

SECTION IV.

Complaint, Legal and Lending Analysis

This section examines private barriers to fair housing choice, as well as violations of the Fair Housing Act. It analyzes the fair housing complaints received by HUD during the past 6 years, discusses legal cases concerning fair housing issues and ends with a quantitative evaluation of lending practices in the Kansas City region.

Complaint and legal analysis summary.

- Since August 2005, a total of 577 complaints were filed with HUD by residents in the Kansas City region. The complaints were largely filed on the basis of race and disability discrimination (at 39 and 31 percent of the complaints, respectively).
- The majority of complaints originated from Kansas City, MO (60 percent), followed by Kansas City, KS (18 percent) and Independence (10 percent). Kansas City, MO, with 33 percent of the region's population therefore has disproportionately more complaints filed.
- In 2009, there were approximately 117,700 loan applications made in the Kansas City MSA. For the region overall, 64 percent of loans were approved and 16 percent were denied (the others were withdrawn by the applicants, closed for incompleteness, etc). Loan denial rates were much higher for African American and Hispanic applicants across all communities. The differences in loan denial rates between African American versus white applicants and Hispanic versus non-Hispanic applicants were the greatest in Kansas City, KS and Kansas City, MO.
- Census Tracts with high loan denial rates and presence of African Americans is most notable in Kansas City, MO.

Fair Housing Complaints

Citizens of Kansas City who believe they have experienced discrimination in violation of the Federal Fair Housing Act or state fair housing laws may report their complaints to the following entities:

- HUD's Office of Fair Housing and Equal Opportunity in Kansas City, Kansas (FHEO);¹
- The State of Kansas Human Rights Commission;
- The Missouri Commission on Human Rights;
- Kansas City, Kansas Human Relations Commission;
- Leavenworth Human Relations Commission;
- Overland Park's City Clerk;
- Shawnee City Clerk;

¹ HUD also has an office in St. Louis which covers the eastern half of Missouri.

- Blue Springs, Missouri City Attorney;
- Independence, Missouri Human Relations Department;
- Kansas City , Missouri Civil Rights Division; and
- Lee's Summit Human Relations Commission.

HUD complaint procedures. Housing discrimination complaints filed with HUD may be done online at (<http://www.hud.gov/complaints/housediscrim.cfm>), by calling 1-800-669-9777 or by contacting the HUD Regional Office of Fair Housing and Equal Opportunity in Kansas City (1-800-743-5323).

When HUD receives a complaint, the department will notify the person who filed the complaint, then notify the alleged violator and allow that person to submit a response. The complaint will be investigated to determine whether there has been a violation of the Fair Housing Act.

A complaint may be resolved in a number of ways. First, HUD attempts to reach an agreement between the two parties involved. If achieved, this "conciliation agreement" must lay out provisions to protect the filer of the complaint and public interest. If an agreement is signed, HUD will take no further action unless the agreement is breached, in which case HUD will recommend that the Attorney General file suit.

If a person needs immediate help to stop a serious problem being caused by a Fair Housing Act violation, HUD may assist as soon as a complaint is filed. HUD may authorize the Attorney General to go to court to seek temporary or preliminary relief, pending the outcome of the complaint, if irreparable harm is likely to occur without HUD's intervention and there is substantial evidence indicating a violation of the Fair Housing Act.

Kansas state complaint procedures. The State of Kansas law provides that any person who claims to be aggrieved by an unlawful practice in the areas of employment, housing, or public accommodations based on race, religion, color, sex, disability, ancestry, national origin, age in the area of employment only, familial status in the area of housing only, and retaliation) may file a complaint with the Kansas Human Rights Commission (KHRC).

In addition, a state law enacted in April 2005 allows any person who believes they have been subjected to racial or other profiling by a law enforcement officer or agency to file a complaint with the KHRC.

A complaint may be filed personally or by attorney. An individual may write, telephone or come in to one of the Kansas Human Rights Commission's offices to begin the filing process. If the complaint falls within the Commission's jurisdiction, a formal complaint may be submitted. Intake workers are available to assist in drafting a complaint based on information provided by the complainant. The intake department also provides inquirers with referrals to other agencies for issues outside of KHRC's jurisdiction.

The complaint must be signed and notarized before it can be officially filed with the Commission. A complaint alleging racial or other profiling is not required to be notarized.

During the investigation of a complaint, a field investigator will interview the complainant, review relevant documents, conduct interviews with witnesses, and summarize the case for the investigating commissioner. The investigator does not determine the outcome of the case, but rather gathers and presents the facts to a commissioner for determination.

Depending upon the information obtained during the investigative process, the investigating commissioner makes a determination of either "Probable Cause" or "No Probable Cause." If the Commission finds "Probable Cause," then an attempt will be made to reach a written settlement between complainant and respondent. If conciliation efforts fail, the case may be scheduled for a public hearing.

The Commission offers a third-party mediation program statewide through Kansas Legal Services.

Missouri state complaint procedures. The Missouri Revised Statutes Chapter 213 defines human rights violations and unlawful discriminatory practices for employment, public accommodations and housing. The Missouri Commission on Human Rights (MCHR) enforces the statute. The division's website outlines steps a resident should take if they think their rights have been violated, and includes a four-question discrimination assessment complaint form.² Complaints must be filed within 180 days of the alleged discrimination.

After a complaint is filed, MCHR provides the complaint to the accused parties and invites them to mediate or settle with the complainant. If the complainant requests a right-to-sue letter, they have 90 days to file suit.³ If there is no intent to sue, a neutral investigator is assigned to the case to conduct witness interviews, gather and review pertinent documents and provide an investigative summary. MCHR then uses the investigative findings to determine whether there is probable cause of discrimination.

If there is no probable cause, the MCHR closes its case and notifies the complainant of their Right to Sue. The complainant then has 90 days to file suit against the respondent.

If probable cause has been determined and the case is not resolved, the case is set for hearing or dismissal. At the hearing MCHR's case is generally presented by an Assistant Attorney General. The Hearing Examiner conducts the hearing and issues a finding and recommendation. If no discrimination is found, then the case is dismissed. If probable cause is found (discrimination may exist), remedies are ordered. Either party has the right to appeal the decision to circuit court.

Local ordinances and procedures.

Kansas City, Kansas. The City's Human Relations Commission was created in 1964. The Commission consists of 13 members, who meet monthly. The city has empowered the Commission to function in an advisory role to the unified government board of commissioners on problems affective of "human and intergroup relations." In addition, the Commission can "mediate disputes voluntarily referred to it in order to minimize or eliminate prejudice, intolerance, bigotry, disorder or discrimination and in order to promote good will in the community. "

² http://www.labor.mo.gov/mohumanrights/File_Complaint/

³ The Right to Sue Letter (RTS) allows complainants to file a suit in state court on the discriminatory acts alleged in the complaint filed with MCHR. If a RTS Letter is obtained, then MCHR stops its investigation.

The government's human services department has the actual authority to investigate complaints. To file a complaint, a resident must sign the complaint and file it with the department within 180 days after the alleged discriminatory practice has occurred. The complaint must include the date, place and circumstances of the alleged discriminatory practice.

Leavenworth has a Human Relations Commission that oversees the city's non-discrimination ordinance. Citizens who want to file a complaint can contact the Commission (there is not a specific form to use for complaints). Residents have 90 days to file a complaint after the alleged violation has occurred.

Overland Park has a local fair housing ordinance that is very similar to the Federal Fair Housing Act. Citizens who want to file a complaint under the ordinance are referred to the City Clerk; complaints must be filed within 180 days of the alleged violation.

A citizen of Overland Park that may have a fair housing complaint can go to city hall and file a complaint with the Fair Housing Board (FHB). The Fair Housing Board will review the complaint and determine whether the complaint should be investigated (by the FHB or HUD) or if there is no cause. The city has not received a complaint in more than 8 years.

Shawnee has a fair housing policy that is overseen by its Fair Housing Committee. The Fair Housing Policy includes provisions to protect the sale or rental of housing, financing of housing and housing brokerage services. Citizens wishing to file complaints must do so in written form with the City Clerk within 180 days of the violation.

Blue Springs passed a fair housing ordinance (#2115) in 1991, which contains protections similar to the Federal Fair Housing Act. The local ordinance is enforced by the City Attorney. The city may also refer a complainant to HUD to file under the federal act. The city has not had a fair housing complaint in more than 10 years.

