

## Not for Publication Appendix for

# Did Affordable Housing Legislation Contribute to the Subprime Securities Boom?

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## **A Appendix (Not for Publication)**

### **A.1 Results for Other Product Types**

In this subsection, we provide the estimates for our two next most common product types and the universe of loans in our sample (all product types) with product type dummies.

Table 1: Coefficients on Goal Indicator Variables in Originations Regressions for Other Products and All Products (2-Percentage-Point Window)

	30 Yr ARM (Benchmark)	5 Yr ARMs	30 Yr FRMs	All Product Types
CRA1 (tract/MSA income $\leq$ 0.8)	0.00039 (0.00055)	0.00020 (0.00027)	0.00003 (0.00016)	0.00064 (0.00116)
UAG1 (tract minority share $\geq$ 0.3)	-0.00157 (0.00111)	-0.00095* (0.00056)	-0.00020 (0.00019)	-0.00366 (0.00256)
UAG2 (tract/MSA income $\leq$ 0.9)	0.00033 (0.00057)	0.00034 (0.00028)	-0.00011 (0.00017)	0.00071 (0.00137)

Notes: 1) Standard errors are listed in parentheses. 2) Each regression is estimated with data that are within 2 percentage points of the goal cutoff. 3) All regressions also include a constant. 4) The dependent variable is the number of originations per tract divided by tract population. 5) Other controls are tract income, tract percent minority, and year of origination dummies. 6)\* denotes significant at 1% level.

Table 2: Coefficients on Goal Indicator Variables in Interest Rate Regressions for Other Products and All Products (2-Percentage-Point Window)

	30 Yr ARMs (Benchmark)	5 Yr ARMs	30 Yr FRMs	All Product Types
CRA1 (tract/MSA income $\leq 0.8$ )	-0.009 (0.037)	0.022 (0.026)	0.014 (0.031)	0.015 (0.022)
CRA2 (borrower/MSA income $\leq 0.8$ )	-0.005 (0.039)	0.034 (0.047)	-0.108*** (0.039)	-0.015 (0.024)
UAG1 (tract minority share $\geq 0.3$ )	0.007 (0.330)	0.025 (0.018)	0.019 (0.023)	0.011 (0.018)
UAG2 (tract/MSA income $\leq 0.9$ )	-0.042 (0.033)	-0.019 (0.025)	0.035 (0.028)	-0.010 (0.019)
SAG1 (borrower/MSA income $\leq 0.6$ )	-0.050 (0.460)	-0.071 (0.068)	0.046 (0.048)	-0.006 (0.030)
SAG2 (borrower & tract/MSA income $\leq 0.8$ )	-0.040 (0.116)	-0.040 (0.166)	-0.129 (0.129)	0.027 (0.070)
LMIG (borrower/MSA income $\leq 1.0$ )	0.063 (0.040)	0.029 (0.039)	-0.035 (0.040)	0.011 (0.024)

Notes: 1) Standard errors are listed in parentheses. 2) Each regression is estimated with data that are within 2 percentage points of the goal cutoff. 3) \*\*\* denotes significance at the 1% level. 4) All regressions also include a constant. 5) The dependent variable is the contract interest rate. 6) Standard errors are clustered by Census tract. 7) Other controls are the loan's LTV, the borrower's FICO score, a refinance dummy, a Florida dummy, a dummy if the loan has PMI, a dummy if the loan has a prepayment penalty, the loan amount, and the goal-defining variable continuously. 8) In the regressions with all products, product type dummies are also included as control variables.

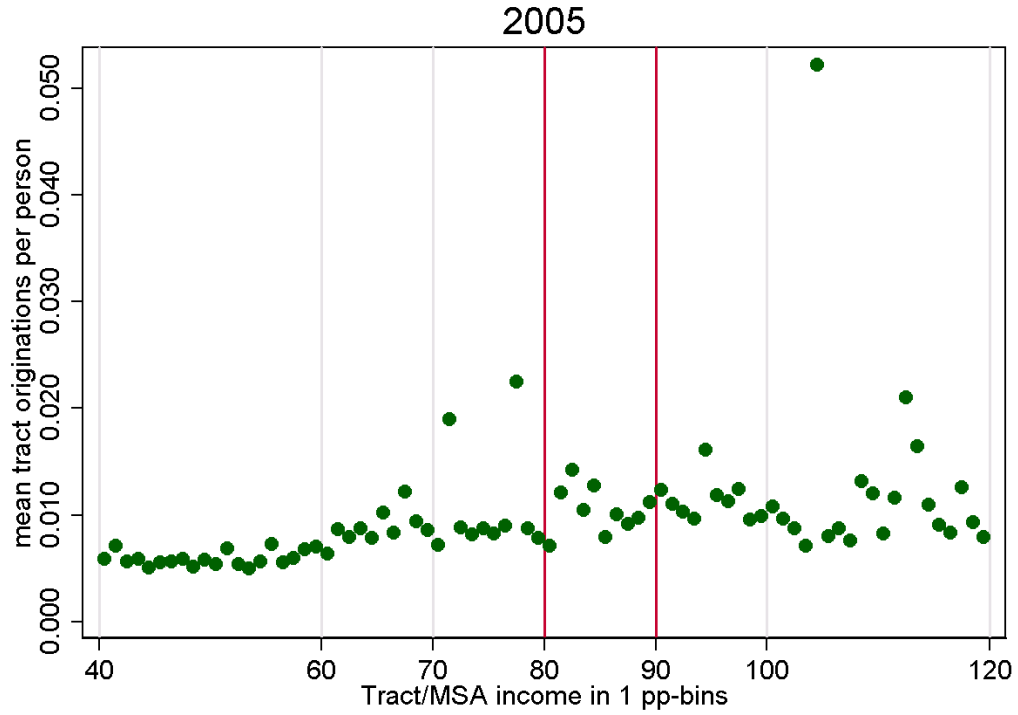
Table 3: Marginal Effect of Goal Indicator Variables on Default for Other Products and All Products (2-Percentage-Point Window)

