

Jordan Wethington

Professor Therese Fuerst

Research Methods in Public Relations

March 9, 2025

Literature Review & In-Depth Interview

Client: Canandaigua National Bank & Trust

Research Need: Develop an effective first-time homeownership program that addresses the financial and systemic barriers Black families face in purchasing homes.

Literature Review

Article One: Steil, J. P., Albright, L., Rugh, J. S., & Massey, D. S. (2017b). The social structure of mortgage discrimination. *Housing Studies*, 33(5), 759–776.

Part 1:

This study highlights systemic mortgage discrimination against Black borrowers, emphasizing barriers like higher loan denial rates and predatory lending. Its findings reinforce the need for Canandaigua National Bank & Trust to develop a first-time homeownership program that promotes equitable lending practices, financial education, and trust-building efforts for Black families.

Part 2:

The article, “*The Social Structure of Mortgage Discrimination*,” by Justin P. Steil et al. provides very important research and discussion on adopting a first-time homeowners’ program for Black families. The research examines structural discrimination in mortgage lending, aligning with CNB’s need to understand the barriers Black first-time homebuyers face. The study uses a

mixed-methods approach, incorporating statistical analysis of mortgage approval rates and qualitative data on lending practices. The article highlights historical and systemic factors contributing to racial disparities in homeownership, including redlining, credit scoring biases, and lender discretion in approval decisions (Steil et al., 2017 p. 3-6). The findings reveal that Black applicants face disproportionately high denial rates, even when achieving the financial qualifications for a mortgage, demonstrating that racial disparities persist due to institutionalized lending practices rather than applicant risk alone (Steil et al., 2017 p.7-9). This research showed the importance of targeted interventions, such as CNB's proposed first-time homeowner program, to address these inequities. By recognizing how historical discrimination continues to shape lending outcomes, CNB can design a program that mitigates barriers Black families face, such as down payment assistance, flexible credit evaluations, and community outreach. The study's insights emphasize the necessity of race-conscious lending strategies to bridge the homeownership gap (Steil et al., 2017 p.13-15). Integrating these findings into CNB's initiative can enhance the bank's ability to support Black first-time buyers and promote financial inclusion in homeownership opportunities.

Appendix A:

I believe this article provides a solid analysis of mortgage discrimination, revealing how systemic biases in lending disproportionately disadvantage Black borrowers. This piece offers valuable insight into the structural nature of housing inequality, emphasizing the role of financial institutions in perpetuating disparities. A key lesson learned is that discrimination extends beyond individual biases to institutional policies, reinforcing racial wealth gaps. This study underscores the importance of proactive, equity-focused banking initiatives, such as targeted first-time homeownership programs.

Article Two: McCabe, B. J. (2018). Why buy a home? Race, ethnicity, and homeownership preferences in the United States. *Sociology of Race and Ethnicity*, 4(4), 452–472.

Part 1:

McCabe’s study highlights racial disparities in homeownership, emphasizing systemic barriers Black families face, including limited credit access and historical discrimination. This research informs Canandaigua National Bank & Trust’s initiative by underscoring the need for targeted financial education, trust-building efforts, and tailored mortgage programs to support Black first-time homebuyers.

Part 2:

Brian J. McCabe’s “*Why Buy a Home? Race, Ethnicity, and Homeownership Preferences in the United States*,” also provides valuable insights that align with CNB’s need to develop a first-time homeowners’ program for Black families. McCabe’s research explores racial and ethnic differences in homeownership preferences, addressing a key question for CNB: how do structural barriers and cultural perceptions influence Black Americans’ homeownership rates? Using national survey data, McCabe employs a mixed-methods approach, incorporating quantitative analysis of homeownership trends and qualitative insights into personal attitudes (McCabe, 2018 p. 455-458). McCabe explains that homeownership disparities are based on historical discrimination, dishonest lending practices, and socioeconomic constraints. It is also shown that Black households highly value homeownership but face systemic barriers such as limited access to credit, lower intergenerational wealth transfers, skepticism toward financial institutions, and bad housing conditions of purchased or aspiring homes (McCabe, 2018 p. 456-457). McCabe shows that how past discriminatory policies contribute to present-day disparities, reinforcing the

need for targeted banking initiatives. As it pretends to CNB, this research and article show the need for financial products, homebuyer education, and trust-building measures to support Black families. By integrating these insights, CNB can design an effective program that addresses not only financial obstacles but also the broader socio-historical factors influencing Black homeownership.

Appendix A:

This article and study provide a thorough analysis of racial disparities in homeownership, highlighting the financial and historical barriers Black families face. It offers key insights into how systemic inequities and institutional distrust influence homeownership decisions. A crucial lesson learned is that Black households value homeownership but often lack equitable access to resources. This article reinforces the need for targeted banking initiatives, such as financial education and trust-building programs, to support Black first-time homebuyers effectively to the community at large.