Independence. City attorneys provide advisory support services to city staff and the Human Relations Department, which is responsible for receiving and managing fair housing complaints. The first point of contact for fair housing issues in Independence is the city's Human Relations specialist in the Human Relations Department. If the city cannot answer fair housing questions from residents, they are referred to HUD.

Kansas City, Missouri. The Kansas City Human Relations Department, Civil Rights Division enforces the city's fair housing laws. The section has a good website outlining the steps a resident should take if they think their rights have been violated and what constitutes a violation, which includes a form that allows residents to file a complaint.⁴ Complaints must be filed within 180 days of the alleged discrimination.

Written complaints must contain: Name and address of the persons filing the complaint; the name and address of the subject of complaint; and a description of acts or omissions in the alleged violation.

⁴ <http://www.kcmo.org/CKCMO/Depts/CityManagersOffice/HumanRelationsDivision/CivilRightsEnforcementSection>

Within 30 days of receiving the written complaint, the Director of Human Relations will commence investigation of the allegation. Both parties, the complainant and those accused of discrimination, will be served notice of the complaint. The investigation will be completed within 100 days of the complaint filing, unless this is impractical. A final administrative disposition will be issued within one year of the original complaint.

If the Human Relations Department determines probable cause does not exist, the director will issue and serve all parties a written notice indicating no probable cause exists. If the Human Relations Department determines that probable cause for discrimination does exist, the director begins the process to eliminate the unlawful, discriminatory acts. Agreements made with accused parties always include a provision requiring the parties to refrain from the alleged discriminatory practices in the future and may include additional provisions agreed upon by the parties.

A party that fails to eliminate the unlawful discriminatory practice in the agreed upon manner is served a written notice of continued violation. The director may also refer this matter to the Kansas City Human Rights Commission or to the city attorney for possible prosecution in municipal court.

The ordinance prohibits discrimination in housing based on a person's race, marital status, color, religion, sex, disability, familial status, national origin, sexual orientation and gender identity.

During the past year (July 1, 2009 through June 30, 2010) the section fielded over a hundred inquiries regarding possible discriminatory conduct, and conducted 40 formal investigations of discrimination. Most of the claims involved allegations of discrimination based on disability (13) and race (10). Of the 40 formal complaints filed, 19 were resolved through successful conciliation either prior to or after a Reasonable Cause determination had been rendered. Complainants received over \$37,000 in settlements. Three complaints alleging sexual harassment at an apartment complex are currently being reviewed by the U.S. Department of Justice to determine whether they will file lawsuits in the cases.

Lee's Summit. Since 1964, Lee's Summit has had a Human Relations Commission. The Commission consists of seven citizen members, appointed by the mayor with the consent of the City Council, for three-year terms. In May 1993, Lee's Summit updated Chapter 15, Human Rights, of the Lee's Summit Code of Ordinances to eliminate and prevent discrimination in all employment relations; eliminate and prevent discrimination, segregation or separation in all areas of public accommodations; and, eliminate and prevent discrimination, segregation or separation in housing. The city's Deputy City Manager's office investigates complaints.

Citizens of Lee's Summit who feel they have been discriminated against can file a complaint with the City's Human Relations Commission. The commission has the responsibility to address all complaints. Depending on the complexity and realm of the discrimination, the commission will either try to resolve the complaint, refer it to The Missouri Human Relations Commission (between a market-rate rental property and a tenant), or to HUD (if the discrimination involved public housing or a Section 8 voucher).

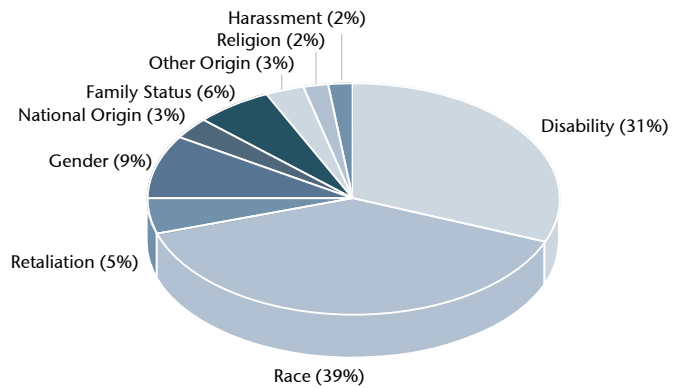
Complaints filed with HUD. Since August 2005, a total of 577 complaints were filed with HUD by residents in the Kansas City region. Figure VI-1 displays the percentage of complaints by protected class and cause of discrimination.

**Figure IV-1.
Complaints Filed with HUD,
Kansas City Region, August,
2005 through October, 2010**

Note: A total of 577 separate complaints were filed. Some complaints were filed for more than one reason; there were a total of 662 reasons.

Source:

HUD's Kansas City Kansas Regional Office of Fair Housing and Equal Opportunity (FHEO).



Race and disability were the most common protected classes in the complaints (at 39 and 31 percent of the complaints, respectively). The next highest percentage was a much lower alleged discrimination because of gender (9 percent). Discrimination based on religion (2 percent) and national origin (3 percent) were less commonly cited.

As shown in Figure IV-2, the majority of complaints originated from Kansas City, MO (60 percent), followed by Kansas City, KS (18 percent) and Independence (10 percent). Kansas City, MO, with 33 percent of the region's population therefore has disproportionately more complaints filed.

The columns to the right of the Share of Study Area Complaints column show the basis of the complaints in each community by protected class.

**Figure IV-2.
Share and Nature of Complaint by City, August 2005 through October 2010**

	Share of Study Area Complaints	Number of Complaints	Race	Disability	Gender	Family Status	Retaliation	Other
Kansas City MSA		577	39%	31%	9%	6%	5%	10%
Kansas								
Johnson County *	16%	93	48%	25%	8%	7%	2%	10%
Kansas City	15%	87	49%	24%	8%	6%	2%	10%
Leavenworth	1%	6	22%	33%	11%	22%	0%	11%
Overland Park	7%	40	35%	42%	13%	4%	4%	2%
Shawnee	3%	17	35%	50%	5%	0%	5%	5%
Missouri								
Kansas City	60%	346	37%	28%	11%	5%	7%	12%
Independence	10%	58	33%	47%	5%	4%	5%	5%
Blue Springs	2%	12	47%	33%	0%	13%	7%	0%
Lee's Summit	2%	11	56%	25%	0%	13%	0%	6%

Note: * Excluding Overland Park and Shawnee.

Source: HUD's Kansas City Kansas Regional Office of Fair Housing and Equal Opportunity (FHEO).

According to HUD, the vast majority of the fair housing complaints filed involved “discriminatory terms, conditions, privileges, or services and facilities.” The second most common type of discrimination was a discriminatory refusal to rent.

Approximately one in five of the complaints filed (22 percent) was successfully resolved. The largest portion of cases (45 percent) was found to have no reasonable cause. The remaining cases (34 percent) were withdrawn by the complainant, lacked complainant cooperation or dismissed for lack of jurisdiction and could not be investigated further.

**Figure IV-3.
Outcome of HUD Complaints,
Kansas City Region, 2005 to 2010**

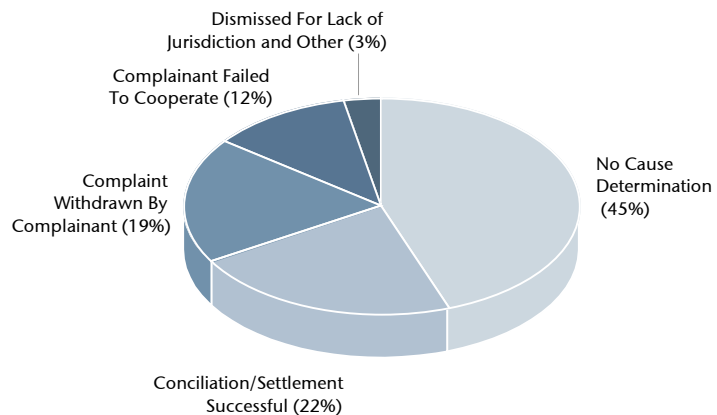
Note:

Complaint data was collected for Blue Springs, Lee’s Summit, Kansas City KS, Kansas City MO, Independence, Johnson County, Leavenworth, Overland Park and Shawnee

“Other” reasons include: untimely filing, inability to locate complainant or complaint closed for the start of a trial.

Source:

HUD’s Kansas City Kansas Regional Office of Fair Housing and Equal Opportunity (FHEO).



