National news

Group charges lenders still unfair to minorities

Cites continued pattern of discrimination against blacks, Hispanics in home loans

Associated Press

New York

Banks continued discrimination against minority home mortgage applicants during 1991, according to the Association of Community Organizations for Reform Now (ACORN).

ACORN released a study Thursday that said the problem did not improve last year. ACORN, a national grassroots advocacy organization, sharply criticized both banks and banking regulators for failing to act.

"Lenders and regulators have known about these disparities for over a decade, and have chosen to do nothing about it," said Maude Hurd, ACORN's president. "Inaction over the past year makes the government a co-conspirator in persistent mortgage discrimination."

"We flatly reject the notion of a conspiracy," said Alan Whitney, a spokesman for the Federal Deposit Insurance Corp. He said the FDIC aggressively enforces federal laws against discrimination.

A Federal Reserve Board study of 1990 mortgage lending data showed widespread disparities between loan approval rates for whites compared with minorities. The agency is to release a study of 1991 data this month.

The ACORN study looked at lending data filed with the Fed by 46 banks in 13 cities, including the Twin Cities metro area. ACORN found blacks and Hispanics continue to be rejected between two and four times as often as white applicants for conventional, single-family mortgage loans.

In the Twin Cities, ACORN said big mortgage lenders rejected blacks 20 percent of the time and Hispanics 33 percent compared with only 9.7 percent for whites. The rejection rate doubled over 1990 for all three groups.

Twin Cities ACORN said minorities constituted only 4.5 percent of all 1991 applicants.

ACORN member Alton Bennett called for support of federal legislation that would strengthen the Community Reinvestment Act. The act says federally insured lenders must lend in lower-income neighborhoods, and for the government to pursue violations of the Equal Credit Opportunity Act.

Twin Cities bankers said they reject applicants on the basis of income and credit qualifications, not race. The Fed's statistics consider only race.

Bankers also said lower interest rates have caused many white homeowners to refinance mortgages, which are approved at a higher rate than new home loan applications. Also, inner-city outreach programs instituted last year generated a flurry of minority applications. They said those factors tend to inflate the minority rejection rate.

Staff writer Neal St. Anthony contributed to this article.

Business
General news on page 8D
Star Tribune
Friday
October 2/1992
1D.