Politics and the Subprime Mortgage Meltdown

An Examination of Disparities by Congressional District, Political Party, Caucus Affiliation and Race

By Maurice Jourdain-Earl

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EXECUTIVE SUMMARY

This paper tells us several things instructive to the political discourse of the subprime mortgage debacle. First, we find that subprime rate lending in 2006 was uneven, impacting certain states and congressional districts a lot more than others. Second, it tells us that representatives did not always take the expected action to respond to the crisis by voting no on the Housing and Economic Recovery Act, even though a high volume of subprime rate lending may have occurred in their district. Third, it tells us that the frequency of subprime rate lending with certain minority groups are likely to lead to disproportionate defaults and foreclosures among those minorities. Finally, it tells us that the failure to regulate high cost lending and the lack of congressional oversight created an environment where the housing market grew out of control.

As the nation is increasingly impacted by the volatile economy the political outcry is swelling. Proactive measures to stabilize financial markets and institute policies and procedures to protect consumers – and communities – must be put in place. Determining an ideal solution for individual communities will demand deeper data and analysis of lending activity in these regions by income, population, and other demographics combined with year-over-year statistics. This deeper dive into the data can clarify courses of action for legislative, budgetary and political support for these regions.

While some have suggested that the current subprime mortgage meltdown has been fueled by minority lending, the data show that the subprime lending crisis has had a bi-racial impact. In fact, non-Hispanic Whites have more subprime rate loans than all the minority groups combined. The data also reveal that Whites who financed transactions in minority-represented congressional districts also had a higher frequency of subprime rate loans. For example, 42.01% of the White loans in IL-02 (Jesse L. Jackson Jr's (D) district) were higher cost subprime rate loans. White subprime rate loans in the districts of black representatives for MI-14 (John Conyers, Jr. (D)) and MI-13 (Carolyn Cheeks Kilpatrick (D)), comprised 40.33% of MI-14 and 37.46% of MI-13. This suggest that the supply of credit may be different for all residents in these districts and not just minorities.

Politically speaking, the impact of the subprime mortgage meltdown is bi-partisan. In terms of the number of subprime loans in the overall 44 worst congressional districts, they were split nearly 50-50/Democrat-Republican. This means that both sides of the aisle should have a strong interest in crafting workable solutions that meet the needs of homeowners.

Of the five districts with the highest number of subprime rate loans, one is represented by a Democrat, four are represented by Republicans. Totals for these districts are nearly twice the 10,000 threshold for defining "high count districts."

1. Florida's 23rd District {(Alcee L. Hastings (D)} (CBC) with 19,637 subprime rate loans.
2. Arizona's 2nd District {Trent Franks (R)}, with 19,401 subprime rate loans.
3. Florida's 25th District {Mario Diaz-Balart (R)} with 19,381 subprime rate loans.
4. California's 41st District {Jerry Lewis (R)} with 19,172 subprime rate loans.
5. California's 45th District {Mary Bono (R)} with 18,954 subprime rate loans.

When subprime rate loan activity is measured as a percentage of overall lending in the district, a different pattern appears. Districts with the highest proportion of subprime rate loans in relation to overall lending activity are largely represented by minority caucus members. The top five congressional districts are:

1. Illinois 2nd District {Jesse Jackson, Jr. (D)} (CBC) Subprime rate loans at 60.55% (14,114 of 23,309 total loans).
2. Florida's 17th District {Kendrick Meek (D)} (CBC) Subprime rate loans at 50.86% (17,596 of 34,596 total loans).
3. Illinois 1st District {Bobby L. Rush (D)} (CBC) Subprime rate loans at 49.80% (12,435 of 24,971 total loans).
4. Arizona's 4th District {Ed Pastor (D)} (CHC) Subprime rate loans at 49.13% (16,614 of 33,318 total loans).
5. Missouri's 1st District {William Lacy Clay (D)} (CBC) Subprime rate loans at 48.91% (10,040 of 20,528 total loans).

The 44 "high risk" congressional districts (greater than 10,000 subprime rate loans and a percentage rate greater than 25%) are concentrated in nine states:

1. Florida, by a wide margin, had more congressional districts represented with nineteen.
2. California had the second largest group of congressional districts with a high volume and high proportion of subprime rate loans with nine.
3. Arizona had five congressional districts on the list
4. Maryland four.
5. Illinois and Nevada had two congressional districts each.
6. Finally, Georgia, Missouri and Virginia had one congressional district each.

Four states stand out with high risk congressional districts measured as a percentage of the total number of districts in each state. The top four states with the highest percent of high risk congressional districts:

1. Florida 76% (nineteen of 25 congressional districts).
2. Nevada 66% (two of three congressional districts).
3. Arizona 62% (five of 8 congressional districts).
4. Maryland 50% (four of 8 congressional districts).

The top two congressional districts with White subprime rate loans are AZ-02 Trent Franks (R) (8,860) and AZ-06 Jeff Flake (R) (7,076). NV-03 Jon Porter (R) is listed third with 6,744 White subprime rate loans. Arizona has 8 congressional districts, 4 led by Republicans and 4 by Democrats. All 4 of the Republican congressional representatives voted no on HERA.

Almost half of the high volume subprime rate lending to Whites took place in Florida where 11 of the 23 congressional districts made the list of congressional districts with more than 5,000 White subprime rate loans. Florida has the largest number of high risk congressional districts at risk of White defaults and foreclosures. Two of the 19 congressional districts are represented by Democrats, FL -03 Corrine Brown (D) and FL-23 Alcee L. Hastings (D), both voted yes to HERA. Of the remaining 17 Republican districts in Florida 8 voted no, 8 voted yes, and 1 did not vote.

Of the 41 congressional districts where the proportion of subprime rate loans to Whites exceeded 30% nine or 21.95% are represented by members of the Black Caucus and/or the Hispanic Caucus. Of the three congressional districts from California that are high risk districts for White defaults and foreclosures, only CA-22 Kevin McCarthy (R) voted no; CA-41

Jerry Lewis (R) and CA-45 Mary Bono voted yes on HERA.

Congressional districts with more than 3,000 Black subprime rate loans are dominated by members of the Black Caucus. Only five of the 26 congressional districts with more than 3,000 Black subprime rate loans or 19.23% have representatives who are not Black Caucus members. Three non-Black Caucus members on the list are from Maryland:

1. MD-05 Steny H. Hoyer (D),
2. MD-02 C.A. "Dutch" Ruppersberger (D), and
3. MD-03 John Sarbanes (D).

The other two non-Black Caucus member districts are TN-09 and VA-04. TN-09 Steve Cohan (D) represents Memphis, where the 5,135 or 72.73% of total loans made to Blacks were subprime rate loans. In VA-04 J. Randy Forbes (R) district (includes Petersburg, VA), slightly more than half of the Black loans (52.03%) were subprime rate loans. Representative Forbes voted nay on HERA.

Of the top five congressional districts with a high volume of Black subprime rate loans, two are from Maryland, two are from Illinois and one from Florida. MD-04 Albert Russell Wynn (D) (now Donna Edwards (D)) tops the list of congressional districts with more than 3,000 Black subprime rate loans. More than 45% of the Black loans in Congressman Wynn's district were subprime rate loans (11,031). IL-02 Jesse L. Jackson, Jr. (D) was second with 9,700 Black subprime rate loans or 66.92% of total Black loans. MD-05 Steny Hoyer (D) was third with 8,719/43.04% Black subprime rate loans. FL-23 Alcee L. Hasting (D) was fourth where 7,995 or 55.52% of loans made to Blacks were subprime. IL-01 Bobby L. Rush (D) was ranked fifth on the list with 7,462/ 62.17% Black subprime rate loans.

Congressional districts with more than 1,000 Black subprime rate loans with a proportion greater than 60% are reasonably expected to have a higher risk of defaults and foreclosures among Blacks, due to the high number and high percent of subprime rate loans. This list is also dominated by districts represented by Black Caucus members. MI-13 Carolyn Cheeks Kilpatrick's district has the highest percent of subprime rate loans. More than 78% of the Black conventional 1st lien, 1-4 family, home purchase or refinance loans in Michigan's 13th district were higher cost subprime rate loans. The 18th district of Texas, (Sheila Jackson-Lee (D)) was second with 2,433 Black subprime rate loans making up 77.34% of the Black loans. Michigan's 14th district (John Conyers Jr. (D)) was third with 5,503 Black subprime rate loans making up 75.38% of the total. Both the 13th and 14th districts are in the Detroit, Michigan metro area.

The state concentration of congressional districts with a high number and high percent of 2006 Black subprime rate loans include: Maryland (5), Florida (3), Georgia (3), Illinois (3), Michigan (2), New York (2), Virginia (2), Missouri (1), Alabama (1), New Jersey (1), Tennessee (1), and Wisconsin (1). The data suggests that Black constituents in these states/congressional districts can expect a disproportionate number of Black defaults and foreclosures in these congressional districts.

Congressional districts with greater than 4,000 Hispanic subprime rate loans are cosidered high risk. The 25th District of Florida represented by Mario Diaz-Balart (R) has the highest number of Hispanic subprime rate loans at 14,839. This represents 47.34% of all lending to Hispanics in Florida's 25th District. The fourth congressional district in Arizona (Ed Pastor (D)) and the 43rd congressional district of California (Joe Baca (D)) are second and third, respectively with 10,792/10,207 Hispanic subprime rate loans, making up 60.91% and 45.64% of all Hispanic lending in those districts, respectively.

States with high numbers and percentages of Hispanic subprime rate loans are Arizona,

California, Florida, Illinois and Nevada. Seven of the congressional districts within these states are represented by members of the Hispanic Caucus and two are Black Caucus members.

The Subprime Disparity Index (SDI) analysis provides evidence that Blacks and Hispanics have a higher incidence of subprime rate loans compared to non-Hispanic Whites, in the vast majority of congressional districts. The concentration of subprime rate loans among Blacks and Hispanics suggest that these groups will likely be hit harder by the subprime mortgage meltdown. Disparity tables (available for download at www.compliancetech.com) show the subprime disparity index for Blacks and Hispanics for all congressional districts, with a cross-reference to the vote on the Housing and Economic Recovery Act of 2008 (HERA). A hyperlink is also provided to visit to the web page of each congressman.

Blacks had three congressional districts with a disparity of high cost subprime rate loans more 5 times greater than non-Hispanic Whites. Another three congressional had a Black subprime incidence disparity more than 4 times greater than non-Hispanic Whites. Thirty-four congressional districts had Black frequencies of high cost subprime rate lending 3 times the rate of non-Hispanic Whites. Two-hundred sixty-nine Congressional districts had Black high cost subprime lending frequencies more than twice the rate of non-Hispanic Whites. This group was followed by 129 congressional districts with Black subprime rate lending frequencies less than 2 times the non-Hispanic White frequencies. Only one congressional district, PA-05 John E. Peterson (R) had a Black subprime rate lending frequency less than that of non-Hispanic Whites.

The congressional districts with the highest black disparity in the frequency of subprime rate loans compared to non-Hispanic Whites are:

- DC-98 Eleanor Holmes Norton (D), 5.69;
- NY-15 Charles B. Rangel (D), 5.49;
- GA-05 John Lewis (D), 5.23;
- NC-04 David Price (D), 4.37;
- CA-08 Nancy Pelosi (D), 4.28; and
- VA-08 James P. Moran (D), 4.13.

The subprime disparity index in these disticts ranged from a low of 4.13 to a high of 5.69, a roughly 4 to 5 times more frequent occurrence of subprime rate lending than occurences with non-Hispanic Whites.

Hispanics had four congressional districts with high cost subprime rate lending frequencies more than 4 times the rate of non-Hispanic Whites. Seventeen congressional districts had Hispanic subprime lending frequencies more than 3 times the rate of non-Hispanic Whites. There were 129 congressional districts with a Hispanic subprime lending frequency more than twice the rate of non-Hispanic Whites. The largest group of congressional districts (284) had Hispanic subprime lending disparities less than twice the rate of non-Hispanic Whites. Five congressional districts had a Hispanic frequency of subprime rate lending less than non-Hispanic Whites.

The congressional districts with the highest Hispanic disparity in the frequency of subprime rate loans compared to non-Hispanic Whites are:

- VA-08 James P. Moran (D), 4.91;
- NY-14 Carlyn B. Maloney (D), 4.57;
- CA-08 Nancy Peloski (D), 4.33; and
- DC-98 Eleanor Holmes Norton (D), 4.05.

The Hispanic subprime disparity index in these districts ranged from a low of 4.05 to a high of 4.91, a roughly 4 times more frequent occurrence of subprime rate lending than occurences with non-Hispanic Whites.

Three congressional districts, VA-08 James P. Moran (D), CA-08 Nancy Peloski (D), and DC-98 Eleanor Holmes Norton (D) were among the top ten with high subprime disparities for both Blacks and Hispanics.

Significant disparities exist between Blacks and non-Hispanic Whites. All things being equal, one hypothesis could be that non-Hispanic Whites are better qualified than Blacks and Hispanics. Or that non-Hispanic Whites simply negotiated better rates. Another hypothesis is that some Blacks and Hispanics were steered into subprime rate loans and could qualify for prime rate loans. Unfortunately, data to confirm the correct hypothesis is not available in the HMDA dataset. The result however is that Congressional districts with high disparities in the incidence of subprime rate lending by race are likely to have higher disparities in the incidence of defaults and foreclosures by race.

Greed, on the part of every player in the housing and mortgage lending food chain--realtors, builders mortgage brokers, mortgage companies, banks, servicers, Wall Street, and investors;--played a major part in fueling the growth of the subprime mortgage market. Unfortunately, this sometimes meant that borrowers obtained loans that were not suitable, unaffordable and in extreme cases, outright abusive and predatory.

The skewed racial and ethnic distribution of subprime rate loans, reflects the possibility of loan steering in violation of fair lending laws. If this is true, then there are likely to be fair lending issues related to the servicing, collection, forebearance and other loss mitigation activities of lending.

The fair lending and consumer protection laws need updating to address predatory lending as it relates to steering and loss mitigation activities. It seems clear that the Fair Housing Act is applicable to loan servicing but less clear that the Equal Credit Opportunity Act (ECOA) covers these activities. What Congress can do is to make the fair lending and consumer protection laws more relevant and explicit to predatory lending and to the loss mitigation process. More importantly, Congress can also require increased accountability of bank regulators, The Department of Housing and Urban Development (HUD), the Federal Trade Commission (FTC) and the Department of Justice (DOJ) for enforcing those laws.

PURPOSE

This study is an examination of 2006 subprime rate lending disparities by political party, caucus affiliation and race. The purpose of the study is to examine the racial distribution of 2006 subprime rate loans in congressional districts of the 110th Congress to help identify which districts may be hit the hardest by the subprime mortgage meltdown.

The analysis will show how problems associated with subprime mortgage lending affects democratic and republican congressional districts alike. The far ranging impact of subprime rate lending in some congressional districts however, will be disproportionate, based upon racial disparities in the distribution of subprime rate loans. This is particularly evident in congressional districts represented by members of the Congressional Black Caucus (CBC) and the Congressional Hispanic Caucus (CHC). Thus, the analysis will show how the subprime mortgage crisis and the resulting mortgage defaults and foreclosures will hit some congressional districts harder than others.

A recent report by the author entitled "The Demographic Impact of the Subprime Mortgage Meltdown" concluded that the majority of subprime rate loans were made to non-Hispanic Whites and upper-income borrowers, but a disproportionate share of loans made to Blacks, Hispanics, and low-income borrowers were subprime rate loans. The report also found that the majority of subprime rate loans were originated in predominately white geographic regions (areas representing census tracts less than 30 percent minority), but with considerable concentration in high minority census tracts.

This report delves deeper into the racial disparities in the distribution of subprime rate loans by congressional district. This report analyzes the number and percent of subprime rate loans made to non-Hispanic Whites compared to the number and percent of subprime rate loans made to Blacks and Hispanics. The results will help identify which racial groups within each congressional district may be hit the hardest by the subprime mortgage meltdown.

The uneven distribution of subprime mortgage loans by race suggests that resources need to be targeted and allocated accordingly. The significance of anticipating who and where mortgage defaults and foreclosures are likely to occur is big. Billions of dollars are being allocated to address the foreclosure crisis. For example, the Housing and Economic Recovery Act of 2008 (HERA) includes provisions aimed at strengthening neighborhoods hit the hardest by the foreclosure crisis by providing $4.0 billion in Community Development Block Grants (CDBG) to states and localities to buy foreclosed homes standing empty, rehabilitate foreclosed properties and to provide aid in the stabilization of the housing market.[1]

[1] HR 3221, Housing and Economic Recovery Act, pg. ___ The law directs the Secretary of HUD to develop a funding formula to ensure amounts appropriated are allocated to States and local government units with the greatest need based on the number and percent of home foreclosures; the number and percent of homes financed by a subprime mortgage related loan; and the number and percent of homes in default or delinquent. Furthermore, the law has provisos that any State or unit of general local government that receives amounts shall give priority emphasis to those metro areas, metro cities, urban areas, rural areas, low-and-moderate income areas, and other areas with the greatest need, including those ---with the greatest percentage of home foreclosures; the highest percentage of homes financed by subprime mortgage related loans, and identified by the State or local government unit as likely to face a significant rise in the rate of home foreclosures.

