

# Determinants of Mortgage Default and Consumer Credit Use: The Effects of Foreclosure Laws and Foreclosure Delays

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## PROGRAM FILES – README

This file includes a description of the programs used to prepare and analyze the data used in the above paper. All programs are Stata “do” files. The data used in our study are proprietary and have been obtained by the Federal Reserve Bank of New York under an agreement with Equifax Inc. That agreement prevents us from making the data itself available. Researchers interested in using the data for replication or for original work can do so by collaborating with FRBNY economists.

### **1-pull\_wholesample.do**

This program uses a match key provided by Equifax to associate individual loan origination records from LoanPerformance with the CIDs from the Equifax data. A CID identifies an individual whose credit history is contained in the Equifax data. For each CID matched to a loan, all quarterly observations for those CIDs were pulled from the Equifax data.

### **2-filter\_sample.do**

This program imposes the various restrictions on our sample described in the paper. For example, we drop any individuals who appear in the Equifax panel not because they are among the random 5% initially sampled by Equifax, but because they joined the household of such a person. We restrict our attention to the “primary” Equifax sample because only the primary sample is truly random and because these other individuals depart from the sample when they leave the household of a primary member.

### **3-equitcalc.do**

This program matches, for each CID, the LoanPerformance loan to the loan as it appears in the Equifax data. The program then merges the LP/EQ data with Zillow housing price indices, which are used to estimate the home equity position of the individuals in our sample in each quarter.

### **4-finaldataprep.do**

This program creates many of the variables that are summarized in our descriptive statistics and are the subject of our regression analysis. For example, the Equifax data include separate variables for each individual credit account. Thus, an individual record may have four different credit card balances, which need to be summed to determine the individual’s total amount of credit card debt. Similarly, we estimate a homeowner’s combined LTV by summing her debts from across accounts. We also generate indicator variables for the individual’s age and FICO score, for example. It is also in this program that we also merge in data on whether a

household is in a recourse or non-recourse state (with respect to mortgages), whether judicial foreclosure is available. After this program is complete, the data are ready for analysis.

### **5-analysis.do**

This program generates the tables of descriptive statistics and regression results included in the paper, as well as any other numbers reported there.