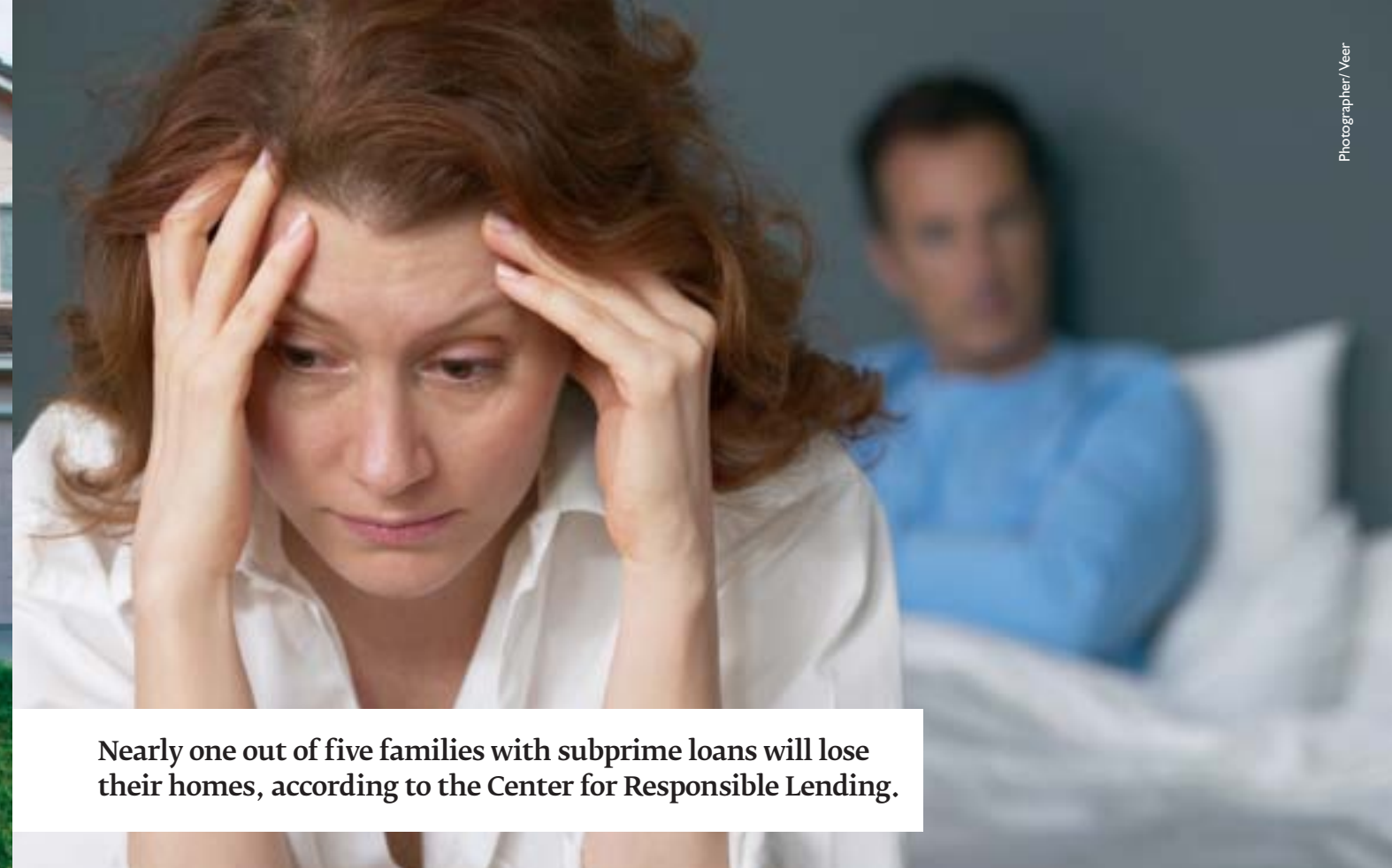




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Nearly one out of five families with subprime loans will lose their homes, according to the Center for Responsible Lending.