In both instances a component of the formula to obtain funding and for the use of funds include a measure based upon the number and percent of subprime rate loans. This study will use HMDA data to strategically locate areas and homeowners with subprime rate loans that may be hit the hardest by the subprime mortgage meltdown. In addition, by analyzing the racial disparities in the distribution of higher cost subprime rate loans by congressional districts, this report will show how different population segments will likely be affected.

Although the subprime mortgage meltdown is bi-partisan, the roll call vote on HERA was not. The law, sponsored by Democrats, received some Republican support, but 98% of the nay votes were from Republican congressmen. This report includes a review of the senate and house roll call vote vis-à-vis the level of subprime rate lending by state and congressional district. The report reveals that many of the nay votes on HERA are from congressmen representing high risk congressional districts, e.g., high number and/or percent of subprime rate loans. Readers are empowered to cross-reference yea and nay votes on the housing bill to the level of subprime rate loans by race.

It is hoped that members of congress and other interested stakeholders (Treasury officials, federal and state bank regulators, lenders, rating agencies, servicers, state and local governments, housing finance agencies, community organizations and housing counselors), can use this information to make more informed and better policy decisions on how to properly allocate resources to stem the tide of home foreclosures.

It is also hoped that this information can be used in the debate on regulatory reforms; particularly in the enforcement of fair lending and consumer protection laws. Discussions about lenders, inappropriate loan products, steering and fraud has been very limited in talks about the subprime mortgage meltdown. Nor has sufficient scrutiny been placed on the activities, processes and procedures of HUD and bank regulators who are responsible for safety and soundness and fair lending examinations.

Congress enacted the Home Mortgage Disclosure Act (HMDA) in 1975 to: "provide the public with information to judge whether lenders are serving their communities; to enhance enforcement of laws prohibiting discrimination in lending; and to provide private investors and public agencies with information to guide investments in housing."[2] HMDA requires mortgage lenders located in metropolitan areas to collect data on their mortgage application transactions, report the data annually to the government, and make the data publicly available.

HMDA requires reporting of the geographic location of originated and purchased home loans. HMDA data also includes information about denied home loan applications and the race, sex and income of the applicant or borrower. Subsequent to the 1990 amendment to HMDA that required race and sex information to be reported, some lenders were accused and sued for discrimination, primarily by the Department of Justice (DOJ), alleging that minorities were disproportionately denied access to home mortgage credit compared to non-Hispanic Whites.

Since the 2004 reporting year, HMDA requires lenders to report loan price information in the form of a "rate spread." Lenders must report the spread between the annual percentage rate (APR)[3] on a loan and the rate on a Treasury security of comparable maturity. Lenders are only required to report spreads on loans above designated thresholds. Therefore, rate spreads are not reported for lower cost loans.

The rate spread on loans must be reported if the spread exceeds the threshold set by the Federal Reserve Board in Regulation C. For first-lien loans, the threshold is three percentage points above the Treasury security of comparable maturity. For second-lien loans, which tend to have higher prices, the threshold is five percentage points above the Treasury security of comparable maturity[4].

The Board chose these thresholds in the belief that they would exclude the vast majority of prime-rate loans and include the vast majority of subprime rate loans. From year-to-year, however, the proportion of subprime-rate loans with spreads might vary because of changes in the interest rate environment. For example, if APR on a loan is 8.50% and the yield on a Treasury security of comparable maturity is 5.00% the rate spread of 3.50% must be reported. On the other hand, if the APR on a loan is 7.99% and the yield on a Treasury security of comparable maturity is 5.00%, the rate spread of 2.99% does not have to be reported. Loans with a spread are considered higher-priced subprime rate loans, and loans without a spread are considered lower-cost prime rate loans.

The growth of the higher-priced mortgage market has raised concerns that consumers lack the information needed to negotiate the best terms and therefore might be vulnerable to

[2] http://www.ffiec.gov/HMDA/pdf/regulationc2004.pdf, pg.1

[3] The APR represents the cost of credit to the consumer. It captures not just the contract-based interest rate on a loan, but also the points and fees a consumer pays and other finance charges such as premiums for private mortgage insurance. Lenders must calculate and disclose the APR to consumers under a separate law, the Truth in Lending Act.

[4] If a loan is locked between the 1st and 15th of the month, the lender must use the yield on a comparable maturity Treasury security as of the 15th day of the previous month. If a loan is locked between the 16th and the end of the month, the lender must use the yield on a comparable maturity Treasury security as of the 15th day of that month.

unfair or deceptive practices. Also, the wider range of prices in this market has raised concerns that price differences might reflect unlawful discrimination rather than legitimate risk- and cost-related factors. Lastly, the growth of the higher-priced mortgage market is believed to be contributing greatly to an increase in mortgage defaults and foreclosures.[5]

In short, the requirement to report the HMDA spread is designed to distinguish subprime rate loans from prime rate loans. Subprime lenders in contrast to prime lenders, attract applicants who either have impaired credit or perceive themselves to have bad credit. Theoretically, subprime lenders charge higher interest rates to compensate for the additional credit risk. However, subprime borrowers may often be exposed to non-risk related discretionary charges. In recent years, an increased use of risk-based pricing has blurred the line between prime and subprime lenders. The HMDA rate spread information was created to illuminate the distinction and bring more clarity to prime and subprime rate lending. The HMDA rate spread is focused on higher cost loans as opposed to lenders who may be classified as high-cost lenders. This enables users of HMDA data to identify higher cost subprime rate loans, whether they are originated by prime or subprime lenders.

LIMITATIONS OF HMDA DATA

HMDA data are the most complete dataset used to analyze home mortgage lending in America by race, ethnicity and gender. The most significant limitation of HMDA data is borrower credit qualification information is not available. For example, credit criteria such as credit score, loan-to-value, debt-to income ratios, and housing payment ratios used by lenders to underwrite and price home mortgage loans, is not available.

HMDA data also do not include information on loan terms and product features needed to ascertain how loans are structured. For example, HMDA data do not include whether loans have features such as prepayment penalties, interest-only, negative amortization, or balloon payments. HMDA data also do not include whether loans are fixed rate or adjustable rate mortgages (ARMs). It is suspected that many ARM loans originated in recent years have discounted initial teaser rates that will reset in two or three years. Finally, HMDA data do not reveal how loans are sourced by lenders, i.e. by retail loan officers who work as employees of a lender or by independent mortgage brokers. The aforementioned origination characteristics are likely to be correlated in some fashion to the current increase in mortgage defaults and foreclosures.

HMDA data limitations hinder the ability to know precise details about loan transactions. How loans are underwritten and priced or whether Yield Spread Premiums (YSP) or overages[6] are present and whether they contribute to the origination of higher-priced loans. Without additional information we do not know whether higher-priced loans are based on borrowers' legitimate credit criteria or whether the overcharges were purely discretionary. Given these HMDA data limitations, this study has a single focus – to describe the racial disparities in the 2006 distribution of higher priced subprime rate loans in congressional districts of the 110th Congress..

[5] Frequently Asked Questions About The New HMDA Data, Federal Reserve Board, April 3, 2006

[6] YSP or overages are extra compensation paid by a lender to loan officers or brokers for delivering an interest rate on a loan higher than the risk-based price.

METHODOLOGY

LendingPatterns™, an online HMDA analysis tool developed by ComplianceTech, was used extensively to mine the HMDA data to analyze the lending patterns of all HMDA reporting lenders in the United States by race and geography. The online system produces reports by the entire United States, Metropolitan Statistical Areas (MSA), states, counties, census tracts and for the 2006 and 2007 HMDA data, by Congressional districts of the 110th Congress.

Using *LendingPatterns™* conventional, 1st lien, 1 to 4 family, owner-occupied, home purchase and refinance loans with a HMDA reported spread were isolated. Excluded are data on multifamily, 2nd lien, home improvement and government insured or guaranteed loans (FHA, VA and RHS).

Throughout the study the loans with a spread are compared and contrasted with loans without a spread. Loans with a spread are considered higher-priced subprime rate loans and loans without a spread are considered lower cost prime rate loans. By using the same criteria i.e., property type, loan type, loan purpose and occupancy, the analysis makes apple-to-apple comparisons.

The study describes the overall distribution of the frequency of subprime rate loans for 2006 for each Congressional District of the 110th Congress. Congressional districts with a high volume and/or percent of subprime rate loans are projected to have a higher risk of mortgage defaults and foreclosures, i.e., high risk congressional districts. By combining a race factor with high risk congressional districts, the report shows not only where, but who is more likely to be affected by the subprime mortgage meltdown. Race and ethnicity is limited to White, Black, and Hispanic race/ethnicity categories. Asian, Native American, Hawaiian, Multi-race, unknown and Not Available (NA) race categories are excluded.

To identify those congressional districts at greater risk of future defaults and foreclosures the report analyzes the 2006 loans in the following ways:

1. Segmentation of congressional districts by the number of prime and subprime rate loans.

2. Segmentation of congressional districts by the percent of prime and subprime rate loans.

3. Identification of **high risk** congressional districts determined by the concentration of high numbers and high percentages of subprime rate loans that could increase the risk of mortgage defaults and foreclosures.

4. Segmentation of these activities by race for White, Black and Hispanic borrowers. (Different stratifications are used for each racial group to identify congressional districts with a high volume and proportion of subprime rate loans. All figures include descriptive information such as the full name and party affiliation of each congressional representative from each district and the congressional district number. Cutoffs are driven largely by the different racial distribution patterns. For example, because Whites have much larger counts of subprime rate loans, the White cutoff for high volume congressional districts is 5,000 loans, compared to 4,000 for Hispanics, and 3,000 for Blacks.)

5. Finally, to measure the disparity in the distribution of subprime rate loans for minorities (Blacks and Hispanics) compared to non-Hispanic Whites, a Subprime Disparity Index (SDI™) is used. For example, in congressional district CA-06 Lynn C. Woolsley (D), the Hispanic percent of subprime rate loans was 35.63% compared to 7.26% for non-Hispanic Whites. Thus the SDI™ was 4.91, indicating that Hispanics in CA-06 had subprime rate loans 4.91 times the rate of non-Hispanic Whites..

In each figure congressional districts are color coded to reflect whether the congressional representative is a member of the Congressional Black Caucus (CBC), Congressional Hispanic Caucus (CHC) or non-caucus members. Members of the CBC and CHC represent many of the largest and most populated urban centers in the country, together with some of the most expansive and rural congressional districts in the nation. This geographic and demographic proxy is important by focusing the reader's attention to the racial and ethnic makeup of each congressional district. Maps of each congressional district can be viewed by clicking on the following link: http://nationalatlas.gov/printable/congress.html#list.

The data in **FIGURE 1** shows congressional districts with the highest number of high-cost subprime rate loans. With a threshold defined as 10,000 or greater subprime rate loans, the data returned a total of 44 congressional districts.

The figure includes the name of each congressional representative, their political party and caucus affiliation, if any. The data illustrates that congressional districts with high-numbers of subprime rate loans are represented by members in both parties; 23 districts are Democratic and 21 are Republican. Within these districts, 30 of the 44 representatives are not affiliated with the Black or Hispanic Caucus. This suggests that these districts are represented by non-minorities or Republicans, who do not caucus around racial identity.

Of the five districts with the highest number of subprime rate loans, one is represented by a Democrat, four are represented by Republicans. Totals for these districts are nearly twice the 10,000 threshold for defining "high count districts."

1. Florida's 23rd District {(Alcee L. Hastings (D)} (CBC) with 19,637 subprime rate loans.
2. Arizona's 2nd District {Trent Franks (R)}, with 19,401 subprime rate loans.
3. Florida's 25th District {Mario Diaz-Balart (R)} with 19,381 subprime rate loans.
4. California's 41st District {Jerry Lewis (R)} with 19,172 subprime rate loans.
5. California's 45th District {Mary Bono (R)} with 18,954 subprime rate loans.

When subprime rate loan activity is measured as a percentage of overall lending in the district, a different pattern appears. Figure 2 identifies districts with the highest proportion of subprime rate loans in relation to overall lending activity. In contrast to the results by sheer volume in Figure 1, the districts with high subprime concentrations are represented by minority caucus members.

1. Illinois 2nd District {Jesse Jackson, Jr. (D)} (CBC) Subprime rate loans at 60.55% (14,114 of 23,309 total loans).
2. Florida's 17th District {Kendrick Meek (D)} (CBC) Subprime rate loans at 50.86% (17,596 of 34,596 total loans).
3. Illinois 1st District {Bobby L. Rush (D)} (CBC) Subprime rate loans at 49.80% (12,435 of 24,971 total loans)
4. Arizona's 4th District {Ed Pastor (D)} (CHC) Subprime rate loans at 49.13% (16,614 of 33,318 total loans)
5. Missouri's 1st District {William Lacy Clay (D)} (CBC) Subprime rate loans at 48.91% (10,040 of 20,528 total loans)

FIGURE 1: CONGRESSIONAL DISTRICTS WITH THE HIGHEST NUMBER OF SUBPRIME RATE LOANS

	# Prime Loans	# Subprime Lo..	% Subprime
FL-23 Alcee L. Hastings (D)	26,141	19,637	42.90%
AZ-02 Trent Franks (R)	43,908	19,401	30.64%
FL-25 Mario Diaz-Balart (R)	24,239	19,381	44.43%
CA-41 Jerry Lewis (R)	31,994	19,172	37.47%
CA-45 Mary Bono (R)	37,367	18,954	33.65%
MD-04 Albert Russell Wynn (D)	29,781	18,953	38.89%
FL-17 Kendrick Meek (D)	17,000	17,596	50.86%
CA-43 Joe Baca (D)	24,116	17,289	41.76%
CA-25 Howard P. "Buck" McKeon (R)	29,317	16,766	36.38%
AZ-04 Ed Pastor (D)	17,199	16,614	49.13%
AZ-07 Raul Grijalva (D)	29,065	16,324	35.96%
MD-05 Steny H. Hoyer (D)	30,674	16,312	34.72%
NV-03 Jon Porter (R)	39,512	15,554	28.25%
FL-03 Corrine Brown (D)	20,601	15,050	42.21%
NV-01 Shelley Berkley (D)	25,178	14,922	37.21%
MD-02 C.A. "Dutch" Ruppersberger (D)	24,854	14,335	36.58%
IL-02 Jesse L. Jackson, Jr. (D)	9,195	14,114	60.55%
FL-14 Connie Mack IV (R)	26,370	14,071	34.79%
FL-12 Adam H. Putnam (R)	22,031	13,950	38.77%
FL-20 Debbie Wasserman Schultz (D)	25,805	13,851	34.93%
AZ-06 Jeff Flake (R)	36,710	13,849	27.39%
FL-21 Lincoln Diaz-Balart (R)	18,463	13,327	41.92%
CA-44 Ken Calvert (R)	31,674	13,271	29.53%
CA-22 Kevin McCarthy (R)	27,925	13,263	32.20%
FL-08 Ric Keller (R)	26,113	13,126	33.45%
FL-19 Robert Wexler (D)	26,036	13,125	33.52%
FL-15 Dave Weldon (R)	24,870	12,774	33.93%
FL-11 Kathy Castor (D)	18,014	12,761	41.47%
CA-49 Darrell Issa (R)	33,316	12,563	27.38%
CA-18 Dennis Cardoza (D)	22,036	12,522	36.23%
FL-24 Tom Feeney (R)	28,387	12,482	30.54%
IL-01 Bobby L. Rush (D)	12,536	12,435	49.80%
FL-22 Ron Klein (D)	28,815	12,179	29.71%
FL-16 Mark Foley (R)	23,176	11,565	33.29%
FL-16 Tim Mahoney (D)	23,176	11,565	33.29%
FL-18 Ileana Ros-Lehtinen (R)	17,706	11,327	39.01%
MD-03 John Sarbanes (D)	27,213	11,290	29.32%
FL-05 Ginny Brown-Waite (R)	25,461	11,262	30.67%
CA-20 Jim Costa (D)	15,238	11,134	42.22%
GA-13 David Scott (D)	16,849	11,112	39.74%
FL-07 John L. Mica (R)	25,726	10,954	29.86%
AZ-03 John Shadegg (R)	31,760	10,884	25.52%
VA-03 Robert C. Scott (D)	14,897	10,737	41.89%
MO-01 William Lacy Clay (D)	10,488	10,040	48.91%

Caucus: Null, CBC, CHC

Sum of Loans Prime, sum of Loans Subprime and % Subprime for each DistrictName. Color shows details about Caucus: CBC=Congressional Black Caucus; CHC=Congressional Hispanic Caucus; Null=Neither

Source: *2006 HMDA Data and Census Boundaries for 110th Congress Compiled with LendingPatterns™*