Legal Cases

As part of the fair housing analysis, recent legal cases were reviewed to determine significant fair housing issues and trends in the Kansas City area. Searches of the Department of Justice and the National Fair Housing Advocate case databases found four cases involving the Fair Housing Act in the Kansas City study area since 2000. This section summarizes the issues and outcomes in these cases. Most of the cases involve alleged claims of discrimination based on race.

Housing discrimination on the basis of race. The following cases pertain to fair housing violations on the basis race.

United States of America v. Margie Loftus (2005). In November, 2004 Mr. Zachary asked a friend to view an apartment in Roeland Park, Kansas for rent at a four-unit apartment complex on his behalf. The friend viewed the apartment and told the owner and manager, Margie Loftus, that her friend would be interested in renting the apartment. Upon learning that the friend (Mr. Zachary) is African American, Ms. Loftus stated she could not rent to African Americans because other tenants would move out and the apartments were her only source of income. After several unsuccessful attempts to schedule an appointment to view the apartment with Ms. Loftus, Mr. Zachary filed a complaint with HUD alleging that Ms. Loftus violated the Fair Housing Act by refusing to rent a unit to him on the basis of race. In September 2005, the district court found that Ms. Loftus had violated the Fair Housing Act by engaging in racially discriminatory housing practices. In September 2006, a consent order was issued by the district court. The order provides that Ms. Loftus pay \$17,500 in monetary damages to Mr. Zachary as well as implement measures and training methods to ensure that she and all of her employees refrain from discriminatory practices in the future.

King v. Metcalf 56 Homeowners Association (2005). In late 2004, Tremica King filed a lawsuit against Metcalf 56 Homeowners Association and former neighbors Linda Baker and Richard Kinney. Ms. King alleged a violation of the FHA claiming she was harassed by her neighbors (one of whom was on the Homeowner's Association board and managed the property) because of her race while renting a duplex in the Metcalf 56 Development located in Mission, Kansas. The lawsuit also included a common law claim for invasion of privacy for intrusion upon seclusion. Defendants in the case moved for summary judgment⁵ on both claims, however summary judgment was only granted for the invasion of privacy claim. The FHA violation was set for trial in October, 2005. On October 24, 2005 the case was dismissed by the District Court of Kansas due to a telephone conference between the parties one week earlier where all disputes between the parties were resolved.

United States v. Sturdevant, et. al.(2007). On June 1, 2007 the United States filed a complaint against Stacy Sturdevant, and AIMCO Properties L.P. alleging discrimination on the basis of race as well as interfering, coercing or intimidating a person exercising or encouraging another person to exercise rights granted to them by the FHA. The complaint was amended on September 18, 2008. The complainant, Ms. Kothe, was an employee of AIMCO Properties L.P. and witnessed Ms. Sturdevant use inappropriate and disrespectful language towards a tenant, who was of a different race than Ms. Sturdevant at the apartment complex she managed in Kansas City, Kansas. When federal investigators asked Ms. Kothe about the incident as well as previous racial discrimination complaints, Ms. Kothe confirmed the discrimination.⁶ As a result of Ms. Kothe's compliance and advocacy of fair housing laws for tenants of the property, Ms. Sturdevant told Ms. Kothe she did not want her to advocate for tenants regarding fair housing issues and accused Ms. Kothe of filing a falsified resident document. The alleged falsified document led AIMCO Properties L.P to suspend and eventually terminate Ms. Kothe. On February, 24 2010, the Court issued a consent order to settle the dispute with a cash payment of \$1,890,000 to the aggrieved persons and an additional \$95,000 in civil penalties paid U.S. Treasury. The Consent Order constituted "a full and final resolution of all claims of violation of the Fair Housing Act that the United States alleged, or could have alleged against the AIMCO Defendants relating to housing discrimination at the subject property." On May 13, 2010 the court issued an order for default judgment against Ms. Sturdevant banning her from ever working in rental housing and ordering her to pay \$55,000 in civil penalties to the U.S. Treasury.

Failure to comply with accessibility standards. The following case pertains to fair housing violations on the basis disability.

United States of America v. Todd E. Bleakley, et. al (2002). In 2002, The United States filed a second complaint against Mr.Bleakley, developer and owner of the Wyncroft and Homestead apartment complexes located in Olathe, Kansas. The complaint alleged that Mr.Bleakley engaged in a pattern of discrimination by failing to design both of the aforementioned properties with the features of accessible and adaptive design. In addition, the United States alleged that the defendants engaged in a pattern or practice of violating the ADA because the rental offices at the two properties were not readily accessible or usable by individuals with disabilities. Both properties did not have elevators and were more than four units, which according to the Fair Housing Act, mandates special qualifications on the accessibility of the units on the bottom floor: all of the units must include certain basic features

⁵ Summary judgment is a decision made by the court without a full trial.

⁶ Ms. Sturdevant allegedly exhibited a pattern or practice of discrimination by discriminating in the terms, conditions, or privileges of the rental of a dwelling including derogatory remarks towards African Americans and hostile materials such as hangman's nooses.

of accessible and adaptive design to make such units usable by persons with disabilities. As the first floors were not designed or reconstructed to accommodate the fair housing act, the court found that the defendants had violated the law. The property developers and owners were ordered to take corrective action by retrofitting common areas and first floor units within eight months. In addition the defendant had to establish a compensation fund (\$130,000) to make payments to aggrieved persons.

Fair Lending Analysis

Community Reinvestment Act (CRA) review. The CRA requires that financial institutions progressively seek to enhance community development within the area they serve. On a regular basis, financial institutions submit information about mortgage loan applications as well as materials documenting their community development activity. The records are reviewed to determine if the institution satisfied CRA requirements. The assessment includes a review of records as related to the following:

- Commitment to evaluating and servicing community credit needs;
- Offering and marketing various credit programs;
- Record of opening and closing of offices;
- Discrimination and other illegal credit practices; and
- Community development initiatives.

The data are evaluated and a rating for each institution is determined. Ratings for institutions range from substantial noncompliance in meeting credit needs to an outstanding record of meeting community needs. Figure IV-4 shows the results of recent CRA exams for banks in the study area. Only banks that received a rating after 2005 are included. Data is not provided for Johnson County, as the Federal Financial Institutions Examination Council (FFIEC) presents information by municipality. A majority of banks presented in Figure IV-4 received satisfactory rankings.

**Figure IV-4.
CRA Ratings,
Kansas City
Region, January
2011**

Source:
FFIEC Interagency CRA
Rating.

	Top Banks Rated	Outstanding	Satisfactory	Needs to Improve	Substantial Noncompliance
Kansas					
Johnson County	NA	NA	NA	NA	NA
Kansas City	6	33%	67%	0%	0%
Leavenworth	3	33%	67%	0%	0%
Overland Park	11	0%	100%	0%	0%
Shawnee	0	0%	0%	0%	0%
Missouri					
Blue Springs	2	0%	100%	0%	0%
Independence	1	0%	100%	0%	0%
Kansas City	11	45%	55%	0%	0%
Lee's Summit	4	0%	100%	0%	0%

Home Mortgage Disclosure Act (HMDA) Data analysis. HMDA data are widely used to detect evidence of discrimination in mortgage lending. In fact, concern about discriminatory lending practices in the 1970s led to the requirement for financial institutions to collect and report HMDA data. The variables contained in the HMDA dataset have expanded over time, allowing for more comprehensive analyses and better results. However, despite expansions in the data reported, HMDA analyses remain limited because of the information that is *not* reported.

As such, studies of lending disparities that use HMDA data carry a similar caveat: HMDA data can be used to determine disparities in loan originations and interest rates among borrowers of different races, ethnicities, genders, and location of the property they hope to own. The data can also be used to explain many of the reasons for any lending disparities (e.g., poor credit history). Yet HMDA data do not contain all of the factors that are evaluated by lending institutions when they decide to make a loan to a borrower. Basically, the data provide *a lot* of information about the lending decision—but *not all* of the information.

Beginning in 2004, HMDA data contained the interest rates on higher-priced mortgage loans. This allows examinations of disparities in high-cost, including subprime, loans among different racial and ethnic groups. It is important to remember that subprime loans are not always predatory or suggest fair lending issues, and that the numerous factors that can make a loan “predatory” are not adequately represented in available data. Therefore, actual predatory practices cannot be identified through HMDA data analysis. However, the data analysis can be used to identify where additional scrutiny is warranted, and how public education and outreach efforts should be targeted.

HMDA data report several types of loans. These include loans used to purchase homes, loans to make home improvements and refinancing of existing mortgage loans, as defined below.

