

Lending Mortage Analysis

Exploratory Data Analysis

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The data set contains 1989 records. The overall descriptive statistics:

```
##      Married      Meet credit history guidelines
##  No     : 678    0   : 171
##  Unknown:   3    1   :1816
##  Yes    :1308   666:    2
##
##
##
##  Other obligations as a percent of total income non-Hispanic Black
##  Min.   : 0.00                      No :1792
##  1st Qu.:28.00                     Yes: 197
##  Median :33.00
##  Mean   :32.39
##  3rd Qu.:37.00
##  Max.   :95.00
##  Hispanic      Male      Mortgage loan approved
##  No :1878    No     : 369    No : 244
##  Yes: 111   Unknown:  15    Yes:1745
##                  Yes     :1605
##
##
##
##  Loan amount/purchase price           Race
##  Min.   : 2.105          Hispanic       : 111
##  1st Qu.: 70.000         non-Hispanic Black: 197
##  Median : 80.000         non-Hispanic White:1681
##  Mean   : 77.064
##  3rd Qu.: 89.894
##  Max.   :257.143
```

Descriptive statistics by Race:

```
## $Hispanic
##      MARRIED    GDLIN      OBRAT      MALE      APPROVE
##  No     :31    0   :16    Min.   :14.60    No     :22    No :26
##  Unknown: 1    1   :95   1st Qu.:29.00  Unknown: 2    Yes:85
##  Yes    :79   