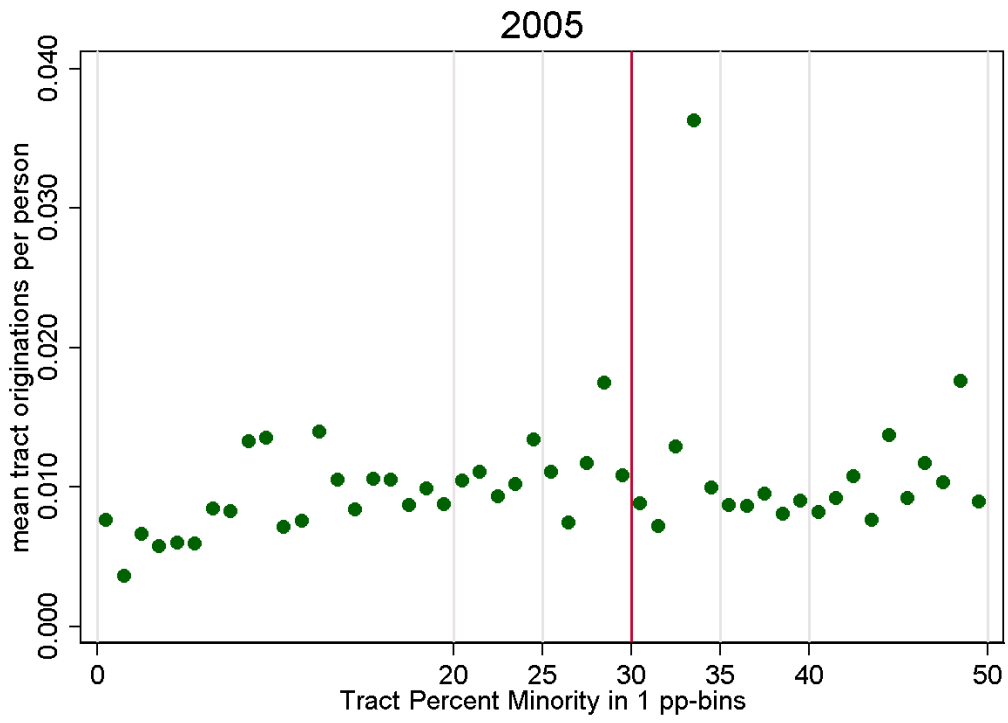
	30 Yr ARMs (Benchmark)	5 Yr ARMs	30 Yr FRMs	All Product Types
CRA1 (tract/MSA income $\leq 0.8$ )	-0.005 (0.009)	-0.013 (0.016)	-0.012 (0.009)	-0.010 (0.008)
CRA2 (borrower/MSA income $\leq 0.8$ )	-0.011 (0.010)	0.020 (0.020)	-0.013 (0.012)	-0.005 (0.007)
UAG1 (tract minority share $\geq 0.3$ )	-0.007 (0.006)	-0.005 (0.010)	-0.007 (0.007)	-0.003 (0.005)
UAG2 (tract/MSA income $\leq 0.9$ )	0.019* (0.010)	0.018 (0.017)	-0.008 (0.009)	0.011 (0.010)
SAG1 (borrower/MSA income $\leq 0.6$ )	0.013 (0.014)	-0.036 (0.028)	0.013 (0.015)	0.005 (0.009)
SAG2 (borrower & tract/MSA income $\leq 0.8$ )	-0.033 (0.027)	0.102 (0.116)	-0.194** (0.078)	-0.028 (0.019)
LMIG (borrower/MSA income $\leq 1.0$ )	-0.020** (0.010)	0.028 (0.019)	-0.029** (0.013)	-0.022 (0.034)

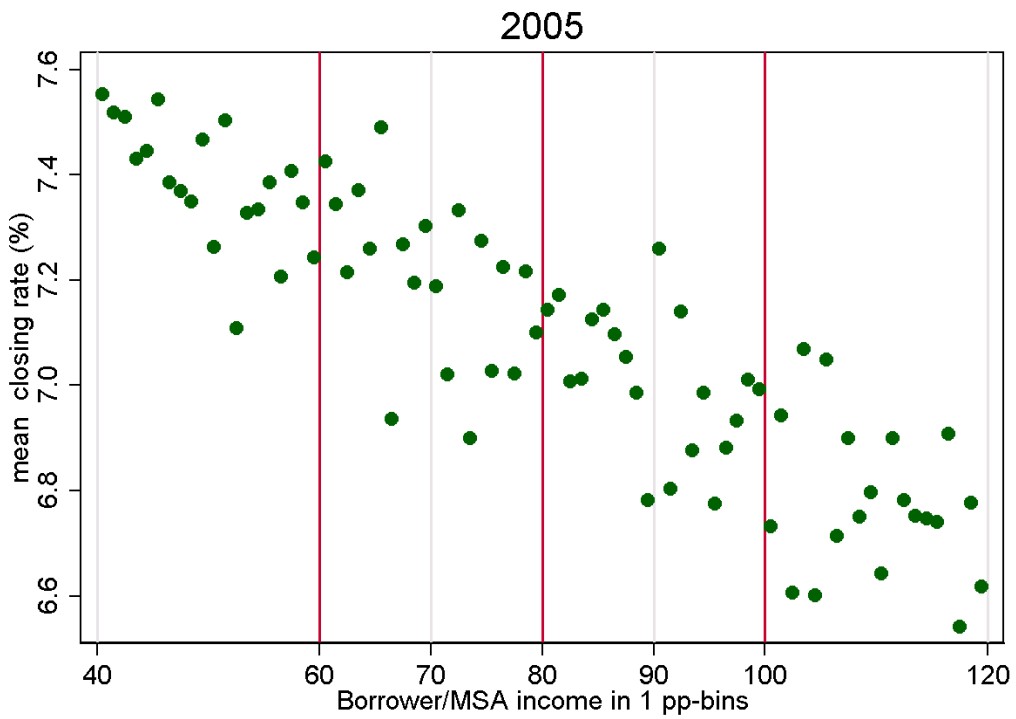
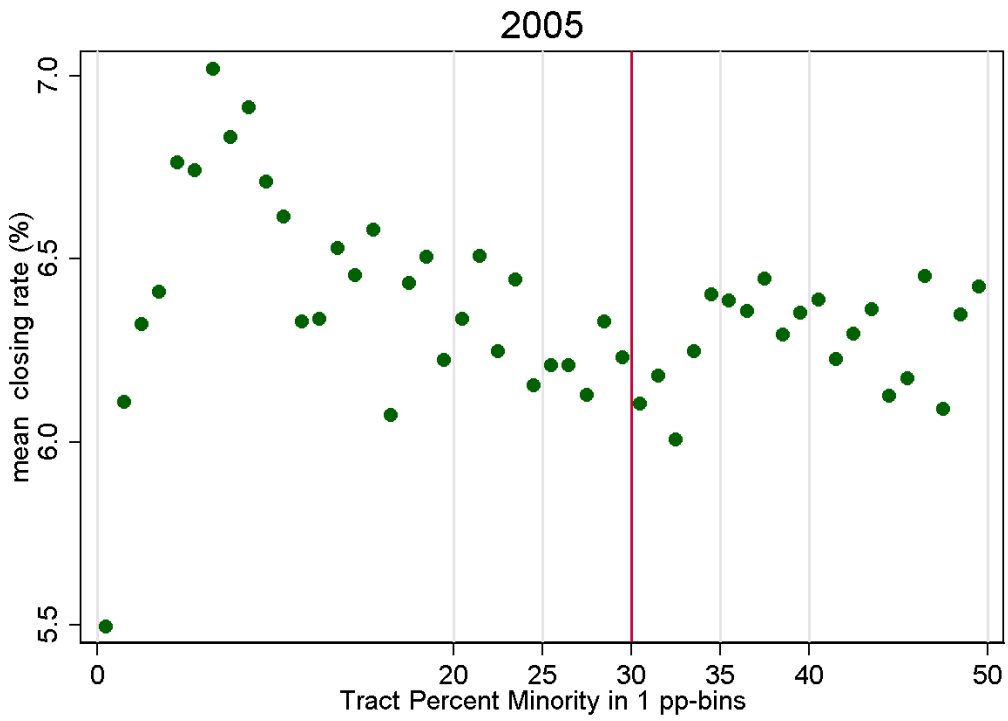
Notes: 1) Standard errors are listed in parentheses. 2) Each probit is estimated with data that are within 2 percentage points of the goal cutoff. 3) \*\* and \* denote significance at the 5% and 1% levels. 4) All specifications also include a constant. 5) The dependent variable takes a value of 1 if the loan defaults within two years of origination, 0 otherwise. 6) Standard errors are clustered by Census tract. 7) Other controls are the loan's LTV, the borrower's FICO score, dummies for the month of origination, a refinance dummy, a Florida dummy, a dummy if the loan has PMI, a dummy if the loan has a prepayment penalty, the loan amount, and the goal-defining variable continuously. 8) In the probit estimations with all products, product type dummies are also included as control variables.

