

Conditional Default Rates

	I(Early Default)			
	(1)	(2)	(3)	(4)
Litigated Lender	-0.007*** (0.002)			-0.002 (0.002)
Top 5% Lender		-0.005*** (0.002)		-0.002 (0.002)
Bank			-0.011*** (0.002)	-0.010*** (0.001)
Controls	Yes	Yes	Yes	Yes
County FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Adjusted R ²	0.094	0.094	0.094	0.094
# Loans	3,171,158	3,171,158	3,171,158	3,171,158

- Banks, largest lenders, and even targeted lenders specifically, characterized by ~~the~~ conditional default rates for 2004–2010 originations.
 - Lawsuits were perhaps motivated by political reasons as policymakers were under enormous pressure to punish lenders for dubious lending practices.

Back

Big Banks Exited the FHA Market, Poisson

	Number of Loans		
	All (1)	Banks (2)	Non-Banks (3)
Top 5% Lender \times Post	-0.458** (0.186)	-0.871*** (0.205)	-0.069 (0.123)
Lender FE	Yes	Yes	Yes
County \times Year FE	Yes	Yes	Yes
2010 Mean of Top 5% Lenders	7.737	9.127	6.445
Pseudo R ²	0.517	0.554	0.521
# Observations	2,543,000	1,168,251	1,340,699

- Big banks decreased FHA originations by \sim 58%.

FHA and Subprime Market Shares: 2000–2008

Chart 3
FHA, Subprime PLS Home Purchase Market Shares Inversely Correlated

