

DRAFT



MEMORANDUM

Date: October 9, 2001

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator *CHH*

Re: **Analysis of Racial and Economic Disparities in Home Purchase Mortgage Lending Nationally and in Sixty Metropolitan Areas**

Background

Last week four studies were forwarded to the Board on housing topics. In general, these studies confirmed that: (1) the real estate and homebuilding interests in Pima County have not been concerned with the majority of the community that is unable to afford the average home (the market exists for high income earners); and (2) for the high income earners, which is the market the local industry tailors its product to, the housing market has not been made less accessible because of government regulations. Housing costs have risen due to the operation of market forces, but high earners have experienced an increase in income that has kept pace with the increased cost of housing.

Today I am forwarding a study released on October 3, 2001 by the Association of Community Organizations for Reform Now (ACORN) which is entitled *An Analysis of Racial and Economic Disparities in Home Purchase Mortgage Lending Nationally and in Sixty Metropolitan Areas*. The study finds that "If minority families owned homes at the same rate as whites of a similar age and income, there would be an additional 3.5 million homeowners today. A major factor contributing to this gap is that minority and lower income families experience continuing, and in many cases growing, inequalities in obtaining the financing necessary to purchase a home."

Tucson has the second worst record in the nation-wide study set of metropolitan statistical areas for rejecting Hispanic applicants seeking conventional mortgages. This memorandum provides a summary of highlights from the study.

Report

- In 1999, Tucson had the highest denial rate for Hispanic applicants seeking conventional purchase loans for homes: 50.75 percent.
- In 2000, Tucson had the second highest rejection ratio for conventional purchase loans, meaning that Hispanic applicants were rejected 2.79 times more than white applicants, who were denied 14.45 percent of the time.

- Analysis for Tucson mortgage loan applicants in the same income categories reveals that disparities persist across four tiers of income.
 - (1) Upper income -- For Tucson residents who earn above 120 percent of the median, denial rates in the year 2000 were 22.6 percent for Hispanics; 22.45 percent for Black residents; and 7.43 percent for whites.
 - (2) Upper-middle income -- For Tucson residents who earn 100 to 120 percent of the median, denial rates in the year 2000 were 33.55 percent for Hispanics; 22.58 percent for Black residents; and 12.73 percent for whites.
 - (3) Moderate income -- For Tucson residents who earn 50 to 80 percent of the median, denial rates in the year 2000 were 42.05 percent for Hispanics; 36.51 percent for Black residents; and 23.42 percent for whites.
 - (4) Low income -- For Tucson residents who earn below 50 percent of the median, denial rates in the year 2000 were 56.98 percent for Hispanics; 64.71 percent for Black residents; and 36.61 percent for whites.
- Stated another way, "upper income Latinos were 3.04 times more likely to be rejected than upper income whites and upper-middle income Latinos were 2.65 times more likely to be denied than upper-middle income whites. Moderate-income Latinos were 1.8 times more likely to be rejected than moderate-income whites and low-income Latinos were 1.56 times more likely to be rejected than low income whites."
- The study also found that in Tucson, "low and moderate income neighborhoods comprise 37.4 percent of the metropolitan statistical area, but received just 13.2 percent of conventional loans."

Conclusion

The affordability gap that the operation of market forces has created for many Tucson residents is a problem exacerbated by local lending practices which have a disparate impact on minority residents of Pima County. Staff is conducting studies which continue to examine the issue of affordability and the impact of market forces on the minority community.

Attachments

- Attachment A -- Hispanics Still Lag in Mortgage Approvals, Arizona Daily Star, 9-4-01
- Attachment B -- The Great Divide, Analysis of Racial and Economic Disparities
- Attachment C -- Tables, Analysis of Racial and Economic Disparities
- Attachment D -- Tucson Profile, Analysis of Racial and Economic Disparities

Arizona Daily Star

Sponsored by: Watson Chevrolet

SN www.azstarnet.com

Thursday, 4 October 2001

Hispanics still lag in mortgage approvals

By David Wichner and Macario Juarez Jr.
ARIZONA DAILY STAR

Despite significant improvement, Tucson had one of the worst mortgage-approval rates in the nation for minority and low-income applicants in 2000, a new study shows.

In 2000, Tucson-area Hispanics were 2.79 times more likely than whites to be rejected for conventional mortgages - the second-worst rejection rate of 60 metropolitan areas studied by the Association of Community Organizations for Reform Now, or ACORN.

Tucson-area black applicants fared little better, with a rejection rate 2.29 times that of white applicants.

Low-income mortgage applicants in the Tucson area were 5.43 times as likely to be denied loans as upper-income applicants.

Of the 56 metro areas with significant Hispanic mortgage application activity, only Little Rock, Ark., and San Antonio had higher Hispanic rejection rates, ACORN found.

"Across the country, low- and moderate-income and minority borrowers are being turned down more often than other borrowers, and here in Tucson the problem is worse for some groups than almost anywhere else," ACORN National President Maude Hurd says.

Of those who applied in Tucson, about 40 percent of Hispanics and 33 percent of blacks were denied conventional mortgages in 2000, compared with about 14.5 percent of whites.

Following an improving trend nationwide, those rejection rates were down from more than 50 percent for Hispanics, nearly 36 percent for African-Americans and about 21 percent for whites in 1999, ACORN said.

The 2000 Tucson-area rejection rate for Hispanics is higher than the national rate of 35 percent, though the Tucson rate is lower than the national rejection rate of nearly 50 percent for black applicants. Hispanics are about 29 percent of Pima County's population, while blacks comprise about 3 percent.

Overall, the denial rate for mortgages has been dropping, and the rate of homeownership reached a record 67.4 percent in 2000. But minorities aren't sharing in the greater access to home loans,

MORTGAGE DENIALS

* Percentage of bank denials of conventional loan mortgages by race in 2000.

Area	White	Hispanic	Black
Tucson	14.45%	40.38%	33.08%
Phoenix	14.62%	33.37%	31.55%
National	24.15%	34.90%	49.87%

SOURCE: Association of Community Organizations for Reform Now (complete report online at www.acorn.org)

ACORN contends.

Mortgage lenders say they don't discriminate based on race, but often relatively lower incomes, credit problems and spotty employment histories may contribute to the higher rejection rates for minorities.

"It does happen, but it's not a thing where the loan officer says, 'You're Hispanic, so I'm not going to approve your loan' - it's these underlying factors," said Ana Velia Santos, an assistant vice president in Bank One's Tucson community-investment department.

Bill Martin, president of Madera Financial in Tucson, doesn't dispute the ACORN study, but he says Hispanic mortgage applicants sometimes present difficult loan cases.

"I would say some of the more challenging loan applications come from people in the Mexican-American community," he said. "Some of the challenges are obtaining credit out of Mexico, obtaining income and employment verification."

Martin said he tries to reach out to the Hispanic community by hiring Hispanic loan officers who can better understand their situation. Madera also has an office in Nogales. "We really try to do our best, but we are restricted because of the (lending) guidelines," Martin said.

But ACORN reported that the lending disparity exists even among applicants at similar income levels. Upper-income Hispanics - those earning more than 120 percent of the median income - were 3.04 times more likely to be rejected than upper-income whites.

Teresa Castro, organizer in ACORN's Phoenix office, said that although lenders and brokers may not overtly discriminate based on race, the mortgage banking system has failed to adequately serve low-income and minority borrowers.

"Banks don't advertise in low-income areas," she said. As a result, Castro said, low-income families seeking mortgages and other financial services are subject to high-interest, high-cost loans through so-called "predatory lenders" who fill the vacuum left by mainstream lenders, citing the prevalence of "payday loan" and check-cashing operations in low-income areas.

Back to Story

All content copyright © 1999, 2000, 2001 AzStarNet, Arizona Daily Star and its wire services and suppliers and may not be republished without permission. All rights reserved. Any copying, redistribution, or retransmission of any of the contents of this service without the expressed written consent of Arizona Daily Star or AzStarNet is prohibited.

WHOM TO CALL

- * To complain about housing or lending discrimination, contact:
 - U.S. Department of Housing and Urban Development - 670-6000..
 - Arizona Attorney General's

Office - 800-352-8431.
 • Southern Arizona Fair Housing Center - 798-1568..

Attachment B

The Great Divide

**An Analysis of Racial and Economic Disparities in
Home Purchase Mortgage Lending Nationally and in
Sixty Metropolitan Areas**

October 2001



Association of Community Organizations for Reform Now

739 8th Street S.E., Washington, D.C. 20003

202-547-2500

www.acorn.org

Table of Contents

Introduction.....	Page 1
Methodology.....	Page 6
Findings	
Conventional Home Purchase Mortgages	
Minority Denial Rates Declined From 1999 to 2000, But Not As Much As Denial Rates for White Applicants.....	Page 10
Minority applicants for conventional loans are rejected more frequently than whites, and the disparity is growing.....	Page 13
Minorities of all incomes are rejected more often than whites of the same income, but the disparity increases as the borrower income level increases.....	Page 18
The Number of Conventional Applications Increased for Latinos, But Declined for Whites and African-Americans.....	Page 22
Latinos and African-Americans had larger increases than whites in the number of conventional home purchase originations.....	Page 26
Despite increases in the number of conventional loans made to minorities, the share of conventional loans to African Americans and Latinos is still below their share of the population.....	Page 30
The number of conventional purchase loans to minorities increased at a greater rate than to whites, but unfortunately, data suggests that much of the growth may be due to higher cost subprime loans.....	Page 33
Low and moderate income neighborhoods continue to be underserved by conventional lenders.....	Page 35
Applicants from low, moderate, and middle income neighborhoods are rejected more frequently than applicants from upper income neighborhoods.....	Page 37
The African-American and Latino share of government loans is substantially larger than their share of conventional loans and is more proportionate to their share of the population.....	Page 41
Government-backed Home Purchase Mortgages	
Government backed loans make up a far greater portion of the mortgages to African-Americans and Latinos than of mortgages to whites.....	Page 44
Denial Rates for Government Loans Rise, But Remain Lower Than For Conventional Loans.....	Page 47
Recommendations.....	Page 52
Notes.....	Page 54
Tables with MSA Specific Data.....	Page 55
Profiles of Disparity in Specific Metropolitan Statistical Areas.....	Page 66

The Great Divide

An Analysis of Racial and Economic Disparities in Home Purchase Mortgage Lending Nationally and in Sixty Metropolitan Areas

INTRODUCTION

In 2000, after several years of unprecedented growth, the homeownership rate in the United States reached a record 67.4 percent. Homeownership increased across all racial and economic lines, with minority and lower income families in particular achieving some of the most notable gains. The gulf, however, between white and minority homeownership rates has historically been enormous, and recent progress, although important, has barely narrowed this gap. There remains a 25.7 percentage point difference between white and minority rates of homeownership, just a one percentage point closing of the gap since 1994. In 2000, 74 percent of white families owned their own homes, compared to only 48 percent of African-Americans and 46 percent of Latinos. If minority families owned homes at the same rates as whites of a similar age and income, there would be an additional 3.5 million minority homeowners today¹.

As detailed in this report, a major factor contributing to this gap is that minority and lower income families experience continuing, and in many cases growing, inequalities in obtaining the financing necessary to purchase a home. In addition, the prevalence in minority communities of subprime refinance lending, with its inflated prices and attendant predatory abuses, puts an increasing number of homeowners at risk of losing their homes. This subject will be covered in a subsequent report.

*

Nationally, half of all African-American applicants and more than one-third of Latino applicants for conventional mortgages were rejected in 2000. African-American applicants were over twice as likely to be turned down for a mortgage as white applicants, and Latinos were rejected almost one and a half times more often than white applicants. These figures are of even greater concern because they represent an increase in the disparity between white and minority denials compared to in 1999. Furthermore, specific areas of the country continue to demonstrate an especially alarming disparity in their lending markets. For instance, in 2000 in Milwaukee and Chicago, African-Americans were over four times more likely to be denied for a conventional loan than whites were.

This disparity persisted and grew despite the fact that minority denial rates actually declined from 1999 to 2000, an occurrence which otherwise would have been a sign of improvement. However, white applicants had an even greater decrease in their rates of denial, eclipsing the gains made by minority applicants.



The disparity between minority and white denials is present even when comparing minority applicants with white applicants of the same income. In fact, the disparity is even more pronounced at the higher income levels. Nationally, upper-income African-Americans were turned down almost three times more often than upper-income whites, also an increase from 1999. Even more disturbing, upper income African-Americans were rejected more frequently than moderate income whites whose incomes were only about half as much as that of the African-American applicants.

This continued and growing disparity cannot be explained away with the assertion put forth by the lending industry that minority applicants have worse credit than white applicants. In the most detailed and comprehensive analysis of discrimination in mortgage lending, researchers at the Federal Reserve Bank of Boston examined individual applications, controlling for credit, income, and other factors. They found that black and Latino applicants were significantly more likely to be denied a mortgage loan than similarly situated white applicants².

*

These numbers should not be misinterpreted as evidence that lower income whites face no difficulties when buying a house. **Traditional lending institutions continue to fail to adequately serve low and moderate-income communities of all races.** Low and moderate-income neighborhoods comprise 26% of the country, yet these neighborhoods received just 12% of the conventional loans. As shown in this report, residents of low, moderate, and even middle income neighborhoods all have a harder time in obtaining a loan than residents of upper income areas.

Given that homeownership remains the single most important source of accumulated wealth for minority and lower income American households, it is impossible to overstate the damage caused by these inequalities. Home equity accounts for two-thirds of the net wealth of families with annual incomes below \$20,000 and half of the net wealth of families with annual incomes between \$20,000 and \$50,000. In comparison, just a quarter of the net wealth of families earning over \$50,000 is from home equity³.

For low and moderate income families, the difference between renting and owning a home marks a separation between getting by from day to day and building up the equity that may be later used as collateral for an investment in higher education or starting a business. For communities, it is often the difference between absentee landlords and committed neighbors. Without access to credit on fair terms, communities have no hope of emerging from concentrated poverty into strong, stable, and safe neighborhoods.

Minorities, and Latinos in particular, did see some gains in 2000, especially in the number of conventional loans they received. From 1999 to 2000, the number of conventional purchase loans made to Latinos rose 14.1% and the number of conventional loans made to African-



Americans rose 1.3%, while the number of conventional loans made to whites actually decreased slightly.

As these numbers show, the growth in lending to Latino homebuyers is the area in which the greatest progress has been made. Our experience suggests that one of the factors contributing to this improvement, has been the effort by community organizations to make lenders more responsive to the needs of the Latino community and to remove underwriting barriers that penalized immigrant borrowers. Despite this improvement, Latinos still face unnecessary obstacles when trying to purchase a home⁴.

While the growth in conventional lending to minorities was a positive sign, the share of conventional loans made to African-Americans and Latinos continues to lag far behind the percentage of the population that they make up. African-Americans comprise over 12% of the country's population, yet they received just 4.7% of the conventional loans. Latinos account for almost 13% of the national population, but received just 6% of the conventional loans.

These figures for conventional loans would be far worse if subprime loans were not counted as conventional loans. **In recent years, lower-income and minority homebuyers, primarily African-Americans, have become more and more reliant on subprime loans when buying a home.** The data on denial rates and number of loans extended obscures increasingly evident differences in the types and terms of loans made in different communities. Precisely because traditional banks and mortgage companies have excluded too many lower income and minority families from the economic mainstream, and failed to provide the necessary credit, this need has been filled by subprime lenders offering loans with higher interest rates, more fees, and less beneficial terms.

In 1999, subprime loans made up 19% of the conventional home purchase loans received by African-Americans and 11% of the conventional purchase loans to Latinos, as compared to just 4% of the conventional purchase loans to whites. These figures have steadily increased for minorities since 1993 when subprime loans made up 2% of the conventional purchase loans to African-Americans and Latinos and 1% of the conventional loans to whites.

The best possible outcome for new homebuyers who purchase a home with a subprime loan is that they merely pay hundreds of dollars more each month, and tens of thousands, even hundreds of thousands of dollars more over the life of the loan. For borrowers who could have qualified for a prime loan, the substantially higher interest rates and added fees deprive these homeowners of a fair opportunity to build equity. The worst case is that the high interest and fees are only the tip of a predatory lending iceberg in which the loan also contains harmful terms that often lead to foreclosure.

In addition, subprime purchase loans are the financing mechanism of choice for carrying out "property flipping" scams, which unfortunately have become too common an occurrence in too many cities. Property flipping involves the purchasing of distressed properties at a negligible price, and then, after doing minimal cosmetic or even no work to the property, selling it at a price far more than the house is worth. The victims of property flipping are often unsuspecting low-income, minority first-time homebuyers.



While there are no hard numbers about how many families have been victimized by property flipping, the problem reached epidemic proportions in many cities before the authorities were even aware that a problem existed, and in other cities it continues unchecked.

The advantages of a standard prime loan over a subprime loan are extremely clear, but a more subtle, though still significant, disparity can also be seen in the numbers of minorities who are given government-backed mortgages, primarily FHA loans. **FHA loans make up a disproportionate share of the financing used by African-American and Latino homebuyers.** In 2000, government-backed loans accounted for 41% of all home purchase originations to African-Americans and 40% of the purchase loans to Latinos nationally, while they make up just 17% of the purchase loans to whites.

Nationally, African-Americans received almost a three times greater share of all government-backed mortgages than of conventional ones, and Latinos received almost a two times greater share of government-backed loans. Furthermore, although minorities are rejected more frequently than whites for government-backed loans, the disparity is much less than with conventional loans and the disparity decreased from 1999 to 2000.

This data suggests that African-American and Latino homebuyers may be pushed towards government-backed loan products, rather than conventional products. Mortgage testing has found that lenders offer FHA loan products more frequently or more forcefully to African Americans and Latinos than to whites. Additionally, the rise of credit scoring has made FHA products easier for lenders to use for clients with more complex credit histories. Regardless of the rationale, the result is that banks still appear to be much more willing to loan money to African Americans and Latinos when the government guarantees that they will not take a loss on the loan.

In addition, in recent years, HUD has uncovered a substantial amount of abuse in the FHA program by lenders and sellers seeking to take advantage of first-time homebuyers and using FHA loans to carry out the property flipping scams described above. In response, HUD has declared a number of cities to be "Hot Zones" and will give them special attention in addressing this problem.

FHA loans play an important and valuable role in helping to boost homeownership in lower income and minority communities. For some borrowers, an FHA loan may be the loan product that best meets their needs. The numbers of both minority and white families who have purchased homes with FHA loans is, in part, a testament to the success of the program in filling the void left by conventional lenders. HUD has also recently taken steps to make FHA loans less costly for the borrower.

However, for those borrowers who could and should have received a conventional loan, FHA loans do also have disadvantages, such as being more costly due to an upfront mortgage insurance premium and the requirement to continue mortgage insurance for the life of the loan,



regardless of the amount of equity held by the owner. In addition, communities can suffer from a concentration of FHA loans since foreclosed FHA homes remain vacant longer due to a slow process of reselling these properties⁵. Thus, there are negative consequences when lenders disproportionately steer minority borrowers to FHA loans.



METHODOLOGY

This report analyzes data released by the Federal Financial Institutions Examination Council (FFIEC) about the lending activity of more than 7,800 institutions covered by the Home Mortgage Disclosure Act (HMDA). HMDA requires depository institutions with more than \$30 million in assets as well as mortgage companies which make substantial numbers of home loans to report data annually to one of the member agencies of the FFIEC--the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision--and to the Department of Housing and Urban Development (HUD). The reporting includes the number and type of loans correlated by the race, gender, income, and census tract of the applicants, and the disposition of those applications, in each Metropolitan Statistical Area (MSA) where loans are originated.

The report examines figures for the nation as a whole, as well as for sixty individual MSAs: Little Rock, AR; Pine Bluff, AR; Phoenix, AZ; Tucson, AZ; Fresno, CA; Los Angeles, CA; Oakland, CA; Orange County, CA; Riverside-San Bernadino, CA; Sacramento, CA; San Diego, CA; San Francisco, CA; San Jose, CA; Stockton-Lodi, CA; Denver, CO; Bridgeport, CT; New Haven, CT; Wilmington, DE; Washington, DC; Ft. Lauderdale, FL; Jacksonville, FL; Miami, FL; Tampa-St. Petersburg, FL; Atlanta, GA; Chicago, IL; Ft. Wayne, IN; Gary, IN; Indianapolis, IN; Baton Rouge, LA; Houma, LA; Lake Charles, LA; New Orleans, LA; Boston, MA; Brockton, MA; Springfield, MA; Baltimore, MD; Detroit, MI; Minneapolis-St. Paul, MN; Kansas City, MO; St. Louis, MO; Bergen-Passaic, NJ; Jersey City, NJ; Newark, NJ; Albuquerque, NM; New York City, NY; Nassau-Suffolk, NY; Cleveland, OH; Toledo, OH; Portland, OR; Philadelphia, PA; Pittsburgh, PA; Providence, RI; Sioux Falls, SD; Memphis, TN; Dallas, TX; Forth Worth-Arlington, TX; Houston, TX; San Antonio, TX; Seattle, WA; and Milwaukee, WI.

For each lending category in this report, we first analyze the national data and then identify specific MSAs which show the greatest and least disparity for that category. (Note that we have excluded those MSAs which had fewer than 100 conventional applications from African-Americans (Sioux Falls, SD) or from Latinos (Pine Bluff, AR; Houma, LA; Lake Charles, LA; and Sioux Falls, SD) from those sections which rank degrees of disparity between lending to African-Americans or lending to Latinos compared to whites respectively.



SUMMARY OF FINDINGS

1) Minority denial rates for conventional purchase loans declined from 1999 to 2000, but not as much as the denial rate for white borrowers.

- ◆ Half of all African-American applicants, 49.87%, were denied in 2000, 7% fewer than in 1999 when 53.75% of African-Americans were turned down.
- ◆ More than 1 in 3 Latino applicants, 34.90%, were rejected in 2000, a 9% decrease from 1999 when 38.63% of all Latinos were denied.
- ◆ In comparison, less than 1 in 4 white applicants, 24.15%, were turned down in 2000, a 12% decrease from 1999 when 27.44% of whites were denied.

2) Minority applicants for conventional loans are rejected significantly more often than whites, and the disparity grew from 1999 to 2000.

- ◆ African-Americans were denied 2.06 times more frequently than whites, up from 1.96 times more frequently in 1999.
- ◆ Latinos were turned down 1.45 times more often than whites in 2000, an increase from 1999 when Latinos were denied 1.41 times more frequently than whites.

3) Minorities of all incomes are rejected more often than whites of the same income for conventional loans, but the disparity increases as the income level increases, and minorities with higher incomes are denied more often than whites with lower incomes.

- ◆ While low-income African-Americans were 1.26 times more likely to be turned down than low-income whites, upper income African-Americans were 2.77 times more likely to be turned down than upper income whites.
- ◆ Low-income Latinos were denied just 1.04 times more often than low-income whites, but upper-income Latinos were denied twice as often as upper-income Latinos.
- ◆ Upper income African-Americans were also rejected more frequently than moderate income whites, while upper-income Latinos were more likely to be denied than middle income whites.

4) The increased disparity between minority and white denial rates cannot be attributed to an increase in the number of minority applications.

- ◆ Although Latinos saw an increase in both their denial rate and their number of conventional loan applications, the number of African-American applications decreased almost exactly the same percentage as for whites. Nationally, there was a 5.14% increase in Latino applications, while African-American and white applications declined 8.77% and 9.53% respectively.



5) The number of conventional loans made to minorities rose from 1999 to 2000, but the share of conventional loans received by African-Americans and Latinos remains substantially lower than their percentage of the population.

- ◆ From 1999 to 2000, there was a 14% increase in the number of conventional loans made to Latinos, a 1% increase in the number of conventional loans made to African-Americans, and a 5% decrease in the number of conventional loans made to whites.
- ◆ African-Americans received 4.7% of the conventional loans originated in the United States in 2000, the same share as in 1999, which is two and a half times less than the 12.3% of the population that African-Americans make up nationally.
- ◆ The share of conventional mortgages received by Latinos rose from 5.2% in 1999 to 5.9% in 2000, but is still less than half of the 12.5% of the country's population that Latinos comprise.

