

Access to Mortgages

By ANNA CHANG-YEN | Green Shoot Media

Black and Hispanic borrowers are more likely to be approved for mortgages than they were in 2010 but still trail far behind the approval rates among white and Asian borrowers, according to new data.

According to a Zillow press release, data released in November 2016 through the Home Mortgage Disclosure Act shows that in 2015, 22.4 percent of black applicants were denied conventional loans, vs. 30.5 percent in 2010. Among Hispanic applicants, 17.3 percent were denied in 2015, down from 25 percent in 2010.

By comparison, 10.4 percent of all conventional loan applications were denied in 2015, a drop from 14.2 percent in 2010. Among white and Asian buyers, applications were denied at a rate of 8.7 percent and 11.1 percent, respectively, in 2015.

“Even though conditions have improved over the past few years, getting approved for a mortgage is still a significant barrier for some would-be buyers,” said Zillow Chief Economist Dr. Svenja Gudell.

“Homeowners are becoming increasingly diverse, data from the Zillow Group Consumer Housing Trends Report show,” said the Zillow



news release. “Even so, the homeownership gap between black and white households is as wide in 2016 as it has been for the past century.”

PROTECTING AGAINST DISCRIMINATION

Two federal laws are intended to protect consumers from discrimination when they apply for a mortgage. The Equal Credit Opportunity Act prohibits lenders and brokers from discriminating or

setting loan terms based on race, color, religion, national origin, sex, marital status, age or receiving income from a public assistance program. The Fair Housing Act protects consumers who rent and prohibits discrimination during the appraisal process of home purchases, while also protecting families with children from discrimination.

The FTC recommends mortgage applicants contact several lenders, ask to see a

rate sheet, compare all fees and interest rates and negotiate.

Some lenders may try to charge some people more than others for the same loan product offered at the same time, says the FTC, including higher interest rates, higher lender origination fees and points, or higher broker origination fees and points.

FILING A COMPLAINT

If your application has

been denied and you suspect discrimination, first discuss your concerns with the lender, then check your state laws and contact an attorney if you think state or federal law has been broken.

If you suspect the ECOA has been violated, file a complaint with the Consumer Financial Protection Bureau (www.consumerfinance.gov). File a complaint regarding a violation of the FHA with the U.S. Department of Housing and Urban Development (www.hud.gov/complaints).

Melvin L. Watt, director of the Federal Housing Finance Agency, spoke at the Mortgage Bankers Association Annual Convention and Expo in October about the “disproportionate impact of the (housing) crisis for people of color” and said his agency is working on improving access to homeownership, including helping non-native English speakers understand and obtain mortgages.

“Owning a home is an important way for the middle class to build personal wealth,” said Zillow’s Gudell. “It’s encouraging to see more black and Hispanic borrowers getting approved for mortgages, but there’s still a lot of progress that needs to be made.”



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REAL ESTATE 101



“Housing policies aimed at reducing outright discrimination are not a magic bullet. Other demographic and economic trends affect a household’s likelihood to own its home, even before shopping for a home or heading to the bank for a mortgage. Differences in household incomes, employment histories, credit scores and marriage rates all impact homeownership — and all tend to be more favorable among white households. There are many challenges on the road to a more equitable nation. And if the past is any indication, the road is not only very difficult, but also very long.”

— Zillow.com

HOMESWISE GLOSSARY

Equal Credit Opportunity Act: A federal law that requires lenders to make credit equally available without regard to the applicant’s race, color, religion, national origin, age, sex, or marital status; the fact that all or part of the applicant’s income is derived from a public assistance program; or the fact that the applicant has in good faith exercised any right under the Consumer Credit Protection Act. It also requires various notices to consumers.

SOURCE: Federal Trade Commission

AD SPACE