- **Home purchase loan.** A home purchase loan is any loan secured by and made for the purpose of purchasing a housing unit.
- **Home improvement loan.** A home improvement loan is used, at least in part, for repairing, rehabilitating, remodeling, or improving a housing unit or the real property on which the unit is located.
- **Refinancing.** Refinancing is any dwelling-secured loan that replaces and satisfies another dwelling-secured loan to the same borrower. The purpose for which a loan is refinanced is not relevant for HMDA purposes.

The HMDA data are separated into two primary loan categories: conventional loans and government-guaranteed loans. Government-guaranteed loans are those insured by the Federal Housing Administration and Veterans Administration.

The most recent HMDA data is available for 2009. This section uses the analysis of 2009 HMDA data to uncover:

- The geographic areas in communities where high-cost lending and loan denials are concentrated, and the correlation of these areas with concentrations of minority and low income households; and
- Disparities in high-cost lending and loan denials across different racial and ethnic groups.

Number of loans. In 2009, there were approximately 117,700 loan applications made in the Kansas City MSA. Figure IV-5 presents the distribution of loan applications by jurisdiction alongside the overall population distribution of the MSA. The largest proportion of loan applications (43 percent) in the MSA was made in Kansas City, MO, which also contains 22 percent of the MSA's population.

**Figure IV-5.
Number of Loan
Applications, 2009**

Source:
Home Mortgage Disclosure
Act (HMDA), 2009.

	Loan Applications	Percent MSA's Loan Applications	Percent of MSA's Population
Kansas			
Johnson County	39,645	33.7%	26.5%
Kansas City	11,867	10.1%	7.2%
Leavenworth	2,210	1.9%	1.7%
Overland Park	17,610	15.0%	8.3%
Shawnee	8,499	7.2%	3.1%
		0.0%	
Missouri			
Blue Springs	4,840	4.1%	2.6%
Independence	9,129	7.8%	6.0%
Kansas City	50,947	43.3%	22.0%
Lee's Summit	10,826	9.2%	4.6%

Types of loans. Conventional loans were the most common type of loan used in applications submitted in 2009. Sixty-four percent of all loan applications submitted in 2009 in the MSA were for conventional loans. Given the military presence in Leavenworth, it is not surprising that 19 percent of loan applications in that community were for VA-Guaranteed loan products administered by the Veterans Administration. Figure IV-6 summarizes the types of loan products applied for in 2009.

**Figure IV-6.
Types of Loan
Applications,
Study Area, 2009**

Source:
Home Mortgage Disclosure
Act (HMDA), 2009.

	Conventional	FHA Insured	FSA-RHS (Farm Service)	VA-Guaranteed
Kansas City MSA	63.8%	31.7%	1.1%	3.4%
Kansas				
Johnson County	73.7%	23.7%	0.5%	2.1%
Kansas City	62.0%	32.6%	0.4%	4.9%
Leavenworth	58.2%	22.2%	0.5%	19.0%
Overland Park	78.9%	19.6%	0.0%	1.5%
Shawnee	72.1%	25.1%	0.6%	2.2%
Missouri				
Blue Springs	57.1%	38.6%	0.3%	3.9%
Independence	53.4%	42.7%	0.3%	3.6%
Kansas City	61.6%	34.4%	0.2%	3.7%
Lee's Summit	65.6%	31.0%	0.0%	3.4%

Most loan applications in the study area were submitted to refinance existing mortgages. For example, 74 percent of loan applications submitted by Overland Park residents were for refinance loans. Approximately one-quarter of applicants in each of the study's participating communities applied for home purchase loans. Lastly, few applicants sought home improvement loans; 9 percent of loan applications in Leavenworth were for home improvement loans, which is the largest percentage in the study area. Figure IV-7 summarizes loan purpose by jurisdiction.

**Figure IV-7.
Purpose of Loan Applications,
Study Area, 2009**

Source: Home Mortgage Disclosure Act (HMDA), 2009.

	Home Improvement	Home Purchase	Home Refinance
Kansas City MSA	4.4%	24.7%	71.0%
Kansas			
Johnson County	3.2%	24.2%	72.6%
Kansas City	5.2%	26.1%	68.7%
Leavenworth	8.8%	24.7%	66.5%
Overland Park	3.3%	23.1%	73.6%
Shawnee	3.6%	23.3%	73.2%
Missouri			
Blue Springs	4.3%	23.7%	72.0%
Independence	6.1%	25.4%	68.5%
Kansas City	4.5%	25.3%	70.2%
Lee's Summit	3.3%	21.1%	75.6%

Loan denials. Sixty four percent of loan applications in the Kansas City MSA originated, while 16 percent were denied. Blue Springs' applicants had the highest loan origination rate at 72 percent; Independence had the lowest at 59 percent. Similarly, Independence's denial rate of 20 percent was the highest in the study area; Johnson County's was the lowest at 11 percent.

**Figure IV-8.
Action Taken on Loan Application, Study Area, 2009**

	Application Approved but Not Accepted	Application Denied	Application Withdrawn by Applicant	File closed for Incompleteness	Loan Originated	Total Number of Loans
Kansas City MSA	5.0%	16.1%	12.3%	2.4%	64.3%	
Kansas						
Johnson County	4.6%	11.3%	11.5%	1.9%	70.7%	39,645
Kansas City	4.9%	17.2%	11.5%	2.7%	63.7%	11,867
Leavenworth	4.2%	16.9%	10.6%	2.1%	66.2%	2,210
Overland Park	4.7%	10.9%	11.7%	2.0%	70.8%	17,610
Shawnee	4.6%	13.1%	11.7%	2.1%	68.5%	8,499
Missouri						
Blue Springs	6.3%	18.8%	0.5%	2.7%	71.6%	4,240
Independence	5.2%	20.0%	13.6%	2.6%	58.6%	9,129
Kansas City	5.2%	17.4%	12.6%	2.5%	62.3%	50,947
Lee's Summit	5.2%	13.7%	12.8%	2.4%	65.9%	10,826

Source: Home Mortgage Disclosure Act (HMDA), 2009.

Denial rates by race. This section presents denial rates by race and ethnicity. For each participating jurisdiction, a table is provided that compares the results of mortgage applications by race and ethnicity. Additionally, two maps are presented for each community, which display African American and Hispanic concentrations by Census Tracts overlaid with areas where denial rates exceeded city-wide averages. Kansas City, MO is the only community where the above average denial rates and presence of African Americans appear to be closely related.

Johnson County, Kansas

Figure IV-9.
Result of Mortgage Loan Applications by Race/Ethnicity, Johnson County, 2009

	Loan Originated	Application Approved but Not Accepted	Application Denied	Application Withdrawn by Applicant	File closed for Incompleteness
Johnson County					
African American	60.2%	4.5%	18.6%	13.0%	3.7%
White	73.7%	4.5%	10.2%	9.9%	1.7%
Hispanic	65.2%	5.4%	15.4%	12.0%	2.0%
Not Hispanic	73.1%	4.6%	10.4%	10.1%	1.8%
Racial/Ethnic Comparisons					
African American/White	-13.5%	-0.1%	8.4%	3.1%	2.0%
Hispanic/Not Hispanic	-7.9%	0.8%	5.0%	1.9%	0.1%

Source: FFIEC HMDA Aggregate Reports, 2009, and BBC Research & Consulting.

Figure IV-10.
Higher than Community Average Denials by Percent African American, Johnson County, Kansas, 2009

Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.

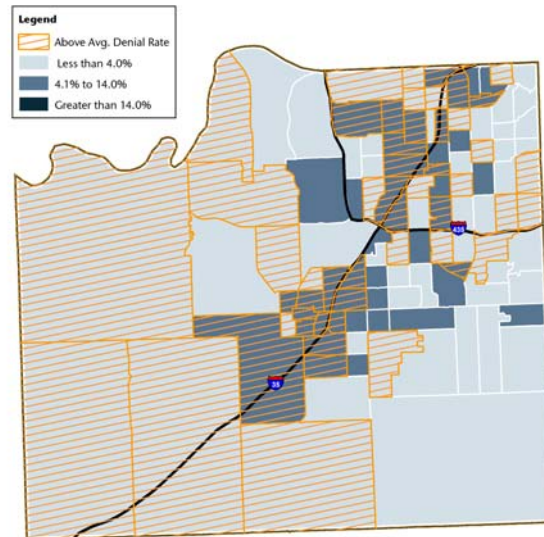


Figure IV-11.
Higher than Community Average Denials by Percent Hispanic, Johnson County, Kansas, 2009

Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.