6) The number of conventional purchase loans to minorities increased at a greater rate than the number of conventional purchase loans to whites, but, based on past year's numbers, there is a danger that much of the growth may be due to higher cost subprime loans.

- ◆ From 1998 to 1999, subprime loans accounted for 41% of the growth in conventional purchase loans to African-Americans and 15% of the growth to Latinos. In contrast, subprime purchase loans did not make up any of the overall growth to whites in purchase loans since the number of subprime purchase loans decreased 2% during this period.
- ◆ From 1995 to 1999, Subprime loans made up 100% of the increase in conventional purchase loans made to African-Americans from 1995 to 2000, 37% of the increase to Latinos, and just 17% of the increase to whites⁶.

7) Low and moderate-income neighborhoods continue to be underserved by conventional lenders.

- ◆ Low and moderate income neighborhoods account for 26% of the country, yet they received just 12% of the conventional loans – a two times smaller share.
- ◆ In contrast, upper-income neighborhoods make up 21% of the country, and received 39% of the conventional loans – almost a two times larger share.

8) Applicants from low, moderate, and even middle income neighborhoods are significantly more likely than applicants from upper income neighborhoods to be rejected for a conventional loan.

- ◆ Residents of low-income neighborhoods are 3 times more likely to be denied than residents of upper-income neighborhoods when applying for a conventional home purchase mortgage.
- ◆ Residents of moderate-income neighborhoods are 2 times more likely the residents of upper-income neighborhoods to be denied.

- ◆ Residents of middle income neighborhoods are twice as likely as residents of upper income neighborhoods to be denied.

9) The African-American and Latino share of government-backed loans is substantially larger than their share of conventional loans and is more proportionate to their share of the population.

- ◆ In 2000, African-Americans received 13% of government-backed loans – almost three times their share of conventional loans.
- ◆ Latinos received 15.4% of government-backed loans – almost twice their share of conventional loans.
- ◆ In contrast, whites received a much greater share of conventional loans, 70.0%, than of government loans, 57.7%.

10) Government-backed loans make up a far greater portion of the mortgages to African-Americans and Latinos than of mortgages to whites.

- ◆ Government-backed loans accounted for 41% of the purchase loans received by African-Americans and 40% of the purchase loans received by Latinos, as compared to 17% of the purchase loans made to whites.
- ◆ African-Americans and Latinos were both 2.4 times more likely than whites to receive a government loan (compared to a conventional loan) when buying a house.

11) African-Americans and Latinos were rejected more frequently than white applicants for government-backed loans, but the disparity is less than with conventional loans, and the disparity decreased from 1999 to 2000.

- ◆ African-American applicants for government-backed mortgages were denied 1.62 times more often than white applicants, a decrease from 1999 when African-Americans were turned down 1.72 times more often than whites.
- ◆ Latino applicants for government-backed loans were just 1.15 times more likely to be denied than whites in 2000, down from 1999 when Latinos were 1.34 times more likely to be turned down.

FINDINGS

Minority Denial Rates Declined From 1999 to 2000, But Not As Much As Denial Rates for White Applicants⁷

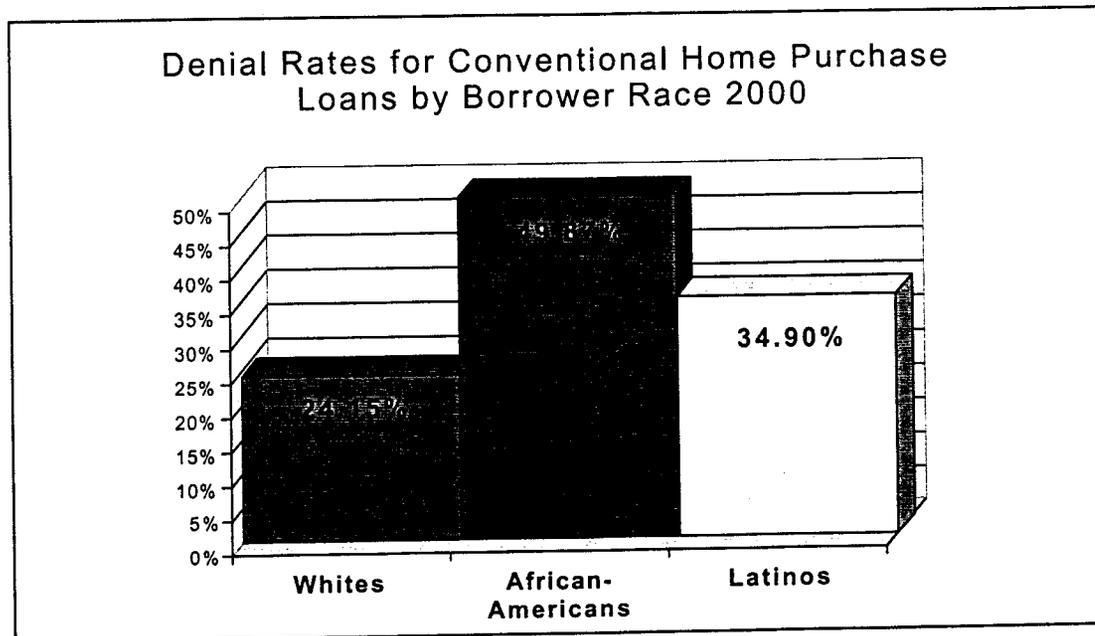
National

From 1999 to 2000, denial rates for conventional purchase loans declined more for whites than for minorities. The white denial rate fell 12.0%, the Latino denial rate decreased 9.2%, and the African-American denial rate dropped 7.2%.

Change in Denial Rates for Conventional Home Purchase Mortgages – Nationally

Race	1999 Denial Rate	2000 Denial Rate	Change
Whites	27.44%	24.15%	- 12.0%
African-Americans	53.75%	49.87%	- 7.2%
Latinos	38.63%	34.90%	- 9.7%

As the above numbers show, minorities are significantly more likely than whites to be denied, and the larger decrease in the white denial rate has increased this disparity. Despite the decreases in the minority denial rates, African-Americans are still over two times more likely than whites to be denied, and Latinos were still 1.5 times more likely to be denied.



Although the decline in minority denial rates is an encouraging sign, its importance is eclipsed by the fact that white denial rates decreased even more, making the disparity even greater.

Individual MSAs

Greatest Increases in Minority Denial Rates

In 8 MSAs, the African-American Denial Rate increased more than 20% from 1999 to 2000: Brockton, MA (50.00% increase); New Haven, CT (42.86%); Cleveland, OH (40.27%); Bridgeport, CT (34.99%); Springfield, MA (28.91%); Toledo, OH (28.48%); and Nassau-Suffolk, NY (22.27%).

Largest Increases in African-American Denial Rate for Conventional Loans

MSA	1999	2000
Brockton	16.88%	25.32%
New Haven	27.39%	39.13%
Cleveland	30.47%	42.74%
Bridgeport	30.24%	40.82%
Springfield	23.66%	30.50%
Toledo	23.91%	30.72%
Nassau-Suffolk	27.30%	33.38%

In 10 MSAs, the Latino denial rate for conventional loans increased more than 22% from 1999 to 2000: Bergen-Passaic, NJ (50.62% increase); Newark, NJ (48.84%); New York, NY (33.98%); Toledo, OH (32.78%); Nassau-Suffolk, NY (28.74%); Bridgeport, CT (27.94%); New Haven, CT (27.79%); San Jose, CA (23.26%); Jersey City, NJ (23.26%); and Boston, MA (22.42%).

Largest Increases in Latino Denial Rate for Conventional Loans

MSA	1999	2000
Bergen-Passaic	15.37%	23.15%
Newark	15.50%	23.07%
New York	21.54%	28.86%
Toledo	27.88%	37.02%
Nassau-Suffolk	20.67%	26.61%
Bridgeport	18.79%	24.04%
New Haven	27.06%	34.58%
San Jose	21.15%	26.07%
Jersey City	21.07%	25.97%
Boston	15.39%	18.84%

Largest Decreases in Minority Denial Rates

In 10 MSAs the African-American Denial Rate decreased by more than 14% from 1999 to 2000: Wilmington, DE (39.26% decrease); Pine Bluff, AR (-28.13%); San Antonio, TX (-22.56%); Seattle, WA (-21.00%); Sacramento, CA (-17.58%); Fresno, CA (-17.36%); Houma, LA (-15.74%); Little Rock, AR (-15.24%); Baton Rouge, LA (14.85%); and New Orleans, LA (14.61%).



Largest Decreases in African-American Denial Rate for Conventional Loans

MSA	1999	2000
Wilmington	23.28%	14.14%
Pine Bluff	65.91%	47.37%
San Antonio	54.53%	42.23%
Seattle	31.72%	25.06%
Sacramento	32.60%	26.87%
Fresno	38.42%	31.75%
Houma	67.29%	56.70%
Little Rock	56.43%	47.83%
Baton Rouge	55.21%	47.01%
New Orleans	46.05%	39.32%

In 10 MSAs, the Latino denial rate decreased by more than 15%: Baton Rouge, LA (53.49% decrease); Pittsburgh, PA (-32.65%), Ft. Wayne, IN (-25.51%); Dallas, TX (-24.14%); Memphis, TN (-23.78%); Ft. Worth-Arlington, TX (-22.27%); Tucson, AZ (-20.39%); Albuquerque, NM (-18.77%); San Antonio, TX (-18.55%); Brockton, MA (-17.93%); and Seattle, WA (-14.59%).

Largest Decreases in Latino Denial Rate for Conventional Loans

MSA	1999	2000
Baton Rouge	43.00%	20.00%
Pittsburgh	31.73%	21.37%
Ft. Wayne	37.40%	27.86%
Dallas	41.67%	31.61%
Memphis	37.76%	28.78%
Ft. Worth-Arlington	41.00%	31.87%
Tucson	50.72%	40.38%
Albuquerque	48.32%	39.25%
San Antonio	50.23%	40.91%
Brockton	23.26%	19.09%
Seattle	27.75%	23.70%



Minority applicants for conventional loans are rejected more frequently than whites, and the disparity is growing.

National

Although African-American and Latino denial rates decreased nationally, whites had an even greater decrease in their denial rates, causing disparities between rejection rates for different races to increase. In 2000, African-American homebuyers were 2.06 times more likely to be denied for a conventional purchase loan than whites were. This was up 10% from 1999 when African-American were 1.96 times more likely to be denied than whites. In 2000, Latinos were rejected 1.45 times more often than whites, a 4% increase from 1999 when Latinos were rejected 1.41 times more often than whites.

Change in Rejection Ratios⁸ for Conventional Home Purchase Mortgages

Race	1999	2000	Change
White Denial Rate	27.44%	24.15%	- 12.0%
Afr-American Denial Rate	53.75%	49.87%	- 7.2%
African-American: White Rejection Ratio	1.96	2.06	+10%
Latino Denial Rate	38.63%	34.90%	- 9.7%
Latino: White Rejection Ratio	1.41	1.45	+4.0%

Individual MSAs

In 47 of the 60 MSAs in this study, the disparity between African-American and white rejections grew from 1999 to 2000. In no MSA were African-Americans rejected less frequently than white applicants, nor were there any MSAs where African-Americans were rejected at a rate even close to that at which whites were rejected.

The highest rejection ratios for African-Americans were found in Chicago and Milwaukee, where African-Americans were 4.61 and 4.05 times, respectively, more likely to be rejected than whites. In Chicago, more than 1 in 3 black applicants were turned down compared to just 1 in 13 white applicants, while in Milwaukee, over 1 in 4 black applicants were denied, compared to just 1 in 15 white applicants.

The lowest African-American rejection ratio was in Pine Bluff, AR where African-American applicants were only 1.26 times more likely to be rejected than white applicants.

The disparity between Latino and white rejections grew from 1999 to 2000 in 46 of the 60 MSAs studied. In only 2 MSAs were Latino applicants rejected at the same level or less than white applicants – in Baton Rouge and Lake Charles, Louisiana, although these two MSAs had just 102 and 16 Latino applicants respectively for conventional loans in 2000.



Highest Rejection Ratios:

In 9 MSAs African-American applicants were over 3 times more likely to be rejected than whites: Chicago (4.61 times more likely); Milwaukee (3.93); Cleveland, OH (3.66); Bridgeport, CT (3.35); Minneapolis-St. Paul (3.37); Newark, NJ (3.35); Washington, DC (3.30); New Haven, CT (3.27); and Philadelphia, PA (3.17).

**Greatest Disparity in 2000 Denial Rates for Conventional Home Purchase Mortgages
Between African-Americans and Whites**

MSA	African-Americans	Whites
Chicago	35.77%	7.76%
Milwaukee	27.81%	6.86%
Cleveland, OH	42.74%	11.69%
Bridgeport, CT	40.82%	12.20%
Minneapolis-St. Paul	32.52%	9.66%
Newark, NJ	31.46%	9.38%
Washington, DC	24.77%	7.50%
New Haven, CT	39.13%	11.95%
Philadelphia, PA	28.32%	8.94%

In 10 MSAs, Latino applicants were rejected more than 2.25 times as often as whites: New Haven, CT (2.89 times more often); Tucson, AZ (2.79); Providence, RI (2.62); Minneapolis-St. Paul (2.59); Chicago, IL (2.54); Milwaukee, WI (2.52); Newark, NJ (2.46); Denver, CO (2.43); Washington, DC (2.43); and Phoenix-Mesa, AZ (2.28).

**Greatest Disparity in 2000 Denial Rates for Conventional Home Purchase Mortgages
Between Latinos and Whites**

MSA	Latinos	Whites
New Haven, CT	34.58%	11.95%
Tucson, AZ	40.38%	14.45%
Minneapolis-St. Paul	25.03%	9.66%
Chicago, IL	19.70%	7.76%
Milwaukee, WI	17.28%	6.86%
Newark, NJ	23.07%	9.38%
Denver, CO	31.20%	12.82%
Washington, DC	18.23%	7.50%
Phoenix-Mesa	33.37%	14.62%

Lowest Rejection Ratios

In 9 MSAs, African-American applicants were rejected less than 1.75 times more often than whites: Pine Bluff, AR (1.26 times more often); Jacksonville, FL (1.53); Lake Charles, LA (1.53); Toledo, OH (1.54); Stockton-Lodi, CA (1.57); Detroit, MI (1.62); Little Rock, AR (1.63); Ft. Worth-Arlington, TX (1.65); and Orange County, CA (1.66).

Least Disparity in 2000 Denial Rates for Conventional Home Purchase Mortgages Between African-Americans and Whites

MSA	African-Americans	Whites
Pine Bluff, AR	47.37%	37.65%
Jacksonville, FL	36.69%	23.98%
Lake Charles, LA	54.41%	35.54%
Toledo, OH	30.72%	19.99%
Stockton-Lodi, CA	25.23%	16.05%
Detroit, MI	37.54%	23.16%
Little Rock, AR	47.83%	29.26%
Ft. Worth-Arlington, TX	37.80%	22.92%
Orange County, CA	23.38%	14.11%

In 7 MSAs Latino applicants were less than 1.35 times more likely to be rejected than whites: Baton Rouge, LA (0.91 times as likely); Wilmington, DE (1.08 times more likely); Jacksonville, FL (1.12); Ft. Wayne, IN (1.25); Ft. Lauderdale, FL (1.28); Stockton-Lodi, CA (1.29); and Miami, FL (1.33).

Least Disparity in 2000 Denial Rates for Conventional Home Purchase Mortgages Between Latinos and Whites

MSA	Latinos	Whites
Baton Rouge	20.00%	21.88%
Wilmington	14.14%	13.12%
Jacksonville	26.76%	23.98%
Ft. Wayne	27.86%	22.35%
Ft. Lauderdale, FL	18.33%	14.33%
Stockton-Lodi, CA	20.63%	16.05%
Miami, FL	19.91%	15.00%

Greatest Increases in Disparity Between Minority and White Rejections

In 9 MSAs the rejection ratio between denial rates for African-American and white applicants increased more than 30% from 1999 to 2000: Brockton, MA (65.63% increase); Minneapolis-St. Paul, MN (53.88%); New Haven, CT (44.05%); Toledo, OH (37.50%); St. Louis, MO (35.93%); Tucson, AZ (33.92%); Cleveland, OH (32.13%); Albuquerque, NM (32.08%); and Kansas City, MO (31.61%).



Largest Increases in African-American:White Rejection Ratio for Conventional Home Purchase Mortgages

MSA	1999 Denial Rates		1999 Ratio	2000 Denial Rates		2000 Ratio
	Whites	Blacks		Whites	Blacks	
Brockton	10.52%	16.88%	1.6	9.55%	25.32%	2.65
Minneapolis-St. Paul	12.72%	27.89%	2.19	9.66%	35.52%	3.37
New Haven	12.04%	27.39%	2.27	11.95%	39.13%	3.27
Toledo	21.29%	23.91%	1.12	19.99%	30.72%	1.54
St. Louis	21.16%	35.43%	1.67	11.82%	27.03%	2.27
Tucson	20.85%	35.73%	1.71	14.45%	33.08%	2.29
Cleveland	10.99	30.47%	2.77	11.69%	42.74%	3.66
Albuquerque	26.64%	42.31%	1.59	18.46%	38.83%	2.10
Kansas City	15.69%	27.32%	1.74	11.82%	27.03%	2.29

In 4 of these same MSAs plus 4 others, the rejection ratio between white and Latino applicants increased more than 25% from 1999 to 2000: Kansas City, MO (45.39% increase); Toledo, OH (41.22%); Little Rock AR (35.20%); Washington, DC (31.35%); Minneapolis-St. Paul, MN (30.15%); New Haven, CT (28.44%); and New Orleans, LA (26.85%).

Largest Increases in Latino:White Rejection Ratio for Conventional Home Purchase Mortgages

MSA	1999 Denial Rates		1999 Ratio	2000 Denial Rates		2000 Ratio
	Whites	Latinos		Whites	Latinos	
Kansas City	15.69%	22.13%	1.41	11.82%	24.21%	2.05
Toledo	21.29%	27.88%	1.31	19.99%	37.02%	1.85
Little Rock	35.14%	43.93%	1.25	29.26%	49.55%	1.69
Washington	8.23%	15.20%	1.85	7.50%	18.23%	2.43
Minneapolis	12.72%	25.23%	1.99	9.66%	25.03%	2.59
Bergen-Passaic	8.93%	15.37%	1.72	10.44%	23.15%	2.22
New Haven	12.04%	27.06%	2.25	11.95%	34.58%	2.89
New Orleans	19.14%	20.65%	1.08	15.55%	21.37%	1.37

Greatest decreases in disparity between minority and white Rejections

In 7 MSAs the rejection ratio between African-American and white denial rates decreased by more than 5% from 1999 to 2000: Stockton-Lodi, CA (21.50% decrease); Sacramento, CA (18.22%); Seattle, WA (16.18%); Pine Bluff, AR (13.70%); San Francisco, CA (10.15%); Orange County, CA (7.78%); and Milwaukee, WI (6.68%)

Largest Decreases in African-American:White Rejection Ratio for Conventional Home Purchase Mortgages

MSA	1999 Denial Rates		1999 Ratio	2000 Denial Rates		2000 Ratio
	Whites	Blacks		Whites	Blacks	
Stockton-Lodi	13.18%	26.29%	2.00	16.05%	25.23%	1.57
Sacramento	12.10%	32.60%	2.69	12.19%	26.81%	2.22
Seattle	13.16%	31.72%	2.41	12.44%	25.06%	2.02
Pine Bluff	45.02%	65.91%	1.46	37.65%	47.37%	1.26
San Francisco	9.68%	25.75%	2.66	11.23%	26.88%	2.39
Orange County	14.93%	28.70%	1.8	14.11%	23.38%	1.66
Milwaukee	6.69%	29.04%	4.34	6.86%	27.81%	4.05

In 8 MSAs the rejection ratio between Latino and white denial rates fell more than 5% from 1999 to 2000: Baton Rouge, LA (41.29% decrease); Pittsburgh, PA (24.86%); Stockton-Lodi, CA (20.86%); Springfield, MA (19.92%); Memphis, TN (17.18%); Brockton, MA (9.50%); Seattle, WA (9.48%); and Ft. Lauderdale, FL (5.19%).

Largest Decreases in Latino:White Rejection Ratio for Conventional Home Purchase Mortgages

MSA	1999 Denial Rates		1999 Ratio	2000 Denial Rates		2000 Ratio
	Whites	Latinos		Whites	Latinos	
Baton Rouge	27.79%	43.00%	1.55	21.88%	20.00%	0.91
Pittsburgh	17.14%	31.73%	1.85	15.32%	21.37%	1.39
Stockton-Lodi	13.18%	21.52%	1.63	16.05%	20.63%	1.29
Springfield	8.46%	22.04%	2.61	10.25%	21.38%	2.09
Memphis	16.64%	37.76%	2.27	15.29%	28.78%	1.88
Brockton	10.52%	23.36%	2.21	9.55%	19.09%	2.00
Seattle	13.16%	27.75%	2.11	12.44%	23.70%	1.91
Ft. Lauderdale	14.51%	19.64%	1.35	14.33%	18.33%	1.28

Minorities of all incomes are rejected more often than whites of the same income, but the disparity increases as the borrower income level increases

National

As shown below, when comparing minority applicants for conventional purchase loans with white applicants of the same income, the minority applicants were consistently more likely to be denied a loan than the white applicant at every income level. However, the disparity between white and minority denials is worse at the upper income levels.

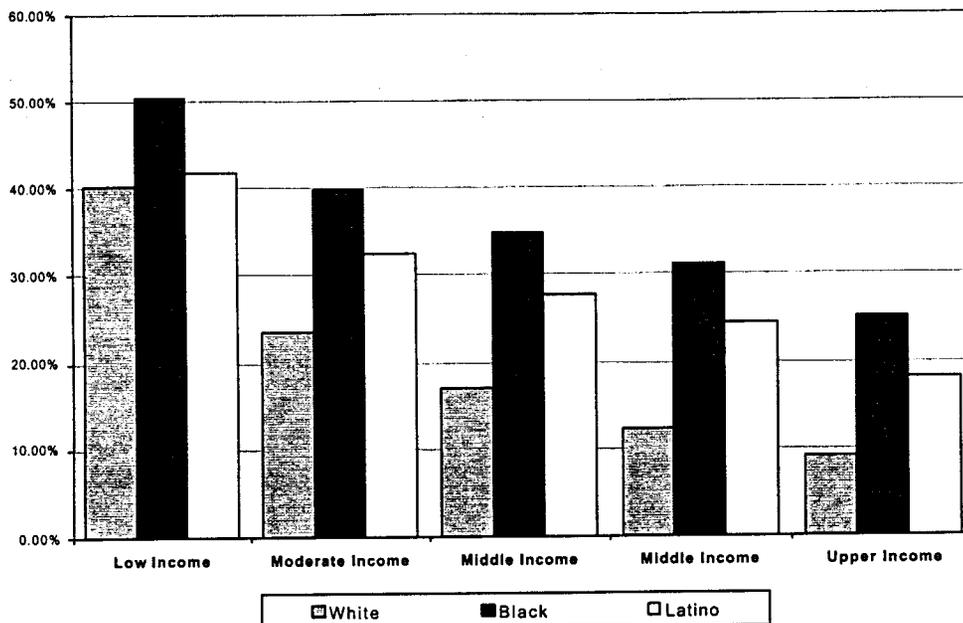
While low income African-Americans were 1.26 times more likely to be turned down than low income whites, upper income African-Americans were 2.77 times more likely to be turned down than upper income whites. Whereas low-income Latinos were just slightly more likely to be turned down than low-income whites (1.04 times more), upper income Latinos were a full 2 times more likely to be turned down than upper income whites. This appears, at least in part, to be due to the high denial rates for all lower income borrowers⁹.

Minority applicants at higher income levels were also denied more often than white applicants at lower income levels. Upper-income African-Americans were more likely to be turned down than moderate income whites. Upper income Latinos were more likely to be turned down than middle-income whites.