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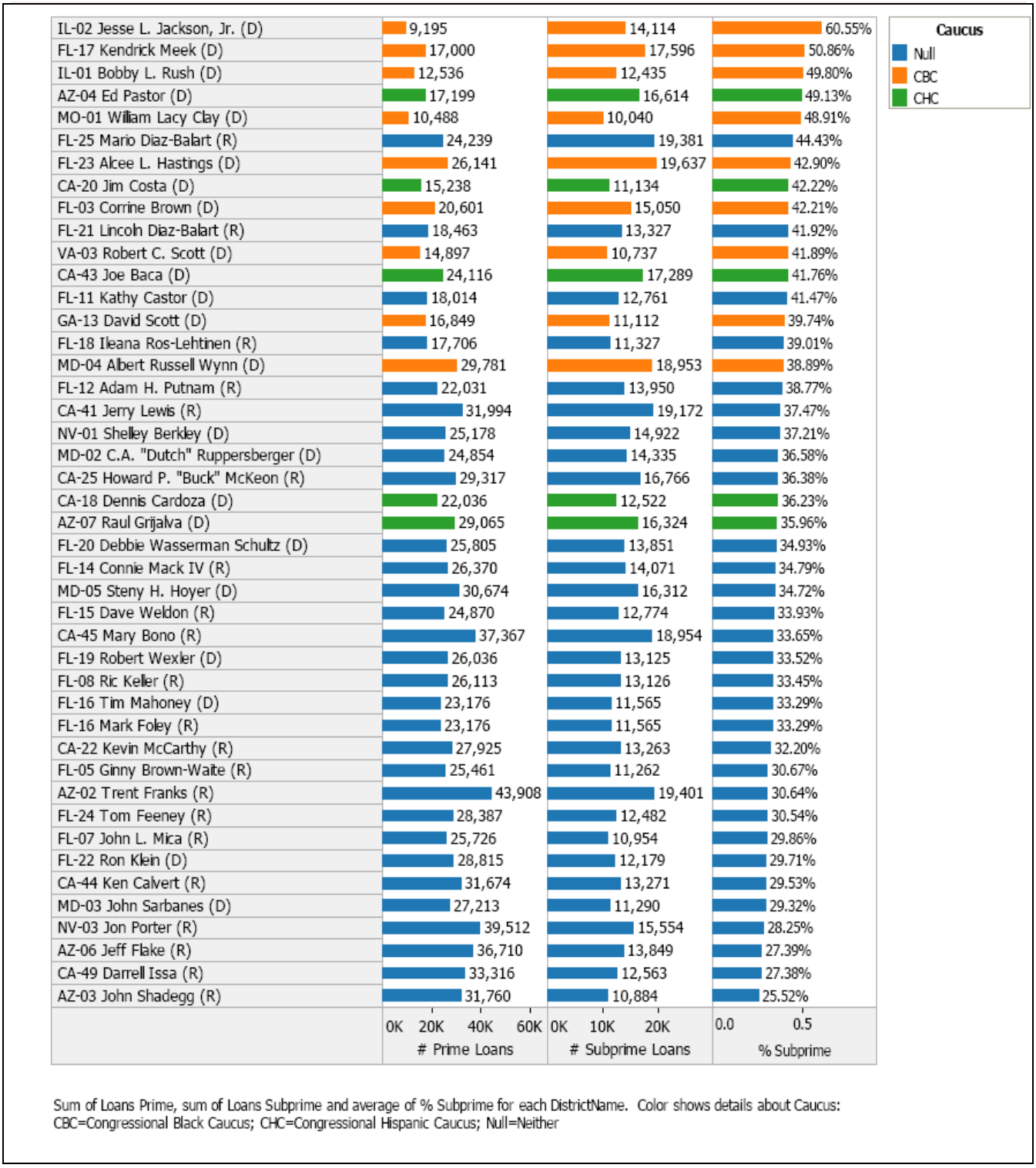
FIGURE 2: CONGRESSIONAL DISTRICTS WITH THE HIGHEST PERCENT OF SUBPRIME RATE LOANS



Source: *2006 HMDA Data and Census Boundaries for 110th Congress Compiled with LendingPatterns™*

STATES WITH A HIGH NUMBER AND PERCENT OF SUBPRIME RATE LOANS

Figure 3 shows congressional districts in states with a high number ***and*** high percent of subprime rate loans, defined herein as "high risk" congressional districts. Included are states with the highest concentration of congressional districts with quantities greater than 10,000 subprime rate loans and a percentage rate greater than 25%. The list includes 44 congressional districts from nine states.

- Florida, by a wide margin, had more congressional districts represented with nineteen.
- California had the second largest group of congressional districts with a high volume and high proportion of subprime rate loans with nine.
- Arizona had five congressional districts on the list
- Maryland four.
- Illinois and Nevada had two congressional districts each.
- Finally, Georgia, Missouri and Virginia had one congressional district each.

The high risk congressional districts with high numbers of subprime rate loans can also be grouped by how many congressional districts are high risk districts as a percentage of the total number of districts in each state. Below are the top four states with the highest percent of high risk congressional districts:

1. Florida 76% (nineteen of 25 congressional districts)
2. Nevada 66% (two of three congressional districts)
3. Arizona 62% (five of 8 congressional districts)
4. Maryland 50% (four of 8 congressional districts)

FIGURE 3: STATE CONCENTRATION OF CONGRESSIONAL DISTRICTS WITH THE HIGHEST NUMBER AND PERCENT OF SUBPRIME RATE LOANS

State Concentration of Congressional Districts with > 10,000 Subprime Rate Loans

		# Prime Loa..	# Subprime L..	% Subprime
AZ-02 Trent Franks (R)	Arizona	43,908	19,401	30.64%
AZ-03 John Shadegg (R)	Arizona	31,760	10,884	25.52%
AZ-04 Ed Pastor (D)	Arizona	17,199	16,614	49.13%
AZ-06 Jeff Flake (R)	Arizona	36,710	13,849	27.39%
AZ-07 Raul Grijalva (D)	Arizona	29,065	16,324	35.96%
CA-18 Dennis Cardoza (D)	California	22,036	12,522	36.23%
CA-20 Jim Costa (D)	California	15,238	11,134	42.22%
CA-22 Kevin McCarthy (R)	California	27,925	13,263	32.20%
CA-25 Howard P. "Buck" McKeon (R)	California	29,317	16,766	36.38%
CA-41 Jerry Lewis (R)	California	31,994	19,172	37.47%
CA-43 Joe Baca (D)	California	24,116	17,289	41.76%
CA-44 Ken Calvert (R)	California	31,674	13,271	29.53%
CA-45 Mary Bono (R)	California	37,367	18,954	33.65%
CA-49 Darrell Issa (R)	California	33,316	12,563	27.38%
FL-03 Corrine Brown (D)	Florida	20,601	15,050	42.21%
FL-05 Ginny Brown-Waite (R)	Florida	25,461	11,262	30.67%
FL-07 John L. Mica (R)	Florida	25,726	10,954	29.86%
FL-08 Ric Keller (R)	Florida	26,113	13,126	33.45%
FL-11 Kathy Castor (D)	Florida	18,014	12,761	41.47%
FL-12 Adam H. Putnam (R)	Florida	22,031	13,950	38.77%
FL-14 Connie Mack IV (R)	Florida	26,370	14,071	34.79%
FL-15 Dave Weldon (R)	Florida	24,870	12,774	33.93%
FL-16 Mark Foley (R)	Florida	23,176	11,565	33.29%
FL-16 Tim Mahoney (D)	Florida	23,176	11,565	33.29%
FL-17 Kendrick Meek (D)	Florida	17,000	17,596	50.86%
FL-18 Ileana Ros-Lehtinen (R)	Florida	17,706	11,327	39.01%
FL-19 Robert Wexler (D)	Florida	26,036	13,125	33.52%
FL-20 Debbie Wasserman Schultz (D)	Florida	25,805	13,851	34.93%
FL-21 Lincoln Diaz-Balart (R)	Florida	18,463	13,327	41.92%
FL-22 Ron Klein (D)	Florida	28,815	12,179	29.71%
FL-23 Alcee L. Hastings (D)	Florida	26,141	19,637	42.90%
FL-24 Tom Feeney (R)	Florida	28,387	12,482	30.54%
FL-25 Mario Diaz-Balart (R)	Florida	24,239	19,381	44.43%
GA-13 David Scott (D)	Georgia	16,849	11,112	39.74%
IL-01 Bobby L. Rush (D)	Illinois	12,536	12,435	49.80%
IL-02 Jesse L. Jackson, Jr. (D)	Illinois	9,195	14,114	60.55%
MD-02 C.A. "Dutch" Ruppersberger (D)	Maryland	24,854	14,335	36.58%
MD-03 John Sarbanes (D)	Maryland	27,213	11,290	29.32%
MD-04 Albert Russell Wynn (D)	Maryland	29,781	18,953	38.89%
MD-05 Steny H. Hoyer (D)	Maryland	30,674	16,312	34.72%
MO-01 William Lacy Clay (D)	Missouri	10,488	10,040	48.91%
NV-01 Shelley Berkley (D)	Nevada	25,178	14,922	37.21%
NV-03 Jon Porter (R)	Nevada	39,512	15,554	28.25%
VA-03 Robert C. Scott (D)	Virginia	14,897	10,737	41.89%
		0K 80K	0K 30K	0.0 0.5 1.0

Caucus
- Null
- CBC
- CHC

Sum of Loans Prime, sum of Loans Subprime and sum of % Subprime for each State broken down by DistrictName.
Color shows details about Caucus: CBC=Congressional Black Caucus; CHC=Congressional Hispanic Caucus; Null=Neither

Source: *2006 HMDA Data and Census Boundaries for 110th Congress Compiled with LendingPatterns™*

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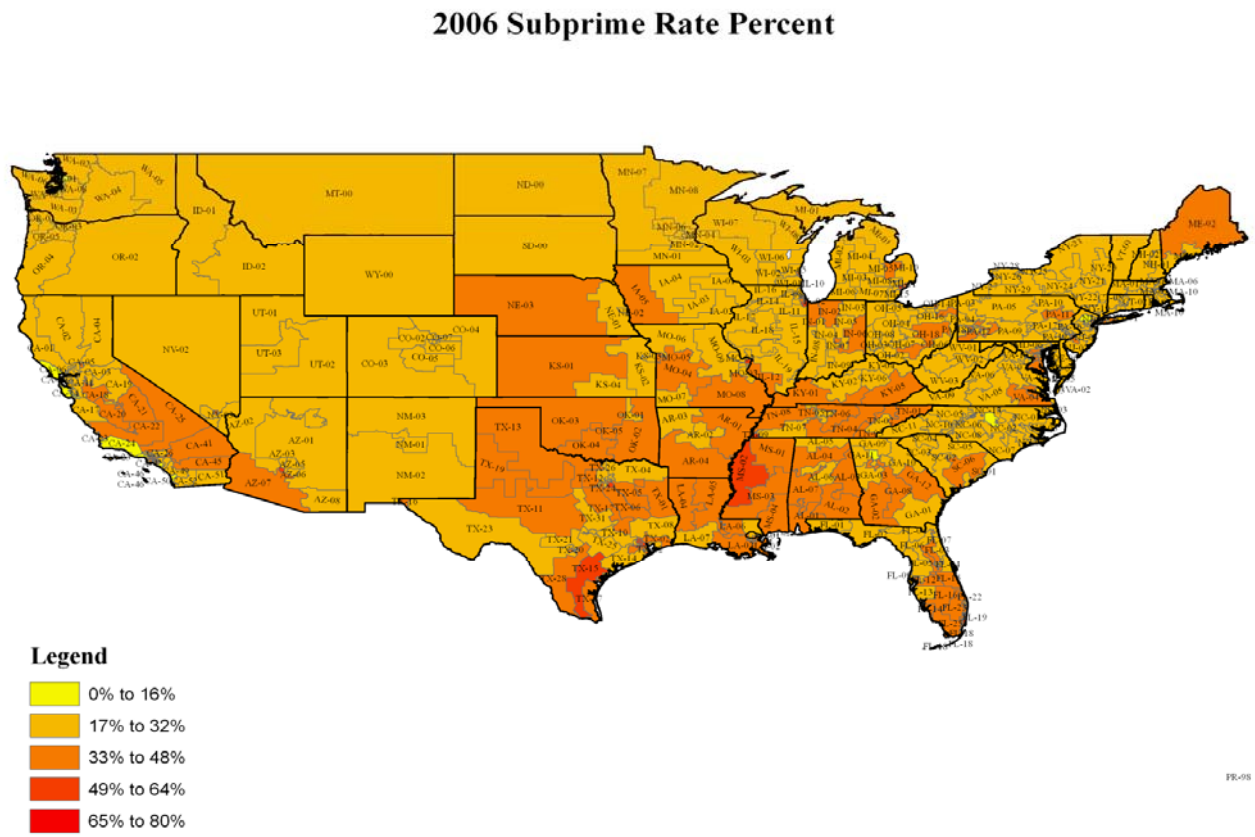
U.S. MAPS SHOWING INCIDENCE OF SUBPRIME RATE LENDING BY RACE

FIGURES 4-7 are maps created by ComplianceTech using congressional district boundaries of the 110th Congress. The maps show congressional districts by the percent of subprime rate loans. The map enables the viewer to see pockets of high frequencies of subprime rate lending that may or may not currently be on the foreclosure radar screen. For example, the map illustrates high frequencies of subprime loans in Midwestern and southeastern states and in Maine.

FIGURE 4: MAP OF 2006 OVERALL SUBPRIME PERCENT



Source: *ComplianceTech*

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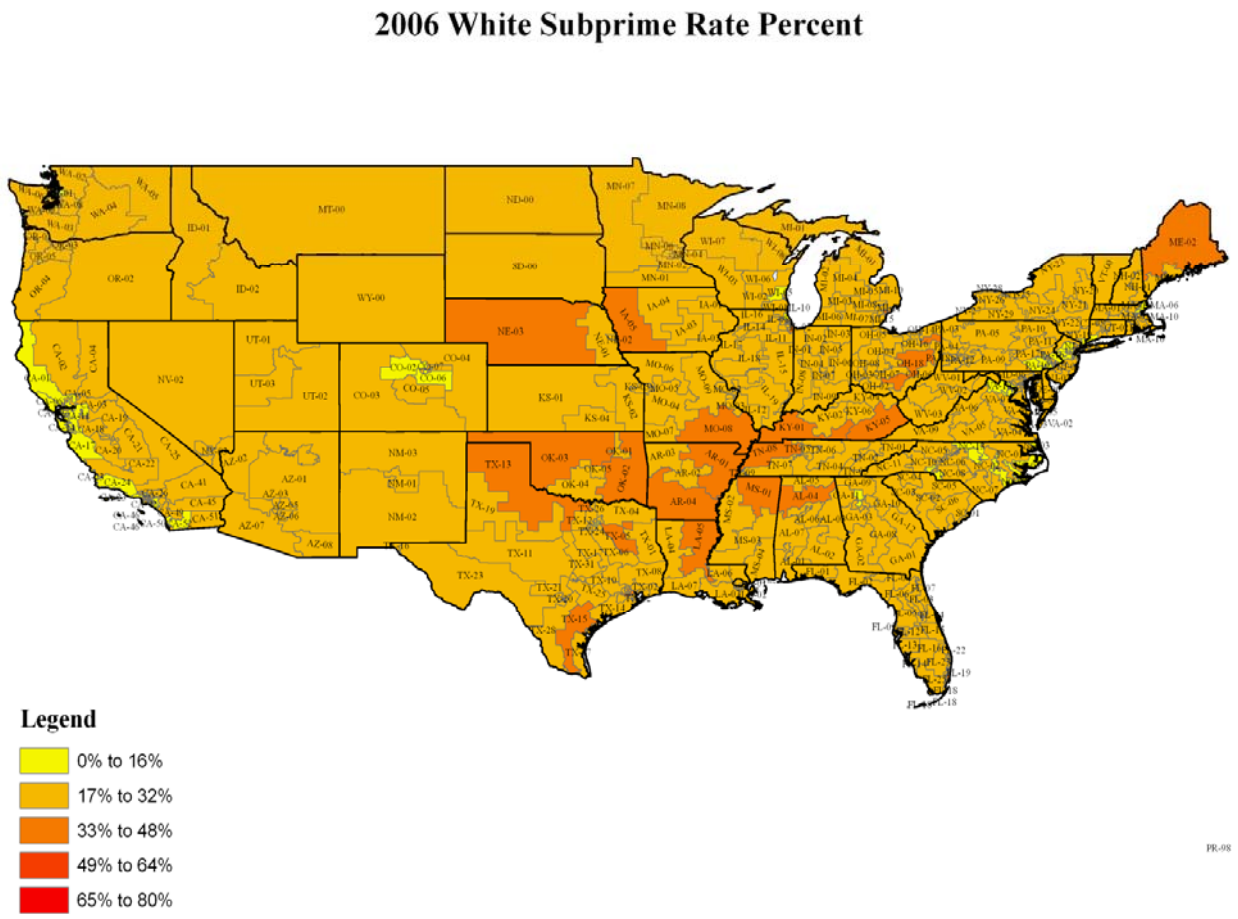
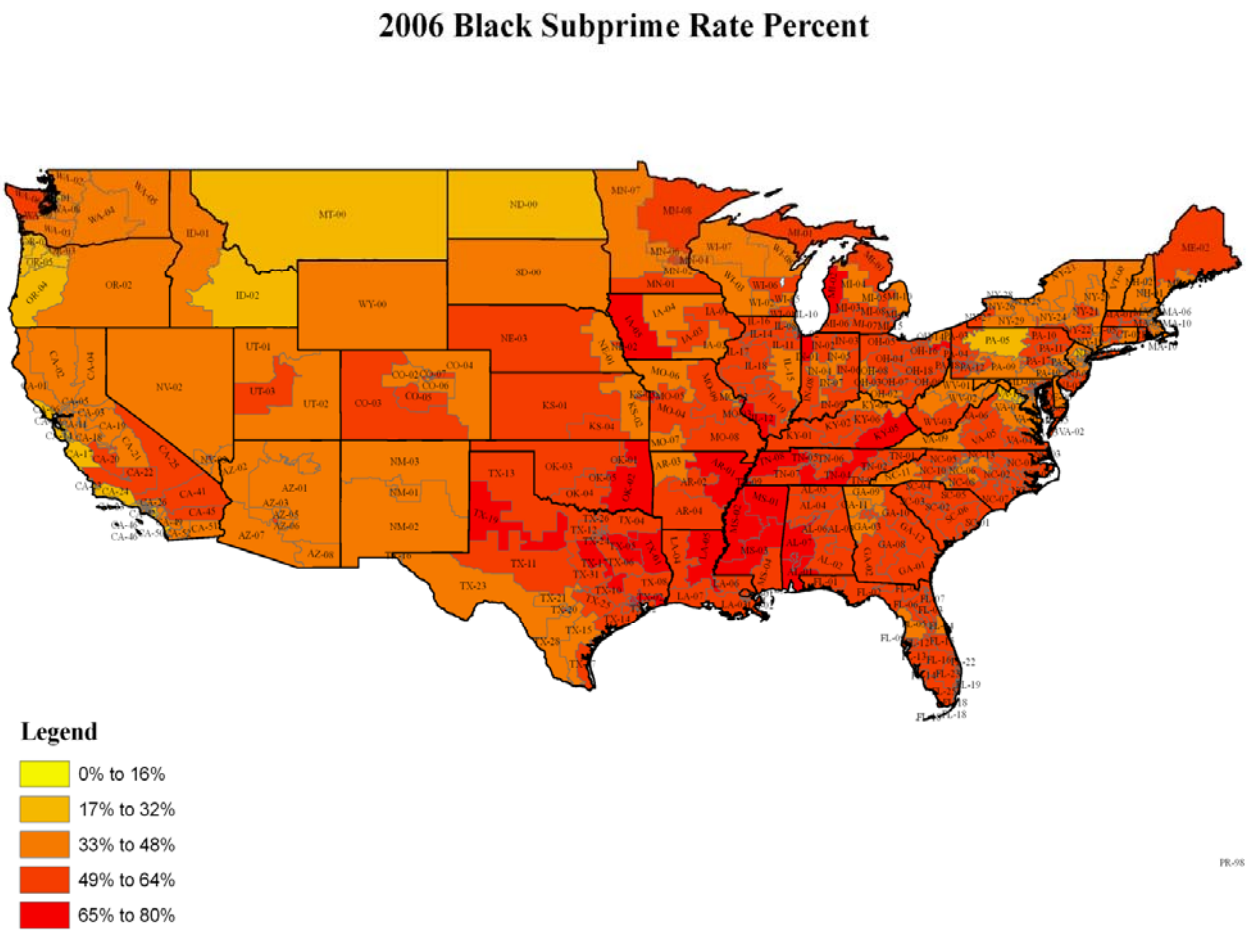
FIGURE 5: WHITE MAP BY 2006 SUBPRIME RATE PERCENT