666: 0   Median :33.00    Yes    :87
##                  Mean   :33.46
##                  3rd Qu.:38.45
##                  Max.   :62.00
##      LOANPRC            RACE
##  Min.   : 39.39  Hispanic       :111
##  1st Qu.: 80.00  non-Hispanic Black: 0
##  Median : 89.39  non-Hispanic White: 0
##  Mean   : 85.17
##  3rd Qu.: 90.42
##  Max.   :162.63
```

```

##  

## $`non-Hispanic Black`  

##      MARRIED      GDLIN       OBRAT        MALE      APPROVE  

##  No   : 76    0   : 53   Min.   : 5.60   No   : 51   No  : 64  

## Unknown:  0    1   :144   1st Qu.:31.00  Unknown:  2   Yes:133  

## Yes   :121   666:  0   Median  :35.00   Yes   :144  

##                               Mean   :34.94  

##                               3rd Qu.:38.90  

##                               Max.   :63.00  

##  

##      LOANPRC          RACE  

##  Min.   : 28.99  Hispanic   : 0  

##  1st Qu.: 80.00  non-Hispanic Black:197  

##  Median  : 87.02  non-Hispanic White: 0  

##  Mean   : 83.97  

##  3rd Qu.: 90.24  

##  Max.   :255.52  

##  

## $`non-Hispanic White`  

##      MARRIED      GDLIN       OBRAT        MALE      APPROVE  

##  No   : 571    0   : 102   Min.   : 0.00   No   : 296   No  : 154  

## Unknown:  2    1   :1577  1st Qu.:27.60  Unknown:  