

Annex Table 1. Determinants of High Cost Loans, High Risk Loans, and Monthly Payment Amounts Used to Generate Adjusted Predictive Margins

	High Cost	Combined Risk Loan										Monthly Payment Amount (\$)									
	(1)	(2)		(3)		(4)		(5)		(6)		(7)		(8)		(9)		(10)			
	Full Sample	Full Sample		Full Sample		White Borrowers		White Tracts		White Borrowers in White Tracts		Full Sample		White Borrowers		White Tracts		White Borrowers in White Tracts			
	Odds Ratio	Odds Ratio	S.E.	Odds Ratio	S.E.	Odds Ratio	S.E.	Odds Ratio	S.E.	Odds Ratio	S.E.	OLS Coeff.	S.E.	OLS Coeff.	S.E.	OLS Coeff.	S.E.	OLS Coeff.	S.E.		
Reverse Redlining Indicators																					
Borrower is Black	2.523 ***	2.102 ***	(0.3583)	1.410	(1.0778)																
Census Tract % Black (continuous)	1.007 **	1.005 +	(0.0025)																		
50% - 100% Black Tract (dichotomous)				1.421 +	(0.2586)							4.773	(10.6044)								
Black * Income > \$50,000				0.993	(0.2379)							13.415	(11.5920)								
Black * Private Label Securitization				60.592 ***	(28.6372)							29.295 *	(12.2965)								
Borrower & Loan Characteristics																					
Investor Occupant	9.614 ***	2.936 ***	(0.6057)	2.828 ***	(0.6413)	5.085 ***	(1.6363)					8.845 ***	(3.4040)	53.415 ***	(12.5849)	41.213 *	(20.6269)	43.992 *	(21.2834)	30.924 ***	(23.7149)
Borrower is a Woman	1.144	1.054	(0.1310)	1.086	(0.1513)																
Borrower Income (Omitted: > \$150,000)																					
Less than \$40,000	3.461 ***	3.618 ***	(1.0495)	3.987 ***	(1.5210)	2.262	(1.1751)	2.408 +	(1.1774)	2.291	(1.5623)	-30.217	(22.0601)	-76.907 *	(33.7742)	-58.030	(37.1155)	-83.352 ***	(41.0737)		
\$40,000 - \$69,000	2.928 ***	2.921 ***	(0.7708)	3.870 ***	(1.2093)	2.009	(0.8515)	2.335 *	(1.0062)	4.701 **	(2.6106)	-22.384	(18.8430)	-54.815 *	(26.3489)	-47.054	(30.0726)	-55.972 ***	(31.1060)		
\$70,000 - \$99,000	2.233 **	2.082 **	(0.5448)	2.788 **	(0.8218)	1.703	(0.7321)	1.653	(0.7156)	2.525	(1.4562)	-18.478	(17.3631)	-52.448 *	(23.4751)	-44.663 +	(25.9977)	-53.665 ***	(26.8103)		
\$100,000 - \$149,000	1.337	1.615 +	(0.4200)	2.451 **	(0.7181)	1.584	(0.6754)	1.651	(0.6274)	2.453 +	(1.3125)	-29.410	(22.5768)	-66.801 *	(28.5870)	-46.645	(32.1232)	-71.808 ***	(32.0800)		
Borrower Credit Score (10 points)	0.859 ***	0.868 ***	(0.0223)	0.931 *	(0.0265)	0.921 *	(0.0302)	0.854 ***	(0.0357)	0.904 +	(0.0547)	-5.040 ***	(1.0005)	-4.821 **	(1.4550)	-7.187 ***	(1.3294)	-5.843 ***	(1.4281)		
Condominium Property	0.669	0.750	(0.2370)	1.450	(0.5471)	0.588	(0.3127)	1.478	(0.4610)	1.025	(0.4642)	-28.287	(19.7498)	-32.853	(26.9122)	-9.042	(28.2855)	-24.139 ***	(30.7948)		
Combined Loan-to-Value (Omitted: <=80%)																					