Kansas City, Kansas

Figure IV-12.
Result of Mortgage Loan Applications by Race/Ethnicity, Kansas City, KS, 2009

	Loan Originated	Application Approved but Not Accepted	Application Denied	Application Withdrawn by Applicant	File closed for Incompleteness
Kansas City, KS					
African American	47.6%	6.3%	28.6%	11.3%	6.3%
White	68.1%	4.8%	14.5%	10.3%	2.3%
Hispanic	48.7%	5.9%	29.5%	13.0%	2.8%
Not Hispanic	67.1%	4.9%	14.9%	10.4%	2.7%
Racial/Ethnic Comparisons					
African American/White	-20.5%	1.5%	14.2%	0.9%	3.9%
Hispanic/Not Hispanic	-18.4%	1.0%	14.6%	2.6%	0.2%

Source: FFIEC HMDA Aggregate Reports, 2009, and BBC Research & Consulting.

Figure IV-13.
Higher than Community Average Denials by Percent African American, Kansas City, Kansas, 2009

Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.

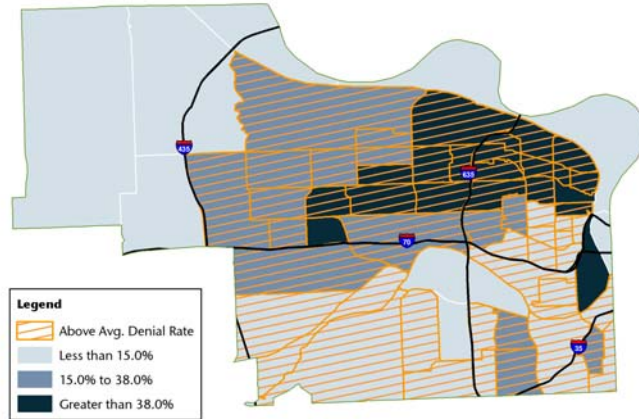
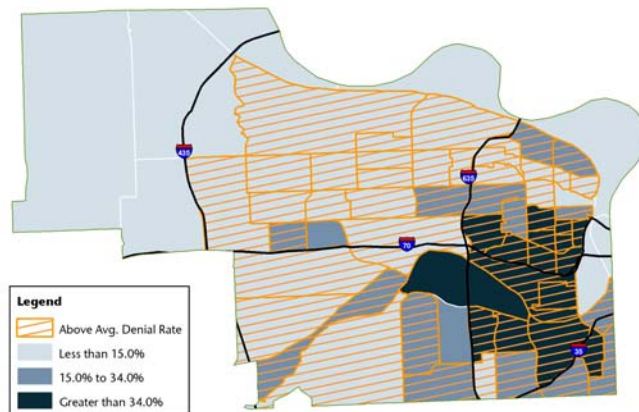


Figure IV-14.
Higher than Community Average Denials by Percent Hispanic, Kansas City, Kansas, 2009

Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.



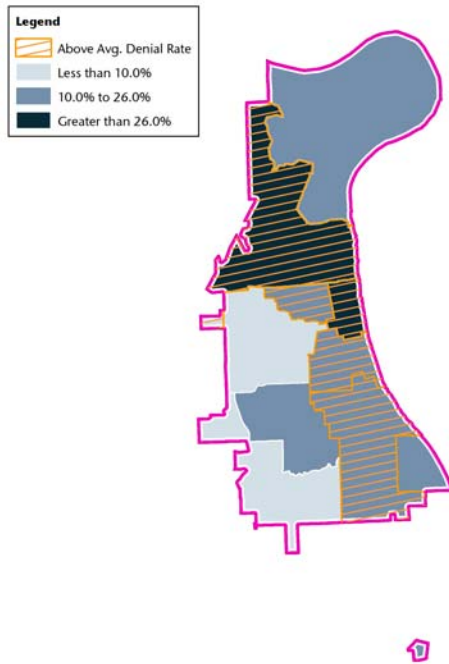
Leavenworth, Kansas

Figure IV-15.
Result of Mortgage Loan Applications by Race/Ethnicity, Leavenworth, 2009

	Loan Originated	Application Approved but Not Accepted	Application Denied	Application Withdrawn by Applicant	File closed for Incompleteness
Leavenworth					
African American	57.0%	7.0%	23.7%	10.5%	1.8%
White	68.7%	4.1%	15.8%	9.4%	1.9%
Hispanic	57.4%	6.6%	19.7%	14.8%	1.6%
Not Hispanic	68.3%	4.3%	16.0%	9.3%	2.1%
Racial/Ethnic Comparisons					
African American/White	-11.7%	2.9%	7.9%	1.1%	-0.2%
Hispanic/Not Hispanic	-10.9%	2.2%	3.6%	5.4%	-0.4%

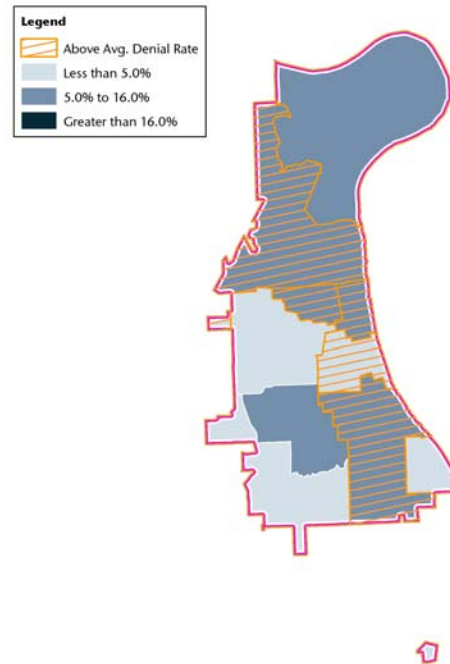
Source: FFIEC HMDA Aggregate Reports, 2009, and BBC Research & Consulting.

Figure IV-16.
Higher than Community Average Denials by Percent African American, Leavenworth, Kansas, 2009



Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.

Figure IV-17.
Higher than Community Average Denials by Percent Hispanic, Leavenworth, Kansas, 2009



Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.

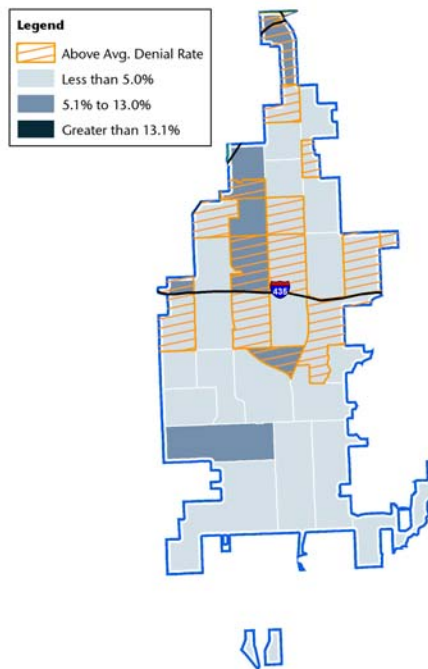
Overland Park, Kansas

Figure IV-18.
Result of Mortgage Loan Applications by Race/Ethnicity, Overland Park, 2009

	Loan Originated	Application Approved but Not Accepted	Application Denied	Application Withdrawn by Applicant	File closed for Incompleteness
Overland Park					
African American	58.6%	4.7%	16.9%	16.3%	3.4%
White	73.9%	4.5%	9.9%	10.0%	1.7%
Hispanic	66.8%	4.5%	14.5%	11.9%	2.4%
Not Hispanic	73.1%	4.6%	10.0%	10.4%	1.8%
Racial/Ethnic Comparisons					
African American/White	-15.3%	0.3%	7.1%	6.3%	1.6%
Hispanic/Not Hispanic	-6.3%	-0.2%	4.5%	1.5%	0.5%

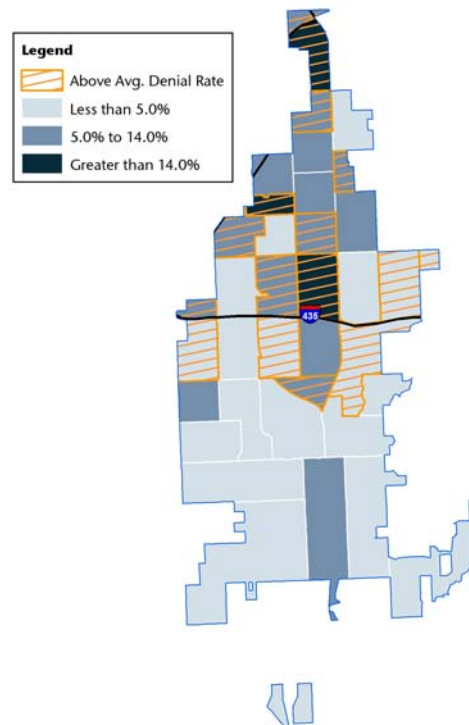
Source: FFIEC HMDA Aggregate Reports, 2009, and BBC Research & Consulting.