11   Yes:1527  

## Yes   :1108   666:  2   Median  :32.50   Yes   :1374  

##                               Mean   :32.02  

##                               3rd Qu.:36.50  

##                               Max.   :95.00  

##  

##      LOANPRC          RACE  

##  Min.   : 2.105  Hispanic   : 0  

##  1st Qu.: 68.182 non-Hispanic Black: 0  

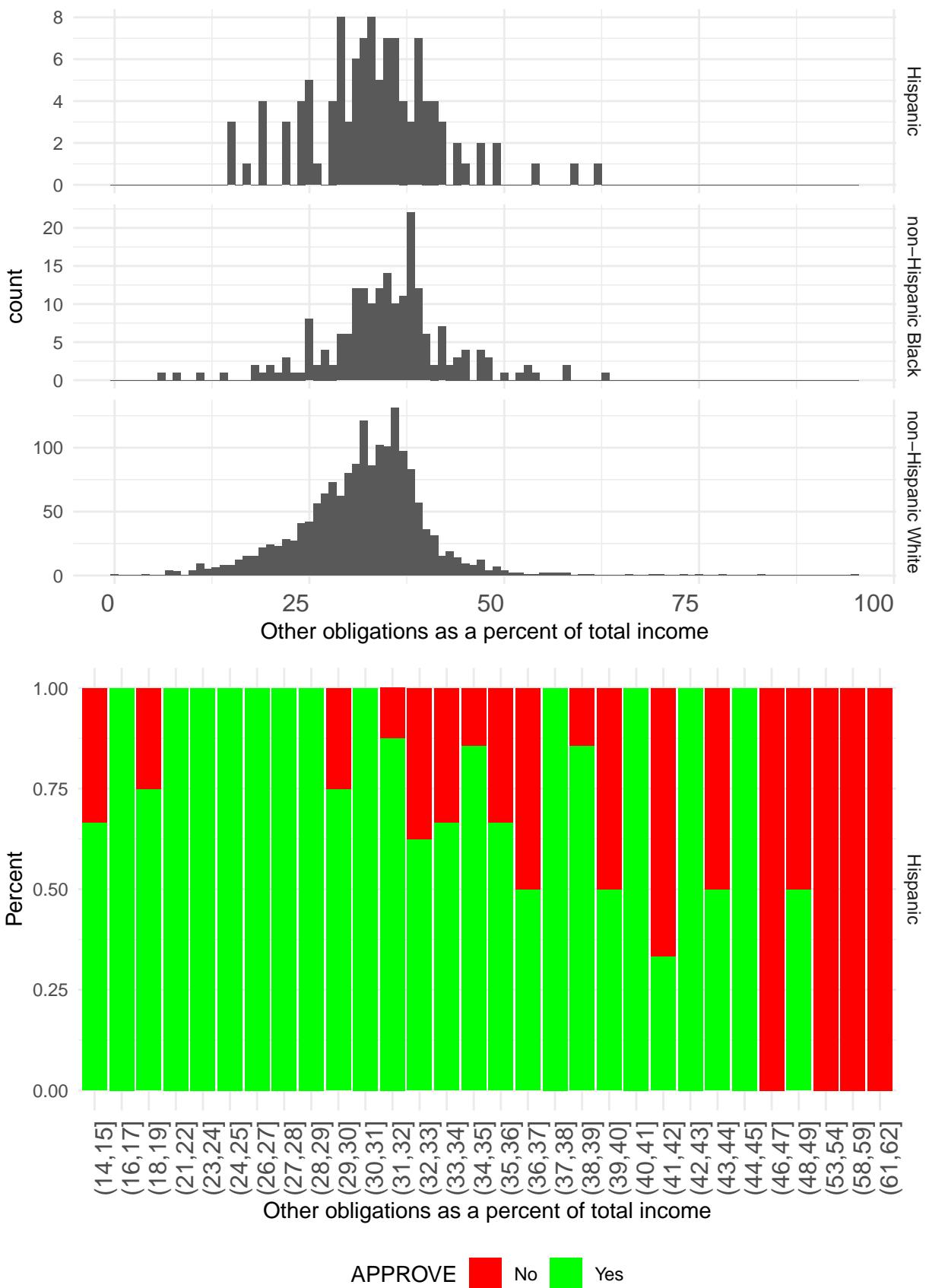
