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Dodd-Frank: An Explanation Of Mortgage Delinquencies

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) implementing changes in the oversight and supervision of US financial institutions was signed into federal law by President Barack Obama on July 21, 2010. We examine the effects of the Dodd-Frank Act on the delinquency rates in the US mortgage market where a mortgage is delinquent if payments are 30 or more days late. Using data from the period prior to Dodd-Frank, We identify the determinants of the delinquency rate, develop and calibrate a predictive model of delinquency rates, and determine if the predictive ability of the model changes for the period after the implementation of Dodd-Frank. We expect U.S. macroeconomic variables such as the interest, unemployment, and GDP growth rates, median household income, and changes in reported FICO scores, to be significant determinants of delinquency rates. The marginal effect of the Dodd-Frank Act on delinquency rates is my research question.