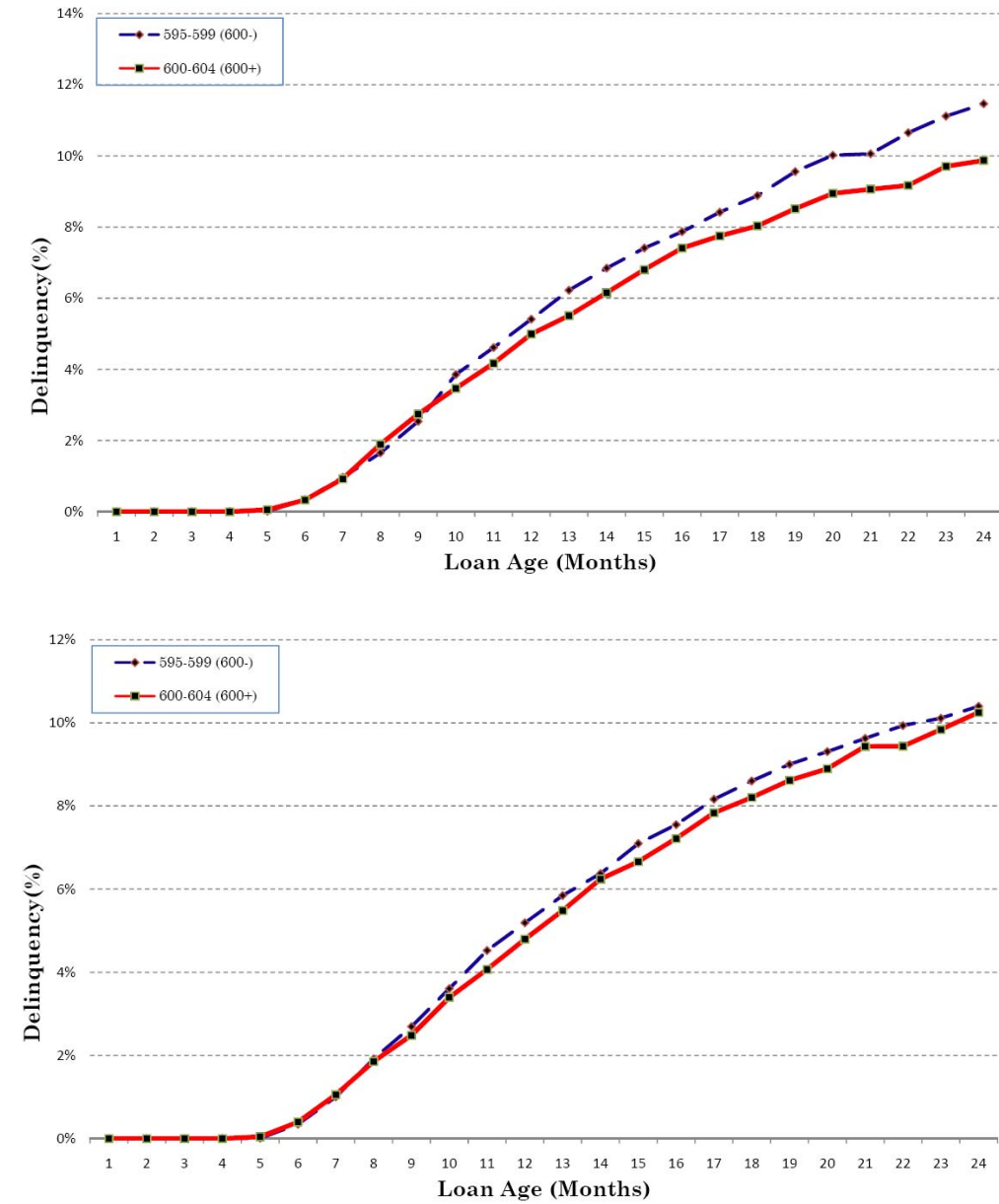


Unpublished Internet Appendix

**Appendix Figure 1:
60+ Delinquencies for Full Documentation Loans**

This figure presents the data for the average dollar weighted percent of full documentation loans that became delinquent for 2001 to 2006. A loan is considered delinquent if it is defined as 60+ as per the definition of Office of Thrift Supervision. We track loans in two FICO buckets -- 615-619 (620-) in blue and 620-624 (620+) in red. The top figure is for banks and the bottom figure is for independents. The effects shown here in the pooled 2001-2006 plot show up every year.



Appendix Table 1:
Tests of Equality of Loan Characteristics around Discontinuity in Low Documentation Loans, by Type of Lender

This table reports the mean interest rate and LTV ratio of low documentation loans for loans just above (620-624) and below (615-619) the discontinuity ($FICO \geq 620$) for each year. We report the differences in the means, as well as t-statistics to test whether the means are equal for loans originated by banks vs. independents.

Panel A: Interest rate

Year	FICO=620 ⁻				FICO=620 ⁺			
	Bank	Independent	Diff	t-stat	Bank	Independent	Diff	t-stat
2001	9.5	9.5	0.06	0.43	9.4	9.4	0.09	0.63
2002	9.1	8.9	0.18	1.75	9.7	8.7	0.95	10.65
2003	8.3	8.1	0.22	2.81	9.1	8.0	1.1	16.61
2004	8.3	7.8	0.43	6.45	8.6	7.8	0.81	16.3
2005	8.8	8.4	0.36	7.82	8.6	8.2	0.31	8.95
2006	9.6	9.7	-0.02	0.38	9.6	9.3	0.3	7.93

Panel B: LTV

Year	FICO=620 ⁻				FICO=620 ⁺			
	Bank	Independent	Diff	t-stat	Bank	Independent	Diff	t-stat
2001	81.3	82.9	-1.55	1.64	80.3	84.44	-4.14	4.74
2002	83.2	83.3	0.02	0.03	85.56	84.41	1.16	2.37
2003	84.8	84.8	0.07	0.13	87.82	86.06	1.76	4.75
2004	87.3	85.3	1.98	4.82	87.44	85.38	2.06	7.73
2005	87.9	85.5	2.44	9.22	86.25	85.11	1.14	5.85
2006	88.4	87.6	0.76	2.57	87.54	85.7	1.84	8.85