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Race, Gender, Power, and the US Subprime Mortgage and Foreclosure Crisis: A Meso Analysis

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Notes

Only two of these references mention racial or gender discrimination per se; and these papers caution that definitive evidence of this sort of discrimination has not been shown.

Further, the terms "subprime" and "crisis" appeared jointly in 272 NBER working papers; only ten of these (3.7 percent) also used the word "discrimination" at least once. The terms "foreclosure" and "crisis" appeared jointly in 103 papers, with only seven (6.8 percent) also using the word "discrimination" at least once.

This argument is supported by the work of Adger and Carr (2010), and Wallison (2010).

The term "disproportionate" is used in the California Fair Housing Act, the National Community Reinvestment Coalition, and Wood

For 1998, the appreciation of housing price decreased by 3 percent in distressed prepaid loans.



For further elaboration on the legal context of discrimination law, and for summaries of empirical research on credit market and housing market discrimination, see Gary A. Dymksi ([2006](#)) and Devah Pager and Hana Shepherd (2008).

Joseph E. Stiglitz and Andrew Weiss (1981) show how banks might rationally redline minority neighborhoods if race is correlated with repayment risk.

Goolsbee ([2007](#)) describes the positive social and economic impacts of subprime lending.

Carolyn B. Aldana and Gary A. Dymksi ([2004](#)) illustrate these patterns for Los Angeles County, California, in the 1990s.

HMDA data are used. [Figure 1](#) presents an interrupted time-series because HMDA data are not available as continuous time-series. Raw HMDA data require “scrubbing” before they can be reliably reported, and different analysts use different conventions when scrubbing. [Figure 1](#) uses exclusively data reported in Glenn B. Canner and Wayne Passmore (1994), Robert B. Avery, Kenneth P. Brevoort, and Glenn B. Canner (2006, 2008), and Robert B. Avery, Neil Bhutta, Kenneth P. Brevoort, and Glenn B. Canner (2010).

This structural situation virtually invites fraud; and according to the FCIC's (2010) thorough report, fraud represented a significant portion of the subprime lending and securitization industry.

Several studies have shown how the incentives created by the securitization process would result in a 1 percentage point increase in the default rate, which would work out to a bonus of \$1 million per \$100 million of loans.

Avis loans are a type of subprime loan.

Note that the default rates by ethnicity across racial groups are consistent with the patterns shown in [Figures 3 and 4](#).

This near-universal pattern of racial discrimination in the bank of St. Louis would be consistent with the racial

discrimination and redlining, minorities are paying more for their loans and borrowers in



historically credit-disadvantaged neighborhoods still do not have equal access to credit markets” (Andra C. Ghent, Rubén Hernández-Murillo, and Michael T. Owyang 2011: 32).

Related Research Data

Housing-Finance Intervention and Private Incentives: Helping Minorities and the Poor

Source: JSTOR

Eight Centuries of Financial Folly

Source: Princeton University Press

Race, ethnicity and subprime home loan pricing

Source: Elsevier BV

SUBPRIME MORTGAGE SEGMENTATION IN THE AMERICAN URBAN SYSTEM

Source: Wiley

From the Subprime to the Exotic: Excessive Mortgage Market Risk and Foreclosures

Source: Informa UK Limited

The Cultural Affinity Hypothesis and Mortgage Lending Decisions

Source: Springer Science and Business Media LLC

Local financialization, household debt, and the great recession

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Precarious Territory: Property Law, Housing, and the Socio-Spatial Order

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Prejudice as Group Position: Microfoundations of a Sociological Approach to Racism and Race Relations

Source: Wiley

The Changing Face of Inequality in Home Mortgage Lending

Source: Oxford University Press (OUP)

The mortgage crisis and evictions in Barcelona: identifying the determinants of the spatial clustering of foreclosures

Source: Informa UK Limited

Revisiting Class: Thinking from Gender, Race, and Organizations

Source: Oxford University Press (OUP)

Labor Markets as Gendered Institutions: Equality, Efficiency and Empowerment Issues

Source: Elsevier BV

Redlining Revisited: Mortgage Lending Patterns in Sacramento 1930-2004

Source: Wiley

Pushed into the Red? Female-headed Households and the Pre-crisis Credit Expansion

Source: Informa UK Limited

The financialization of housing in Canada: intensifying contradictions of neoliberal accumulation

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The Sociology of Discrimination: Racial Discrimination in Employment, Housing, Credit, and Consumer Markets

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Credit and Banking Structure: Asian and African-American Experience in Los Angeles



Source: American Economic Association

Appropriating rent from greenfield affordable housing: developer practices in Johannesburg:

Source: SAGE Publications

Race, Gender, and Statistical Representation: Predatory Mortgage Lending and the US Community Reinvestment Movement

Source: SAGE Publications

How white attitudes vary with the racial composition of local populations : Numbers count

Source: SAGE Publications

Why the Community Reinvestment Act Cannot be Blamed for the Subprime Crisis

Source: SAGE Publications

Guest editors' introduction


Source: Informa UK Limited

The Global Crisis and the Governance of Power in Finance

Source: Palgrave Macmillan UK

Cities destroyed (again) for cash: Forum on the U.S. foreclosure crisis

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