## A.2 Results for Other Estimation Windows

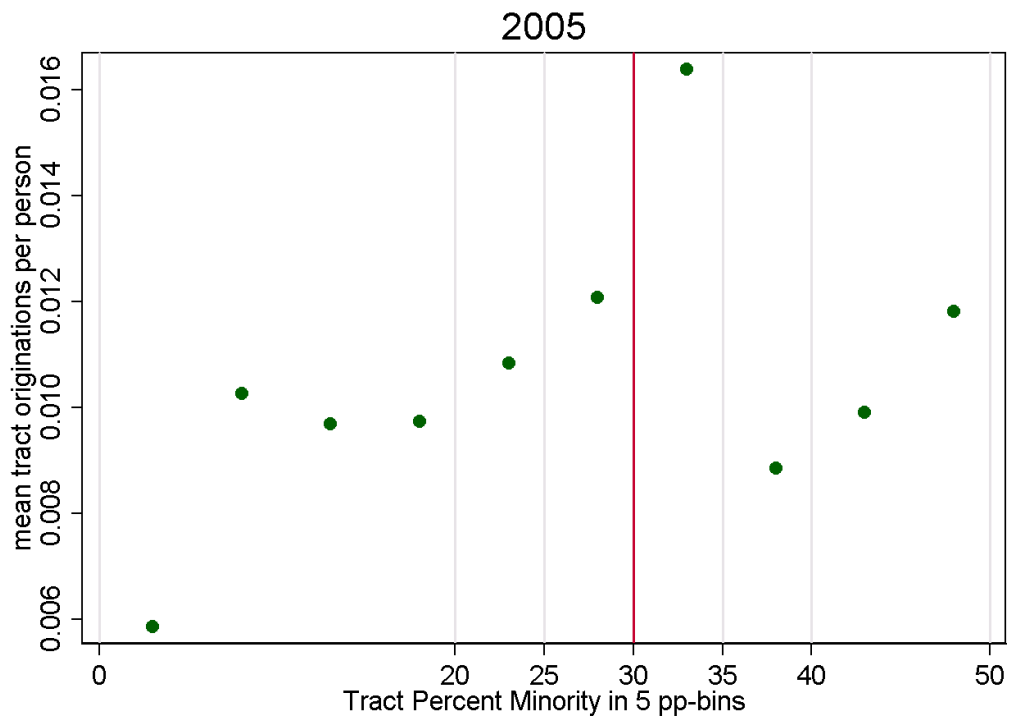
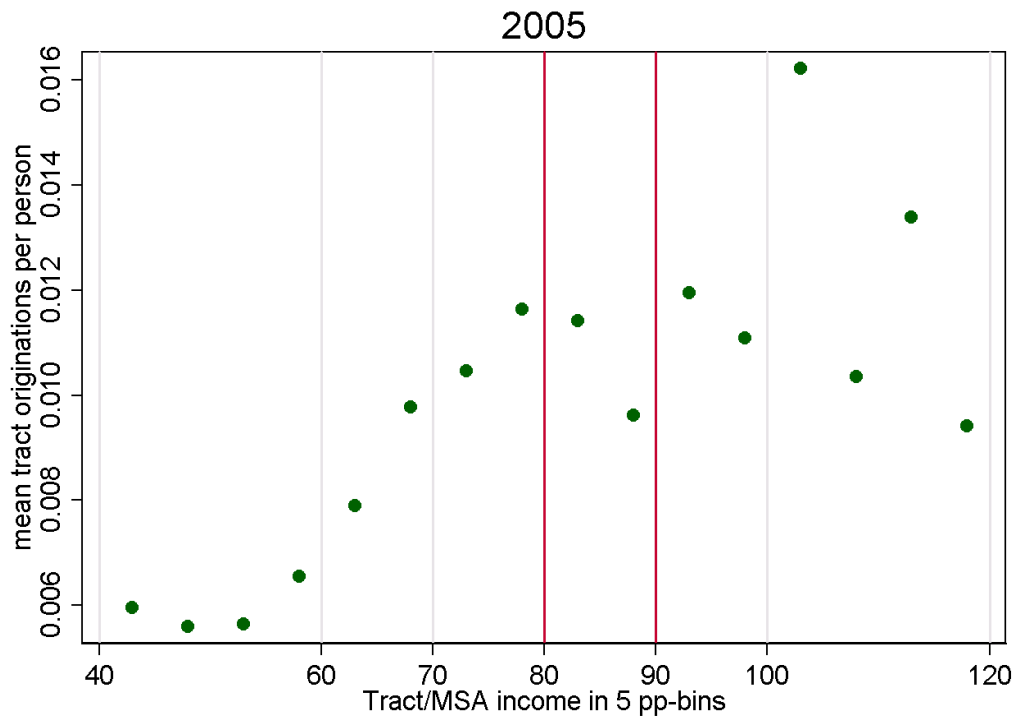
In this subsection we first present the figures and tables of the robustness checks involving 1- and 5- percentage point windows.

