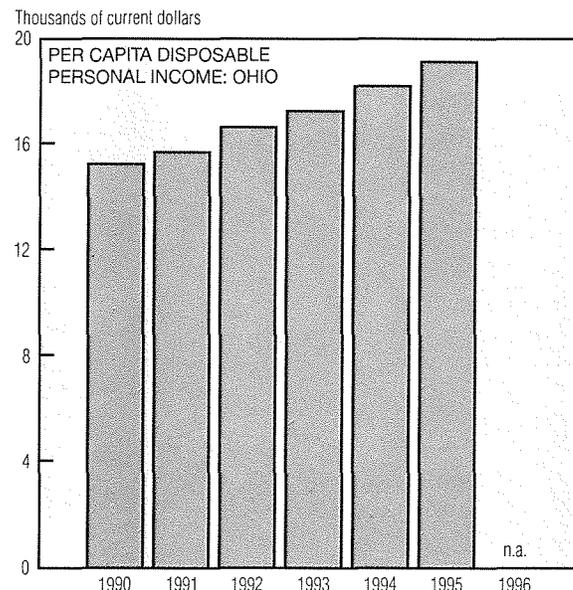
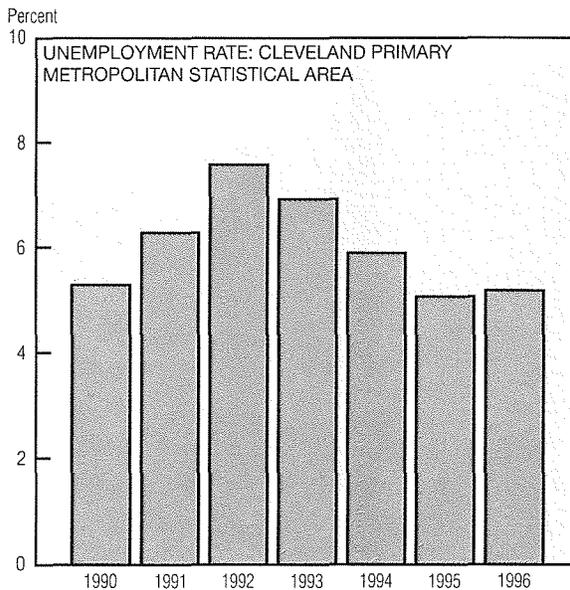


Mortgage Lending in Cleveland

**Conventional Home Loan Denial Rates by Race:
 Cleveland-Lorain-Elyria Primary Metropolitan Statistical Area**
 (Percent of applications denied, by racial category)

	1990	1991	1992	1993	1994	1995
American Indian/Native Alaskan	11.46	8.43	13.58	11.59	9.02	13.74
Asian or Pacific Islander	8.59	10.12	6.06	4.56	5.18	4.96
Black	28.05	26.33	24.46	20.06	18.01	15.91
Hispanic	24.16	18.32	20.28	16.83	11.13	12.10
White	7.66	8.04	7.68	6.29	6.62	7.51



SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; U.S. Department of Commerce, Bureau of Economic Analysis; and Federal Financial Institutions Examination Council.

Since the early 1990s, tremendous strides have been made in improving minority access to mortgage credit. Based on data made available through the Home Mortgage Disclosure Act (HMDA), raw denial rates of black and Hispanic mortgage applicants in the Cleveland area were nearly halved between 1990 and 1995, the latest year for which data are available.

Of course, these raw denial rate disparities tell only part of the story. A lender's decision to accept or re-

ject a loan depends on many factors not included in the HMDA data, several of which are correlated with race. Thus, while the HMDA figures do indicate that rather substantial (albeit smaller) denial rate disparities still exist, they cannot tell us whether these disparities are the result of legitimate differences in creditworthiness across racial groups.

Perhaps the most important factor behind minorities' increased access to mortgage credit has been the health of the overall Cleveland economy in the last several years.

Since the beginning of the decade, Ohio residents' per capita disposable personal income has risen approximately 25%, to \$19,123, while Cleveland unemployment rates have settled near 5%. At the same time, mortgage interest rates have fallen dramatically, from above 10% in 1990 to below 8% over the last few years. Both of these trends have contributed to making home loans more affordable for those who were previously squeezed out of the market.