Curbing Predatory Home Mortgage Lending: A Joint Report // United States. Department of Housing and Urban Development // 2000 // U.S. Department of Housing and Urban Development, 2000

Curbing Predatory Home Mortgage Lending: A Joint Report. 4. Subprime loans are extended primarily by non-depository institutions, such as finance companies, that are not regulated by state or federal agencies for safety and soundness and other purposes.Â Since 1997, there has been a small, but noticeable increase of subprime mortgage lending by depository institutions or their affiliates [Belsky, et al.].3 Furthermore, although the two major housing government-sponsored enterprises â€“ Fannie Mae and Freddie Mac â€“ are not currently significant participants in the subprime market, both have begun to purchase mortgages in the upper reaches of that market (A Classic predatory lending centers around home mortgages. Since home loans are backed by a borrowerâ€™s real property, a predatory lender can profit not only from loan terms stacked in their favor but also from the sale of a foreclosed home, if a borrower defaults. Subprime loans arenâ€™t automatically predatory. Their higher interest rates, banks would argue, reflect the greater cost of riskier lending to consumers with flawed credit.Â Predatory mortgage lenders had targeted them aggressively in predominantly minority neighborhoods, regardless of their income or creditworthiness.Â These include white papers, government data, original reporting, and interviews with industry experts. We also reference original research from other reputable publishers where appropriate. Inside Mortgage Finance (Inside Mortgage Finance, 2004) reports in the Mortgage Market Statistics Annual that subprime lending has grown from $65 billion to. 2 See HUD-Treasury report and Federal Reserve HOEPA Final Rule (Federal Reserve, 2002). 3. $332 billion from 1995 through 2003.3 In addition, during this period of rapid growth lenders in the subprime market have been consolidating.