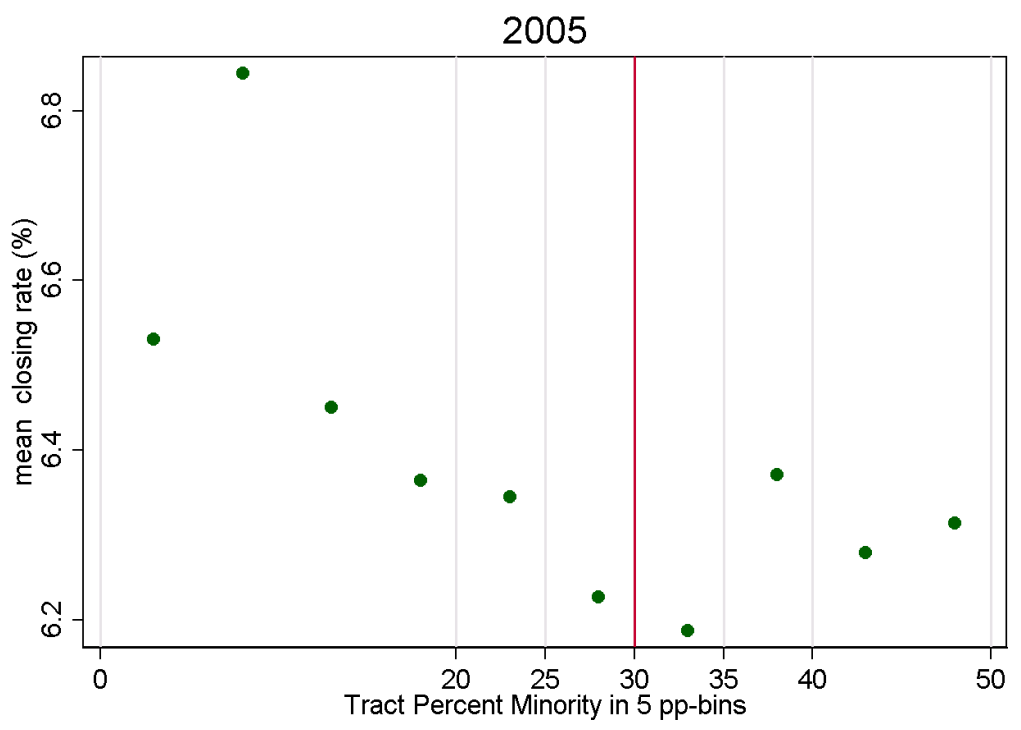
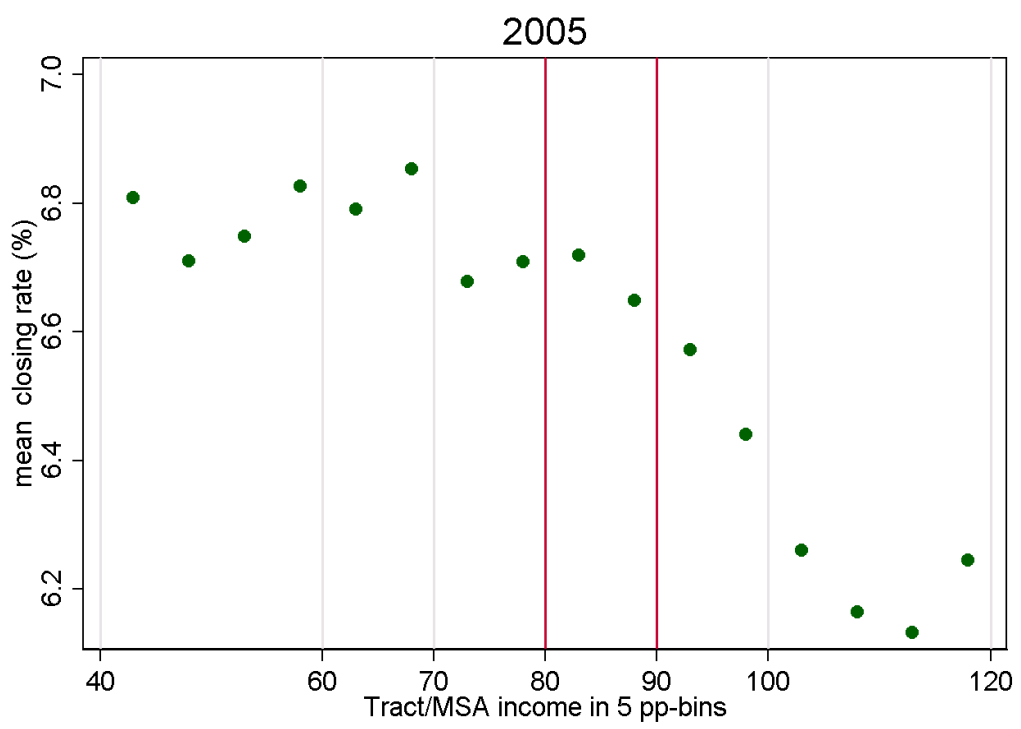


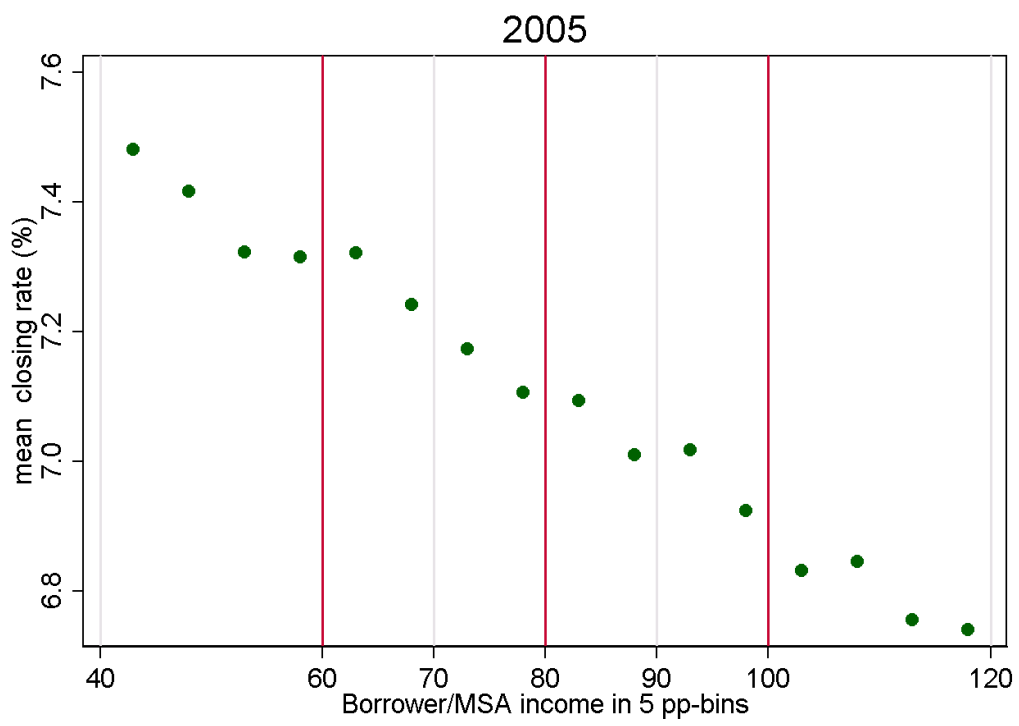












### A.3 Results for Bidimensional Goal Definitions

Table 4: Regression Discontinuity Results for Effect of Affordable Housing Goals on Originations per Tract per Year (1-Percentage-Point Window)

	Goal Dummy	Tract Income	Tract Percent Minority	Year Controls	R-Squared	No. of Obs.
CRA1 (tract/MSA income $\leq 0.8$ )	-0.00066 (0.00073)	-0.124* (0.064)	-	Yes	5.4%	754
CRA1 (tract/MSA income $\leq 0.8$ )	-0.00066 (0.00073)	-0.125* (0.064)	0.0096 (0.0007)	Yes	5.6%	754
UAG1 (tract minority share $\geq 0.3$ )	0.00076 (0.00117)	-	-0.0705 (0.1052)	Yes	2.9%	577
UAG1 (tract minority share $\geq 0.3$ )	-0.00089 (0.00119)	0.002 (0.002)	-0.0616 (0.1045)	Yes	3.1%	577
UAG2 (tract/MSA income $\leq 0.9$ )	0.00113 (0.00094)	0.116 (0.083)	-	Yes	2.9%	716
UAG2 (tract/MSA income $\leq 0.9$ )	0.00112 (0.00094)	0.112 (0.083)	0.0014 (0.0010)	Yes	3.1%	716

Notes: 1) Standard errors are listed in parentheses. 2) Each Regression is estimated with all data for 2004 through 2006 that are within 1 percentage point of the goal cutoff. 3) \*\*\*, \*\*, and \* denote significance at 1%, 5%, and 10% levels. 4) All regressions also include a constant. 5) The dependent variable in all regressions is the number of originations in the tract / tract population.