Figure IV-19.
Higher than Community Average Denials by Percent African American, Overland Park, Kansas, 2009



Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.

Figure IV-20.
Higher than Community Average Denials by Percent Hispanic, Overland Park, Kansas, 2009



Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.

Shawnee, Kansas

Figure IV-21.
Result of Mortgage Loan Applications by Race/Ethnicity, Shawnee, 2009

	Loan Originated	Application Approved but Not Accepted	Application Denied	Application Withdrawn by Applicant	File closed for Incompleteness
Shawnee					
African American	60.0%	7.1%	17.9%	10.7%	4.3%
White	71.1%	4.7%	12.1%	10.1%	2.0%
Hispanic	59.4%	5.7%	22.8%	10.7%	1.4%
Not Hispanic	70.8%	4.8%	12.0%	10.2%	2.1%
Racial/Ethnic Comparisons					
African American/White	-11.1%	2.4%	5.8%	0.7%	2.2%
Hispanic/Not Hispanic	-11.3%	0.9%	10.7%	0.4%	-0.7%

Source: FFIEC HMDA Aggregate Reports, 2009, and BBC Research & Consulting.

Figure IV-22.
Higher than Community Average Denials by Percent African American, Shawnee, Kansas, 2009

Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.



Figure IV-23.
Higher than Community Average Denials by Percent Hispanic, Shawnee, Kansas, 2009

Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.



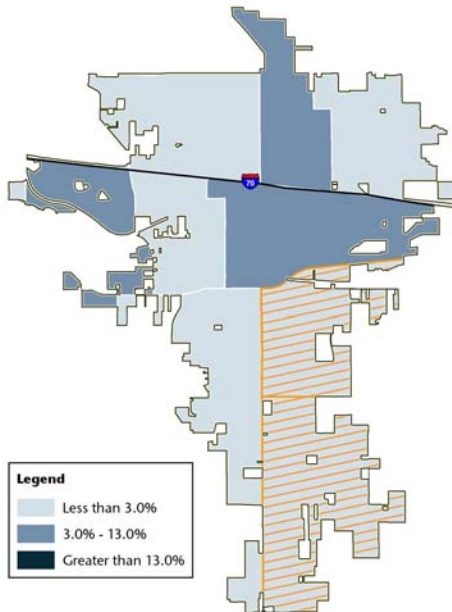
Blue Springs, Missouri

Figure IV-24.
Result of Mortgage Loan Applications by Race/Ethnicity, Blue Springs, 2009

	Loan Originated	Application Approved but Not Accepted	Application Denied	Application Withdrawn by Applicant	File closed for Incompleteness
Blue Springs					
African American	62.2%	7.3%	19.5%	8.5%	2.4%
White	65.8%	5.5%	15.3%	11.1%	2.3%
Hispanic	52.2%	7.8%	24.4%	12.2%	3.3%
Not Hispanic	65.4%	5.6%	15.7%	11.0%	2.3%
Racial/Ethnic Comparisons					
African American/White	-3.6%	1.8%	4.2%	-2.6%	0.2%
Hispanic/Not Hispanic	-13.2%	2.2%	8.8%	1.2%	1.0%

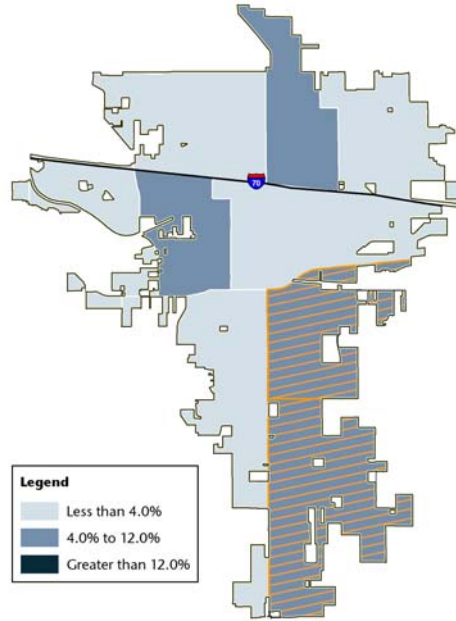
Source: FFIEC HMDA Aggregate Reports, 2009, and BBC Research & Consulting.

Figure IV-25.
Higher than Community Average Denials by Percent African American, Blue Springs, Missouri, 2009



Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.

Figure IV-26.
Higher than Community Average Denials by Percent Hispanic, Blue Springs, Missouri, 2009



Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.

Independence, Missouri

Figure IV-27.
Result of Mortgage Loan Applications by Race/Ethnicity, Independence, 2009

	Loan Originated	Application Approved but Not Accepted	Application Denied	Application Withdrawn by Applicant	File closed for Incompleteness
Independence					
African American	55.9%	6.2%	25.5%	11.5%	0.9%
White	62.6%	5.3%	17.7%	11.8%	2.7%
Hispanic	56.8%	4.0%	25.2%	13.3%	0.7%
Not Hispanic	61.9%	5.4%	18.2%	11.8%	2.7%
Racial/Ethnic Comparisons					
African American/White	-6.7%	0.9%	7.8%	-0.2%	-1.8%
Hispanic/Not Hispanic	-5.0%	-1.5%	7.0%	1.5%	-2.0%

Source: FFIEC HMDA Aggregate Reports, 2009, and BBC Research & Consulting.

Figure IV-28.
Higher than Community Average Denials by Percent African American, Independence, Missouri, 2009

Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.

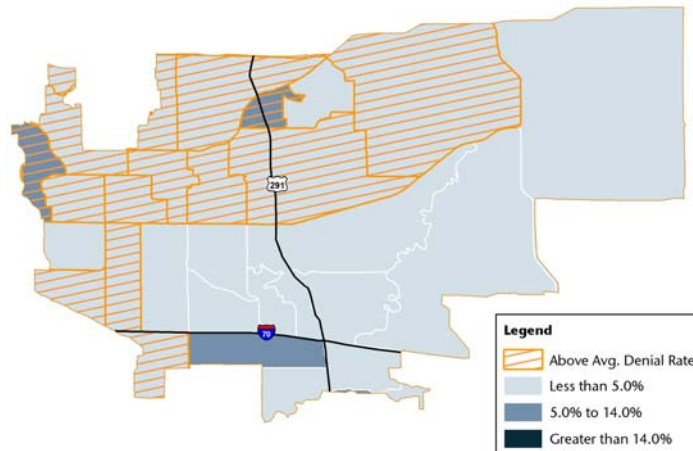
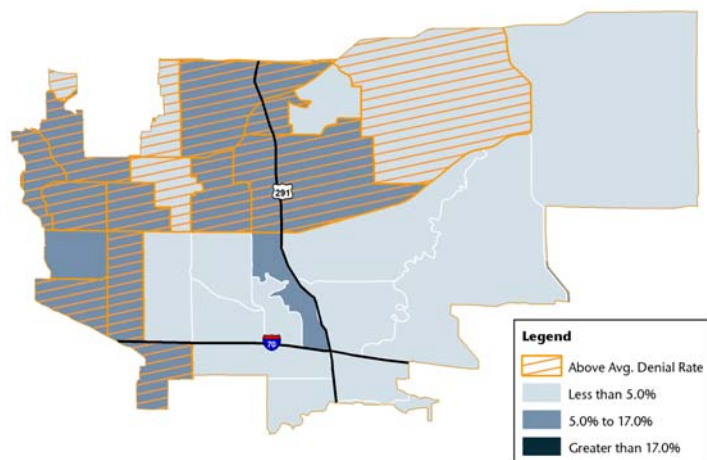


Figure IV-29.
Higher than Community Average Denials by Percent Hispanic, Independence, Missouri, 2009

Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.



