# The historical roots of lending discrimination

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**Abstract**

U.S. fair lending laws are designed to prevent credit determinations that disparately affect borrowers by factors related to location and race. Using an identification strategy that exploits historical boundaries that prevented access to mortgage credit to minorities and confidential mortgage data, we show that mortgage loan conditions at present are tougher for risk-equivalent borrowers located on the side of targeted borders repealed more than 50 years ago. The border pricing differentials are mostly in the form of higher fees and are larger for nonbank lenders, which hold the majority of the mortgage market share in targeted areas.

**Keywords**: Mortgage pricing discrimination, Neighborhoods, Shadow Banks, Home Mortgage Disclosure Act.

**JEL classification**: G21, G23, G28, L5

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