Table 5: Regression Discontinuity Results for Effect of Affordable Housing Goals on Interest Rates (1-Percentage-Point Window)

	Goal Dummy	Tract Income	Tract Minority	Borrower Income	Month of Orig. Controls	Other Controls	R-Squared	No. of Obs.
CRA1 (tract/MSA income $\leq$ 0.8)	-0.025 (0.136)	-6.528 (12.800)	-	-	Yes	No	6.9%	19,134
CRA1 (tract/MSA income $\leq$ 0.8)	0.057 (0.063)	6.372 (5.617)	-	-	Yes	Yes	43.2%	19,134
CRA2 (borrower/MSA income $\leq$ 0.8)	0.263*** (0.074)	-	-	25.578*** (5.917)	Yes	No	10.4%	8,469
CRA2 (borrower/MSA income $\leq$ 0.8)	-0.004 (0.056)	-	-	1.434 (4.534)	Yes	Yes	47.0%	8,469
UAG1 (tract minority share $\geq$ 0.3)	0.556*** (0.142)	-	-43.08*** (13.17)	-	Yes	No	7.4%	17,066
UAG1 (tract minority share $\geq$ 0.3)	0.017 (0.045)	-	-1.236 (3.62)	-	Yes	Yes	41.7%	17,066
UAG2 (tract/MSA income $\leq$ 0.9)	0.042 (0.142)	-4.508 (13.04)	-	-	Yes	No	6.1%	19,704
UAG2 (tract/MSA income $\leq$ 0.9)	-0.052 (0.048)	-2.451 (4.36)	-	-	Yes	Yes	41.8%	19,704
SAG1 (borrower/MSA income $\leq$ 0.6)	0.009 (0.091)	-	-	5.797 (6.92)	Yes	No	10.4%	5,095
SAG1 (borrower/MSA income $\leq$ 0.6)	-0.044 (0.066)	-	-	0.814 (5.15)	Yes	Yes	47.6%	5,095
SAG2 (borrower&tract /MSA income $\leq$ 0.8)	0.418 (0.397)	12.118 (23.39)	-	39.607 (25.03)	Yes	No	19.4%	303
SAG2 (borrower&tract /MSA income $\leq$ 0.8)	0.178 (0.288)	-6.832 (16.18)	-	10.330 (17.50)	Yes	Yes	55.6%	303
LMIG (borrower/MSA income $\leq$ 1.0)	0.476*** (0.081)	-	-	27.550*** (6.48)	Yes	No	9.2%	10,379
LMIG (borrower/MSA income $\leq$ 1.0)	0.094 (0.063)	-	-	7.373 (4.96)	Yes	Yes	45.6%	10,379

Notes: 1) Standard errors are listed in parentheses. 2) Each regression is estimated with all data for 2004 through 2006 that are within 1 percentage point of the goal cutoff. 3) \*\*\*, \*\*, and \* denote significance at 1%, 5%, and 10% levels. 4) All regressions also include a constant. 5) The dependent variable is the contract interest rate. 6) Standard errors are clustered by Census tract. 7) Other controls are the loan's LTV, the borrower's FICO score, a dummy for full documentation, a refinance dummy, a Florida dummy, a dummy if the loan has PMI, a dummy if the loan has a prepayment penalty, and the loan amount.

Table 6: Probit Results for Effect of Affordable Housing Goals on Default Likelihood (1-Percentage-Point Window)

	Goal Dummy	Tract Income	Tract Percent Minority	Borrower Income	Month of Orig. Controls	Other Controls	Pseudo R-Squared	No. of Obs.
CRA1 (tract/MSA income $\leq 0.8$ )	-0.028** (0.014)	-2.609* (1.56)	-	-	Yes	No	10.4%	19,134
CRA1 (tract/MSA income $\leq 0.8$ )	-0.019* (0.012)	-1.656 (1.29)	-	-	Yes	Yes	17.4%	19,134
CRA2 (borrower/MSA income $\leq 0.8$ )	0.004 (0.015)	-	-	1.416 (1.21)	Yes	No	8.4%	8,469
CRA2 (borrower/MSA income $\leq 0.8$ )	-0.012 (0.014)	-	-	-0.217 (1.17)	Yes	Yes	15.3%	8,469
UAG1 (tract minority share $\geq 0.3$ )	0.012 (0.010)	-	-1.938** (0.98)	-	Yes	No	9.8%	17,066
UAG1 (tract minority share $\geq 0.3$ )	-0.010 (0.009)	-	0.147 (0.71)	-	Yes	Yes	18.0%	17,066
UAG2 (tract/MSA income $\leq 0.9$ )	0.016 (0.014)	-0.310 (1.34)	-	-	Yes	No	9.4%	19,704
UAG2 (tract/MSA income $\leq 0.9$ )	0.006 (0.012)	-0.739 (1.20)	-	-	Yes	Yes	16.0%	19,704
SAG1 (borrower/MSA income $\leq 0.6$ )	0.033* (0.020)	-	-	2.021 (1.49)	Yes	No	7.2%	5,095
SAG1 (borrower/MSA income $\leq 0.6$ )	0.024 (0.019)	-	-	1.098 (1.47)	Yes	Yes	12.1%	5,095
SAG2 (borrower&tract /MSA income $\leq 0.8$ )	-0.028 (0.069)	-1.966 (5.16)	-	-0.002 (0.003)	Yes	No	14.6%	259
SAG2 (borrower&tract /MSA income $\leq 0.8$ )	0.030 (0.065)	-1.001 (4.74)	-	0.003 (0.004)	Yes	Yes	28.2%	259
LMIG (borrower/MSA income $\leq 1.0$ )	0.013 (0.015)	-	-	1.900 (1.20)	Yes	No	9.6%	10,379
LMIG (borrower/MSA income $\leq 1.0$ )	0.002 (0.015)	-	-	1.577 (1.17)	Yes	Yes	16.1%	10,379

Notes: 1) Standard errors are listed in parentheses. 2) Each probit is estimated with all data for 2004 through 2006 that are within 1 percentage point of the goal cutoff. 3) \*\* and \* denote significance at 5% and 10% levels. 4) All probits also include a constant. 5) The dependent variable is whether the loan defaults within two years of origination. 6) Standard errors are clustered by Census tract. 7) Other controls are the loan's LTV, the borrower's FICO score, a dummy for full documentation, a refinance dummy, a Florida dummy, a dummy if the loan has PMI, a dummy if the loan has a prepayment penalty, and the loan amount. 8) Entries show marginal effects averaged over all observations.