81% - 90%	2.825 ***	2.706 ***	(0.4385)	1.990 ***	(0.3416)	4.435 ***	(1.4793)	2.710 ***	(0.7300)	3.367 **	(1.2956)	28.576 **	(10.2827)	55.067 **	(17.0250)	46.635 **	(16.8393)	53.215 ***	(19.5440)		
91% - 95%	2.538 ***	3.073 ***	(0.4572)	3.370 ***	(0.5490)	2.551 **	(0.6990)	3.259 ***	(0.8413)	2.268 *	(0.7811)	9.653	(13.0353)	-10.796	(23.3529)	-7.121	(24.7711)	-22.740 ***	(27.2287)		
96% - 100%	4.182 ***	6.597 ***	(1.4136)	3.042 ***	(0.7262)	13.640 ***	(6.2739)	7.022 ***	(2.6490)	12.537 ***	(6.7526)	80.556 ***	(16.0906)	66.679 *	(25.9474)	63.424 *	(27.9644)	49.325 ***	(29.9137)		
Low/No Documentation Loan	1.949 ***	3.996 ***	(0.6710)	1.415 +	(0.2616)																
Loan Amount (\$10,000s)	1.012	1.017 +	(0.0091)	1.011	(0.0088)	0.980	(0.0144)	0.997	(0.0122)	0.992	(0.0164)	60.625 ***	(1.0140)	58.478 ***	(1.1720)	58.941 ***	(1.2570)	58.473 ***	(1.2850)		
Refinance Loan	0.878	0.811	(0.1327)	0.612 *	(0.1437)	1.637	(0.5268)	1.222	(0.3670)	1.637	(0.6663)	24.519 **	(9.4145)	28.603 +	16.0092	17.449	(16.1195)	21.221 ***	(19.1098)		
Cash-out Refinance Loan	5.219 ***	4.652 ***	(0.8142)	3.170 ***	(0.7550)	7.079 ***	(2.4796)	4.688 ***	(1.4954)	6.535 ***	(2.9555)	40.671 ***	(11.4342)	65.049 **	(19.0397)	60.964 **	(19.3102)	70.948 ***	(23.4642)		
Amortization Term (Years)						1.341 ***	(0.0937)	1.229 ***	(0.0664)	1.336 **	(0.1372)	-16.809 ***	(1.7694)	-29.404 ***	(3.1970)	-29.401 ***	(3.2176)	-33.960 ***	(3.5534)		
Census Tract Characteristics																					
Change % Black > 10%, 1990-2000	1.315 +	1.538 **	(0.2183)	1.808 ***	(0.2785)																
Adults with College Degree <10%, 2000	1.360 +	1.163	(0.1859)	1.460 *	(0.2580)																
Poverty Rate >=40%, 2000	1.571	1.406	(0.3546)	1.636	(0.5288)																
Foreclosure Rate, 2000	1.219 *	1.103	(0.0881)	1.085	(0.1040)																
Rise in Home Prices, 2000-Peak	0.976 *	0.991	(0.0089)	0.993	(0.0100)																
Constant	210.064 **	57.231 *	(96.562)	0.048	(0.0983)	0.0003 *	(0.0010)	0.8699	(2.8768)	0.0006	(0.0034)	892.662 ***	(92.465)	1261.628 ***	(146.902)	1420.872 ***	(146.287)	1474.117 ***	(156.079)		
N	2,331	2,394		2,394		1,211		1,197		957		2,398		1,207		1,193		954			
Pseudo R²	0.486	0.390		0.481		0.388		0.396		0.387		0.939		0.934		0.931		0.933			
Average Predictive Margin	0.399	0.282		0.282		0.121		0.145		0.091		1,098.05		1,401.13		1,457.15		1,533.20			
Black Borrowers				0.302								1,122.42									
Borrowers in Black Tracts				0.293								1,113.69									
Blacks in Black Tracts				0.312								1,125.77									
Blacks in White Tracts				0.142								1,500.08									
Whites in Black Tracts				0.163								1,419.07									
Corresponding Table/Figure	Figure 1	Figure 2		Table 3		Tables 4 & 5		Tables 4 & 5		Tables 4 & 5		Table 2		Tables 4 & 5		Tables 4 & 5		Tables 4 & 5			