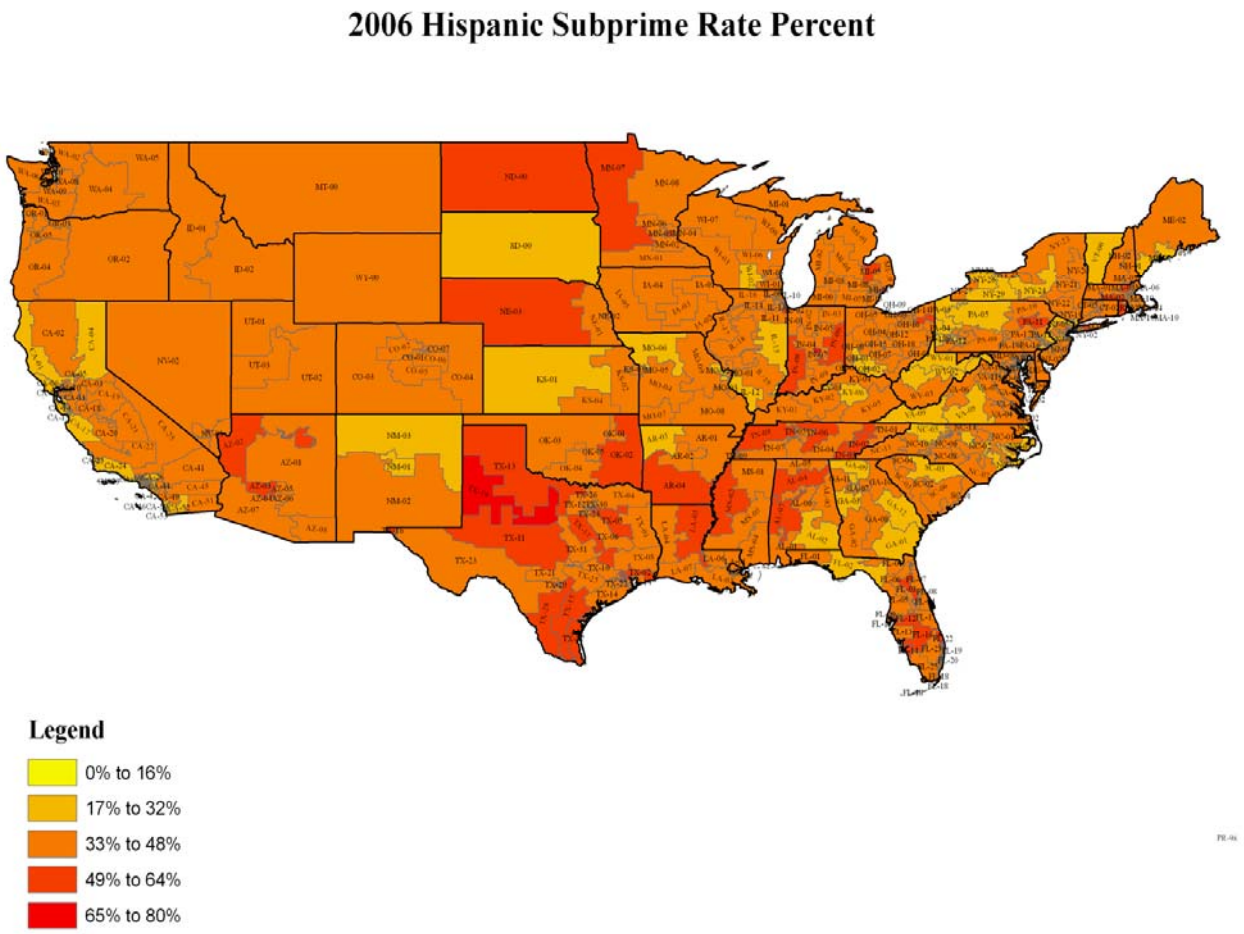
Source: *ComplianceTech*

FIGURE 6: BLACK MAP BY 2006 SUBPRIME RATE PERCENT



Source: *ComplianceTech*

FIGURE 7: HISPANIC MAP BY 2006 SUBPRIME RATE PERCENT



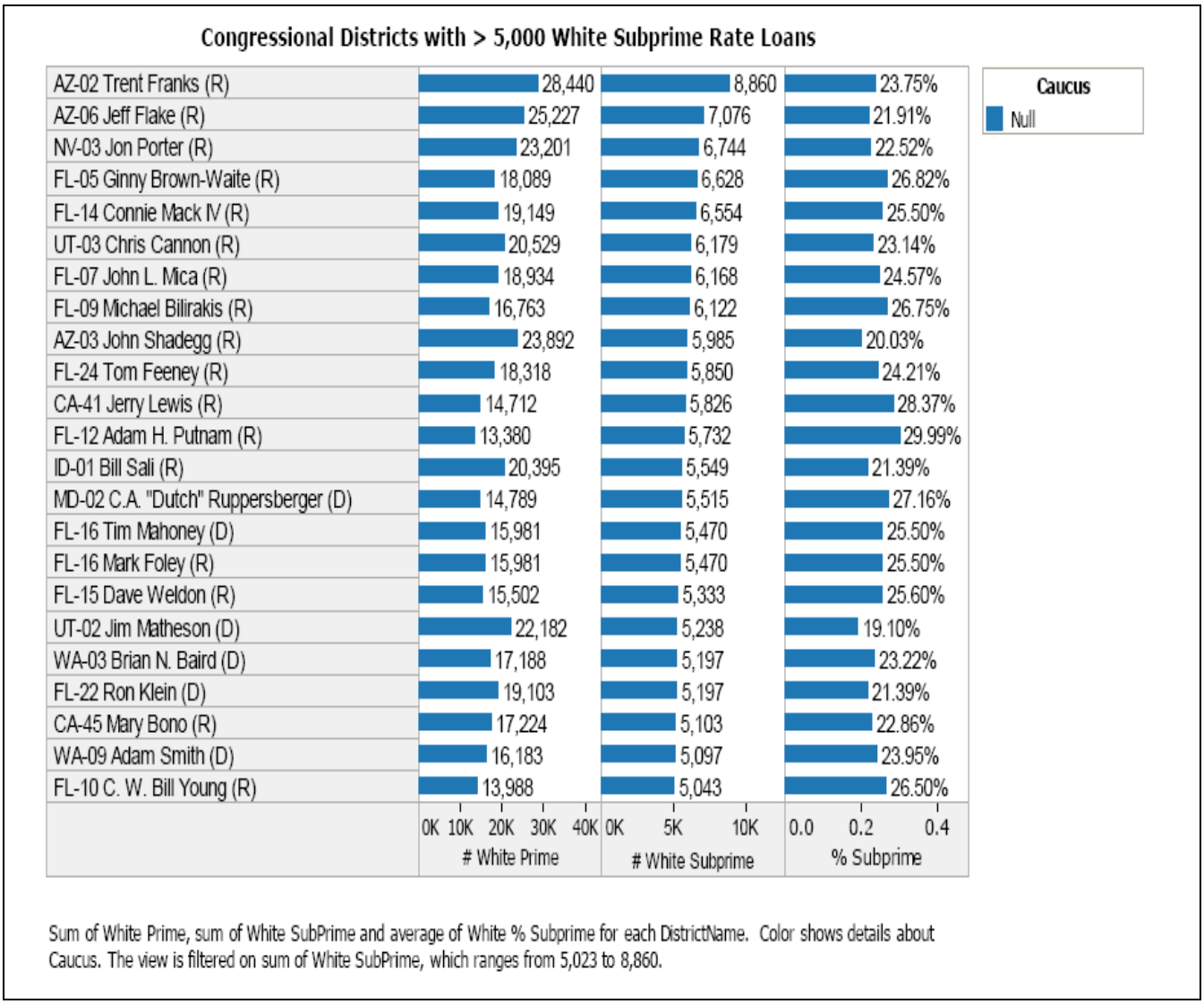
Source: *ComplianceTech*

ON ONE HAND, WHITES EXPERIENCED SUBPRIME RATE LENDING LESS OFTEN THAN BLACKS AND HISPANICS. ON THE OTHER HAND, WHITES HAD A FAR LARGER NUMBER OF SUBPRIME RATE LOANS THAN ANY OTHER RACIAL GROUP IN 2006.

Figure 8 identifies congressional districts with a high number of White subprime rate loans. All things being equal, these congressional districts are more at risk of increased White mortgage defaults and foreclosures.

Figure 8 lists 23 congressional districts that had greater than 5,000 White higher cost subprime rate loans. In these districts, the percent of subprime rate lending ranged from 19% to 30%.

FIGURE 8: CONGRESSIONAL DISTRICTS WITH WHITE SUBPRIME RATE LOANS >5,000



Source: *2006 HMDA Data and Census Boundaries for 110th Congress Compiled with LendingPatterns™*

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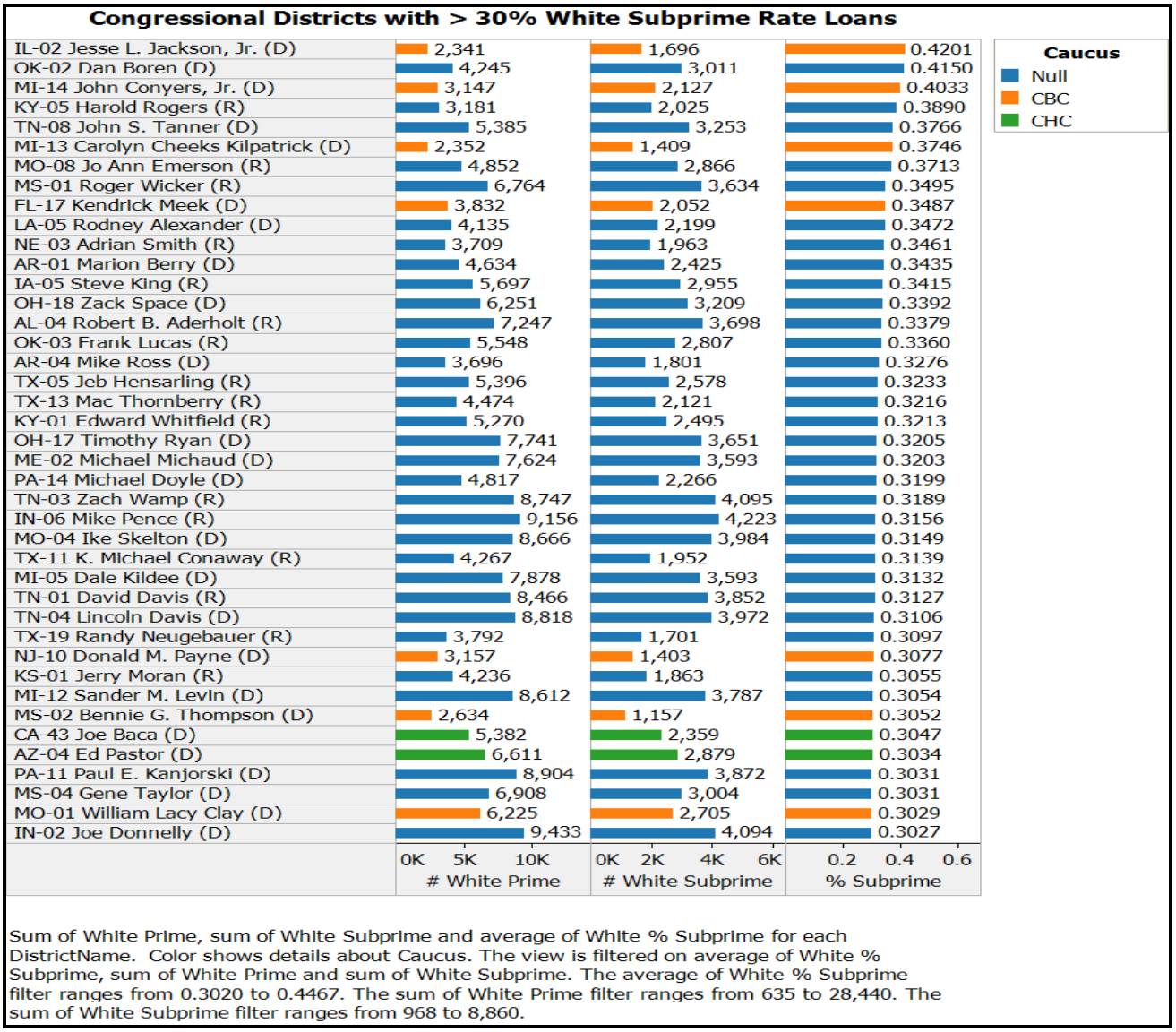
The top two congressional districts with White subprime rate loans are AZ-02 Trent Franks (R) and AZ-06 Jeff Flake (R) that had 8,860 and 7,076, White subprime rate loans, respectively. NV-03 Jon Porter (R) is listed third with 6,744 White subprime rate loans. Almost half of the high volume subprime rate lending to Whites took place in Florida where 11 of the 23 congressional districts made the list of congressional districts with more than 5,000 White subprime rate loans.

Figure 9 lists congressional districts where the proportion of subprime rate loans to Whites exceeded 30%. Nine of the 41 congressional districts listed or 21.95% are represented by members of the Black Caucus and/or the Hispanic Caucus.

FIGURE 9: CONGRESSIONAL DISTRICTS WITH HIGH PERCENT OF WHITE SUBPRIME RATE LOANS >30%



Source: *2006 HMDA Data and Census Boundaries for 110th Congress Compiled with LendingPatterns™*

Figure 10 is the state concentration of congressional districts with greater than 4,000 White subprime rate loans where the proportion was greater than 20%. These states and congressional districts with a high incidence and high proportion of subprime rate loans are more at risk of future mortgage defaults and foreclosures. The list includes: Arizona, California, Florida, Georgia, Idaho, Illinois, Indiana, Maryland, Michigan, Minnesota, Missouri, Nevada, Tennessee, Utah, Washington and Wisconsin.

