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The Charlotte Observer

SUNDAY, AUGUST 28, 2005

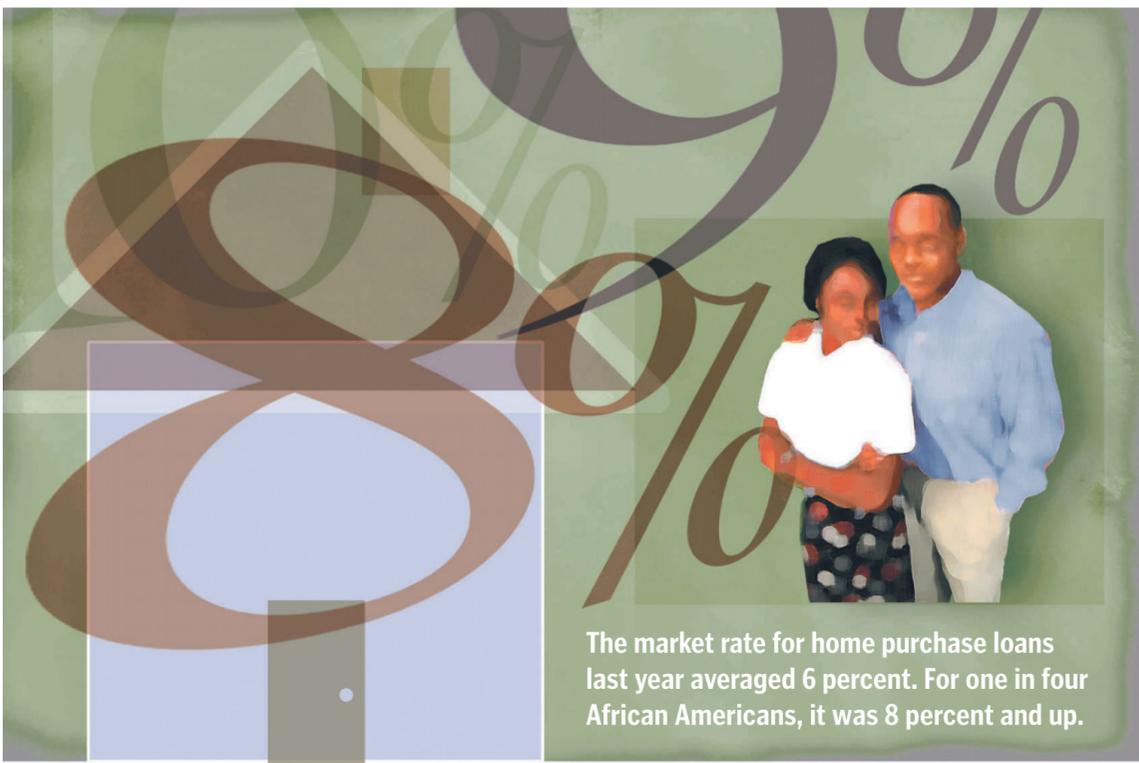
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Observer Investigation | PART ONE OF THREE

Blacks make home ownership gains, but are 4 times more likely than whites to get high interest rates

THE HARD TRUTH IN LENDING



The market rate for home purchase loans last year averaged 6 percent. For one in four African Americans, it was 8 percent and up.

STAFF AND KNIGHT RIDDER/TRIBUNE ILLUSTRATION

BY BINYAMIN APPELBAUM
AND TED MELLNIK
Staff Writers

Blacks who bought homes in communities across America last year were four times as likely as whites to get high interest rates for mortgage loans, according to an Observer analysis of records from 25 of the nation's largest lenders.

Even blacks with incomes above \$100,000 a year were charged high rates more often than whites with incomes below \$40,000.

Hispanics are twice as likely as whites to get high-interest loans. Page 12A

For decades, African Americans struggled to get loans at any price. Lenders ignored entire black neighborhoods, a practice called redlining.

Last year, the nation's 10 largest banks still denied black applicants twice as often as whites. On average they made only 5 percent of their home loans to blacks.

A new group of companies has filled the void. These "subprime" lenders, companies such as Ameriquest and New Century, charge higher interest rates than banks.

The result: In 2004, blacks received twice as many home purchase loans as a decade ago.

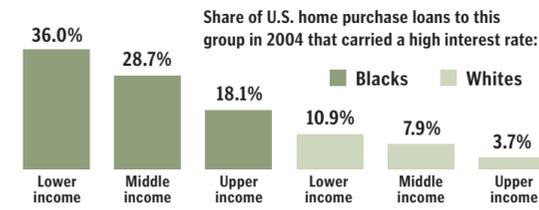
But one in every four is paying a steep price.

A high-rate loan requires a borrower to pay tens of thousands of dollars in additional interest, while building less equity. Borrowers fail to repay these loans far more often, losing their homes and ruining their credit.

