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## Hispanics' American dream hit by mortgage crisis

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By Adriana Garcia

WASHINGTON, March 18 (Reuters) - Hispanic immigrants across the United States are being hit hard by the subprime mortgage crisis, with many risking their life savings in a failed bet on the American dream of owning their own homes.

Hispanics hold up to 40 percent of mortgages in the troubled subprime loan market, where higher interest rates are charged to buyers with a damaged credit history or little borrowing experience.

Often new to the country and with limited English, many say they were misled by mortgage brokers and never expected their payments to be so high.

"If we took that loan it was because we didn't understand it," said Maria, a 39-year-old Mexican mother of three who recently lost her home in Kansas City.

She and her husband Francisco, both illegal immigrants, sold a \$20,000 home and bought a \$114,000 property with the kitchen of her dreams. "This new house had four bedrooms and a bigger kitchen, and that's what interested me, because I like cooking."

Two years later, with interest rates higher, they were missing their monthly payments. Unable to refinance the loan or sell to cover their debts in a depressed market, they gave up and moved to a two bedroom rented apartment in October.

"If we had known, we would never have signed the papers," she said.

About 1.5 million homeowners will face foreclosure this year, an increase of at least 20 percent from 2006, according to housing research firm RealtyTrac.

Some mortgage brokers were too aggressive in persuading people to buy homes they could not afford, and Hispanics were especially vulnerable because immigrants have little credit history and are natural customers for subprime loans.

"Their lack of financial education and their overwhelming desire to buy a home makes them the perfect victims of predatory lenders," said Gregory Cahn, from La Fuerza Unida Inc., a housing counseling agency in Long Island, New York.

### 'CHEATED'

"People call me from all over the country to tell how they've been cheated. There are from 350 to 400 types of loans in the market, but brokers just sell what's convenient for them," said Aracely Panameno, director for Latino issues at the Center for Responsible Lending, a consumer advocacy group.

The Hispanic population in the United States stands at around 42 million, and Latinos also account for most of the country's estimated 12 million illegal immigrants.

Although some brokers went too far, the rapid growth of subprime loans in recent years gave many immigrants a chance to buy homes for the first time. As lenders now abandon the sector, even worthy Hispanic borrowers could now see loans shut off to them again.

Experts say many Hispanics trapped with expensive subprime mortgages are looking for second jobs or renting rooms in their homes to keep up payments.

"You will have families that are working multiple jobs to buy this house," said Janis Bowdler of the National Council of La Raza, a prominent Latino civil rights group. "It's their dream, so they will do everything they can to pay that bill."

Maricela Vargas, a Mexican-American woman in Visalia, California, lives with one of her sons in a three bedroom house she bought for \$261,000. When she signed the papers, she was worried about the monthly payment of around \$1,600.

"I trusted this woman. She told me I'd be able to refinance after a month, but it didn't happen," Vargas said.

Earning only \$1,800 a month, Vargas has already spent more than \$40,000 of her savings to pay the mortgage, and she rents a room to a friend. She is

also now looking for a second job.

"I didn't want to move because I felt I would lose everything, my identity," she said, explaining why she is trying everything to hold on to her home. "I don't want to think about what could happen."

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