



## NEWS RELEASE

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### **Civil Rights study shows minorities in Colorado are more likely to receive subprime loans regardless of level of income**

*April is Fair Housing Month*

DENVER – Governor Ritter and Executive Director Rico Munn of the Colorado Department of Regulatory Agencies, today announce findings of preliminary research unveiling concerns about discriminatory lending practices in Colorado. The greatest geographic areas of concern are: the counties of Adams, Weld, Pueblo, and west and northeast Denver, where clusters of subprime loans overlap with densely populated minority communities.

Initial findings show that one in 5 white borrowers got a subprime loan compared to one in 2.3 African American and one in 2.3 Hispanic borrowers. In other words, if you were an African American or Hispanic borrower in 2006, you were twice as likely to get a subprime loan than a white borrower.

When factoring in income levels of more than \$100,000, 16 percent of high-income white borrowers got subprime loans in 2006. For high income African American borrowers, the percentage was 39 percent. For high-income Hispanic borrowers, 33 percent.

Further research will reveal individuals or companies preying on these populations as well as specific predatory lending practices or sales tactics taken to hook borrowers into these loans with unfavorable terms. Governor Ritter requested in a news conference today that the media help alert consumers about the red flags of predatory lending during this National Fair Housing Month and the fact that we are taking aggressive enforcement action against predatory and discriminatory lenders.

Colorado was awarded a grant from HUD in the amount of \$300,000 to conduct research that the Colorado Division of Civil Rights anticipates will lead to enforcement of loan originators who prey on protected classes.

“This evidence shows that predatory lending is targeted at our most vulnerable populations and the problem is exacerbated by discrimination,” said Governor Bill Ritter, Jr.

“DORA’s mission is consumer protection and uncovering discriminatory or predatory practices is a key part to that mission,” said Rico Munn.

“The Colorado Civil Rights Division is committed to enhancing our outreach efforts to prevent future discriminatory lending,” said Steven Chavez, director of the Colorado Civil Rights Division. “We look forward to partnering with local, state, and federal agencies to deliver a cohesive message to these communities.”



**Backgrounder**

**Subprime lending by race/ethnicity and income, 2006**

	White	African American	Asian	Hispanic	Total
<b>All loans</b>					
< \$25k	2,487	85	31	645	3,656
\$25k-\$49k	31,248	1,453	652	8,245	46,204
\$50k-\$74k	47,100	1,936	1,279	7,874	65,072
\$75k-\$99k	34,163	1,143	1,073	3,412	44,984
\$100k+	<u>51,818</u>	<u>1,232</u>	<u>1,491</u>	<u>2,972</u>	<u>64,611</u>
All incomes*	175,752	6,249	4,756	24,390	236,848
<b>Subprime loans</b>					
< \$25k	446	20	1	235	815
\$25k-\$49k	6,664	667	130	3,827	12,946
\$50k-\$74k	10,669	902	287	3,672	17,758
\$75k-\$99k	7,074	530	176	1,328	10,518
\$100k+	8,615	486	262	1,006	11,740
All incomes*	35,446	2,692	919	10,447	56,585
<b>Percent Subprime</b>					
< \$25k	17.9%	23.5%	**	36.4%	22.3%
\$25k-\$49k	21.3%	45.9%	19.9%	46.4%	28.0%
\$50k-\$74k	22.7%	46.6%	22.4%	46.6%	27.3%
\$75k-\$99k	20.7%	46.4%	16.4%	38.9%	23.4%
\$100k+	<u>16.6%</u>	<u>39.4%</u>	<u>17.6%</u>	<u>33.8%</u>	<u>18.2%</u>
All incomes	20.2%	43.1%	19.3%	42.8%	23.9%

Source: Home Mortgage Disclosure Act

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