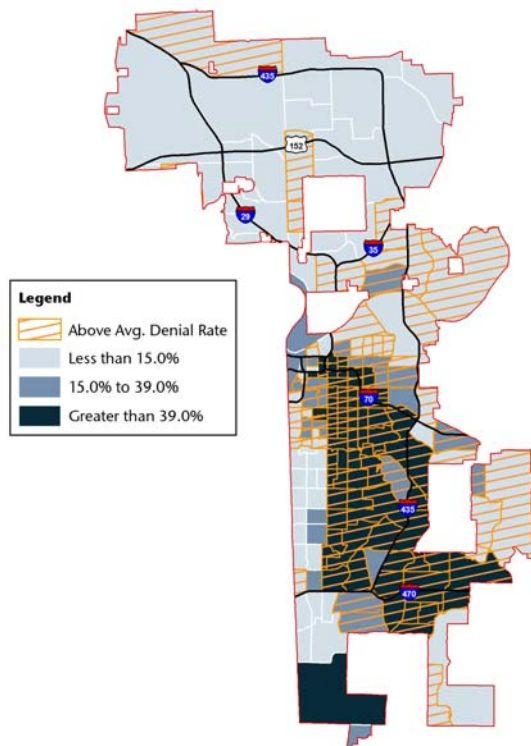
Kansas City, Missouri

Figure IV-30.
Result of Mortgage Loan Applications by Race/Ethnicity, Kansas City, MO, 2009

	Loan Originated	Application Approved but Not Accepted	Application Denied	Application Withdrawn by Applicant	File closed for Incompleteness
Kansas City, MO					
African American	49.6%	6.8%	33.5%	5.9%	4.2%
White	67.4%	5.1%	14.4%	10.8%	2.4%
Hispanic	52.5%	6.0%	25.8%	12.8%	2.9%
Not Hispanic	65.4%	5.2%	15.7%	11.2%	2.5%
Racial/Ethnic Comparisons					
African American/White	-17.8%	1.7%	19.2%	-4.9%	1.8%
Hispanic/Not Hispanic	-12.8%	0.8%	10.1%	1.6%	0.3%

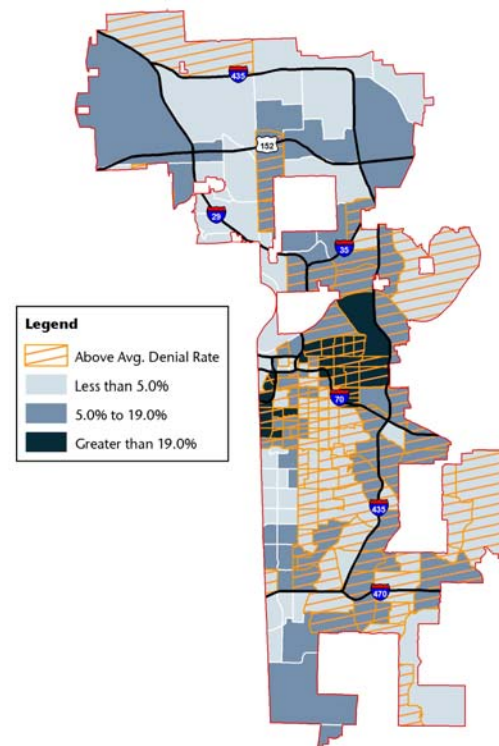
Source: FFIEC HMDA Aggregate Reports, 2009, and BBC Research & Consulting.

Figure IV-31.
Higher than Community Average Denials by Percent African American, Kansas City, Missouri, 2009



Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.

Figure IV-32.
Higher than Community Average Denials by Percent Hispanic, Kansas City, Missouri, 2009



Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.

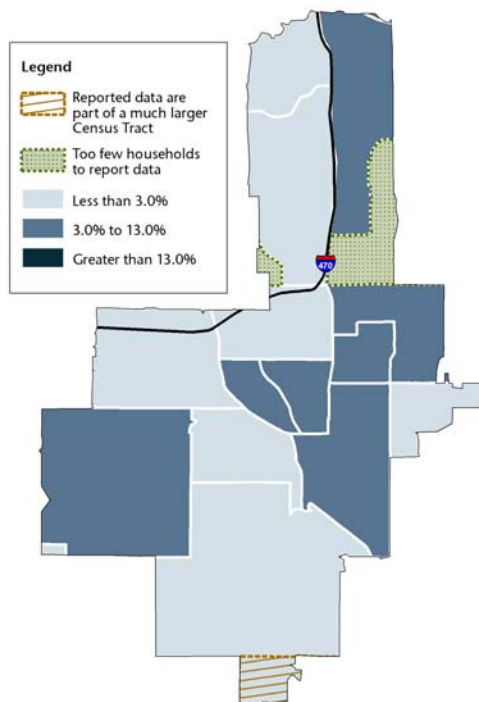
Lee's Summit, Missouri

Figure IV-33.
Result of Mortgage Loan Applications by Race/Ethnicity, Lee's Summit, 2009

	Loan Originated	Application Approved but Not Accepted	Application Denied	Application Withdrawn by Applicant	File closed for Incompleteness
Lee's Summit					
African American	57.6%	6.8%	21.2%	11.7%	2.7%
White	69.2%	5.2%	12.1%	11.2%	2.3%
Hispanic	59.6%	2.5%	23.6%	10.6%	3.7%
Not Hispanic	68.4%	5.3%	12.6%	11.3%	2.3%
Racial/Ethnic Comparisons					
African American/White	-11.6%	1.6%	9.1%	0.5%	0.4%
Hispanic/Not Hispanic	-8.8%	-2.8%	11.0%	-0.8%	1.4%

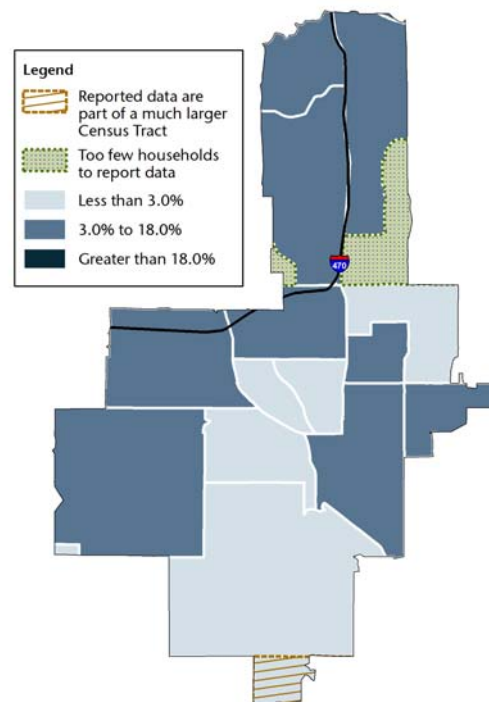
Source: FFIEC HMDA Aggregate Reports, 2009, and BBC Research & Consulting.

Figure IV-34.
Higher than Community Average Denials by Percent African American, Lee's Summit, Missouri, 2009



Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.

Figure IV-35.
Higher than Community Average Denials by Percent Hispanic, Lee's Summit, Missouri, 2009



Source: FFIEC HMDA Aggregate Reports 2009 and Claritas, 2009.

Subprime analysis. This section examines the prevalence of subprime loans in the study area. For the purposes of this section, we define “subprime” as a loan with an APR higher than comparable Treasuries.

Overall, 5 percent of originated loans in the MSA received subprime rates. Eight percent of originated loans in Leavenworth were considered subprime, compared with only 2 percent in Overland Park.

Figure IV-36.
Subprime Loans by Municipality,
Study Area, 2009

Source:
FFIEC HMDA Aggregate Reports
2009.

	Originated Loans	Subprime Loans	Percent Subprime
Kansas City MSA	75,712	3,815	5.0%
Kansas			
Johnson County	28,029	739	2.6%
Kansas City	7,560	403	5.3%
Leavenworth	1,463	117	8.0%
Overland Park	12,473	239	1.9%
Shawnee	5,818	173	3.0%
Missouri			
Blue Springs	3,034	136	4.5%
Independence	5,351	369	6.9%
Kansas City	31,749	1,496	4.7%
Lee's Summit	7,137	280	3.9%

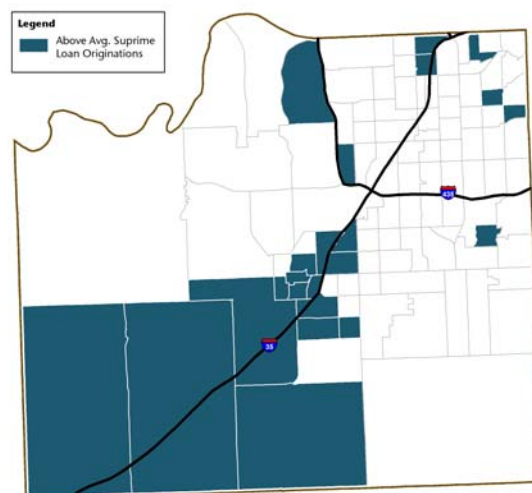
Of the subprime loans that were originated to borrowers in the Kansas City MSA, 85 percent were made to borrowers who are racially white; 6 percent to African American borrowers; and 6 percent to borrowers where racial information was not available. Ethnically, 89 percent of subprime loans were made to non-Hispanic applicants, 6 percent were made to borrowers where ethnic information was not available and 4 percent were made to Hispanic residents.

