


2014

African American Women's Perception of Subprime Lending Practices on Their Home Buying Knowledge and Behaviors

John Howard White
Walden University

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Walden University

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John White

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Walden University
2014

Abstract

African American Women's Perception of Subprime Lending Practices
on Their Home Buying Knowledge and Behaviors

by

John Howard White

MA, Walden University, 2010

BS, Morgan State University, 1993

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Public Policy and Administration

Walden University

December 2014

Abstract

The subprime mortgage lending practices from 1995 to 2007 were disproportionately concentrated on minority and low income neighborhoods of the United States. Despite the negative effects of subprime loans, these loans are regaining popularity. The purpose of this phenomenological research study was to bridge the gap in knowledge about their effect on African American women by exploring the home buying knowledge and behaviors of African American women between 2004 and 2007 in a southern state. Ajzen and Fishbein's theory of planned behavior served as the theoretical framework of this study, which explored factors that motivated African American women to buy a home, how the type of subprime loan used was identified, their knowledge of subprime loans, their experience of buying a home, and their postpurchase experience of becoming a homeowner. Data were collected through a demographic questionnaire and semistructured interviews with a snowball sample of 20 participants. Data were analyzed using the phenomenological method of thematic coding. Findings indicated that participants believed they were taken advantage of by realtors and loan servicers, were mostly unaware about the type of subprime loan used to purchase their homes, and later found out about the problems with subprime loans after conducting their own research. The implications for positive social change are directed at policymakers to focus attention and resources on understanding and addressing the experiences of African American women by expanding access to prime lending markets, better regulating subprime lending terms more effectively, and empowering African American women to be knowledgeable and vigilant about the drawbacks of subprime mortgages.

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Dedication

This dissertation is dedicated to my mother, Sharon Lizette Sanford, who died February 25, 2013. My mother was my educational inspiration. I thank God every day for allowing me to have had a great mom who provided the necessary tools to get me through this point of realizing the dream of pursuing my PhD. Your hands on me will never be forgotten. I love you and thank you.

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Chapter 1: Introduction to the Study

Powell and Greenhaus (2010) reported that the struggles of African Americans date back to times when opportunities were scarce for Blacks and slavery was legal. During the 19th and 20th centuries, Blacks were denied opportunities that were afforded to Whites, especially White males, such as voting rights, equal pay, education, and housing. Due in part to societal and policy changes, African Americans have made great strides in wealth, equality, and upward mobility, thus showing tremendous progress in a multitude of areas. The attainment of higher educational degrees, increased salary earnings, and property ownership identify areas of great improvement and significance for Blacks.

According to data from the U.S. Census Bureau (2010), homeownership rates among Blacks are historically lower than the homeownership rates of other races. From 2005 to 2009, the U.S. Census Bureau reported that African American homeownership rates ranged from 48.2% to 46.2 %, respectively. The national rate of homeownership is reported at 65.1%. In the State of Maryland, the homeownership rate is 67.7%, with the Black homeownership rate at 51.3%.

The National Association of Realtors (NAR; 2012) tracked and recorded data on home buyers and home buying characteristics. According to NAR, in 2010, single women accounted for 20% of the homeowner base, while single men accounted for 12%; thus, homeownership rates are higher for single women than for single men. The NAR further reported that in 2011, 65% of all home buyers were married couples, and single women and single men accounted for 16% and 10%, respectively. The NAR pointed out

that the 2011 single women share (16%) was the lowest reported since 2001. The rise in the sale prices of homes often suggests growth in the United States housing industry. The New Deal, the National Housing Act of 1934, and the creation of Fannie Mae all represent legislative measures passed in the 1930s to protect and oversee the housing industry. Followed by the Housing and Urban Development Act of 1965 and the Equal Credit Opportunity Act of 1974, continuous protections and safeguards were implemented to ensure equality within the U.S. housing market.

Anderson, Brooks, and Katsaris (2010) reported that prior to the housing market crash of 2007, several events in the United States had an effect on the economy. First, the Tax Reform Act of 1986 increased the home mortgage interest deduction to incentivize homeownership (Anderson et al., 2010; Investopedia, 2013b). Second, the rapid increase in housing prices began after August 2000 when money left the U.S. stock market following the peak of the dot.com bubble (Anderson et al., 2010).

The subprime lending practices from 1995 to 2007 indicated a disproportionate concentration of such lending in the U.S. minority and low income neighborhoods (Essene & Apgar, 2007; Leigh & Huff, 2007; Nelson, 2007; Singleton, George, Dickstein, & Thomas, 2006; U.S. Department of Housing and Urban Development [HUD], 2000; Weller & Sabatini, 2008; Wilkinson-Ryan, 2011). However, there is a gap in the research that focuses on the experiences of homeowners who were given subprime loans by lenders. This phenomenological research study, therefore, explored and explained the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince

George's County, Maryland, by gaining an understanding of 20 African American women's experiences. This study is significant because it may further encourage policymakers and the marketplace to understand and address the experiences of African American women who suffer an unequal burden of predatory lending practices, encourage policy actors to adopt and enforce policies that better regulate subprime lending terms and expand access to the prime lending markets, and empower African American women to be knowledgeable and vigilant about subprime mortgages. This, in turn, will lead to sustained increases in homeownership among African Americans and other home buyers as well as a stronger housing market and economy. In Chapter 1, I include the background of the study, statement of the problem, purpose of the study, research questions, theoretical framework, nature of the study, definition of terms, assumptions, scope and delimitations, limitations, significance of the study, and summary.

Background of the Study

According to Kellogg (2011), the rise in the housing industry during the earlier 2000s prompted many homeowners to take advantage of the market boom. The availability of multiple financing options, with fewer qualification and verification requirements, made it possible for individuals to buy their first homes or purchase real estate as an investment property. Therefore, individuals bought and invested in the housing market at record rates.

While many individuals were affected by the mortgage crises, I focused on one segment of the population, African American female homebuyers in Prince George's

County, Maryland, because they suffer an unequal burden of predatory lending practices (HUD, 2000). The U.S. Census Bureau (2012) estimated that the population in Prince George's County to be 881,138, with women accounting for 453,041 (52%) and Blacks accounting for 561,074 (65.4%). Along with other minorities, African American women found it especially hard to sustain their homeownership status, despite impressive wages, due to the extraordinarily high monthly payments from subprime loans (Phillips, 2010).

Thompson (2009) reported that foreclosed homes became one of the country's main economic issues. While many factors played a part in the rise and then the fall of the housing industry in 2007, subprime lending practices are considered the major contributory factor (Hernandez, 2009). Many homebuyers thought they were getting the best financial deal when offered subprime loans by lenders (Weller & Sabantini, 2008). As a result, there is a continued need for national and state officials to adopt and enforce policies that educate and protect borrowers, expand access to the prime lending markets, better regulate subprime lending terms, and monitor lending and real estate practices (Singleton et al., 2006).

Research has mainly focused on the statistics of homeowners by race and neighborhood who were given subprime loans by lenders (Essene & Apgar, 2007; HUD, 2000; Leigh & Huff, 2007; Nelson, 2007; Singleton et al., 2006; Weller & Sabatini, 2008; Wilkinson-Ryan, 2011). However, there is a gap in the research that focuses on the experiences of homeowners who were given subprime loans by lenders, and this study addressed that gap pertaining to African American women who bought homes between 2004 and 2007 in Prince George's County, Maryland, through the use of subprime loans.

Statement of the Problem

The subprime lending practices from 1995 to 2007 indicated a disproportionate concentration of such lending in the U.S. minority and low income neighborhoods (Essene & Apgar, 2007; HUD, 2000; Leigh & Huff, 2007; Nelson, 2007; Singleton et al., 2006; Weller & Sabatini, 2008; Wilkinson-Ryan, 2011). The availability of subprime loans has increased since the mid-1990s and subprime loans are 3 times more likely in low income neighborhoods than in high income neighborhoods (HUD, 2000; Leigh & Huff, 2007). This occurs because individuals in low income neighborhoods may have blemishes on their credit report, insufficient credit history, or nontraditional credit source, which affects their access to the prime lending market (HUD, 2000). As a result, they may turn to the subprime market and become victims of predatory lending practices that include excessive fees and repayment penalties, which can lead to home foreclosures and the devastation of borrower's financial futures (HUD, 2000; Singleton et al., 2006).

In an analysis of 1 million mortgages in 1998 under the Home Mortgage Disclosure Act (HMDA), subprime loans were 5 times more likely in Black neighborhoods than in White neighborhoods (HUD, 2000; Leigh & Huff, 2007). In addition, homeowners in high income Black neighborhoods, such as in Prince George's County, are twice as likely as homeowners in low income White neighborhoods to have subprime loans (HUD, 2000; Leigh & Huff, 2007). These mortgage loans have not led to sustained increases in homeownership among African Americans; instead, subprime loans have resulted in increased foreclosures and upheaval in stock markets around the world (Leigh & Huff, 2007).

Despite the negative effects of subprime loans on the U.S. population, particularly African Americans, these loans are regaining popularity as “prices are climbing for some bonds backed by subprime mortgage loans given to higher risk borrowers, with one index rising 14%” in 2012 (Berman, 2012, para. 2). Furthermore, Waring (2012) reported that subprime mortgage bonds were up 24% in 2012. The return may be due to investors’ belief that the housing market has hit bottom and investors are eager to try again.

Research has mainly focused on the statistics of homeowners by race and neighborhood who were given subprime loans by lenders (Essene & Apgar, 2007; HUD, 2000; Leigh & Huff, 2007; Nelson, 2007; Singleton et al., 2006; Weller & Sabatini, 2008; Wilkinson-Ryan, 2011). However, there is a gap in the research that focuses on the experiences of homeowners who were given subprime loans by lenders. Due to the significance of the subprime lending problem, a study that explored and explained the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George’s County, Maryland, by gaining an understanding of 20 African American women’s experiences was needed. This may further encourage legislators, regulators, courts, and the marketplace to focus attention and resources on understanding and addressing the experiences of African American women who suffer an unequal burden of predatory lending practices, to inform policy actors of the continued need to adopt and enforce policies that better regulate subprime lending terms and expand access to the prime lending markets, and to assist in empowering African American women to be knowledgeable and vigilant about the drawbacks of subprime mortgages. This will

ultimately lead to sustained increases in homeownership among African Americans and other home buyers as well as a more robust housing market and economy.

Purpose of the Study

The purpose of this phenomenological research study was to bridge the gap in knowledge by exploring, understanding, and explaining the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland, by gaining an understanding of 20 African American women's experiences. Subprime lending describes the types of loans offered at a higher rate above prime rates, and individuals who receives subprime loans often do not qualify for prime rate loans (Calomiris, 2009). Subprime loans are "made to borrowers who do not meet the credit standards or underwriting guidelines to qualify for loans at the prime rate, the lowest available rate for mortgage loans" (Leigh & Huff, 2007, p. 1). Borrowers may use the loan for home purchases, home improvement, and home refinancing (Leigh & Huff, 2007).

Research Question

In order to explore, understand, and explain the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland, this phenomenological research study addressed one central research question: What are the experiences of African American women who purchased a home through the use of a

subprime mortgage in Prince George's County, Maryland, between 2004 and 2007, in relation to their home buying knowledge and behaviors?

Five subquestions were considered:

1. What factors motivated participants to buy a home?
2. How was the type of subprime loans used by participants identified?
3. What is the participants' knowledge about subprime loans?
4. How do participants describe the experience of buying a home in Prince George's County, Maryland, between 2004 and 2007?
5. How do participants describe their postpurchase experience of becoming a homeowner in Prince George's County, Maryland?

Theoretical Framework

Ajzen and Fishbein's (1980) theory of planned behavior (TPB) served as the theoretical foundation for this study. A brief overview of the theory is provided in this section with a more detailed explanation provided in Chapter 2. The TPB is an extension of Fishbein and Ajzen's (1975) theory of reasoned action (TRA). The TPB "predicts an individual's intention to engage in a behavior at a specific time and place" (Boston University School of Public Health, 2013, para. 1). Ajzen (1991) reported that intentions capture the motivational factors that influence individuals' behaviors, how hard they are willing to try, and how much effort they are planning to exert in order to perform the behavior. Therefore, the stronger the intention to engage the behavior, the more likely it is that the behavior will be performed.

The intent of TPB is to explain all behaviors over which individuals have the ability to exert self-control (Boston University School of Public Health, 2013). Boston University School of Public Health (2013) reported that according to TPB, behavioral achievement depends on the motivation or intention of the individual, as well as on the person's ability or behavioral control. The TPB distinguishes between three types of beliefs: (a) behavioral, (b) normative, and (c) control and consists of six constructs that collectively represents an individual's actual control over the behavior (para. 3):

1. Attitudes: This pertains to the degree to which individuals have favorable or unfavorable evaluation of the behavior of interest. It involves a consideration of the outcomes of performing the behavior.
2. Behavioral intention: This pertains to the motivational factors that influence a given behavior where the stronger the intention to engage the behavior, the more likely it is that the behavior will be performed.
3. Subjective norms: This pertains to the belief about whether most people approve or disapprove of the behavior. It relates to people's beliefs about whether peers and people of importance to them think they should engage in the behavior.
4. Social norms: This pertains to the customary codes of behavior in a group, people, or larger cultural context. Social norms are considered normative, or standard, in a group of people.
5. Perceived power: This pertains to the perceived presence of factors that may facilitate or impede performance of a behavior. Perceived power contributes to individuals' perceived behavioral control over each of those factors.

6. Perceived behavioral control: This pertains to people's perceptions of the ease or difficulty of performing the behaviors of interest. Perceived behavioral control varies across situations and actions, which results in individuals having varying perceptions of behavioral control depending on the situation. This construct was added later and created the shift from the TRA to the TPB.

The TPB has been successfully used to predict and explain numerous health behaviors and intentions including smoking, drinking, health services utilization, breastfeeding, and substance abuse (Boston University School of Public Health, 2013). The TPB has also been extensively used to study the African American population, such as the Blackstock, Mba-Jonas, and Sacajui (2010) qualitative study, where they conducted in-depth interviews with urban-dwelling low income African American women in order to explore within the framework of the TPB, how family planning information was acquired from social networks and family care providers.

Furthermore, the TPB has been used in mortgage related studies. For instance, Essene and Apgar (2007) examined consumer and lending behavior in the complex mortgage marketplace and its implication for the fair and efficient allocation of mortgage credit. The researchers indicated that many consumers have a limited ability to evaluate complex mortgage products and often make choices that they later regret. The researchers also found that consumer and lender behavior contributes to the observed differences in outcomes by race and ethnicity. Therefore, understanding these behaviors may shed light on how best to eliminate disparities that still remain.

Nature of the Study

The purpose of this study was to bridge the gap in knowledge by exploring, understanding, and explaining the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland, by gaining an understanding of 20 African American women's experiences. Data were collected for this phenomenological research study through the use of a researcher-created demographic questionnaire and in-depth face-to-face semistructured interviews with 20 African American women in Prince George's County, Maryland. Snowball sampling was used to recruit 20 African American women for the study. To achieve 20 participants, African American women who were initially contacted were asked to recommend other African American women who might be willing to participate and who met the selection criteria for this study: (a) African American women, (b) brought homes between 2004 and 2007 in Prince George's County, Maryland, and (c) used subprime loans.

Findings from the demographic questionnaire were added to the demographic section in Chapter 4, and the interviews were transcribed. Data analysis for this study consisted of thematic analysis and constant comparison from in-depth semistructured interviews. The NVivo software facilitated the identification of themes and provided annotation for the codes and categories. The study was conducted in accordance with the parameters established by Walden University's Institutional Review Board (IRB) to ensure the ethical protection of research participants. The nature of the study is discussed in further detail in Chapter 3.

Definition of Terms

African American: Refers to an American who has African and especially Black African ancestors (Merriam-Webster, 2013).

Blacks: Refers to the race of individuals who are members of an American ethnic group descended from African people with dark skin (Pinn, 1996).

Credit risk: This term used to describe a risk of loss principal or loss of a financial reward (Smith, 2007). According to Smith (2007), credit risk often stems from a borrower's failure to repay a loan or otherwise meet a contractual obligation.

Financial management: This term is used to describe a collection of services provided by individuals or financial institutions (Evan, 2006). The type of services range from investment advice, brokerage services, financial planning, account management, and negotiation for business or personal usage (Evan, 2006).

Foreclosures: This term is used to describe a legal action in which a lender attempts to recover the balance of a loan from a borrower who has stopped making payments to the lender (Bocian, Li, & Ernst, 2011). According to Bocian et al. (2011), foreclosures typically occur by lenders forcing the sale of the asset used as the collateral for the loan.

Habit: Described as a customary practice or manner, often acquired through frequent repetition (The Free Dictionary, 2013).

Homeowner: A term used to describe a person who owns a home (The Free Dictionary, 2013).

Predatory lending: A term used to describe unfair, deceptive, or fraudulent practices of financial lenders during the loan origination process (The Free Dictionary, 2013).

Subprime lending: Describes the types of loans offered at a higher rate above prime rates and individuals who receives subprime loans often do not qualify for prime rate loans (Calomiris, 2009).

Subprime loans: “Loans made to borrowers who do not meet the credit standards or underwriting guidelines to qualify for loans at the prime rate, the lowest available rate for mortgage loans” (Leigh & Huff, 2007, p. 1). Borrowers may use the loan for home purchases, home improvement, and home refinancing (Leigh & Huff, 2007).

Assumptions

Assumptions made for this study were the following:

- The African American women who participated in the study were aware of the types of subprime loans used to purchase their homes; thus, they have experience with the subprime lending process.
- African American women were willing to take part in the study because of its significance.
- The in-depth face-to-face interviews were appropriate to explore, understand, and explain the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George’s County, Maryland.
- The in-depth interview questions were worded so that the participants could

accurately interpret the questions being asked.

- The participants honestly and openly answered the interview questions by sharing their perceptions about the questions asked.
- The findings from the study may be generalized to similar populations of African American women in Prince George's County.
- The results of the study will lead to positive social change.

Scope and Delimitations

The study's participants included 20 African American women from Prince George's County, Maryland, who bought homes between 2004 and 2007 through the use of subprime loans. Therefore, the study focused on the perceptions of African American women in Prince George's County, Maryland, about the potential impact of the subprime lending practices on their home buying knowledge and behaviors between 2004 and 2007 in Prince George's County, Maryland. Excluded for this study were males, individuals who were not African American, individuals who resided in other counties and states, individuals who did not buy homes between 2004 and 2007, and individuals who did not use subprime loans. To achieve 20 participants, African American women who were initially contacted were asked to recommend other African American women who might be willing to participate and those that met the selection criteria discussed above.

I did not include anyone who I have a personal relationship with in my study, which includes family members, friends, coworkers, or professional and personal associates in order to prevent perceived coercion to participate due to any existing or expected relationship between the participants and the researcher. However, I did ask

them if they knew individuals who fit the study's criteria in order to begin the snowball sampling.

Limitations

There were several limitations of this study. First, a possible limitation of the study included generalizing the results since a snowball sampling of 20 participants was used and the results of the study may be limited beyond similar populations of African American women. Therefore, the study used a phenomenological research design of 20 African American women in Prince George's County, Maryland to explore their experiences; thus, this is a small sample size. The findings from the study may be generalized to similar populations of African American women in Prince George's County, but the results of the study may not be generalizable to other populations, counties, and states. Hence, future study could expand the sample population across counties and states to achieve a broader understanding of African American women subprime lending experiences. A different sampling strategy could also be used, such as purposive sampling.

Second, self-report or social desirability bias was considered as African American women may want to be perceived positively, so they may not have responded honestly to the interview questions and demographic questionnaire. However, it was assumed that participants honestly and openly answered the interview questions by sharing their perceptions about the questions asked. Third, there are also limitations with self-report data for both the interviews and demographic questionnaire as participants may not accurately or fully self-evaluate themselves. However, for the demographic

questionnaire, the use of a closed-ended category format addressed this bias issue as participants were not allowed the freedom to include additional information that they may have thought were important.

Significance of the Study

In the early 2000s, the housing market came under fire for deceptive lending practices (Childs, 2008). According to Emmons et al. (2010), subprime lending caused a large number of people to lose homes. Even though people from all races were affected by these predatory lending practices, there was an unequal burden on individuals from low income neighborhoods, Black neighborhoods, and minorities, especially African Americans (HUD, 2000).

This study focused on African American women because women were more likely than men to receive subprime mortgages (Fishbein & Woodall, 2006; Ginty, 2010; Jones-DeWeever, 2008). Fishbein and Woodall (2006) found that 32% of women borrowers received subprime mortgage loans of all types compared to 24.2% of male borrowers. Although women made up 30% of borrowers for all types of mortgages, they made up 38.8% of subprime borrowers; therefore, they are overrepresented in the pool of subprime mortgages. Women whose income doubles the median income are 46.4% more likely to receive subprime mortgages than men with similar incomes. On the other hand, women whose incomes are below the median income are 3.3% more likely to receive subprime mortgages. Moreover, women who earn between the median and those who earn twice the median income are 28.1% more likely to receive subprime mortgages than men. Minority women, especially African American women, are more likely to receive

subprime loans. African American women whose incomes are below the median income are 2.5 times more likely to receive subprime mortgages than Caucasian men, and African American women whose incomes are above the median are nearly 5 times more likely to receive subprime mortgages than upper income Caucasian men. In addition, African American women are 5.7% more likely than African American men to receive subprime mortgages.

According to researchers (e.g., Essene & Apgar, 2007; HUD, 2000; Leigh & Huff, 2007; Nelson, 2007; Singleton et al., 2006; Weller & Sabatini, 2008; Wilkinson-Ryan, 2011), the statistics of homeowners by race and neighborhood who were given subprime loans by lenders has been the main focus of research. Therefore, research that focuses on the experiences of homeowners who were given subprime loans by lenders was needed. This study, therefore, explored and explained the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland, by gaining an understanding of 20 African American women's experiences.

Findings from this study may further encourage legislators, regulators, courts, and the marketplace to direct attention and resources on understanding and addressing the experiences of African American women who are most affected by predatory lending practices. In addition, it may inform policy actors of the continued need to adopt and enforce policies that better regulate subprime lending terms and expand access to the prime lending markets. Furthermore, it will assist in empowering African American women to be knowledgeable and vigilant about the drawbacks of subprime mortgages,

which will ultimately lead to sustained increases in homeownership among African Americans and other home buyers as well as a more robust housing market and economy. Moreover, along with the field of public policy and administration, a wide array of other fields, agencies, and organizations might be interested in the research findings as well, such as the the fields of psychology and finance, agencies such as HUD, and organizations such as the National Fair Housing Alliance.

Summary

The purpose of this study was to bridge the gap in knowledge by exploring, understanding, and explaining the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland, by gaining an understanding of 20 African American women's experiences. Data were collected through the use of a researcher-created demographic questionnaire and in-depth face-to-face semistructured interviews with 20 African American women in Prince George's County, Maryland. Through the use of snowball sampling, 20 African American women were recruited for the study by asking African American women who were initially contacted to recommend other African American women who meet the selection criteria for this study.

Findings from this study may further encourage policymakers and the marketplace to focus attention and resources on understanding and address the experiences of African American women who are most affected by predatory lending practices. In addition, it may encourage policy actors to adopt and enforce policies that

better regulate subprime lending terms and expand access to the prime lending markets. Furthermore, dissemination of the results of this research will empower African American women to be knowledgeable and vigilant about the shortcomings of subprime mortgages and lead to sustained increases in homeownership among African Americans and other home buyers as well as a stronger housing market and economy.

