



## Neighborhood Economic Development Advocacy Project

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### NEWS RELEASE

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#### **BLACKS AND LATINOS MORE THAN FOUR TIMES LIKELY TO RECEIVE HIGH COST MORTGAGES THAN WHITES IN NYC**

#### **NEW REPORT SHOWS DISPARATE PRICING IN HOME MORTGAGE LENDING ACCORDING TO RACE, IN NYC AND ACROSS THE U.S.**

Blacks and Latinos in New York City are many times more likely to pay higher interest rates for home purchase loans than white New Yorkers, according to a report released today by the Neighborhood Economic Development Advocacy Project (NEDAP), along with five other groups from around the country.

The report, [\*Paying More for the American Dream: A Multi-State Analysis of Higher Cost Home Purchase Lending\*](#), summarizes home mortgage lending data in six metropolitan areas in the United States: New York City and Rochester, NY; Los Angeles; Chicago; Boston; and Charlotte, NC. The report analyzes all home purchase loans made in 2005, and focuses on seven of the largest lenders in the U.S.: Citigroup, Countrywide, GMAC, HSBC, JPMorgan Chase, Washington Mutual, and Wells Fargo. The seven lenders combined showed significantly larger black/white and Latino/white disparities than those exhibited by the lending market overall.

“There are two systems of credit in New York, and nation-wide: one that offers sound, affordable credit to people in predominantly white neighborhoods and another that targets neighborhoods of color with costly, inferior, and often predatory loan products,” said Sarah Ludwig, NEDAP’s Executive Director. Ms. Ludwig presented the report findings to the Federal Reserve Board of Governors at the meeting of the Consumer Advisory Council yesterday. “The large lenders we studied, mainly national banks, need to justify to the public why they use different lending arms to serve different segments of the population, because on its face, this use of separate and unequal channels appears discriminatory.”

Of the six cities studied, New York City showed the greatest disparities in mortgage loan pricing by race:

- For the seven large lenders examined, **blacks were more than 12 times, and Latinos almost eight times, more likely to receive a higher-cost home purchase loan than their white counterparts.**
- For all lenders combined, **blacks were five times, and Latinos almost four times, more likely to receive a higher-cost home purchase loan than their white counterparts.**

“These findings raise major civil rights concerns and we are calling on the federal regulators to investigate and enforce fair lending laws,” said Saara Nafici, Financial Justice Organizer at NEDAP, who conducted the research on NYC for the report. “The prevalence of higher cost loans harms not only the individual borrowers, but also the neighborhoods in which they are concentrated.”

The report presents collaborative research by the California Reinvestment Coalition, Community Reinvestment Association of North Carolina, Empire Justice Center, Massachusetts Affordable Housing Alliance, NEDAP, and the Woodstock Institute.

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