**Denial Rates and Rejection Ratios for Applicants of the Same Income, But Different Races
2000 Conventional Home Purchase Mortgages**

Income Level	Denial Rates			Rejection Ratio	
	White	Black	Latino	Black	Latino
Low Income Below 50% median	40.23%%	50.56%	41.76%	1.26	1.04
Moderate Income 50%-79% median	23.64%	39.81%	32.37%	1.68	1.37
Middle Income 80%-99% median	17.02%	34.81%	27.67%	2.05	1.63
Middle Income 100%-119% median	12.41%	31.26%	24.54%	2.52	1.98
Upper Income Above 120% median	9.09%	25.19%	18.20%	2.77	2.00

Conventional Home Purchase Loan Denial Rates by Borrower Race and Income 2000



Individual MSAs

As discussed previously, when comparing African-American applicants of all incomes to white applicants of all incomes, African-Americans in 8 of the MSAs were over 3 times more likely to be rejected than whites. However, when comparing upper-income African-American applicants to upper-income white applicants, African-Americans in 24 of the MSAs were over 3 times more likely to be rejected than the white applicants.

In 13 of these MSAs, upper-income African-Americans were over 3.5 times more likely to be turned down than upper-income whites, and in 8 of these MSAs upper-income African-Americans were over 4 times more likely to be denied than upper-income whites: Cleveland, OH (6.03 times more likely); Minneapolis-St. Paul (5.59); Chicago, IL (4.77); Gary, IN (4.46); Wilmington, DE (4.42); Indianapolis, IN (4.16) Milwaukee, WI (4.06); and Boston, MA (4.02).

Greatest Disparity Between Denial Rates for Conventional Purchase Applications by Upper-income African-Americans and Whites

MSA	African-Americans	Whites
Cleveland	33.72%	5.59%
Minneapolis-St. Paul	27.52%	4.92%
Chicago	27.40%	5.75%
Gary	27.43%	6.15%
Wilmington	23.65%	5.35%
Indianapolis	27.26%	6.55%
Milwaukee	15.90%	3.92%
Boston	24.54%	6.11%



When comparing Latino applicants of all incomes to white applicants of all incomes, Latinos in 9 of the MSAs were over 2.25 times more likely to be denied than the whites. However, when comparing upper-income Latino applicants to upper-income white applicants, Latinos in 26 of the MSAs were over 2.25 times more likely to be rejected than the white applicants.

In 9 of these MSAs, upper-income Latinos were over 2.75 times more likely to be turned down than upper-income whites: Little Rock, AR (3.67 times); Providence, RI (3.64); Milwaukee, WI (3.56); Wilmington, DE (3.46); Springfield, MA (3.23); Tucson, AZ (3.04); Newark, NJ (3.01); Pittsburgh, PA (2.81); and Washington, DC (2.76).

Greatest Disparity Between Denial Rates for Conventional Purchase Applications by Upper-income Latinos and Whites

MSA	Latinos	Whites
Little Rock	42.31%	11.53%
Providence	26.03%	7.15%
Milwaukee	13.92%	3.92%
Wilmington	18.52%	5.35%
Springfield	19.75%	6.12%
Tucson	22.60%	7.43%
Newark	19.85%	6.59%
Pittsburgh	17.78%	6.32%
Washington, DC	12.46%	4.52%

In 15 MSAs, upper-income African-Americans (earning more than 120% of the median income) were more likely to be turned down than low income whites (earning less than 50% of the median income): Oakland, CA; Bridgeport, CT; New Haven, CT; Boston, MA; Brockton, MA; Minneapolis-St. Paul, MN; Jersey City, NJ; Nassau-Suffolk, NY; New York, NY; Milwaukee, WI; Riverside-San Bernadino, CA; Bergen-Passaic, NJ; Newark, NJ; and Cleveland, OH.

In six of these MSAs, upper-income African-Americans were more than 1.25 times more likely to be denied than low-income whites:

In Bergen-Passaic, NJ, African-Americans earning more than \$87,120 were 1.71 times more likely to be turned down than whites earning less than 36,300.

In Chicago, IL, African-Americans earning more than \$81,480 were 1.66 times more likely to be turned down than whites earning less than \$33,950.

In Boston, MA, African-Americans earning more than \$78,600 were 1.34 times more likely to be turned down than whites earning less than \$32,750.

In Bridgeport, CT, African-Americans earning more than \$81,240 were 1.30 times more likely to be turned down than whites earning less than \$33,850.

In New Haven, CT, African-Americans earning more than \$72,720 were 1.30 times more likely to be turned down than whites earning less than \$30,300.

In Minneapolis-St. Paul, MN, African-Americans earning more than \$82,320 were 1.26 times more likely to be turned down than whites earning less than \$34,300.

2000 Denial Rates for Conventional Home Purchase Mortgages

MSA	Upper Income African-Americans	Low-income Whites
Bergen-Passaic	27.72%	16.19%
Chicago	27.40%	16.49%
Boston	24.54%	18.27%
Bridgeport	29.63%	22.71%
New Haven	29.17%	22.36%
Minneapolis-St. Paul	27.52%	21.67%

In 3 MSAs, upper-income Latinos (earning more than 120% of the median income) were more likely to be turned down than low income whites(earning less than 50% of the median income).

In Providence, Latinos earning more than \$59,760 were more likely to be denied than whites earning less than \$24,900.

In Nassau-Suffolk, Latinos earning more than \$91,800 were more likely to be denied than whites earning less than \$38,250.

In Bergen-Passaic, Latinos earning more than \$87,120 were more likely to be denied than whites earning less than \$36,300.

2000 Denial Rates for Conventional Home Purchase Mortgages

MSA	Upper Income Latinos (above 120% of the median)	Low-income Whites (below 50% of the median)
Providence	26.03%	25.09%
Nassau-Suffolk	26.79%	24.66%
Bergen-Passaic	16.19%	18.95%



The Number of Conventional Applications Increased for Latinos, But Declined for Whites and African-Americans.

The increased disparity between minority and white denial rates cannot be attributed to an increase in the number of minority applications. For although Latinos saw an increase in both their denial rate and their number of conventional loan applications, the number of African-American applications decreased almost exactly the same percentage as for whites.

Nationally, there was a 5.14% increase in Latino applications, while American-American and white applications declined 8.77% and 9.53% respectively.

Change in Conventional Home Purchase Applications

Race	1999	2000	Percent Change
African-American	568,126	518,275	- 8.77%
Latino	437,672	460,171	+ 5.14%
White	4,850,742	4,388,618	- 9.53%

Individual MSAs

Largest Increases in Minority Applications

9 MSAs had more than a 20% increase from 1999 to 2000 in the number of African-American applications for conventional purchase loans: Stockton-Lodi (65.04% increase); Sacramento, CA (45.18%); Brockton, MA (39.92%); Kansas City, MO (38.27%); Memphis, TN (29.31%); Detroit, MI (27.05%); Milwaukee, WI (23.97%); Fresno, CA (22.75%); and Washington, DC (22.36%).

Largest Increases in African-American Conventional Home Purchase Applications

MSA	1999	2000
Stockton-Lodi	512	845
Sacramento	1131	1642
Brockton	253	354
Kansas City	2127	2941
Memphis	5063	6547
Detroit	9262	11767
Milwaukee	2390	2963
Fresno	255	313
Washington, DC	12297	15047

In 6 of these same MSAs and 2 others, the number of Latino applications increased by more than 30% from 1999 to 2000: Stockton-Lodi, CA (79.89% increase); Memphis, TN (70.18%); Baltimore, MD (68.75%); Sacramento, CA (44.02%); Riverside-San Bernadino, CA (40.84%); Brockton, MA (34.44%); Washington, DC (31.00%); and Kansas City, MO (30.40%);



Largest Increases in Latino Conventional Home Purchase Applications

MSA	1999	2000
Stockton-Lodi	1507	2711
Memphis	218	371
Baltimore	336	567
Sacramento	1697	2444
Riverside-San Bernadino	8881	12508
Brockton	90	121
Washington	3851	5045
Kansas City	671	875

Largest Decreases in Minority Applications

In 9 MSAs, the number of African-American applications for conventional purchase loans declined more than 15% from 1999 to 2000: Tucson, AZ (31.37% decrease); Pine Bluff, AR (28.43%); San Jose, CA (26.92%); San Francisco, CA (26.16%); San Antonio, TX (25.35%); Albuquerque, NM (19.59%); Lake Charles, LA (17.86%); Houma, LA (15.19%); and Phoenix, AZ (15.14%).

Largest Decreases in African-American Conventional Home Purchase Applications

MSA	1999	2000
Tucson	424	291
Pine Bluff	517	370
San Jose	754	551
San Francisco	604	446
San Antonio	1448	1081
Albuquerque	296	238
Lake Charles	571	469
Houma	395	335
Phoenix	2279	1934

In 4 of these same MSAs and 4 others, the number of Latino applications for conventional purchase loans decreased by more than 8%: Albuquerque, NM (30.73% decrease); San Antonio, TX (18.17%); Tucson, AZ (15.97%); Wilmington, DE (11.72%); Baton Rouge, LA (10.53%); Seattle, WA (9.42%); Indianapolis, IN (8.10%); and San Francisco, CA (8.01%).

Largest Decreases in Latino Conventional Home Purchase Applications

MSA	1999	2000
Albuquerque	5910	4094
San Antonio	11446	9366
Tucson	4445	3735
Wilmington	239	211
Baton Rouge	114	102
Seattle	1242	1125
Indianapolis	321	295
San Francisco	2559	2354



Largest Increases in Minority Applications Compared to White Applications

In 10 MSAs there was more than a 22 percentage point differential between the increase in African-American applications and the increase in white applications: Kansas City, MO (43.90% differential); Brockton, MA (35.08%); Milwaukee, WI (33.59%); Detroit, MI (32.75%); Ft. Wayne, IN (30.75%); Memphis, TN (30.42%); Stockton-Lodi, CA (29.62%); Sacramento, CA (27.25%); Little Rock, AR (23.44%); and Gary, IN (22.02%).

Percentage Change in Conventional Home Purchase Applications 1999 to 2000

MSA	African-American	White
Kansas City	38.27%	-5.63%
Brockton	39.92%	4.84%
Milwaukee	23.97%	-9.62%
Detroit	27.05%	-5.70%
Ft. Wayne	14.38%	-16.38%
Memphis	29.31%	-1.11%
Stockton- Lodi	65.04%	35.42%
Sacramento	45.18%	17.93%
Little Rock	6.69%	-16.75%
Gary	15.66%	-6.37%

In 9 MSAs, there was more than a 30 percentage point differential between the increase in the number of Latino applications for conventional purchase loans and the number of white applications: Memphis, TN (71.29 percentage differential); Baltimore, MD (67.86%); Stockton-Lodi, CA (44.48%); Kansas City, MO (36.04%); Atlanta, GA (34.56%); New Haven, CT (33.57%); Oakland, CA (33.14%); Milwaukee, WI (32.14%); and Nassau-Suffolk, NY (30.64%).

Percentage Change in Conventional Home Purchase Applications 1999 to 2000

MSA	Latino	White
Memphis	70.18%	-1.11%
Baltimore	0.89%	68.75%
Stockton-Lodi	79.89%	35.42%
Kansas City	30.40%	-5.63%
Atlanta	22.39%	-12.17%
New Haven	29.82%	-3.75%
Oakland	29.55%	-3.59%
Milwaukee	22.52%	-9.62%
Nassau-Suffolk	23.33%	-7.32%



Largest Decreases in Minority Applications Compared to White Applications

In 9 MSAs the number of African-American conventional applications decreased at a greater rate than white applications: Tucson, AZ (20.96 percentage points less); Jersey City, NJ (-11.39%); Houma, LA (-9.55%); San Francisco, CA (-8.63%); San Antonio, CA (-7.85%); New Orleans, LA (-5.30%); Phoenix, AZ (-3.88%); San Jose, CA (-2.46%); and Boston, MA (-1.15%).

Percentage Change in Conventional Home Purchase Applications 1999 to 2000

MSA	African-American	White
Tucson	-31.37%	-10.41%
Jersey City	-2.50%	8.89%
Houma	-15.19%	-5.64%
San Francisco	-26.16%	-17.53%
San Antonio	-25.35%	-17.49%
New Orleans	-12.61%	-7.31%
Phoenix	-15.14%	-11.26%
San Jose	-26.92%	-24.46%
Boston	-9.69%	-8.54%

In 6 MSAs, Latino and white applications both decreased, although the Latino decline was larger than for whites: Albuquerque, NM (9.69 percentage points less); Tucson, AZ (-5.56); Wilmington, DE (-4.67); San Antonio, TX (-0.68); Indianapolis, IN (-0.52); and Seattle, WA (0.35).

Percentage Change in Conventional Home Purchase Applications 1999 to 2000

MSA	Latino	White
Seattle	-9.42%	-9.17%
Indianapolis	-8.10%	-7.58%
San Antonio	-18.17%	-17.49%
Wilmington	-11.72%	-7.05%
Tucson	-15.97%	-10.41%
Albuquerque	-30.73%	-21.04%



Latinos and African-Americans had larger increases than whites in the number of conventional home purchase originations

National

Similar to the change in conventional applications, Latinos had the largest increase in the number of conventional originations, 14.01%, from 1999 to 2000, while the number of originations to African-Americans rose just slightly, 1.31%, and the number of originations to whites declined 4.78%.

Change in Conventional Home Purchase Originations

Race	1999	2000
African-American	178,108	180,445
Latino	197,731	225,439
White	2,800,695	2,666,849

Individual MSAs

Largest Increases in Minority Originations

In 8 MSAs the number of conventional loan originations to African-Americans increased by more than 25%: Stockton-Lodi, CA (81.89% increase); Sacramento, CA (60.99%); Kansas City, MO (42.58%); Fresno, CA (36.28%); Little Rock, AR (32.70%); Brockton, MA (27.11%); Gary, IN (26.71%); and Riverside-San Bernadino, CA (26.13%)

Largest Increases in African-American Conventional Home Purchase Originations

MSA	1999	2000
Stockton-Lodi	265	482
Sacramento	564	908
Kansas City	1132	1614
Fresno	113	154
Little Rock	422	560
Brockton	166	211
Gary	337	427
Riverside-San Bernadino	1305	1646

In 7 MSAs the number of Latino applications increased more than 30%: Stockton-Lodi, CA (83.35% increase); Baltimore, MD (67.14%); Sacramento, CA (42.33%); Riverside-San Bernadino, CA (40.14%); Pittsburgh, PA (38.10%); Orange County, CA (40.14%); Pittsburgh, PA (38.10%); Orange County, CA (33.17%); and Atlanta, GA (30.46%).



Largest Increases in Latino Conventional Home Purchase Originations

MSA	1999	2000
Stockton-Lodi	937	1718
Baltimore	210	351
Sacramento	1101	1567
Riverside-San Bernadino	4898	6864
Pittsburgh	63	87
Orange County	3181	4236
Atlanta	1576	2056

Largest Decreases in Minority Originations

In 9 MSAs the number of conventional loan originations to African-Americans decreased more than 10%: San Jose, CA (31.86% decrease); San Francisco, CA (26.89%); Tucson, AZ (23.86%); Toledo, OH (17.32%); Boston, MA (16.31%); Phoenix, AZ (14.94%); Lake Charles, LA (13.75%); Albuquerque, NM (13.49%); and Cleveland, OH (12.53%).

Largest Decreases in African-American Conventional Home Purchase Originations

MSA	1999	2000
San Jose	408	278
San Francisco	305	223
Tucson	197	150
Toledo	433	358
Boston	1478	1237
Phoenix	1151	979
Lake Charles	160	138
Cleveland	2386	2087

In 7 MSAs, the number of Latino applications decreased by more than 3% from 1999 to 2000: Brockton, MA (21.11% decrease); Toledo, OH (-8.80%); San Francisco, CA (-8.73%); Albuquerque, NM (-8.49%); San Jose, CA (-6.95%); Seattle, WA (-6.29%); and New York, NY (-3.33%).

Largest Decreases in Latino Conventional Home Purchase Originations

MSA	1999	2000
Brockton	90	71
Toledo	125	114
San Francisco	1501	1370
Albuquerque	1966	1799
San Jose	3279	3051
Seattle	700	656
New York	4841	4680



Largest Increases in Minority Originations Compared to White Originations

In 8 MSAs, there was more than a 25 percentage point differential between the increase in the number of conventional originations to African-Americans and the increase to whites.

Change in Conventional Home Purchase Originations 1999 to 2000

MSA	Whites	African-Americans
Stockton-Lodi	32.37%	81.89%
Kansas City	-1.67%	42.58%
Pine Bluff	-21.71%	20.18%
Sacramento	20.12%	60.99%
Little Rock	-6.86%	32.70%
Gary	-6.14%	26.71%
Ft. Wayne	-9.24%	19.61%
Baton Rouge	-10.88%	15.06%

In 11 MSAs, the increase in the number of Latino conventional originations was at least 25 percentage points greater than the change in the number of white originations.

Change in Conventional Home Purchase Originations 1999 to 2000

MSA	Whites	Latinos
Baltimore	0.98%	67.14%
Stockton-Lodi	32.37%	83.35%
Pittsburgh	-2.58%	38.10%
Oakland	-4.76%	27.14%
Orange County	1.46%	33.17%
Milwaukee	-10.51%	20.70%
Kansas City	-1.67%	25.69%
Nassau-Suffolk	-9.35%	16.82%
Baton Rouge	-10.88%	15.22%
Dallas	2.03%	27.67%
Ft. Wayne	-9.24%	16.18%

Smallest Increases in Minority Originations Compared to White Originations

In 8 MSAs the change in the number of African-American originations was at least 10 percentage points less than the change in the number of white originations.

Change in Conventional Home Purchase Originations 1999 to 2000

MSA	Whites	African-Americans
Ft. Worth	59.24%	8.24%
New Haven	28.31%	-4.49%
Detroit	49.46%	24.30%
Tucson	-2.07%	-23.86%
Bridgeport	16.53%	0.00%
Atlanta	19.69%	5.91%

Jersey City	7.21%	-6.50%
Toledo	-5.99%	-17.32%

In 10 MSAs the percentage change in the number of conventional originations to Latinos was less than the change in the number of originations to whites.

Change in Conventional Home Purchase Originations 1999 to 2000

MSA	Whites	Latinos
Ft. Worth	59.24%	28.18%
Detroit	49.46%	19.86%
Brockton	4.77%	-21.11%
New Haven	28.31%	16.32%
Bridgeport	16.53%	6.27%
Toledo	-5.99%	-8.80%
Nassau-Suffolk	-9.35%	16.82%
Baton Rouge	-10.88%	15.22%
Dallas	2.03%	27.67%
Ft. Wayne	-9.24%	16.18%

Despite increases in the number of conventional loans made to minorities, the share of conventional loans to African Americans and Latinos is still below their share of the population

National

In 2000, African-Americans received 180,445 conventional loans. Although this was a 1.3% increase from 1999, African-Americans still received a far smaller share of the conventional loans than the portion that they represent of the general population. African-Americans make up at least 12% of the U.S. population, yet they received only 4.7% of the conventional loans originated in 2000. This is same percentage as they received in 1999 and is two and a half times less than their share of the population¹⁰.

The number of conventional loans to Latinos rose 14.1% in 2000 to 225,539 loans, but it is still far fewer than their portion of the country warrants. Latinos make up almost 13 % of the population, yet they received only 5.9% of the conventional loans originated in 2000. This is an increase from the 5.2% of conventional loans they received in 1999, but is still over two times less than their share of the population.

As will be discussed later, the disparity is even greater given the large number of subprime loans which are included in this figure of conventional purchase loans made to African-Americans and Latinos.

Individual MSAs

Most Disparate MSAs:

In 6 MSAs, the share of the African-American population was at least 3.25 times more than their share of conventional loans: San Francisco, CA (6.61 times greater); San Diego, CA (3.83); Tampa-St. Petersburg, CA (3.81); New Orleans, LA (3.39); Jersey City, NJ (3.39); and Dallas, TX (3.25).

Greatest Disparity Between African-American Share of Population and Share of Conventional Loans

MSA	Share of Population	Share of Conventional Loans
San Francisco	6.61%	0.96%
San Diego	5.74%	1.50%
Tampa-St. Petersburg	10.20%	2.68%
New Orleans	37.55%	11.07%
Jersey City	13.48%	3.98%
Dallas	23.03%	4.64%



In 7 MSAs, the share of the Latino population was at least 3.25 times greater than their share of conventional loans: Portland, OR (4.20 times greater); Indianapolis, IN (3.71); Orange County, CA (3.70); Seattle, WA (3.60); Dallas, TX (3.52); Toledo, OH (3.40); and Little Rock, AR (3.25).

2000 Greatest Disparity Between Latino Share of Population and Share of Conventional Loans

MSA	Share of Population	Share of Conventional Loans
Portland	7.01%	1.67%
Indianapolis	2.67%	0.72%
Orange County	30.76%	8.31%
Seattle	5.25%	1.46%
Dallas	23.03%	6.54%
Toledo	4.39%	1.29%
Little Rock	2.11%	0.65%

Least Disparate MSAs:

In 2000 there was only 1 MSA examined in this study in which the share of conventional loans received by African-Americans was greater than their share of the population. In Brockton, MA, the African-American share of conventional loans was 1.85 times more than the African-American share of the population.

In only 4 MSAs the African-American share of the population was less than 1.75 times their share of conventional loans: Stockton-Lodi (1.38); Springfield, MA (1.40); Atlanta, GA (1.66); Bridgeport, CT (1.73)

2000 Smallest Disparity Between African-American Share of Population and Share of Conventional Loans

MSA	Share of Population	Share of Conventional Loans
Brockton	3.20%	5.93%
Stockton-Lodi	6.69%	4.85%
Springfield	5.96%	4.27%
Atlanta	20.88%	12.55%
Bridgeport	10.01%	5.79%

In only 3 MSAs, Cleveland, OH, Ft. Lauderdale, FL and Miami, FL, the Latino share of the population was the same or less than their share of the conventional loans, and in only 4 other MSAs, the share of the Latino population was less than 1.75 times their share of conventional loans: Brockton, MA (1.30 times greater); Springfield, MA (1.63); Jacksonville, FL (1.67) and Gary, IN (1.74).

2000 Smallest Disparity Between Latino Share of Population and Share of Conventional Loans

MSA	Latino Portion of Population	Latino Share of Conventional Loans
Cleveland	1.28%	1.68%
Ft. Lauderdale	16.74%	18.21%
Miami	57.32%	57.42%
Brockton	2.58%	1.99%
Springfield	11.15%	6.83%
Jacksonville	3.83%	2.30%
Gary	10.49%	6.03%



The number of conventional purchase loans to minorities increased at a greater rate than to whites, but unfortunately, data suggests that much of the growth may be due to higher cost subprime loans

National

As discussed above, African-Americans and Latinos had a greater rate of increase than whites in the number of conventional originations. However, based on previous years' data, it is likely that subprime loans, with higher interest rates and fees, accounted for a significant share of the growth to minorities, especially to African-Americans, and rather than being cause for celebration, the new data may be cause for alarm¹¹.

An analysis of past data shows that although there was substantial growth in prime home purchase loans to minorities from 1993 to 1995, the level of prime loans then stagnated, and that the main growth from 1995 to 1999 has been in the subprime market. Nationally:

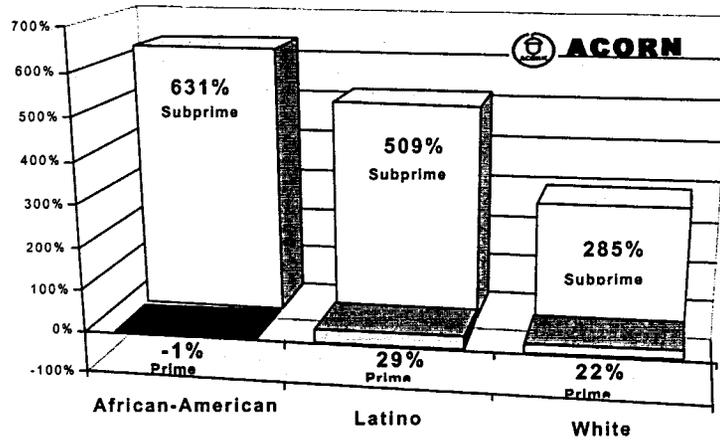
◆ Subprime loans made up 100% of the increase in conventional purchase loans made to African-Americans from 1995 to 2000, 37% of the increase to Latinos, and just 17% of the increase to whites.

