



LEXINGTON-FAYETTE URBAN COUNTY
HUMAN RIGHTS COMMISSION

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**Regardless of Income, Minorities Remain at Risk of Receiving
High-Cost Home Mortgage Loans**

Lexington, Kentucky – A new report by the National Community Reinvestment Coalition (NCRC) shows that minority consumers, regardless of income level, are most at risk of receiving high-cost home mortgage loans. The study, *Income Is No Shield Against Racial Differences in Lending II*, examined subprime and near prime (“Alt-A”) loans from more than 219 metropolitan areas, as reported under the Home Mortgage Disclosure Act data from 2006, the most recent publicly available data.

“As this study reminds us, our Community may not be shielded from the devastating effects of the selling of bad loan products to our most vulnerable individuals who are identified in this study as disproportionately African American” says William D. Wharton, Executive Director of the Lexington-Fayette Urban County Human Rights Commission.

According to the report, minorities are paying more for mortgages, even as their income levels increase. Loan price disparities, as compared to white counterparts, were more common for middle to upper-income (MUI) African-American and Hispanic borrowers than pricing disparities were for low- and moderate-income minority borrowers.

During 2006, middle- and upper-income (MUI) African- Americans were twice or more as likely to receive high-cost loans as MUI whites in 155 of the metro areas analyzed (71.4 percent). Furthermore, MUI Hispanics were twice or more as likely to receive high-cost loans as MUI whites in 45 of the metro areas analyzed (22.5 percent).

“What I find most disturbing is the truth that in Lexington, and most of the United States, even where you have the economic means to make choices about where and how to live, if you are African American (and really any minority), these choices will cost you more than if you are White.” Rabbi Marc Kline, Chair of the Lexington-Fayette Urban County Human Rights Commission.

While low- and moderate-income (LMI) minorities are more likely to receive high-cost loans than LMI whites, the disparity was less significant than disparities among MUI borrowers. LMI

African-Americans were twice or more as likely to receive high-cost loans as LMI whites in 87 metro areas (47.3 percent). Furthermore, LMI Hispanics were twice or more as likely to receive high-cost loans as LMI whites in 8 metro areas (4.9 percent).

High-cost loans have significantly contributed to the current foreclosure crisis. The overwhelming and unexplained prevalence of high-cost lending in minority communities suggests that some level of discriminatory behavior continues in the mortgage finance market, as has been shown by other studies, including those utilizing creditworthiness data conducted by NCRC, the Center for Responsible Lending and the Federal Reserve.

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To view the full report, please go to:

<http://www.ncrc.org/images/stories/pdf/research/income%20is%20no%20shield%20ii.pdf>

The Lexington-Fayette Urban County Human Rights Commission is the local agency responsible for enforcing the local anti-discrimination laws in employment, housing and public accommodation. Further information about the Commission is available on its web site at www.lfuchrc.org.