Table 7: Regression Discontinuity Results for Effect of Affordable Housing Goals on Originations per Tract per Year (5-Percentage-Point Window)

	Goal Dummy	Tract Income	Tract Percent Minority	Year Controls	R- Squared	No. of Obs.
CRA1 (tract/MSA income $\leq$ 0.8)	0.00079* (0.00045)	0.014* (0.008)	-	Yes	2.6%	4,020
CRA1 (tract/MSA income $\leq$ 0.8)	0.00081* (0.00045)	0.016** (0.008)	0.0020*** (0.0004)	Yes	3.1%	4,020
UAG1 (tract minority share $\geq$ 0.3)	-0.00197** (0.00079)	-	0.0353*** (0.0134)	Yes	1.5%	2,823
UAG1 (tract minority share $\geq$ 0.3)	-0.00200** (0.00079)	0.004*** (0.001)	0.0375*** (0.0134)	Yes	2.0%	2,823
UAG2 (tract/MSA income $\leq$ 0.9)	0.00037 (0.00038)	0.017** (0.007)	-	Yes	4.3%	3,511
UAG2 (tract/MSA income $\leq$ 0.9)	0.00041 (0.00038)	0.018*** (0.007)	0.0015*** (0.0004)	Yes	4.7%	3,511

Notes: 1) Standard errors are listed in parentheses. 2) Each Regression is estimated with all data for 2004 through 2006 that are within 5 percentage points of the goal cutoff. 3) \*\*\*, \*\*, and \* denote significance at 1%, 5%, and 10% levels. 4) All regressions also include a constant. 5) The dependent variable in all regressions is the number of originations in the tract / tract population.



Table 8: Regression Discontinuity Results for Effect of Affordable Housing Goals on Interest Rates (5-Percentage-Point Window)

	Goal Dummy	Tract Income	Tract Minority	Borrower Income	Month of Orig. Controls	Other Controls	R- Squared	No. of Obs
CRA1 (tract/MSA income $\leq$ 0.8)	0.059 (0.059)	1.010 (0.991)	-	-	Yes	No	6.1%	106,035
CRA1 (tract/MSA income $\leq$ 0.8)	0.014 (0.022)	0.188 (0.370)	-	-	Yes	Yes	42.8%	106,035
CRA2 (borrower/MSA income $\leq$ 0.8)	0.045 (0.031)	-	-	0.327 (0.528)	Yes	No	8.6%	41,217
CRA2 (borrower/MSA income $\leq$ 0.8)	-0.020 (0.023)	-	-	0.204 (0.391)	Yes	Yes	46.8%	41,217
UAG1 (tract minority share $\geq$ 0.3)	0.403*** (0.081)	-	-3.75*** (1.24)	-	Yes	No	6.2%	93,982
UAG1 (tract minority share $\geq$ 0.3)	0.034 (0.028)	-	-0.54 (0.43)	-	Yes	Yes	41.2%	93,982
UAG2 (tract/MSA income $\leq$ 0.9)	0.102 (0.068)	0.293 (1.23)	-	-	Yes	No	5.7%	98,203
UAG2 (tract/MSA income $\leq$ 0.9)	-0.006 (0.022)	-0.080 (0.38)	-	-	Yes	Yes	41.8%	98,203
SAG1 (borrower/MSA income $\leq$ 0.6)	-0.028 (0.037)	-	-	-0.392 (0.64)	Yes	No	8.4%	24,999
SAG1 (borrower/MSA income $\leq$ 0.6)	-0.027 (0.028)	-	-	0.772 (0.49)	Yes	Yes	47.0%	24,999
SAG2 (borrower&tract /MSA income $\leq$ 0.8)	0.023 (0.058)	0.446 (0.86)	-	0.525 (0.72)	Yes	No	9.4%	7,713
SAG2 (borrower&tract /MSA income $\leq$ 0.8)	0.001 (0.042)	0.067 (0.53)	-	0.858 (0.52)	Yes	Yes	47.2%	7,713
LMIG (borrower/MSA income $\leq$ 1.0)	0.133*** (0.030)	-	-	1.497*** (0.52)	Yes	No	8.6%	48,468
LMIG (borrower/MSA income $\leq$ 1.0)	-0.007 (0.023)	-	-	-0.077 (0.39)	Yes	Yes	46.7%	48,468

Notes: 1) Standard errors are listed in parentheses. 2) Each regression is estimated with all data for 2004 through 2006 that are within 5 percentage points of the goal cutoff. 3) \*\*\*, \*\*, and \* denote significance at 1%, 5%, and 10% levels. 4) All regressions also include a constant. 5) The dependent variable is the contract interest rate. 6) Standard errors are clustered by Census tract. 7) Other controls are the loan's LTV, the borrower's FICO score, a dummy for full documentation, a refinance dummy, a Florida dummy, a dummy if the loan has PMI, a dummy if the loan has a prepayment penalty, and the loan amount.

Table 9: Probit Results for Effect of Affordable Housing Goals on Default Likelihood (5-Percentage-Point Window)

	Goal Dummy	Tract Income	Tract Minority	Borrower Income	Month of Orig. Controls	Other Controls	Pseudo R-Squared	No. of Obs.
CRA1 (tract/MSA income $\leq$ 0.8)	0.0008 (0.0065)	0.0381 (0.106)	-	-	Yes	No	9.7%	106,035
CRA1 (tract/MSA income $\leq$ 0.8)	-0.0008 (0.0057)	-0.0057 (0.091)	-	-	Yes	Yes	16.2%	106,035
CRA2 (borrower/MSA income $\leq$ 0.8)	-0.0060 (0.0065)	-	-	-0.056 (0.11)	Yes	No	7.4%	41,217
CRA2 (borrower/MSA income $\leq$ 0.8)	-0.0071 (0.0062)	-	-	-0.081 (0.11)	Yes	Yes	13.2%	41,217
UAG1 (tract minority share $\geq$ 0.3)	0.0088 (0.0057)	-	-0.017 (0.09)	-	Yes	No	9.1%	93,982
UAG1 (tract minority share $\geq$ 0.3)	-0.0043 (0.0043)	-	0.103 (0.07)	-	Yes	Yes	17.2%	93,982
UAG2 (tract/MSA income $\leq$ 0.9)	0.0190*** (0.0068)	0.2493** (0.11)	-	-	Yes	No	9.3%	98,203
UAG2 (tract/MSA income $\leq$ 0.9)	0.0145** (0.0058)	0.2348** (0.094)	-	-	Yes	Yes	16.3%	98,203
SAG1 (borrower/MSA income $\leq$ 0.6)	-0.0016 (0.0086)	-	-	0.009 (0.146)	Yes	No	5.1%	24,999
SAG1 (borrower/MSA income $\leq$ 0.6)	-0.0023 (0.0084)	-	-	-0.011 (0.143)	Yes	Yes	10.9%	24,999
SAG2 (borrower&tract /MSA income $\leq$ 0.8)	-0.0199** (0.0100)	-0.0774 (0.155)	-	-0.002*** (0.000)	Yes	No	8.7%	7,713
SAG2 (borrower&tract /MSA income $\leq$ 0.8)	-0.0114 (0.0099)	-0.0555 (0.151)	-	0.001 (0.001)	Yes	Yes	14.2%	7,713
LMIG (borrower/MSA income $\leq$ 1.0)	0.0004 (0.0059)	-	-	0.008 (0.10)	Yes	No	9.0%	48,468
LMIG (borrower/MSA income $\leq$ 1.0)	-0.0045 (0.0057)	-	-	-0.090 (0.10)	Yes	Yes	15.8%	48,468

Notes: 1) Standard errors are listed in parentheses. 2) Each probit is estimated with all data for 2004 through 2006 that are within 5 percentage points of the goal cutoff. 3) \*\*\*, \*\*, and \* denote significance at the 1%, 5%, and 10% levels. 4) All probits also include a constant. 5) The dependent variable is whether the loan defaults within two years of origination. 6) Standard errors are clustered by Census tract. 7) Other controls are the loan's LTV, the borrower's FICO score, a dummy for full documentation, a refinance dummy, a Florida dummy, a dummy if the loan has PMI, a dummy if the loan has a prepayment penalty, and the loan amount. 8) Entries show marginal effects averaged over all observations.

