

FINANCIAL FAIRNESS FOR ALL

THE STATE OF LENDING FOR LATINOS IN THE U.S.



D **ID YOU KNOW?** At 55 million, Latinos represent the nation's largest ethnic group and the fastest growing population. However, Latinos continue to face predatory and discriminatory lending practices that strip hard-earned savings. These abusive practices limit the ability of Latino families to build wealth and contribute to the growing racial wealth gap between communities of color and whites.

The Center for Responsible Lending (CRL), along with its numerous partners, has sought to eliminate predatory lending products from the marketplace. High-cost, debt trap lending products frequently target Latinos and other communities of color.



The harmful effects of predatory lending include:

- **Generating insurmountable debt**
- **Diminishing their ability to save**
- **Perpetuating the racial wealth gap**

TAKE A LOOK AT THE CHALLENGES in these key lending areas that pose significant threats to the economic security of Latino families.



BARRIERS TO LATINO HOMEOWNERSHIP



- According to a 2015 national survey of Latino real estate agents, nearly 60 percent said that tighter mortgage credit was the No. 1 barrier to Latino homeownership; affordability ranked second.
- In 2014, Latino homeownership dropped from 46.1 percent in 2013 to 45.4 percent. In 2013, Latinos were turned down for home loans at twice the rate of non-Latino White borrowers and were more than twice as likely to pay a higher price for their loans.

"As the slow housing recovery demonstrates, there is a market imperative to ensure that Latino families have access to mortgages in both the public and private sectors of the market. The market cannot fully recover without them."

– Nikitra Bailey, CRL executive vice president



www.responsiblelending.org

North Carolina

302 West Main Street
Durham, NC 27701
Ph (919) 313-8500
Fax (919) 313-8595

California

1330 Broadway, Suite 604
Oakland, CA 94612
Ph (510) 379-5500
Fax (510) 893-9300

District of Columbia

910 17th Street NW, Suite 500
Washington, DC 20006
Ph (202) 349-1850
Fax (202) 289-9009

CHALLENGES Latinos face in key lending areas



STUDENT LOANS & FOR-PROFIT COLLEGES



- Two-thirds of Latino students enrolled at four-year, for-profit colleges do not graduate in 6 years.
- In the 2011–12 academic year, 31 percent of Latino students attending a for-profit college borrowed more than \$8,900 to enroll.
- During this same school year, Latino students who attended either a public or private, nonprofit institution borrowed fewer loans: 69 percent borrowed \$4,009 or less at a public university and 61 percent borrowed less than \$6,200 to attend a private, nonprofit school or university.



AUTO DEALER MARKUP



- Dealer-financed mark-ups are hidden increases in interest rates that compensate the dealer for negotiating the loan.
- Latinos and African Americans are not only more likely to be subject to interest mark-up, they are more likely to be subject to higher mark-ups, regardless of credit history or shopping strategy.
- A recent survey found that more than 75 percent of Latino consumers were unaware of auto dealer markups.



PAYDAY & CAR TITLE LENDING



- A 2009 CRL study of the location of payday loan shops in California found that payday lenders are eight times more likely to be located in African-American and Latino neighborhoods than in white neighborhoods.
- 391 percent is the national average payday loan fee and can run as high as 564 percent annual percentage rate (APR).



www.responsiblelending.org

North Carolina

302 West Main Street
Durham, NC 27701
Ph (919) 313-8500
Fax (919) 313-8595

California

1330 Broadway, Suite 604
Oakland, CA 94612
Ph (510) 379-5500
Fax (510) 893-9300

District of Columbia

910 17th Street NW, Suite 500
Washington, DC 20006
Ph (202) 349-1850
Fax (202) 289-9009