◆ The number of subprime purchase loans to African-American homebuyers has risen 631%, while the number of prime conventional purchase loans received by African-American homebuyers in 1999 was 0.5% less than the number received in 1995. Subprime purchase loans increased 509% to Latino homebuyers during this time, while prime loans rose just 29%. White homebuyers also saw a larger percentage increase in subprime loans than in prime loans, although the difference was not nearly as great – a 285% increase in the number of subprime loans and a 22.0% increase in the number of prime loans¹².

Growth from 1995 to 1999 in Conventional Home Purchase Loans

Race	Prime			Subprime		
	1995	1999	Change	1995	1999	Change
Black	112,463	111,919	-0.5%	4,614	33,711	631%
Latino	121,457	156,246	29%	3,483	21,209	509%
White	2,001,711	2,441,920	22%	32,224	124,035	285%

Growth in Purchase Lending from 1995 to 1999 by Lender Type



From 1998 to 1999, subprime loans accounted for 41% of the growth in conventional purchase loans to African-Americans and 15% of the growth to Latinos. In contrast, subprime purchase loans did not make up any of the overall growth to whites in purchase loans since the number of subprime purchase loans decreased 2% during this period.

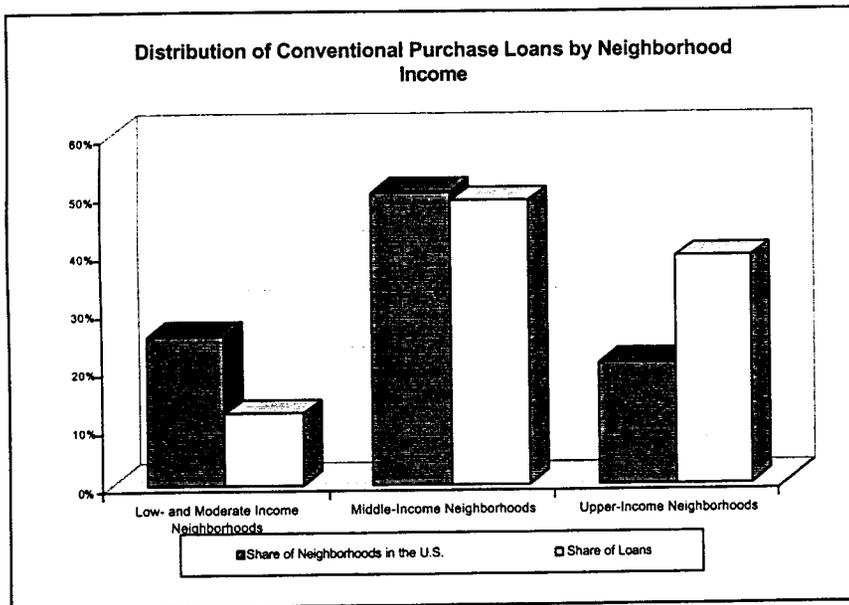
Growth from 1998 to 1999 in Conventional Home Purchase Loans

Race	Prime			Subprime		
	1998	1999	Change	1998	1999	Change
Black	112,463	111,919	-0.5%	4,614	33,711	631%
Latino	121,457	156,246	29%	3,483	21,209	509%
White	2,001,711	2,441,920	22%	32,224	124,035	285%

Low and moderate income neighborhoods continue to be underserved by conventional lenders

National

Low and moderate income neighborhoods make up 25.67% of the country, but received just 12.13% of the conventional loans. Middle income neighborhoods make up 50.25% and received just 48.70% of the conventional loans. In contrast, upper-income neighborhoods make up 20.74% of the country, but received 39.07% of the conventional loans¹³.



Individual MSAs

Most Disparate MSAs

In 12 MSAs low and moderate income neighborhoods comprised an over 3 times greater percentage of the MSA than of the percentage of conventional loans these neighborhoods received: Ft. Wayne, IN (4.12 times greater); Gary, IN (4.08); Bridgeport, CT (3.41); Dallas, TX (3.38); Houston, TX (3.36); Newark, NJ (3.33); Baton Rouge, LA (3.30); New York NY (3.23); Kansas City, MO (3.12); Memphis, TN (3.11); Riverside-San Bernadino, CA (3.02); and San Antonio, TX (3.01).



**2000 Greatest Disparity Between Percentage of MSA That Is Low Or Moderate Income
And The Percentage Of Conventional Loans Received By Those Neighborhoods**

MSA	Percentage of low and moderate income (lmi) census tracts in MSA	Percentage of conventional loans made in lmi census tracts
Ft. Wayne	32.00%	7.76%
Gary	28.80%	7.06%
Bridgeport	28.50%	8.35%
Dallas	38.08%	11.26%
Houston	40.34%	12.00%
Newark	35.40%	10.63%
Baton Rouge	35.96%	10.89%
New York	30.24%	9.35%
Kansas City	33.19%	10.63%
Memphis	42.20%	13.59%
Riverside- San Bernadino	32.20%	10.67%
San Antonio	33.85%	11.23%

Least Disparate MSAs

In 2 MSAs, San Jose, CA and Nassau-Suffolk, NY, low and moderate income neighborhoods received a slightly larger share of the conventional loans than the share of the MSA that they make up. In 7 other MSAs in 2000, there was less than 1.75 times difference between the percentage that low and moderate income neighborhoods make up in the MSA and the share of the conventional loans they received: Houma, LA (1.24 times difference); San Francisco, CA (1.41); Seattle, WA (1.63); Denver, CO (1.66); Boston, MA (1.67); Jersey City, NJ (1.69); and Brockton, MA (1.72).

**2000 Smallest Disparity Between Percentage of MSA That Is Low Or Moderate Income
And The Percentage Of Conventional Loans Received By Those Neighborhoods**

MSA	Percentage of low and moderate income (lmi) census tracts in MSA	Percentage of conventional loans made in lmi census tracts
San Jose	18.2%	20.90%
Nassau-Suffolk	14.09%	15.09%
Houma	10.53%	8.46%
San Francisco	24.10%	17.14%
Seattle	20.23%	12.39%
Denver	28.70%	17.25%
Boston	29.21%	17.54%
Jersey City	19.88%	11.76%
Brockton	21.15%	12.28%



Applicants from low, moderate, and middle income neighborhoods are rejected more frequently than applicants from upper income neighborhoods

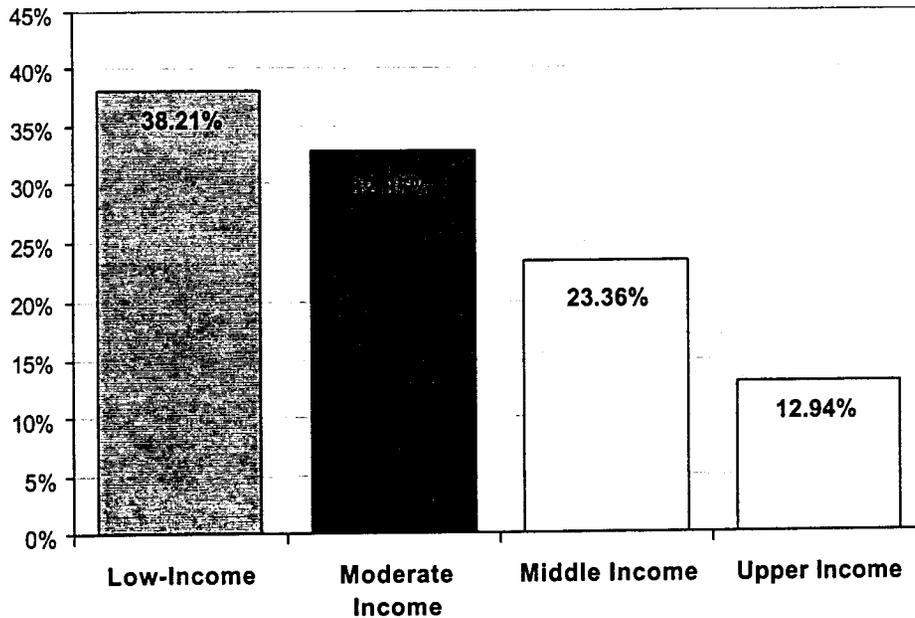
National

Residents of low-income neighborhoods are 3 times more likely to be denied for a conventional home purchase loan than are residents of upper income neighborhoods. Residents of moderate income neighborhoods are 2 1/2 times more likely to be denied than residents of upper income neighborhoods. Even residents of middle income neighborhoods were almost twice as likely to be denied as residents of upper income neighborhoods.

Denial Rates Based on Neighborhood Income for Conventional Home Purchase Loans

Neighborhood Income Level	Denial Rate
Low-Income	38.21%
Moderate Income	32.85%
Middle Income	23.36%
Upper Income	12.94%

**Conventional Home Purchase Loan Denial Rate
by Neighborhood Income
2000**



Individual MSAs

In no MSA were residents of low, moderate, or even middle income neighborhoods rejected at the same frequency as residents of upper income neighborhoods.

Most Disparate MSAs:

In 9 MSAs applicants from low-income neighborhoods were over 4.5 times more likely to be denied than residents from upper-income neighborhoods: Cleveland, OH (6.00 times more likely); Milwaukee, WI (5.62); New Haven, CT (5.52); Tucson, AZ (5.43); Bridgeport, CT (5.25); Baltimore, MD (4.96); Pittsburgh, PA (4.85); Philadelphia, PA (4.84); and Little Rock, AR (4.62).

Greatest Disparity Between Denial Rates for Conventional Home Purchase Mortgages

MSA	Low-income Census Tracts	Upper Income Census Tracts
Cleveland	45.75%	7.63%
Milwaukee	33.09%	5.88%
New Haven	48.01%	8.69%
Tucson	55.26%	10.18%
Bridgeport	48.00%	9.14%
Baltimore	39.70%	8.00%
Pittsburgh	43.39%	8.94%
Philadelphia	36.67%	7.57%
Little Rock	66.00%	14.28%

In 5 of these same MSAs, plus 3 others, residents of moderate income neighborhoods were over 3.75 times more likely to be turned down than residents of upper income neighborhoods: Cleveland, OH (4.46 times more likely); Milwaukee, WI (4.36); Bridgeport, CT (4.27); Kansas City, MO (4.12); Baltimore, MD (3.91); Newark, NJ (3.88); Springfield, MA (3.87); and Philadelphia, PA (3.78).

Greatest Disparity Between Denial Rates for Conventional Home Purchase Mortgages

MSA	Moderate-income Census Tract	Upper Income Census Tract
Cleveland	34.04%	7.63%
Milwaukee	25.65%	5.88%
Bridgeport	38.99%	9.14%
Kansas City	31.07%	7.54%
Baltimore	31.27%	8.00%
Newark	31.16%	8.02%
Springfield	28.79%	7.44%
Philadelphia	28.61%	7.57%

In 9 MSAs, even residents of middle income neighborhoods were denied over 2.25 times more often than residents of upper-income neighborhoods: Tucson, AZ (3.01 times more often); Fort



Wayne, IN (2.96); Kansas City, MO (2.73); Little Rock, AR (2.65); Pittsburgh, PA (2.61); Jacksonville, FL (2.46); Cleveland, OH (2.41); Dallas, TX (2.34); and St. Louis, MO (2.29).

Greatest Disparity Between Denial Rates for Conventional Home Purchase Mortgages

MSA	Middle-income Census Tract	Upper Income Census Tract
Tucson	30.63%	10.18%
Fort Wayne	32.93%	11.12%
Kansas City	20.58%	7.54%
Little Rock	37.83%	14.28%
Pittsburgh	23.36%	8.94%
Jacksonville	34.37%	13.99%
Cleveland	18.35%	7.63%
Dallas	28.56%	12.21%
St. Louis	24.57%	10.75%

Least Disparate MSAs

In 8 MSAs applicants from low-income neighborhoods were denied less than twice as often as applicants from upper-income neighborhoods: Jersey City (0.98 times as often); Pine Bluff, AR (1.38); Lake Charles, LA (1.49); San Francisco, CA (1.53); Portland, OR (1.79); San Jose, CA (1.79); Stockton-Lodi, CA (1.86); and Seattle, WA (1.97).

Smallest Disparity Between Denial Rates for Conventional Home Purchase Mortgages

MSA	Low-income Census Tract	Upper Income Census Tract
Jersey City	13.27%	13.58%
Pine Bluff	54.55%	39.58%
Lake Charles	45.90%	30.88%
San Francisco	16.69%	10.89%
Portland	21.49%	12.02%
San Jose	22.73%	12.72%
Stockton-Lodi	28.79%	15.50%
Seattle	20.73%	10.51%

In 5 of these MSAs and 3 others, applicants from moderate-income neighborhoods were denied less than 1.75 times as often as applicants from upper-income neighborhoods: Pine Bluff, AR (1.28 times as often); Stockton-Lodi (1.59); Riverside-San Bernadino, CA (1.63); Lake Charles, LA (1.64); Miami, FL (1.66); Los Angeles-Long Beach, CA (1.71); San Francisco, CA (1.71); and San Jose, CA (1.74).

Smallest Disparity Between Denial Rates for Conventional Home Purchase Mortgages

MSA	Moderate-income Census Tract	Upper Income Census Tract
Pine Bluff	50.49%	39.58%
Stockton-Lodi	24.71%	15.50%
Riverside-San Bernadino	27.55%	16.91%
Lake Charles	50.55%	30.88%
Miami	26.07%	15.75%
Los Angeles-Long Beach	27.91%	16.33%
San Francisco	18.59%	10.89%
San Jose	22.12%	12.72%

In 8 MSAs residents of middle-income neighborhoods were denied less than 1.35 times more often than residents of upper-income neighborhoods: Pine Bluff, AR (1.15 times more often); San Francisco, CA (1.24); Oakland, CA (1.28); Stockton-Lodi, CA (1.28); San Jose, CA (1.29); Orange County, CA (1.30); Los Angeles, CA (1.32); and Ft. Lauderdale, FL (1.34).

Smallest Disparity Between Denial Rates for Conventional Home Purchase Mortgages

MSA	Middle-income Census Tract	Upper Income Census Tract
Pine Bluff	45.44%	39.58%
San Francisco	13.46%	10.89%
Oakland	14.81%	11.52%
Stockton-Lodi	19.90%	15.50%
San Jose	16.41%	12.72%
Orange County	17.34%	13.36%
Los Angeles – Long Beach	21.59%	16.33%
Ft. Lauderdale	18.65%	13.92%

The African-American and Latino share of government loans is substantially larger than their share of conventional loans and is more proportionate to their share of the population

National

The share of government loans (FHA, VA, FMHA) made to African Americans and Latinos is significantly higher than their share of conventional loans. In 2000, 13.0% of government loans went to African Americans, almost 3 times their share of conventional loans, and 15.4% went to Latinos, almost 2 times their share of conventional loans. In contrast, whites received only 57.7% of the government-backed loans, but 70% of conventional loans.

Although African-Americans and Latinos had a relatively large share of government loans, this does not compensate for their minimal share of conventional loans. The total number of conventional loans originated is far greater than the total number of government loans. In 2000, lenders made almost 3.3 million conventional purchase loans, compared to less than 1 million government purchase loans. Even with their larger share of government loans, African-Americans only received 7.4% of all home purchase originations, still almost two times less than their share of the population. Latinos received 9.1% of all home purchase originations, below their share of the population.

Individual MSAs

Most Disparate MSAs

In 9 MSAs African-Americans received at least a 3.5 times greater share of government loans than of conventional loans: Nassau-Suffolk, NY (5.64 times greater); San Jose, CA (5.48); New York, NY (5.47); Bergen-Passaic (4.16); Bridgeport, CT (3.89); Tampa-St. Petersburg, FL (3.71); San Francisco, CA (3.66); Baltimore, MD (3.60); Jersey City, NJ (3.56); and San Diego, CA (3.56).

Greatest Disparity Between African-American Share of Conventional Home Purchase Loans and Government-Backed Home Purchase Loans

MSA	Conventional Loans	Government Loans
Nassau-Suffolk	4.31%	24.29%
San Jose	0.96%	5.26%
New York	8.81%	48.21%
Bergen-Passaic	2.89%	12.03%
Tampa-St. Petersburg	2.68%	9.93%
San Francisco	0.96%	3.51%
Baltimore	8.31%	29.92%
Jersey City	3.98%	14.18%
San Diego	1.50%	5.34%

The disparity between the share of conventional loans and government loans is even wider for Latinos. In 11 MSAs Latinos received more than a 3.75 times greater share of government loans than of conventional loans: Portland, OR (6.13 times greater); Cleveland, OH (5.17); Bergen-Passaic, NJ (5.05); Orange County, CA (4.74); Providence, RI (4.45); Nassau-Suffolk, NY (4.26); Seattle, WA (4.09); New Haven, CT (4.05); Wilmington, DE (3.99); San Francisco, CA (3.89); and Minneapolis-St. Paul, MN (3.79).

Greatest Disparity Between Latino Share of Conventional Home Purchase Loans and Government-Backed Home Purchase Loans, 2000

MSA	Conventional Loans	Government Loans
Portland, OR	1.67%	10.23%
Cleveland, OH	1.68%	8.68%
Bergen-Passaic, NJ	8.26%	41.71%
Orange County, CA	8.31%	39.41%
Providence, RI	2.72%	12.10%
Nassau-Suffolk, NY	5.28%	22.51%
Seattle, WA	1.46%	5.97%
New Haven, CT	3.43%	13.88%
Wilmington, DE	1.70%	6.79%
San Francisco, CA	5.87%	22.81%
Minneapolis-St. Paul	4.28%	1.13%

Least Disparate MSAs

In 2000 in only 1 MSA was the African-American share of government loans less than 1 1/2 times greater than their share of conventional loans. In Cleveland, OH, African-Americans received a 1.37 times greater share of government loans than of conventional loans. In only 8 other MSAs the African-American share of government loans was less than twice as large as their share of conventional loans: Stockton-Lodi, CA (1.53 times greater); Fresno, CA (1.68); Albuquerque, NM (1.69); Memphis, TN (1.72); Kansas City, MO (1.84); Houma, LA (1.93); Springfield, MA (1.93); and Portland, OR (1.95).

Smallest Disparity Between African-American Share of Conventional Home Purchase Loans and Government-Backed Home Purchase Loans,

MSA	Conventional Loans	Government Loans
Cleveland	7.38%	10.13%
Stockton-Lodi	4.85%	7.41%
Fresno	2.22%	3.73%
Albuquerque	1.31%	2.22%
Memphis	20.37%	35.11%
Kansas City	5.08%	9.37%
Houma	6.10%	11.79%
Springfield	4.27%	8.26%
Portland	0.82%	1.60%
Riverside-San Bernadino	3.41%	6.85%



In 2000 in only 1 MSA, Pittsburgh, PA, did Latinos receive a larger share of conventional loans than of government loans. In 7 other MSAs Latinos received less than a 1.65 times greater share of government loans than of conventional loans: Memphis, TN (1.13 times more); Ft. Lauderdale, FL (1.18); Miami, FL (1.19); San Antonio, TX (1.56); Milwaukee, WI (1.58); New Orleans, LA (1.61); and St. Louis, MO (1.63).

**Smallest Disparity Between Latino Share of Conventional Home Purchase Loans
and Government-Backed Home Purchase Loans**

MSA	Conventional Loans	Government Loans
Pittsburgh	0.36%	0.21%
Memphis	1.51%	1.70%
Ft. Lauderdale	18.21%	21.40%
Miami	57.42%	68.12%
San Antonio	24.08%	37.56%
Milwaukee	3.44%	5.45%
New Orleans	2.32%	3.73%
St. Louis	0.67%	1.09%

Government backed loans make up a far greater portion of the mortgages to African-Americans and Latinos than of mortgages to whites.

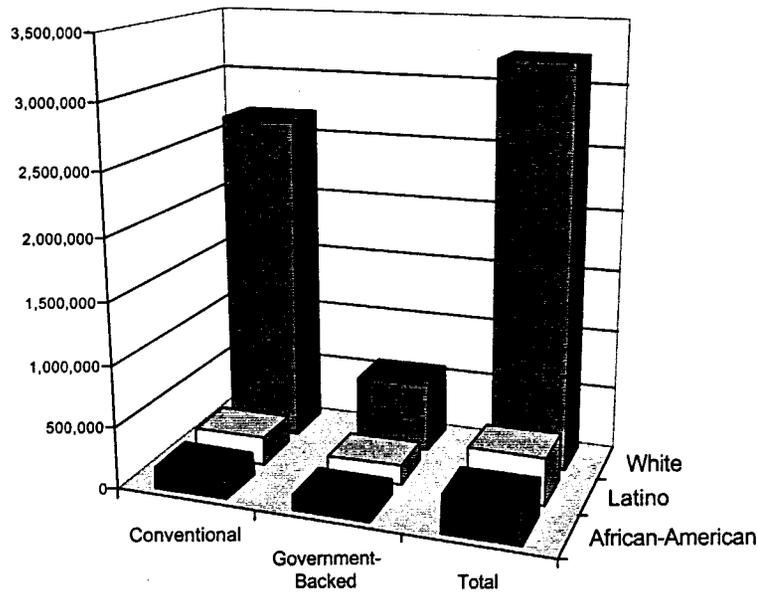
National

In 2000, government-backed loans accounted for 41% of the purchase loans received by African-Americans and 40% by Latinos, but just 17% of the purchase loans made to whites. African-Americans and Latinos were both 2.4 times more likely than whites to receive a government loan (compared to a conventional loan) when buying a house.

Home Purchase Loans By Race and Type of Loan

Race	Conventional	Government-Backed	Total
White	2,666,849	558,689	3,225,538
African-American	180,445	126,227	306,672
Latino	225,539	148,775	373,314

**Type of Home Purchase Loans Received by Borrower Race
2000**



Individual MSAs

Most Disparate MSAs

In 8 MSAs, government-backed loans accounted for at least a 4 times greater portion of the purchase loans made to African-Americans than whites: New York, NY (15.59 times more); Nassau-Suffolk, NY (5.86); San Jose, CA (5.73); Bergen-Passaic, NJ (5.60); Jersey City, NJ (5.33); Miami, FL (5.11); Newark, NJ (5.01); and San Francisco, CA (4.44).

Government Loans as a Percentage of Total Purchase Loans

MSA	Whites	African-Americans
New York	2.41%	37.53%
Nassau-Suffolk	7.78%	45.60%
San Jose	0.37%	2.11%
Bergen-Passaic	5.98%	33.48%
Jersey City	8.25%	44.01%
Miami	7.07%	36.14%
Newark	8.43%	42.23%
San Francisco	0.20%	0.89%

In 6 of these same MSAs and 2 others, government-backed loans accounted for at least a 4 times greater portion of the purchase received by African-Americans than of those received by whites: New York, NY (10.17 times greater); Bergen-Passaic, NJ (6.34); Nassau-Suffolk, NY (4.99); Newark, NJ (4.96); San Francisco, CA (4.70); Orange County, CA (4.56); Los Angeles, CA (4.52); and Jersey City, NJ (4.51).

Government Loans as a Percentage of Total Purchase Loans

MSA	Whites	Latinos
New York	2.41%	24.48%
Bergen-Passaic	5.98%	37.95%
Nassau-Suffolk	7.78%	38.81%
Newark	8.43%	41.80%
San Francisco	0.20%	0.94%
Orange County	8.24%	37.56%
Los Angeles	9.88%	44.68%
Jersey City	8.25%	37.21%

Least Disparate MSAs

In only 1 MSA, Stockton-Lodi, CA, was the percentage that government loans make up of total purchase loans to African-Americans less than the percentage they make up of total loans to white borrowers. In 8 other MSAs, the percentage that government loans make up of purchase loans to African-Americans was less than 1.8 times the percentage government loans make up of the loans to whites: Memphis, TN (1.46 times greater); Kansas City, MO (1.53); Indianapolis, IN



(1.58); Albuquerque, NM (1.71); Portland, OR (1.72); Seattle, WA (1.75); Fresno, CA (1.77); and St. Louis, MO (1.79).

