



Housing Research & Advocacy Center
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Read the report: <http://www.thehousingcenter.org/Publications/Research-Reports.html>

**Wide Racial & Ethnic Disparities Persist in Ohio Mortgage Lending:
African Americans and Hispanics Face More Loan Denials, Receive Higher Interest Rates
Cleveland Region Worst in State for Subprime Lending Disparities**

Upper income African Americans in Ohio are denied mortgage loans more often than low income whites and, when they obtain loans, are more likely to receive high-cost subprime loans than low income whites, a study of the latest mortgage lending data reveals.

Statewide, *upper income* African Americans were denied home purchase loans 32.86% of the time, compared to a 27.84% denial rate for *low income* whites. For refinance loans, upper income African Americans were denied loans 54.42% of the time, compared to a 53.39% denial rate for low income whites.

Even greater disparities were revealed when examining the type of loans Ohioans obtained. African Americans at every income level received more high-cost subprime loans than whites at every income level. Moreover, this disparity was found in all of the Ohio metropolitan areas measured. Hispanics/Latinos typically received high-cost loans at rates between the rates for African Americans and whites.

Jeffrey D. Dillman, Executive Director of the Housing Center, stated, “These racial and ethnic disparities in mortgage lending are extremely troubling and provide strong evidence of bias in the mortgage industry in Ohio. Although the amount of lending overall has decreased over the past three years, racial and ethnic disparities persist. Not only do African Americans and Latinos have a harder time getting approved for a loan, but once they get a loan, they wind up with high-cost subprime loans more often than whites even when they have higher incomes.”

The Housing Center’s report, entitled “Persisting Racial and Ethnic Disparities in Ohio Mortgage Lending,” analyzes 2007 home mortgage lending data (the most recent available) reported by financial institutions to the federal government statewide and in Ohio’s seven largest metropolitan areas – Akron, Cincinnati, Cleveland, Columbus, Dayton, Toledo, and Youngstown. This report follows two similar reports by the Housing Center, which specifically examined the racial and ethnic disparities in Ohio Mortgage Lending by analyzing 2005 and 2006 home mortgage lending data.

Although the overall amount of mortgage lending in Ohio decreased considerably over the last three years, a significant racial and ethnic disparity remained persistent during this period. The data reveal that African Americans and Hispanics/Latinos continued to have limited access to fair and equal credit. Both racial and ethnic groups face higher denial rates and high-cost lending rates than whites in the State of Ohio and in all of the metropolitan areas that the Housing Center studied.

In this year’s report, the Housing Center also found:

- African Americans were denied home purchase loans 35.85% of the time, compared to 24.59% for Hispanics/Latinos, 14.11% for Asians, and 15.23% for whites. For refinance loans, African Americans were denied loans 59.82% of the time, compared to 55.48% of the time for Hispanics/Latinos, 43.18% for Asians, and 42.67% for whites;
- The greatest disparity in home purchase loan denial rates was in the Cleveland metropolitan area, where upper income African Americans were denied home purchase loans 40.47% of the time, whereas low income whites were denied only 23.40% of the time;
- The greatest disparity in refinance loan denial rates was in the Toledo metropolitan area, where 65.71%

of upper income African Americans were denied refinance loans compared to 55.66% of low income whites;

- Statewide, an average of 33.96% of home purchase loans obtained by African Americans were high-cost, compared to 20.22% for Hispanics/Latinos, 12.75% for whites, and 9.23% for Asians;
- Statewide, 40.33% of African Americans received high-cost refinance loans, compared to 24.63% of Hispanics/Latinos, 20.14% of whites, and 14.75% of Asians;
- The Cleveland metropolitan area shows the highest racial disparities in subprime lending in Ohio, with *upper income* African Americans receiving high-cost home purchase loans at nearly two and one-half times the rate of *low income* whites (37.48% compared to 15.86%) and high-cost refinance loans at more than twice the rate of low income whites (41.62% compared to 20.66%).

Dillman continued, “Although all Ohioans have suffered from the mortgage and foreclosure crisis in recent years, the report shows that African Americans and Latinos – even those with high incomes – have suffered disproportionately. This evidence raises extremely troubling questions about whether all groups have fair access to mortgage lending. It is up to the lending community to address these disparities to ensure that everyone has a fair opportunity to obtain a home mortgage and for governments at all levels to make a strong stand against housing discrimination and to commit additional resources to ensure that all individuals have an opportunity to choose their housing free from discrimination.”

Federal law prohibits discrimination in the rental or sale of housing, and in the mortgage lending and homeowners insurance markets, based on race, color, religion, national origin, sex, familial status and handicap. In addition, Ohio law prohibits discrimination based on ancestry and military status.

The report recommends that local governments enact stronger fair housing laws, implement comprehensive education efforts, vigorously enforce fair housing laws through systemic testing for discrimination as a means of addressing housing discrimination in the region, and increase investigation of mortgage lenders.

The Housing Research & Advocacy Center is a nonprofit fair housing organization founded in 1983 whose mission is to eliminate housing discrimination and assure choice in Northeast Ohio by providing those at risk with effective information, intervention and advocacy. The Housing Center is a charter member of Greater Cleveland Community Shares.

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