In Chapter 1, I included the background of the study, statement of the problem, purpose of the study, research questions, theoretical framework, nature of the study, definition of terms, assumptions, scope and delimitations, limitations, significance of the study, and summary. In Chapter 2, I include the introduction, literature search strategy, theoretical foundation, women, housing, current status of subprime lending, and summary and conclusions. In Chapter 3, I include the research design and rationale, role of the researcher, methodology, issues of trustworthiness, and summary. In Chapter 4, I include the setting, demographics, data collection, data analysis, evidence of trustworthiness, results, and summary. Finally, in Chapter 5, I include the interpretation of findings, limitations of the study, recommendations, implications, and conclusion.

Chapter 2: Literature Review

Introduction

The purpose of this study is to bridge the gap in knowledge by exploring, understanding, and explaining the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland, by gaining an understanding of 20 African American women's experiences. The subprime lending practices from 1995 to 2007 indicated a disproportionate concentration of such lending in the U.S. minority and low income neighborhoods (Essene & Apgar, 2007; HUD, 2000; Leigh & Huff, 2007; Nelson, 2007; Singleton et al., 2006; Weller & Sabatini, 2008; Wilkinson-Ryan, 2011). The availability of subprime loans has increased since the mid-1990s, and subprime loans are 3 times more likely in low income neighborhoods than in high-income neighborhoods (HUD, 2000; Leigh & Huff, 2007). In an analysis of 1 million mortgages in 1998 under the HMDA, subprime loans are 5 times more likely in Black neighborhoods than in White neighborhoods. In addition, homeowners in high-income Black neighborhoods, such as in Prince George's County, are twice as likely as homeowners in low income White neighborhoods to have subprime loans. These mortgage loans have not led to sustained increases in homeownership among African Americans; instead, subprime loans have resulted in increased foreclosures and upheaval in stock markets around the world (Leigh & Huff, 2007).

Despite the negative effects of subprime loans on the U.S. population, particularly African Americans, these loans are regaining popularity as "prices are climbing for some

bonds backed by subprime mortgage loans given to higher risk borrowers, with one index rising 14%” in 2012 (Berman, 2012, para. 2). Furthermore, Waring (2012) reported that subprime mortgage bonds were up 24% in 2012. The return may be due to investors’ belief that the housing market has hit bottom and investors are eager to try again.

Research has mainly focused on the statistics of homeowners by race and neighborhood who were given subprime loans by lenders (Essene & Apgar, 2007; HUD, 2000; Leigh & Huff, 2007; Nelson, 2007; Singleton et al., 2006; Weller & Sabatini, 2008; Wilkinson-Ryan, 2011). However, there is a gap in the research that focuses on the experiences of homeowners who were given subprime loans by lenders.

Traditionally, women were considered a helpmate or secondary person in a relationship (Powell & Greenhaus, 2010). Oftentimes, women’s accomplishments were ignored or just forgotten due to a male-dominated society (Black, Haviland, Sanders, & Taylor, 2008). Black et al. (2008) related that as time passed, women began to recognize their displeasure about their standing and began to voice dissatisfaction with the way that they were treated.

Prior to the advancement of women’s equality, women experienced inequities in many forms to include equal pay, employment, and voting and educational rights (Powell & Greenhaus, 2010). The late 19th and early 20th centuries marked a time when discriminatory acts against women were addressed by both the members of society and the government (Powell & Greenhaus, 2010). The women’s rights movement (1848-1920) and civil rights movement (modern civil rights movement began in 1954) are two events that effected positive change for women (Hewelett, Peraino, Sherbin, & Sumbery,

2011; United States House of Representative, 2013). During this time, laws were passed that enabled women to receive fair treatment, equal rights, and benefits of their male counterparts (Zacharias & Mahoney, 2009).

One of the areas where women sought to gain equal representation was in homeownership (Gerardi & Willen, 2008). Homeownership among African American women increased over the past several decades in the United States due to financial institutions granting credit more liberally to borrowers (Nier, 2008). Increases in funding and programs, such as subprime lending, assisted in this change (Gerardi & Willen, 2008). According to Kozol (1999), subprime lending tools are common and represent acceptable marketing tools used by financial institutions to offer credit and promote homeownership to individuals who are less creditworthy. Subprime loans typically charge a higher percentage rate than the conventional home mortgage loans because the recipients of these loan types have problematic credit histories. The HUD (2000), however, found that while the rapid growth of subprime lending appeared to be beneficial for high-risk borrowers, findings indicated that portions of subprime lending occurred with borrowers whose credit would have qualified them for conventional loans.

At the end of the Housing Boom of 2005 to 2009, the United States began to experience record foreclosures (Chan, 2011). While Smith (2007) reported that African Americans comprise a small percentage of the overall foreclosure statistic in this country, Gerardi and Willen (2008) related that roughly 11% of all African American homeowners between 2007 and 2009 experienced a foreclosure. African American women, among other minor ethnicities, were targeted for higher interest mortgage rates

through what commonly was referred to as bad loans (Gerardi & Willen, 2008). Lending in low or moderate income neighborhoods became the mantra for many lending institutions around the country (Huszar, Lentz, & Yu, 2012). Laderman and Reid (2008) reported that lenders still loaned monies at an alarming rate to many minorities, specifically African American women, even though they realized that they would have trouble maintaining or paying their mortgages.

Many individuals interested in becoming first-time homeowners gravitated towards subprime loans, finding them attractive (Brooks & Simon, 2007). Although subprime loans seemed beneficial at first, they soon became a nightmare for struggling homeowners (Huszar et al., 2012). African American women entered into housing contracts uninformed and with the belief that they too could be a part of the American dream (Campell-Laidler, 2008). Many African American women neglected to research the mortgage industry or seek financial counseling prior to their home purchases (Casey, Glasberg, & Beeman, 2011).

This phenomenological research study may further urge policymakers and the marketplace to understand and address the experiences of African American women who were mostly affected by predatory lending practices, encourage policy actors to adopt and enforce policies that better regulate subprime lending terms and expand access to the prime lending markets, and inspire African American women to be knowledgeable and vigilant about the drawbacks of subprime mortgages, thus leading to sustained increases in homeownership among African Americans and other home buyers and a more vigorous housing market and economy. In Chapter 2, I include the introduction, literature

search strategy, theoretical foundation, women, housing, current status of subprime lending, and summary and conclusions.

Literature Search Strategy

The literature search strategies included an in-depth search in all Walden University Library research databases to include ProQuest and all EBSCOhost databases to include Academic Search Complete, Business Source Complete, PsycARTICLES, PyscINFO, SAGE premier, and ScienceDirect. Search terms included *subprime mortgage*, *African Americans and subprime mortgage*, *theory of planned behavior*, *theory of planned behavior and mortgage*, and *theory of planned behavior and African Americans*. Additional articles were examined after reviewing the reference section from each article and dissertation. Furthermore, relevant organizational websites, such as the HUD, Baltimore Housing, and Department of Justice (DOJ) were examined.

Theoretical Foundation

Multitudes of theories exist to explain and expand upon research. The social sciences encompass various theories within organizational behavior to assist in the discovery, interpretation, and understanding of different meanings by different groups (Reichel & Ramey, 1987). Over time, multiple theories have been proposed to explain human actions and functioning (Bansal & Corley, 2012). Thinking, feeling, and acting represent some of the distinguishing characteristics that are inherent to humans (Bansal & Corley, 2012). Human nature exists as a concept inclusive of human descriptive characteristics (Miles & Huberman, 1994). To better understand humans and what motivates them, the concept of human nature must be recognized (Miles & Huberman,

1994). The common qualities of human beings, consisting of cognition and behaviors, are parts of human nature that lends introduction to sociology and psychology, the branches of science associated with the study of human nature (Reichel & Ramey, 1987). Ajzen and Fishbein's (1980) TPB served as the theoretical foundation for this study. This section is organized in the following subsections: theory of planned behavior and research application of theory of planned behavior.

Theory of Planned Behavior

The TPB is an extension of Fishbein and Ajzen's (1975) TRA. The TPB "predicts an individual's intention to engage in a behavior at a specific time and place" (Boston University School of Public Health, 2013, para. 1). Ajzen (1991) reported that intentions capture the motivational factors that influence individuals' behaviors, how hard they are willing to try, and how much effort they are planning to exert in order to perform the behavior. Therefore, the stronger the intention to engage the behavior, the more likely it is that the behavior will be performed.

The intent of TPB is to explain all behaviors over which individuals have the ability to exert self-control (Boston University School of Public Health, 2013). Boston University School of Public Health (2013) reported that according to TPB, behavioral achievement depends on the motivation or intention of the individual, as well as on the person's ability or behavioral control. The TPB distinguishes between three types of beliefs: (a) behavioral, (b) normative, and (c) control and consists of six constructs that collectively represent an individual's actual control over the behavior (para. 3), which were discussed in detail in Chapter 1 and are depicted in Figure 1: (a) attitudes, (b)

behavioral intention, (c) subjective norms, (d) social norms, (e) perceived power, and (f) perceived behavioral control.

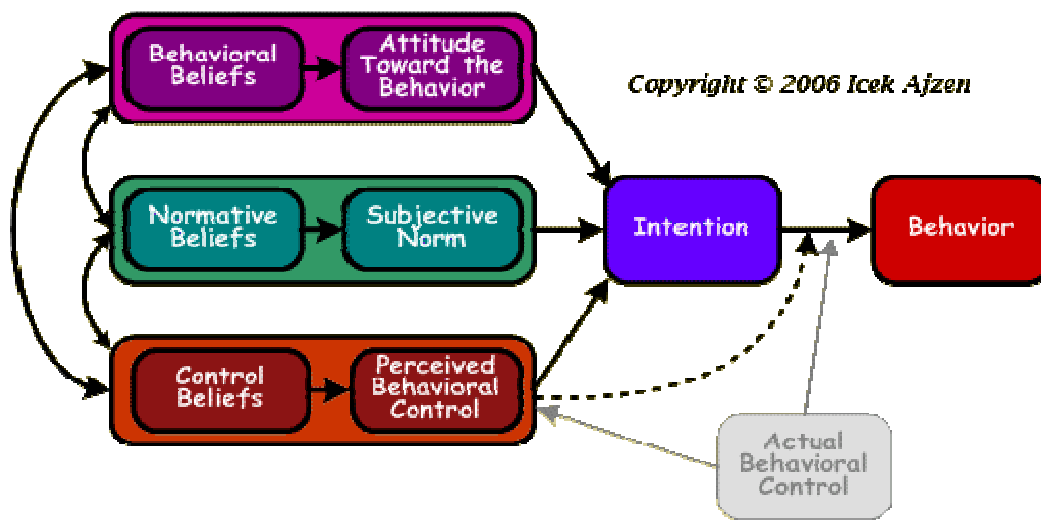


Figure 1. The theory of planned behavior diagram. Reprinted from Icek Ajzen: TPB diagram, by I. Ajzen, 2013, Retrieved from <http://people.umass.edu/aizen/tpb.diag.html>. Copyright 2006 by Icek Ajzen. Permission to reprint and use per Icek Ajzen's website.

Research Application of Theory of Planned Behavior

The TPB has been successfully used to predict and explain numerous health behaviors and intentions including smoking, drinking, health services utilization, breastfeeding, and substance abuse (Boston University School of Public Health, 2013). The TPB has also been extensively used to study the African American population, such as the Blackstock, Mba-Jonas, and Sacajui (2010) qualitative study, where they conducted in-depth interviews with urban-dwelling low income African American women in order to explore within the framework of the TPB, how family planning information was acquired from social networks, and family care providers. In addition, Carter-Parker, Edwards, and McCleary-Jones (2012) conducted a correlational analysis

of the physical activity and the TPB between African American women who are physically active compared to those who are not. Furthermore, Hergenrather, Geishecker, Clark, and Rhodes (2013) conducted a pilot test of the Helping Outcome Problems Effectively (HOPE) intervention to explore employment and mental health among African American gay men living with Human Immunodeficiency Virus (HIV) and Acquired Immunodeficiency Syndrome (AIDS).

Furthermore, the TPB has been used in mortgage related studies. Essene and Apgar (2007) examined consumer and lending behavior in the complex mortgage marketplace and its implication for the fair and efficient allocation of mortgage credit. The researchers indicated that many consumers have a limited ability to evaluate complex mortgage products and often make choices that they later regret. The researchers also found that consumer and lender behavior contribute to the observed differences in outcomes by race and ethnicity. Therefore, understanding these behaviors may shed light on how best to eliminate disparities that still remain.

According to Essene and Apgar (2007), consumers often enter the market without knowing the type of mortgage they want or need and are therefore susceptible to outside influence. They are often not aware of mortgage prices, struggle with choices that involve risks and payments over time, and often struggle with shopping for a mortgage. The researchers argued that government officials, industry leaders, and consumer advocates who are concerned about fairness in the mortgage market should work cooperatively to eliminate practices that take undue advantage of consumer's limitations in selecting the mortgage product that best suit their needs. This includes framing the choices presented

to consumers in terms that they can understand and enabling consumers to make choices that reflect their long-term interests, which can help to create an environment that guides consumers to “good loans” (p. iv). Good loans are noted to be transparent where consumers understand the advantages and risks associated with the loan product, fairly priced where the loan is priced in a manner that is consistent with the underlying loan risks and costs of providing the loan, and provide net benefits to consumers where the loan is consistent with both the short- and long-term interests of the consumers where and they have reasonable prospect of being able to repay their loans.

Sun-Hyung and Young-Hun (2011) examined the willingness to consider applying for reverse mortgage as an economic decision-making by interviewing 320 individuals over the age of 55 who lived in different metropolitan areas. The researchers used the TPB to analyze their research questions and findings indicated that the results partially explained willingness to consider applying for reversing mortgage through TPB. In addition, findings indicated that economic decision-making within the family is influenced by several factors relating to other family members’ views and that men and women responded differently, where men were more conscious of other people such as friends and relatives, and women were more conscious of close family members such as adult children. Furthermore, the group with lower income showed higher intentions to consider the reverse mortgage policy when they had adult children and the preelderly group was influenced by the consent of adult children and level of education. Moreover, the elderly group was influenced by other people such as friends, relatives, and level of education.

Bansal and Taylor (2002) examined whether a model of the TPB with interaction terms could adequately explain customer service provider switching behavior. The service examined was a mortgage that was available from a variety of Canadian banks and trust agencies. The researchers used 4,000 mortgage customers whose mortgages were up for renewal in October 1996 and surveyed their attitudes towards switching, subjective norms, perceived behavioral control, and switching intentions. Findings from the study suggested that the TPB adequately explained customer service provider switching behavior, as interactions between perceived behavior control and intentions, perceived behavioral control and attitude, and attitude and subjective norms were all significant predictors of switching intentions.

Chambers, Benibo, and Spencer (2011) noted that one of the largest economic crises facing this generation in the United States had many adults rethinking their employment and investment strategies. Therefore, by fall of 2008, many individuals saw a significant reduction in their financial and real estate portfolios, while others feared that their savings were in jeopardy. The researchers conducted a quasi-experimental study to learn about the effects of perceptions on investing and saving behavior. Chambers et al. noted that by understanding the psychological factors that determine people's intent to change jobs or move investment in different economic environments, researchers can understand and eventually predict people's economic behavior. The researchers examined a number of factors identified in the TPB in order to understand what motivates people's intentions regarding these behaviors in a time of historical significance. Findings from the study indicated that norms drive people's intent to change jobs and investment

strategies. In addition, attitude was found to be a significant predictor of intent to change jobs. Overall, Chambers et al. found that the TPB appears to explain a substantial portion of the variance in people's intent to reallocate money.

Wilkinson-Ryan (2011) reported that more than a quarter of all American mortgage holders of all races, owe their lenders more than their homes are worth. As a result, these underwater homeowners are faced with the dilemma of realizing that it is cheaper to go into foreclosure than it is to keep paying down their mortgage debts. The researcher "argues that the mortgage commitment implicates powerful norms of promise keeping and fair play, [as] most people think that breaching a contract is morally wrong" (p. 1549).

In the Wilkinson-Ryan (2011) experiments, he presented online survey participants with a series of hypothetical default situations and then they were asked to report on their perception of and likely response to each scenario. Findings from the study indicated that borrowers are sensitive to being punished for their own bad choices while banks get bailed out, and feel less morally obligated to banks that they perceive to be greedy and exploitative. Homeowners are reminded that they are tradable entities rather than trusted counterparties when lenders sell mortgage loans to one another. Borrowers who have less moral reservations about default are more likely to choose that option if the economic factors point in that direction. In addition, as more homeowners strategically or desperately default, the moral constraints around defaulting are loosened.

Women

This section is organized in the following subsections: introduction, women in the workforce, African American spending habits, and women and education.

Introduction

Women play a major role in the family structure and their roles have evolved over time to extend beyond mother, wife, and caregiver to include employee, philanthropist, and activist (Powell & Greenhaus, 2010). Women's presence has been noted in historic times and present-day America (Cleveland, Cordeiro, Fisk, & Mulvaney, 2006).

According to Herr and Wolfram (2009), a common belief today would include the presumption that men and women of all races should have equal rights and freedoms.

Inherent rights and freedoms of individuals at birth were not always existent among races or across gender. Some of these inequalities existed in the right to vote, opportunities for formal education, and the ability to own property. Through advancements and achievements, women's rights increased, which allow women participation in civil and societal duties such as voting, higher education, and homeownership (Ramdas & Janus, 2011).

Women in the Workforce

Higher educational attainments act as a key factor in the growing workforce participation rates among women (Powell & Greenhaus, 2010). Many of their reasons for working outside the home are the same as men (Leber & Wolfram, 2012). The number of working women outside the home has steadily increased over past decades (Dave, Corman, & Reichman, 2011). As noted by Padma (2010) the expectation of Black

women to work outside the home has existed since youth, while in slavery, and continues throughout Black women's adult lives. A woman's decision to participate in the labor force is a requirement for some families and for others it is a strategy (Powell & Greenhaus, 2010). Wright (2009) reported that the motivating factors in women's participation in the workforce include economic survival, a sense of identity, acknowledgement, financial reward, and personal fulfillment.

Bradbury (2011) related that dual-earner couples emerged vastly and rapidly in recent years and has increased dramatically in previous decades (Bradbury, 2011). Dual-earners are examples of families with an increasing need for two salaries to be economically viable. The conflict and strain in dual career couples has been explored in past research. The number of dual-earner couples (Bradbury, 2011). As reported in past research (Hayghe, 1990; U.S. Bureau of Census, 2001), dual-earner couples now outnumber the male breadwinner and female homemaker families nearly three-to-one. Therefore, traditional families are on a decline, while dual-career couples are increasing.

Research by Riach (2009) suggests that workplace norms and practices are changing. According to Bradbury (2011), workplace practices and norms are showing an inadequate response to demographic shifts. The U. S. Bureau of the Census statistics shows that the number of all married mothers with children under age 6 and employed outside the home is 63.7% (U.S. Bureau of the Census, 2013). In support of workplace culture, seminal works by Greenberger et al (1989) found that "nearly 48% of married women's organizational commitment was accounted for by measures of support in the workplace" (p. 755). While people should not have to choose between their careers and

well-being, often times finding a solution to this dilemma is a challenge (Riach, 2009).

Utilization of technological advances such as teleworking, will allow for greater flexibility in work-life balances for dual-earner families (Taskin & Bridoux, 2010).

African American Spending Habits

The issue of Black women and wealth has been a topic for many surveys and studies (Evans, 2006). As reported by Chang and Mason (2010), Black and Hispanic women are less likely to accumulate wealth. Wealth disparities among minority women and other races often lie in the spending habits between the groups (Davis, 2011). Davis (2011) related that Black women tend to feel more of an obligation to friends and family. Thus, the majority of Black women will loan money to family and friends and spend a lot of their income on children's apparel and footwear. This sense of obligation is extraordinary and remarkable, yet, the multiple responsibilities and demands placed on Black women often result in a financial deficiency (Journal of Financial Planning, 2009).

According to Nielsen (2011), African Americans possess a substantial amount of buying power collectively as a race, with a buying power of nearly \$1 trillion. Nielsen's (2011) study reported that African American households earning \$75,000 or greater annually, grew by almost 64%; African Americans in higher income brackets spend 300% more in higher-end retail grocers; and African Americans' educational degree attainments increased to 44% for men and 53% for women.

In addition, Nielsen (2011) reported that African Americans will continue to invoke a presence and impact on the vitality of their community. Therefore, the continued growth and affluence among African Americans will assist in sustaining economic power

throughout their communities. With an estimated annual \$1 trillion buying power, Nielsen noted that African Americans would represent the 116th largest country in the world, if they were a country.

In a study conducted by ING Community Foundation (2008), 1000 African American women were surveyed about their spending habits. The results of the study indicated that 68% of the women buy whatever they want, even if it is a good or bad economy; 41% feel guilty about how much they spend on expensive brands; and 40% state they shop to cheer themselves up (ING Community Foundation, 2008).

Women and Education

Throughout history, women and men have had defined roles (Foldvari, Van Leeuwen, & Van Leeuwen, 2012). Women typically catered to domestic issues while the men worked to protect and provide for the family (Herr & Wolffram, 2009). Since the 20th century, technology has played a major part in equipping women with the ability to survive independent of men (Hunt & Ray, 2012). Today, women's roles have changed drastically in part due to the technological, economical, and sociological advances (Morganson & Jones, 2010). To assist in their changing roles, women are equipping themselves with paying jobs and advanced educations (Tangian, 2001).

Hunt and Ray (2012) discussed the enhanced accessibility of higher education during the 20th century to various socioeconomic classes, women, and races. As employment discrimination against women diminished, the outlook on education became increasingly more important to women. Impressive numbers among the African American race are evident when it comes to status, income, and education. Interestingly,

the percentage of unmarried African American women between the ages of 25-54 has doubled from 20% to 40% in the past 50 years.

According to the U.S. Bureau of Labor Statistics (BLS; 2013), education serves as a key element in society and acts as a major influence on potential positions and earnings for various employment types. The BLS reported that over the past 4 decades, labor force participation is significantly higher among women today than it was in the 1970s, particularly among women with children, and a larger share of women are working full-time and year round. In addition, women have increasingly attained higher levels of education, for instance, among women ages 25-64 who are in the labor force, the proportion with a college degree nearly tripled from 1970 to 2011. Women's earnings as a proportion of men's earnings also have grown over time. In 1979, women working full time earned 62% of what men earned; in 2011 women's earnings were 82% of men's.

According to BLS (2013), women's labor force participation rate peaked at 60 % in 1999, following several decades in which women increasingly entered the labor market. In 2011, 58.1% of women were in the labor force, down 0.5 percentage point from 2010. The overall unemployment rate for women in 2011 was 8.5%, compared with 9.4% for men. Women's jobless rates varied by race and ethnicity. Asian women had the lowest rate (7.3%), followed by White (7.5%), Hispanic (11.8%), and Black (14.1%) women. The labor force participation rate of mothers with children under 18 years of age was 70.9% in March 2011, down slightly from 2010.

According to Stevenson and Swayne (2011), Black women comprise the majority of African Americans enrolled in postsecondary education institutions. During the 1970s,

African Americans began to record unprecedented enrollment and degree attainment levels in higher education. This movement was spawned in part by new policies and numerous civil rights bills passed in the 1960s (Delgado, 2012). Phillips (2011) reported that records show that the years of 2002 and 2008 proved to be high enrollment years for African American women in their quests for advanced degrees. This continued learning effort also led to an increased desire by women to become business owners. Black owned businesses during this same period by women was recorded at a 19% gain.

