
Upper-Income	3533	1553	44.0%

In comparative terms, low-income homeowners were 1.7 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. 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, 74.4%, or almost three out of four, home purchase loans received by African-Americans were high-cost loans and 28.2%, or more than one out of four, home purchase loans received by Latinos were high-cost loans. In contrast, only 26.1%, 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	4796	3568	74.4%,	2.9
Latino	490	138	28.2%	1.1
White	4987	1302	26.1%,	
ALL	11586	5427	46.8%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 2.9 times as likely to receive a high-cost home purchase loan than whites.

The racial disparity persists even among borrowers of the same income level. High-cost loan were issued to 74.0% of the home purchase loans received by upper-income African-Americans and 33.3% of the home purchase loans received by upper-income Latinos, compared to only 26.2% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 2.8 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 1.3 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	43.8%	28.6%	76.5%	0.7	1.7
Moderate Income	34.5%	17.2%	79.2%	0.5	2.3
Middle Income	30.1%	42.6%	75.5%	1.4	2.5
Upper Income	26.2%	33.3%	74.0%	1.3	2.8

Middle-income African-Americans were 2.5 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 2.3 times more likely to be issued a high-cost home purchase loan than moderate-income whites.

Low-income African-Americans 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.

African-Americans received a greater proportion of high-cost loans than they received of prime loans. African-Americans were issued 65.7% of all high-cost home purchase loans but only 19.9% of the prime home purchase loans. In contrast, whites received 59.8% of the prime loans originated which is greater than their 24.0% share of the high-cost loans originated. African-Americans represent 41.5% of the population in the metropolitan area while Latinos represent 2.4% of the population.

Distribution of High-cost Home Purchase Loans by Borrower Race and Ethnicity 2006			
Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	41.5%	19.9%	65.7%
Latino	2.4%	5.7%	2.5%
White	52.8%	59.8%	24.0%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 64.0% of the loans received by low-income homebuyers were high-cost loans, or more than one out of two loans. 58% of the loans received by moderate-income homebuyers, and 51.5% loans to middle-income homeowners were high-cost loans. In comparison, only 33.7% 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	626	978	64.0%
Moderate Income	1562	2715	58%
Middle Income	1511	2933	51.5%
Upper Income	1601	4745	33.7%

In comparative terms, low-income homebuyers were 1.9 times more likely than upper-income borrowers to receive a high-cost loan to purchase their home. Moderate-income homebuyers were 1.7 times more likely to receive a high-cost loan than upper-income homebuyers.

Methodology

The data for the Memphis metropolitan area includes Fayette, Shelby, and Tipton Counties in TN, DeSoto, Marshall, Tate and Tunica Counties in MS and Crittenden County in AR.

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.



Nashville-Davidson-Murfreesboro 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 34.8%, was a high-cost loan. When buying a home, borrowers of all races have a moderate incidence of receiving a high-cost home purchase loan. Almost one in five home purchase loans in the metropolitan area, or 19.6%, 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 Nashville-Davidson-Murfreesboro 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, 54.2% or more than one out of two, home refinance loans made to African-Americans were high-cost loans and, 37.6%, or more than one out of three, home refinance loans made to Latinos were high-cost loans. In contrast, only 32.2%, or almost one out of three, 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	1414	766	54.2%	1.7
Latino	197	74	37.6%	1.2
White	8072	2602	32.2%	
ALL ¹⁷	11053	3844	34.8%	

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 1.2 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 2.1 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 1.2 times more likely to receive a high-cost loan than middle-income whites.

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

Low-income African-Americans were 1.4 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	44.2%	40.0%	60.8%	0.9	1.4
Moderate Income	41.0%	40.4%	58.2%	1.0	1.4
Middle Income	36.5%	45.1%	54.2%	1.2	1.5
Upper Income	24.6%	28.3%	51.9%	1.2	2.1

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 \$72,471 for the Nashville-Davidson-Murfreesboro metropolitan area. Low-income borrowers have incomes below 50% of the median income, or less than \$30,450; moderate-income borrowers have incomes between 50% and 79% of median income, or between \$30,450 and \$48,720; middle-income borrowers have incomes 80-119% of median income, or between \$48,720 and \$72,471.

