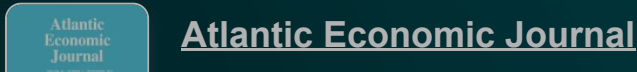


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Mortgage Product Substitution and State Anti-predatory Lending Laws: Better Loans and Better Borrowers?

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Notes

1. Until passage of the Dodd-Frank Act in 2010, mortgage regulation was fragmented and many large originators were exempt from state APL laws.

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Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, West Virginia, Wisconsin, Washington, and the District of Columbia.

6. For the most part, these laws are still on the books, either in their original form or as amended.
7. A handful of cities and counties passed predatory lending ordinances of their own. As a result of state enactments or court decisions, these ordinances either never took effect or only took effect briefly. Mini-HOEPA laws are not the only type of state APL laws. Some states have older laws that regulate prepayment penalties or balloon payments. Of the states with mini-HOEPA laws, thirteen combine an older APL law with a newer mini-HOEPA statute.

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from the rest of subprime. They typically document less and have higher credit scores to compensate, but in practice many loans in Alt-A pools look very similar to subprime loans along many dimensions.

12. The sample is reduced to the treatment and control zip codes associated with the following state APLs—Massachusetts, Maryland, District of Columbia, North Carolina, South Carolina, New Mexico, and New Jersey.
13. Given the aggregated nature of the empirical approach, it is impossible to provide very precise measures of how mortgage use changed while holding borrower credit quality constant. However, we created two subsamples to provide some preliminary results. The first sample restricts the observations to only those loans with credit scores one standard deviation below the mean

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