Government Loans as a Percentage of Total Purchase Loans

MSA	Whites	African-Americans
Stockton-Lodi	22.47%	14.28%
Memphis	32.65%	47.59%
Kansas City	20.21%	30.91%
Indianapolis	33.32%	52.53%
Albuquerque	26.06%	44.67%
Portland	18.39%	31.64%
Seattle	15.36%	26.93%
Fresno	28.76%	50.96%
St. Louis	21.25%	38.05%

In only 3 MSAs, Stockton-Lodi, CA, Little Rock, AR, and Pittsburgh, PA, was the percentage that government loans make up of total purchase loans to Latinos less than the percentage they make up of total loans to white borrowers. In 5 other MSAs, the percentage that government loans make up of purchase loans to African-Americans was less than 1.7 times the percentage government loans make up of the loans to whites: Memphis, TN (1.14 times greater); St. Louis, MO (1.47); Baltimore, MD (1.51); Ft. Worth-Arlington, TX (1.56); and San Antonio, TX (1.64).

Government Loans as a Percentage of Total Purchase Loans

MSA	Whites	Latinos
Little Rock	26.94%	8.51%
Stockton-Lodi	22.47%	10.62%
Pittsburgh	15.28%	10.31%
Memphis	32.65%	37.10%
St. Louis	21.25%	31.33%
Baltimore	28.92%	43.75%
Ft. Worth-Arlington	28.78%	44.79%
San Antonio	29.69%	48.64%

Denial Rates for Government Loans Rise, But Remain Lower Than For Conventional Loans

National

In contrast to conventional loans, denial rates for government-backed mortgages rose for white, African-American, and Latino applicants, and the increase in denials was greatest for whites. The denial rate for whites rose 28.6%, while rising 21.0% for African-Americans and 10.3% for Latinos.

Government-Backed Home Purchase Mortgages – Nationally

Race	1999 Denial Rate	2000 Denial Rate	Change
Whites	8.33%	10.71%	+ 28.6%
African-Americans	14.30%	17.30%	+ 21.0%
Latinos	11.2%	12.35%	+10.3%

Individual MSAs

Largest Increases

In 8 MSAs the African-American denial rate for government-backed loans increased more than 40%: San Jose, CA (549.71% increase); Houma, LA (151.25% increase); Jersey City, NJ (62.14%); Milwaukee, WI (59.94%); Baton Rouge, LA (58.76%); Portland, OR (47.48%); New Haven, CT (42.73%); and Oakland, CA (40.58%)

African-American Denial Rates for Government-Backed Purchase Loans

MSA	1999	2000
San Jose	5.13%	33.33%
Houma	16.39%	41.18%
Jersey City	13.26%	21.50%
Milwaukee	9.31%	14.89%
Baton Rouge	13.24%	21.02%
Portland	13.48%	19.88%
New Haven	11.28%	16.10%
Oakland	8.78%	12.08%
Indianapolis	14.02%	19.71%

In 7 MSAs the Latino denial rate for government-backed loans increased more than 40%: San Jose, CA (176.00% increase); Bridgeport, CT (164.71%); Ft. Wayne, IN (152.28%); Pittsburgh, PA (115.41%); San Francisco, CA (84.58%); Oakland, CA (45.70%); and Denver, CO (41.94%).



Latino Denial Rates for Government-Backed Purchase Loans

MSA	1999	2000
San Jose	9.21%	25.42%
Bridgeport	7.31%	19.35%
Ft. Wayne	5.26%	13.27%
Pittsburgh	7.14%	15.38%
San Francisco	16.67%	30.77%
Oakland	7.44%	10.84%
Denver	5.15%	7.31%

African-Americans and Latinos were rejected more frequently than white applicants for government-backed loans, but the disparity is less than with conventional loans.

National

In contrast to conventional loans, the disparity between white and minority denials for government loans declined. In 2000, African-American homebuyers were 1.62 times more likely to be denied for a government-backed home purchase loan than whites were. This was down from 1999 when African-Americans were 1.72 times more likely to be denied than whites. In 2000, Latinos were rejected just 1.15 times more often than whites for government-backed loans, a decrease from 1999 when Latinos were rejected 1.34 times more often than whites.

Change in Rejection Ratios for Government-Backed Home Purchase Mortgages

Race	1999	2000	Change
White Denial Rate	8.33%	10.71%	+ 28.6%
African-American Denial Rate	14.30%	17.30%	+ 21.0%
African-American: White Rejection Ratio	1.72	1.62	-5.8%
Latino Denial Rate	11.2%	12.35%	+ 10.3%
Latino: White Rejection Ratio	1.34	1.15	-14.2%

Individual MSAs

Highest Rejection Ratios

African-Americans were more than twice as likely to be rejected as white applicants for government loans in 11 MSAs: Houma, LA (3.80 times more likely); Denver, CO (2.24); Cleveland, OH (2.23); Boston, MA (2.16); Memphis, TN (2.15); Pittsburgh, PA (2.11); Portland, OR (2.06); Toledo, OH (2.05); Kansas City, MO (2.03); Indianapolis, IN (2.03); and Baltimore, MD (2.03).



Greatest Disparity Between African-American and White Denial Rates for Government-Backed Loans

MSA	Whites	African-Americans
Houma	10.82%	41.18%
Denver	5.14%	11.53%
Cleveland	4.53%	10.13%
Boston	11.38%	24.63%
Memphis	6.86%	14.72%
Pittsburgh	6.06%	12.78%
Portland	9.65%	19.88%
Toledo	5.14%	10.56%
Baltimore	5.03%	10.20%
Indianapolis	7.34%	14.91%
Kansas City	5.99%	12.19%

Latino applicants for government-backed loans were more than 1.75 times more likely to be rejected than white applicants in 9 MSAs: Pittsburgh, PA (2.54 times more likely); Bridgeport, CT (2.09); Memphis, TN (1.98); Providence, RI (1.94); Cleveland, OH (1.91) Springfield, MA (1.88); Albuquerque, NM (1.86); Baltimore, MD (1.83); and San Francisco, CA (1.80).

Greatest Disparity Between Latino and White Denial Rates for Government-Backed Loans

MSA	Whites	Latinos
Pittsburgh	6.06%	15.38%
Bridgeport	9.27%	19.35%
Memphis	6.86%	13.55%
Providence	9.12%	17.67%
Cleveland	4.53%	8.68%
Springfield	6.79%	12.79%
Albuquerque	10.04%	18.67%
Baltimore	5.03%	9.21%
San Francisco	17.07%	30.77%

Lowest Rejection Ratios

African-American applicants for government-backed loans were rejected less often than whites in only 1 MSAs: Brockton, MA. In 6 other MSAs, African-Americans were denied less than 1.25 times more frequently than whites: New York, NY (1.03 times more frequently); St. Louis, MO (1.11); Orange County, CA (1.14); Nassau-Suffolk, NY (1.16); San Francisco, CA (1.17); and Jersey City, NJ (1.23).



Least Disparity Between African-American and White Denial Rates for Government-Backed Loans

MSA	Whites	African-Americans
Brockton	8.83%	8.48%
New York	17.00%	17.55%
St. Louis	11.00%	12.26%
Orange County	9.47%	10.83%
Nassau-Suffolk	13.26%	15.32%
San Francisco	17.07%	20.00%
Jersey City	17.46%	21.50%

Latinos were rejected less frequently than whites for government-backed loans in 16 MSAs. Of these, Latinos were rejected for government-backed loans only half as often as whites in 3 MSAs: Toledo, OH; Kansas City, MO; Baton Rouge, LA; Pine Bluff, AR; and Houma, LA.

Least Disparity Between Latino and White 2000 Denial Rates for Government-Backed Loans

MSA	Whites	Latinos
Toledo	5.14%	2.56%
Kansas City	5.99%	2.84%
Baton Rouge	14.44%	2.44%

Largest Increases in Disparity

In 9 MSAs, the African-American rejection ratio increased more than 20%: Houma, LA (236.28% increase); San Jose, CA (200.00%); Portland, OR (56.06%); Springfield, MA (45.90%); New Haven, CT (38.84%); Milwaukee, WI (31.54%); Pine Bluff, AR (22.92%); Boston, MA (20.67%); and Oakland, CA (20.63%).

Greatest Increases in African-American Rejection Ratio for Government-backed Home Purchase Mortgages

MSA	1999 Denial Rates		1999 Ratio	2000 Denial Rates		2000 Ratio
	Whites	Blacks		Whites	Blacks	
Houma	14.51%	16.39%	1.13	10.82%	41.18%	3.80
San Jose	10.60%	5.13%	0.48	23.08%	33.33%	1.44
Portland	10.23%	13.48%	1.32	9.65%	19.88%	2.06
Springfield	7.18%	8.78%	1.22	6.79%	12.08%	1.78
New Haven	9.36%	11.28%	1.21	9.57%	16.10%	1.68
Milwaukee	7.16%	9.31%	1.30	8.69%	14.89%	1.71
Pine Bluff	14.75%	21.20%	1.44	11.76%	20.87%	1.77
Boston	10.76%	19.28%	1.79	11.38%	24.63%	2.16
Oakland	8.77%	14.02%	1.60	10.19%	19.71%	1.93

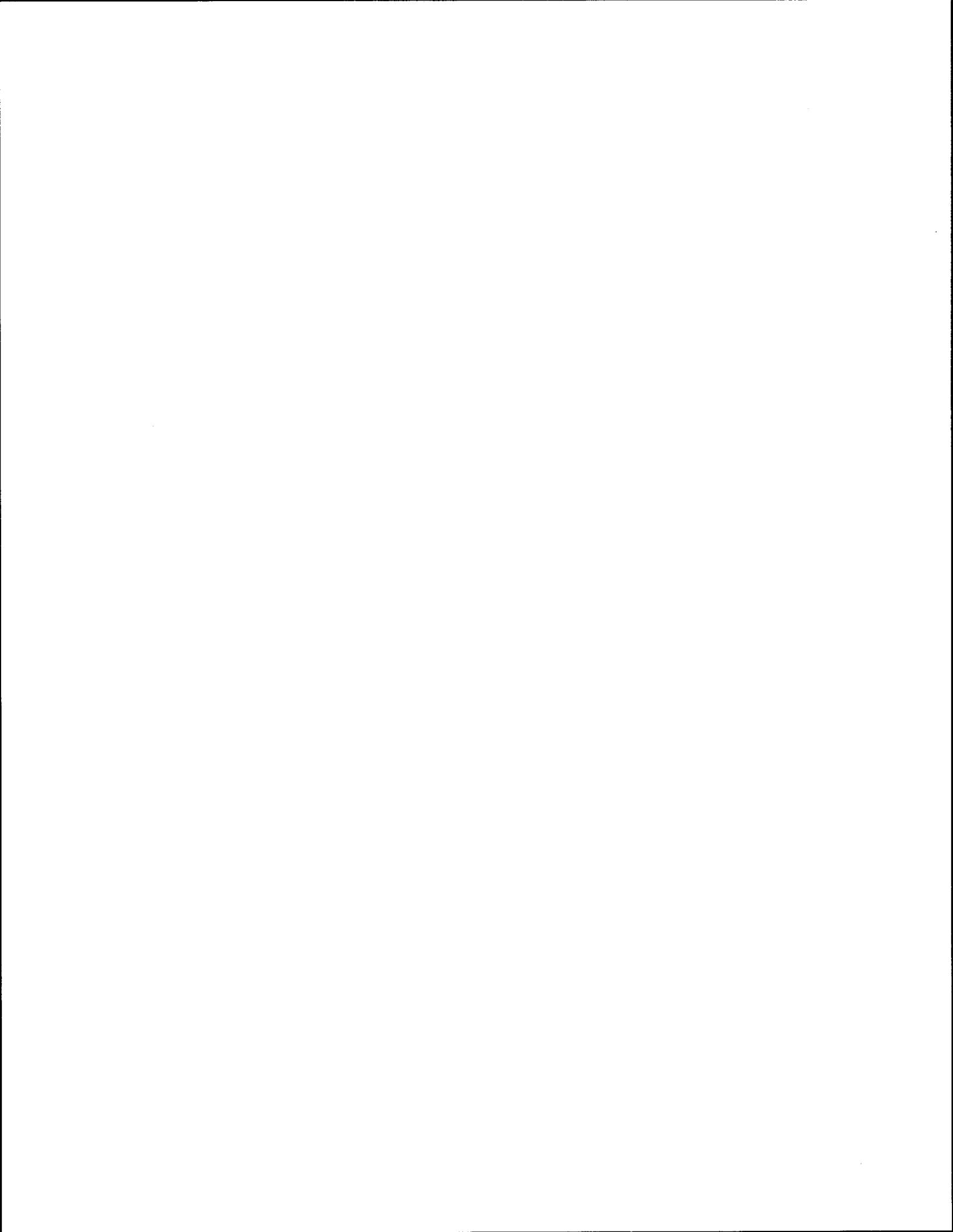


In 8 MSAs, the Latino rejection ratio increased more than 25% from 1999 to 2000: Ft. Wayne, IN (146.27% increase); Bridgeport, CT (137.50%); Pittsburgh, PA (109.52%); San Francisco, CA (52.54%); New Haven, CT (35.24%); Denver, CO (33.96%); Memphis, TN (31.13%); Chicago, IL (29.06%); and San Jose, CA (26.44%).

Greatest Increases In Latino Rejection Ratio for Government-backed Home Purchase Mortgages

MSA	1999 Denial Rates		1999 Ratio	2000 Denial Rates		2000 Ratio
	Whites	Latinos		Whites	Latinos	
Ft. Wayne	7.86%	5.26%	0.67	8.66%	13.27%	1.65
Bridgeport	8.28%	7.31%	0.88	9.27%	19.35%	2.09
Pittsburgh	5.90%	7.14%	1.21	6.06%	15.38%	2.54
San Francisco	14.08%	16.67%	1.18	17.07%	30.77%	1.80
New Haven	9.36%	9.85%	1.05	9.57%	13.56%	1.42
Denver	4.88%	5.15%	1.06	5.14%	7.31%	1.42
Memphis	7.07%	10.69%	1.51	6.86%	13.55%	1.98
Chicago	8.96%	10.48%	1.17	8.23%	12.39%	1.51
San Jose	10.60%	5.13%	0.87	23.08%	25.42%	1.10





RECOMMENDATIONS

The federal banking regulators should set higher standards for banks' Community Reinvestment Act (CRA) lending performance and give closer scrutiny to a bank's involvement in predatory lending. Regulators should correct the grade inflation that results in satisfactory CRA ratings for institutions with lackluster lending records. The regulators should also consider not just the number of loans the bank originates to low- and moderate-income borrowers, but also the quality of those loans. In addition, banks that purchase high-cost loans with predatory terms should be penalized under CRA for buying those loans, not rewarded.

The Federal Reserve should set a moratorium on bank mergers for all lenders whose lending shows marked patterns of racial disparities. The lending industry has been transformed by a continuing wave of mega-mergers, consolidating capital among a diminishing number of financial institutions and exerting downward pressure on credit availability for minority and low-income borrowers.

The Federal Reserve Board should follow through on its proposed rule to improve disclosures under the Home Mortgage Disclosure Act (HMDA). The Board should issue a final rule to expand HMDA disclosure to include APR data, and should also expand this coverage to include information of fees, prepayment penalties, and foreclosure data. In addition, the Fed should close loopholes that allow some lenders making significant numbers of purchase, refinance, home equity and home improvement loans to avoid reporting HMDA information. Congress should also act on its own to strengthen HMDA by passing HR 1053, Rep. John LaFalce's Equal Credit Enhancement and Neighborhood Protection Act.

Congress should strengthen the Community Reinvestment Act (CRA). In light of continuing, and in some cases worsening, racial disparities in the mortgage industry, Congress should be looking at ways to make CRA more effective and require lenders with discriminatory lending patterns to improve their business practices. Sadly for minorities and all residents of lower-income communities, Congress did just the opposite in 1999, passing "financial modernization" legislation that seriously weakened CRA. Congress should remedy this mistake by acting on HR 865, Rep. Thomas Barrett's Community Reinvestment Modernization Act.

Congress should increase funding for HUD's Housing Counseling program beyond the \$20 million currently provided in the FY 2002 HUD appropriations bills and, to come closer to meeting the demand for such services, should increase the annual funding level in future years to \$100 million. Fannie Mae, Freddie Mac, mortgage lenders, and state and local governments should mandate and expand funding for programs that provide basic information about lending and enable people to protect themselves from predatory practices. The most effective tool for helping minority and lower-income families to become successful homeowners is high-quality loan counseling and homebuyer education by community organizations. The failure by the industry and public agencies to adequately support housing counseling has left lower-income and minority homebuyers vulnerable to all the worst aspects of an already confusing system.

Congress and state legislatures should pass strong anti-predatory lending legislation to protect consumers from abusive practices, which have been especially targeted at lower-income



and minority communities. Federal legislation has already been introduced that would strengthen the protections in the Home Ownership Equity Protection Act (HOEPA), extend those protections to more borrowers in high-cost home loans, and establish penalties for violating the law that are more in line with the damage caused to borrowers. A number of state legislatures and state regulators have also taken action to curb predatory lending, and more should follow suit.

Lenders should be more active in making good loans in minority and low-income communities, and in eradicating any possible discrimination in their lending and outreach practices. Lenders should expand their partnerships with community-based organizations to make home purchase credit available in underserved communities.

Lenders that offer both prime and subprime products must establish uniform pricing and underwriting guidelines for all of their lending subsidiaries, and for all of the communities in which they do business so that consumers in lower-income and minority communities do not receive worse terms simply because of who they are or where they live.

Regulators should aggressively study the impact of credit scoring and automated underwriting on racial inequities in the lending market. They should immediately assess the racially disparate impact of these procedures on minority communities. These new tools are widely touted by the industry, but no one has examined how they affect lending patterns to lower income and minority borrowers. After investigation, the regulators should promulgate rules to ensure these practices do not have a negative impact on inner-city areas. Clear problems, such as the fact that having a loan from a subprime lender negatively affects a borrower's credit score, regardless of their payment record on that loan, and regardless of how good their credit otherwise is, must be corrected.

A matched testing program should be implemented for all lenders to identify banks that screen minority and lower-income borrowers out of their lending business. Such a testing program could determine if banks are steering certain borrowers into more expensive, alternate lending products or even discouraging them from submitting applications. This last item is a concern because lenders are required to report HMDA information on all applicants, but if a bank discourages a person from ever submitting an application, there is no disclosure of any information on the applicant.

Fair lending laws should be strongly enforced and violators punished with civil money penalties and cease and desist orders. The appalling records of lenders over the past three years should be sounding alarms in the halls of the banking regulators. If they are unwilling to enforce the law, the Justice Department and HUD should have a higher profile in investigating mortgage discrimination. In addition, Congress should increase funding for HUD's fair housing programs, instead of providing level funding at \$46 million, as was included in the Senate-passed version of FY 2002 VA-HUD appropriations legislation (even worse, the House-passed version would cut funding to \$45 million and shift funds away from the Fair Housing Initiative Program, which provides for independent assessments of lenders' fair housing performance).



Notes

- ¹ Harvard University Joint Center for Housing Studies, "The State of the Nation's Housing: 2001."
- ² Alicia H. Munnell, Geoffrey M.B. Tootell, Lynn E. Browne, and James McEneaney. 1996. "Mortgage Lending in Boston: Interpreting HMDA Data," *American Economic Review* 86(March): 25-53.
- ³ Harvard University Joint Center for Housing Studies, "The State of the Nation's Housing: 2000."
- ⁴ Underwriting guidelines have in some cases become more flexible around issues such as pooling income, residency status, cash on hand, and non-traditional credit. However, the use of credit scores works against many Latino families, particularly newer immigrants, who have not built the traditional credit which credit scores measure. Credit scores do not acknowledge traditions of saving money at home or paying bills in cash. In addition, many current underwriting guidelines work against households who live in extended families. Often, lenders do not count as income money paid to them by other relatives living in the household. It is also common to require that if an applicant doesn't have traditional credit, they need four pieces of non-traditional credit in their own name.
- ⁵ "Crisis in Déjà Vu: A Profile of the Racial Patterns in Home Purchase Lending in the Baltimore Market", Dr. Calvin Bradford and The Public Justice Center, May 2000.
- ⁶ Similar figures are not yet available for 2000, but the growth of subprime loans and their impact on lower income and minority communities will be the specific subject of a report to be released by ACORN later this year.
- ⁷ The denial rate is the number of denied mortgage applications for a specified demographic group divided by the total number of applications from that group. It does not include incomplete or withdrawn applications, only those applications on which a decision was made by the lender.
- ⁸ The rejection ratio is the denial rate for African-American or Latino applicants divided by the denial rate for white applicants. It measures the increased likelihood that minorities are rejected for loans in comparison to whites.
- ⁹ Low income applicants have an annual income below 50% of the median income. Moderate income applicants have an annual income between 50%-80% of the median income. Middle income applicants are divided into two categories – earning between 80%-99% of the median income and earning between 100-119% of the median income.
- ¹⁰ Population data was obtained from the US Census Bureau from the 2000 census.
- ¹² Randall M. Scheesele, U.S. Department of Housing and Urban Development.
- ¹³ Low income neighborhoods are census tracts which have a median income below 50% of the median income for the MSA. Moderate income neighborhoods are census tracts which have a median income between 50%-79% of the median income for the MSA. Middle income neighborhoods are census tracts which have a median income between 80% - 119% of the median income for the MSA. Upper income neighborhoods are census tracts which have a median income above 120% of the median income for the MSA.