FIGURE 10: STATES WITH HIGHER RISK OF WHITE DEFAULTS AND FORECLOSURES

State Concentration of Congressional Districts with Higher Risk of White Defaults and Foreclosures (> 4,000 and > 20% Subprime)

		# White Prime	# White SubPrime	% Subprime
AZ-02 Trent Franks (R)	Arizona	28,440	8,860	23.75%
AZ-06 Jeff Flake (R)	Arizona	25,227	7,076	21.91%
AZ-07 Raul Grijalva (D)	Arizona	13,497	4,327	24.28%
CA-22 Kevin McCarthy (R)	California	14,382	4,062	22.02%
CA-41 Jerry Lewis (R)	California	14,712	5,826	28.37%
CA-45 Mary Bono (R)	California	17,224	5,103	22.86%
FL-03 Corrine Brown (D)	Florida	11,765	4,991	29.79%
FL-04 Ander Crenshaw (R)	Florida	14,015	4,151	22.85%
FL-05 Ginny Brown-Waite (R)	Florida	18,089	6,628	26.82%
FL-06 Cliff Stearns (R)	Florida	13,013	4,377	25.17%
FL-07 John L. Mica (R)	Florida	18,934	6,168	24.57%
FL-08 Ric Keller (R)	Florida	15,177	4,926	24.50%
FL-09 Michael Bilirakis (R)	Florida	16,763	6,122	26.75%
FL-10 C. W. Bill Young (R)	Florida	13,988	5,043	26.50%
FL-11 Kathy Castor (D)	Florida	10,232	4,111	28.66%
FL-12 Adam H. Putnam (R)	Florida	13,380	5,732	29.99%
FL-13 Vern Buchanan (R)	Florida	15,612	4,448	22.17%
FL-14 Connie Mack IV (R)	Florida	19,149	6,554	25.50%
FL-15 Dave Weldon (R)	Florida	15,502	5,333	25.60%
FL-16 Mark Foley (R)	Florida	15,981	5,470	25.50%
FL-16 Tim Mahoney (D)	Florida	15,981	5,470	25.50%
FL-19 Robert Wexler (D)	Florida	14,801	4,566	23.58%
FL-22 Ron Klein (D)	Florida	19,103	5,197	21.39%
FL-23 Alcee L. Hastings (D)	Florida	10,701	4,405	29.16%
FL-24 Tom Feeney (R)	Florida	18,318	5,850	24.21%
GA-09 Charles Norwood (R)	Georgia	14,902	4,223	22.08%
ID-01 Bill Sali (R)	Idaho	20,395	5,549	21.39%
IL-08 Melissa L. Bean (D)	Illinois	18,004	4,856	21.24%
IL-11 Jerry Weller (R)	Illinois	14,517	4,738	24.61%
IL-13 Judy Biggert (R)	Illinois	18,323	4,711	20.45%
IL-14 J. Dennis Hastert (R)	Illinois	17,446	4,509	20.54%
IL-16 Donald A. Manzullo (R)	Illinois	13,004	4,576	26.03%
IN-02 Joe Donnelly (D)	Indiana	9,433	4,094	30.27%
IN-04 Steve Buyer (R)	Indiana	13,417	4,470	24.99%
IN-05 Dan Burton (R)	Indiana	16,131	4,800	22.93%
IN-06 Mike Pence (R)	Indiana	9,156	4,223	31.56%
MD-02 C.A. "Dutch" Ruppersberger (D)	Maryland	14,789	5,515	27.16%
MI-07 John J. H. "Joe" Schwarz (R)	Michigan	10,280	4,137	28.70%
MN-06 Michele Bachman (R)	Minnesota	16,379	4,383	21.11%
MN-08 James L. Oberstar (D)	Minnesota	10,344	4,046	28.12%
MO-03 Russ Carnahan (D)	Missouri	13,920	4,671	25.13%
MO-06 Sam Graves (R)	Missouri	11,805	4,389	27.10%
MO-07 Roy Blunt (R)	Missouri	11,666	4,481	27.75%
NV-01 Shelley Berkley (D)	Nevada	13,136	4,844	26.94%
NV-03 Jon Porter (R)	Nevada	23,201	6,744	22.52%
TN-02 John J. Duncan, Jr. (R)	Tennessee	11,779	4,716	28.59%
TN-03 Zach Wamp (R)	Tennessee	8,747	4,095	31.89%
TN-06 Bart Gordon (D)	Tennessee	11,215	4,732	29.67%
UT-01 Rob Bishop (R)	Utah	17,670	4,606	20.68%
UT-03 Chris Cannon (R)	Utah	20,529	6,179	23.14%
WA-02 Rick Larsen (D)	Washington	17,031	4,619	21.33%
WA-03 Brian N. Baird (D)	Washington	17,188	5,197	23.22%
WA-06 Norman D. Dicks (D)	Washington	13,209	4,652	26.05%
WA-09 Adam Smith (D)	Washington	16,183	5,097	23.95%
WI-01 Paul Ryan (R)	Wisconsin	14,874	4,260	22.26%

Caucus: Null, CBC, CHC

Sum of White Prime, sum of White Subprime and average of White % Subprime for each State broken down by DistrictName. Color shows details about Caucus. The view is filtered on sum of White Subprime, which ranges from 4,000 to 8,860.

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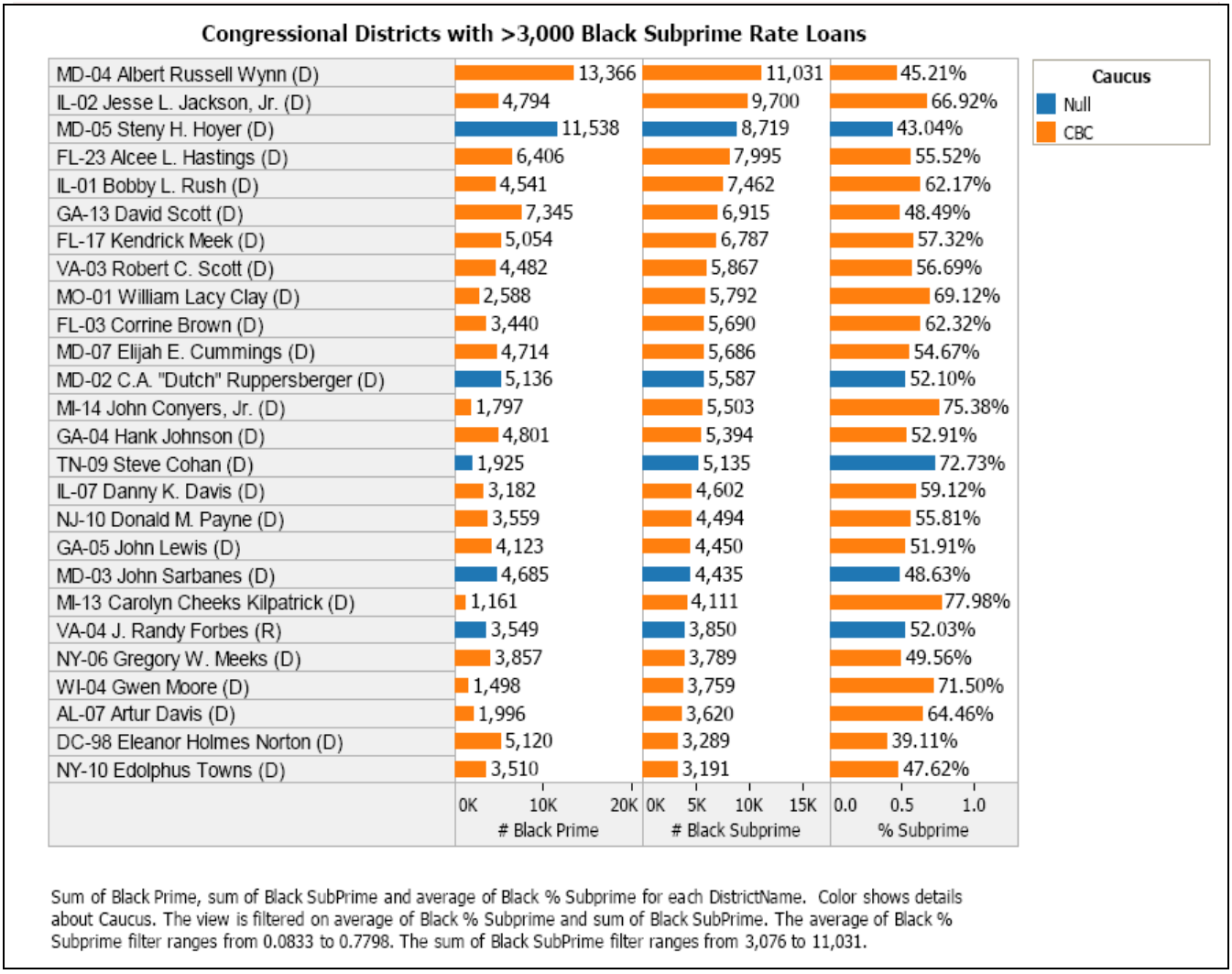
Arizona has 8 congressional districts, 4 led by Republicans and 4 by Democrats. All 4 of the Republican congressional representatives voted no on HERA. Three congressional districts from California are high risk districts for White defaults and foreclosures, only CA-22 Kevin McCarthy (R) voted no; CA-41 Jerry Lewis (R) and CA-45 Mary Bono voted yes.

Florida had the largest number of high risk congressional districts for White defaults and foreclosures. Two of the 19 congressional districts are represented by Democrats, FL -03 Corrine Brown (D) and FL-23 Alcee L. Hastings (D), both voted yes to HERA. Of the remaining 17 Republican districts in Florida 8 voted no, 8 voted yes, and 1 NV.

Congressional districts with more than 3,000 Black subprime rate loans are listed in **Figure 11** . Members of the Black Caucus dominate this list. Only five of the 26 congressional districts or 19.23% have representatives who are not Black Caucus members. Three non-Black Caucus members on the list are from Maryland: MD-05 Steny H. Hoyer (D), MD-02 C.A. "Dutch" Ruppersberger (D), and MD-03 John Sarbanes (D). Maryland has a total of five congressional districts on the list, more than any other state. The other two non-Black Caucus member districts are TN-09 and VA-04. TN-09 Steve Cohan (D) represents Memphis, where the 5,135 or 72.73% of total loans made to Blacks were subprime rate loans. In VA-04 J. Randy Forbes (R) district (includes Petersburg, VA), slightly more than half of the Black loans (52.03%) were subprime rate loans.

FIGURE 11: CONGRESSIONAL DISTRICTS WITH HIGH NUMBER (>3,000) OF BLACK SUBPRIME RATE LOANS

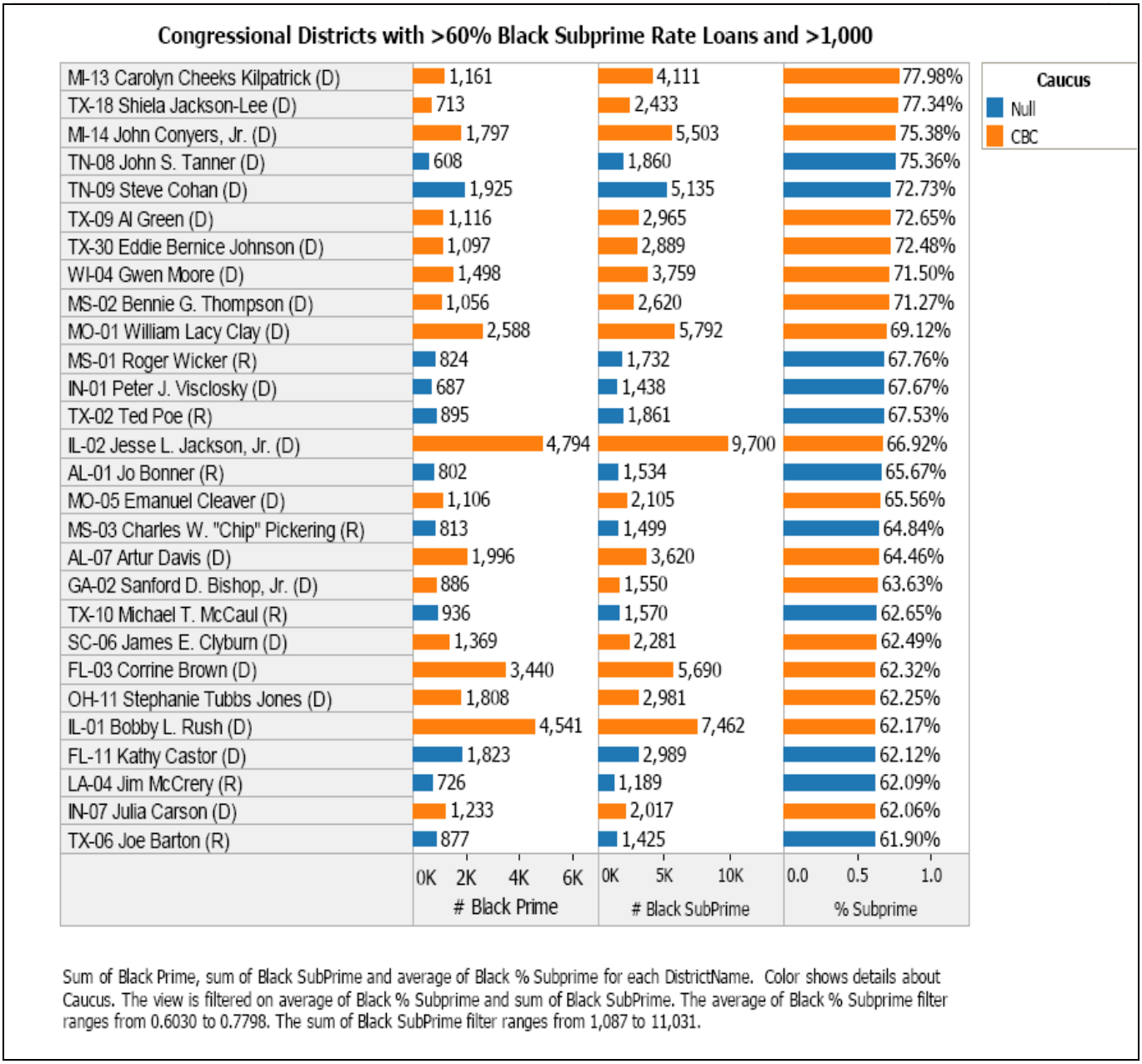


Source: *2006 HMDA Data and Census Boundaries for 110th Congress Compiled with LendingPatterns™*

Of the top five congressional districts two are from Maryland, two are from Illinois and one from Florida. MD-04 Albert Russell Wynn (D) tops the list of congressional districts with more than 3,000 Black subprime rate loans. More than 45% of the Black loans in Congressman Wynn's district were subprime rate loans (11,031). IL-02 Jesse L. Jackson, Jr. (D) was second with 9,700 Black subprime rate loans or 66.92% of total Black loans. MD-05 Steny Hoyer (D) was third with 8,719/43.04% Black subprime rate loans. FL-23 Alcee L. Hasting (D) was fourth where 7,995 or 55.52% of loans made to Blacks were subprime. IL-01 Bobby L. Rush (D) was ranked fifth on the list with 7,462/ 62.17% Black subprime rate loans.

Congressional districts with more than 1,000 Black subprime rate loans with a proportion greater than 60% are shown in **Figure 12**. These congressional districts are reasonably expected to have a higher risk of defaults and foreclosures among Blacks, due to the high number and high percentage of subprime rate loans. This list is also dominated by districts represented by Black Caucus members. MI-13 Carolyn Cheeks Kilpatrick's district has the highest percent of subprime rate loans. Almost 78% of the Black conventional 1st lien, 1-4 family, home purchase or refinance loans in Michigan's 13th district were higher cost subprime rate loans. The 18th district of Texas, (Sheila Jackson-Lee (D)) was second with 2,433 Black subprime rate loans making up 77.34% of the Black loans. Michigan's 14th district (John Conyers Jr. (D)) was third with 5,503 Black subprime rate loans making up 75.38% of the total. Both the 13th and 14th districts are in the Detroit, Michigan metro area.

FIGURE 12: CONGRESSIONAL DISTRICTS WITH HIGHEST NUMBER AND PERCENT OF BLACK SUBPRIME LOANS



Source: *2006 HMDA Data and Census Boundaries for 110th Congress Compiled with LendingPatterns™*

Figure 13 lists the state concentration of congressional districts with a high number and high percent of 2006 Black subprime rate loans. The states with the highest number of congressional districts meeting the threshold for Black subprime rate loans (in parentheses) include Maryland (5), Florida (3), Georgia (3), Illinois (3), Michigan (2), New York (2), Virginia (2), Missouri (1), Alabama (1), New Jersey (1), Tennessee (1), and Wisconsin (1). The data suggests that Black constituents in these congressional districts can expect continued high levels of Black defaults and foreclosures, all things being equal.