Cohen and Nee (2000) related that African Americans' reasons for achieving higher education are vast and varied. Advancement in their careers and personal achievement are the most common reasons, however, Mason (2010) asserted that the desire to increase their income capacity to large purchases such as homes is another major reason. In many instances, some African American women believed that accomplishing educational goals was not enough when it comes to defining personal and professional success (Cohen & Nee, 2000). As women's personal incomes increase, their wants and desires was noted to increase as well (Phillips, 2011). Therefore, no longer wanting to rent, many African American women started to desire homeownership (Nier, 2008).

Bertrand and Morse (2011) reported that almost half of all African Americans rent instead of owning their home. Spending at least 30% of their income towards rental expenses, Black communities have long been plagued by poverty and other social issues. The push for African Americans, specifically women, to attain higher education degrees was to secure the necessary skills that would lead to higher incomes and increased

opportunities (Levine, 2006). With African American women going back to school to further their educations, incomes began to rise and jobs turned into careers that enabled them to accomplish their desired pursuits, which included homeownership (Levine, 2006).

Housing

This section is organized in the following subsections: introduction, U. S. Department of Housing and Urban Development, Fannie Mae and Freddie Mac, banking and mortgages, and State of Maryland.

Introduction

Weller and Sabatini (2008) studied “the impact of the mortgage boom on homeowner’ financial vulnerability during the U.S. housing boom after 1995 that went along with greater deregulation” (p. 626). The researchers noted that after 1995, the U.S. experienced housing and mortgage booms, which resulted in increased lending from institutions that were less regulated, such as hedge funds. The researchers pointed out that at the micro level, families may have obtained more wealth from the housing boom; however, the mortgage boom may have increased their financial vulnerability. Therefore, according to Weller and Sabatini (2008), from 1995-2006, the U.S. experienced a price boom. Renters began to seek homeownership and began to exit rental communities at an alarming rate. This movement had a significant impact in the housing market as homeownership rose due to new construction of new homes and the surplus in rental properties began to increase which caused a vacuum to occur (Fisher & Quayyum, 2006).

Findings from Weller and Sabatini's (2008) study indicated that first, after 2000, which is during the period when home prices increased, that sharp increases in mortgage debt reduced wealth creation. Second, the researchers found that the financial vulnerability of homeowners generally declined during the early years of the housing boom (1995 to 2001), but increased during the years of accelerated home price increases. Third, increases in homeowners' financial fragility were comparatively widespread, which affected middle income families and minorities. In 2004, at least one vulnerability measure applied to Blacks (72%), Hispanics (64.8%), and Whites (45.1%). Fourth, the housing boom was associated with larger home values, as well as moderated wealth gains and significantly greater financial vulnerability of homeowners due to the associated mortgage boom.

According to Brooks and Simon (2007), during the housing boom there was a trend in which current homeowners sold their existing homes for new construction homes. As a result, this caused a major stir in the social and economic sectors within the U.S. (Bocian, Li., & Ernst, 2011). Bhattacharya (2011) reported that this movement of home purchasing caused the federal government to revisit current housing policies in an effort to try and prevent another housing crisis. Weller and Sabatini (2008) recommended that policymakers reconsider the prioritization of homeownership in housing policy, public policy should aid in asset building outside of residential real estate, policymakers should consider a range of policy tools that could help to reduce speculative mortgage lending, and policymakers should consider ways to increase the transparency of less regulated financial institutions, such as hedge funds.

U. S. Department of Housing and Urban Development

In 1965, the Department of Housing and Urban Development Act created the agency of Housing and Urban Development (HUD; Lamb, Wilk, & Seabrook, 2011). Lamb et al. (2011) reported that the HUD serves as the cabinet level agency with primary focus on fair housing practices and policies, with a mission to create strong, sustainable communities that are inclusive of quality and affordable housing for all. In a study compiled to examine the enforcement of National Fair Housing policies across federal, state, and local civil rights agencies, Lamb et al. accessed complaint cases from the HUD Title VIII complaint database. The researchers explored the extent to which federal, state, and local agencies provide outcomes favoring complainants in housing discrimination cases. Findings indicated that Title VIII enforcement at the state and local levels is often better than the HUD enforcement. The researchers concluded that state civil rights agencies resolve complaints in favor of complainants nearly as often as the HUD and that localities sometimes do so even more frequently. In addition, the researchers related that in order for federal, state, and local agencies to become proactive with one another, they must collaborate when it comes to the Fair Housing Act of 1968.

Leonnig (2008) reported that while regulators warned that subprime lenders were loading borrowers with mortgages that they could not afford, the HUD was helping to fuel more of the risky subprime lending. The author noted that the HUD was eager to put more low income and minority families into their own homes and required that the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), the “two government-chartered mortgage finance

firms purchase more ‘affordable’ loans made to these borrowers” (para. 2). The HUD’s outdated policy allowed Fannie Mae and Freddie Mac to count billions of dollars they invested in subprime loans as a public good that would foster affordable housing. These decisions made by the HUD are now viewed by housing experts and some congressional leaders as mistakes that contributed to an escalation of subprime lending that has negatively impacted the U.S. economy.

Leonnig (2008) further reported that the HUD neglected to examine whether borrowers could make the payments on the loans that Fannie Mae and Freddie Mac classified as affordable. From 2004-2006, both companies purchased \$434 billion in securities backed by subprime loans, which created a market for more subprime lending. As subprime loans are targeted toward borrowers with poor credit, they normally carry higher interest rates than conventional loans. The author noted that 3 million to 4 million families are expected to lose their homes to foreclosure because they are not able to afford their high interest subprime loans. Therefore, lower-income and minority home buyers who were expected to benefit from the HUD’s actions are going into default at a rate that is 3 times that of other borrowers.

After the subprime lending crisis, Investors Business Daily (2013) reported that it took Washington just 5 years to create another mortgage crisis. The author noted that under President Obama’s administration, the Federal Housing Administration (FHA) became the government’s new subprime anchor program, replacing bankrupted Fannie Mae and Freddie Mac. The FHA was created in 1934 and is the largest insurer of mortgages in the world, insuring over 34 million single and multifamily homes and

hospitals (HUD, 2013). Investors Business Daily (2013) related that the HUD is forcing banks to right off \$57 billion in bad FHA loans which were mostly made to rebound borrowers. Bank giants, such as Bank of America (\$21.4 billion in toxic FHA mortgages), Wells Fargo (\$19 billion in toxic FHA mortgages), Citigroup (\$4.2 billion in toxic FHA mortgages), and JPMorgan Chase (\$3.3 billion in toxic FHA mortgages) are stuck with seriously delinquent loans out of fear that the FHA will not cover losses and may levy them with damages if they foreclose on borrowers.

According to Investors Business Daily (2013), 5 years ago, half of all mortgages in the U.S. were subprime loans. Of these 28 million loans, 74% were on the books of government agencies, mainly Fannie Mae and Freddie Mac, which is regulated by the HUD. Now, subprime loans are mainly showing up at the FHA, with 40% of the FHA loan reported by Investors Business Daily to be subprime loans. Investors Business Daily noted that the FHA is asking the U.S. Department of the Treasury for a tax bailout, which is first in its history. This is viewed as another financial disaster from the HUD as the FHA is another government-chartered mortgage agency that is at the center of another mortgage crisis that is bringing down private banks.

Fannie Mae and Freddie Mac

According to Fishbein (2002), Fannie Mae and Freddie Mac are for-profit, privately capitalized government-sponsored enterprises (GSEs), who are chartered by Congress to act as intermediary institutions for residential mortgages, which in 2002 were conventional mortgages under \$300,700. The law requires GSEs to make affordable housing part of their business, however, they do not make mortgage loans directly to

individual borrowers, but instead, they buy mortgages from banks, saving institutions, and other mortgage lenders. GSE's can keep these loans in their own portfolios or package the loans in pools and sell them to investors as mortgage-backed securities, which they typically do. This in turn provides lenders with the funds needed to issue new mortgages, which brings additional capital into the housing loan market. Fishbein reported that the combined purchases by GSEs in recent years have ranged well over 50% of all conventional mortgage activity and in 2002, it reached 71% of the market. Consequently, Fannie Mae and Freddie Mac have a tremendous influence over which types of borrowers have access to different types of mortgage credit and on what terms.

Fishbein (2002) noted that Fannie Mae and Freddie Mac's venture into the subprime mortgage market renewed the debate over their role in the affordable housing arena. The author noted that the subprime market targets borrowers who have credit problems or limited credit history as they do not qualify for prime loans that are cheaper. Fannie Mae and Freddie Mac have traditionally purchased a small share of subprime loans, however, the amount of shares were expected to grow significantly over the years. Calabria (2011) reported that Fannie Mae, Freddie Mac, and others looked for illusionary profits by lowering credit quality. The author noted that 30% of Fannie Mae's and Freddie Mac's direct purchases were subprime loans and they were the largest single investor in subprime private-label mortgage-backed securities. At the peak of the housing bubble, approximately 40% of newly issued private-labeled subprime securities were purchased by Fannie Mae and Freddie Mac.

The U.S. Securities and Exchange Commission (SEC; 2011) reported that they charged six former top executives of Fannie Mae and Freddie Mac with securities fraud, which alleged that they knew and approved of misleading statements claiming the companies had minimal holdings of higher-risk mortgage loans, including subprime loans. The SEC alleged that “when Fannie Mae and Freddie Mac began reporting its exposure to subprime loans in 2007, it broadly described the loans as those made to borrowers with weaker credit histories” (para. 7), and then reported less than one-tenth of its loans that met that description. According to the SEC, Fannie Mae reported that its 2006 year-end single family exposure to subprime loans was just 0.2% or approximately \$4.8 billion of its single family loan portfolio. The SEC noted that Fannie Mae did not disclose to investors that in calculating the company's reported exposure to subprime loans that it excluded loan products specifically targeted by Fannie Mae towards borrowers with weaker credit histories, including more than \$43 billion of expanded approval (EA) loans.

In addition, the SEC (2011) related that Fannie Mae's executives knew and approved of the decision to under-report Fannie Mae's Alt-A loan exposure, which are a classification of mortgages where the risk profile falls between prime and subprime (Investopedia, 2013a; SEC, 2011). The borrowers normally have clean credit histories, but the mortgages generally have some issues that increase its risk profile, such as higher loan-to-value ratios, higher debt-to-income ratios, or inadequate documentation of the borrowers' incomes (Investopedia, 2013a). The SEC reported that Fannie Mae disclosed that its March 31, 2007 exposure to Alt-A loans was 11% of its portfolio of single family

loans, but their actual Alt-A exposure was approximately 18% of its single family loan holdings.

The SEC (2011) reported that Fannie Mae's executives made misleading disclosures because they were seeking to increase the company's market share through increased purchases of subprime and Alt-A loans, and gave false comfort to investors about the extent of Fannie Mae's exposure to high-risk loans. Both Fannie Mae and Freddie Mac have each entered into a nonprosecution agreement with the SEC, where each company agreed to accept responsibility for its conduct and will not dispute, contest, or contradict the contents of the agreed upon statement of facts without admitting or denying liability. Each company also agreed to cooperate with the SEC's litigation against the former executives. The SEC reported that in entering into these agreements, it "considered the companies' current status, to include "the financial support provided to the companies by the U.S. Treasury, the role of the Federal Housing Finance Agency as conservator of each company, and the costs that may be imposed on U.S. taxpayers" (para. 2). Calabria (2011) recommendation is that Fannie Mae and Freddie Mac should be abolished, along with other policies that transfer mortgage risk default from the lender to the taxpayer, in order to protect the taxpayer and the economy.

Banking and Mortgages

Singleton et al. (2006) examined predatory mortgage loans which emerged in the subprime market and evaluated what population is most at risk of being abused by such lending practices and where these practices occur. One key finding from the researchers' study indicated that rural minorities are more likely than Whites to take out high APR

loans (HALs). The researchers recommended that in order to protect the benefits of homeownership, national and state officials should adopt and enforce policies that better regulate subprime lending terms, monitor lending and real estate practices, and educate and protect borrowers.

Singleton et al. (2006) discussed the 1994 Homeownership and Equality Protection Act (HOEPA), which preserves the authority of individual states to enact laws that provide stronger consumer protections. Attempts to pass new antipredatory legislation at the federal level, however, has been thwarted over preserving state control versus creating uniform federal standards that preempt state law. Thus, federal policy should not preempt state policy and some states have closed loopholes in the HOEPA and placed limits on abusive loans and practices. Specifically, states laws attempt to reduce excessive points and fees that strip equity from borrowers, provide consumers with additional protections for high-cost loans, require interest rates to reflect the risk of the loan rather than upfront points and fees that strip equity from borrowers, protects consumers in disputes with lenders, and requires a tangible benefit to the borrower in any refinance loan.

Bocian, Earnst, and Li (2006) made recommendations to address unfair lending to racial and ethnic minorities in rural and urban areas. First, the researchers recommend the increase of fairness and objectivity of the subprime home loan origination process that would significantly improve outcomes for all families. Therefore, borrowers who represent the same level of risk should receive similar treatment from mortgage professionals. Thus, Bocian et al. advocate for the elimination of discretionary pricing in

the subprime loan market, which would prompt lenders to adopt transparent, market-driven prices for mortgages that represent similar risks. Second, Bocian et al. recommended that lenders and brokers should be held responsible for providing loans that they provide to borrowers because mortgage brokers who steer borrowers to take out inappropriate loans receive higher compensations with no negative consequences. This is different for security brokers who risk punishment if they steer borrowers into inappropriate investments. Therefore, lenders and brokers should be required to recommend loans that are suitable and advantageous for borrowers in order to protect homebuyers and homeowners.

Third, Bocian et al. (2006) recommended that along with the collection of the annual percentage rate (APR), subprime lenders should also be required to disclose points and fees on subprime mortgages, including upfront fees, yield-shield premiums, and prepayment penalties in their HMDA data as this would discourage pricing discrimination. Fourth, the researchers recommended that regulators of fair lending laws should have adequate resources and authority, and are held accountable for fully enforcing fair lending laws. Therefore, regulators should report annually on the number of fair lending examinations that have been performed and provide information to the public for each examination on the indicators of potential discriminatory activities identified if there were any; the protected class or classes (e.g., gender, race) that is believed to be potentially disadvantaged by such activity; and the outcome of each review, such as whether any actions were taken.

Fifth, Bocian et al. (2006) recommended that policymakers should create incentive and support a policy framework that leads the market to better serve minority communities. Therefore, since African Americans and Hispanic families are more likely to receive higher-rate loans from lenders that normally charge more, policymakers should review whether lower-cost lenders need additional incentives to help meet the credit needs of minority communities. On the other hand, the researchers related that regulators “should actively evaluate whether the high-cost lenders ‘reverse red-line’ by targeting” (p. 27) minority communities for high-priced products that are unrelated to their individual borrower risk. Reverse red-line refers to the same neighborhoods which were once denied financial opportunities being targeted with overpriced products (Hinnant-Bernard & Crull, 2004). Borrowers, lower-cost lenders, and honest brokers suffer and are placed at a disadvantage when dishonest lending practices go unchecked.

Leigh and Huff (2007) discussed how the subprime market has affected homeownership among African Americans. The authors noted that the steady but modest increase in homeownership rates among African Americans between 1995 and 2004 is being reversed because the subprime market was able to provide short-term access to homeownership for many but only provided sustained homeownership for a few. The authors reported many factors that led to the 2007 stock market upheaval associated with the devaluation of securities backed by subprime mortgages. These factors included lenders making loans or offering mortgage products to borrowers without fully and realistically assessing the likelihood that the borrowers can repay the loans; and borrowers accepting loans that they cannot repay. Therefore, similar to Bocian et al.

(2006), Leigh and Huff recommended that in addition to greater oversight of subprime lenders, incentives and penalties should be established to ensure that lenders are offering appropriate mortgage loan products to borrowers. Leigh and Huff also noted that many borrowers do not have the confidence about financial matters or did not receive the financial education that is necessary to enable them to understand the features of the mortgage loan products that they may be offered, thus being able to decline loans that they are unable to repay.

Leigh and Huff (2007) also made some recommendations, some of which are similar to Bocian et al. (2006). Leigh and Huff recommended that legislative and regulatory action should be taken at the federal level to standardize the market for subprime loans, federal and state governments should promote stronger regulation of subprime lending, and the federal bank supervisory agencies should not give credit under the 1977 Community Reinvestment Act (CRA) for predatory lending. The CRA was enacted as an antidote to redlining along with the HMDA (Leigh & Huff, 2007; Hinnant-Bernard & Crull, 2004). Redlining refers to funds being intentionally withheld from areas based on race and ethnic makeup (Perle, Lynch, & Horner, 1993). In addition, Leigh and Huff recommended that the public and private sectors should make available financial education and counseling, and housing counseling. Furthermore, the researchers recommended that federal legislation should be enacted to mandate that subprime lending institutions make information publicly available about their rates and fees, private and public sector entities should strengthen existing avenues and develop additional ones that are outside the subprime mortgage market to make loans available to low income

individuals and people with lower credit ratings, and all levels of government along with the private sector should make more affordable rental housing available.

According to Scott (2013), mortgage interest rates have been historically low for the past several years; however, low income households, especially those of African Americans and Latinos, have not been able to take advantage of those rates. Bocian (2012) reported that conventional purchase lending declined between 2006 and 2010 by 67% among Caucasians and 38% among Asians, but dropped by 83% among African Americans and 75% among Latinos. Scott noted that borrowers' risk needs to be matched to appropriate loans and borrowers should be assisted in navigating regulations. In addition, the author noted that common sense underwriting is needed where borrowers' risks are assessed. In 2006, the average credit scores on a Fannie Mae and Freddie Mac mortgage was 720 and in 2012, credit scores was up about 765 (Scott, 2013).

Scott (2013) related that along with lenders imposing higher credit scores, they are also imposing higher levels of scrutiny when verifying income and assets. Barriers to achieving homeownership were also affected by very high flood insurance premiums due to natural disasters like Hurricane Sandy. A positive step for low income borrowers since the housing crisis is that FHA has markedly increased its lending. Despite this step, Scott noted that a lot more can be done to support low income and minority communities beyond the Dodd Frank Act of 2010, which restricted many of the abusive lending practices that precipitated the housing crisis. The author recommended the lobbying of Congress to make sure federal funds remain available for programs that provide housing counselors in low income communities as borrowers are matched to risk-appropriate

loans and assisted with regulations that are often confusing. In addition, Scott recommended that lenders should adopt common sense underwriting practices that appropriately balances lender discretion and prudence in relation to income documentation as this will continue to insure fair and just access to the American dream of homeownership.

Korda and Snoj (2010) examined the quality of customer service through bank products and how this may yield a high customer satisfaction among customers. The researchers focused on the elements of perceived service, image, technical, and functional quality. In addition, the study included the elements of expected service and perceived services of the customers. Utilizing a questionnaire, the researchers measured 33 service quality characteristics, four perceived valued variables, and six elements of the customer care and satisfaction model. Findings from the study indicated that product loyalty tends to yield a high level of customer satisfaction. In addition, quality on customer satisfaction is much greater than just the direct relationship.

State of Maryland

Homeownership among African American women increased over the last decade due to the housing boom and positive economic growth (HUD, 2010). With this influx of African American women owning homes in Prince George's County, Maryland, the county began to experience a high growth rate in residents possessing postsecondary educations, increased salaries, and stability within the communities (U.S. Census Bureau, 2010). The Maryland State Data Center Report of 2009 indicates that there are a high percentage of doctors, educators, business owners, and Congressional members who

reside in Prince George's County. The development of this county underwent significant change and it was once known for its vast agricultural lands where farming was the primary source of income (Maryland State Data Center Report, 2009; U.S. Census Bureau, 2010).

Homeownership in recent years has taken a major hit in Prince George's County due to the housing crisis (Berkeley University, 2011). African Americans have made inroads to closing the housing gap when it comes to homeownership in Prince George's County (U.S. Census Bureau, 2009). Ironically, in spite of this economic growth, African American's affluent communities suffered a loss in tax revenues and underdeveloped business ventures, which in turn caused the communities within Prince George's County to become less attractive to prospective homebuyers (Kochhar, Fry, & Taylor, 2011).

As many communities within Prince George's County start to rebound from the housing market crash, homeowners are figuring out their next step when it comes to their mortgages (U.S. Census Bureau, 2010). In most cases, African Americans are refinancing, selling, or modifying their mortgage loan (Phillips, 2010). According to the U.S. Census Bureau (2010), the economic makeup of the residents of Prince George's County consists primarily of salaried positions. Roughly 65% of the population are private wage earners, 31% are government employees, and 4% are self-employed. The majority of the population that lives in this area of Maryland are African American (64.5%). Caucasians comprise 19.2% of the county's makeup, while the Hispanic and Latino populations comprise 14.9%, and the remaining 1% represents Asian or other race. Prince George's County's close proximity to the nation's capital makes it a prime

residential location for individuals who work for the federal government and the private sector. Additionally, the location of Andrews Air Force Base within Prince George's County qualifies the community as an attractive resident option for military families. Its attraction, however, has been negatively impacted by the housing crisis (Berkeley University, 2011).

A study by the HUD (2000) presented analysis of almost 1 million mortgages reported nationwide in calendar year 1998 under the HMDA. Findings from the study indicated that the rapid growth of subprime lending during the 1990's demonstrate the disproportion concentration of such lending in the U.S. minority and low income communities. In Baltimore, Maryland, almost one-third (27%) have at least 25% subprime refinancing, with the greatest burden falling upon the black communities.

Current Status of Subprime Lending

Nelson (2007) examined the decline of the subprime lending market and the resulting increased call for suitable standards in the subprime mortgage industry. Nelson pointed out that subprime loans are not "intrinsically evil" (p. 7) as they have served the purpose for which they were designed, which is to generate high interest yield and create opportunities for homeownership. However, the 1995 to 2007 subprime mortgage experience has shown policymakers that there is a need for greater consumer disclosure.

Nelson (2007) noted that even before legislative and regulatory intervention, consumers can avoid some of the subprime lending pitfalls by being aware of potential payment increases, the existence of any prepayment penalties and balloon payments (borrowers only pay interest the first 10-15 years and a big lump-sum is due afterwards),

whether there is a cost premium attached to a reduced documentation or stated income program, and the requirements to make payments for real estate taxes and insurance if they are not escrowed. Nelson pointed out that the debate over whether fundamental changes will be made to subprime lending remains to be seen. The researcher noted that this may be viewed as a “passing fad” (p. 9) that is attributed to the Democratic Congressional agenda to correct what they perceive as a problem in the market. Nelson also noted that it is possible that policymakers and Wall Street will examine the practice of mortgage lenders and the important roles that they both play at the micro and macro levels as people pursue the American dream of homeownership. The researcher, however, related that despite the debate, what is likely to result is a correction on the part of legislators, regulators, courts, and the marketplace to make the subprime mortgage lending environment more transparent and more informed.

Berman (2012) reported that the subprime loans that are responsible for creating the housing crisis are regaining popularity. The author related that “prices are climbing for some bonds backed by subprime mortgage loans given to higher risk borrowers, with one index rising 14%” in 2012 (para. 2). Furthermore, Waring (2012) reported that subprime mortgage bonds were up 24% in 2012. The return may be due to investors’ belief that the housing market has hit bottom and investors are eager to try again. Berman further related that investors who made hundreds of millions betting against subprime mortgage loans in 2007 report that today’s subprime mortgage bonds are priced to withstand an economic showdown. If the demand for these kinds of bonds rises, Berman

noted banks may loosen up and do more lending to higher-risk borrowers, as some banks may have already started to loosen standards.