Losing Ground: Women and the Foreclosure Crisis

BY AVIS JONES-DEWEEVER

Single mother looking for side jobs to avoid foreclosure.
—*Craigslist posting, Baltimore, 2008*

Nearly everyone, in the hustle and bustle of everyday life, performs daily rituals before leaving the house: brushing teeth, combing hair, drinking coffee, and perhaps rustling little ones out the door to the bus stop. Yet few Americans take pause when it comes to the last of these rituals: closing the door and walking away. But imagine, just for a moment, never being able to return home.

In the first three months of 2008 alone, more than 1 million families left their homes with the threat of never returning. These weren't victims of unexpected fatalities or sudden wanderlust. Instead, these families found themselves ensnared in the highest rate of homes in foreclosure ever recorded.

Moving Targets: Women as Subprime Prey

Women have been especially likely to face their own personal mortgage mess, but not because of a predisposition for financial irresponsibility. Women's vulnerability, in large part, stems from good old-fashioned discrimination — the kind that has led to a disproportionate number of women receiving mortgages doomed for failure from day one.

In recent years, the nation has seen an explosion in the subprime lending industry. Such loans made up only about 5 percent of mortgages in 1994, but by 2005 they accounted for fully 26 percent. Despite their name, subprime loans incur significantly higher costs, fees, and interest rates than traditional loans. These subprime products were initially developed to help individuals with below-par credit ratings gain entry into the housing market. The theory is that banks should be compensated for taking on high-risk borrowers while these individuals would be given a chance to buy a home and,

after improving their credit, refinance to receive a better deal. In theory, it all seemed to make sense.

As oversight and regulation waned and the housing market exploded, it quickly became apparent that a lot of money could be made through subprime lending. Subprime lenders began reaching beyond the pool of potential home purchasers for whom subprime loans would have been the only path to homeownership. Many individuals who received subprime loans — especially those in communities of color and women — would have, in fact, qualified for traditional loans had those loans been made available to them, according to the Center for Responsible Lending, the Consumer Federation of America, the National Community Reinvestment Coalition, and other watchdog groups. Even when a subprime borrower is able to keep up with the high costs associated with her loan, she can expect to pay dearly, between \$85,000 and \$186,000 more over the lifetime of the loan.

Women have a slightly higher average credit score than men, according to the Consumer Federation of America. Yet in 2005, roughly a third of women received subprime loans; for male borrowers, it was only about a quarter. And as women's incomes rise, interestingly, so does the likelihood of their becoming ensnared in the subprime market. Women whose earnings are double the median income are some 46 percent more likely than men at the identical income level to receive a subprime loan.

Discrimination: Facts & Failures

The gender disparities in mortgage lending are consistent across race and ethnicity lines. All women are more likely to receive subprime mortgages than their male counterparts of the same racial or ethnic group. Most disadvantaged have been African-American women, who stunningly are 256 percent more likely than white men to receive subprime loans. Upper-income black women fare even worse: They are nearly five times more

likely than white men to be saddled with high-cost mortgages.

Especially tragic is the timing, with this crisis arriving just as women are making inroads into this critical avenue for wealth building. For much of the nation's history, women were locked out of the opportunity to buy property on their own. Until fair housing and credit access legislation became the law of the land, women were unable to purchase property in their own names exclusively. Now, some four decades later, women have the legal right to buy; yet still they seem not to have escaped the reach of discrimination. This continued vulnerability to unfair practices has very real and damaging implications on the economic well-being of women and their families.

Nearly one out of five families with subprime loans will lose their homes, according to the Center for Responsible Lending. At this rate, estimates the children's advocacy group First Focus, nearly 2 million children and youth will be directly

impacted by the foreclosure crisis. Already school districts are reporting spikes in the number of homeless children attending classes.

Lessons for Us All

Today these disparities are at the root of the downward spiral within the housing market. One need not have a subprime loan to be negatively impacted by one. Every foreclosure sign eats away at the equity of neighboring homes, even if those homes were acquired under favorable circumstances. The lesson? It's in all of our interest to root out discrimination whenever and wherever it rears its ugly head. After all, for our communities to thrive, we must ensure that our neighbors, as well as ourselves, are treated fairly. >