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FIGURE 13: STATES WITH A HIGHER RISK OF BLACK DEFAULTS AND FORECLOSURES

State Concentration of Congressional Districts with Higher Risk of Black Defaults and Foreclosures (40% and > 3,000)

		# Black Prime	# Black SubPrime	% Subprime
AL-07 Artur Davis (D)	Alabama	1,996	3,620	64.46%
FL-03 Corrine Brown (D)	Florida	3,440	5,690	62.32%
FL-17 Kendrick Meek (D)	Florida	5,054	6,787	57.32%
FL-23 Alcee L. Hastings (D)	Florida	6,406	7,995	55.52%
GA-04 Hank Johnson (D)	Georgia	4,801	5,394	52.91%
GA-05 John Lewis (D)	Georgia	4,123	4,450	51.91%
GA-13 David Scott (D)	Georgia	7,345	6,915	48.49%
IL-01 Bobby L. Rush (D)	Illinois	4,541	7,462	62.17%
IL-02 Jesse L. Jackson, Jr. (D)	Illinois	4,794	9,700	66.92%
IL-07 Danny K. Davis (D)	Illinois	3,182	4,602	59.12%
MD-02 C.A. "Dutch" Ruppersberger (D)	Maryland	5,136	5,587	52.10%
MD-03 John Sarbanes (D)	Maryland	4,685	4,435	48.63%
MD-04 Albert Russell Wynn (D)	Maryland	13,366	11,031	45.21%
MD-05 Steny H. Hoyer (D)	Maryland	11,538	8,719	43.04%
MD-07 Elijah E. Cummings (D)	Maryland	4,714	5,686	54.67%
MI-13 Carolyn Cheeks Kilpatrick (D)	Michigan	1,161	4,111	77.98%
MI-14 John Conyers, Jr. (D)	Michigan	1,797	5,503	75.38%
MO-01 William Lacy Clay (D)	Missouri	2,588	5,792	69.12%
NJ-10 Donald M. Payne (D)	New Jersey	3,559	4,494	55.81%
NY-06 Gregory W. Meeks (D)	New York	3,857	3,789	49.56%
NY-10 Edolphus Towns (D)	New York	3,510	3,191	47.62%
TN-09 Steve Cohan (D)	Tennessee	1,925	5,135	72.73%
VA-03 Robert C. Scott (D)	Virginia	4,482	5,867	56.69%
VA-04 J. Randy Forbes (R)	Virginia	3,549	3,850	52.03%
WI-04 Gwen Moore (D)	Wisconsin	1,498	3,759	71.50%
		0K 5K 10K 15K 20K	0K 5K 10K 15K	0.0 0.5 1.0

Caucus
- Null
- CBC

Sum of Black Prime, sum of Black Subprime and average of Black % Subprime for each State broken down by DistrictName. Color shows details about Caucus. The view is filtered on average of Black % Subprime and sum of Black Subprime. The average of Black % Subprime filter ranges from 0.4090 to 0.7798. The sum of Black Subprime filter ranges from 3,076 to 11,031.

Source: *2006 HMDA Data and Census Boundaries for 110th Congress Compiled with LendingPatterns™*

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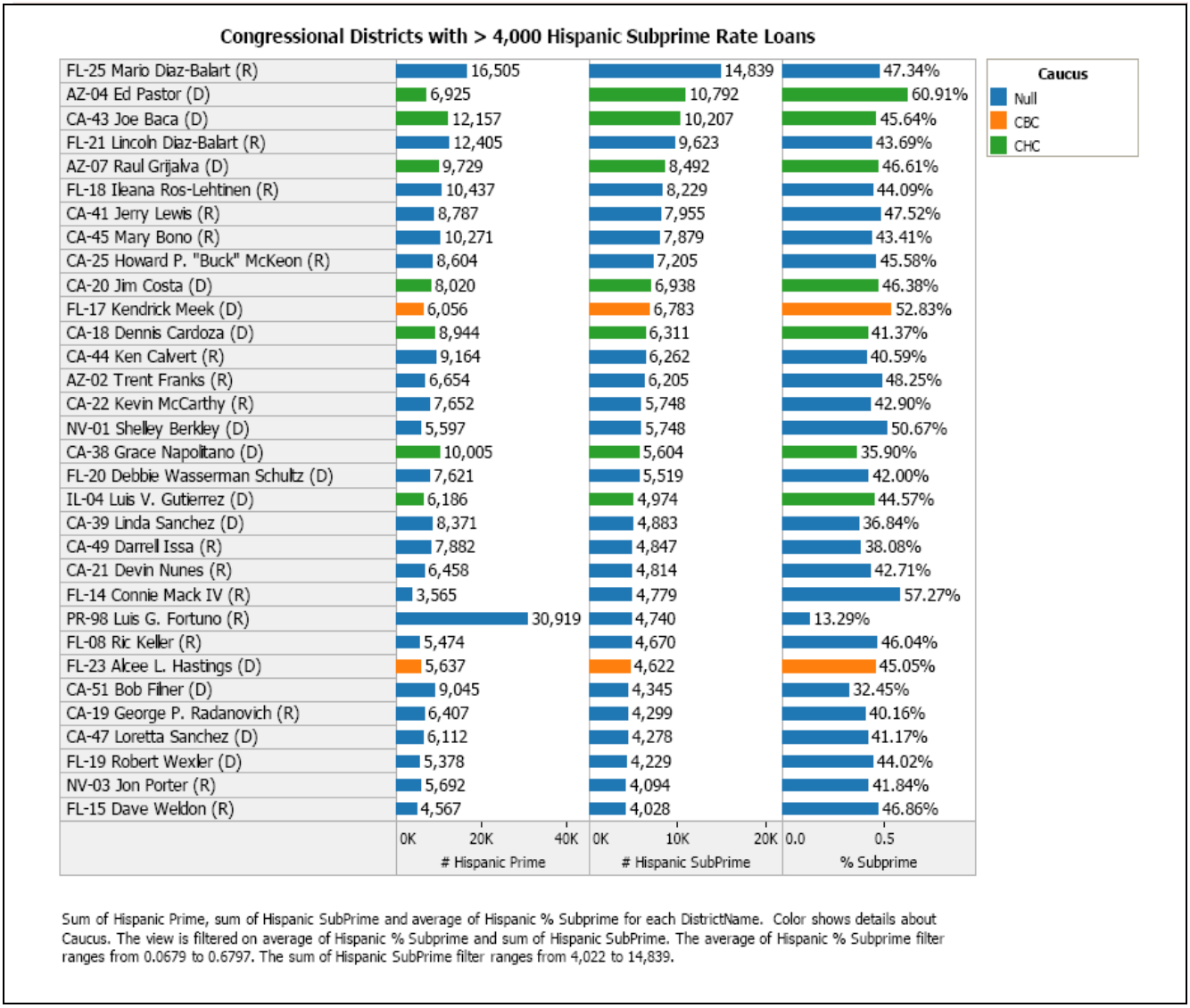
Congressional districts with greater than 4,000 Hispanic subprime rate loans are listed in **FIGURE14.**

The 25th District of Florida represented by Mario Diaz-Balart (R) has the highest number of subprime rate loans at 14,839. This represents 47.34% of all lending to Hispanics in Florida's 25th District. The fourth congressional district in Arizona (Ed Pastor (D)) and the 43rd congressional district of California (Joe Baca (D)) are second and third, respectively with 10,792/10,207 Hispanic subprime rate loans, making up 60.91% and 45.64% of all Hispanic lending in those districts, respectively.

FIGURE14: CONGRESSIONAL DISTRICTS WITH HIGH VOLUME HISPANIC SUBPRIME LOANS >4,000



	# Hispanic Prime	# Hispanic SubPrime	% Subprime
FL-25 Mario Diaz-Balart (R)	16,505	14,839	47.34%
AZ-04 Ed Pastor (D)	6,925	10,792	60.91%
CA-43 Joe Baca (D)	12,157	10,207	45.64%
FL-21 Lincoln Diaz-Balart (R)	12,405	9,623	43.69%
AZ-07 Raul Grijalva (D)	9,729	8,492	46.61%
FL-18 Ileana Ros-Lehtinen (R)	10,437	8,229	44.09%
CA-41 Jerry Lewis (R)	8,787	7,955	47.52%
CA-45 Mary Bono (R)	10,271	7,879	43.41%
CA-25 Howard P. "Buck" McKeon (R)	8,604	7,205	45.58%
CA-20 Jim Costa (D)	8,020	6,938	46.38%
FL-17 Kendrick Meek (D)	6,056	6,783	52.83%
CA-18 Dennis Cardoza (D)	8,944	6,311	41.37%
CA-44 Ken Calvert (R)	9,164	6,262	40.59%
AZ-02 Trent Franks (R)	6,654	6,205	48.25%
CA-22 Kevin McCarthy (R)	7,652	5,748	42.90%
NV-01 Shelley Berkley (D)	5,597	5,748	50.67%
CA-38 Grace Napolitano (D)	10,005	5,604	35.90%
FL-20 Debbie Wasserman Schultz (D)	7,621	5,519	42.00%
IL-04 Luis V. Gutierrez (D)	6,186	4,974	44.57%
CA-39 Linda Sanchez (D)	8,371	4,883	36.84%
CA-49 Darrell Issa (R)	7,882	4,847	38.08%
CA-21 Devin Nunes (R)	6,458	4,814	42.71%
FL-14 Connie Mack IV (R)	3,565	4,779	57.27%
PR-98 Luis G. Fortuno (R)	30,919	4,740	13.29%
FL-08 Ric Keller (R)	5,474	4,670	46.04%
FL-23 Alcee L. Hastings (D)	5,637	4,622	45.05%
CA-51 Bob Filner (D)	9,045	4,345	32.45%
CA-19 George P. Radanovich (R)	6,407	4,299	40.16%
CA-47 Loretta Sanchez (D)	6,112	4,278	41.17%
FL-19 Robert Wexler (D)	5,378	4,229	44.02%
NV-03 Jon Porter (R)	5,692	4,094	41.84%
FL-15 Dave Weldon (R)	4,567	4,028	46.86%

Source: *2006 HMDA Data and Census Boundaries for 110th Congress, Compiled with LendingPatterns™*

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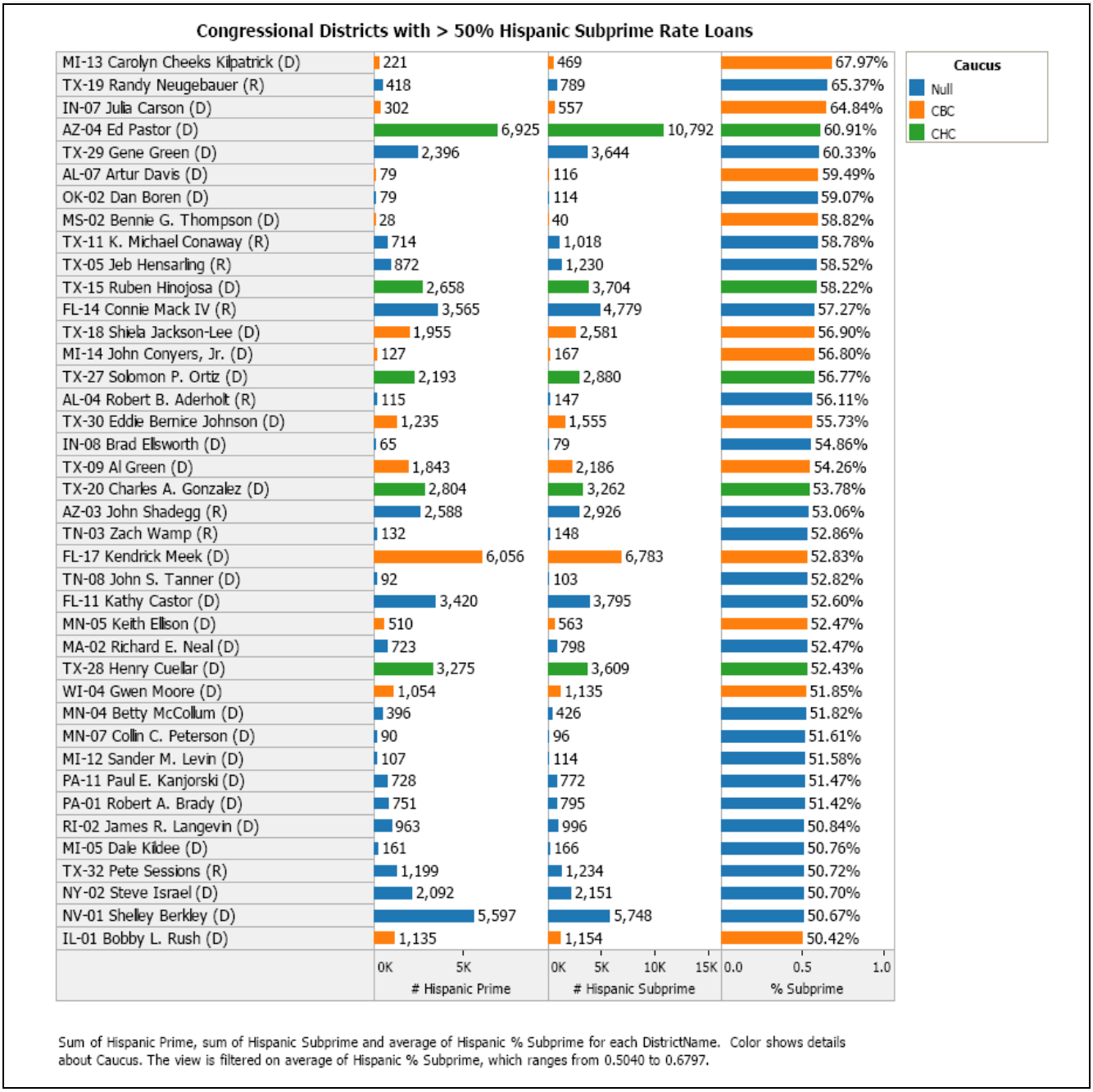
FIGURE **15** lists Congressional Districts with a proportion of Hispanic subprime rate loans greater than 50%. Some congressional districts with a low volume but high percent of Hispanic subprime rate loans are included. For example, Michigan's 13th District (Carolyn Cheeks Kilpatrick (D)) has the highest percent of Hispanic subprime rate loans at 67.97% while the actual number of subprime rate loans was low at 469.

FIGURE 15: CONGRESSIONAL DISTRICTS WITH HIGHEST PERCENT OF HISPANIC SUBPRIME LOANS (>50%)



Source: *2006 HMDA Data and Census Boundaries for 110th Congress, Compiled with LendingPatterns™*

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Listed in **Figure 16** are states with high numbers and percentages of Hispanic subprime rate loans. Seven of these districts are represented by members of the Hispanic Caucus and two are Black Caucus members. These states with higher Hispanic subprime rate lending activity are also those with reports of higher overall defaults and foreclosures. The states included are Arizona, California, Florida, Illinois and Nevada.

FIGURE 16: STATES WITH HIGHEST RISK OF DEFAULTS AND FORECLOSURES FOR HISPANICS

State Concentration of Congressional Districts with Higher Risk of Hispanic Defaults and Foreclosures

		# Hispanic Prime	# Hispanic Subprime	% Subprime
AZ-02 Trent Franks (R)	Arizona	6,654	6,205	48.25%
AZ-04 Ed Pastor (D)	Arizona	6,925	10,792	60.91%
AZ-07 Raul Grijalva (D)	Arizona	9,729	8,492	46.61%
CA-18 Dennis Cardoza (D)	California	8,944	6,311	41.37%
CA-19 George P. Radanovich (R)	California	6,407	4,299	40.16%
CA-20 Jim Costa (D)	California	8,020	6,938	46.38%
CA-21 Devin Nunes (R)	California	6,458	4,814	42.71%
CA-22 Kevin McCarthy (R)	California	7,652	5,748	42.90%
CA-25 Howard P. "Buck" McKeon (R)	California	8,604	7,205	45.58%
CA-38 Grace Napolitano (D)	California	10,005	5,604	35.90%
CA-39 Linda Sanchez (D)	California	8,371	4,883	36.84%
CA-41 Jerry Lewis (R)	California	8,787	7,955	47.52%
CA-43 Joe Baca (D)	California	12,157	10,207	45.64%
CA-44 Ken Calvert (R)	California	9,164	6,262	40.59%
CA-45 Mary Bono (R)	California	10,271	7,879	43.41%
CA-47 Loretta Sanchez (D)	California	6,112	4,278	41.17%
CA-49 Darrell Issa (R)	California	7,882	4,847	38.08%
CA-51 Bob Filner (D)	California	9,045	4,345	32.45%
FL-08 Ric Keller (R)	Florida	5,474	4,670	46.04%
FL-14 Connie Mack IV (R)	Florida	3,565	4,779	57.27%
FL-15 Dave Weldon (R)	Florida	4,567	4,028	46.86%
FL-17 Kendrick Meek (D)	Florida	6,056	6,783	52.83%
FL-18 Ileana Ros-Lehtinen (R)	Florida	10,437	8,229	44.09%
FL-19 Robert Wexler (D)	Florida	5,378	4,229	44.02%
FL-20 Debbie Wasserman Schultz (D)	Florida	7,621	5,519	42.00%
FL-21 Lincoln Diaz-Balart (R)	Florida	12,405	9,623	43.69%
FL-23 Alcee L. Hastings (D)	Florida	5,637	4,622	45.05%
FL-25 Mario Diaz-Balart (R)	Florida	16,505	14,839	47.34%
IL-04 Luis V. Gutierrez (D)	Illinois	6,186	4,974	44.57%
NV-01 Shelley Berkley (D)	Nevada	5,597	5,748	50.67%
NV-03 Jon Porter (R)	Nevada	5,692	4,094	41.84%
		0K 10K 20K	0K 10K 20K	0.0 0.5

Caucus: Null, CBC, CHC

Sum of Hispanic Prime, sum of Hispanic SubPrime and average of Hispanic % Subprime for each State broken down by DistrictName. Color shows details about Caucus. The view is filtered on average of Hispanic % Subprime and sum of Hispanic SubPrime. The average of Hispanic % Subprime filter ranges from 0.3090 to 0.6797. The sum of Hispanic SubPrime filter ranges from 4,022 to 14,839.