The Department of Justice (DOJ; 2012) reported that they filed the second largest fair lending settlement in the department's history to resolve allegations that Wells Fargo Bank, which is the largest residential home mortgage originator in the United States, engaged in a pattern or practice of discrimination against qualified African Americans and Hispanic borrowers in its mortgage lending from 2004 to 2009. According to the DOJ, Wells Fargo agreed to conduct an internal review of its retail mortgage lending and will compensate African Americans and Hispanic retail borrowers who were placed into subprime loans when similar Caucasian retail borrowers received prime loans. The compensation paid to any retail borrowers who are identified in the internal review process will be in addition to the \$125 million awarded to compensate whole sale borrowers who were victims of discrimination.

Therefore, the \$125 million settlement provides compensation for wholesale borrowers who were steered into subprime mortgages or who paid higher fees and rates than White borrowers because of their race or national origin (DOJ, 2012). According to the DOJ (2012), borrowers' creditworthiness should be used to determine the loans they qualify for and not their race or ethnicity. In addition, Wells Fargo will provide \$50 million in direct down payment assistance to borrowers in communities around the country where the DOJ identified large numbers of discrimination victims who were hard hit by the housing crisis. The DOJ noted that with the Wells Fargo settlement, the federal government will ensure that African American and Hispanic borrowers who were

discriminated against will be entitled to compensation and the borrowers who were significantly affected by the housing crisis will have an opportunity to access homeownership.

The DOJ (2012) noted that their effort to obtain relief for borrowers who were steered into loans based on race or national origin is part of the effort by President Obama's Financial Fraud Enforcement Task Force (FFETF) which was established "to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes" (para. 13). The FFETF includes representation from various federal agencies, regulatory authorities, inspector generals, and state and local law enforcement working together. The mission of the FFETF is to improve efforts across the federal executive branch and with state and local partners to investigate and prosecute significant financial crimes, making sure that the punishment is just and effective for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

Summary and Conclusions

Research has mainly focused on the statistics of homeowners by race and neighborhood who were given subprime loans by lenders (Essene & Apgar, 2007; HUD, 2000; Leigh & Huff, 2007; Nelson, 2007; Singleton et al., 2006; Weller & Sabatini, 2008; Wilkinson-Ryan, 2011). However, there is a gap in the research that focuses on the experiences of homeowners who were given subprime loans by lenders. Despite the negative effects of subprime loans on the U.S. population, particularly African Americans, these loans are regaining popularity as "prices are climbing for some bonds

backed by subprime mortgage loans given to higher risk borrowers, with one index rising 14%” in 2012 (Berman, 2012, para. 2). Furthermore, Waring (2012) reported that subprime mortgage bonds were up 24% in 2012. The return may be due to investors’ belief that the housing market has hit bottom and investors are eager to try again.

Due to the significance of the subprime lending problem, this phenomenological research study explored and explained the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George’s County, Maryland, by gaining an understanding of 20 African American women’s experiences. Ajzen and Fishbein’s (1980) TPB served as the theoretical foundation for this study.

The issue of Black women and wealth has been a topic for many surveys and studies (Evans, 2006). As reported by (Chang & Mason, 2010), Black and Hispanic women are less likely to accumulate wealth. Wealth disparities among minority women and other races often lie in the spending habits between the groups (Davis, 2011). Singleton et al. (2006) examined predatory mortgage loans which emerged in the subprime market and evaluated what population is most at risk of being abused by such lending practices and where these practices occur. One key finding from the researchers’ study indicated that rural minorities are more likely than Whites to take out high APR loans (HALs). The researchers recommended that in order to protect the benefits of homeownership, national and state officials should adopt and enforce policies that better regulate subprime lending terms, monitor lending and real estate practices, and educate and protect borrowers.

Leigh and Huff (2007) discussed how the subprime market has affected homeownership among African Americans. The authors noted that the steady but modest increase in homeownership rates among African Americans between 1995 and 2004 is being reversed because the subprime market was able to provide short-term access to homeownership for many but only provided sustained homeownership for a few. Homeownership in recent years has taken a major hit in the Prince George's County due to the housing crisis (Berkeley University, 2011). African Americans have made inroads to closing the housing gap when it comes to homeownership in Prince George's County (U.S. Census Bureau, 2009). Ironically, in spite of this economic growth, African American's affluent communities suffered a loss in tax revenues and underdeveloped business ventures, which in turn caused the communities within Prince George's County to become less attractive to prospective homebuyers (Kochhar, Fry, & Taylor, 2011).

As many communities within Prince George's County start to rebound from the housing market crash, homeowners are figuring out their next step when it comes to their mortgages (U.S. Census Bureau, 2010). In most cases, African Americans are refinancing, selling, or modifying their mortgage loan (Phillips, 2010). Nelson (2007) pointed out that the debate over whether fundamental changes will be made to subprime lending remains to be seen. Nelson related that what is likely to result is a correction on the part of policymakers and the marketplace to make the subprime mortgage lending environment more transparent and more informed.

In Chapter 2, I included the introduction, literature search strategy, theoretical foundation, women, housing, current status of subprime lending, and summary and

conclusions. In Chapter 3, I include the research design and rationale, role of the researcher, methodology, issues of trustworthiness, and summary. In Chapter 4, I include the setting, demographics, data collection, data analysis, evidence of trustworthiness, results, and summary. In Chapter 5, I include the interpretation of findings, limitations of the study, recommendations, implications, and conclusion.

Chapter 3: Research Method

Introduction

The purpose of this phenomenological research study was to bridge the gap in knowledge by exploring, understanding, and explaining the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland, by gaining an understanding of 20 African American women's experiences. This study focused on the 2004 to 2007 period because researchers indicated that there was a disproportionate concentration of subprime lending in the U.S. minority and low income neighborhoods during these years (Essene & Apgar, 2007; HUD, 2000; Leigh & Huff, 2007; Nelson, 2007; Singleton et al., 2006; Weller & Sabatini, 2008; Wilkinson-Ryan, 2011). Nelson (2007) reported that when the demand for new loans slowed in 2004, investors wanted to increase yields; therefore, they created more innovated products (subprime loans). These subprime loans had relaxed underwriting standards and temporary payment reductions, which increased the risk for both borrowers and lenders. As a result, the stock market upheaval that is associated with the devaluation of securities backed by subprime mortgages later occurred in 2007 (Leigh & Huff, 2007).

Data were collected for this study through the use of a researcher-created demographic questionnaire and in-depth face-to-face semistructured interviews with 20 African American women who brought homes between 2004 and 2007 in Prince George's County, Maryland, through the use of subprime loans. The interviews were transcribed and analyzed using NVivo, which facilitated the identification of themes and

provided annotation for the codes and categories. The study was conducted in accordance with the parameters established by Walden University's IRB to ensure the ethical protection of research participants. The approval number is 03-13-14-0074671. In Chapter 3, I include the research design and rationale, role of the researcher, methodology, issues of trustworthiness, and summary.

Research Design and Rationale

This section is organized in the following subsections: research question and phenomenological research design rationale.

Research Question

In order to explore, understand, and explain the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland, this phenomenological research study addressed one central research question:

- What are the experiences of African American women who purchased a home through the use of a subprime mortgage in Prince George's County, Maryland, between 2004 and 2007, in relation to their home buying knowledge and behaviors?

Five subquestions were considered:

1. What factors motivated participants to buy a home?
2. How was the type of subprime loans used by participants identified?
3. What is the participants' knowledge about subprime loans?

4. How do participants describe the experience of buying a home in Prince George's County, Maryland, between 2004 and 2007?
5. How do participants describe their postpurchase experience of becoming a homeowner in Prince George's County, Maryland?

Phenomenological Research Design Rationale

A phenomenological research design was chosen in order to explore, understand, and explain the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland. Therefore, this phenomenological research study provided the meaning, structure, and essence (Creswell, 1998) of African American women's lived home buying experience through the use of subprime loans. The theoretical framework was based on Ajzen and Fishbein's (1980) TPB. Snowball sampling was employed to collect data through in-depth semistructured interviews with 20 African American women in Prince George's County, Maryland. Data analysis consisted of thematic analysis, where data were analyzed using NVivo, which facilitated the identification of themes and provided annotation for the codes and categories.

The phenomenological research design was chosen after reviewing extensive research literature (e.g., Creswell, 1998; University of South Alabama, 2013) on the five qualitative research approaches: narrative research, phenomenology, grounded theory, ethnography, and case study. Creswell (1998) reported that phenomenological research methods are employed when trying to understand the essence of experiences about a

phenomenon. Moustakas (1994) asserted that using a phenomenological design will assist with gaining “a unified vision of the essences of a phenomenon or experience” (p. 58).

Qualitative research focuses on exploring and understanding social conditions or problems faced by both individuals and groups in today’s society (Patton, 2002). There is a vast spectrum of possibilities for which qualitative research applies. The quest for research generally starts with a problem needing a conclusion (Creswell, 2007).

Therefore, determining which research design method to use is an important task. With several options to choose from, the researcher needs to be aware of its purpose and process (Patton, 2002). Creswell (2009) related that research is a process that bears a specific type of outcome.

Role of the Researcher

I served as a participant-observer during the in-depth interviews of this phenomenological research study; therefore, I was a key instrument in the qualitative data collection process. As a result, I had direct contact with the participants as I recruited participants by phone, email, face-to-face conversations, and Facebook. In addition, I collected demographic and in-depth interview data and transcribed, coded, analyzed, and interpreted the data. There were no power differential between the research participants and me. Furthermore, I held no bias against the research participants.

Methodology

This section is organized in the following subsections: participant selection and sampling strategy, instrumentation and data collection, procedures, and data analysis plan.

Participant Selection and Sampling Strategy

Using snowball sampling, which is a subset of purposive sample, 20 African American women who bought homes through the use of subprime loans between 2004 and 2007 in Prince George's County, Maryland were used in the study. Snowball sampling was used because the participants were picked along the way by asking each participant to suggest someone who might be willing to participate or appropriate for the study. Creswell (1998) suggested five to 25 participants for phenomenological studies, while Morse (1994) suggested at least six. Compared to quantitative studies, in qualitative studies, the sample size are normally small (Mason, 2010). Ritchie, Lewis, and Elam (2003) noted that the small sample size is due to a point of diminishing return to a qualitative sample, meaning as the study goes on, more data do not necessarily lead to more information. The researchers noted that the one occurrence of a piece of data is all that is needed to ensure that it becomes part of the analysis framework, and frequencies are rarely important. Hence, qualitative research is more concerned with meaning, instead of making generalized hypothesis statements. In addition, qualitative research is very labor intensive; therefore, analyzing a large sample can be very time consuming and impractical. However, 20 participants were used in the study to find trends in subprime lending experiences.

African American women in Prince George's County were appropriate for this study because statistics indicated that Prince George's County is one of America's wealthiest Black counties (U.S. Census Bureau, 2009). According to the U.S. Census Bureau (2013), the population in Prince George's County was estimated to be 881,138.

Of this statistic, women accounted for 453,041 and Blacks accounted for 561,074, a representation of 52% and 65.4%, respectively. According to Maryland State Data Center (2009), the average income in Prince George's County for Black families is almost double the national average. For Blacks in Prince George's County, the average 2009 salary was \$70,294, a representation of 85% of the overall median household income of \$82,847.

The potential participants who were known that meet the selection criteria of being African American women who bought homes between 2004 and 2007 in Prince George's County were initially contacted by phone, email, face-to-face conversations, and Facebook and were given or sent an invitation letter to participate in the study and asked to recommend other African American women who might be willing to participate and meet the selection criteria for this study (see Appendix A). Using the recommendations provided by potential participants, additional participants were recruited by sending them the invitation letter and recommendation request, thus using the snowball sample technique until 20 African American women who met the study's criteria agreed to take part in the study.

Instrumentation and Data Collection

The instrumentation for this study include a 10-minute researcher developed demographic questionnaire that was used to gather demographic data from the participants (see Appendix C) and a general interview questionnaire to obtain the perceptions of African American women in Prince George's County, Maryland, about the factors that motivated them to buy a home; how the type of subprime loan used to

purchase their home was identified; their knowledge of subprime loans prior to taking out the loan, their knowledge of subprime loans after taking out the loan; their experience of buying a home in Prince George's County, Maryland, between 2004 and 2007; and their postpurchase experience of becoming a homeowner in Prince George's County, which took approximately 45 minutes (see Appendix D).

Procedures

The National Institutes of Health (NIH) Office of Extramural Research (2013) Human Research Protections training was completed prior to data collection. In addition, I complied with all federal and state regulations, which includes informing participants about the level of confidentiality in the study. After receiving approval to conduct the study from the Walden University Institutional Review Board (IRB), I contacted potential participants who were known to meet the selection criteria individually by phone, email, face-to-face conversations, and Facebook; gave or sent an invitation letter to participate in the study; and asked potential participants to recommend other African American women who might be willing to participate and met the selection criteria for this study (see Appendix A). Participants were informed that they could ask questions about the study by email or by phone. Using the recommendations provided by potential participants, additional participants were recruited by sending them the invitation letter and recommendation request, thus using the snowball sample technique until 20 African American women who met the study's criteria agreed to take part in the study. I did not include anyone who I have a personal relationship with in my study, which includes family members, friends, coworkers, or professional and personal associates in order to

prevent perceived coercion to participate due to any existing or expected relationship between the participants and me.

Once I received email responses to the questions asked on the invitation to participate and recommendation request letter from African American women who are interested in participating in the study, I emailed each prospective participant the consent form that had my electronic signature, requesting their electronic signatures for consent (see Appendix B). Participants were informed that they could ask questions about the study by email or by phone before signing the consent form.

As the electronically signed consent form was received from each participant, each participant was contacted by phone or email to set-up an appointment to conduct individual semistructured interviews at a time that was convenient for them. The interviews took place in a private meeting room at the Upper Marlboro Branch Library located at 14730 Main Street. Prior to beginning the interview, participants were asked to complete a 10-minute researcher-created demographic questionnaire (see Appendix C). Interviews were audio-taped and took approximately 45 minutes (see Appendix D for interview questions). Before concluding the interviews, participants were asked if they had any other questions or concerns. After addressing any questions or concerns, the interviews were concluded and participants were thanked for their participation. It was unlikely that participation aroused any acute discomfort; however, to provide participants within reasonable protection from distress from psychological harm, participants were informed of the Counseling Center at University of Maryland should they experience any negative effects from taking part in this research endeavor.

After the interviews had been transcribed, I emailed each participant the transcript of the interview and asked that they reviewed the transcript for accuracy. This is called member checking, which is a quality control process that ensures the accuracy, credibility, and validity of what was recorded during the interviews (Harper & Cole, 2012). I discussed the participants' feedback with them by phone. The member check process took approximately 45 minutes. After the study is approved, a summary report of the research findings will be emailed to participants. Data will be kept secure in a locked file cabinet and password protected computer, and I am only one with access to the records. Data will be kept for a period of at least 5 years, as required by Walden University.

Data Analysis

Qualitative data analysis appears in the form of words rather than numbers (Creswell, 2012). Consisting of three components, (a) data reduction, (b) data display, and (c) conclusion drawing, data analysis in qualitative studies is required (Creswell, 2012). According to Cambra-Fierro and Wilson (2011), qualitative analysis needs to be as accurate as possible when dealing with research data in a learning environment. In this study, interviews were transcribed and analyzed using NVivo, which facilitated the identification of themes and provided annotation for the codes and categories.

According to Schensul, Schensul, and LeCompte (1999), the NVivo software allows the researcher to search for words or phrases from the interviews. Common words or phrases were grouped and labeled for coding across categories of inquiry, and once data were grouped, subsets were compared and contrasted. This allowed me to search for

related codes and make inferences about these connections or patterns. Graphic displays in the form of tables to represent data and display relationships were created and can be seen in Chapter 4.

Issues of Trustworthiness

This section is organized in the following subsections: validity and reliability of qualitative data and informed consent and ethical considerations.

Validity and Reliability of Qualitative Data

Validity and reliability are two of the most important aspects of conducting research (Creswell, 2003). Many researchers view validity and reliability from a social perspective, which provides for different viewpoints and perspectives about researching societal problems (Patton, 2002). There is considerable debate between which of the two traditions in social research, quantitative and qualitative, offers the greater source of reliability and validity (Creswell, 2003). Each tradition offers different ontological and epistemological standpoints in relation to the social study being conducted (Patton, 2009).

In this study, validity and reliability were established through credibility, transferability, dependability, confirmability, and intracoder reliability. Credibility or internal validity pertains to how congruent the findings are with reality and is one of the most important factors in establishing trustworthiness (Shenton, 2004). In this study, credibility was established through the use of member checks, which is described by Lincoln and Guba (1985) as the single most important provision that can be made to bolster the credibility of the study. I emailed each participant the transcript of the

interview and ask that they reviewed the transcript for accuracy. I discussed then the participants' feedback with them by email or phone.

Transferability or external validity was established. Transferability or external validity refers to the extent to which the study's findings can be applied to other situations (Shenton, 2004). Findings from this study might be applicable to similar African American women who have had similar experiences. However, it is important to note that since findings of phenomenological research studies "are specific to a small number of particular environments and individuals, it is impossible to demonstrate that the findings and conclusions are applicable to other situations and populations" (Shenton, 2004, p. 69).

Dependability address the issue of reliability and Shenton (2004) recommended that the processes within the study should be reported in detail in order to enable future researchers to repeat the work, but it does not necessarily mean that that same result will be obtained. Therefore, the study's research design may be viewed as a "prototype model" (p. 71). In this study, dependability was established through the use of audit trails, which "consist of a thorough collection of documentation regarding all aspects of the research" (Rodgers, 2008, para. 1). Documentation used in this study included tape recorded interviews and the transcriptions of those interviews; therefore, the data were authenticated by comparing the two forms of data.

Confirmability, the degree to which the research results can be confirmed or corroborated by others (Trochim, 2006), was mainly established through the 20 African American women who participated in the study. In addition, intracoder reliability was

established through the consistent coding of the data (van den Hoonaard, 2008), where NVivo was utilized.

Informed Consent and Ethical Considerations

The NIH Office of Extramural Research (2013) Human Research Protections training was completed prior to data collection. In addition, I complied with all federal and state regulations, which includes informing participants about the level of confidentiality in the study. The study was also conducted in accordance with the parameters established by Walden University's IRB to ensure the ethical protection of research participants.

Prior to data collection, all participants were emailed a consent form in order to obtain their permission to participate in the study (see Appendix B). The consent form outlined participants' protections and ethical guidelines followed during the research study, such as the voluntary nature of the study and participants having the right to withdraw at any time. The consent form also outlined any physical or psychological risks that the participants might experience and indicated that they are not obligated to complete any parts of the study with which they are not comfortable.

It is unlikely that participation aroused any acute discomfort as participants are not obligated to complete any part of the questionnaires with which they are not comfortable and could stop at any time during the interview. Being in this study did not pose risk to their safety or wellbeing. However, participants were informed of the Counseling Center at University of Maryland should they experience any negative effects from taking part in this research endeavor. The counseling center provides a free intake

or consultation session free of charge to anyone in the community, which is kept confidential. Participants can discuss their concerns with a counselor and see what the best plan of action would be from there. Often, the one consultation session is enough to gain perspective and deal with the problem. If additional sessions are needed or desired, the counselor can provide several referrals to community mental health professionals.

I respected all individuals during the research process and data collection stage. After the data were collected, all identifiable data were eliminated; therefore, the demographic questionnaire and interviews were numbered or coded in order to match the participant; thus, protecting participants' identity; however, I know the identity of the participants. Participants were informed that the interviews would be audio-taped and that a verbatim transcription would be made and analyzed later. All audio-recorded data are kept secured and have been transcribed by the researcher. Only my supervising committee has access to the data.

All data are kept in a locked file cabinet and password protected computer at my residence for at least 5 years, as required by Walden University. Participants were provided with the contact information for the researcher and the Dissertation Committee Chair in the event that they have any further questions or concerns about the research. Participants were also provided with the contact information of the Walden University representative, with whom they can talk privately about their rights as participants. After the study is approved, a summary report of the research findings will be emailed to participants.

Summary

In summary, the purpose of this study was to bridge the gap in knowledge by exploring, understanding, and explaining the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland, by gaining an understanding of 20 African American women's experiences. The in-depth semistructured interviews were transcribed and transcriptions were analyzed. Common words or phrases were grouped and labeled for coding across categories of inquiry, and once data were grouped, subsets were compared and contrasted, which allowed for the search of related codes and the making of inferences about these connections or patterns.

The study was conducted in accordance with the parameters established by Walden University's IRB to ensure the ethical protection of research participants. As the electronically signed consent form was received from each participant, each participant was contacted by phone or email to set-up an appointment to conduct individual semistructured interviews at a time that was convenient for them. Prior to beginning the interview, participants were asked to complete a 10-minute researcher-created demographic questionnaire (see Appendix C). The interviews were audio-taped and took approximately 45 minutes (see Appendix D for interview questions).

All audio-recorded data are kept secured and have been transcribed by the researcher. Only the dissertation supervising committee has access to the data. Data are kept secured in a locked file cabinet and password protected computer, and I am the only one with access to the records. Data will be kept for a period of at least 5 years, as

required by Walden University. Participants were provided with the contact information for the researcher and the Dissertation Committee Chair in case they have any further questions or concerns about the research. Participants were also provided with the contact information of the Walden University representative with whom they can talk privately about their rights as participants. After the study is approved, a summary report of the research findings will be emailed to participants.

In Chapter 3, I included the research design and rationale, role of the researcher, methodology, issues of trustworthiness, and summary. In Chapter 4, I include the setting, demographics, data collection, data analysis, evidence of trustworthiness, results, and summary. In Chapter 5, I include the interpretation of findings, limitations of the study, recommendations, implications, and conclusion.

Chapter 4: Results

Introduction

This study bridged the gap in knowledge by exploring, understanding, and explaining the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland. This was achieved by gaining an understanding of 20 African American women's experiences through in-depth semistructured interviews. The interviews were audio-recorded and composed of open-ended questions to receive different perceptions and experiences that led to the discovery of the lived experiences of the 20 participants on their subprime loan experiences. The data collected addressed the central research questions on the experiences of African American women who purchased a home through the use of a subprime mortgage in Prince George's County, Maryland, between 2004 and 2007, in relation to their home buying knowledge and behaviors. Five subquestions were considered, which included factors that motivated participants to buy a home, how type of subprime loans used by participants was identified, participants' knowledge about subprime loans, how participants described the experience of buying a home in Prince George's County, Maryland, between 2004 and 2007, and how participants described their postpurchase experience of becoming a homeowner in Prince George's County, Maryland.

In Chapter 4, I present the data analysis and findings of the study with the results ascertained in relation to the central research question and the five subquestions of the

study. I include the setting, demographics, data collection, data analysis, evidence of trustworthiness, results, and summary.

Setting

Snowball sampling was employed to collect data through in-depth semistructured interviews with 20 African American women who bought homes between 2004 and 2007 in Prince George's County, Maryland, through the use of subprime loans. The interviews took place in a private meeting room at the Upper Marlboro Branch Library located at 14730 Main Street. There were no organizational conditions that influenced participants or their experiences at the time of the study that may influence interpretation of the study results.