Table 10: Coefficients on Goal Indicators Variables in Interest Rate Regressions, Loans that Satisfy Two Goals versus Other Loans in Window for Both Goals (2-Percentage-Point Window)

	Goals Dummy	Tract Income	Tract Minority	Borrower Income	Month of Orig. Controls	Other Controls	R-Squared	No. of Obs.
CRA1UAG1	0.040 (0.139)	0.577 (0.207)	-4.15 (4.38)	-0.01 (3.60)	Yes	Yes	47.9%	2,471
CRA2UAG1	0.080 (0.139)	0.056 (0.207)	-1.56 (4.38)	-2.13 (3.60)	Yes	Yes	54.8%	752
UAG1UAG2	-0.138 (0.177)	-1.172 (3.395)	5.65 (6.78)	0.02 (0.05)	Yes	Yes	48.2%	1,941
CRA1SAG1	0.129 (0.111)	1.508 (3.966)	-	0.29 (3.76)	Yes	Yes	51.0%	686
UAG1SAG1	0.127 (0.155)	-0.575*** (0.312)	-1.71 (4.82)	4.47 (4.77)	Yes	Yes	57.0%	429
UAG2SAG1	-0.138 (0.154)	-7.577 (5.334)	-	-3.53 (5.13)	Yes	Yes	49.9%	506
CRA1LMIG	0.014 (0.108)	0.149 (3.568)	-	-1.61 (3.64)	Yes	Yes	48.5%	1,301
UAG1LMIG	-0.194 (0.180)	-0.141 (0.266)	3.72 (5.25)	-0.90 (5.22)	Yes	Yes	49.7%	722
UAG2LMIG	0.010 (0.154)	1.100 (4.479)	-	-2.44 (4.928)	Yes	Yes	47.0%	1,170

Notes: 1) Standard errors are listed in parentheses. 2) Each regression is estimated with all data for 2004 through 2006 that are within 2 percentage points of the goal cutoff. 3) \*\*\*, \*\*, and \* denote significance at 1%, 5%, and 10% levels. 4) All regressions also include a constant. 5) The dependent variable is the contract interest rate. 6) Standard errors are clustered by Census tract. 7) Other controls are the loan's LTV, the borrower's FICO score, a full documentation dummy, a refinancing dummy, a Florida dummy, a dummy if the loan has PMI, a dummy if the loan has a prepayment penalty, and the loan amount.

Table 11: Probit Results for Effect of Affordable Housing Goals on Default Likelihood, Loans that Satisfy Two Goals versus Other Loans in Window for Both Goals (2-Percentage-Point Window)

	Goal Dummy	Tract Income	Tract Percent Minority	Borrower Income	Month of Orig. Controls	Other Controls	Pseudo R-Squared	No. of Obs.
CRA1UAG1	0.040* (0.023)	0.577 (0.687)	-0.036 (0.741)	0.009 (0.007)	Yes	Yes	23.1%	2,471
CRA2UAG1	0.017 (0.043)	0.048 (0.056)	-0.551 (1.076)	2.18 (1.266)	Yes	Yes	18.7%	726
UAG1UAG2	-0.008 (0.026)	1.230 (0.574)	0.406 (0.843)	0.013 (0.008)	Yes	Yes	24.0%	1,941
CRA1SAG1	-0.070* (0.041)	-1.156 (1.452)	-	-2.999** (1.325)	Yes	Yes	20.9%	643
UAG1SAG1	0.002 (0.064)	-0.094 (0.143)	2.071 (1.897)	-0.963 (1.963)	Yes	Yes	27.7%	305
UAG2SAG1	-0.033 (0.057)	-4.749*** (1.780)	-	-0.509 (2.186)	Yes	Yes	17.3%	357
CRA1LMIG	-0.001 (0.029)	-0.273 (1.000)	-	-0.452 (1.001)	Yes	Yes	18.3%	1,301
UAG1LMIG	-0.027 (0.038)	-0.079 (0.057)	0.978 (1.202)	1.651 (1.229)	Yes	Yes	19.8%	722
UAG2LMIG	0.004 (0.027)	0.376 (0.938)	-	-0.355 (0.937)	Yes	Yes	21.7%	1,170

Notes: 1) Standard errors are listed in parentheses. 2) Each probit is estimated with all data for 2004 through 2006 that are within 2 percentage points of the goal cutoff. 3) \*\* and \* denote significance at 5% and 10% levels. 4) All probits also include a constant. 5) The dependent variable is whether the loan defaults within two years of origination. 6) Standard errors are clustered by Census tract. 7) Other controls are the loan's LTV, the borrower's FICO score, a full documentation dummy, a refinance dummy, a Florida dummy, a dummy if the loan has PMI, a dummy if the loan has a prepayment penalty, and the loan amount. 8) Entries show marginal effects averaged over all observations.

#### A.4 Results for Estimation of 2004 - 2006 Separately

Table 12: Coefficients on Goal Indicator Variables in Originations Regressions by Year of Origination (2-Percentage-Point Window)

	Full Sample	2004 Origs.	2005 Origs.	2006 Origs.
CRA1 (tract/MSA income $\leq 0.8$ )	0.00039 (0.00055)	0.00098 (0.00116)	0.00080 (0.00081)	-0.00087 (0.00099)
UAG1 (tract minority share $\geq 0.3$ )	-0.00157 (0.00111)	-0.00105 (0.00131)	-0.00206 (0.00302)	-0.00184 (0.00154)
UAG2 (tract/MSA income $\leq 0.9$ )	0.00033 (0.00057)	0.00054 (0.00080)	-0.00002 (0.00120)	0.00024 (0.00107)

Notes: 1) Standard errors are listed in parentheses. 2) Each regression is estimated with data that are within 2 percentage points of the goal cutoff. 3) All regressions also include a constant. 4) The dependent variable is the number of originations per tract divided by tract population. 5) Other controls are tract income and tract percent minority for year-specific regressions as well as year of origination dummies for full sample.