Source: *2006 HMDA Data and Census Boundaries for 110th Congress, Compiled with LendingPatterns™*

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There is clear evidence that subprime rate loans are more likely to result in defaults and foreclosures than prime rate loans. Thus, it follows, if some racial groups have a higher incidence of subprime rate loans than other racial groups, the group with the highest incidence is more likely to be hit harder by the subprime mortgage meltdown. Using this analogy Blacks and Hispanics will be hit the hardest by the subprime crisis.

This section explores the extent to which Blacks and Hispanics received subprime rate loans more often than non-Hispanic Whites. A Subprime Disparity Index (SDI) is used to measure the disparities. The SDI is calculated by dividing the minority percent of subprime rate loans by the percent of subprime rate loans made to non-Hispanic Whites; the higher the SDI the worst the disparity. The SDI analysis provides overwhelming evidence that Blacks and Hispanics have a higher incidence of subprime rate loans, in the vast majority of congressional districts, than non-Hispanic Whites. Tables that include the disparity analysis of all congressional districts can be downloaded at www.compliancetech.com. This report summarizes the disparities and isolates the top ten congressional districts with Black and Hispanic subprime incidence disparities.

Figure 17 show that Blacks had three congressional districts each in the SDI groups => 5.00 and => 4.00. Thirty-four congressional districts had a Black SDI greater than or equal to 3.00. Congressional districts with a Black SDI equal to or greater than > 2.00 was the largest group (269). This is followed by 129 congressional districts with a Black SDI greater than or equal to 1.00. Only one congressional district, PA-05 John E. Peterson (R) had a Black SDI less than 1.00, an indication that non-Hispanic Whites had a higher incidence of subprime rate loans than Blacks.

FIGURE 17: BLACK 2006 SDI SUMMARY

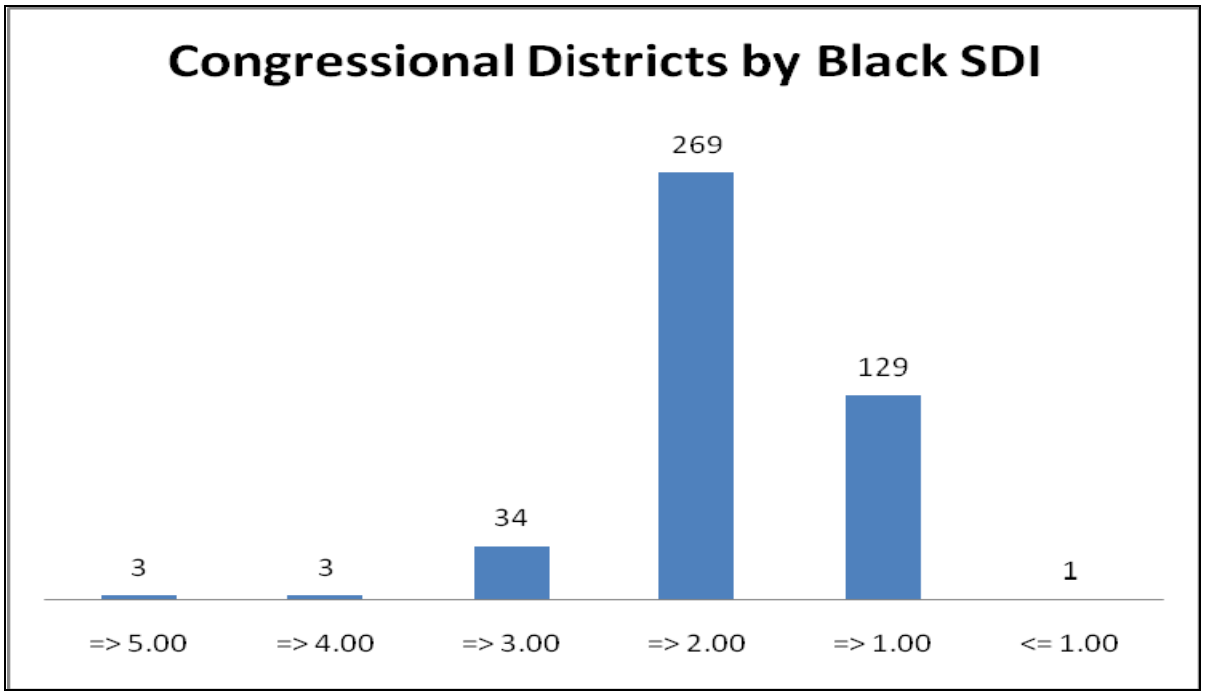

Table 1 shows the top ten congressional districts by Black SDI:

TABLE 1: TOP TEN BLACK SDI CONGRESSIONAL DISTRICTS

Rank	Congressional District Name	Overall % Subprime	White % Subprime	Black Loans	Prime Rate Black	Black Subprime Rate Loans	Black % Subprime	Black SDI
1	DC-98 Eleanor Holmes Norton (D)	24.26%	6.87%	8,409	5,120	3,289	39.11%	5.69
2	NY-15 Charles B. Rangel (D)	7.30%	4.51%	352	265	87	24.72%	5.49
3	GA-05 John Lewis (D)	29.30%	9.93%	8,573	4,123	4,450	51.91%	5.23
4	NC-04 David Price (D)	14.65%	9.38%	3,167	1,868	1,299	41.02%	4.37
5	CA-08 Nancy Pelosi (D)	10.73%	5.71%	573	433	140	24.43%	4.28
6	VA-08 James P. Moran (D)	14.93%	7.26%	2,161	1,513	648	29.99%	4.13
7	CT-04 Christopher Shays (R)	20.71%	12.24%	1,775	932	843	47.49%	3.88
8	TX-32 Pete Sessions (R)	25.67%	15.88%	567	218	349	61.55%	3.88
9	TX-07 John Abney Culberson (R)	25.88%	16.53%	1,717	632	1,085	63.19%	3.82
10	NY-12 Nydia M. Velazquez (D)	26.56%	13.35%	846	419	427	50.47%	3.78

Three of the top ten Black SDI congressional districts had SDIs greater than 5.0. Six of the top ten Black SDI congressional districts also had a White percent of subprime rate loans less than 10%.

Four of the top ten Black SDI congressional districts had more than 1,000 Black subprime rate loans with a Black SDI of 3.87 or higher. The congressional districts meeting the above criteria were: DC-98 Eleanor Holmes Norton (D), GA-05 John Lewis (D), NC-04 David Price (D), AND TX-07 John Abney Culberson (R).

TABLE 2 lists the top ten congressional districts with high volume and high disparities (>3.0) of subprime rate loans. With the exception of IL 07 Danny K. Davis (D), all the other congressional districts are located in the south.

TABLE 2: HIGH VOLUME AND HIGH BLACK SDI CONGRESSIONAL DISTRICTS

Congressional District	Overall % Subprime	White % Subprime	Black Loans	Prime Rate Black	Black Subprime Rate Loans	Black % Subprime	Black SDI
GA-04 Hank Johnson (D)	39.03%	17.17%	10,195	4,801	5,394	52.91%	3.08
TN-09 Steve Cohan (D)	51.60%	24.19%	7,060	1,925	5,135	72.73%	3.01
IL-07 Danny K. Davis (D)	34.37%	16.10%	7,784	3,182	4,602	59.12%	3.67
GA-05 John Lewis (D)	29.30%	9.93%	8,573	4,123	4,450	51.91%	5.23
TX-18 Shiela Jackson-Lee (D)	48.22%	22.76%	3,146	713	2,433	77.34%	3.40
SC-06 James E. Clyburn (D)	34.32%	20.79%	3,650	1,369	2,281	62.49%	3.01
SC-02 Joe Wilson (R)	25.99%	17.84%	3,349	1,473	1,876	56.02%	3.14

Congressional District	Overall % Subprime	White % Subprime	Black Loans	Prime Rate Black	Black Subprime Rate Loans	Black % Subprime	Black SDI
SC-04 Bob Inglis (R)	24.89%	18.84%	2,024	866	1,158	57.21%	3.04
TX-07 John Abney Culberson (R)	25.88%	16.53%	1,717	632	1,085	63.19%	3.82
NC-03 Walter B. Jones (R)	22.42%	15.98%	1,973	963	1,010	51.19%	3.20

The Black SDIs for each congressional district of the 110th Congress can be found in a separate attachment. The attachment reveals significant disparities between Blacks and non-Hispanic Whites. All things being equal, one hypothesis could be that non-Hispanic Whites are better qualified than Blacks. Or that non-Hispanic Whites simply negotiated better rates. Another hypothesis is that some Blacks were steered into subprime rate loans and could qualify for prime rate. Unfortunately, none of these hypothesis' can be proven with HMDA data alone.

Figure 18 shows that Hispanics had four congressional districts in the SDI group => 4.0. Seventeen congressional districts had a Hispanic SDI greater than or equal to 3.00. There were 129 Congressional districts with a Hispanic SDI equal to or greater than > 2.00. The largest groups of Hispanic SDIs were in 284 congressional districts. Four congressional districts had a Hispanic SDI less than 1.00, an indication that non-Hispanic Whites had a higher incidence of subprime rate loans than Hispanics.

FIGURE 18: HISPANIC 2006 SDI SUMMARY

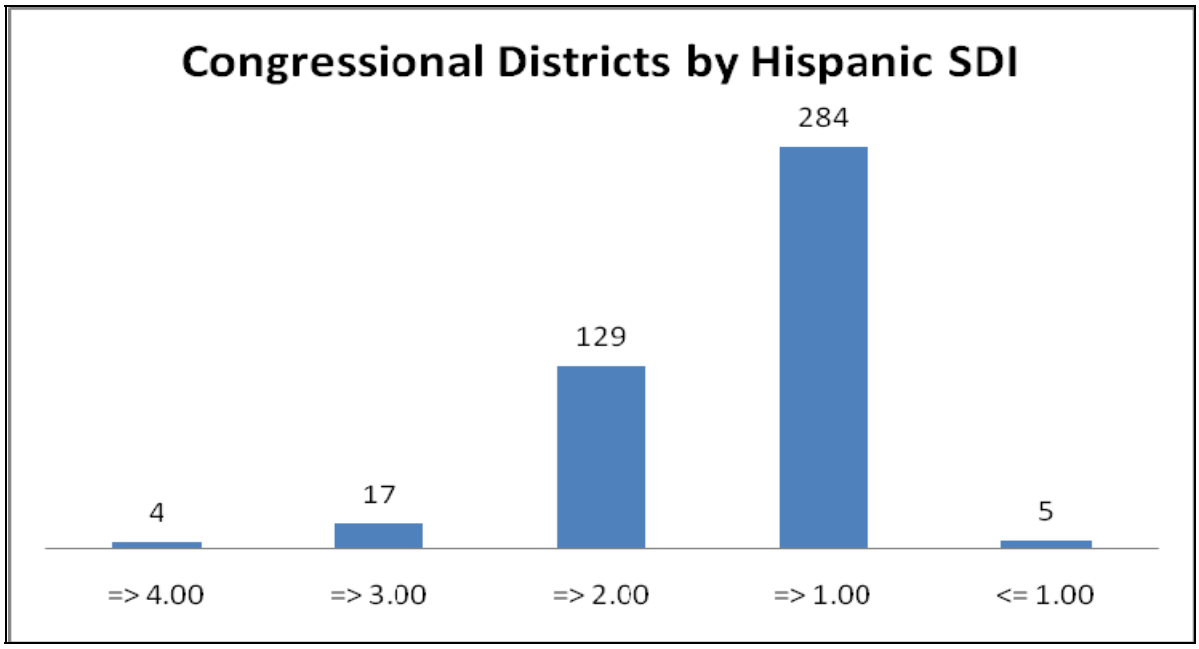

TABLE 33 lists the top ten Hispanic SDI congressional districts. They are geographically diverse with three in California, two each in Virginia and New York, and one each in Connecticut, District of Columbia, and Maryland. Four of the top ten Hispanic SDI congressional districts had more than 1,000 Hispanic subprime rate loans.

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TABLE 3: TOP TEN HISPANIC SDI CONGRESSIONAL DISTRICTS

Rank	CD	Representative/PA	Overall % Subprime	White % Subprime	Hispanic Loans	Hispanic Prime	Hispanic Subprime	Hispanic % Subprime	Hispanic SDI
1	VA-8	VA-08 James P. Moran (D)	14.93%	7.26%	4,252	2,737	1,515	35.63%	4.91
2	NY-14	NY-14 Carolyn B. Maloney (D)	4.97%	4.09%	342	278	64	18.71%	4.57
3	CA-8	CA-08 Nancy Pelosi (D)	10.73%	5.71%	1,384	1,042	342	24.71%	4.33
4	DC-98	DC-98 Eleanor Holmes Norton (D)	24.26%	6.87%	1,299	937	362	27.87%	4.05
5	CA-14	CA-14 Anna G. Eshoo (D)	10.46%	7.18%	2,627	1,952	675	25.69%	3.58
6	CT-4	CT-04 Christopher Shays (R)	20.71%	12.24%	2,530	1,460	1,070	42.29%	3.46
7	NY-8	NY-08 Jerrold Nadler (D)	6.80%	6.19%	323	255	68	21.05%	3.40
8	MD-8	MD-08 Chris Van Hollen (D)	23.23%	11.25%	6,919	4,327	2,592	37.46%	3.33
9	CA-50	CA-50 Brian Bilbray (R)	13.97%	9.32%	4,070	2,819	1,251	30.74%	3.30
10	VA-11	VA-11 Tom Davis (R)	20.30%	11.33%	7,258	4,568	2,690	37.06%	3.27

The existence of disparities suggests that Whites are significantly better qualified, that minorities are significantly under qualified or that minority's are being steered into higher cost subprime rate loans more often. Unfortunately, with HMDA data alone nothing can be proven. What can be proven however is that congressional districts with high SDI's are likely to have higher Black and Hispanic default and foreclosure risk. Because of the skewed disparity, any effort to stem the tide of foreclosures should take these racial disparities into account.

On July 30, 2008 President Bush signed into law the Housing and Economic Recovery Act of 2008 (HERA). The law provides numerous provisions designed to strengthen and modernize the regulation of Fannie Mae, Freddie Mac and the Federal Home Loans Banks (FHLBs) and expand the affordable housing mission of these government sponsored enterprises (GSEs). In addition, the law creates a new program at FHA entitled "Hope for Homeowners" designed to help homeowners save their homes from foreclosures by providing insurance on up to $300 billion new FHA loans after lenders write down the value of the loan assets. HUD, Treasury, FDIC and the Federal Reserve will form the Congressionally-mandated Board of Directors and work together to establish additional program standards.

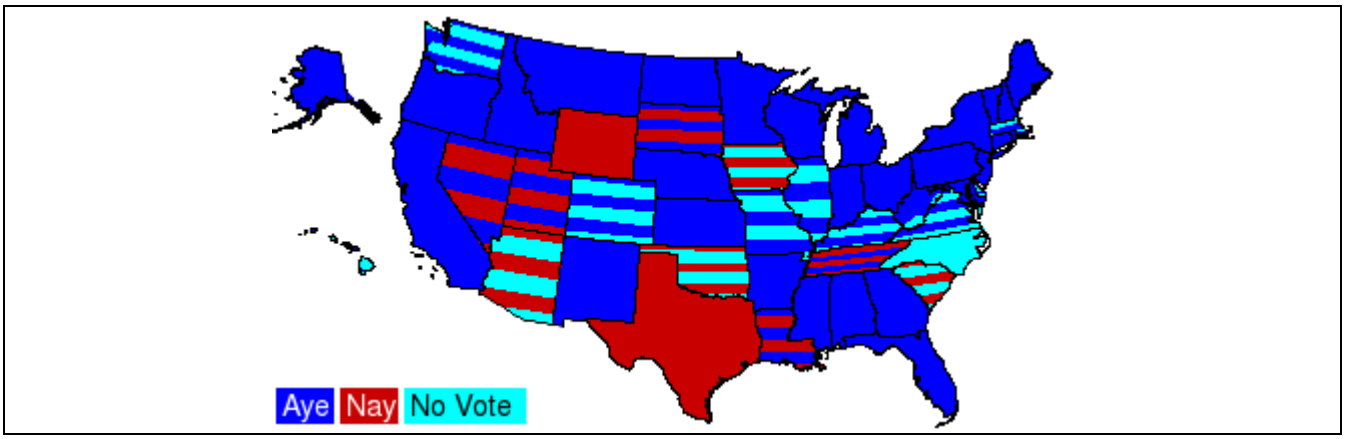
The Senate voted 72-13 in favor of the bill with 15 Senators not voting (NV).

