

# Lending Competition and Non-Traditional Mortgages\*

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\* The views expressed are those of the authors and are not necessarily those of the Federal Reserve Bank of Philadelphia or the Board of Governors of the Federal Reserve System. All remaining errors are the authors' responsibility.

## **Abstract**

We provide new perspectives on the rampant growth of non-traditional mortgages (NTMs) prior to the Great Recession by showing that local lending competition contributed significantly to the early growth of NTMs while growth of non-bank lending played an important role in expanding NTMs at a later stage. We also find that state level anti-predatory lending laws were more (less) effective in restraining the origination of NTMs in markets with higher (lower) levels of lending concentration.