Table 13: Coefficients on Goal Indicator Variables in Interest Rate Regressions by Year of Origination (2-Percentage-Point Window)

	Full Sample	2004 Origs.	2005 Origs.	2006 Origs.
CRA1 (tract/MSA income $\leq 0.8$ )	-0.009 (0.037)	0.039 (0.036)	-0.039 (0.090)	-0.007 (0.070)
CRA2 (borrower/MSA income $\leq 0.8$ )	-0.005 (0.039)	-0.096** (0.049)	0.032 (0.068)	0.176 (0.125)
UAG1 (tract minority share $\geq 0.3$ )	0.007 (0.330)	0.014 (0.034)	-0.035 (0.056)	0.024 (0.088)
UAG2 (tract/MSA income $\leq 0.9$ )	-0.042 (0.033)	0.064 (0.042)	-0.082 (0.058)	0.019 (0.068)
SAG1 (borrower/MSA income $\leq 0.6$ )	-0.050 (0.460)	-0.029 (0.062)	-0.097 (0.073)	0.041 (0.152)
SAG2 (borrower & tract/MSA income $\leq 0.8$ )	-0.040 (0.116)	-0.190 (0.157)	0.034 (0.198)	0.473 (0.325)
LMIG (borrower/MSA income $\leq 1.0$ )	0.063 (0.040)	0.038 (0.054)	0.032 (0.069)	0.175 (0.149)

Notes: 1) Standard errors are listed in parentheses. 2) Each regression is estimated with data that are within 2 percentage points of the goal cutoff. 3) \*\* denotes significance at the 5% level. 4) All regressions also include a constant. 5) The dependent variable is the contract interest rate. 6) Standard errors are clustered by Census tract. 7) Other controls are the loan's LTV, the borrower's FICO score, a refinance dummy, a Florida dummy, a dummy if the loan has PMI, a dummy if the loan has a prepayment penalty, the loan amount, and the goal-defining variable continuously.

Table 14: Marginal Effect of Goal Indicator Variables on Default by Year of Origination (2-Percentage-Point Window)

	Full Sample	2004 Origs.	2005 Origs.	2006 Origs.
CRA1 (tract/MSA income $\leq$ 0.8)	-0.005 (0.009)	-0.004 (0.009)	-0.004 (0.015)	-0.015 (0.032)
CRA2 (borrower/MSA income $\leq$ 0.8)	-0.011 (0.010)	0.001 (0.012)	-0.014 (0.017)	-0.031 (0.035)
UAG1 (tract minority share $\geq$ 0.3)	-0.007 (0.006)	0.002 (0.008)	-0.013 (0.011)	-0.005 (0.022)
UAG2 (tract/MSA income $\leq$ 0.9)	0.019* (0.010)	0.011 (0.010)	0.011 (0.014)	0.045 (0.031)
SAG1 (borrower/MSA income $\leq$ 0.6)	0.013 (0.014)	0.023 (0.018)	0.011 (0.022)	-0.012 (0.049)
SAG2 (borrower & tract/MSA income $\leq$ 0.8)	-0.033 (0.027)	-0.030 (0.033)	0.006 (0.049)	-0.089 (0.079)
LMIG (borrower/MSA income $\leq$ 1.0)	-0.020** (0.010)	0.007 (0.013)	-0.022 (0.016)	-0.052 (0.039)

Notes: 1) Standard errors are listed in parentheses. 2) Each probit is estimated with data that are within 2 percentage points of the goal cutoff. 3) \* and \*\* denote significance at the 10% and 5% levels. 4) All specifications also include a constant. 5) The dependent variable takes a value of 1 if the loan defaults within two years of origination, 0 otherwise. 6) Standard errors are clustered by Census tract. 7) Other controls are the loan's LTV, the borrower's FICO score, dummies for the month of origination, a refinance dummy, a Florida dummy, a dummy if the loan has PMI, a dummy if the loan has a prepayment penalty, the loan amount, and the goal-defining variable continuously.



## A.5 Names and Pool Types of Prospectuses Examined

Table 15: Random Sample of Pools for which Prospectuses were Examined

pool.type	pool.type2	Bloomberg Pool Name	pool.type	pool.type2	Bloomberg Pool Name
BC		LBMLT 2006-3	ALT A		BALTA 2006-5
ALT A		CSMC 2006-5	BC		SURF 2005-BC2
ALT A		CWALT 2006-19CB	ALT A		ARMT 2005-9
ALT A		SARM 2006-2	ALT A		IMM 2004-8
ALT A		BALTA 2006-2	ALT A		CSFB 2004-AR7
ALT A		IMM 2005-2	ALT A		SARM 2004-16
BC		MSAC 2006-NC3	ALT A		SASC 2005-4XS
ALT A	NEGAM	WAMU 2004-AR13	ALT A		CSFB 2005-9
ALT A		DBALT 2005-2	BC		HEAT 2006-3
ALT A		SASC 2005-2XS	ALT A		WMLT 2006-ALT1
ALT A		SARM 2007-4	ALT A		CWALT 2005-64CB
ALT A		DBALT 2005-1	ALT A		SASC 2004-9XS
ALT A	NEGAM	GPMF 2005-AR3	ALT A		FHAMS 2004-AA7
BC		IXIS 2004-HE4	ALT A	NEGAM	SARM 2005-14
ALT A	NEGAM	HVMLT 2005-9	ALT A		NAA 2006-AF1
ALT A		LXS 2006-1	BC		NSTR 2007-C
BC		MSAC 2005-HE2	ALT A		LMT 2007-7
ALT A		CSFB 2005-12	BC		AMSI 2005-R6
BC		RAMC 2004-2	ALT A	NEGAM	INDX 2006-AR6
ALT A	NEGAM	CWALT 2006-OA8	ALT A		CWALT 2007-15CB
BC		HASC 2006-OPT3	BC		HEAT 2006-1
ALT A		BOAMS 2007-2	ALT A		INDX 2005-AR31
BC		CWL 2006-BC5	ALT A		CWALT 2007-J1
ALT A		CMLTI 2005-7	ALT A		IMM 2004-6
BC		AABST 2005-4	ALT A		SARM 2005-4
ALT A		DBALT 2007-AR2	ALT A		SASC 2004-23XS
ALT A	NEGAM	CWHL 2005-4	ALT A	NEGAM	SAMI 2006-AR8
BC		MSAC 2004-HE9	ALT A	NEGAM	WAMU 2006-AR13
ALT A		SASC 2005-1	BC		BSABS 2004-FR1
ALT A		GSAA 2006-7	BC		CWL 2007-1
ALT A		CWALT 2005-63	BC		MLMI 2004-WMC5
ALT A		CSFB 2005-2	ALT A		CWALT 2005-J11
ALT A		SARM 2005-11	ALT A		CMLTI 2007-AR1
BC		SAIL 2005-10	ALT A		FHAMS 2006-FA1
ALT A		CSMC 2006-1	ALT A		RAST 2005-A13
ALT A		INDX 2005-AR7	BC		FHLT 2004-2
ALT A	NEGAM	WAMU 2006-AR4	ALT A		BALTA 2007-1
ALT A	NEGAM	CWHL 2006-3	BC		SASC 2006-NC1
BC		CWL 2007-9	BC		SASC 2006-BC4
BC		SAIL 2006-BNC2	ALT A		CWALT 2005-50CB
ALT A		CWALT 2006-42	BC		HASC 2007-NC1
ALT A		SARM 2004-2	ALT A		CMALT 2006-A4
BC	2nd HELOC	SACO 2006-8	BC		CWL 2005-13
ALT A		INDX 2005-AR1	ALT A		CWALT 2007-14T2
ALT A	NEGAM	GPMF 2006-AR1	ALT A		CSFB 2005-6
BC		PPSI 2005-WCW1	ALT A		BALTA 2005-8
ALT A		RAST 2007-A9	BC		CWL 2005-6
ALT A		BALTA 2005-10	ALT A		BALTA 2005-3
BC		CWL 2007-BC1	BC		BS 2006-HE8
ALT A		ARMT 2004-1	ALT A		BSABS 2007-AC3