SEE MORTGAGES | 13A

Disparity Between Blacks and Whites

Blacks are more likely than whites of similar income to receive high-rate home loans. Upper-income blacks get high-rate loans more often than even lower-income whites.



NOTE: High-rate loans carried an interest rate of about 8% or higher, according to a federal standard. Middle income reflects the median family income for the metropolitan statistical area. Lower incomes are less than 80% of the median, and upper incomes more than 120%. The numbers varied by metropolitan area. In Charlotte, lower incomes were below \$44,800, and upper above \$67,200.

SOURCE: Observer analysis of data from top 25 lenders. DAVID PUCKETT - STAFF

BANK OF AMERICA AND WACHOVIA

Charlotte's big banks make few high-rate home loans. They say they are trying to make more market-rate loans to African Americans. Last year, Bank of America made 6.2 percent of its home purchase loans to blacks and Wachovia made 8.8 percent.

EDITOR RICK THAMES' COLUMN; ALSO, HOME LOAN TIPS

2A | Series shows a need for more transparency by the lending industry to help the public judge disparities.

A 10-PERCENT LOAN; LATER, A FAMILY EVICTED

12A | James and Carolyn Robinson fell in love with a house in Huntersville in 1998. They lost it this spring.

EXODUS NORTH

New Orleans braces for hit from Katrina

Residents of sub-sea level city urged to evacuate, but thousands have no way out

BY MARY FOSTER
Associated Press

NEW ORLEANS — Coastal residents jammed freeways and gas stations Saturday as they rushed to get out of the way of Hurricane Katrina, a vicious storm threatening to gain even more strength and make a direct hit on New Orleans.

"Ladies and gentlemen, this is not a test. This is the real deal," New Orleans Mayor Ray Nagin said at a news conference. "Board up your homes, make sure you have enough medicine, make sure the car has enough gas. Do all things you normally do for a hurricane, but treat this one differently because it is pointed towards New Orleans."

Katrina could be especially devastating if it strikes New Orleans because the city sits below sea level and depends on levees and pumps to keep the water out. A direct hit could submerge the city in several feet of water.

Making matters worse, at least 100,000 people in the city lack the transportation to get out of town.

SEE KATRINA | 11A

Hurricane Expected to Gain Force

Katrina was a Category 3 storm with 115 mph winds Saturday, but the National Hurricane Center said it was likely to strengthen into a Category 4 with winds of more than 130 mph over the Gulf of Mexico. Landfall is forecast for early Monday.

ON CHARLOTTE.COM Check updated satellite photos, tracking maps

25 QUARANTINE STATIONS PLANNED

U.S. targets control of global pandemic

Airport health evaluations to expand

BY JUSTIN GILLIS
Washington Post

The government plans to more than triple the number of quarantine stations at airports around the country and hire scores of health officers as part of a broad plan to try to stop deadly infectious diseases from entering the United States.

Ten new stations at airports from Alaska to Puerto Rico are already open or nearing completion, and some 50 new health officers are undergoing training.

The Centers for Disease Control and Prevention plans to build seven more stations as soon as it can get the money.

Eight stations that have existed for years are gaining staff, so that when the plan is complete, the country will be blanketed by a network of 25 centers designed as a first line of defense against a global pandemic.

The plan is a response to rising fears about bioterrorism or a potential pandemic of respira-

SEE AIRPORTS | 7A

Charlotte Impact

Charlotte is among the cities at the top of the priority list for adding a quarantine office.

As many as 20 to 24 international flights arrive in Charlotte a day, airport director Jerry Orr said Saturday.

A quarantine office would add manpower and, perhaps, more sophisticated methods than the federal inspectors who screen the flights now.

"We think it is coming," Orr said. "We're just not sure when."

— STAFF WRITER PETER SMOLOWITZ

Online extras Explore home mortgage patterns for all 25 lenders in this report. WWW.CHARLOTTE.COM

In depth with Frances Haithcock



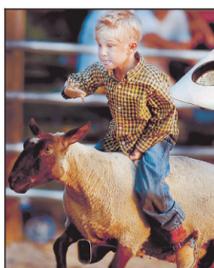
CMS interim superintendent talks with the Observer about low school test scores, student discipline and other topics.

Perspective

Rodeo kindergarten in Concord

The bull riders of the future are earning their chops riding mutton in Concord. Kids as young as 4 hope for a sheep that bucks enough but not so much that they're knocked to the dirt.

Carolina Living



The real keys to enjoying Paris

Lawrence Toppman takes you beyond the guide books with his 10 commandments for thriving in Paris. Number One: Say "Bonjour" a lot.

Travel



PARTLY CLOUDY High: 88. Low: 69. Thunderstorms possible today. Full forecast, 8B

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