TABLE 4: SENATE ROLL CALL VOTE ON HERA

Senate Vote Results for Housing and Economic Recovery Act of 2008						
	YEAS	%	NAYS	%	NV	%
DEMOCRATIC	43	59.72%	0	0.00%	6	40.00%
REPUBLICAN	27	37.50%	13	100.00%	9	60.00%
INDEPENDENT	2	2.78%	0	0.00%	0	0.00%
TOTALS	**72**	**100.00%**	**13**	**100.00%**	**15**	**100.00%**

Source: http://www.govtrack.us/congress/vote

FIGURE 19: US MAP OF SENATE ROLL CALL VOTE ON HERA



Source: http://www.govtrack.us/congress/vote.xpd?vote=s2008-186

The Senate vote was more partisan the vote in the House of Representatives. Of the 72 yea votes in the Senate 43 or 59.72% were Democrats and 27 or 37.50% were Republicans. All of the 13 nay votes were from Republicans. The Senators Not Voting was 60% Republican and 40% Democratic.

Appendix I is the roll call vote from the Senate on HERA.

Although HR 3221 was signed into law, the democratic sponsored bill did not receive bi-partisan support in the House of Representatives.

Of the 272 Yea votes 227 or 83.46% were Democrats and 45 or 16.54% were Republicans. Republicans overwhelmingly voted nay to HR 3221. Of the 152 nay votes, 149 or 98.03% were Republican. Only 3 Democrats or 1.97% voted nay.

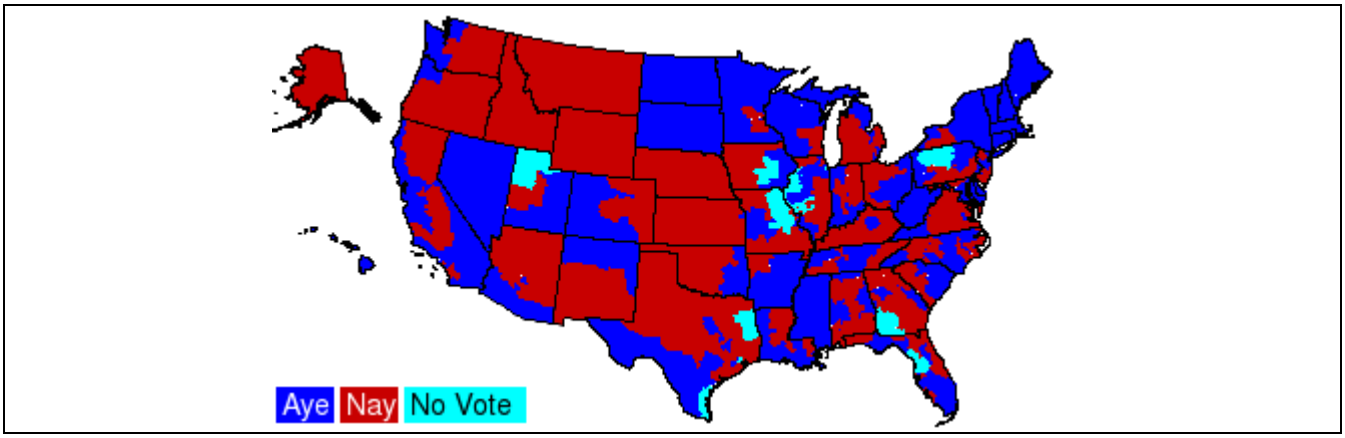
The house vote on the bill was as follows:

TABLE 5: HOUSE ROLL CALL VOTE ON HERA

House Vote Results for Housing and Economic Recovery Act of 2008						
	YEAS	**%**	**NAYS**	**%**	**NV**	**%**
DEMOCRATIC	227	83.46%	3	1.97%	6	54.55%
REPUBLICAN	45	16.54%	149	98.03%	5	45.45%
INDEPENDENT	0	0.00%	0	0.00%	0	0.00%
TOTALS	**272**	**100.00%**	**152**	**100.00%**	**11**	**100.00%**

Source: http://www.govtrack.us/congress/vote.xpd?vote=h2008-519

FIGURE 20: US MAP OF HOUSE ROLL CALL VOTE ON HERA



Source: http://www.govtrack.us/congress/vote.xpd?vote=h2008-519

This study shows that despite the partisan vote in the House of Representatives and the 13 Republican nay votes in the Senate, the subprime mortgage crisis is bi-partisan, affecting both Democratic and Republican congressional districts alike. Appendix II is the roll call votes from the House of Representatives on the Housing and Economic Recovery Act of 2008:

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FIGURE 21: NAY VOTES IN HIGH RISK CONGRESSIONAL DISTRICTS

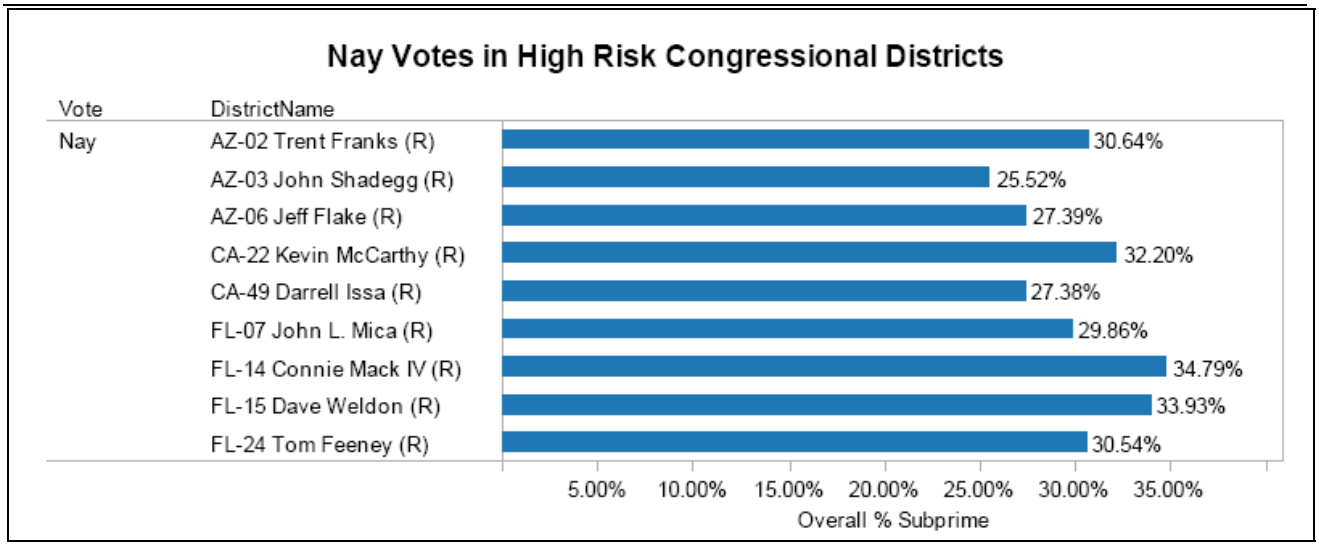

FIGURE 22: NAY VOTES IN CONGRESSIONAL DISTRICTS WITH HIGH RISK OF WHITE DEFAULTS AND FORECLOSURES

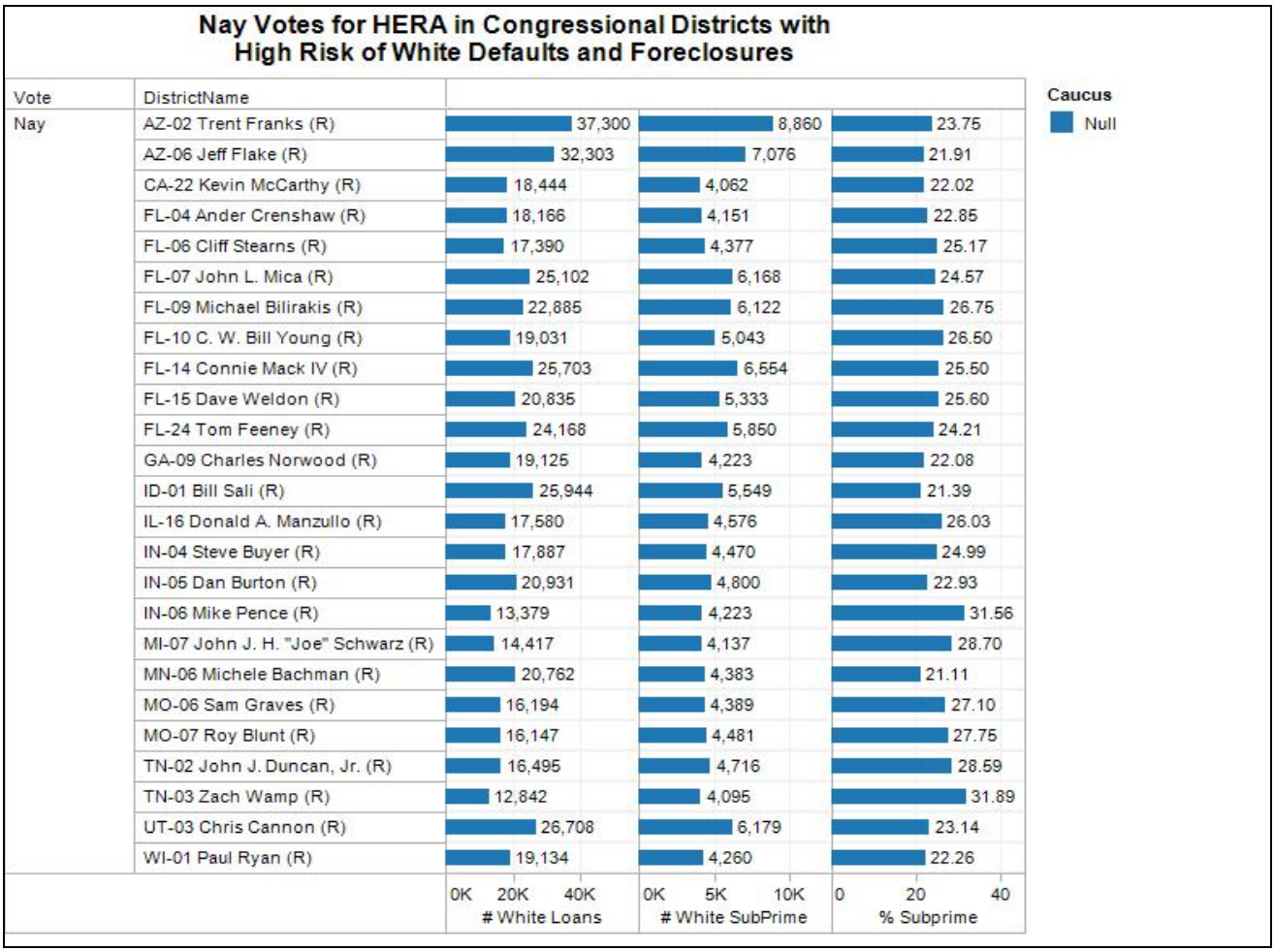

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FIGURE 23: NAY VOTES IN CONGRESSIONAL DISTRICT WITH HIGH RISK OF BLACK DEFAULTS AND FORECLOSURES

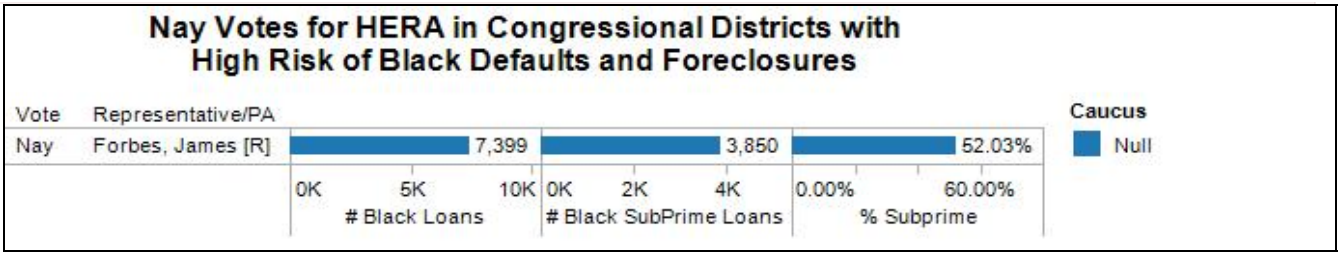
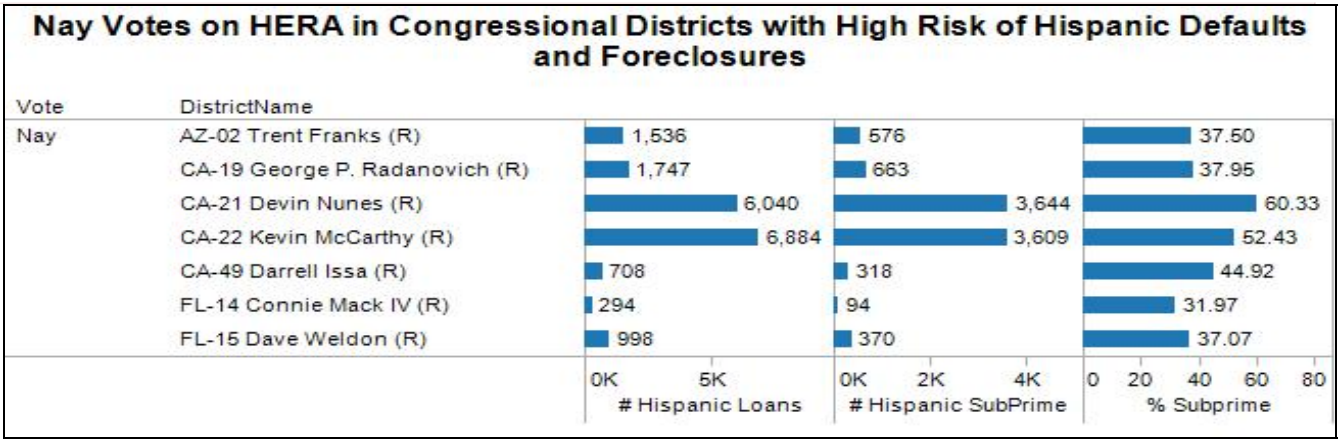


FIGURE 24: NAY VOTES IN CONGRESSIONAL DISTRICTS WITH HIGH RISK OF HISPANIC DEFAULTS AND FORECLOSURES



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ABOUT THE AUTHOR

Maurice Jourdain-Earl has over 35 years of experience in the financial services business. He began his career in 1973 as a Registered Representative for IDS Financial Services and obtained licenses to offer insurance and investment services to individuals and small businesses. After 3 years he joined Continental Illinois National Bank as a Bond Investment Banking Associate where he offered Municipal and Government Bonds to Banks and Regional Investment Banks. In 1979 he joined PMI Securities Co. (a subsidiary of PMI Mortgage Insurance Co.) as a Director of Sales Marketing. At PMI, he was responsible for packaging and selling private placement mortgage-backed securities to institutional investors.

From 1982 to 1985 he owned and operated a boutique Investment Brokerage Company facilitating the packaging and selling of private placement mortgage-backed securities, direct from Banks and Savings and Loan Associations to Pension Funds. After doing business with Citicorp, he joined the company as a Vice-President to help form a newly developed Treasury Marketing Unit responsible for packaging and selling loans in portfolio as mortgage-backed securities. The Treasury Marketing Unit later became CitiMortgage's Correspondent business.

In 1991 Mr. Jourdain-Earl formed CLC Compliance Technologies, Inc. (ComplianceTech). ComplianceTech began as a due diligence portfolio analysis company analyzing the asset value of loans for secondary market disposition. After becoming an established contractor for the RTC, FDIC and private sector companies, ComplianceTech was asked by a lender to analyze their HMDA data. That project led to ComplianceTech's development into a premier provider of lending intelligence services, specializing in strategic fair lending and emerging markets consulting.

For the last 17 years Mr. Jourdain-Earl has provided thought leadership in developing consultative and technological solutions to help clients navigate the regulatory and operational complexities of strategic markets, diversity inclusion and fair lending issues. He has been actively involved in client projects to detect and minimize discrimination in underwriting, pricing and marketing mortgage, auto and consumer loans and to assess opportunities to lend to minority and low-to-moderate income consumers. ComplianceTech is also the organizer of Lending Industry Diversity Conference, Inc. which sponsors the Annual Mortgage Lending Industry Strategic Markets and Diversity Conference.

Mr. Jourdain-Earl is a noted speaker on lending and banking issues, particularly on HMDA and fair lending practices. He has spoken at many events, included some sponsored by the Federal Reserve Bank, The Federal Home Loan Bank, America's Community Bankers, Practicing Law Institute, and the Mortgage Bankers Association of America. A native of Chicago, Illinois, he holds a B.A. degree in Social Science from DePaul University.

ABOUT COMPLIANCETECH

Since 1991, ComplianceTech has provided specialized lending intelligence services to financial institutions nationwide. With its multi-disciplined expertise in lending, research, statistical analysis, law and economics, ComplianceTech is uniquely equipped to identify market patterns; unveil opportunities; formulate lending benchmarks; and implement best practices for all aspects of consumer lending. The company's passion and expertise in data analysis is renowned, and press, academia, government and private organizations frequently call on ComplianceTech to share its insights and expertise in consumer lending intelligence.

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