



For Immediate Release: 8/27/2008

Contact: Jeffrey D. Dillman, (216) 361-9240, jdillman@thehousingcenter.org
Read the report: <http://www.thehousingcenter.org/LorainLendingFactbook2008.htm>

Study Finds Wide Racial & Ethnic Disparities in Lorain County Mortgage Lending: African Americans, Hispanics More Likely to Be Denied, Obtain Subprime Loans

African Americans and Hispanics in Lorain County are denied mortgage loans more often than whites and, when they obtain loans, are more likely to receive high-cost subprime loans than whites, a new study of mortgage lending reveals.

The study, conducted by the Cleveland-based Housing Research & Advocacy Center, found that in Lorain County, African Americans obtained high-cost subprime loans 57.28% of the time, compared to 25.37% of the time for whites and 36.44% for Hispanics. Denial rates also showed disparities, with African Americans denied mortgage loans 38.53% of the time, compared to 24.80% for whites and 31.64% for Hispanics.

Carrie Pleasants, lead author of the study, commented on the report, stating: “These mortgage lending disparities found across racial and ethnic lines reflect patterns of discrimination that threaten and inhibit minorities’ access to fair and equal housing.”

The Housing Center’s report, the “Lorain County Community Lending Factbook,” provides detailed information on home mortgage lending in Lorain County and 20 of its major geographic subdivisions.

The report, based on 2006 mortgage lending data (the most recent available) also found:

- Areas with the greatest concentration of high-cost subprime lending overall were the City of Lorain (42.69% of all loans), Sheffield Township (38.37%), and Sheffield Lake (37.01%). High-cost subprime lending was least common in Sheffield Village (12.77%), in Avon (12.98%), and in Avon Lake (14.46%).
- The greatest incidence of high-cost subprime lending for Hispanics was in Avon Lake, where 50.00% of all loans obtained were high-cost. The highest rates for African Americans (67.28%) and Asians (46.67%) were both in the City of Lorain, and for whites, the highest rate (38.93%) occurred in Sheffield Township.
- High-cost lending disparities between African Americans and whites were greatest in Oberlin, Avon, and the City of Lorain. In Oberlin, African Americans obtained high-cost loans at over two and three-quarters times the rate of whites (48.57% compared to 17.45%).
- Whites were denied loans most often in Sheffield Lake (33.18% of the time), African Americans and Hispanics/Latinos were denied most often in Sheffield Township (40.91% and 41.18%, respectively), and Asians and Native Americans were denied most often in the City of Lorain (38.89% and 68.42%, respectively).
- In Lorain County, Countrywide Home Loans had the greatest market share of applications for both home purchase lending (763 applications, or 7.05%) and refinance lending (761 applications, or 4.83%). For loan originations, however, Third Federal Savings originated the most home purchase loans (10.65%) while National City Bank originated the most refinance loans (4.61%).

Jeffrey D. Dillman, Executive Director of the Housing Research & Advocacy Center, noted that under federal, state, and local fair housing laws, mortgage lenders have an obligation to provide access to credit on a non-discriminatory manner. “This research raises strong questions about whether all mortgage

lenders are meeting their obligations under federal law to provide access to credit on a fair basis,” Dillman stated.

The research was supported by funding under a grant with the U.S. Department of Housing and Urban Development. The authors and publisher are solely responsible for the accuracy of the statements and interpretations contained in this publication. Such interpretations do not necessarily reflect the view of the Federal Government.

The Housing Research & Advocacy Center is a nonprofit fair housing organization whose mission is to eliminate housing discrimination and assure choice in northeast Ohio by providing those at risk with effective information, intervention and advocacy.

Copies of the reports are available on the Housing Center’s website: www.thehousingcenter.org or by contacting the Housing Center at (216) 361-9240.

###