The following series of maps highlight Census Tracts with a higher percentage of subprime loan originations than their respective communities overall.

Johnson County, Kansas

Figure IV-37.
Subprime Loans Compared to Community
Average, Johnson County, 2009

Source:
FFIEC HMDA Aggregate Reports, 2009, and BBC Research & Consulting.

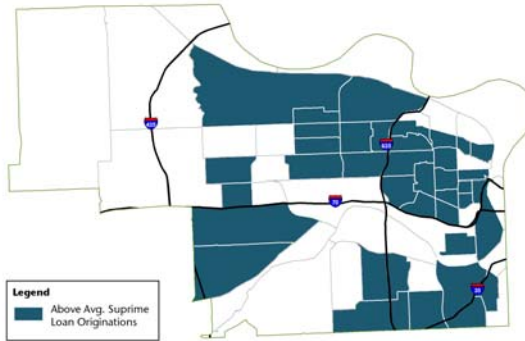


Kansas City, Kansas

Figure IV-38.
Subprime Loans Compared
to Community Average,
Kansas City, KS, 2009

Source:

FFIEC HMDA Aggregate Reports, 2009, and
BBC Research & Consulting.

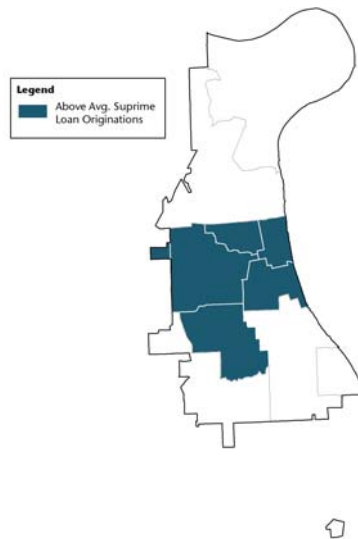


Leavenworth, Kansas

Figure IV-39.
Subprime Loans Compared
to Community Average,
Leavenworth, 2009

Source:

FFIEC HMDA Aggregate Reports, 2009, and BBC Research &
Consulting.

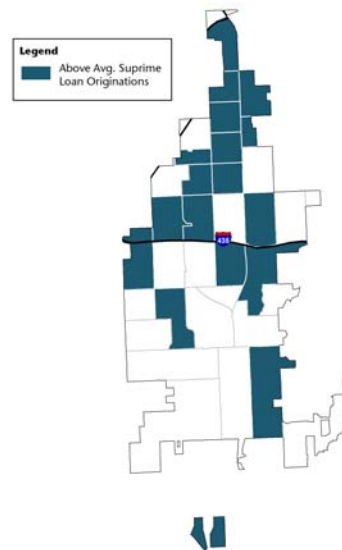


Overland Park, Kansas

Figure IV-40.
Subprime Loans Compared
to Community Average,
Overland Park, 2009

Source:

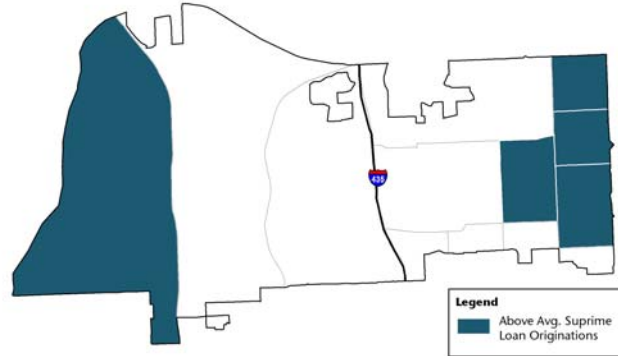
FFIEC HMDA Aggregate Reports, 2009, and BBC Research & Consulting.



Shawnee, Kansas

Figure IV-41.
Subprime Loans Compared
to Community Average,
Shawnee, 2009

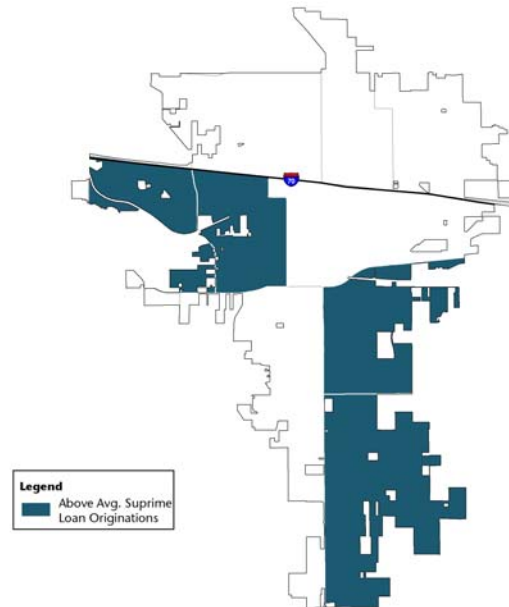
Source:
FFIEC HMDA Aggregate Reports, 2009, and BBC Research & Consulting.



Blue Springs, Missouri

Figure IV-42.
Subprime Loans Compared
to Community Average,
Blue Springs, 2009

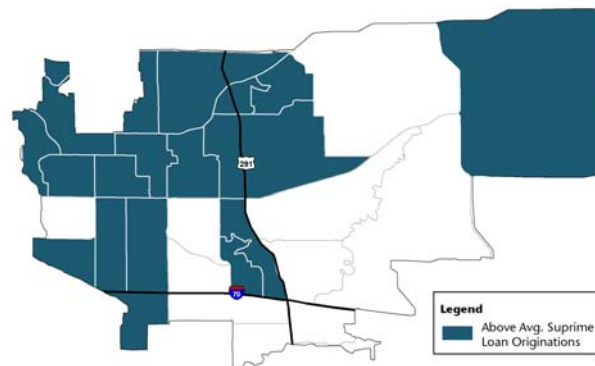
Source:
FFIEC HMDA Aggregate Reports, 2009, and BBC Research & Consulting.



Independence, Missouri

Figure IV-43.
Subprime Loans Compared
to Community Average,
Independence, 2009

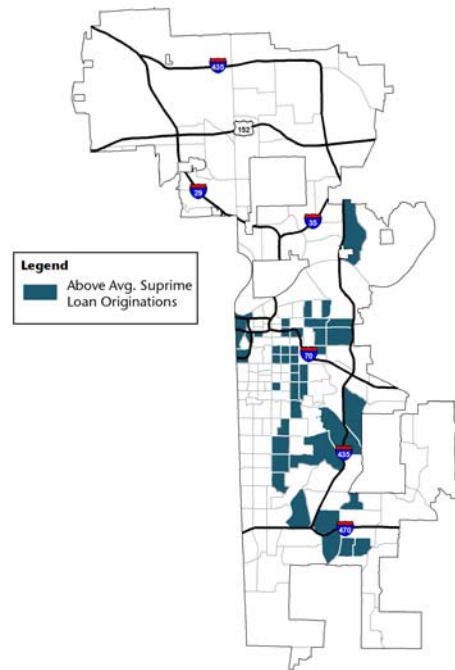
Source:
FFIEC HMDA Aggregate Reports, 2009, and BBC Research & Consulting.



Kansas City, Missouri

Figure IV-44
Subprime Loans Compared to
Community Average,
Kansas City, MO, 2009

Source:
FFIEC HMDA Aggregate Reports, 2009, and BBC Research & Consulting.



Lee's Summit, Missouri

Figure IV-45.
Subprime Loans Compared to
Community Average,
Lee's Summit, 2009

Source:
FFIEC HMDA Aggregate Reports, 2009, and
BBC Research & Consulting.

