



Media Advisory

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Report: Predatory lending concentrated in West Louisville; Louisville Urban League, partners plan Dec. 1 news conference

LOUISVILLE, KY. (Nov. 24, 2003) – Predatory lending accounts for a significant part of the growing foreclosure rate in Jefferson County, and its practice is heavily concentrated in the low-income and largely African-American West End of Louisville, according to a new report to be issued by the Louisville Urban League.

The Urban League will release findings of the study, *Predatory Lending in Jefferson County*, at a news conference at 10 a.m., Monday, Dec. 1, at 1535 W. Broadway, its headquarters.

“We contracted this study to reveal to our legislators, policy-makers and the community at large that predatory lending is a very serious problem in this community and to educate people on how to avoid becoming victims,” said Kevin Dunlap, director of Housing Services and Neighborhood Revitalization for the League.

Dunlap will officiate at the press conference and be joined by Carolyn Peoples, assistant secretary of the U.S. Department of Housing and Urban Development Office of Fair Housing and Equal Opportunity in Washington, D.C.

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The University of Louisville Urban Studies Institute, part of its School of Urban and Public Affairs, conducted the study for the Louisville Urban League. The results are based on an analysis of 1,556 mortgage foreclosures that resulted in Jefferson Circuit Court-ordered auctions between January 2000 and December 2002. Study researchers will be at the news conference to answer questions.

“Four financial institutions, together, accounted for over 25 percent of all foreclosures on loans with predatory characteristics in the sample,” the report states. Furthermore, one-third of the properties analyzed involved financing that had predatory lending characteristics.

Predatory lending characteristics used in the study included excessive interest rates, inflated appraisals, prepayment penalties, “packing” a loan with fees undisclosed to the borrower, balloon payments, loan “flipping” (repeated refinancing in order to charge additional fees), and misleading or fraudulent marketing of loan programs.

"When unsuspecting homeowners are subjected to predatory lending practices, it not only increases the possibility of foreclosure, it also robs them of the American Dream – everything that flows from the equity people have built up in their homes," Peoples said.

Previous studies on the subprime market nationwide show that a victim of predatory lending is three times more likely to be from a low-income neighborhood, five times more likely to be black, and three times more likely to be an older borrower. More significantly, homeowners in high-income black areas who may qualify for more conventional products are twice as likely as homeowners in low-income white areas to be victims of predatory lending.

Officials from agencies who are partners on the project will be available at the news conference, including Beverly Watts, executive director of the Kentucky Commission on Human Rights; F. Lynn Luallen, CEO of the Kentucky Housing Corporation; Kellie Watson, executive director of the Louisville-Jefferson County Metro Human Relations Commission; Christie McCravy, director of the Home Ownership Partners; and Melissa Barry, director of the Louisville Metro Department of Housing.