Tables

Table 1 – Change in Denial Rates by Race for Conventional Purchase Loans 1999-2000

Table 2 – Change in Rejection Ratios for Conventional Purchase Loans 1999-2000

Table 3 – African-American Rejection Ratios for Conventional Purchase Loans, Ranked, 2000

Table 4 – Latino Rejection Ratios for Conventional Purchase Loans, Ranked, 2000

Table 5 – Denial Rates by Borrower Race and Income for Conventional Purchase Loans, 2000

Table 6 – Rejection Ratios Minority to White Applicants of the Same Income, Conventional Purchase Loans, 2000

Table 7 – Disparity Between Minority Percentage of MSA's Population and Share of Loans

Table 8 – Disparity Between Percentage of MSA Made Up By Low and Moderate Income Neighborhoods and Share of Conventional Purchase Loans Received, Ranked, 2000

Table 9 – Rejections for Conventional Purchase Loans by Neighborhood Income, 2000

Table 10 – Disparity Between Minority Share of Government Loans Compared to Conventional Loans



Table 1 - Change in Denial Rates by Race for Conventional Purchase Loans 1999-2000										
CITY		1999 DENIAL RATES			2000 DENIAL RATES			Change 1999-2000		
		White	Black	Latino	White	Black	Latino	White	Black	Latino
Little Rock	AR	35.14%	56.43%	43.93%	29.26%	47.83%	49.55%	-16.73%	-15.24%	12.79%
Pine Bluff	AR	45.02%	65.91%	50.00%	37.65%	47.37%	50.00%	-16.37%	-28.13%	0.00%
Phoenix	AZ	17.60%	30.14%	37.55%	14.62%	31.55%	33.37%	-16.93%	4.68%	-11.13%
Tucson	AZ	20.85%	35.73%	50.72%	14.45%	33.08%	40.38%	-30.70%	-7.42%	-20.39%
Fresno	CA	15.57%	38.42%	26.53%	13.50%	31.75%	23.84%	-13.29%	-17.36%	-10.14%
Los Angeles	CA	15.64%	31.01%	23.10%	16.37%	31.87%	24.97%	4.67%	2.77%	8.10%
Oakland	CA	10.34%	25.70%	17.06%	11.82%	30.10%	20.44%	14.31%	17.12%	19.81%
Orange County	CA	14.93%	26.94%	28.70%	14.11%	23.38%	27.07%	-5.49%	-13.21%	-5.68%
Riverside-San Bernadino	CA	17.66%	34.12%	27.35%	16.04%	32.94%	26.33%	-9.17%	-3.46%	-3.73%
Sacramento	CA	12.10%	32.60%	18.67%	12.19%	26.87%	19.05%	0.74%	-17.58%	2.04%
San Diego	CA	13.62%	28.77%	23.93%	13.55%	27.95%	24.10%	-0.51%	-2.85%	0.71%
San Francisco	CA	9.68%	25.75%	19.87%	11.23%	26.88%	22.36%	16.01%	4.39%	12.53%
San Jose	CA	11.14%	22.57%	21.15%	12.97%	26.88%	26.07%	16.43%	19.10%	23.26%
Stockton-Lodi	CA	13.18%	26.29%	21.52%	16.05%	25.23%	20.63%	21.78%	-4.03%	-4.14%
Denver	CO	16.60%	30.90%	34.13%	12.82%	27.17%	31.20%	-22.77%	-12.07%	-8.58%
Bridgeport	CT	10.31%	30.24%	18.79%	12.20%	40.82%	24.04%	18.33%	34.99%	27.94%
New Haven	CT	12.04%	27.39%	27.06%	11.95%	39.13%	34.58%	-0.75%	42.86%	27.79%
Washington	DC	8.23%	24.77%	15.20%	7.50%	24.77%	18.23%	-8.87%	0.00%	19.93%
Wilmington	DE	13.35%	23.28%	21.62%	13.12%	23.60%	14.14%	-1.72%	1.37%	-34.60%
Ft. Lauderdale	FL	14.51%	24.92%	19.64%	14.33%	27.43%	18.33%	-1.24%	10.07%	-6.67%
Jacksonville	FL	28.32%	39.79%	27.56%	23.98%	36.69%	26.76%	-15.32%	-7.79%	-2.90%
Miami	FL	15.94%	33.35%	19.44%	15.00%	32.95%	19.91%	-5.90%	-1.20%	2.42%
Tampa-St. Petersburg	FL	19.84%	38.39%	30.15%	16.55%	35.97%	27.92%	-16.58%	-6.30%	-7.40%
Atlanta	GA	15.73%	30.63%	28.94%	13.15%	30.55%	26.19%	-16.40%	-0.26%	-9.50%
Chicago	IL	8.31%	32.68%	18.67%	7.76%	35.77%	19.70%	-6.62%	9.46%	5.52%
Ft. Wayne	IN	26.47%	34.97%	37.40%	22.35%	30.93%	27.86%	-15.56%	-11.55%	-25.51%
Gary	IN	14.54%	37.90%	22.72%	13.10%	37.58%	22.24%	-9.90%	-0.84%	-2.11%
Indianapolis	IN	17.97%	30.59%	28.21%	17.38%	36.70%	32.10%	-3.28%	19.97%	13.79%
Baton Rouge	LA	27.79%	55.21%	43.00%	21.88%	47.01%	20.00%	-21.27%	-14.85%	-53.49%
Houma	LA	32.13%	67.29%	33.33%	24.86%	56.70%	28.57%	-22.63%	-15.74%	-14.28%
Lake Charles	LA	44.74%	56.93%	33.33%	35.54%	54.41%	35.71%	-20.56%	-4.43%	7.14%
New Orleans	LA	19.14%	46.05%	20.65%	15.55%	39.32%	21.37%	-18.76%	-14.61%	3.49%
Boston	MA	8.39%	20.51%	15.39%	8.58%	24.09%	18.84%	2.26%	17.45%	22.42%
Brockton	MA	10.52%	16.88%	23.26%	9.55%	25.32%	19.09%	-9.22%	50.00%	-17.93%
Springfield	MA	8.46%	23.66%	22.04%	10.25%	30.50%	21.38%	21.16%	28.91%	-2.99%
Baltimore	MD	10.57%	28.89%	21.99%	10.05%	28.44%	22.55%	-4.92%	-1.56%	2.55%
Detroit	MI	23.77%	36.21%	37.12%	23.16%	37.54%	34.54%	-2.57%	3.67%	-6.95%
Minneapolis-St. Paul	MN	12.72%	27.89%	25.23%	9.66%	35.52%	25.03%	-24.06%	27.36%	-0.79%
Kansas City	MO	15.69%	27.32%	22.13%	11.82%	27.03%	24.21%	-24.67%	-1.06%	9.40%
St. Louis	MO	21.16%	35.43%	28.84%	16.41%	37.30%	26.39%	-22.45%	5.28%	-8.50%
Bergen-Passaic	NJ	8.93%	25.43%	15.37%	10.44%	30.32%	23.15%	16.91%	19.23%	50.62%
Jersey City	NJ	11.72%	29.49%	21.07%	11.79%	34.70%	25.97%	0.60%	17.67%	23.26%
Newark	NJ	7.86%	26.85%	15.50%	9.38%	31.46%	23.07%	19.34%	17.17%	48.84%
Albuquerque	NM	26.64%	42.31%	48.32%	18.46%	38.83%	39.25%	-30.71%	-8.23%	-18.77%
Nassau-Suffolk	NY	11.75%	27.30%	20.67%	13.32%	33.38%	26.61%	13.36%	22.27%	28.74%
New York	NY	12.99%	27.98%	21.54%	14.35%	32.54%	28.86%	10.47%	16.30%	33.98%
Cleveland	OH	10.99%	30.47%	20.26%	11.69%	42.74%	22.57%	6.37%	40.27%	11.40%
Toledo	OH	21.29%	23.91%	27.88%	19.99%	30.72%	37.02%	-6.11%	28.48%	32.78%
Portland	OR	16.78%	29.14%	30.10%	15.13%	27.78%	29.00%	-9.83%	-4.67%	-3.65%
Philadelphia	PA	8.95%	28.64%	19.75%	8.94%	28.32%	20.13%	-0.11%	-1.12%	1.92%
Pittsburgh	PA	17.14%	27.22%	31.73%	15.32%	27.91%	21.37%	-10.62%	2.53%	-32.65%
Providence	RI	10.32%	26.92%	23.73%	10.92%	29.73%	28.60%	5.81%	10.44%	20.52%
Sioux Falls	SD	22.53%	61.11%	40.74%	19.39%	50.00%	40.54%	-13.94%	-18.18%	-0.49%
Memphis	TN	16.64%	36.18%	37.76%	15.29%	37.80%	28.78%	-8.11%	4.48%	-23.78%
Dallas	TX	24.87%	40.71%	41.67%	17.96%	36.89%	31.61%	-27.78%	-9.38%	-24.14%
Ft. Worth-Arlington	TX	30.95%	41.55%	41.00%	22.92%	37.80%	31.87%	-25.95%	-9.03%	-22.27%
Houston	TX	25.19%	40.57%	35.28%	18.96%	35.48%	30.16%	-24.73%	-12.55%	-14.51%
San Antonio	TX	32.33%	54.53%	50.23%	23.85%	42.23%	40.91%	-26.23%	-22.56%	-18.55%
Seattle	WA	13.16%	31.72%	27.75%	12.44%	25.06%	23.70%	-5.47%	-21.00%	-14.59%
Milwaukee	WI	6.69%	29.04%	15.11%	6.86%	27.81%	17.28%	2.54%	-4.24%	14.36%

Table 2 - Change in Rejection Ratios for Conventional Purchase Loans 1999-2000

CITY		1999		2000		Change 1999-2000	
		Black	Latino	Black	Latino	Black	Latino
Little Rock	AR	1.61	1.25	1.63	1.69	1.24%	35.20%
Pine Bluff	AR	1.46	1.11	1.26	1.33	-13.70%	19.82%
Phoenix	AZ	1.71	2.13	2.16	2.28	26.32%	7.04%
Tucson	AZ	1.71	2.43	2.29	2.79	33.92%	14.81%
Fresno	CA	2.47	1.70	2.35	1.77	-4.86%	4.12%
Los Angeles	CA	1.98	1.48	1.95	1.53	-1.52%	3.38%
Oakland	CA	2.49	1.65	2.55	1.73	2.41%	4.85%
Orange County	CA	1.80	1.92	1.66	1.92	-7.78%	0.00%
Riverside-San Bernadino	CA	1.93	1.55	2.05	1.64	6.22%	5.81%
Sacramento	CA	2.69	1.54	2.20	1.56	-18.22%	1.30%
San Diego	CA	2.11	1.76	2.06	1.78	-2.37%	1.14%
San Francisco	CA	2.66	2.05	2.39	1.99	-10.15%	-2.93%
San Jose	CA	2.03	1.90	2.07	2.01	1.97%	5.79%
Stockton-Lodi	CA	2.00	1.63	1.57	1.29	-21.50%	-20.86%
Denver	CO	1.86	2.06	2.12	2.43	13.98%	17.96%
Bridgeport	CT	2.93	1.82	3.35	1.97	14.33%	8.24%
New Haven	CT	2.27	2.25	3.27	2.89	44.05%	28.44%
Washington	DC	3.01	1.85	3.30	2.43	9.63%	31.35%
Wilmington	DE	1.74	1.62	1.80	1.08	3.45%	-33.33%
Ft. Lauderdale	FL	1.72	1.35	1.91	1.28	11.05%	-5.19%
Jacksonville	FL	1.40	0.97	1.53	1.12	9.29%	15.46%
Miami	FL	2.09	1.22	2.20	1.33	5.26%	9.02%
Tampa-St. Petersburg	FL	1.94	1.52	2.17	1.69	11.86%	11.18%
Atlanta	GA	1.95	1.84	2.32	1.99	18.97%	8.15%
Chicago	IL	3.93	2.25	4.61	2.54	17.30%	12.89%
Ft. Wayne	IN	1.32	1.41	1.38	1.25	4.55%	-11.35%
Gary	IN	2.61	1.56	2.87	1.70	9.96%	8.97%
Indianapolis	IN	1.70	1.57	2.11	1.85	24.12%	17.83%
Baton Rouge	LA	1.99	1.55	2.15	0.91	8.04%	-41.29%
Houma	LA	2.09	1.04	2.28	1.15	9.09%	10.58%
Lake Charles	LA	1.27	0.75	1.53	1.00	20.47%	33.33%
New Orleans	LA	2.41	1.08	2.53	1.37	4.98%	26.85%
Boston	MA	2.45	1.84	2.81	2.20	14.69%	19.57%
Brockton	MA	1.60	2.21	2.65	2.00	65.63%	-9.50%
Springfield	MA	2.80	2.61	2.98	2.09	6.43%	-19.92%
Baltimore	MD	2.73	2.08	2.83	2.24	3.66%	7.69%
Detroit	MI	1.52	1.56	1.62	1.49	6.58%	-4.49%
Minneapolis-St. Paul	MN	2.19	1.99	3.37	2.59	53.88%	30.15%
Kansas City	MO	1.74	1.41	2.29	2.05	31.61%	45.39%
St. Louis	MO	1.67	1.36	2.27	1.61	35.93%	18.38%
Bergen-Passaic	NJ	2.85	1.72	2.90	2.22	1.75%	29.07%
Jersey City	NJ	2.52	1.80	2.94	2.20	16.67%	22.22%
Newark	NJ	3.42	1.97	3.35	2.46	-2.05%	24.87%
Albuquerque	NM	1.59	1.81	2.10	2.13	32.08%	17.68%
Nassau-Suffolk	NY	2.32	1.76	2.51	2.00	8.19%	13.64%
New York	NY	2.15	1.66	2.27	2.01	5.58%	21.08%
Cleveland	OH	2.77	1.84	3.66	1.93	32.13%	4.89%
Toledo	OH	1.12	1.31	1.54	1.85	37.50%	41.22%
Portland	OR	1.74	1.79	1.84	1.92	5.75%	7.26%
Philadelphia	PA	3.20	2.21	3.17	2.25	-0.94%	1.81%
Pittsburgh	PA	1.59	1.85	1.82	1.39	14.47%	-24.86%
Providence	RI	2.61	2.30	2.72	2.62	4.21%	13.91%
Sioux Falls	SD	2.71	1.81	2.58	2.09	-4.80%	15.47%
Memphis	TN	2.17	2.27	2.47	1.88	13.82%	-17.18%
Dallas	TX	1.64	1.68	2.05	1.76	25.00%	4.76%
Ft. Worth-Arlington	TX	1.34	1.32	1.65	1.39	23.13%	5.30%
Houston	TX	1.61	1.40	1.87	1.59	16.15%	13.57%
San Antonio	TX	1.69	1.55	1.77	1.72	4.73%	10.97%
Seattle	WA	2.41	2.11	2.02	1.91	-16.18%	-9.48%
Milwaukee	WI	4.34	2.26	4.05	2.52	-6.68%	11.50%

Table 3 - African-American Rejection Ratios for Conventional Purchase Loans, Ranked, 2000

Rank	City		DENIAL RATES		REJECTION	Number of Applications	
			White	Black	RATIO	White	Black
1	Chicago	IL	7.76%	35.77%	4.61	109037	19640
2	Milwaukee	WI	6.86%	27.81%	4.05	18483	2963
3	Cleveland	OH	11.69%	42.74%	3.66	27647	5347
4	Minneapolis-St. Paul	MN	9.66%	32.52%	3.37	55027	2165
5	Bridgeport	CT	12.20%	40.82%	3.35	5759	787
5	Newark	NJ	9.38%	31.46%	3.35	18170	3312
7	Washington	DC	7.50%	24.77%	3.30	71038	15047
8	New Haven	CT	11.95%	39.13%	3.27	6395	663
9	Philadelphia	PA	8.94%	28.32%	3.17	56105	7587
10	Springfield	MA	10.25%	30.50%	2.98	6267	512
11	Jersey City	NJ	11.79%	34.70%	2.94	2976	429
12	Bergen-Passaic	NJ	10.44%	30.32%	2.90	12131	837
13	Gary	IN	13.10%	37.58%	2.87	6852	953
14	Baltimore	MD	10.05%	28.44%	2.83	29296	5392
15	Boston	MA	8.58%	24.09%	2.81	46037	2059
16	Providence	RI	10.92%	29.73%	2.72	13917	333
17	Brockton	MA	9.55%	25.32%	2.65	3620	354
18	Oakland	CA	11.82%	30.10%	2.55	32646	4562
19	New Orleans	LA	15.55%	39.32%	2.53	11168	2946
20	Nassau-Suffolk	NY	13.32%	33.38%	2.51	31142	2713
21	Memphis	TN	15.29%	37.80%	2.47	12071	6547
22	San Francisco	CA	11.23%	26.88%	2.39	17951	446
23	Fresno	CA	13.50%	31.75%	2.35	5529	313
24	Atlanta	GA	13.15%	30.55%	2.32	68056	19516
25	Tucson	AZ	14.45%	33.08%	2.29	13976	291
25	Kansas City	MO	11.82%	27.03%	2.29	29859	2941
27	Houma	LA	24.86%	56.70%	2.28	2243	335
28	St. Louis	MO	16.41%	37.30%	2.27	40763	6834
28	New York	NY	14.35%	32.54%	2.27	47821	10406
30	Sacramento	CA	12.19%	26.87%	2.20	29470	1642
30	Miami	FL	15.00%	32.95%	2.20	10808	4725
32	Tampa-St. Petersburg	FL	16.55%	35.97%	2.17	46894	2578
33	Phoenix-Mesa	AZ	14.62%	31.55%	2.16	70788	1934
34	Baton Rouge	LA	21.88%	47.01%	2.15	7719	1911
35	Denver	CO	12.82%	27.17%	2.12	48668	1871
36	Indianapolis	IN	17.38%	36.70%	2.11	25126	2893
37	Albuquerque	NM	18.46%	38.83%	2.10	7225	238
38	San Jose	CA	12.97%	26.88%	2.07	15488	551
39	San Diego	CA	13.55%	27.95%	2.06	45541	1430
40	Riverside-San Bernadino	CA	16.04%	32.94%	2.05	42470	3556
40	Dallas	TX	17.96%	36.89%	2.05	61769	6673
42	Seattle	WA	12.44%	25.06%	2.02	41868	1416
43	Los Angeles-Long Beach	CA	16.37%	31.87%	1.95	75065	10328
44	Ft. Lauderdale	FL	14.33%	27.43%	1.91	28353	8229
45	Houston	TX	18.96%	35.48%	1.87	58642	11135
46	Portland	OR	15.13%	27.78%	1.84	34995	509
47	Pittsburgh	PA	15.32%	27.91%	1.82	26313	1126
48	Wilmington	DE	13.12%	23.60%	1.80	8080	1257
49	San Antonio	TX	23.85%	42.23%	1.77	14247	1081
50	Orange County	CA	14.11%	23.38%	1.66	45069	784
51	Ft Worth-Arlington	TX	22.92%	37.80%	1.65	28430	2388
52	Little Rock	AR	29.26%	47.83%	1.63	9959	1532
53	Detroit	MI	23.16%	37.54%	1.62	81550	11767
54	Stockton-Lodi	CA	16.05%	25.23%	1.57	6806	845
55	Toledo	OH	19.99%	30.72%	1.54	10054	701
56	Jacksonville	FL	23.98%	36.69%	1.53	20301	3069
56	Lake Charles	LA	35.54%	54.41%	1.53	2843	469
58	Ft. Wayne	IN	22.35%	30.93%	1.38	8874	366
59	Pine Bluff	AR	37.65%	47.37%	1.26	792	370
*	Sioux Falls	SD	19.39%	50.00%	2.58	3173	21

* Areas with fewer than 100 African-American applications are excluded from the rankings.

	CITY		DENIAL RATES		REJECTION	APPLICATIONS	
			White	Latino	RATIO	White	Latino
1	New Haven	CT	11.95%	34.58%	2.89	6395	444
2	Tucson	AZ	14.45%	40.38%	2.79	13976	3735
3	Providence	RI	10.92%	28.60%	2.62	13917	604
4	Minneapolis-St. Paul	MN	9.66%	25.03%	2.59	55027	1009
5	Chicago	IL	7.76%	19.70%	2.54	109037	14799
6	Milwaukee	WI	6.86%	17.28%	2.52	18483	990
7	Newark	NJ	9.38%	23.07%	2.46	18170	2281
8	Denver	CO	12.82%	31.20%	2.43	48668	5596
8	Washington	DC	7.50%	18.23%	2.43	71038	5045
10	Phoenix-Mesa	AZ	14.62%	33.37%	2.28	70788	10182
11	Philadelphia	PA	8.94%	20.13%	2.25	56105	1950
12	Baltimore	MD	10.05%	22.55%	2.24	29296	567
13	Bergen-Passaic	NJ	10.44%	23.15%	2.22	12131	2078
14	Boston	MA	8.58%	18.84%	2.20	46037	1947
14	Jersey City	NJ	11.79%	25.97%	2.20	2976	1511
16	Albuquerque	NM	18.46%	39.25%	2.13	7225	4094
17	Springfield	MA	10.25%	21.38%	2.09	6267	624
18	Kansas City	MO	11.82%	24.21%	2.05	29859	875
19	San Jose	CA	12.97%	26.07%	2.01	15488	5450
19	New York	NY	14.35%	26.61%	2.01	47821	8387
21	Brockton	MA	9.55%	19.09%	2.00	3620	121
21	Nassau-Suffolk	NY	13.32%	28.86%	2.00	31142	2839
23	San Francisco	CA	11.23%	22.36%	1.99	17951	2354
23	Atlanta	GA	13.15%	26.19%	1.99	68056	3400
25	Bridgeport	CT	12.20%	24.04%	1.97	5759	605
26	Cleveland	OH	11.69%	22.57%	1.93	27647	751
27	Orange County	CA	14.11%	27.07%	1.92	45069	7524
27	Portland	OR	15.13%	29.00%	1.92	34995	1059
29	Seattle	WA	12.44%	23.70%	1.91	41868	1125
30	Memphis	TN	15.29%	28.78%	1.88	12071	371
31	Indianapolis	IN	17.38%	32.10%	1.85	25126	295
31	Toledo	OH	19.99%	37.02%	1.85	10054	228
33	San Diego	CA	13.55%	24.10%	1.78	45541	8322
34	Fresno	CA	13.50%	23.84%	1.77	5529	2120
35	Dallas	TX	17.96%	31.61%	1.76	61769	7819
36	Oakland	CA	11.82%	20.44%	1.73	32646	7203
37	San Antonio	TX	23.85%	40.91%	1.72	14247	9366
38	Gary	IN	13.10%	22.24%	1.70	6852	621
39	Little Rock	AR	29.26%	49.55%	1.69	9959	124
39	Tampa-St. Petersburg	FL	16.55%	27.92%	1.69	46894	4014
41	Riverside-San Bernadino	CA	16.04%	26.33%	1.64	42470	12508
42	St. Louis	MO	16.41%	26.39%	1.61	40763	440
43	Houston	TX	18.96%	30.16%	1.59	58642	18762
44	Sacramento	CA	12.19%	19.05%	1.56	29470	2444
45	Los Angeles-Long Beach	CA	16.37%	24.97%	1.53	75065	29337
46	Detroit	MI	23.16%	34.54%	1.49	81550	1386
47	Pittsburgh	PA	15.32%	21.37%	1.39	26313	129
47	Ft Worth-Arlington	TX	22.92%	31.87%	1.39	28430	3759
49	New Orleans	LA	15.55%	21.37%	1.37	11168	410
50	Miami	FL	15.00%	19.91%	1.33	10808	31517
51	Stockton-Lodi	CA	16.05%	20.63%	1.29	6806	2711
52	Ft. Lauderdale	FL	14.33%	18.33%	1.28	28353	10639
53	Ft. Wayne	IN	22.35%	27.86%	1.25	8874	144
54	Jacksonville	FL	23.98%	26.76%	1.12	20301	722
55	Wilmington	DE	13.12%	14.14%	1.08	8080	211
56	Baton Rouge	LA	21.88%	20.00%	0.91	7719	102
*	Sioux Falls	SD	19.39%	40.54%	2.09	3173	40
*	Pine Bluff	AR	37.65%	50.00%	1.33	792	12
*	Houma	LA	24.86%	28.57%	1.15	2243	16
*	Lake Charles	LA	35.54%	35.71%	1.00	2843	16

*Areas with fewer than 100 Latino applications are excluded from the rankings.