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 19.9% of the high-cost refinance loans but only 9.0% of the prime refinance loans. Latinos received 1.9% of the high-cost loans originated and 1.7% of the prime loans originated. In contrast, whites received 75.9% of all prime loans originated which is greater than their 67.7% share of all high-cost loans originated. African-Americans represent 14.9% of the population in the metropolitan area while Latinos represent 3.2% of the population¹⁹.

Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	14.9%	9.0%	19.9%
Latino	3.2%	1.7%	1.9%
White	78.8%	75.9%	67.7%

Lower-income homeowners of all races were more likely to receive a high-cost loan than upper-income borrowers. In 2006, 47.4%, or almost one out of two, refinance loans made to low-income homeowners were high-cost loans, as were 43.2%, or almost one out of every two, refinances made to moderate-income homeowners and 38.5% or more than one of three loans to middle-income homeowners. In contrast, only 26.9%, or more than one out of every four, refinances to upper-income homeowners were high-cost loans.

	# Refinance Loans	# High-Cost Loans	% High-cost
Low-Income	897	425	47.4%
Moderate-Income	2370	1025	43.2%
Middle-Income	3068	1180	38.5%
Upper-Income	4227	1139	26.9%

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.

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, 49.7%, or almost one out of two, home purchase loans received by African-Americans were high-cost loans and 33.1%, or one out of three, home purchase loans received by Latinos were high-cost loans. In contrast, only 16.7%, 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	1424	708	49.7%,	3.0
Latino	676	224	33.1%	2.0
White	13165	2199	16.7%,	
ALL	18128	3545	19.6%	

Minority homebuyers were much more likely than white homebuyers to receive a high-cost loan. African-American homebuyers were 3.0 times as likely to receive a high-cost home purchase loan than whites while Latinos were 2 times as likely to receive a high-cost loan.

The racial disparity persists even among borrowers of the same income level. High-cost loan were issued to 45.0% of the home purchase loans received by upper-income African-Americans and 38.5% of the home purchase loans received by upper-income Latinos, compared to only 16.7% of the home purchase loans to upper-income whites.

In comparative terms, upper-income African-Americans were 2.7 times more likely than upper-income whites to be issued a high-cost loan when purchasing a home. Upper-income Latinos were 2.3 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	29.3%	33.8%	63.3%	1.2	2.2
Moderate Income	25.1%	36.6%	55.8%	1.5	2.2
Middle Income	18.5%	34.4%	50.0%	1.9	2.7
Upper Income	16.7%	38.5%	45.0%	2.3	2.7

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

Moderate-income African-Americans were 2.2 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 2.2 times more likely to be issued a high-cost home purchase loan than low-income whites, while low-income Latinos were 1.2 times more likely to be issued a high-cost home purchase loan than low-income whites.

Minority homebuyers with higher incomes were more likely to receive a high-cost loan than white homebuyers with lower incomes. Upper-income and middle-income African-Americans homebuyers were more likely to receive a high-cost loan than low-income whites. Upper-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 20.0% of all high-cost home purchase loans but only 4.9% of the prime home purchase loans. Latinos were issued 6.3% of all high-cost loans originated and 3.1% of the prime loans originated. In contrast, whites received 75.2% of the prime loans originated which is greater than their 62.0% share of the high-cost loans originated. African-Americans represent 14.9% of the population in the metropolitan area while Latinos represent 3.2% of the population.

Distribution of High-cost Home Purchase Loans by Borrower Race and Ethnicity 2006			
Race/Ethnicity	Share of Population	Share of Prime Loans	Share of High-cost Loans
African-American	14.9%	4.9%	20.0%
Latino	3.2%	3.1%	6.3%
White	78.8%	75.2%	62.0%

Lower income homeowners of all races are more likely to receive a high-cost loan than upper-income homebuyers. In 2006, 34.1% of the loans received by low-income homebuyers were high-

cost loans, or more than one out of three loans. 29% of the loans received by moderate-income homebuyers, and 21.3% loans to middle-income homeowners were high-cost loans. In comparison, only 11.5% 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	398	1168	34.1%
Moderate Income	1103	3800	29%
Middle Income	919	4319	21.3%
Upper Income	966	8378	11.5%

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

Methodology

The data for the Nashville-Davidson-Murfreesboro metropolitan area includes Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson, Wilson 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.