Demographics

From the 70 African American women who were contacted, 20 agreed to participate in the study. Selection criteria for participants in the study included (a) African American women, (b) those who bought homes between 2004 and 2007 in Prince George's County, Maryland, and (c) those who used subprime loans. The women all agreed to take part of the study and were informed of the questions ahead of time to gather the best possible lived experiences from their responses.

Findings from the demographic questionnaire indicated that all participants identified their race as African American. One participant fell in the age range of 25 to 30, one in the age range of 30 to 35, five in the age range of 35 to 40, three in the age range of 40 to 45, eight in the age range of 45 to 50, one in the age range of 50 to 55, and one in the age range of 55 to 60. Four participants reported that they were married, six

reported that they were divorced, one reported that she was separated, and nine reported that they had never been married. In regard to the highest level of education, two reported high school degrees, four participants reported that they have some college education, two reported trade school degrees, five reported bachelor degrees, three reported master degrees, three reported associate degrees, and one reported a PhD degree.

Sixteen participants were employed full-time, three were employed part-time, and one participant was retired. Seven of the participants' incomes ranged from \$50,000 and under, three from \$50,000 to \$75,000, three from \$75,000 to \$100,000, and seven from \$100,000 and above. In regard to the city in Maryland where they bought their homes between 2004 and 2007, one resided in Berwyn Heights, three in Bowie, two in Capital Heights, one in Clinton, one in Fort Washington, one in Laurel, one in New Carrollton, two in Seat Pleasant, and eight in Upper Marlboro. All participants reported that their home was their primary residence. Two bought their homes in 2004, four in 2005, eight in 2006, and six in 2007. In regard to the subprime mortgage product used, six participants used a balloon mortgage, seven used "no doc" or "low doc" loans where the lender accepts the borrower's stated income without any supporting documentation (Nelson, 2007), one used piggy back loans, one used teaser loans, and five used 2/28 loans. These subprime mortgages are explained in further detail in Chapter 5.

Data Collection

The instrumentation for the study included a 10-minute researcher-created demographic questionnaire that was used to gather demographic data from the 20 participants and an interview questionnaire to attain the perceptions of African American

women in Prince George's County, Maryland. The interview questions were about (a) factors that motivated the women to purchase a home; (b) how the type of subprime loan used to purchase their home was identified; (c) their knowledge of subprime loans prior to taking out the loan and their knowledge of subprime loans after taking out the loan; (d) their experience of buying a home in Prince George's County, Maryland, between 2004 and 2007; and their (e) postpurchase experience of becoming a homeowner in Prince George's County. The interviews were audio-recorded and took approximately 45 minutes.

Data Analysis

For the data analysis of the study, I employed a qualitative data analysis, using the extensive interviews with the 20 participants. According to Miles and Huberman (1994), this approach is a "cyclical process of the following components: reduce data, display data, draw conclusions, and verify" (Hays & Singh, 2012, p. 295). I followed this cyclical process and merged and incorporated the data with coding to develop the themes that addressed the central research question and five subquestions of the study. Strauss and Corbin (1990) explained this method as one that "represents the operations by which data are broken down, conceptualized, and put back together in new ways" (p. 57). Upon the utilization of the two methodologies, I was able to discover the themes or answers to the central research question as well as the five subquestions.

Evidence of Trustworthiness

In this qualitative research study, I established validity and reliability through credibility, transferability, dependability, confirmability, and intracoder reliability. I

established credibility in the research study by ensuring that the issues discussed and presented were clear throughout the entire study. In addition, the interviews with the participants were not interrupted or ended prematurely, which prevented miscommunication. In addition, I conducted member checks with all participants to ensure the rigor and accuracy of the interview transcripts. Transferability was established through note taking on every phase and step of the research process performed. The notes and logs will be kept secured for a period of at least 5 years as required by Walden University.

Dependability was established for this study through the use of audit trails, which consisted of a thorough collection of documentation regarding all aspects of the research to include the use of audio-recorded interviews and their transcriptions. Confirmability, the degree to which the research results can be confirmed or corroborated by others (Trochim, 2006), was mainly established through the 20 African American women who participated in the study. Lastly, intracoder reliability was established by coding the data consistently with the major and minor themes discovered during the analysis.

Results

This section is organized in the following subsections: Subquestion 1, Subquestion 2, Subquestion 3, Subquestion 4, Subquestion 5, and central research question.

Subquestion 1

What factors motivated participants to buy a home? This subsection includes Major Themes 1, 2, and 3; Minor Theme 1; and Minor Theme 2.

Major themes 1, 2, and 3.

1. The dream to have their own home as renting was too expensive.
2. The rent increase was not reasonable and practical anymore.
3. They wanted to write-off tax or relieved of tax.

For the first subquestion of the study, which was the factors that motivated the participants to buy a home, I discovered three major themes or aspects that affected the decision of the African American women to purchase their own homes: (a) the dream to have their own home as renting was too expensive, (b) the rent increase was not reasonable and practical anymore, and (c) they wanted to write-off tax or be relieved of tax. The three major themes all received the highest number of responses or occurrences with seven out of the 20 total sample population or 35%, respectively (see Table 1). The three were deduced from five of the most significant experiences shared for this particular thematic label. This area is organized as follows: Major Theme 1, Major Theme 2, and Major Theme 3.

Table 1

The Factors That Motivated the Participants to Buy a Home

Major and minor themes	# of occurrences	% of occurrences
Major Theme 1: Dream to have their own home as renting was too expensive	7	35%
Major Theme 2: Rent increase was not reasonable and practical anymore	7	35%
Major Theme 3: Wanted to write-off tax or relieved of tax	7	35%
Minor Theme 1: Wanted a bigger place for her family and children	1	5%
Minor Theme 2: For investment purposes	1	5%

Major Theme 1. Overall, it was found that one major factor for the women to decide whether they will purchase a house or not was the dream to have their own home as renting was too expensive for them. This was considered one of the seven most significant findings of the study. Participant 1 explained that it has always been her dream to purchase her very own home and that she could not afford the constant increase in her rent anymore:

It was a dream to purchase a home. It was my American dream to buy a home in which I can call my own. I was renting and my rent kept going up year after year.

So I decide[d] that it would be nice to try to purchase a home. (personal communication, March 30, 2014)

Participant 2 added that she also got tired of renting and she wanted to have a house of her own for her family:

I got tired of renting and I wanted my kids to have their own rooms and I wanted to become a homeowner. I wanted to buy a home so my children could experience living in a house rather than living in an apartment all of their lives. (personal communication, March 29, 2014)

Participant 6 and 14 also wanted their own home and Participant 6 was also tired of paying rent. On the other hand, Participant 15 wanted to be independent and did not want to rent anymore. However, Participant 16 related that she just wanted a place of her own while Participant 20 had a dream to have her own home to live in and for investment purposes as well.

Major Theme 2. The second major theme that emerged was that rent increase was not reasonable and practical anymore. Again, this is one of the seven most significant findings of the study. Participant 3 shared that she had no plans of buying her own home; however, the rent increase was becoming too much for her. Therefore, she decided to purchase a home to get more value for her money:

I moved here to Upper Marlboro, Maryland, in 2006, from Chicago because of my job. I was renting and my rent increased by \$456.00 a month. I decided to look for a house shortly after my rent increase. I did not see why I should pay a high rent where I could buy a home and get more for my money. I called the

rental office to see if this was a mistake and the rental office notified me that this was an accurate charge and the increase will take place the upcoming month. I did not have plans to buy a home. I decide that I should start looking to see what I could get based on my credit and the amount of money I would be paying for rent. This moved up my house buying time frame. (personal communication, May 20, 2014)

Participants 4, 7, and 17 shared the same sentiments as Participant 3 with the constant increase in renting cost. Participant 8 also shared that with her growing family, spending was constantly increasing as well as the rent of her home. Participant 9 related that she did not want to rent anymore and having her own home was a great motivation for her. Participant 11 was exhausted of renting on a monthly basis and wanted to have a place of her own.

Major Theme 3. The third major theme that emerged was that the participants wanted to write-off tax or relieved of tax. Again, this is one of the seven most significant findings of the study. Participant 5 stated that as a single woman, she wanted a house for the tax write-off and tax relief; therefore, she decided to purchase her own home:

Actually, I brought a house for the tax write-off. I was staying rent free with my parents and Uncle Sam was eating me alive with taxes. I said since I do not have any kids then I said to myself let's buy a house for the purpose of getting some tax relief. Everyone made a big deal about owning a home, living the American dream, but it seems it was my American nightmare. It seems like when I purchase

my home the housing market tanked and I said, wow. (personal communication, May 12, 2014)

Participant 19 also purchased home for tax relief: “Taxes were my main motivator due to I was paying taxes every year. I decided to buy a home to give me some relief in taxes” (personal communication, May 12, 2014).

Similarly, Participant 7 shared that being a single woman, she wanted tax relief. Participants 10 and 13 were aware of the tax benefits they could receive if they had their own home. Participants 12 and 18 wanted the benefits of tax relief and homeownership.

Minor Theme 1. The first minor theme that emerged was that one participant wanted a bigger place for her family and children. Participant 8 shared that she had a growing family and wanted a bigger space for them and thus wanted to buy her own home: “I had three children and my rent would go up. I needed more space for my family. I want to buy a home where my mortgage was affordable and my children would have more space to move around” (personal communication, May 19, 2014).

Minor Theme 2. The second and last minor theme that emerged was for investment purposes. Participant 20 had a dream to have her own home to live in and for investment purposes as well: “It was a dream of mine to own a home and also for investment purposes” (personal communication, May 17, 2014).

Subquestion 2

How was the type of subprime loans used by participants identified? This subsection includes Major Theme 4, Minor Theme 1, Minor Theme 2, and Minor Theme 3.

Major Theme 4. Had no knowledge that they had a subprime loan.

For subquestion 2, which was how the type of subprime loans used by participants were identified, I discovered one major theme. Participants had no knowledge that they had a subprime loan. The major theme implies that participants were mostly unaware that they were under a subprime loan during the early stages of their investment or purchase and only found out about the type of loan after certain issues emerged. Sixteen of the 20 participants shared this experience or 80% of the total sample population (see Table 2). It was deduced from four of the most significant experiences or perceptions shared by the participants.

Table 2

How the Type of Subprime Loans Used by Participants Was Identified

Major and minor themes	# of occurrences	% of occurrences
Major Theme 4: Had no knowledge that they had a subprime loan	16	80%
Minor Theme 1: Based on the credit scores of the participants	2	10%
Minor Theme 2: Conducted their own research on the best type of loan	1	5%
Minor Theme 3: Employed a loan bank officer to help with the best type of subprime loan	1	5%

Overall, the fourth major theme that the participants had no knowledge that they had a subprime loan is considered by the researcher as one of the seven most important findings of the study. Participant 4 shared that she had no idea that she was under this type of loan: “No, I have no idea that I was in a subprime loan. This made me very mad after hearing about others who lost homes or was about to lose their homes because they were in a bad loan” (personal communication, March 12, 2014).

Participant 5 was wrongly informed and thought that she was getting a good deal or type of loan; but later on was proven wrong by real estate attorneys:

Well, I was told if I use their bank they would pay for closing cost. So I decided to go with the builder thinking I was getting a good deal. I started to realize that my mortgage was a subprime because I had two mortgages with balloon payments. I also noticed that no one ever asked me for verification of income. I notice something was wrong. After doing research and consulting with real estate attorneys, I was told to just walk away from my home and the deal because I would never pay off my home. I found this very upsetting. I could never refinance or get a modification because my initial deal was bad. I had a feeling I would go to foreclosure based on the information I was receiving. (personal communication, May 12, 2014)

Participant 6 also had no idea that she was under a subprime loan until she was already paying her mortgage and wanted a modification on her plan. Participant 7 chose to get the help of her builder and later found out that she was under a subprime loan. Participants 8, 9, 10, and 11 related that they were not aware that they were under a

subprime mortgage. Participant 12 reported that her builders handled the process; therefore, she was not aware of what she was getting herself into. Participant 13 noted that she had no knowledge about subprime lending. Participant 14 did not know anything about subprime loans and that she wanted to own her own home. Similarly, Participant 15 and 17 did not know the type of subprime loan used for their purchase. Participant 16 shared that she was not aware of the type of loan that she had and was amazed by the quick process, but did not know what she was getting herself into. Participant 19 and 20 related that they were not aware of their mortgage type at first.

Minor Theme 1. The first minor theme that followed was identifying their type of loan based on the credit scores of the participants. This minor theme received two occurrences out of the 20 overall sample population or 10%. Participant 1 shared that she had a subprime loan and was informed that she could get a better deal for her mortgage:

I found out that I had a subprime loan during closing and once I refinanced my mortgage I was later informed that my terms were not good as my credit score should have gotten me a better deal on my mortgage. I was just happy to be a homeowner. (personal communication, March 30, 2014)

Participant 18 received the type of loan because of her credit scores:

I guess my credit dictated that I would get a subprime loan. I did not think I would get the home I have now. Although, my credit scores were not that bad I did not believe I would get a subprime loan based on me cleaning up my credit before I got into my home. (personal communication, April 28, 2014)

Minor Theme 2. The second minor theme was the identification of the type of loan through conducting their own research on the best type of loan. This minor theme received one response or 5% of the total sample population. Participant 2 stated that she had to conduct her own research in order to know the best type of loan for her:

After researching my loan and finding out that it was an 80/20 loan. Meaning, I was paying out the interest for the first 5 years of the loan and learning that I had a second loan or two mortgages. Realizing that my payments had increased over the years this made me do some research on what I had entered into as far as my mortgage was a major concern for me. (personal communication, March 29, 2014)

Minor Theme 3. The third and last minor theme was employing a loan bank officer to help with the best type of subprime loan. Again, this minor theme was discovered through the response of only one participant or 5% of the total sample population. Participant 3 shared that she had no knowledge about subprime lending; thus, had to employ a loan bank officer to aid her:

I had no idea that I would get a subprime loan nor did I know anything about subprime lending at the time I purchase my home. A friend of mine refer me to my realtor, which said I have a good relationship with a loan officer with Bank of America and we can get this done. I did not do my own research. The only thing I knew was what that my mortgage monthly would be and my settlement date. (personal communication, May 20, 2014)

Subquestion 3

What is the participants' knowledge about subprime loans? This subsection includes Major Theme 5, Minor Theme 1, and Minor Theme 2.

Major Theme 5. Limited knowledge before acquiring subprime loans and learned the negative aspects only after her purchase and further research.

For subquestion 3, which was the participants' knowledge about subprime loans, I discovered one major theme. Participants had limited knowledge before acquiring subprime loans and learned the negative aspects only after their purchase and further research. The major theme implies that the participants had limited knowledge before the purchase of their houses and only learned and became more aware as the issues of the loan emerged. This theme received 15 responses out of the 20 total sample population or 75% (see Table 3). It was deduced from three important perceptions for this particular thematic label.

Table 3

The Participants' Knowledge About Subprime Loans

Major and minor themes	# of occurrences	% of occurrences
Major Theme 5: Limited knowledge before acquiring subprime loans and learned the negative aspects only after their purchase and further research	15	75%
Minor Theme 1: Not enough knowledge about subprime loans before and even after purchase	4	20%
Minor Theme 2: Aware of the negative side of subprime loan but had no choice	1	5%

Overall, I found that the knowledge of the participants was limited before acquiring subprime loans, and they learned the negative aspects only after their purchase and further research. This is considered as one of the seven most significant findings of the study. Participant 2 had limited knowledge before acquiring a subprime loan; hence, believed that she was taken advantage of after conducting her own research and study:

Only knowledge was hearing from others about subprime lending and during my research after I brought my home. After researching, I found a few reports on subprime lending which made me look further into my particular mortgage. After doing my research, I knew I have a subprime loan. This made me feel like I was taken advantage of during my housing search.

I would never take out a subprime loan again. This made me more knowledgeable about the housing market. In the future, I would have had my mortgage looked over by an attorney before I would sign anything in the future when it comes to buying a home and consulting with a good realtor. Not only buying a home but this has made me more aware when signing any contracts or entering into an agreement. (personal communication, March 29, 2014)

Participant 5 shared that subprime lending was very new to her before purchase and she learned the negative aspects after. Participant 6 related that she had no idea that she was under a subprime loan but after learning, she was very angry and had bad feelings about it. Participant 7 reported that she was not aware of any subprime loaning practices before her home purchase but her knowledge has increased about the schemes of subprime loans. Participant 8 related that she had no knowledge about subprime

lending prior to her home purchase, and after finding out that she was under one she described her experience as a nightmare. Participant 9 shared that she had no prior knowledge about subprime loans and was only alarmed after the housing market started to fall. Participant 10 noted that she had little knowledge about subprime loans but later learned from news reports and friends of the predatory nature of these loans. Participant 11 reported that she had little knowledge about subprime lending and learned to be aware of scams after her purchase and further research experience.

Participant 12 noted that she was aware of subprime loan but not enough to stop her from getting into a bad situation and now considers it to be a scam or fraud.

Participant 13 stated that she also did not have any knowledge about subprime lending and only learned the negative sides after her purchase. Participant 14 stated that she was not aware of subprime loans before purchase and is still learning about the loan process. Participant 15 had the same experience of having little knowledge about the type of loan and only learning the negative aspect after conducting her own study. Participant 16 had little knowledge about subprime loans and still feels stressed because of the wrong loan choice that she made. Participant 17 had little knowledge about subprime lending but also learned after, and believes that it is a big issue that needs to be discussed and resolved by the government. Participant 19 also described that she had no knowledge until the issues with the loan started to emerge.

Minor Theme 1. The first minor theme that emerged was that there was not enough knowledge about subprime loans before and even after purchase. This minor theme received four occurrences from the responses of the 20 participants or 20% of the

total sample population. Participant 1 noted that her knowledge about subprime loans even after her purchase was still not enough and believed that banks should have oriented her more or better:

Not as much it should have been. I had no knowledge. I felt that the banks should have educated me more as well as my realtor. My only knowledge came after I start to hear of some of my friends and family who were having a time trying to keeping their homes. I started to read more and listen to many reports on the news about subprime lending and predatory lending. (personal communication, March 30, 2014

Participant 3 related that as she was in a hurry to purchase her home and had no existing knowledge about subprime loans even after she bought her home. Participant 18 reported that her knowledge about subprime has not changed even after subprime lending. Participant 20 noted that she had no knowledge as information was made available to her.

Minor Theme 2. The second minor theme that emerged was that one participant was aware of the negative side of subprime loan but had no choice. This minor theme received one occurrence from the responses of the 20 participants or 5% of the total sample population. Participant 4 noted that she knew that subprime lending was a wrong move but had no choice since she was in a hurry to acquire her own home:

I know subprime lending was the wrong thing to do but like so many people who were anxious to buy a home, I became a victim of the very thing I heard about and read about. This made me very mad and frustrated about my housing deal. I

realize that this type of loan, subprime, that is was not beneficial to people of color or minorities as a whole. (personal communication, March 12, 2014)

Subquestion 4

How do participants describe the experience of buying a home in Prince George's County, Maryland, between 2004 and 2007? This subsection includes Major Theme 6, Minor Theme 1, Minor Theme 2, Minor Theme 3, and Minor Theme 4.

Major Theme 6. An average experience, participants were happy to be called a homeowner.

For subquestion 4, which was the participants' experience of buying a home in Prince George's County, Maryland, between 2004 and 2007, most had an average experience where participants were happy to be called a homeowner. The sixth major theme implies that despite the negative experiences with the participants' loans, they still had an average experience, as they were happy of acquiring their own homes. This major theme received nine out of the 20 total sample population or 45% (see Table 4). It was deduced from five important perceptions and experiences shared by the participants; thus the particular thematic label.

Table 4

The Participants' Experience of Buying a Home in Prince George's County, Maryland, Between 2004 and 2007

Major and minor themes	# of occurrences	% of occurrences
Major Theme 6: An average experience, participants were happy to be called a homeowner	9	45%
Minor Theme 1: Negative experience, participants were not satisfied after purchase as they believed that they were unfairly treated	7	35%
Minor Theme 2: Straightforward experience in purchasing but overall experience was a nightmare	2	10%
Minor Theme 3: Very good experience as the realtor explained the aspects of subprime loan to the participant	1	5%
Minor Theme 4: Difficult experience due to the market	1	5%

Overall, the sixth major theme of the participants having an average experience, as participants were happy to be called a homeowner, is considered as one of the seven most important findings of the study.

Participant 2 had an okay or average experience as the realtor made it happen: "My experience in buying a house was ok. The realtor made it happen. I still wonder how the process ever got through but I was just happy to be a home owner" (personal

communication, March 29, 2014). Participant 5 stated that buying a home for her was not bad but felt scared given how fast the process was:

Buying my home was not bad. The experience was scary because it took only 3 weeks for me to get my home. One day I looked at the house I purchase. Two days later, I did a walk through and 2 weeks later, I was at closing with my new house keys. So the number two is a very unlucky to me. (personal communication, May 12, 2014)

Participant 6 shared that her experience was simple and had to learn to accept how to be happy despite the difficulty in paying for her purchased home. Similar to other homeowners, Participant 8 was excited and happy to have her new home. Participant 9 noted that it was very easy to buy a home and did not have any problems. Participant 11 related that she was very excited be a homeowner. Participant 14 had mixed feelings, being happy with her new home but anxious about whether she could pay the expenses. Participant 16 expressed that she was very happy with the purchase of her new home. Participant 17 reported that she felt good about the overall experience.

Minor Theme 1. The first minor theme that emerged or experienced by the participants was a negative experience, where participants were not satisfied after purchase as they believed that they were unfairly treated. This minor theme received seven occurrences out of the 20 total sample population or 35%. Participant 10 related that she has had a bad experience ever since learning the predatory side of subprime lending:

I think that I qualified for a better loan. I think I got the bad end of the deal when it came to owning my home. I have not been happy with my home and it has left a bad taste with my service provider of my loan. (personal communication, May 22, 2014)

Participant 12 describes the experience as the worst experience of her life and noted that her lack of knowledge on subprime loans brought her into this kind of situation:

This [foul language]. I have had the worst experience ever in my life. Prior to me buying a house, I had a landlord from hell and I could not wait to get my own. I did not want to rent again from anyone. When I brought my home is was a lot of things I did not know. It was a lot of things that the builders and my realtor lied about. All in all my experience has been horrible from the outset. I am not a happy camper. I still struggle with it all. (personal communication, May 26, 2014)

Participant 1 reported that her experience in Prince George's Country, Maryland was the worst as she believed that there were a lot of undisclosed matters to her by her agent. Participant 3 had a bad experience as well as she believed that the result was unfair and the realtors and builders were only after her money. Participant 4 noted that she does not feel great about her purchasing experience and wishes that she would have done things differently if given the chance again. Participant 15 became afraid to purchase and invest due to the negative experience that she had with home buying. Participant 20 related that her experience was difficult as she was taken advantage of with the loan offered to her.

Minor Theme 2. The second minor theme that emerged or experienced by the participants was the experience in purchasing but the overall experience was a nightmare. This minor theme received two occurrences out of the 20 total sample population or 10%. Participant 7 stated that indeed the experience was very simple and quick, but after her overall experience, she felt terrible and considers it a nightmare: “The experience of buying a home was simple and straight forward. But looking back now I would say this has been a terrible experience of purchasing my home” (personal communication, May 13, 2014).