Odds Ratios ((1)-(6)) or OLS coefficients ((7)-(10)) with robust standard errors in parentheses. Full sample includes only black and white borrowers. Note: White tracts label refers to 0%-50% black tracts. Combined Risk Loan consists of High Cost Subprime Loans plus at least two additional high risk features: Adjustable Rate, Interest Only Amortization, Low/No Documentation, CLTV>90%, Balloon, Prepayment Penalty, or Debt-to-Income Ratio > 55%.

*** p < .001 ** p < .01 * p < .05 + p < .10 (two-tailed tests)

Appendix Table 2. Determinants of Foreclosure Used to Generate Adjusted Predictive Margins

	Entered Foreclosure						Lost Home to Foreclosure					
	(1)		(2)		(3)		(4)		(5)		(6)	
	White Borrowers		White Tracts		White Borrowers in White Tracts		White Borrowers		White Tracts		White Borrowers in White Tracts	
	Odds Ratio	S.E.	Odds Ratio	S.E.	Odds Ratio	S.E.	Odds Ratio	S.E.	Odds Ratio	S.E.	Odds Ratio	S.E.
Predicted Cost and Risk of Lending^a												
Predicted Monthly Payment (\$100s)	1.022	(0.0597)	1.047		1.084	(0.0734)	1.030	(0.0648)	1.135 *	(0.0695)	1.118	(0.0859)
Predicted Probability of Combined Risk Loan	10.667 ***	(4.8310)	6.879 ***		6.952 ***	(3.5634)	8.765 ***	(4.8356)	5.337 ***	(2.2158)	6.627 **	(4.1987)
Borrower & Loan Characteristics												
Investor Occupant	1.619	(1.0208)	4.003 **		4.153 +	(3.1461)	0.847	(0.5759)	2.108	(1.1730)	1.550	(1.3699)
No Co-Signer on Mortgage Loan	4.141 **	(1.7291)	3.364 **		6.415 **	(3.4746)	4.352 **	(2.3387)	2.498 *	(1.0495)	4.076 *	(2.5134)
Borrower Income (Omitted: > \$150,000)												
Less than \$40,000	2.210	(1.8518)	1.937		3.373	(3.6648)	0.927	(0.8691)	1.724	(1.5438)	1.111	(1.3532)
\$40,000 - \$69,000	0.589	(0.4561)	0.837		1.087	(0.9652)	0.480	(0.4301)	1.335	(1.0776)	0.807	(0.8585)
\$70,000 - \$99,000	0.862	(0.5487)	0.699		0.787	(0.7064)	0.642	(0.5014)	0.900	(0.7343)	0.553	(0.6016)
\$100,000 - \$149,000	1.288	(0.8076)	1.040		1.777	(1.3041)	1.105	(0.8352)	2.172	(1.4621)	1.751	(1.5900)
Borrower Credit Score (10 points)	0.963 **	(0.0115)	0.930 ***		0.938 ***	(0.0165)	0.974 *	(0.0120)	0.953 **	(0.0134)	0.948 **	(0.0148)
Condominium Property	0.098 **	(0.0730)	1.154		0.100 **	(0.0835)	1.312	(0.7244)	1.194	(0.8112)		
Combined Loan-to-Value (Omitted: <=80%)												
81% - 90%	1.636	(0.8011)	1.665		2.866 +	(1.6799)	1.093	(0.5802)	1.315	(0.5927)	1.812	(1.1691)
91% - 95%	0.926	(0.4147)	1.309		1.104	(0.5495)	5.513 *	(4.6715)	1.647	(0.7455)	1.290	(0.7275)
96% - 100%	13.420 **	(10.6163)	8.777 ***		39.017 ***	(38.7227)	0.991	(0.0416)	4.392 *	(2.8314)	7.890 *	(7.7889)
Loan Amount (\$10,000s)	1.029	(0.0394)	1.014		1.010	(0.0476)	1.992	(1.1139)	0.949	(0.0386)	0.954	(0.0503)
Refinance Loan	4.651 **	(2.5699)	3.163 **		9.134 **	(6.0503)	1.033	(0.1288)	1.555	(0.6894)	2.520	(1.6477)
Community Level Characteristics												
Change Unemployment Rate since Origination	1.114	(0.1145)	1.203 *		1.148	(0.1256)	1.414	(0.4252)	1.127	(0.1093)	1.049	(0.1350)
10% Fall in Zip Code Home Price Index	1.321	(0.3190)	0.897		0.799	(0.2530)	0.900	(0.2134)	0.825	(0.2141)	0.878	(0.3250)
Neighborhood Foreclosure Rate, End Year	0.909	(0.2040)	1.028		1.119	(0.3370)	1.848	(0.7782)	1.070	(0.2434)	1.229	(0.3822)
<10% Adults in Tract with College Degree	1.118	(0.4376)	1.243		0.993	(0.5169)	0.569	(0.4600)	2.734 **	(1.0457)	1.563	(0.7935)
Constant	0.003 ***	(0.0049)	0.139		0.008 *	(0.0148)	0.005 **	(0.0079)	0.044 +	(0.0715)	0.029 +	(0.0554)
N	1,160		1,145		925		1,158		1,142		923	
Pseudo R²	0.331		0.301		0.377		0.274		0.244		0.274	
Adjusted Predictive Margin	0.053		0.073		0.043		0.034		0.040		0.027	
Out-of-Sample												
Black Borrowers	0.104						0.066					
Borrowers in Black Tracts			0.114						0.067			
Blacks in Black Tracts					0.093						0.062	
Blacks in White Tracts					0.128						0.086	
Whites in Black Tracts					0.068						0.055	
Corresponding Table/Figure	Table 4		Table 4		Table 4		Table 5		Table 5		Table 5	

Odds Ratios with robust standard errors in parentheses. ^aPredicted values for each sub-sample borrower are adjusted predictive margins based on corresponding sub-sample estimations of combined risk lending and