

# NCLR Report Finds Many Hispanic Homebuyers Vulnerable to Predatory Lenders

Report Calls For Congress and Industry to Address Gaps in Consumer Protections

## FOR IMMEDIATE RELEASE

May 25, 2005

**Washington, DC** - Today the National Council of La Raza (NCLR), the largest national Hispanic civil rights and advocacy organization in the U.S., released *Jeopardizing Hispanic Homeownership: Predatory Practices in the Homebuying Market*, the first report to provide a comprehensive analysis of the mortgage products and lending tactics targeted at Hispanic homebuyers. The report examines the homebuying and refinancing experiences of Latino homebuyers and the abusive lending tactics that steer Latino families into unnecessarily expensive products.

"Homeownership is the ultimate symbol of the American Dream, but it is inconsistent with our values that we allow predatory mortgage lenders to cheat many Hispanic homebuyers from fully enjoying the economic benefits of this classic marker of success," stated Janet Murguia, NCLR President and CEO. "We must do more to protect all consumers from unscrupulous lenders and ensure that the mortgage industry provides equal opportunity for all Americans to get the 'best deal' possible when purchasing a home."

*Jeopardizing Hispanic Homeownership: Predatory Practices in the Homebuying Market* confirms longtime concerns expressed by consumer advocates, community leaders, and the experiences of the NCLR Homeownership Network - a group of 38 NCLR affiliates providing homeownership counseling to more than 25,000 Latino families annually. Key findings of the report include:

- Hispanic homebuyers are two times more likely than White homebuyers to finance with the most expensive mortgage products.
- Hispanic homebuyers are far less likely than other homebuyers to refinance, and those who do refinance are likely to use an expensive product. As a result, these Hispanic families are missing opportunities to gain home equity and to increase their assets.
- As many as four out of five Latinos access loans through commission-based mortgage brokers, whose inconsistent licensing requirements and limited federal oversight can leave consumers vulnerable.

"The bottom line expressed in this NCLR report is that predatory lending is needlessly costing Latinos money and undermining their hard-earned efforts to accumulate assets for their families," continued Murguia. "We must address these disparities and inefficiencies in the mortgage lending market to more sufficiently protect Hispanic homebuyers."

In response to its findings that Hispanic homebuyers often fall victim to predatory mortgage loans, the report calls on Congress to improve consumer protections and hold the mortgage industry accountable so that Latino families can join with other Americans to maximize the gains from homeownership. Key recommendations to federal legislators include increasing protections for consumers and enforcement of brokers and financial institutions, creating a regulatory body to monitor mortgage brokers, supporting community-based housing counseling programs, and creating incentives to ensure that quality mortgage products reach hardworking Hispanic families.

"We are encouraged that Congress is taking this issue seriously and holding hearings on the issue, but we are concerned that the national dialogue has not included some of the specific issues faced by Latino families. As the national debate on predatory lending moves forward, Hispanic community leaders, Congress, and the mortgage industry must work together to address the challenges faced by Hispanic families who want to buy homes and build assets," Murguia concluded.

For more information or to download a free copy of NCLR's report, [\*Jeopardizing Hispanic Homeownership: Predatory Practices in the Homebuying Market\*](#), please visit [www.nclr.org](http://www.nclr.org) or contact Alexandra Jost at (202) 785-1670. You may also access additional information on Hispanic homeownership in the U.S. on the NCLR's [Homeownership](#) web page.