Participant 13 stated that the process was a great one but the uncertainties after made it negative for her: “The process of buying my house was a great one. It was later unsettling learning that my property value may drop because there were a lot of foreclosures in my neighborhood which has brought my property down” (personal communication, May 28, 2014)

Minor Theme 3. The third minor theme that was formed or experienced by one participants was a very good experience as the realtor explained the aspects of subprime loan to the participant. Participant 18 had a very good experience as the realtor explained all aspects of the loan to her: “It was a very good experience because despite my subprime loan, my realtor explain the ins and outs of my home buying experience” (personal communication, April 28, 2014).

Minor Theme 4. The fourth and last minor theme that was formed or experienced by one participant was a difficult experience due to the market. Participant 19 stated that the market during that time made it difficult to search for a home: “In 2005, the market

was very competitive and I was just trying to beat out individuals for the same home I now resided in. I guess it was a seller's market at the time" (personal communication, May 12, 2014).

Subquestion 5

How do participants describe their postpurchase experience of becoming a homeowner in Prince George's County, Maryland? This subsection includes Major Theme 7, Minor Theme 1, Minor Theme 2, Minor Theme 3, and Minor Theme 4.

Major Theme 7. Difficult postpurchase experience as participants believed that they were taken advantage of given their lack of knowledge.

For subquestion 5, which was how participants describe their postpurchase experience of becoming a homeowner in Prince George's County, Maryland, most participants had difficult postpurchase experience as participants believed that they were taken advantage of given their lack of knowledge. This major theme implies that most participants had a negative postpurchase experience given that they were not aware of the overall aspects and postpurchase effects of subprime loans. The seventh and last theme received seven out of 20 responses from the total sample population or 35% (see Table 5). It was deduced from five important perceptions and experiences shared by the participants.

Table 5

*Postpurchase Experience of Becoming a Homeowner in Prince George's County,
Maryland*

Major and minor themes	# of occurrences	% of occurrences
Major Theme 7: Difficult postpurchase experience as participants believed that they were taken advantage of given their lack of knowledge	7	35%
Minor Theme 1: Feeling of pressure and anxiety of not being able to pay mortgage	4	20%
Minor Theme 2: Learning experience of researching before committing to a big purchase	4	20%
Minor Theme 3: Feeling of happiness and excitement	4	20%
Minor Theme 4: Feeling of security and comfort knowing that they have their own home	1	5%

Overall, the seventh and last major theme that emerged was the difficult postpurchase experience as participants believed that they were taken advantage of given their lack of knowledge is considered as one of the seven most important findings of the study. Participant 1 shared how difficult her purchase experience was and how she believed that she was taken advantage of by her realtor due to her lack of knowledge on subprime loans:

My purchase experience was difficult. I feel there was not enough information on home lending for homeowners such as myself when I purchased my home. I felt my realtor dropped the ball on me and should have had my best interested instead of trying to just make a profit. If I had more knowledge, I would have not had purchased this house and would have waited before I purchase my home. Not doing the necessary research has caused much hardship. I feel now that I am more knowledgeable about buying home or taking out another mortgage. I feel this will get address if the government steps in and do more to protect the potential buyers and those who purchase homes. I believe the house market when I purchased was a mess and the only ones who benefit was those who were the investors giving out bad loans. It is very sad when people take advantage of potential homeowners such as myself. (personal communication, March 30, 2014)

Participant 20 added that her experience was difficult as well and never changed along the process: “My postpurchase experience was difficult as well. Pretty much the same in the beginning when I started out” (personal communication, May 17, 2014).

Participant 3 stated that upon learning the real aspects of subprime loan, she felt bad and taken advantage of by her dealers. Participant 6 felt disappointed after her purchase and after learning about the negative elements of subprime loan. Participant 9 shared what went wrong in her experience and felt angry knowing that she was treated unfairly.

Participant 12 described her postpurchase experiences as a bad overall investment.

Participant 16 related that the experience still upsets her.

Minor Theme 1. The first minor theme that emerged was the feeling of pressure and anxiety of not being able to pay mortgage. This minor theme received four responses from the 20 participants or 20% of the total sample population. Participant 4 related that challenges such as high payments after her home purchase resulted in not being to maintain the payments anymore, but that she had to conceal it in order to avoid being talked about by her neighbors:

I believe it was a challenge because I was the only minority to purchase a home in my neighborhood at the time. So the pressure was on early, on not wanting to fail myself or I did not want to let my neighbors know I could not maintain my home due to my color. You know people talk. (personal communication, March 12, 2014)

Participant 5 reported that if given another chance, she would not buy her home through mortgage and only pay in cash. Participant 7 shared that her experience was terrible as the high payments have been her problem and short sale or foreclosure are her only options. Participant 10 noted that she is still trying to adjust and fix the bad situation that she has gotten herself into after engaging in a bad contract.

Minor Theme 2. The second minor theme that emerged was the learning experience of researching before committing to a big purchase. This minor theme received four responses from the 20 participants or 20% of the total sample population. Participant 8 stated that she learned that being knowledgeable and more aware of loans before committing to a big purchase would have made it a better experience for her: “I wish I would have had more knowledge about buying a home and do more research

before committing to a big purchase such as buying a home” (personal communication, May 19, 2014).

Participant 11 related that it was also a learning experience for her in purchasing and committing to a big purchase. Participant 13 noted that she has been feeling a bit better with the negative side of the purchase but is still cautious. Participant 15 believed that her experience was okay but needs to be more cautious in the future:

Minor Theme 3. The third minor theme that emerged was the feeling of happiness and excitement. This minor theme again received four responses from the 20 participants or 20% of the total sample population. Participant 14 described her experience as exciting and refreshing: “My experience of becoming a homeowner was very exciting to me. It was new and fresh” (personal communication, May 29, 2014).

Participant 17 still felt very happy about her purchase despite the concerns she faced. Participant 18 reported that she is somewhat pleased with her purchase and disappointed with the high taxes. Participant 19 noted that she felt very good about the purchase after everything has been settled.

Minor Theme 4. The fourth minor theme that emerged was the feeling of security and comfort knowing that they have their own home. This minor theme received one response from the 20 participants or 5% of the total sample population. Participant 2 shared that she now feels more secure and comfortable knowing that she has her own home; but is still angry by the way the deal was handled by the realtor:

I now feel secure. I got a modification, which made my mortgage affordable.

Being comfortable and able to pay my mortgage and all my bills was my main

goal. I am feeling good with what I have now. I feel that I should have gotten this type of mortgage payment from the beginning. If I am not around, I feel comfortable that my kids would be able to afford and maintain what I have in place as far as affordable mortgage. I am now pretty happy but in a sense still mad how the deal was handled by the builder and my realtor. (personal communication, March 29, 2014)

Central Research Question

What are the experiences of African American women who purchased a home through the use of a subprime mortgage in Prince George's County, Maryland, between 2004 and 2007, in relation to their home buying knowledge and behaviors?

Based on the findings from the five subquestions, the experiences of African American women who purchased a home through the use of a subprime mortgage in Prince George's County, Maryland, between 2004 and 2007, in relation to their home buying knowledge and behaviors, indicates that they were mostly unaware of the type of subprime loan received to purchase their homes and later found out about the type of loan that they used after conducting their own research or seeking the assistance of a loan bank officer. Therefore, participants had limited knowledge before using a subprime loan and learned the negative aspects of the loan after they had already completed the purchase. Participants believed they were taken advantage of by the realtors and loan servicers due to their lack of knowledge about subprime loans. Participants felt anxious about the not being able to make the payments. Participants also noted that this was a learning experience for them, and in the future, they would do their own research before

making a big purchase, such as buying a home. However, despite the negative experiences with the use of subprime loans, participants were happy and excited about owning their own homes.

Summary

Chapter 4 discussed the qualitative phenomenological analysis from the data gathered from the 20 participants who are African American women with experience in acquiring homes through subprime loans. I thoroughly explored and analyzed participants' perceptions regarding subprime loans through their experiences. I employed qualitative data analysis of the participants' interviews and coded them accordingly. Through the two methods, I was able to form seven main themes which all pertain to the experiences of African American women who purchased a home through the use of a subprime mortgage in Prince George's County, Maryland, between 2004 and 2007, in relation to their home buying knowledge and behaviors.

Overall, significant results that addressed the five subquestions of the study were found. First, the factors that motivated participants to buy a home were the following: (a) the dream to have their own home as renting was too expensive, (b) the rent increase was not reasonable and practical anymore, and (c) they wanted to write-off tax or relieved of tax. Second, the types of subprime loans used by participants indicated that they (d) had no knowledge that they were already under a type of subprime loan. Third, the participants' knowledge about subprime loans was (e) limited before acquiring subprime loans, and the participants indicated that they learned the negative aspects only after purchasing and further research. Fourth, the participants' experience of buying a home in

Prince George's County, Maryland, between 2004 and 2007 was (f) an average experience as participants were happy to be called a homeowner. Lastly, how participants describe their postpurchase experience of becoming a homeowner in Prince George's County, Maryland was a (g) difficult postpurchase experience as participants believed that they were taken advantage of given their lack of knowledge.

The central research question was answered based on the findings from the five subquestions. In regard to the experiences of African American women who purchased a home through the use of a subprime mortgage in Prince George's County, Maryland, between 2004 and 2007, in relation to their home buying knowledge and behaviors, findings indicated that they were mostly unaware of the type of subprime loan received to purchase their homes and later found out about the type of loan that they used after conducting their own research or seeking the assistance of a loan bank officer. In Chapter 4, I included the setting, demographics, data collection, data analysis, evidence of trustworthiness, results, and summary. In Chapter 5, I include the interpretation of findings, limitations of the study, recommendations, implications, and conclusion.

Chapter 5: Discussion, Conclusions, and Recommendations

Introduction

The purpose of this phenomenological research study was to bridge the gap in knowledge by exploring, understanding, and explaining the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland, by gaining an understanding of 20 African American women's experiences. Data were collected for this study through the use of a demographic questionnaire and face-to-face in-depth semistructured interviews. This study was designed to answer one central research question about the experiences of African American women who purchased a home through the use of a subprime mortgage in Prince George's County, Maryland, between 2004 and 2007, in relation to their home buying knowledge and behaviors. Five subquestions were also considered, which were the factors that motivated participants to buy a home, how the type of subprime loans used by participants was identified, participants' knowledge about subprime loans, how participants described the experience of buying a home in Prince George's County, Maryland, between 2004 and 2007, and how participants described their postpurchase experience of becoming a homeowner in Prince George's County, Maryland.

Qualitative data analysis indicated that the factors that motivated participants to buy a home were the following: (a) the dream to have their own home as renting was too expensive, (b) the rent increase was not reasonable and practical anymore, and (c) they wanted to write-off tax or relieved of tax. Second, the types of subprime loans used by

participants indicated that they (d) had no knowledge that they were already under a type of subprime loan. Third, the participants' knowledge about subprime loans was (e) limited before acquiring subprime loans, and the participants indicated that they learned the negative aspects only after purchasing and further research. Fourth, the participants' experience of buying a home in Prince George's County, Maryland, between 2004 and 2007 was (f) an average experience as participants were happy to be called a homeowner. Lastly, how participants describe their postpurchase experience of becoming a homeowner in Prince George's County, Maryland was a (g) difficult postpurchase experience as participants believed that they were taken advantage of given their lack of knowledge.

Based on the results from the five subquestions, findings for the central research question indicated that they were mostly unaware of the type of subprime loan received to purchase their homes and later found out about the type of loan that they used after conducting their own research or seeking the assistance of a loan bank officer. In Chapter 5, I include the interpretation of findings, limitations of the study, recommendations, implications, and conclusion.

Interpretation of the Findings

In an effort to explore, understand, and explain the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland, this phenomenological research study addressed one central research question and five subquestions. This section is organized in the following subsections: central research

question, Subquestion 1, Subquestion 2, Subquestion 3, Subquestion 4, and Subquestion 5.

Central Research Question

The central research question of this study was as follows: What are the experiences of African American women who purchased a home through the use of a subprime mortgage in Prince George's County, Maryland, between 2004 and 2007, in relation to their home buying knowledge and behaviors? Based on the findings from the five subquestions, the experiences of African American women who purchased a home through the use of a subprime mortgage in Prince George's County, Maryland, between 2004 and 2007, in relation to their home buying knowledge and behaviors, indicate that they were mostly unaware of the type of subprime loan received to purchase their homes and later found out about the type of loan that they used after conducting their own research or seeking the assistance of a loan bank officer. Therefore, participants had limited knowledge before using a subprime loan and learned the negative aspects of the loan after they had already completed the purchase. Participants believed they were taken advantage of by the realtors and loan servicers due to their lack of knowledge about subprime loans. Participants felt anxious about the not being able to make the payments. Participants also noted that this was a learning experience for them, and in the future, they would do their own research before making a big purchase, such as buying a home. However, despite the negative experiences with the use of subprime loans, participants were happy and excited about owning their own homes.

The findings from the central research question concurred with the logical connection of Ajzen and Fishbein's (1980) TPB which guided this study. TPB is an extension of Fishbein and Ajzen's (1975) TRA. The TPB "predicts an individual's intention to engage in a behavior at a specific time and place" (Boston University School of Public Health, 2013, para. 1). Ajzen (1991) reported that intentions capture the motivational factors that influence individuals' behaviors, how hard they are willing to try, and how much effort they are planning to exert in order to perform the behavior. Therefore, the stronger the intention to engage the behavior, the more likely it is that the behavior will be performed.

TPB can be used to predict and explain the African American women's intention to purchase a house through the use of a subprime loan in relation to the research findings. The women's strong intentions to buy a home eventually lead to a purchase; however, this may be moderated by their ability or behavioral control. The motivation for these women to purchase a home is to achieve a dream, to avoid renting, and to receive tax incentives from homeownership.

Bertrand and Morse (2011) found that almost 50% of African Americans rent a home and spend at least 30% of their income paying rent. The first three themes were all compelling reasons to influence the intention of these women to buy a home. Unfortunately, the women in this study lacked the behavioral control to fully assess and understand the terms of their loan contract due to the limited knowledge they had on subprime lending. Based on TPB, the chances of signing on to a subprime loan may have been lower had these women fully understood all the terms and conditions of their

contract as well as their future financial position. Similarly, Nelson (2007) reported that consumers could have avoided subprime lending pitfalls had they been aware of the terms and conditions of the loan such as potential payment increases, the existence of prepayment penalties, and balloon payments.

Essene and Apgar (2007) found similar findings and noted that many consumers often enter the market without knowing exactly what kind of mortgage they want or need; therefore, they are susceptible to outside influence. The majority of African American women in the study related that they had little or no knowledge about subprime loans or were unaware that they were given a subprime loan. Likewise, Casey et al. (2011) found that many African American women neglected to do their own research on the mortgage industry or seek financial counseling prior to their home purchase.

Subquestion 1

Subquestion 1 was as follows: What factors motivated participants to buy a home? The results of Subquestion 1 indicated that participants dreamed of having their own home as renting had become too much, the rent increase was not reasonable and practical anymore, and they wanted to write-off tax or relieved of tax. One participant also wanted a bigger place for her family and children, and another wanted a home for investment purposes.

The major and minor themes from Subquestion 1 revealed that African American women are also interested in the American dream of owning a home. However, Weller and Sabatini (2008) reported that starting in the late 1990s, the United States experienced an unprecedented housing price boom. Therefore, renters looking to buy a new home had

to borrow more than in the past. The credit market boom followed financial market deregulation and was set against the backdrop of policies that prioritized homeownership over renting and mortgages over other types of loans. Hence, the mortgage demand and supply, especially from deregulated institutions, grew simultaneously.

Many individuals interested in becoming first-time homeowners gravitated towards subprime loans, finding them attractive (Brooks & Simon, 2007). Although subprime loans seemed beneficial at first, they soon became a nightmare for struggling homeowners (Huszar et al., 2012). African American women entered into housing contracts uninformed with the belief that they too could be a part of the American dream (Campell-Laidler, 2008). Many African American women neglected to research the mortgage industry or seek financial counseling prior to their home purchases (Casey, Glasberg, & Beeman, 2011).

Subquestion 2

Subquestion 2 was as follows: How was the type of subprime loans used by participants identified? The results of Subquestion 2 indicated that participants had no knowledge that they had a subprime loan. The major theme implies that participants were mostly unaware that they were under a subprime loan during the early stages of their investment or purchase and only found out about the type of loan after certain issues emerged. In additions, participants related that based on their credit scores, they should have received better loan. They also noted that they found out about the type of subprime loan that they had after conducting their own research.

The major and minor themes from Subquestion 2 revealed that participants are often unaware of mortgage prices. Therefore, due to the complexity of loan pricing and the variations of loan features, consumers have difficulty understanding alternative mortgage products (Essene & Apgar, 2007). Some of the issues may be related to mortgage pricing transparency, inadequate disclosure requirements, and high transaction costs, which makes it difficult for consumers to change the type of loan.

Subprime loans typically charge a higher percentage rate than the conventional home mortgage loans because the recipients of these loan types have problematic credit histories (Kozol, 1999). The HUD (2000), however, found that while the rapid growth of subprime lending appeared to be beneficial for high-risk borrowers, findings indicated that portions of subprime lending occurred with borrowers whose credit would have qualified them for conventional loans. In addition, the DOJ (2012) reached a settlement with Wells Fargo, resulting in more than \$75 million in relief for homeowners to resolve unsolved fair lending claims. The DOJ found that between 2004 and 2009, Wells Fargo discriminated by charging 30,000 African American and Hispanic wholesale borrowers higher fees and rates than Caucasian borrowers because of their race or national origin, rather than the borrowers' credit worthiness or other objective criteria related to borrower risk.

Subquestion 3

Subquestion 3 was as follows: What is the participants' knowledge about subprime loans? The results of Subquestion 3 indicated that participants had limited knowledge before acquiring subprime loans and learned the negative aspects only after

their purchase and further research. The major theme implies that the participants had limited knowledge before the purchase of their houses and only learned and became more aware as the issues of the loan emerged. In addition, some participants related that there was not enough knowledge about subprime loans before and even after purchase. One participant noted that she was aware of the negative side of subprime loan but had no choice.

The major and minor themes from Subquestion 3 revealed that similar to the finding in Subquestion 2: Borrowers often find it difficult to effectively shop for mortgages and struggle with understanding subprime loans that involve risks and payments over time (Essene & Apgar, 2007). Essene and Apgar (2007) reported that due to the complexity of subprime loans, many borrowers are unable to determine the actual risks that they face over time. In particular, lower-income and less educated borrowers do not fully understand how much the monthly payments of adjustable rate mortgage loans could increase over time. These adjustable rate mortgage loans include balloon mortgages, where the borrower pays interest for first 10 or 15 years, after which a big lump-sum is due; “no doc” or “low doc” loans, where the lender accepts the borrower’s stated income without any supporting document; piggy back loans, where the combination of a first and second mortgages eliminates the need for the typical 20% down payment; teaser loans, where the borrower may qualify for an artificially low interest rate for an initial term and then the rate adjusts; stretch loans, where the monthly payment represents more than 50% of the borrower’s gross income; and 2/28 loans, which

is a type of teaser loan that has an adjustable rate that is fixed for the first 2 years and then adjusts to a rate index plus a margin (Nelson, 2007, pp. 1-2).

Subsequently, the consequences of this inability to assess the risk over time can be severe as borrowers may fail to meet scheduled mortgage payments and lose their home. Nelson (2007) related that consumers can avoid some of the pitfalls of subprime lending by being aware of potential payment increases, the existence of any prepayment penalties, and the existence of any balloon payments. In addition, consumers should know whether there is a cost premium attached to a reduced documentation or stated income program and the requirement to make payments for real estate taxes and insurance, if not escrowed, in addition to loan payments, as taxes and insurance costs can be substantial.

According to Fishbein and Woodall (2006), African American women earning below the area median income are nearly 2.5 times more likely to receive a subprime purchase mortgage than Caucasian men. Upper income African American women are nearly 5 times more likely to receive subprime purchase mortgages than upper income Caucasian men. In addition, African American women are 5.7% more likely than African American men to receive subprime mortgages.

Subquestion 4

Subquestion 4 was as follows: How do participants describe the experience of buying a home in Prince George's County, Maryland, between 2004 and 2007? The results of Subquestion 4 indicated that most had an average experience where participants were happy to be called a homeowner. The major theme implied that despite the negative

experiences with the participants' loans, they still had an average experience, as they were just happy of acquiring their own homes. However, minor themes indicated that some participants' experience was negative where they were not satisfied after purchase, believed that they were unfairly treated, and that it was a difficult housing market.

The major and minor themes from Subquestion 4 revealed that participants who were African American women were happy to own a home because African Americans have historically had lower homeownership rates compared to other races. From 2005 to 2009, African American homeownership rates ranged from 48.2% to 46.2% in contrast to the national average of 65.1% (U.S. Census Bureau, 2010). In the State of Maryland, the homeownership rate is 67.7%, with the Black homeownership rate at 51.3%.

The subprime lending practices during 1995 to 2007 was aimed at minorities and low income individuals (Essene & Apgar, 2007; HUD, 2000; Leigh & Huff, 2007; Nelson, 2007; Singleton et al., 2006; Weller & Sabatini, 2008; Wilkinson-Ryan, 2011). Meanwhile, the rise in the housing industry during the early 2000s enabled many homeowners to take advantage of the market boom. A wide variety of financing options and laxer qualifications and verification requirements made it possible for people to buy first homes or real estate at record rates (Kellogg, 2011). Many homebuyers thought they were getting the best financial deal when offered subprime loans by lenders (Weller & Sabantini, 2008). However, most were not knowledgeable about subprime loans and became victims of predatory lending practices, which includes excessive fees and repayment penalties, which often led to foreclosures (HUD, 2000; Singleton et al., 2006).

Subquestion 5

Subquestion 5 was as follows: How do participants describe their postpurchase experience of becoming a homeowner in Prince George's County, Maryland? The results of Subquestion 5 indicated that most participants had a difficult postpurchase experience as participants felt that they were taken advantage of given their lack of knowledge. This major theme implies that most participants had a negative postpurchase experience given that they were not aware of the overall aspects and postpurchase effects of subprime loans. The minor themes indicated that some participants felt pressure and anxiety of not being able to meet their mortgage payments. Participants also noted that it was a learning experience as they will now conduct research before committing to a big purchase. However, participants noted that they felt happy, excited, secure, and comfort knowing that they have their own home.

The major and minor themes from Subquestion 5 revealed that many barriers to homeownership still remain for African American women. As Fishbein and Woodall (2006) reported, African American women are often the target of predatory lenders and the higher incidence of subprime lending to African American women may be viewed as one of the latest extension of this pattern of disparate treatment by lenders. African American women who are the head of their households generally have lower incomes to make mortgage payments and lower wealth to make down payments on a home. In addition, African American women are generally uncertain about the level of their financial knowledge and education. As a result, this lack of confidence in their

knowledge of financial products may disadvantage them when they negotiate the terms of their mortgage.

According to Leigh and Huff (2007), the steady but modest increase in homeownership rates among African Americans between 1995 and 2004 is being reversed because the subprime market was able to provide short-term access to homeownership for many but only provided sustained homeownership for a few. The authors reported many factors that led to the 2007 stock market upheaval associated with the devaluation of securities backed by subprime mortgages. These factors included lenders making loans or offering mortgage products to borrowers without fully and realistically assessing the likelihood that the borrowers can repay the loans; and borrowers accepting loans that they cannot repay. Therefore, similar to Bocian et al. (2006), Leigh and Huff recommended that in addition to greater oversight of subprime lenders, incentives and penalties should be established to ensure that lenders are offering appropriate mortgage loan products to borrowers. Leigh and Huff also noted that many borrowers do not have the confidence about financial matters or do not receive the financial education that is necessary to enable them to understand the features of the mortgage loan products that they may be offered; thus, being able to decline loans that they are unable to repay.