Table 5 - Denial Rates By Borrower Race and Income for Conventional Purchase Loans, 2000

CITY	LOW INCOME			MODERATE INCOME			UPPER-MIDDLE INCOME			UPPER INCOME			
	Below 50% median			50-80% median			100-120% median			Above 120% median			
	White	Black	Latino	White	Black	Latino	White	Black	Latino	White	Black	Latino	
Little Rock	AR	53.91%	56.01%	62.50%	39.41%	49.33%	40.00%	24.63%	38.60%	33.33%	11.53%	30.34%	42.31%
Pine Bluff	AR	71.43%	56.36%	0.00%	55.49%	51.96%	20.00%	25.93%	40.63%	100.00%	20.25%	38.10%	50.00%
Phoenix-Mesa	AZ	33.43%	58.17%	45.06%	20.26%	38.63%	33.72%	13.12%	30.73%	30.50%	9.80%	22.08%	21.84%
Tucson	AZ	36.61%	64.71%	56.98%	23.42%	36.51%	42.05%	12.73%	22.58%	33.55%	7.43%	22.45%	22.60%
Fresno	CA	28.21%	0.00%	35.86%	20.79%	48.57%	25.16%	13.24%	18.75%	17.33%	11.71%	27.03%	21.83%
Los Angeles-Long Beach	CA	35.08%	49.57%	37.42%	22.04%	34.08%	25.97%	17.24%	31.66%	24.37%	14.81%	29.73%	22.25%
Oakland	CA	24.83%	43.94%	30.63%	16.86%	32.74%	20.28%	12.58%	24.66%	19.08%	9.92%	26.75%	19.86%
Orange County	CA	24.32%	40.00%	41.15%	17.94%	40.95%	33.45%	13.73%	31.40%	23.93%	12.75%	16.15%	18.30%
Riverside-San Bernadino	CA	28.76%	36.36%	38.39%	23.18%	40.66%	31.18%	18.31%	37.68%	27.11%	13.56%	29.47%	21.19%
Sacramento	CA	23.55%	43.59%	31.87%	15.56%	34.47%	20.57%	12.17%	28.57%	20.75%	10.09%	21.54%	14.53%
San Diego	CA	30.44%	55.00%	38.84%	21.60%	34.21%	30.87%	14.68%	29.80%	21.73%	11.71%	23.95%	17.90%
San Francisco	CA	32.98%	42.11%	42.37%	17.70%	42.11%	34.12%	13.45%	37.50%	32.03%	9.91%	17.27%	17.47%
San Jose	CA	30.35%	38.46%	53.20%	20.29%	34.78%	31.33%	13.81%	30.34%	19.78%	10.21%	25.65%	23.04%
Stockton-Lodi	CA	36.50%	47.06%	23.14%	22.53%	28.21%	22.79%	18.15%	23.16%	18.96%	13.65%	21.71%	20.00%
Denver	CO	29.20%	39.06%	48.00%	17.21%	32.77%	34.89%	10.87%	24.41%	23.45%	6.58%	18.31%	20.67%
Bridgeport	CT	22.71%	48.61%	25.83%	16.58%	40.69%	23.81%	8.90%	31.34%	17.65%	8.95%	29.63%	20.37%
New Haven	CT	22.36%	48.61%	42.22%	16.61%	41.42%	33.09%	1.58%	34.62%	43.59%	7.48%	29.17%	18.00%
Washington	DC	22.47%	34.49%	24.65%	8.03%	26.27%	16.99%	4.93%	20.77%	18.84%	4.52%	17.33%	12.46%
Wilmington	DE	31.22%	26.30%	12.28%	14.89%	25.00%	11.11%	6.65%	16.55%	12.00%	4.42%	23.65%	18.52%
Ft. Lauderdale	FL	23.40%	28.99%	26.62%	16.39%	27.49%	22.67%	16.32%	29.05%	18.07%	10.86%	23.31%	12.28%
Jacksonville	FL	51.60%	41.48%	33.33%	34.47%	40.54%	31.48%	18.63%	30.80%	18.18%	9.51%	24.19%	10.87%
Miami	FL	38.54%	39.14%	32.41%	22.06%	35.24%	25.44%	14.98%	32.22%	19.85%	12.41%	27.66%	16.99%
Tampa-St. Petersburg	FL	32.55%	4.74%	42.61%	22.89%	41.36%	31.34%	15.95%	30.74%	26.30%	10.52%	27.52%	18.04%
Atlanta	GA	38.74%	45.03%	47.92%	18.27%	31.20%	30.73%	8.30%	27.47%	19.65%	6.86%	23.74%	14.49%
Chicago	IL	16.49%	44.65%	26.80%	9.12%	37.70%	19.68%	6.43%	32.94%	17.07%	5.75%	27.40%	15.43%
Ft. Wayne	IN	46.41%	44.25%	27.50%	26.29%	30.30%	31.58%	11.04%	23.33%	62.50%	6.78%	12.73%	11.76%
Gary	IN	34.53%	55.63%	34.12%	17.78%	38.60%	23.35%	11.17%	29.47%	15.07%	6.15%	27.43%	12.96%
Indianapolis	IN	42.03%	45.69%	44.62%	24.04%	38.24%	40.70%	10.85%	38.77%	17.39%	6.55%	27.26%	14.55%
Baton Rouge	LA	46.49%	61.35%	62.50%	35.39%	51.92%	23.81%	18.52%	43.84%	50.00%	9.78%	27.12%	2.94%
Houma	LA	46.67%	64.52%	0.00%	38.30%	59.41%	33.33%	20.57%	54.55%	0.00%	13.71%	40.68%	33.33%
Lake Charles	LA	60.79%	73.03%	50.00%	44.09%	64.74%	100.00%	28.08%	33.33%	0.00%	17.46%	30.67%	37.50%
New Orleans	LA	42.75%	48.40%	44.12%	26.07%	48.07%	23.17%	16.56%	40.66%	10.81%	9.06%	25.24%	16.44%
Boston	MA	18.27%	26.37%	19.42%	6.48%	21.35%	20.95%	7.93%	23.70%	16.09%	6.11%	24.54%	14.04%
Brockton	MA	18.06%	40.91%	30.00%	13.16%	23.53%	13.89%	10.08%	27.45%	14.29%	6.78%	20.48%	7.14%
Springfield	MA	22.83%	36.84%	29.35%	16.14%	30.18%	19.63%	10.86%	22.22%	18.18%	6.12%	20.27%	19.75%
Baltimore	MD	24.48%	35.62%	31.65%	14.38%	29.26%	23.89%	7.25%	27.69%	17.24%	5.83%	21.61%	13.21%
Detroit	MI	51.65%	54.92%	44.87%	29.35%	39.64%	40.60%	13.18%	28.75%	18.09%	7.99%	24.87%	18.13%
Minneapolis-St. Paul	MN	21.67%	42.50%	36.22%	11.67%	28.73%	23.33%	6.27%	21.71%	24.64%	4.92%	27.52%	11.97%
Kansas City	MO	28.20%	28.94%	35.43%	15.69%	29.12%	22.30%	9.07%	25.41%	22.81%	6.02%	17.48%	11.97%
St. Louis	MO	37.82%	41.39%	37.93%	22.72%	40.42%	32.50%	9.26%	29.55%	23.68%	6.16%	22.98%	11.30%
Bergen-Passaic	NJ	16.19%	44.19%	26.98%	12.92%	26.63%	20.51%	9.35%	33.71%	19.74%	8.46%	27.72%	18.95%
Jersey City	NJ	29.03%	33.33%	23.29%	14.29%	37.68%	25.37%	13.26%	41.51%	24.65%	9.89%	29.53%	24.09%
Newark	NJ	20.74%	31.58%	24.05%	12.07%	32.79%	22.24%	8.09%	29.81%	24.34%	6.59%	25.89%	19.85%
Albuquerque	NM	49.09%	60.00%	58.05%	25.65%	56.10%	40.79%	13.64%	27.78%	29.57%	8.83%	18.92%	18.13%
Nassau-Suffolk	NY	24.66%	45.20%	28.27%	13.83%	35.82%	21.83%	10.90%	29.88%	24.44%	10.74%	28.94%	26.79%
New York	NY	30.77%	40.25%	30.80%	17.70%	30.89%	25.74%	14.53%	33.58%	26.49%	12.29%	31.36%	27.05%
Cleveland	OH	28.40%	50.43%	29.02%	15.96%	43.19%	25.10%	9.42%	38.34%	16.33%	5.59%	33.72%	13.21%
Toledo	OH	40.37%	35.85%	54.24%	26.11%	29.17%	30.30%	13.20%	22.86%	36.84%	7.78%	23.66%	15.63%
Portland	OR	31.65%	45.83%	41.98%	23.35%	29.29%	34.97%	13.76%	24.14%	27.97%	10.19%	25.57%	22.00%
Philadelphia	PA	24.75%	34.06%	23.90%	12.81%	28.70%	16.60%	7.30%	29.90%	22.15%	5.37%	20.38%	12.45%
Pittsburgh	PA	37.34%	42.68%	41.18%	24.44%	29.24%	26.09%	13.34%	18.67%	17.65%	6.32%	15.22%	17.78%
Providence	RI	25.09%	44.83%	25.71%	16.02%	37.18%	33.99%	11.08%	27.27%	30.36%	5.27%	0.00%	0.00%
Sioux Falls	SD	46.44%	100.00%	70.00%	26.38%	45.45%	35.71%	11.24%	33.33%	0.00%	5.27%	0.00%	0.00%
Memphis	TN	14.61%	17.02%	13.33%	6.54%	13.26%	9.23%	4.18%	13.68%	8.33%	4.81%	12.16%	23.08%
Dallas	TX	52.16%	59.25%	42.32%	26.63%	42.55%	34.90%	12.23%	27.80%	18.40%	8.01%	24.09%	18.40%
Ft Worth-Arlington	TX	53.59%	59.70%	38.76%	34.43%	44.22%	33.66%	17.38%	28.06%	23.36%	8.49%	21.10%	20.67%
Houston	TX	51.94%	52.82%	38.61%	31.23%	37.48%	30.00%	15.31%	28.73%	24.07%	8.83%	27.12%	18.46%
San Antonio	TX	56.17%	63.57%	57.46%	45.21%	56.86%	49.31%	25.35%	32.39%	36.68%	11.47%	22.84%	22.83%
Seattle	WA	25.34%	37.08%	38.61%	15.50%	29.45%	28.25%	10.47%	25.45%	15.60%	9.60%	21.69%	15.33%
Milwaukee	WI	15.47%	40.02%	19.21%	9.57%	29.34%	17.84%	5.29%	23.53%	12.90%	3.92%	15.90%	13.92%

Table 6 - Rejection Ratios Minority to White Applicants of Same Income, Conventional Purchase Loans, 2000

CITY		Low Income		Moderate Income		Upper-middle Income		Upper Income	
		Below 50% median inc		50-80% median inc		100-120% median inc		Above 120% median inc	
		Black	Latino	Black	Latino	Black	Latino	Black	Latino
Little Rock	AR	1.04	1.16	1.25	1.01	1.57	1.35	2.63	3.67
Pine Bluff	AR	0.79	0.00	0.94	0.36	1.57	3.86	1.88	2.47
Phoenix-Mesa	AZ	1.74	1.35	1.91	1.66	2.34	2.32	2.25	2.23
Tucson	AZ	1.77	1.56	1.56	1.80	1.77	2.64	3.02	3.04
Fresno	CA	0.00	1.27	2.34	1.21	1.42	1.31	2.31	1.86
Los Angeles-Long Beach	CA	1.41	1.07	1.55	1.18	1.84	1.41	2.01	1.50
Oakland	CA	1.77	1.23	1.94	1.20	1.96	1.52	2.70	2.00
Orange County	CA	1.64	1.69	2.28	1.86	2.29	1.74	1.27	1.43
Riverside-San Bernadino	CA	1.26	1.33	1.75	1.35	2.06	1.48	2.17	1.56
Sacramento	CA	1.85	1.35	2.22	1.32	2.35	1.70	2.13	1.44
San Diego	CA	1.81	1.28	1.58	1.43	2.03	1.48	2.05	1.53
San Francisco	CA	1.28	1.28	2.38	1.93	2.79	1.54	1.74	1.76
San Jose	CA	1.27	1.75	1.71	1.54	2.20	1.43	2.51	2.26
Stockton-Lodi	CA	1.29	0.63	1.25	1.01	1.28	1.04	1.59	1.47
Denver	CO	1.34	1.64	1.90	2.03	2.25	2.16	2.13	2.41
Bridgeport	CT	2.14	1.14	2.45	1.44	3.52	1.98	3.31	2.28
New Haven	CT	2.17	1.89	2.49	1.99	3.27	4.12	3.90	2.41
Washington	DC	1.54	1.10	3.27	2.11	4.21	3.82	3.84	2.76
Wilmington	DE	0.84	0.39	1.68	0.75	2.49	1.86	4.42	3.46
Ft. Lauderdale	FL	1.24	1.14	1.68	1.38	1.78	1.11	2.15	1.13
Jacksonville	FL	0.80	0.65	1.18	0.91	1.65	0.98	2.54	1.14
Miami	FL	1.02	0.84	1.60	1.15	2.15	1.33	2.23	1.37
Tampa-St. Petersburg	FL	0.15	1.31	1.81	1.37	1.93	1.65	2.62	1.72
Atlanta	GA	1.16	1.24	1.71	1.68	3.31	2.37	3.46	2.11
Chicago	IL	2.71	1.62	4.13	2.16	5.12	2.65	4.77	2.68
Ft. Wayne	IN	0.96	0.60	1.15	1.20	2.11	5.66	1.88	1.73
Gary	IN	1.61	0.99	2.17	1.31	2.64	1.35	4.46	2.11
Indianapolis	IN	1.09	1.06	1.59	1.69	3.57	1.60	4.16	2.22
Baton Rouge	LA	1.32	1.34	1.47	0.67	2.37	2.70	2.77	0.30
Houma	LA	1.38	0.00	1.55	0.87	2.65	0.00	2.97	2.43
Lake Charles	LA	1.20	0.82	1.47	2.27	1.19	0.00	1.76	2.15
New Orleans	LA	1.13	1.03	1.84	0.89	2.45	0.65	2.79	1.81
Boston	MA	1.44	1.06	3.30	3.23	2.99	2.03	4.02	2.30
Brockton	MA	2.26	1.66	1.79	1.06	2.72	1.42	3.02	1.05
Springfield	MA	1.61	1.29	1.87	1.22	2.08	1.70	3.31	3.23
Baltimore	MD	1.46	1.29	2.04	1.66	3.82	2.38	3.71	2.27
Detroit	MI	1.06	0.87	1.35	1.38	2.18	1.37	3.11	2.27
Minneapolis-St. Paul	MN	1.96	1.67	2.46	2.00	3.46	3.93	5.59	2.43
Kansas City	MO	1.03	1.26	1.86	1.42	2.80	2.51	2.90	1.99
St. Louis	MO	1.09	1.00	1.78	1.43	3.19	2.56	3.73	1.84
Bergen-Passaic	NJ	2.73	1.67	2.06	1.59	3.61	2.11	3.28	2.24
Jersey City	NJ	1.15	0.80	2.64	1.78	3.13	1.86	2.98	2.44
Newark	NJ	1.52	1.16	2.72	1.84	3.69	3.01	3.93	3.01
Albuquerque	NM	1.22	1.18	2.19	1.59	2.04	2.17	2.14	2.05
Nassau-Suffolk	NY	1.83	1.15	2.59	1.58	2.74	2.24	2.70	2.50
New York	NY	1.31	1.00	1.75	1.45	2.31	1.82	2.55	2.20
Cleveland	OH	1.78	1.02	2.71	1.57	4.07	1.73	6.03	2.36
Toledo	OH	0.89	1.34	1.12	1.16	1.73	2.79	3.04	2.01
Portland	OR	1.45	1.33	1.25	1.50	1.75	2.03	2.51	2.16
Philadelphia	PA	1.38	0.97	2.24	1.30	4.10	2.88	3.79	2.32
Pittsburgh	PA	1.14	1.10	1.20	1.07	1.40	1.32	2.41	2.81
Providence	RI	1.79	1.02	2.32	2.12	2.46	2.74	2.89	3.64
Sioux Falls	SD	2.15	1.51	1.72	1.35	2.90	0.00	0.00	0.00
Memphis	TN	1.26	0.95	1.64	1.36	2.50	1.68	3.48	2.52
Dallas	TX	1.14	0.81	1.44	1.18	2.27	1.50	3.01	2.01
Ft Worth-Arlington	TX	1.11	0.72	1.28	0.98	1.61	1.34	2.49	2.44
Houston	TX	1.02	0.74	1.20	0.96	1.88	1.57	3.07	2.09
San Antonio	TX	1.13	1.02	1.26	1.09	1.28	1.45	1.99	1.99
Seattle	WA	1.46	1.52	1.90	1.82	2.43	1.49	2.26	1.60
Milwaukee	WI	2.59	1.24	3.07	1.86	4.45	2.44	4.06	3.56

Table 7 - Disparity Between Minority Percentage of MSA's Population and Share of Loans

CITY		Conventional Home Purchase Loans			Share of Conventional Loans		Percentage of MSA's Population	
		Total	Black	Latino	Black	Latino	Black	Latino
Little Rock	AR	7256	560	47	7.72%	0.65%	21.88%	2.11%
Pine Bluff	AR	568	131	4	23.06%	0.70%	49.58%	0.96%
Phoenix-Mesa	AZ	66329	979	5184	1.48%	7.82%	3.68%	25.12%
Tucson	AZ	13951	150	1627	1.08%	11.66%	3.06%	29.34%
Fresno	CA	6943	154	1279	2.22%	18.42%	5.14%	44.03%
Los Angeles-Long Beach	CA	99220	4866	16784	4.90%	16.92%	9.78%	44.56%
Oakland	CA	50749	2316	4563	4.56%	8.99%	12.72%	18.46%
Orange County	CA	50971	458	4236	0.90%	8.31%	1.67%	30.76%
Riverside-San Bernadino	CA	48221	1646	6864	3.41%	14.23%	7.74%	37.76%
Sacramento	CA	33746	908	1567	2.69%	4.64%	7.66%	14.40%
San Diego	CA	50275	755	4762	1.50%	9.47%	5.74%	26.69%
San Francisco	CA	23325	223	1370	0.96%	5.87%	6.61%	13.36%
San Jose	CA	28966	278	3051	0.96%	10.53%	2.80%	23.98%
Stockton-Lodi	CA	9939	482	1718	4.85%	17.29%	6.69%	30.53%
Denver	CO	48372	991	2964	2.05%	6.13%	5.51%	18.83%
Bridgeport	CT	6132	355	373	5.79%	6.08%	10.01%	11.88%
New Haven	CT	6437	298	221	4.63%	3.43%	10.72%	9.48%
Washington	DC	92902	8534	3515	9.19%	3.78%	23.24%	9.13%
Wilmington	DE	8639	789	148	9.13%	1.71%	17.83%	4.71%
Ft. Lauderdale	FL	38447	4522	7003	11.76%	18.21%	20.54%	16.74%
Jacksonville	FL	17510	1336	402	7.63%	2.30%	21.67%	3.83%
Miami	FL	34503	2205	19810	6.39%	57.42%	20.29%	57.32%
Tampa-St. Petersburg	FL	44607	1194	2249	2.68%	5.04%	10.20%	10.38%
Atlanta	GA	79510	9982	2056	12.55%	2.59%	20.88%	6.54%
Chicago	IL	129606	8678	9810	6.70%	7.57%	19.07%	16.93%
Ft. Wayne	IN	6118	183	79	2.99%	1.29%	7.54%	3.33%
Gary	IN	6813	427	411	6.27%	6.03%	19.22%	10.49%
Indianapolis	IN	22116	1222	160	5.53%	0.72%	13.93%	2.67%
Baton Rouge	LA	6543	703	53	10.74%	0.81%	31.95%	1.75%
Houma	LA	1655	101	8	6.10%	0.48%	15.40%	1.50%
Lake Charles	LA	1788	138	8	7.72%	0.45%	23.98%	1.34%
New Orleans	LA	11084	1227	257	11.07%	2.32%	37.55%	4.38%
Boston	MA	47000	1237	1299	2.63%	2.76%	5.64%	6.66%
Brockton	MA	3559	211	71	5.93%	1.99%	3.20%	2.58%
Springfield	MA	6046	258	413	4.27%	6.83%	5.96%	11.15%
Baltimore	MD	34161	2838	351	9.31%	1.03%	27.42%	2.01%
Detroit	MI	67906	5135	676	7.56%	1.00%	22.92%	2.88%
Minneapolis-St. Paul	MN	55242	1097	624	2.00%	1.13%	5.32%	3.34%
Kansas City	MO	31756	1614	543	5.08%	1.71%	12.76%	5.23%
St. Louis	MO	39019	3006	263	7.70%	0.67%	17.64%	2.13%
Bergen-Passaic	NJ	15234	441	1259	2.89%	8.26%	8.10%	17.32%
Jersey City	NJ	4693	187	842	3.98%	17.94%	13.48%	39.76%
Newark	NJ	22704	1666	1349	7.34%	5.94%	22.23%	13.31%
Albuquerque	NM	8340	109	1799	1.31%	21.57%	2.49%	41.58%
Nassau-Suffolk	NY	31449	1355	1660	4.31%	5.28%	8.47%	10.27%
New York	NY	60399	5320	4680	8.81%	7.75%	24.60%	25.09%
Cleveland	OH	28276	2087	475	7.38%	1.68%	18.53%	1.28%
Toledo	OH	8851	358	114	4.04%	1.29%	12.76%	4.39%
Portland	OR	31031	255	518	0.82%	1.67%	2.68%	7.43%
Philadelphia	PA	59848	4160	1259	6.95%	2.10%	20.33%	5.07%
Pittsburgh	PA	24347	639	87	2.62%	0.36%	8.08%	0.72%
Providence	RI	12720	177	346	1.39%	2.72%	4.47%	8.66%
Sioux Falls	SD	2431	8	20	0.33%	0.82%	1.35%	1.95%
Memphis	TN	14330	2919	217	20.30%	1.51%	43.37%	2.42%
Dallas	TX	63314	2938	4143	4.64%	6.54%	15.06%	23.03%
Ft Worth-Arlington	TX	26218	1011	1997	3.86%	7.62%	11.16%	18.20%
Houston	TX	68548	4989	10181	7.28%	14.85%	17.48%	29.89%
San Antonio	TX	16556	432	3986	3.61%	24.08%	6.63%	51.25%
Seattle	WA	44839	708	656	1.58%	1.46%	4.38%	5.25%
Milwaukee	WI	20155	1431	694	7.10%	3.44%	15.66%	6.30%

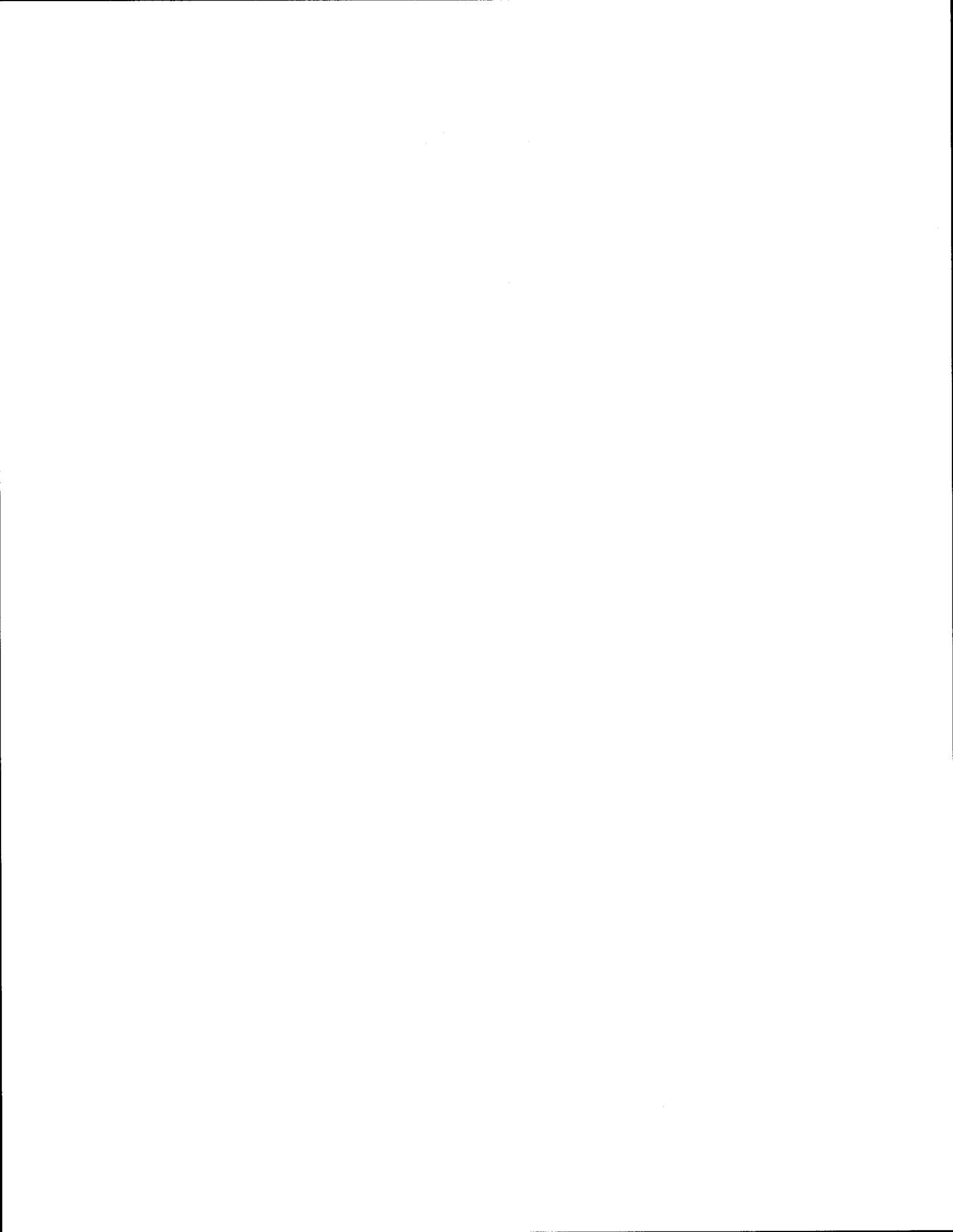


Table 8 – Disparity Between Percentage Of MSA Made Up By Low and Moderate Income Neighborhoods and Share of Conventional Purchase Loans Received, Ranked, 2000

