



We the People

LGBT Americans and Access to Credit

By Laura Durso March 10, 2015

Access to credit is critical for lesbian, gay, bisexual, and transgender, or LGBT, individuals who are committed to building better and more prosperous lives for themselves and contributing to the national economy—including purchasing new homes, securing access to necessary transportation, or embarking on a new business enterprise. As long as it is legal for creditors to treat the identities and relationships of LGBT applicants differently than those of other applicants, LGBT individuals' ability to secure adequate and affordable credit remains uncertain. Furthermore, ongoing disparities in credit access for people of color and low-income people have a disproportionately negative impact on LGBT individuals. While limited data exist, existing information suggests that the lack of nondiscrimination protections presents an unfair barrier for LGBT communities.

Examples of discrimination

- The Home Mortgage Disclosure Act show that pairs of same-sex borrowers were denied mortgages at higher rates than different-sex pairs in which a man was the primary applicant, although at approximately the same rate as different-sex pairs in which a woman was the primary applicant.¹
- A Florida Bank of America branch denied Patty Snyder a mortgage in 2012 after she listed her same-sex partner's mother as her co-signer, claiming that the relationship between Snyder and her partner's mother was not recognized.² Snyder filed a complaint with Department of Housing and Urban Development, or HUD, which prohibits discrimination on the basis of sexual orientation, gender identity, and marital status in Federal Housing Authority-insured loans under its 2012 Equal Access Rule. However, such protections remain unavailable for individuals pursuing the many types of conventional mortgages and other loans not under HUD's jurisdiction, including car loans or small business loans.
- A survey of LGBT individuals in Anchorage, Alaska, showed nearly 4 percent—or 1 in 25 respondents—reported being denied a loan or line of credit on the basis of sexual orientation, gender identity, or gender presentation when otherwise qualified.³
- Requirements that identity documents must be obtained and referenced as part of the credit application process can result in discrimination against people based on gender

identity or expression. Only an estimated 67 percent of transgender people have been able to update at least one identity document and one-third have no identity documentation consistent with their gender identity.⁴

Current protections

The Equal Credit Opportunity Act, or ECOA, outlines factors that may not be used to determine whether an individual may obtain credit or to vary the terms of that credit, including race, color, religion, national origin, sex, marital status, age, or use of public assistance.⁵ Currently, neither the ECOA nor any other form of federal legislation prohibits discrimination in credit on the basis of sexual orientation and gender identity. At the state level, only 18 states and the District of Columbia have credit nondiscrimination laws that include sexual orientation and gender identity, with an additional three states that cover sexual orientation only.⁶

Recommendations

- Congress should pass a comprehensive nondiscrimination bill banning discrimination based on sexual orientation and gender identity in employment, public accommodations, housing, credit, and federal funding.
- Congress and state legislatures should appropriate necessary funds for full enforcement of nondiscrimination protections.

While updating the law to protect LGBT people from discrimination in credit won't end unfair treatment overnight, it will provide a tool to ensure all people, including LGBT people, are treated fairly and equally.

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Endnotes

1 Mark Fogarty, "HMDA Data Offers Clues on Discrimination Against Gays," National Mortgage News, June 4, 2014, available at <http://www.nationalmortgagenews.com/blogs/hearing/hmda-data-offersclues-on-discrimination-against-gays-1041913-1.html?BCnopagination=1>.

2 Frank Bewkes, "Is Freedom from Discrimination in Credit on the Horizon," Family Equality Council, July 22, 2013, available at http://www.familyequality.org/equal_family_blog/2013/07/22/1704/is_freedom_from_discrimination_in_credit_on_the_horizon.

3 Melissa S. Green, "Anchorage LGBT Discrimination Survey: Final Report" (Anchorage: Identity, Inc, 2012), available at http://alaskacommunity.org/wp-content/uploads/2012/03/akq_final_report.pdf.

4 Jaime M. Grant, Lisa A. Mottet, and Justin Tanis, "Injustice at Every Turn: A Report of the National Transgender Discrimination Survey" (Washington: National Center for Transgender Equality and National Gay and Lesbian Task Force, 2011), available at http://www.thetaskforce.org/static_html/downloads/reports/reports/ntds_full.pdf.

5 Federal Trade Commission, "Your Equal Credit Opportunity Rights," available at <http://www.consumer.ftc.gov/articles/0347-your-equal-credit-opportunity-rights> (last accessed November 2014).

6 Center for American Progress and Movement Advancement Project, "Paying an Unfair Price: The Financial Burden of Being LGBT in America" (2014), available at <http://www.lgbtmap.org/file/paying-an-unfair-pricefull-report.pdf>.

This document was compiled from material in Chapter 6 of the CAP report, "We The People: Why Congress and the U.S. States Must Pass Comprehensive Nondiscrimination Protections."