Limitations of the Study

As discussed in Chapter 1, there are several limitations to the generalizability or trustworthiness of this study. The first limitation was being unable to generalize the results. Since this phenomenological research study used a snowball sample of 20

African American women in Prince George's County, Maryland, the results may not be representative of the experiences of all African American women in other counties and states in relation to subprime lending. Therefore, future study could expand the sample population across counties and states to achieve a broader understanding of African American women subprime lending experiences. A different sampling strategy could also be used, such as purposive sampling.

Second, self-report or social desirability bias was considered as African American women may want to be perceived positively, so they may not have responded honestly to the interview questions and demographic questionnaire. However, it was assumed that participants honestly and openly answered the interview questions by sharing their perceptions about the questions asked. Third, there are also limitations with self-report data for both the interviews and demographic questionnaire as participants may not accurately or fully self-evaluate themselves. However, for the demographic questionnaire, the use of a closed-ended category format addressed this bias issue as participants were not allowed the freedom to include additional information that they may have thought were important.

Recommendations

Several recommendations arise as a result of this study. First, as noted in the limitations, it is recommended that future study expand the sample population across counties and states to achieve a broader understanding of African American women subprime lending experiences and the findings could be compared to those found in this study. In doing this, different sampling strategies could also be used, such as purposive

sampling. Second, participants from different races or ethnicities and gender could also be included in the study and this could also include individuals from different states.

Third, future research could explore the experiences of realtors and loan officers in offering subprime loans to African American women and other populations. Previous research have focused on the borrowers of subprime lending and findings from studies with realtors and loan officers would add further knowledge about their motivations, decisions, and disclosures in offering subprime lending options to potential homeowners. Findings from this study could be directed at legislators to enact tougher regulations on subprime lending.

Fourth, future study could also compare and contrast the experiences of African American women on subprime lending before and after the 2008 financial crisis as Berman (2012) and Waring (2012) indicated that the subprime loans that are responsible for creating the housing crisis are regaining popularity. Thus, it is important to explore the types of subprime loans that are currently being offered, how current regulation affect the types of subprime loans that are being offered, disclosure by realtors and lenders, and current knowledge of African American women after the housing market crash of 2007.

Implications

As found in the study, African American women wanted to own a home because the economic benefits of owning a home exceeded the cost of renting. Realtors and lenders were able to negotiate terms of mortgage loans that fell below the expectations of the homebuyers. As businesses, real estate sellers and financial institutions should have the burden of providing detail disclosures that are easy to understand about the loans

offered to borrowers before the contract is signed. Therefore, the results of this study have several implications for legislators, regulators, courts, financial lending institutions, the real estate market, and homebuyers.

The results of this study underscored the need for the state to protect potential homeowners against deceptive lending practices. The African American women who participated in the study reported that they had little or no knowledge of what subprime lending was before making the actual purchase. Some participants even acknowledged that they did not know that the loan they were getting was a subprime loan. Therefore, at the policy level, legislation is needed to compel loan officers and realtors to fully disclose all information relevant to the loan terms and amounts such as the fees, penalties, effective rate of interest, and terms of payment. This should be written in easy to understand language in order to discourage discriminatory pricing. This would help homebuyers make the right informed decision on whether they should accept a subprime loan.

Regulators could issue a memorandum to improve the transparency of the loan documents. As Bocian et al. (2006) recommended, a simple aesthetic revision to the loan document such as requiring the word *subprime* to be included and written in bold would definitely guard against deceptive lending practices. Stricter risk assessment measures, even for subprime lending, should be instituted to ensure that the credit spread between a prime and subprime loan is reasonable for the added risk to the loan portfolio. Having a more robust risk assessment measure improves the quality of the collateral assets and stabilizes financial instruments that are linked to subprime lending. Borrowers should be

properly and objectively assessed to determine their suitability for the prime lending market. Additionally, these measures would aid in strengthening the real estate market by decreasing the chances of foreclosures. Regulators should also be held accountable in order to ensure that they fully enforce fair lending laws.

At the individual level, African American women and other homebuyers will benefit from the findings of this study because it highlights how the lack of knowledge about subprime loans can negatively impact borrowers. Thus, African American women should be empowered by being knowledgeable and vigilant about the drawbacks of subprime mortgages. This will help them to achieve sustained increases in homeownership. Hence, potential homebuyers should reflect on whether they are really capable of buying a home. When the decision is made to purchase a home, homebuyers should research and understand all possible alternatives on how they can finance their new home, such as talking to independent advisers who are not affiliated with the realtor and lender. This will help them to make better informed decisions as they are more knowledgeable about the terms and conditions of the loan contract. Additionally, the experiences of these women should caution homebuyers about whether it may better to rent or buy due to the increasing financial obligations of subprime loans.

Conclusion

This study explored and discussed the experiences of African American women who purchased a home using a subprime mortgage in Prince George's County, Maryland, between 2004 and 2007. With the resurfacing of subprime lending in the U.S. real estate market, it was important to explore the experience of African American women and how

they may be able to protect themselves from predatory and deceptive lending practices in the future. There are mortgage industry leaders who are unethical and will take advantage of the limited ability of consumers to make informed choices (Essene & Apgar, 2007). This can be attributed to the difficult postpurchase experience that the participants had from 2004 to 2007 because they did not understand the kind of loan that they were signing. As homebuyers, African American women and other consumers need to be more vigilant and cognizant of the financing options made available to them. This includes using resources that are available to them, such as consumer education and counseling programs. This in turn will lead to an increase in homeownership that can be sustained for African Americans women as they are more likely to avoid the pitfalls of subprime loans.

At the same time, legislators and regulators should make it extremely difficult for financial institutions and realtors to resort to deceptive lending practices. Stricter regulation and heftier penalties, coupled with increased consumer understanding of subprime mortgages, would help to ensure a more robust and stable U.S. real estate market (Essene & Apgar, 2007). Legislators should also create laws that ensure all those responsible for representing and protecting families have the authority to act in order to address new problems as lenders have responded to strong state laws by making subprime home loans that do not contain the terms targeted by the laws (Bocian et al., 2006). In addition, mortgage industry leaders should work together to eliminate unethical practices from the mortgage marketplace (Essene & Apgar, 2007). Findings from this study can be used to increase understanding and knowledge of subprime lending among

African American women, which can be used to create sensible solutions that helps all consumers obtain better loan products without falling victim to deceptive loan practices.

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Appendix A: Invitation to Participate and Recommendation Request

Dear **Name Will Be Inserted Here**,

My name is John White and I am currently a doctoral student at Walden University. I am investigating impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland.

I would greatly appreciate your participation.

This would involve completing a demographic questionnaire which will take about 10 minutes and participate in an interview which would take about 45 minutes in a private meeting room at the Upper Marlboro Branch Library located at 14730 Main Street. Interviews will be conducted at a time that is convenient for you.

The information from the demographic questionnaire and interviews will be kept strictly confidential and no one who participates will be identified in any of the study's report that I prepare.

If you have any questions about the study, please feel free to email me at **[insert email address]** or give me a call at **[insert phone number]**.

If you are interested in participating in the study and/or would like to recommend another African American woman who bought a home in Prince George's County, Maryland, between 2004 and 2007 to be a participant in this study, please complete the questions below in a reply email to me.

Thank you in advance for your consideration and assistance with my research project.

Sincerely,
John White

If you are interested in participating in the study and/or would like to recommend another African American woman to be a participant in the study, please complete the questions below in a reply email to me at [insert email address]:

1. What is your name?
2. What is your race? (Please select by **bolding** your answer)
 - a. African American
 - b. Black
 - c. White
 - d. Hispanic, Latino, or Spanish

- e. Asian
 - f. Other _____
3. What is your contact information?
 4. Would be willing to complete a demographic questionnaire that will take approximately 10 minutes.
 5. Would be willing to share your perceptions about the factors that motivated you to buy a home; how the type of subprime loan used to purchase your home was identified; your knowledge of subprime loans prior to taking out the loan; your knowledge of subprime loans after taking out the loan; your experience of buying a home in Prince George's County, Maryland, between 2004 and 2007; and your postpurchase experience of becoming a homeowner in Prince George's County; which will take approximately 45 minutes in a face-to-face interview?
 6. If you participate in the study, would you be willing to verify the accuracy on your interview transcript that would be emailed to you at a later date after the interview has been completed and the interview has been transcribed?
 7. Are there other African American women that you would like to recommend to be participants in this study? If so, what are their names and contact information?

Appendix B: Consent Form for African American Women

Consent Form

You are invited to take part in a research study on impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland. The researcher is inviting African American woman who bought a home in Prince George's County, Maryland, between 2004 and 2007 through the use of a subprime loan to be in the study. This form is part of a process called "informed consent" to allow you to understand this study before deciding whether to take part.

This study is being conducted by a researcher named John White, who is a doctoral student at Walden University.

Background Information:

The purpose of this study is to bridge the gap in knowledge by exploring, understanding, and explaining the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland, by gaining an understanding of 20 African American women's experiences.

Procedures:

If you agree to be in this study, you will be asked to:

- Complete a demographic questionnaire, which will take approximately 10 minutes.
- Take part in an in-depth face-to-face interview, which will be recorded and will take approximately 45 minutes. The interview will take in a private meeting room at the Upper Marlboro Branch Library located at 14730 Main Street. Interviews will be conducted at a time that is convenient for you.
- Participate in a validity process called member checks, where you will verify the accuracy on your interview transcript that will be emailed to you at a later date after the interview has been completed and the interview has been transcribed, and provide your feedback by email or phone. This process will take approximately 45 minutes.

Here are some sample questions:

1. What factors motivated you to buy a home?
2. How was the type of subprime loans used to purchase your home identified?
3. What is your knowledgeable about subprime loans prior to taking out the loan?

Voluntary Nature of the Study:

This study is voluntary. Everyone will respect your decision of whether or not you choose to be in the study. No one will treat you differently if you decide not to be in the study. If you decide to join the study now, you can still change your mind later. You may stop at any time.

Risks and Benefits of Being in the Study:

Being in this type of study involves some risk of the minor discomforts that can be encountered in daily life, such as stress and becoming upset. Being in this study would not pose risk to your safety or wellbeing. It is unlikely that participation will arouse any acute discomfort, however, participants will be referred to the Counseling Center at University of Maryland should they experience any negative effects from taking part in this research endeavor. The counseling center provides a free intake/consultation session free of charge to anyone in the community, which is kept confidential.

Anticipated benefits of the study include the further encouragement of legislators, regulators, courts, and the marketplace to focus attention and resources on understanding and addressing the experiences of African American women who suffer an unequal burden of predatory lending practices, to inform policy actors of the continued need to adopt and enforce policies that better regulate subprime lending terms and expand access to the prime lending markets, and to assist in empowering African American women to be knowledgeable and vigilant about the drawbacks of subprime mortgages, which will ultimately lead to sustained increases in homeownership among African Americans and other home buyers as well as a more robust housing market and economy.

Payment:

No compensation is offered to participants.

Privacy:

Any information you provide will be kept confidential. The researcher will not use your personal information for any purposes outside of this research project. Also, the researcher will not include your name or anything else that could identify you in the study reports. Data will be kept secure in a locked file cabinet and password protected computer where only the researcher will have access to the records. Data will be kept for a period of at least 5 years, as required by the university.

Contacts and Questions:

If you have questions about the research, you may contact the researcher, John White, via [insert phone number] or [insert email address]. After the study is completed, a summary report of the research findings will be emailed to you. The researcher's dissertation chair is Dr. Robert Schaefer who can be reached at [insert phone number] or by email at [insert email address]. If you want to talk privately about your rights as a participant, you can call Dr. Leilani Endicott. She is the Walden University representative

who can discuss this with you. Her phone number is 612-312-1210. Walden University's approval number for this study is 03-13-14-0074671 and it expires on March 12, 2015.

Please print or save this consent form for your records.

Statement of Consent:

I have read the above information and I feel I understand the study well enough to make a decision about my involvement. By electronically signing below, I understand that I am agreeing to the terms described above.

Printed Name of Participant

Date of consent

Participant's Signature

Researcher's Signature

John White

Electronic signatures are regulated by the Uniform Electronic Transactions Act. Legally, an "electronic signature" can be the person's typed name, their email address, or any other identifying marker. An electronic signature is just as valid as a written signature as long as both parties have agreed to conduct the transaction electronically.

Appendix C: Demographic Questionnaire

Demographic Questionnaire

Directions: Please answer the following demographic questions below.

1. What is your age? _____
2. What is your race?
 - a. African American
 - b. Black
 - c. White
 - d. Hispanic, Latino, or Spanish
 - e. Asian
 - f. Other _____
3. What is your marital status?
 - a. Now Married
 - b. Widowed
 - c. Divorced
 - d. Separated
 - e. Never Married
4. What is your highest level of education? _____
5. What is your employment status?
 - a. Full-Time
 - b. Part-Time
 - c. Unemployed
 - d. Disabled
 - e. Other _____
6. What is your income range?
 - a. 50,000 and under
 - b. 50,000 to 75,000
 - c. 75,000-100,000
 - d. 100,000 and above
7. In what city is the home that you bought between 2004 and 2007 located?

8. What year did you buy your home? _____

9. What is the title status of your home?
- a. Own – Primary Residence
 - b. Own – Rental Property
 - c. Own- Second Home/Vacation Property
 - d. Sold – Regular Sale
 - e. Sold - Short-Sale
 - f. Foreclosed
 - g. Other _____
10. What type of subprime mortgage product did you use?
- a. Balloon Mortgage: The borrower pays interest for first 10 or 15 years, after which a big lump-sum is due.
 - b. “No doc” or “Low Doc” Loans: The lender accepts the borrower’s stated income without any supporting document.
 - c. Piggy Back Loans: The combination of a first and second mortgages eliminates the need for the typical 20% down payment.
 - d. Teaser Loans: The borrower may qualify for an artificially low interest rate for an initial term and then the rate adjusts.
 - e. Stretch Loans: The monthly payment represents more than 50% of the borrower’s gross income.
 - f. 2/28 Loan: A type of teaser loan that has an adjustable rate that is fixed for the first 2 years and then adjusts to a rate index plus a margin.
 - g. Other: _____

Appendix D: Interview Guide

Interview Guide

Introduction

- Welcome participant and introduce myself.
- Explain the general purpose of the interview and why the participant was chosen.
- Discuss the purpose and process of interview.
- Explain the presence and purpose of the recording equipment.
- Outline general ground rules and interview guidelines such as being prepared for the interviewer to interrupt to assure that all the topics can be covered.
- Review break schedule and where the restrooms are located.
- Address the assurance of confidentiality.
- Inform the participant that information discussed is going to be analyzed as a whole and participant's name will not be used in any analysis of the interview.

Discussion Purpose

The purpose of this study is bridge the gap in knowledge by exploring, understanding, and explaining the potential impact of the subprime lending practices on the home buying knowledge and behaviors of African American women between 2004 and 2007 in Prince George's County, Maryland.

Discussion Guidelines

Interviewer will explain:

Please respond directly to the questions and if you don't understand the question, please let me know. I am here to ask questions, listen, and answer any questions you might have. If we seem to get stuck on a topic, I may interrupt you. I will keep your identity, participation, and remarks private. Please speak openly and honestly. This session will be tape recorded because I do not want to miss any comments.

General Instructions

When responding to questions that will be asked of you in the interview, please exclude all identifying information, such as your name and names of other parties. Your identity will be kept confidential and any information that will permit identification will be removed from the analysis.

Interview Questions

1. What factors motivated you to buy a home?
2. How was the type of subprime loans used to purchase your home identified?
3. What is your knowledgeable about subprime loans prior to taking out the loan?
4. What is your knowledge about subprime loans after taking out the loan?
5. How would you describe your experience of buying a home in Prince George's County, Maryland, between 2004 and 2009?
6. How would you describe your postpurchase experience of becoming a homeowner in Prince George's County, Maryland?

Conclusion

- Discuss the member checking process with participant, ask and answer any questions, and thank the participant for her time.

Appendix E: Thematic Analysis Step 1 or Categorization of Text

Research Question 1: What factors motivated participants to buy a home?

Thematic Label 1: The factors that motivated the participants to buy a home.

Theme A: Dream to have their own home as renting was too expensive.

Participant 1 explained that it has always been her dream to purchase her very own home and that she could not afford the constant increase in her rent anymore:

It was a dream to purchase a home. It was my American dream to buy a home in which I can call my own. I was renting and my rent kept going up year after year. So I decide that it would be nice to try to purchase a home.

Participant 2 added that she also got tired of renting and she wanted to have a house of her own for her family:

I got tired of renting and I wanted my kids to have their own rooms and I wanted to become a homeowner. I wanted to buy a home so my children could experience living in a house rather than living in an apartment all of their lives.

Participant 6 also wanted her own home and was tired of paying rent:

I just wanted to buy a home. I really had no reason but to purchase a home. I was tired of paying rent.

Participant 14 shared that she just really wanted her own home:

I just want to have my own.

Participant 15 wanted to be independent and did not want to rent anymore:

I want to become a homeowner and I did not want to rent anymore. I just wanted to be independent.

Participant 16 stated she simply wanted a place of her own:

I just wanted something on my own that I can say it is mine.

Participant 20 had a dream to have her own home and for investment purposes as well:

It was a dream of mine to own a home and also for investment purposes.

Theme B: Rent increase was not reasonable and practical anymore.

Participant 3 shared that she had no plans of buying her own home; however, the rent increase was becoming too much for her and thus decided to purchase a home to get more value from her money:

I moved here to Upper Marlboro, Maryland in 2006 from Chicago because of my job. I was renting and my rent increased by \$456.00 a month. I decided to look for a house shortly after my rent increase. I did not see why I should pay a high rent where I could buy a home and get more for my money. I called the rental office to see if this was a mistake and the rental office notified me that this was an accurate charge and the increase will take place the upcoming month. I did not have plans to buy a home. I decide that I should start looking to see what I could get based on my credit and the amount of money I would be paying for rent. This moved up my house buying time frame.

Participant 4 had the same sentiments as Participant 3 with the renting cost's constant hike:

Well, with the prices of rent going up and we were paying between \$1,500.00 to \$1,700 with utilities I decided to purchase a home. This was the main factor.

Participant 7 was getting tired of the constant increase of her rent; thus, decided to purchase her own home as she believed that it was reasonable to do so:

I was renting for a few years and my rent kept on increasing so I decided to look into purchasing a home. I thought it did not make sense to pay this amount of money renting.

Participant 8 also shared that with her growing family, spending was constantly increasing as well as the rent of her home:

I had three children and my rent would go up. I needed more space for my family. I want to buy a home where my mortgage was affordable and my children would have more space to move around.

Participant 9 stated that she did not want to rent anymore and having her own home was a great motivation for her:

I did not want to rent any more. Not renting was a great motivation. Owning my home was a priority.

Participant 11 was just exhausted of renting on a monthly basis; thus, wanted to have a place of her own:

I was tired of renting on a monthly basis.

Participant 17 stated that her rent was becoming extremely high; thus, she wanted to purchase her own home:

My rent was extremely high and I thought I would look into purchasing a home.

Theme C: Wanted to write-off tax or relieved of tax.

Participant 5 stated that as a single woman, she wanted to write-off her tax, and be relieved with the payments; thus, decided to purchase her own home:

Actually I brought a house for the tax write-off. I was staying rent free with my parents and Uncle Sam was eating me alive with taxes. I said since I do not have any kids then I said to myself let's buy a house for the purpose of getting some tax relief. Everyone made a big deal about owning a home, living the American dream, but it seems it was my American nightmare. It seems like when I purchase my home the housing market tanked and I said wow.

Participant 7 also shared that being a single woman, she wanted to do something to be relieved off her tax:

Also, since I am single I knew I would need to do something so I could get some type of tax relief.

Participant 10 was aware of the tax benefits she could receive if she had her own home:

Tax benefits and ownership was the motivational factors for me buying my home.

Participant 12 both wanted to write her tax off and be a homeowner as well:

I wanted to get a tax write-off and I wanted to be a homeowner.

Participant 13 stated that she had to purchase her own home for tax purposes:

I pretty much purchase my home for tax purposes.

Participant 18 both wanted to be a home owner and have a tax break in the process:

I wanted to be a home owner. I also wanted a tax break.

Participant 19 wanted to be relieved in taxes; thus, purchased a home:

Taxes was my main motivator due to I was paying taxes every year. I decided to buy a home to give me some relief in taxes.

Theme D: Wanted a bigger place for her family and children.

Participant 8 shared that she had a growing family and wanted a bigger space for them; thus, wanted to buy her own home:

I had three children and my rent would go up. I needed more space for my family. I want to buy a home where my mortgage was affordable and my children would have more space to move around.

Theme E: For investment purposes.

Participant 20 had a dream to have her own home and for investment purposes as well:

It was a dream of mine to own a home and also for investment purposes.

Research Question 2: How was the type of subprime loans used by participants identified?

Thematic Label 2: How the type of subprime loans used by participants was identified?

Theme A: Based on the credit scores of the participants.

Participant 1 shared that she had a subprime loan during closing and was informed that she could get a better deal for her mortgage:

I found out that I had a subprime loan during closing and once I refinanced my mortgage I was later informed that my terms were not good as my credit score should have gotten me a better deal on my mortgage. I was just happy to be a homeowner.

Participant 18 received the type of loan because of her credit scores:

I guess my credit dictated that I would get a subprime loan. I did not think I would get the home I have now. Although, my credit scores were not that bad I did not believe I would get a subprime loan based on me cleaning up my credit before I got into my home.

Theme B: Conducted their own research on the best type of loan.

Participant 2 stated that she had to conduct her own research in order to know the best type of loan for her:

After researching my loan and finding out that it was an 80/20 loan. Meaning, I was paying out the interest for the first 5 years of the loan and learning that I had a second loan or two mortgages. Realizing that my payments had increased over the years, this made me do some research on what I had entered into, as far as my mortgage was a major concern for me.

Theme C: Employed a loan bank officer to help with the best type of subprime loan.

Participant 3 shared that she had no knowledge about subprime lending; thus, had to employ a loan bank officer to aid her:

I had no idea that I would get a subprime loan nor did I know anything about subprime lending at the time I purchase my home. A friend of mine refer me to my realtor, which said I have a good relationship with a loan officer with Bank of America and we can get this done. I did not do my own research. The only thing I knew was what my mortgage monthly would be and my settlement date.

Theme D: Had no knowledge that they had a subprime loan.

Participant 4 shared that she had no idea that she was under this type of loan:

No, I have no idea that I was in a subprime loan. This made me very mad after hearing about others who lost homes or was about to lose their homes because they were in a bad loan.

Participant 5 was informed wrongly and thought that she was getting a good deal or type of loan; but later on was proven wrong by real estate attorneys:

Well, I was told if I use their bank they would pay for closing cost. So I decided to go with the builder thinking I was getting a good deal. I started to realize that my mortgage was a subprime because I had two mortgages with balloon payments. I also noticed that no one ever asked me for verification of income. I notice something was wrong. After doing research and consulting with real estate attorneys, I was told to just walk away from my home and the deal because I would never pay off my home. I found this very upsetting. I could never refinance or get a modification because my initial deal was bad. I had a feeling I would go to foreclosure based on the information I was receiving.