Interview: Brent Bridgman, Universal Banker at Canandaigua National Bank & Trust. Bridgman has been studying portfolio management, equity, and commodity strategies for self-employment for ten years since he was 14 years old. Bridgman is also the Treasurer for a non-profit called JSJ Chordoma Foundation, holding this role for several years. In the last three years, he has worked from a Teller to becoming a Universal Banker at CNB. He now is moving into owning and managing his own private firm, Red Fern Capital Management, where he is the Strategic Investment Trade Manager/Owner. I felt Bridgman would be a great professional interview to discuss the issues of low mortgage approvals, as well as the lack of homeownership in the Black and African American communities.

Email: brentmbridgman@gmail.com

Phone Number: 585-261-3870

Part 1:

This interview provides insights into factors contributing to racial disparities in mortgage approval rates, highlighting both individual biases and structural financial literacy gaps. The responses reinforce the idea that while anti-discrimination laws exist, their inconsistent enforcement allows disparities to persist. The discussion also emphasizes the role of financial education in bridging these gaps and fostering trust between Black communities and financial institutions who are choosing to engage with them. The suggestion of structured financial education courses and first-time homeownership programs aligns with research findings on reducing mortgage disparities. Most importantly, the interview also shows the responsibility of banks to monitor lending patterns and hold employees accountable for potential biases. This perspective could support the development of Canandaigua National Bank & Trust's first-time

homeowners' program for Black families, by emphasizing the need for transparency, education, and intentional community engagement to address historical distrust and financial inequities.

Part 2 & 3 (Q&A):

Question: What factors do you think contribute to disparities and mortgage approval rates among different racial groups?

Answer: If you are not on any blocked lists, you aren't barred from any financial institution, and there's not inherently a problem or concern of fraud, technically, we must take that approval. There are certain laws in banking, and it's argued that some banks use them, and some banks don't. There are plenty of cases, even from Bank of America, where certain loan officers, or just base level lending, people in banks will approve more white loans compared to other counterparts, and unfortunately, there are people like that out there that have contributed to the disparities and mortgage approval rates among different racial groups. I would also say that it is in the communities themselves at times where financial literacy is a huge outlier in the education process where they grew up, which is in all schools everywhere, not just certain groups themselves, it is a major problem that could contribute to disparities as well.

Question: If any, who bears the blame or lack of responsibility for this gap in the mortgage realm that leads to unfair mortgage gaps within a given racial community?

Answer: Financial institutions have a law that they can't discriminate against anyone getting a loan but, there are people in banking that you can look historically at when it comes to their lending and see where they approve the most at large. For example, we live in Ontario County, which is a majority White community, right in Ontario County but, if you go to an area that is more like Rochester, where the cultural mix is much more, you should be seeing mixtures of

different communities receiving these mortgages. That is also supposed to be a bank's due diligence to see that. Again, for example, if you got a hundred loans this quarter (Q1), how many were White versus how many were Black, then it needs to start being on the bank to restrict that person and see why, he or she is only approving one certain type of person.

Question: How would you maybe suggest the bank could build trust with the black communities that may have had negative experiences with financial institutions in the past?

Answer: I would say a structured financial education course(s) or seminars for these communities to educate them on the right financial decisions and the wrong financial decisions, or as you have proposed a first-time homeowner's program to support homebuying within those communities. These types of connections would lead to better mortgage numbers, fewer discrepancies in lending numbers, and proper loan repayment behavior. We are a community bank; therefore, we must act and tackle issues like these or areas we feel need to be addressed if they appear to arise. These also build better ROI (Return on Investments) with the banks and their customers so the banks can benefit from loaning these individuals money for mortgages, and in turn, it builds trust within the community that banks are here for them and not the enemy.

Appendix A:

I found this Q&A very insightful because it highlights both systemic and individual factors contributing to mortgage disparities. I agree that while anti-discrimination laws exist, enforcement varies, allowing biases to persist. I also appreciate Bridgman's emphasis on financial literacy, as I believe education plays a crucial role in reducing disparities. The suggestion of structured financial courses and a first-time homeownership program aligns with what I think is necessary to rebuild trust with Black communities. I also think financial

institutions must be more accountable in monitoring lending patterns to ensure fairness. This perspective reinforces my belief in proactive banking solutions.

Appendix B:

I felt the purpose of asking these questions was to explore both systemic and individual factors contributing to racial disparities in mortgage approval rates. The first question aimed to identify key barriers, such as institutional bias and financial literacy gaps. The second question sought to determine accountability, examining whether financial institutions or individual lenders play a larger role in these disparities. The final question was intended to elicit actionable solutions, specifically, ways banks can rebuild trust with Black communities. I wanted to highlight the importance of transparency, financial education, and equitable lending practices in addressing these long-standing issues.

References

- Steil, J. P., Albright, L., Rugh, J. S., & Massey, D. S. (2017b). The social structure of mortgage discrimination. *Housing Studies*, 33(5), 759–776.
- McCabe, B. J. (2018). Why buy a home? Race, ethnicity, and homeownership preferences in the United States. *Sociology of Race and Ethnicity*, 4(4), 452–472.