CITY		% of LMI Census Tracts in MSA	% of loans made in LMI census tracts	Disparity	
1	Ft. Wayne	IN	32.00%	7.76%	4.12
2	Gary	IN	28.80%	7.06%	4.08
3	Bridgeport	CT	28.50%	8.35%	3.41
4	Dallas	TX	38.08%	11.26%	3.38
5	Houston	TX	40.34%	12.00%	3.36
6	Newark	NJ	35.40%	10.63%	3.33
7	Baton Rouge	LA	35.96%	10.89%	3.30
8	New York	NY	30.24%	9.35%	3.23
9	Kansas City	MO	33.19%	10.63%	3.12
10	Memphis	TN	42.20%	13.59%	3.11
11	Riverside-San Bernadino	CA	32.20%	10.67%	3.02
12	San Antonio	TX	33.85%	11.23%	3.01
13	Baltimore	MD	30.56%	10.47%	2.92
14	Milwaukee	WI	36.48%	12.70%	2.87
15	Detroit	MI	32.80%	11.47%	2.86
16	Tucson	AZ	37.39%	13.15%	2.84
17	Sacramento	CA	26.90%	9.72%	2.77
18	Atlanta	GA	36.00%	13.28%	2.71
19	Providence	RI	26.15%	9.69%	2.70
20	Chicago	IL	36.80%	13.90%	2.65
21	Ft Worth-Arlington	TX	33.22%	12.84%	2.59
22	Fresno	CA	29.05%	11.26%	2.58
23	Springfield	MA	22.69%	8.90%	2.55
24	Indianapolis	IN	30.80%	12.12%	2.54
25	Miami	FL	34.80%	13.78%	2.53
26	Lake Charles	LA	25.00%	10.01%	2.50
27	Jacksonville	FL	26.01%	10.52%	2.47
28	Los Angeles-Long Beach	CA	31.70%	12.88%	2.46
29	Minneapolis-St. Paul	MN	24.34%	10.00%	2.43
30	St. Louis	MO	32.34%	13.34%	2.42
31	Little Rock	AR	32.73%	13.73%	2.38
32	Philadelphia	PA	23.73%	10.09%	2.35
33	Phoenix-Mesa	AZ	31.22%	13.72%	2.28
34	New Orleans	LA	37.25%	16.40%	2.27
35	Orange County	CA	27.27%	12.02%	2.27
36	Bergen-Passaic	NJ	21.80%	9.72%	2.24
37	Washington	DC	30.05%	13.48%	2.23
38	Pittsburgh	PA	29.62%	13.34%	2.22
39	Cleveland	OH	31.43%	14.48%	2.17
40	Ft. Lauderdale	FL	19.51%	9.04%	2.16
41	Toledo	OH	31.71%	14.83%	2.14
42	Stockton-Lodi	CA	29.82%	14.12%	2.11
43	New Haven	CT	29.10%	14.06%	2.07
44	Albuquerque	NM	29.50%	14.26%	2.07
45	San Diego	CA	27.40%	13.44%	2.04
46	Sioux Falls	SD	20.60%	10.24%	2.01
47	Wilmington	DE	25.20%	12.61%	2.00
48	Pine Bluff	AR	25.80%	13.38%	1.93
49	Portland	OR	22.60%	11.99%	1.88
50	Oakland	CA	31.12%	17.23%	1.81
51	Tampa-St. Petersburg	FL	26.39%	15.09%	1.75
52	Brockton	MA	21.15%	12.28%	1.72
53	Jersey City	NJ	19.88%	11.76%	1.69
54	Boston	MA	29.21%	17.54%	1.67
55	Denver	CO	28.70%	17.25%	1.66
56	Seattle	WA	20.23%	12.39%	1.63
57	San Francisco	CA	24.10%	17.14%	1.41
58	Houma	LA	10.53%	8.46%	1.24
59	Nassau-Suffolk	NY	14.09%	15.09%	0.93
60	San Jose	CA	18.20%	20.90%	0.87

Table 9 - Rejections for Conventional Purchase Loans by Neighborhood Income, 2000

City		Denial Rates by Neighborhood Income				Rejection Ratio to Upper		
		Low	Moderate	Middle	Upper	Low	Moderate	Middle
Little Rock	AR	66.00%	48.18%	37.83%	14.28%	4.62	3.37	2.65
Pine Bluff	AR	54.55%	50.49%	45.44%	39.58%	1.38	1.28	1.15
Phoenix-Mesa	AZ	38.02%	34.00%	19.56%	12.70%	2.99	2.68	1.54
Tucson	AZ	55.26%	36.79%	30.63%	10.18%	5.43	3.61	3.01
Fresno	CA	38.00%	28.50%	23.44%	12.12%	3.13	2.35	1.93
Los Angeles-Long Beach	CA	33.36%	27.91%	21.59%	16.33%	2.04	1.71	1.32
Oakland	CA	28.14%	21.32%	14.81%	11.52%	2.44	1.85	1.28
Orange County	CA	32.13%	24.55%	17.34%	13.36%	2.41	1.84	1.30
Riverside-San Bernadino	CA	49.44%	27.55%	22.81%	16.91%	2.92	1.63	1.35
Sacramento	CA	27.16%	23.35%	15.32%	10.55%	2.58	2.21	1.45
San Diego	CA	27.94%	22.82%	17.82%	12.05%	2.32	1.89	1.48
San Francisco	CA	16.69%	18.59%	13.46%	10.89%	1.53	1.71	1.24
San Jose	CA	22.73%	22.12%	16.41%	12.72%	1.79	1.74	1.29
Stockton-Lodi	CA	28.79%	24.71%	19.90%	15.50%	1.86	1.59	1.28
Denver	CO	29.28%	32.08%	16.84%	10.70%	2.74	3.00	1.57
Bridgeport	CT	48.00%	38.99%	19.37%	9.14%	5.25	4.27	2.12
New Haven	CT	48.01%	31.62%	17.46%	8.69%	5.52	3.64	2.01
Washington	DC	28.28%	22.07%	11.59%	7.47%	3.79	2.95	1.55
Wilmington	DE	36.77%	28.72%	18.20%	9.54%	4.06	3.01	1.91
Ft. Lauderdale	FL	36.09%	28.69%	18.65%	13.92%	2.59	2.06	1.34
Jacksonville	FL	46.49%	42.48%	34.37%	13.99%	3.32	3.04	2.46
Miami	FL	33.99%	26.07%	24.26%	15.75%	2.16	1.66	1.54
Tampa-St. Petersburg	FL	39.62%	31.00%	22.19%	13.60%	2.91	2.28	1.63
Atlanta	GA	29.61%	30.27%	21.96%	11.92%	2.48	2.54	1.84
Chicago	IL	30.36%	24.30%	13.90%	7.47%	4.06	3.25	1.86
Ft. Wayne	IN	42.16%	41.51%	32.93%	11.12%	3.79	3.73	2.96
Gary	IN	46.00%	39.12%	22.43%	10.43%	4.41	3.75	2.15
Indianapolis	IN	41.09%	39.19%	26.97%	11.03%	3.72	3.55	2.45
Baton Rouge	LA	46.04%	47.47%	33.50%	15.84%	2.91	3.00	2.12
Houma	LA	0.00%	49.43%	36.07%	22.70%	0.00	2.18	1.59
Lake Charles	LA	45.90%	50.55%	45.44%	30.88%	1.49	1.64	1.47
New Orleans	LA	32.62%	31.86%	25.00%	13.72%	2.38	2.32	1.82
Boston	MA	19.50%	16.77%	9.86%	6.81%	2.86	2.46	1.45
Brockton	MA	30.00%	18.63%	13.40%	9.02%	3.33	2.07	1.49
Springfield	MA	31.48%	28.79%	13.78%	7.44%	4.23	3.87	1.85
Baltimore	MD	39.70%	31.27%	16.14%	8.00%	4.96	3.91	2.02
Detroit	MI	46.75%	41.23%	30.82%	16.96%	2.76	2.43	1.82
Minneapolis-St. Paul	MN	29.14%	24.31%	15.56%	8.05%	3.62	3.02	1.93
Kansas City	MO	33.38%	31.07%	20.58%	7.54%	4.43	4.12	2.73
St. Louis	MO	41.74%	35.31%	24.57%	10.75%	3.88	3.29	2.29
Bergen-Passaic	NJ	38.64%	22.49%	13.38%	9.39%	4.11	2.40	1.42
Jersey City	NJ	13.27%	25.45%	20.70%	13.58%	0.98	1.87	1.52
Newark	NJ	32.37%	31.16%	13.61%	8.02%	4.04	3.88	1.70
Albuquerque	NM	61.52%	47.31%	36.61%	17.21%	3.57	2.75	2.13
Nassau-Suffolk	NY	26.32%	24.93%	17.12%	12.56%	2.10	1.99	1.36
New York	NY	37.99%	33.68%	25.44%	15.36%	2.47	2.19	1.66
Cleveland	OH	45.75%	34.04%	18.35%	7.63%	6.00	4.46	2.41
Toledo	OH	33.53%	29.46%	27.22%	12.23%	2.74	2.41	2.23
Portland	OR	21.49%	21.66%	18.54%	12.02%	1.79	1.80	1.54
Philadelphia	PA	36.67%	28.61%	15.01%	7.57%	4.84	3.78	1.98
Pittsburgh	PA	43.39%	33.24%	23.36%	8.94%	4.85	3.72	2.61
Providence	RI	39.91%	26.32%	13.75%	9.19%	4.34	2.86	1.50
Sioux Falls	SD	0.00%	41.42%	27.49%	14.63%	n/a	2.83	1.88
Memphis	TN	40.22%	37.80%	32.17%	16.60%	2.42	2.28	1.94
Dallas	TX	37.08%	39.88%	28.56%	12.21%	3.04	3.27	2.34
Ft Worth-Arlington	TX	52.36%	37.30%	32.14%	14.38%	3.64	2.59	2.23
Houston	TX	40.04%	39.01%	30.85%	13.87%	2.89	2.81	2.22
San Antonio	TX	49.69%	52.01%	38.75%	18.41%	2.70	2.83	2.11
Seattle	WA	20.73%	18.98%	15.01%	10.51%	1.97	1.81	1.43
Milwaukee	WI	33.09%	25.65%	11.62%	5.88%	5.62	4.36	1.97

Table 10 – Disparity Between Minority Share of Government-Backed Loans Compared to Conventional Loans 2000

CITY		Share of Conventional Loans		Share of Gov't Loans		Disparity	
		Black	Latino	Black	Latino	Black	Latino
Little Rock	AR	7.72%	0.65%	18.08%	1.53%	2.34	2.35
Pine Bluff	AR	23.06%	0.70%	50.18%	0.71%	2.18	1.01
Phoenix	AZ	1.48%	7.82%	3.70%	22.86%	2.50	2.92
Tucson	AZ	1.08%	11.66%	3.26%	24.89%	3.02	2.13
Fresno	CA	2.22%	18.42%	3.73%	45.19%	1.68	2.45
Los Angeles	CA	4.90%	16.92%	11.07%	54.26%	2.26	3.21
Oakland	CA	4.56%	8.99%	14.01%	29.10%	3.07	3.24
Orange County	CA	0.90%	8.31%	2.06%	39.41%	2.29	4.74
Riverside-San Bernadino	CA	3.41%	14.23%	6.85%	37.52%	2.01	2.64
Sacramento	CA	2.69%	4.64%	7.37%	14.33%	2.74	3.09
San Diego	CA	1.50%	9.47%	5.34%	27.41%	3.56	2.89
San Francisco	CA	0.96%	5.87%	3.51%	22.81%	3.66	3.89
San Jose	CA	0.96%	10.53%	5.26%	34.21%	5.48	3.25
Stockton-Lodi	CA	4.85%	17.29%	7.41%	30.21%	1.53	1.75
Denver	CO	2.05%	6.13%	4.64%	22.99%	2.26	3.75
Bridgeport	CT	5.79%	6.08%	22.52%	15.30%	3.89	2.52
New Haven	CT	4.63%	3.43%	15.63%	13.88%	3.38	4.05
Washington	DC	9.19%	3.78%	31.40%	10.38%	3.42	2.75
Wilmington	DE	9.08%	1.70%	23.71%	6.79%	2.61	3.99
Ft. Lauderdale	FL	11.76%	18.21%	28.65%	21.40%	2.44	1.18
Jacksonville	FL	7.63%	2.30%	16.73%	3.98%	2.19	1.73
Miami	FL	6.39%	57.42%	16.71%	68.12%	2.62	1.19
Tampa-St. Petersburg	FL	2.68%	5.04%	9.93%	12.61%	3.71	2.50
Atlanta	GA	12.55%	2.59%	38.70%	8.21%	3.08	3.17
Chicago	IL	6.70%	7.57%	16.96%	27.83%	2.53	3.68
Ft. Wayne	IN	2.58%	1.12%	5.76%	3.69%	2.23	3.29
Gary	IN	6.27%	6.03%	14.28%	12.93%	2.28	2.14
Indianapolis	IN	5.52%	0.72%	11.97%	2.58%	2.17	3.58
Baton Rouge	LA	10.74%	0.81%	33.05%	1.59%	3.08	1.96
Houma	LA	6.10%	0.48%	11.79%	0.00%	1.93	0.00
Lake Charles	LA	7.72%	0.45%	16.89%	0.82%	2.19	1.82
New Orleans	LA	11.07%	2.32%	34.13%	3.73%	3.08	1.61
Boston	MA	2.63%	2.76%	8.36%	9.39%	3.18	3.40
Brockton	MA	5.93%	1.99%	15.60%	5.64%	2.63	2.83
Springfield	MA	4.27%	6.83%	8.26%	14.61%	1.93	2.14
Baltimore	MD	8.31%	1.03%	29.92%	1.70%	3.60	1.65
Detroit	MI	7.56%	1.00%	22.99%	1.93%	3.04	1.93
Minneapolis-St. Paul	MN	2.00%	1.13%	4.25%	4.28%	2.13	3.79
Kansas City	MO	5.08%	1.71%	9.37%	5.22%	1.84	3.05
St. Louis	MO	7.70%	0.67%	16.82%	1.09%	2.18	1.63
Bergen-Passaic	NJ	2.89%	8.26%	12.03%	41.71%	4.16	5.05
Jersey City	NJ	3.98%	17.94%	14.18%	48.12%	3.56	2.68
Newark	NJ	7.34%	5.94%	17.85%	12.56%	2.43	2.11
Albuquerque	NM	1.31%	21.57%	2.22%	40.04%	1.69	1.86
Nassau-Suffolk	NY	4.31%	5.28%	24.29%	22.51%	5.64	4.26
New York	NY	8.81%	7.75%	48.21%	12.88%	5.47	1.66
Cleveland	OH	7.38%	1.68%	10.13%	8.68%	1.37	5.17
Toledo	OH	4.04%	1.29%	10.67%	3.18%	2.64	2.47
Portland	OR	0.82%	1.67%	1.60%	10.23%	1.95	6.13
Philadelphia	PA	6.95%	2.10%	24.04%	5.88%	3.46	2.80
Pittsburgh	PA	2.62%	0.36%	7.85%	0.21%	3.00	0.58
Providence	RI	1.39%	2.72%	4.11%	12.10%	2.96	4.45
Sioux Falls	SD	0.27%	0.68%	0.92%	1.75%	3.41	2.57
Memphis	TN	20.37%	1.51%	35.11%	1.70%	1.72	1.13
Dallas	TX	4.64%	6.54%	15.31%	23.35%	3.30	3.57
Ft. Worth-Arlington	TX	3.86%	7.62%	10.71%	13.55%	2.77	1.78
Houston	TX	7.28%	14.85%	15.91%	25.78%	2.19	1.74
San Antonio	TX	2.61%	24.08%	6.98%	37.56%	2.67	1.56
Seattle	WA	1.58%	1.46%	3.24%	5.97%	2.05	4.09
Milwaukee	WI	7.10%	3.44%	17.96%	5.45%	2.53	1.58



Tucson, AZ

Conventional Purchase Loans

Denial Rates by Race: From 1999 to 2000, rejections for conventional loans decreased slightly for African-Americans, declined greatly for Latinos, and dropped still more for white applicants. The denial rate for African-Americans decreased 7.42% from 35.73% in 1999 to 33.08% in 2000. The denial rate for Latinos decreased 20.39% from 50.72% in 1999 to 40.38% in 2000, however, it remains the third highest Latino rejection rate of the areas examined in this report. The white denial rate dropped 30.7% from 20.58% in 1999 to 14.45% in 2000.

One in three African-American applicants for conventional loans was denied in 2000. Greater than one in three Latino applicants was rejected in 2000, a decrease from one in two Latino applicants rejected in 1999. Just one in seven white applicants was rejected in 2000, down from one in five white applicants in 1999.

Rejection Ratios by Race: African-American applicants were 2.29 times more likely to be denied than white applicants in 2000. This was a 33.92% increase from 1999 when African-Americans were 1.71 times more likely to be denied than whites, the 6th largest increase in an African-American rejection ratio among the examined MSAs.

Latinos were rejected 2.79 times more often than whites in 2000, the 2nd highest rejection ratio of the MSAs examined. This was a 14.81% rise from 1999 when Latinos were rejected 2.43 times more often than whites.

The disparity remains even if we compare applicants of the same income. Upper income African-Americans* (earning more than 120% of the median income) were denied 3.02 times more often than upper income whites. Upper-middle income African-Americans (earning between 100%-120% of the median income) were denied 1.77 times more often than upper-middle income whites. Moderate-income African-Americans were 1.56 times more likely to be rejected than moderate-income whites while low-income African-Americans were 1.77 times more likely to be rejected than low-income whites.

Upper income Latinos were 3.04 times more likely to be rejected than upper income whites and upper-middle income Latinos were 2.64 times more likely to be denied than upper-middle income whites. Moderate-income Latinos were 1.8 times more likely to be rejected than moderate-income whites and low-income Latinos were 1.56 times more likely to be rejected than low-income whites.

* Upper-income is defined as borrowers with incomes 120% or greater than the MSA median income or greater than \$54,120 for the Tucson MSA. Low-income borrowers have incomes below 50% of the median income or less than \$22,550; moderate income borrowers have incomes between 50% and 79% of median income or between \$22,550 and \$36,080; upper middle income borrowers have incomes 100-119% of median income or \$45,100 to \$54,120.



Minority Share of Conventional Loans: The share of conventional loans received by African-Americans decreased from 1.40% in 1999 to 1.08% in 2000, 2.8 times less than the 3.06% of the MSA's population made up by African-Americans. The Latino share increased from 10.9% in 1999 to 11.66% in 2000, yet this is still 2.5 times less than the 29.34% that Latinos make up of the MSA's population.

Low and Moderate Income Neighborhoods: Low and moderate income neighborhoods comprise 37.4% of the MSA, but received just 13.2% of the conventional loans. Applicants from low-income neighborhoods were 5.43 times more likely to be denied than applicants from upper-income neighborhoods. Residents of moderate-income neighborhoods were rejected 3.61 times more often than residents of upper-income neighborhoods, and residents of middle income neighborhoods were turned down 3.01 times more often than residents of upper income neighborhoods.

Government-backed Purchase Mortgages

Minority share of government backed mortgages: African-Americans received 3.26% of the government-backed mortgages made in the MSA – more than three times their share of conventional loans. Latinos received 24.89% of the government-backed mortgages – greater than two times their share of conventional loans. Government-backed mortgages accounted for 48.63% of the home purchase loans made to African-Americans in 2000 and 40.01% of the loans made to Latinos, but just 19.08% of the purchase loans made to whites.

Even when combining government-backed and conventional loans, African-Americans only received 1.93% and Latinos 17.97% of all the home purchase loans made in the MSA.

Rejection ratios for government-backed mortgages: African-American applicants for government-backed loans were 1.52 times more likely to be rejected than white applicants were. This was a decrease from 1999 when African-American applicants for government loans were 1.9 times more likely to be rejected.

Latinos were denied 1.57 times more often than whites. This was a slight increase from 1999 when Latinos were denied 1.56 times more often than whites.

The Tucson Metropolitan Statistical Area (MSA) includes Pima County.



Phoenix, AZ

Conventional Purchase Loans

Denial Rates by Race: From 1999 to 2000, rejections for conventional loans increased slightly for African-Americans, dropped for Latinos, and decreased for white applicants. The denial rate for African-Americans rose 4.68% from 30.14% in 1999 to 31.55% in 2000. The denial rate for Latinos dropped 11.13% from 37.55% in 1999 to 33.37% in 2000, however, this is still the 8th highest Latino rejection rate of the metropolitan areas examined. The white denial rate decreased 16.93% from 17.60% in 1999 to 14.62% in 2000.

Almost one in three African-American applicants for conventional loans was denied in 2000, and one in three Latino applicants was rejected in 2000. Just one in seven white applicants was rejected in 2000, down from one in six white applicants in 1999.

Rejection Ratios by Race: African-American applicants were 2.16 times more likely to be denied than white applicants in 2000. This was a 26.32% increase from 1999 when African-Americans were 1.71 times more likely to be denied than whites, the 10th largest increase in an African-American rejection ratio among the examined MSAs.

Latinos were rejected 2.28 times more often than whites in 2000, the 10th highest rejection ratio of the MSAs examined. This was a 7.04% rise from 1999 when Latinos were rejected 2.13 times more often than whites.

The disparity remains even if we compare applicants of the same income. Upper income African-Americans* (earning more than 120% of the median income) were denied 2.25 times more often than upper income whites. Upper-middle income African-Americans (earning between 100%-120% of the median income) were denied 2.34 times more often than upper-middle income whites. Moderate-income African-Americans were 1.91 times more likely to be rejected than moderate-income whites. Low-income African-Americans were 1.74 times more likely to be rejected than low-income whites.

Upper income Latinos were 2.23 times more likely to be rejected than upper income whites and upper-middle income Latinos were 2.32 times more likely to be denied than upper-middle income whites. Moderate-income Latinos were 1.66 times more likely to be rejected than moderate-income whites. Low-income Latinos were 1.35 times more likely to be rejected than low-income whites.

Minority Share of Conventional Loans: The share of conventional loans received by African-Americans decreased from 1.70% in 1999 to 1.48% in 2000, 2 1/4 times less than

* Upper-income is defined as borrowers with incomes 120% or greater than the MSA median income or greater than \$63,720 for the Phoenix MSA. Low-income borrowers have incomes below 50% of the median income or less than \$26,550; moderate income borrowers have incomes between 50% and 79% of median income or between \$26,550 and \$42,480; upper middle income borrowers have incomes 100-119% of median income or \$53,100 to \$63,720.



the 3.68% of the MSA's population made up by African-Americans. The Latino share increased from 6.50% in 1999 to 7.82% in 2000, 3.1 times less than the 25.12% that Latinos make up of the MSA's population, and the 9th largest disparity of the areas examined in this report.

Low and Moderate Income Neighborhoods: Low and moderate income neighborhoods comprise 31.2% of the MSA, but received just 13.7% of the conventional loans. Applicants from low-income neighborhoods were 2.99 times more likely to be denied than applicants from upper-income neighborhoods. Residents of moderate-income neighborhoods were rejected 2.68 times more often than residents of upper-income neighborhoods, and residents of middle income neighborhoods were turned down 1.54 times more often than residents of upper income neighborhoods.

Government-backed Purchase Mortgages

Minority share of government backed mortgages: African-Americans received 3.7% of the government-backed mortgages made in the MSA – more than 2 1/2 times their share of conventional loans. Latinos received 22.86% of the government-backed mortgages – almost three times their share of conventional loans. Government-backed mortgages accounted for 47.1% of the home purchase loans made to African-Americans in 2000 and 51% of the loans made to Latinos, but just 21.3% of the purchase loans made to whites.

Even when combining government-backed and conventional loans, African-Americans only received 2.5% and Latinos 14.2% of all the home purchase loans made in the MSA.

Rejection ratios for government-backed mortgages: African-American applicants for government-backed loans were 1.66 times more likely to be rejected than white applicants were. This was an increase from 1999 when African-American applicants for government loans were 1.52 times more likely to be rejected.

Latinos were denied 1.13 times more often than whites, the same rate as last year.

The Phoenix Metropolitan Statistical Area (MSA) includes Maricopa and Pinal counties.