Participant 6 also had no idea that she was under a subprime loan until she was already paying her mortgage and wanted a modification on her plan:

I did not know anything about my loan until I started to pay my mortgage and realizing that my loan was a subprime loan. I tried to do a modification and after a number of attempts, to get a modification I was told I had a subprime loan.

Participant 7 chose to get the help of her builder and only later on found that she was under a subprime loan:

Well at first I had a preapproval letter to get a home but I decided to go with the builder because they had many incentives if I purchase the home through them. So I went against the loan that I initially had because the builder was helping me with closing cost. After I looked into my mortgage further I notice I had a subprime loan. This made me very unhappy. I second guessed myself.

Participant 8 stated that she was not aware that she was under a subprime mortgage:

I did not really know that I was in a subprime mortgage. I was so excited to having my first home. I did not pay attention, much attention, to details when it came to my loan. I was just happy to be at closing.

Participant 9 also did not know that she was under a subprime loan:

I did not know it was a subprime loan. The lender did not ask me to put any money down. They only looked at a few pay stubs. That was it.

Participant 10 said that she did not know that she was under subprime loan:

Did not know.

Participant 11 was also not aware of the type of loan that she had during the early stages of her purchase:

I was not really aware of the lending package on my home. I just wanted to be a homeowner.

Participant 12 stated that her builders handled the process; thus, was not aware of what she was getting herself into:

I got my home through the builders. They financed my home. I decided to go with the builder at the time because they offer me a better rate rather than going with my VA loan at the time. So I did not know if it was a subprime loan or not. I had great credit and somehow end up in a subprime loan. My mortgage was through Countrywide Finance.

Participant 13 stated that she had no knowledge about subprime lending:

I had no knowledge of subprime lending.

Participant 14 did not know anything about loans and that she was under a subprime lending:

I did not know anything about the type of subprime loans. I just wanted again to own my own home.

Participant 15 again was another participant who did not know or was not aware of the type of loan used for her purchase:

I did not know the type of subprime loan used in my home purchase.

Participant 16 shared that she was not aware of the type of loan that she had and just was amazed by the quick process not knowing what she was getting herself in to:

I do not know how my loan was identified. I just showed up to the closing and signed a few papers and given keys to my new home. I still have not read over all the documents that were given to me at closing.

Participant 17 was part of the majority who had no idea what type of loan she was in:

At the time, I did not know anything about the subprime lending at the time. I heard of balloon payments and Arms but I was not that familiar with this loan at the time.

Participant 19 stated that she was not aware of her mortgage type at first:

I did not know at first. After researching, I realize that I was doing an 80/20 loan. My mortgage would go up and down. I did not like how my mortgage was. It was not stable.

Participant 20 stated that she also did not know anything about the type of loan that she acquired:

I did not know about subprime leaning. My realtor nor did the builder go over anything with me regards to my mortgage of the lending process.

Research Question 3: What is the participants' knowledge about subprime loans?

Thematic Label 3: The participants' knowledge about subprime loans.

Theme A: Not enough knowledge about subprime loans before and even after purchase.

Participant 1 admitted that her knowledge about subprime loans even after her purchase was still not enough and believed that banks should have oriented her more or better:

Not as much it should have been. I had no knowledge. I felt that the banks should have educated me more as well as my realtor. My only knowledge came after I start to hear of some of my friends and family who were having a time trying to keeping their homes. I started to read more and listen to many reports on the news about subprime lending and predatory lending.

Participant 3 admitted that as she was in a hurry to purchase her home, she had no existing knowledge about subprime lending, and at the same time even after she acquired her home:

So I am not sure of everything that I need to know still about the housing market and subprime lending. I am just trying to maintain my mortgage and hope I do not lose my home. I am at a point now that I am very angry at myself and wish I would have done more research and educate myself a little more in the home buying process. When the market tanked and I heard on the news describing my mortgage, I knew I was taken advantage of. This did not make me feel good. I learn that I was in a 10 year interest only loan. I said, wow, this is what the media was talking about, bad lending practices. I did not know how to get out of this. I felt it was too late and I felt stuck in this housing process.

Participant 18 stated that her knowledge about subprime has not changed even after subprime lending:

My knowledge about subprime lending or loans was about the same. Nothing changed.

Participant 20 admitted that she had no knowledge as no information was made available to her:

I had no knowledge. I have to research the information on my own and still I had to ask many people until I got the correct answers. It is very sad that no information was made available to me or others when buying my home.

Theme B: Limited knowledge before acquiring subprime loans and learned the negative aspects only after her purchase and further research.

Participant 2 had limited knowledge before acquiring a subprime loan; hence, felt that she was taken advantage of after conducting her own research and study:

Only knowledge was hearing from others about subprime lending and during my research after I brought my home. After researching I found a few reports on subprime lending which made me look further into my particular mortgage. After doing my research, I knew I have a subprime loan. This made me feel like I was taken advantage of during my housing search.

I would never take out a subprime loan again. This made me more knowledgeable about the housing market. In the future, I would have had my mortgage looked over by an attorney before I would sign anything in the future when it comes to buying a home and consulting with a good realtor. Not only buying a home but this has made me more aware when signing any contracts or entering into an agreement.

Participant 5 stated that subprime lending was very new to her before purchase and after learned the negative aspects:

I had no idea about subprime lending. No one explain anything to me about subprime lending. My knowledge about subprime loans now is I would never touch it with a 10 foot pole. I think if I would buy another house in the future, I will bring with me an attorney and a good real estate agent. I would never trust the builder I purchase from again. I would never look at any properties they have ever.

Participant 6 highlighted that she had no idea that she was under a subprime loan, but after learning, she was very angry and had bad feelings about it:

I still was not clear on everything about subprime loans or the leaning. All I know is that I was put in a bad situation with my finances and my home. I was setup to fail. This is not a good feeling.

Participant 7 admitted that she was not aware of any subprime loaning practices before purchase but has learned greatly after seeing the scheme of the type of loan she was in:

I was not aware of any subprime lending practices prior to me purchasing my home. I would consider myself very knowledgeable now about subprime lending and the games people play. This experience has been an absolute nightmare for me. I will look out for mortgage schemes if I decided to purchase a home again.

Participant 8 admitted that she had no knowledge about subprime lending prior to her home purchase, and after finding out that she was under one, she described her experience as a nightmare:

I did not have any knowledge about the subprime lending prior to me taking out this loan for my home. After I purchased my home I found out that I had a subprime loan. It was a nightmare to say the least. I did not notice the subprime mortgage loan until I started to read through my paper work and reached out to others. This is when I found out.

Participant 9 shared that she had no prior knowledge about subprime loans and was only alarmed after the housing market started to fall:

I did not have any prior knowledge about subprime loans or lending at the time. I still was not sure about subprime lending until about 2007 when the housing market started to turn bad. So my subprime was still unclear about the subprime market.

Participant 10 stated that she had little knowledge on subprime loans but later on proved that the kind of loan was a rapacious act:

I had some knowledge on subprime loans through third parties. This cause me a little concern of subprime lending which I later found out that I had a subprime loan. I learned through news reports and personal friends of the predatory act.

Participant 11 stated that she had little knowledge about subprime lending and learned to be aware of scams after her purchase and further research experience:

I was aware of subprime lending through the media. Just be aware of scams and over companies trying to get over on you.

Participant 12 was aware of subprime loan but not enough to stop her from getting into a bad situation or almost being considered as scam or fraud upon her experience:

Yes, I knew about subprime lending at the time of me trying to purchase my home. It is a fraud and I would never do it again. If I would have known how the mortgage business was I would probably not have done this; meaning, purchase a home. I feel that the realtor and the builders do not give you all the details when a person is buying a home. In my case, I was told that we have someone who will finance your home. Again, I was not aware it was a subprime loan. It is really foul language up. Subprime lending should be illegal. It should be explained more in delay. If someone would do a subprime loan they should always have a good attorney in present.

Participant 13 stated that she also did not have any knowledge about the subprime lending and only learned the negative sides after her purchase:

I did not have any knowledge about the subprime lending process. It was until I purchase my home that I heard about subprime lending. What I found out about subprime loans it that they are predatory. Subprime loans would not be a good lender it had to rely on subprime lending.

Participant 14 stated that she was not aware of subprime loans before purchase and is still learning along the process:

I really did not have any knowledge about subprime loans. I heard certain stories about individuals losing their home but I did not have any knowledge. I heard that subprime lending put people upside down when it comes to their homes. I am stilling learning about the process.

Participant 15 had the same experience of having little knowledge about the type of loan and only learning the negative aspect after conducting her own study:

At the time, I did not have any prior knowledge about the subprime lending process. I got involved after reading through my mortgage packet to realize that my mortgage was nothing like what I would it would be. I knew something was wrong.

Participant 16 had little knowledge about subprime loaning and still feels stressed because of the wrong choice that she made:

I do not still feel the same about owning my home as I did as I was at closing. It has been very stressful to say the least. I just want to scream at times about my mortgage terms.

Participant 17 had little knowledge about subprime lending from other individuals but also learned after that it is a big issue needed to be discussed and resolved by the government:

I think subprime lending is a big issue. Many people was tricked into these loans. I believe it is a very bad tool when it comes to mortgage marketing. It is like stealing.

Participant 19 also described that she had no knowledge until the issues of the loan started to emerge:

I still did not know anything about subprime loans until I started to have trouble paying my mortgage.

Theme C: Aware of the negative side of subprime loan but had no choice.

Participant 4 admitted that she knew that subprime lending was a wrong move but had no choice since she was in a hurry to acquire her own home:

I know subprime lending was the wrong thing to do, but like so many people who were anxious to buy a home, I became a victim of the very thing I heard about and read about. This made me very mad and frustrated about my housing deal. I realize that this type of loan, subprime, that is was not beneficial to people of color or minorities as a whole.

Research Question 4: How do participants describe the experience of buying a home in Prince George's County, Maryland, between 2004 and 2007?

Thematic Label 4: The participants' experience of buying a home in Prince George's County, Maryland, between 2004 and 2007.

Theme A: Negative experience, participants were not satisfied after purchase as they felt that they were unfairly treated.

Participant 1 answered that her experience in Prince George's Country, Maryland was the worst as she believed that there were a lot of undisclosed matters to her by her agent:

My experience of buying a home in Prince George's County was the worst. The builder I felt hid a lot of things when I purchase my home. I felt the builders covered up a lot things when it came to me buying my home. Although, I should have been happy, I was not. I had a feeling someone or something was not right in me buying my home. Once I went to closing, I felt a little bad. This should have been my shining moment and a sense of accomplishment. As I now realize my taxes and association fees are very high. Trying to stay afloat has been my motivation.

Participant 3 had a bad experience as well as she felt that the result was unfair and the realtors and builders were only after her money:

I felt that I been had or lied to. If I was to sum it all up, I felt taken and treated unfairly. I do not think I got enough property for my money. My real estate agent was in it for herself and the builder sold a bill of goods that was not worth the money on paper. I do not feel good about my purchase. As I said before, I was had.

Participant 4 stated that she does not feel great about her purchasing experience and wishes that she would have done things differently if given the chance to:

I do not feel all that great about my home purchasing experience. I am now finding out that my taxes are constantly high and I wish I could have did things a little differently. I guess I now know what not to do in the future. I guess I have to maintain and work a little harder if I do not want to get foreclosed or a number.

Participant 10 admitted that she has had a bad experience ever since learning the predatory side of subprime lending:

I think that I qualified for a better loan. I think I got the bad end of the deal when it came to owning my home. I have not been happy with my home and it has left a bad taste with my service provider of my loan.

Participant 12 considers the experience as the worst experience of her life and admitted that her lack of knowledge on subprime loans brought her into this kind of situation:

This [foul language]. I have had the worst experience ever in my life. Prior to me buying a house, I had a landlord from hell and I could not wait to get my own. I did not want to rent again from anyone. When I brought my home is was a lot of things I did not know. It was a lot of things that the builders and my realtor lied about. All in all my experience has been horrible from the outset. I am not a happy camper. I still struggle with it all.

Participant 15 became afraid to purchase and invest due to the negative experience that she had:

I am afraid to make another purchase when it comes to buying a home because I do not want to experience the same thing I experience in my last home purchase. I cannot go through another situation in a new home. I am just afraid.

Participant 20 stated that her experience was difficult as she was taken advantage of with the loan offered to her:

My experience was horrible. Nobody educated me on this process. Everyone was all about money. I believe I was put in a bad situation.

Theme B: An Average experience, participants were just happy to be called a homeowner.

Participant 2 had an okay or average experience as the realtor made it happen:

My experience in buying a house was okay. The realtor made it happen. I still wonder how the process ever got through, but I was just happy to be a home owner.

Participant 5 stated that buying a home for her was not bad but felt scared given how fast the process was:

Buying my home was not bad. The experience was scary because it took only 3 weeks for me to get my home. One day I looked at the house I purchase. Two days later I did a walk through and 2 weeks later I was at closing with my new house keys. So the number two is a very unlucky to me.

Participant 6 shared that her experience was simple and had to learn to accept how to be happy despite the difficulty in paying for her purchased home:

I think it was pretty simple but sometime things that are simply one needs to look further into before making life changing decisions such as buying a home. My experience other than buying my home was pretty good. I love the area so I guess I have to learn to be happy despite struggling to pay for my home.

Participant 8 was like any new homeowner wherein she was just excited and happy to have her new home:

I was very excited because it was mine and I did not think I would have to worry about the mortgage changing like my rent in the past. I felt secure.

Participant 9 stated that it was very easy to get or acquire a home and did not have any problems:

It was very easy buying a home. I did not have a problem.

Participant 11 admitted that she was just very excited be a homeowner:

I was very excited to become a homeowner.

Participant 14 had mixed feelings, being happy with her new home, but anxious if she can pay the mortgage:

My feelings were mixed. I was happy that it is mine but I still worry if I will be able to maintain my home over the next few years.

Participant 16 expressed that she was very happy with the purchase of her new home:

I was very happy.

Participant 17 stated that she felt good about the overall experience:

I felt pretty good because I sold my old home and did pretty well, but after putting something down on my current home, I still received a subprime mortgage.

Theme C: Straightforward experience in purchasing but overall experience was a nightmare.

Participant 7 stated that indeed the experience was very simple and quick, but after her overall experience, she felt terrible and considers it a nightmare:

The experience of buying a home was simple and straight forward. But looking back now I would say this has been a terrible experience of purchasing my home.

Participant 13 stated that the process was a great one but the uncertainties after made it negative for her:

The process of buying my house was a great one. It was later unsettling learning that my property value may drop because there were a lot of foreclosures in my neighborhood which has brought my property down.

Theme D: Very good experience as the realtor explained the aspects of subprime loan to the participant.

Participant 18 had a very good experience as the realtor explained all aspects of the loan to her:

It was a very good experience because despite my subprime loan, my realtor explain the ins and outs of my home buying experience.

Theme E: Difficult experience due to the market.

Participant 19 stated that the market during that time made it difficult to search for a home:

In 2005, the market was very competitive and I was just trying to beat out individuals for the same home I now resided in. I guess it was a seller's market at the time.

Research Question 5: How do participants describe their postpurchase experience of becoming a homeowner in Prince George's County, Maryland?

Thematic Label 5: How participants describe their postpurchase experience of becoming a homeowner in Prince George's County, Maryland.

Theme A: Difficult postpurchase experience as participants believed that they were taken advantage of given their lack of knowledge.

Participant 1 again shared how difficult her purchase experience was and how she believed that she was taken advantage of by her realtor; given her lack of knowledge on subprime loans:

My purchase experience was horrible. I feel there was not enough information on home lending for home owners such as myself when I purchased my home. I felt my realtor dropped the ball on me and should have had my best interested instead of trying to just make a profit. If I had more knowledge, I would have not had purchased this house and would have waited before I purchase my home. Not doing the necessary research has caused much hardship. I feel now that I am more knowledgeable about buying a home or taking out another mortgage. I feel this will get address if the government steps in and do more to protect the potential buyers and those who purchase homes. I believe the house market when I purchased was a mess and the only ones who benefit was those who were the investors giving out bad loans. It is very sad when people take advantage of potential homeowners such as myself.

Participant 3 stated that upon learning the real aspects of subprime loan, she felt bad and was taken advantage of by her dealers:

When I first purchase my income was not what it is today. I felt very stress. I thought I was fast talk into purchasing a home because I had to find something due to me giving up my apartment. After seeing that the market tanked and speaking with neighbors who short sale their properties and watching individuals purchase home for half what I paid for made me sick to my stomach.

Participant 6 felt disappointed after her purchase and after learning about the negative elements of subprime loan:

I have been very disappointed in my postpurchase experience. For one, my home has lost a lot of value and I do not feel the market will ever recover like it once did. I feel stuck paying a high mortgage and high taxes. I am so disappointed in myself and my purchase.

Participant 9 shared what went wrong in her experience and felt angry knowing that she was treated unfairly:

There was a problem when the broker called and said that I had to refinance my mortgage. I asked why, the broker stated that my paper work had to be corrected and they had to fix some mistakes from the initial loan I had before. So I went with the broker's suggestions and my mortgage was only \$100.00 less from the prior loan. The sad part about this was the broker gain \$14,000 in commission fees. This made me angry.

Participant 12's postpurchase experience can be described as a bad investment overall:

My post experience is that I am happy that I have a house but my experience of trying to get a modification has been one of disappointment. My home is under water big time and I am drowning because of the housing market of the past. I just want to sell my house and walk away from a bad investment. This has been one bad movie.

Participant 16 related that the experience still upsets her even up to the present:

It was okay. It stills upsets me a little. Even today.

Participant 20 added that her experience was difficult as well and never changed along the process:

My postpurchase experience was horrible as well. Pretty much the same in the beginning when I started out.

Theme B: Feeling of security and comfort knowing that they have their own home.

Participant 2 shared that she now feels more secured and comfortable knowing that she has her own home; but is still angry by the way the deal was handled by the realtor:

I now feel secure. I got a modification, which made my mortgage affordable. Being comfortable and able to pay my mortgage and all my bills was my main goal. I am feeling good with what I have now. I feel that I should have gotten this type of mortgage payment from the beginning. If I am not around, I feel comfortable that my kids would be able to afford and maintain what I have in place as far as affordable mortgage. I am now pretty happy but in a sense still mad how the deal was handled by the builder and my realtor.

Theme C: Feeling of pressure and anxiety of not being able to pay mortgage.

Participant 4 felt challenged after her home purchase as with the high payments she could not maintain the payment anymore but had to conceal to avoid being talked about:

I believe it was a challenge because I was the only minority to purchase a home in my neighborhood at the time. So the pressure was on early, on not wanting to fail myself or I did not want to let my neighbors know I could not maintain my home due to my color. You know people talk.

Participant 5 admitted that if given another chance, she would not buy her home through mortgage:

I would never do it again as far as buy another home. If I cannot pay it in cash then I will never get another mortgage again.

Participant 7 shared that her experience was terrible as the high payments have been her problem ever since:

My postpurchase experience I would say it was terrible. I had to fight tooth and nail to get my loan restructure or modified. My home now is underwater and I have lost about a \$100,000 and now have no equity in home. The only option I now have is to do a short sale or a foreclosure on my current home.

Participant 10 admitted that she is still trying to adjust and fix the bad situation that she has gotten herself into after committing to a bad contract:

I do not know what to expect right now about my experience of owning my home. In many cases, this was a negative experience. I am just trying to get through the mess I got myself into as far as my home is concern.

Theme D: Learning experience of researching before committing to a big purchase.

Participant 8 stated that she learned that being knowledgeable and more aware of loans before committing to a big purchase would have made it a better experience for her:

I wish I would have had more knowledge about buying a home and do more research before committing to a big purchase such as buying a home.

Participant 11 stated that it was also a learning experience for her in purchasing and committing into big purchases:

I wish I would have done a little more research on becoming a homeowner on the mortgage products that was out there prior to me purchasing my home.

Participant 13 stated that she has been feeling a bit better with the negative side of the purchase but still is cautious:

I would say it is okay. Now that I have a modification in place I am feeling a little better about me mortgage. I am still cautious.

Participant 15 believed that her experience was okay but needs to be more cautious in the future:

I think it was okay. It has made me more cautious on how to conduct business with it comes to owning or buying investment property. I just have to keep reading and watching.

Theme E: Feeling of happiness and excitement.

Participant 14 described her experience as exciting and refreshing:

My experience of becoming a homeowner was very exciting to me. It was new and fresh.

Participant 17 still felt very happy about her purchase despite the concerns she faced:

I did not regret purchasing in the Prince George as far as my home is concern. The only issue I have is the amount of property taxes I am paying on my home currently. I since refinanced my home so I am feeling good at this moment.

Participant 18 stated that she is somewhat pleased with her purchase and disappointed with the high taxes:

I am somewhat please with my postpurchase of my home. I am a little displeased with my high taxes but other than that I am okay.

Participant 19 stated that she felt very good about the purchase after everything has been settled:

I felt pretty good buying my home after I got my mortgage squared away. I can now see the value of being a homeowner.

Curriculum Vitae

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jay_white66@yahoo.com

Education:

Doctor of Philosophy - Public Policy and Public Administration Walden University, Minneapolis, Minnesota	Expected 2015
Master of Science -Public Policy and Public Administration Walden University, Minneapolis, Minnesota	2012
Bachelor of Science - Business Administration Morgan State University, Baltimore, Maryland	1993

Relevant Professional Experience:

Financial Management Specialist United States Department of Treasury, Washington, DC Analyze national-level programs or exceptionally large and complex financial programs such as multimillion dollar research grants, contracts, or other fiscal agreements. Develop, recommend, and implemented new financial policies. Interpret and assess the impact of new and revised legislation on the formulation and operation of financial programs and policies. Perform special assignments, studies, reviews, analyses, and other duties that call for independent study and evaluation for federal and state governments.	2007-Present
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Financial Management Specialist United States Department of Health and Human Services, Washington, DC Provided technical advice and assistance to Administration for Children and Families (ACF) officials and grantees regarding interpretation and implementation of and changes or proposed changes in federal laws and regulations and established their impact on programs and grantees. Collaborated with program staff in developing grants management systems and the resolution of audit issues to ensure fiscal and legislative requirements were met. Determined and negotiated the appropriate actions and recommendations.	2006-2007
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Other Experience:

Financial Management Specialist United States Department of Agriculture, Washington, DC Identified program improvement target and recommended strategies and options for improving program outcomes and for payroll, procurement, personnel information and	2004-2006
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Federal Financial Information System (FFIS) programs operations. Developed a specific project management plan and designed appropriate automated tools to track and report on the actions and customer services related to conduct of protocol program of customer's surveys. Collaborated in preparation and control of departmental \$50 million annual budget and ensured operations fell within specific guidelines.

Public Relations Department 2004
 Johns Hopkins Hospital, Baltimore, MD
 Coordinated family and visitors flow in operation rooms and critical care areas. Coordinated the Volunteer "Friendly Visitor" Program in operating rooms and critical care areas. Provided support and resources to volunteers as needed. Responded to customer service request within mutually agreed upon timeframes or negotiated acceptable alternatives. Provided timely and constructive feedback to customers, which was focused on behaviors.

Community Service:

Member of the Masons of Maryland 2008-Present
 Big Brother and Big Sisters Mentorship Program 2000-2006
 Combined Federal Campaign (CFC) 2009-2013
 Combined Federal Campaign (CFC) 2005
 Combined Federal Campaign (CFC) 2004

Professional Affiliations

Member, National Public Administrator Association 2007-Present
 Member, Blacks in Government 2006-2008