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### **OSU Conference Explores Solutions to Subprime Lending/Foreclosure Crisis; Examines Impact on Latino and African American Homeowners**

As national leaders examine how to manage the subprime lending and foreclosure crisis, the Kirwan Institute at The Ohio State University is hosting a national conference to also generate potential solutions, while assessing how the crisis came to impact Latino and African American homeowners in particularly high numbers.

*The National Convening on Subprime Lending, Foreclosure and Race* will be held on Thursday, October 2, and Friday, October 3, at the Hyatt Regency, 350 North High Street in Columbus, Ohio. The conference will bring together participants from across the country with diverse areas of expertise, including housing, finance, law, real estate, and civil rights, in order to examine the situation from varied perspectives and propose potentially viable solutions at the national, state, and local levels.

The conference will take a unique perspective, using a “systems” approach to examine the historical, legal and sociological factors and recent financial forces that have driven the home foreclosure crisis.

“Policies governing such diverse areas as housing, schools, taxes, and lending are all interrelated,” explains John Powell, executive director, the Kirwan Institute and Williams Chair in Civil Rights & Civil Liberties at The Ohio State University’s Moritz College of Law. “Institutional structures are part of a ‘system’ designed with biases involved; and the question this raises is, ‘Why are systems organized around one set of values versus another?’” The conference will explore systems within society that contributed to foreclosure disparities.

Today’s financial situation is historically rooted in the 1930s and 1940s, when home loans were not readily available to African American and Latino homeowners as they were for other Americans. Flash forward 75 years, and these same groups did not have high home equity to guarantee their loan applications; so their loan rates were higher, and often adjustable. Meanwhile, the banking industry permitted sub-prime mortgages with the understanding that housing values would serve as collateral to guarantee these loans. However, when housing values began to fall, loan totals often exceeded the home value. At the same time, the picture grew more complicated as banks packaged mortgage loans into bundles, and sold them to investors on the world market. Defaults on loans as rates adjusted upward and family economic circumstances tightened, coupled with a housing market slowdown, spawned today’s crisis of confidence affecting worldwide financial markets.

Home ownership is one of the primary ways American families amass wealth, and it is estimated that the decline in home prices has cost American homeowners more than four trillion dollars in wealth.

This crisis impacts African American and Latino homeowners in especially high numbers.

- One study estimates that racial bias of subprime lenders accounts for a 40% difference in losses between whites and African Americans.
- Some estimates say African American borrowers will lose between 71 and 122 billion dollars in wealth, while Latino borrowers will lose 76 to 129 billion.
- A study conducted in 2000 says subprime loans are five times more prevalent in African American neighborhoods than in white neighborhoods, while a 2006 study says African Americans are 31 – 35% more likely to receive a subprime loan than financially-similar white borrowers.

These disparities threaten to increase the racial wealth gap, and are creating a decline in homeownership rates for African Americans.

Conference keynote Thursday luncheon speaker will be Jim Carr, Chief Operating Officer for the National Community Investment Coalition. Keynote Friday breakfast speaker will be Paul Hudson, Chairman and Chief Executive Officer, Broadway Financial Corporation and Broadway Federal Bank.

Information on conference schedule and additional speakers is available at: <http://kirwaninstitute.org/>

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