##  Median  : 79.888 non-Hispanic White:1681  

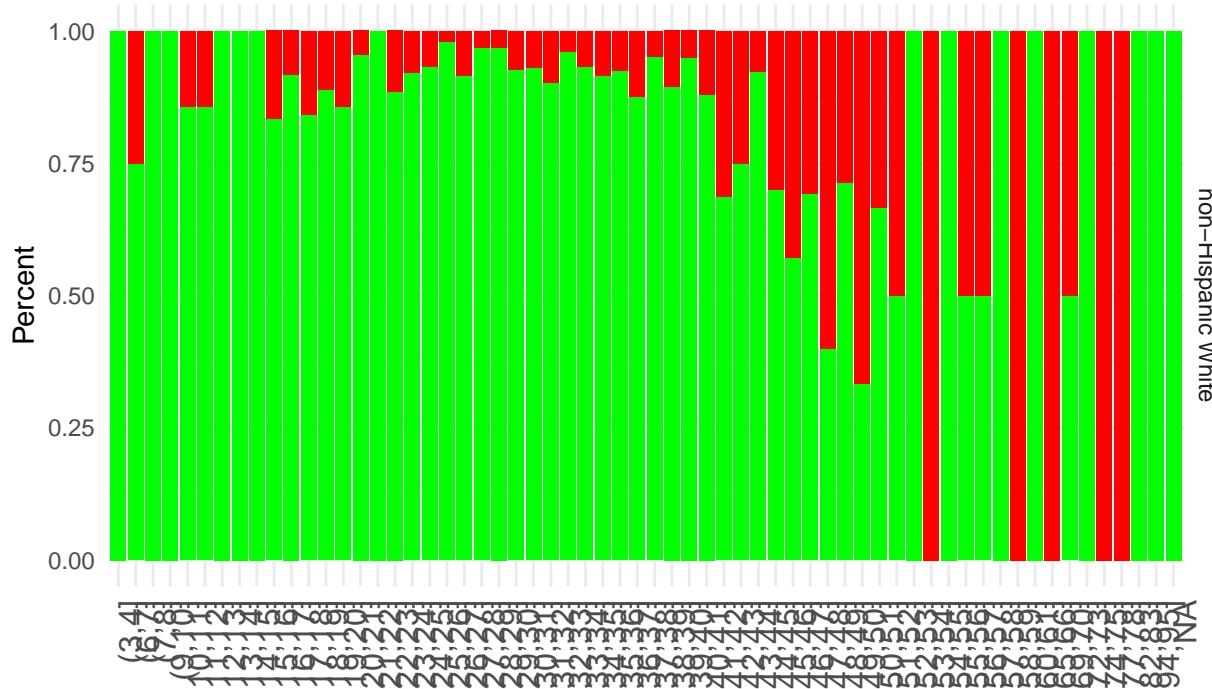
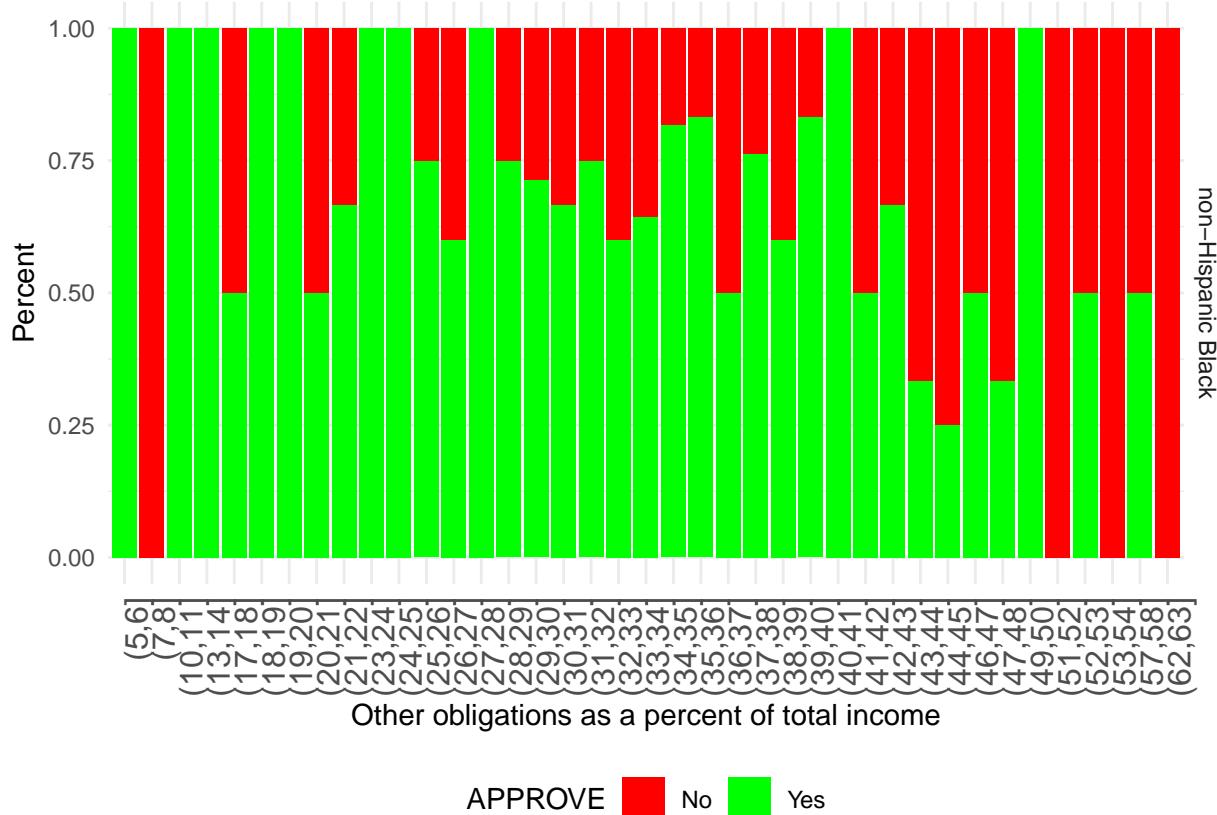
##  Mean   : 75.719  

##  3rd Qu.: 89.623  

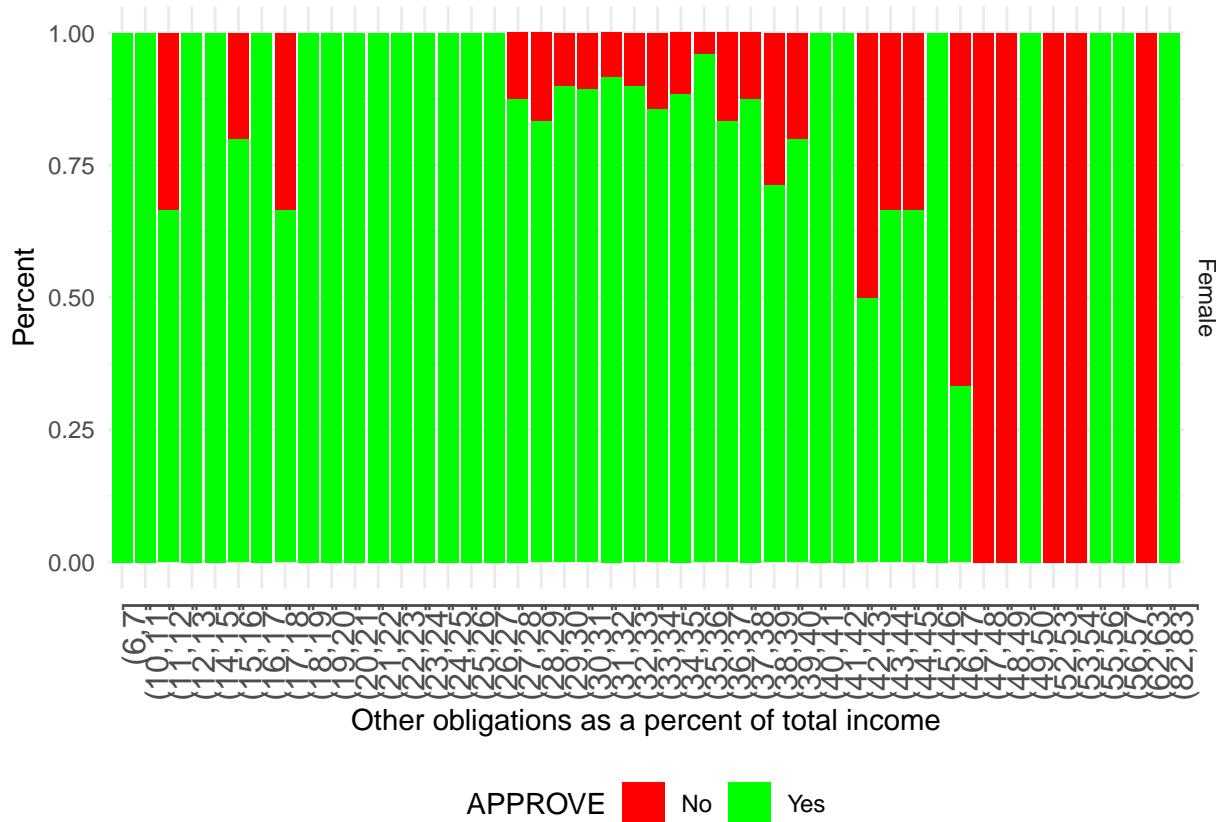
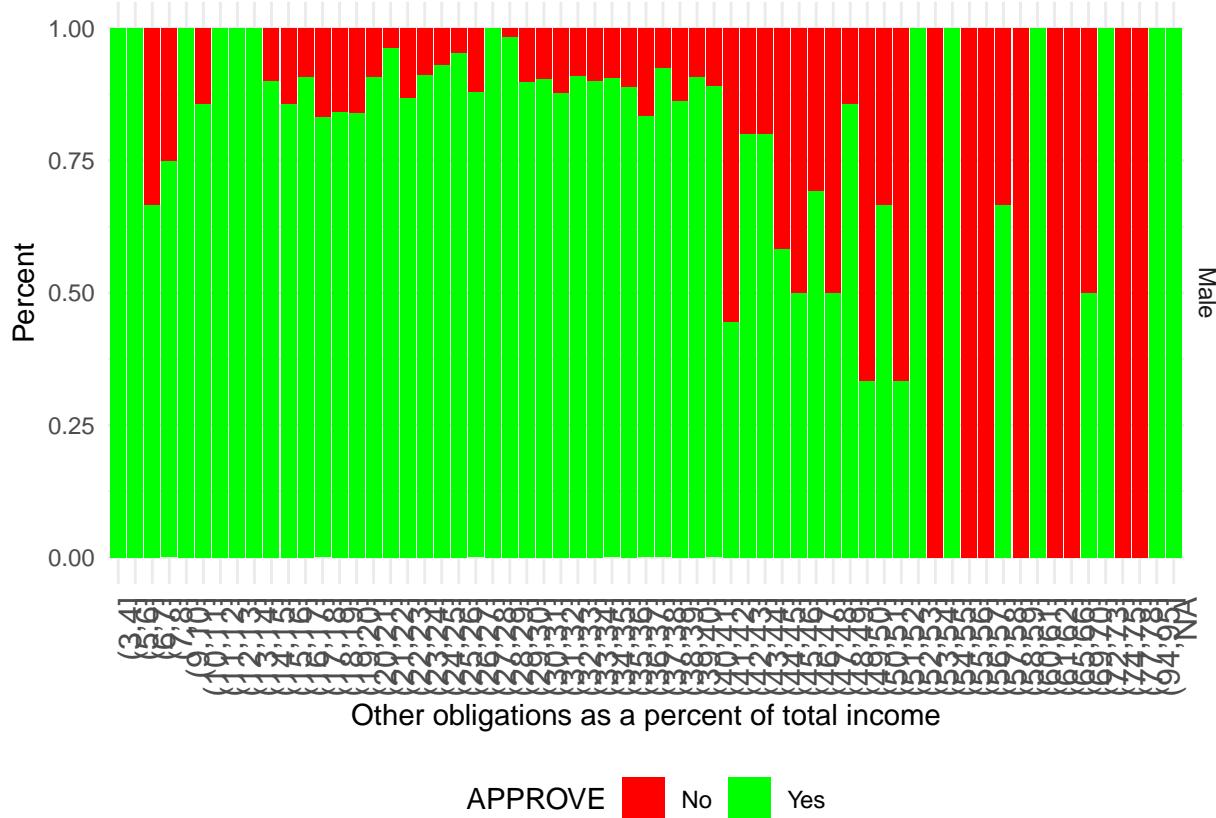
##  Max.   :257.143

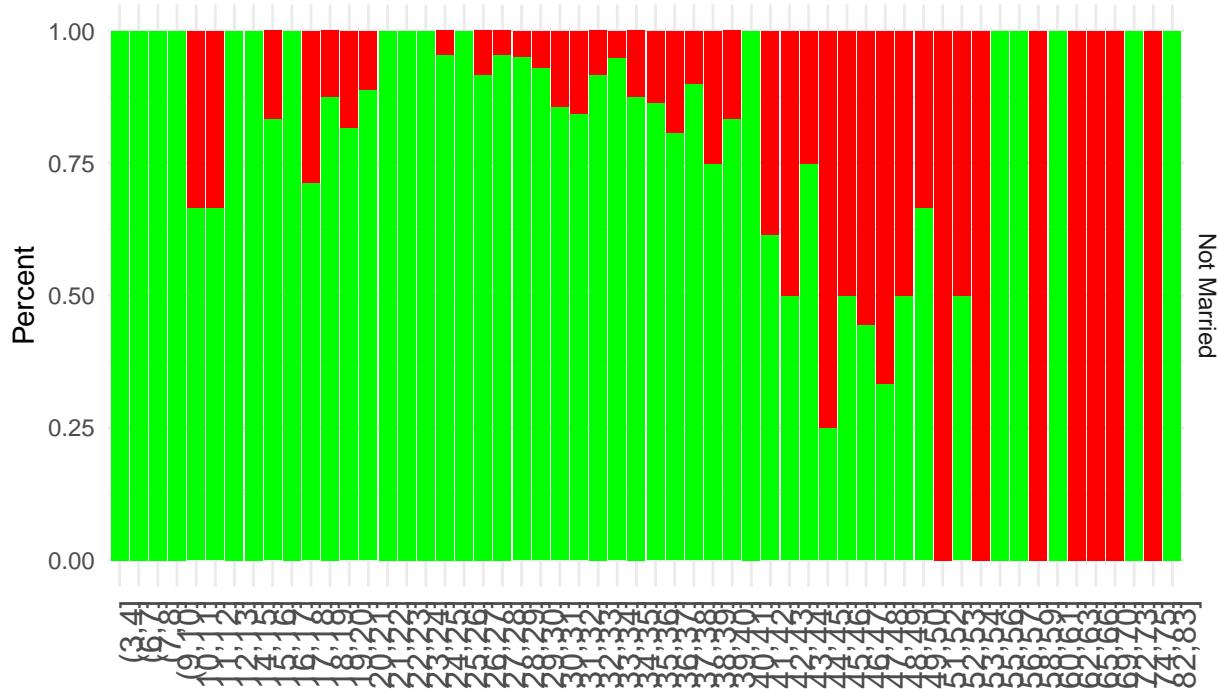
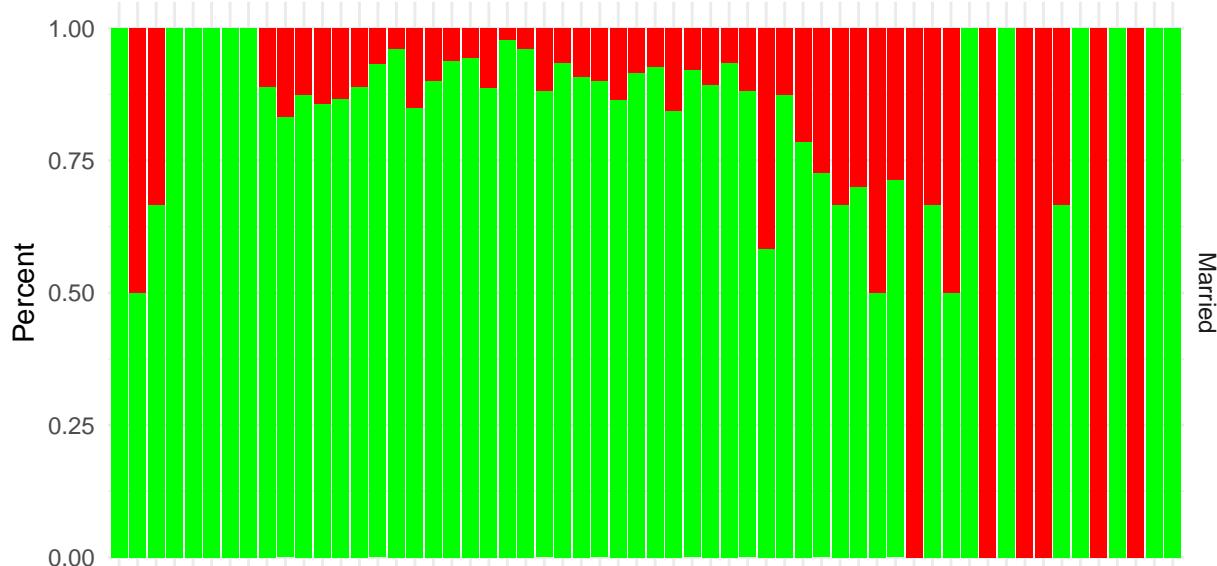
```



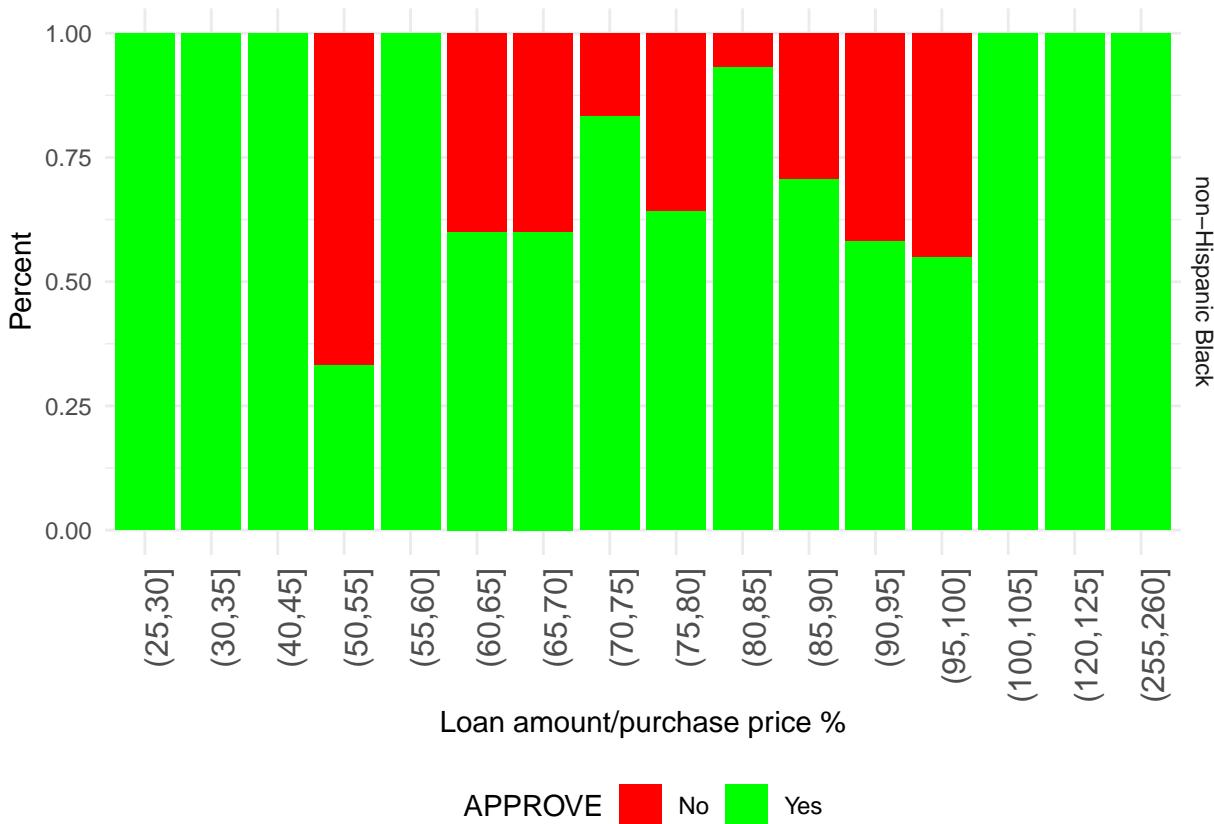
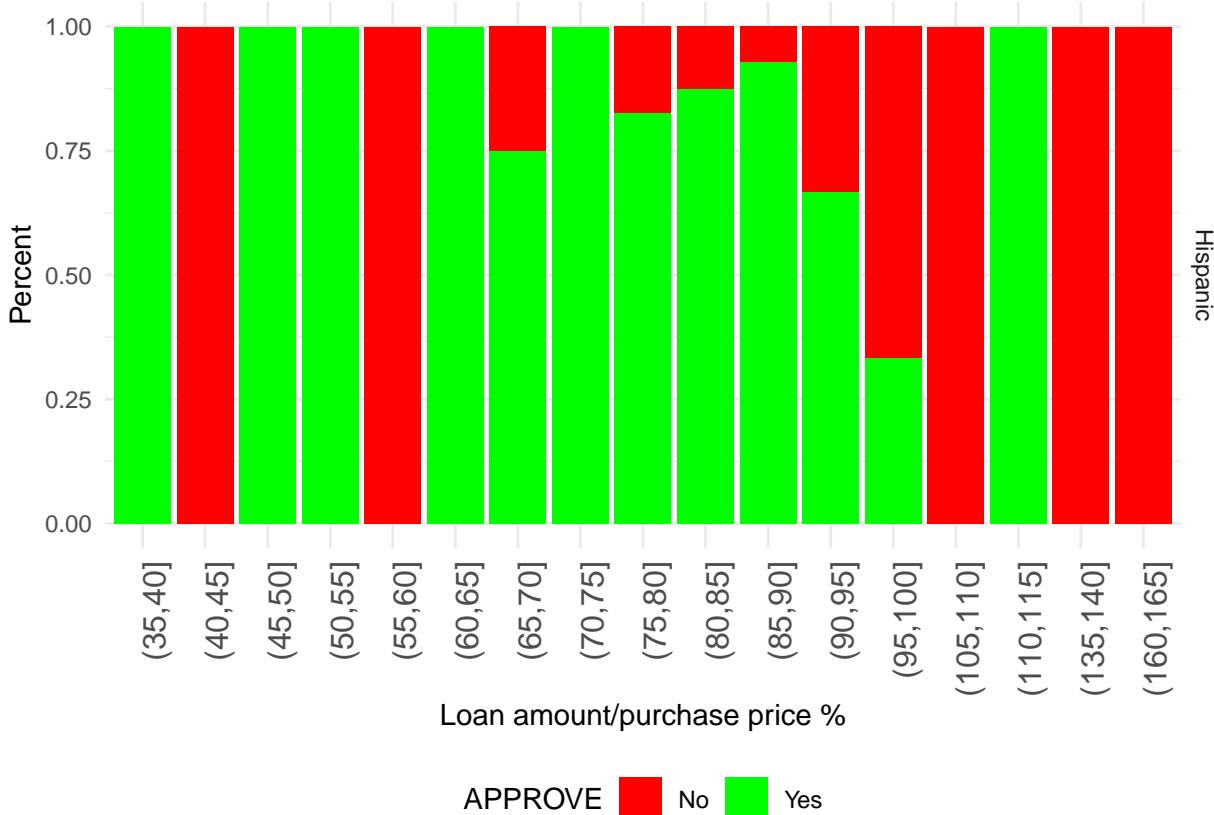


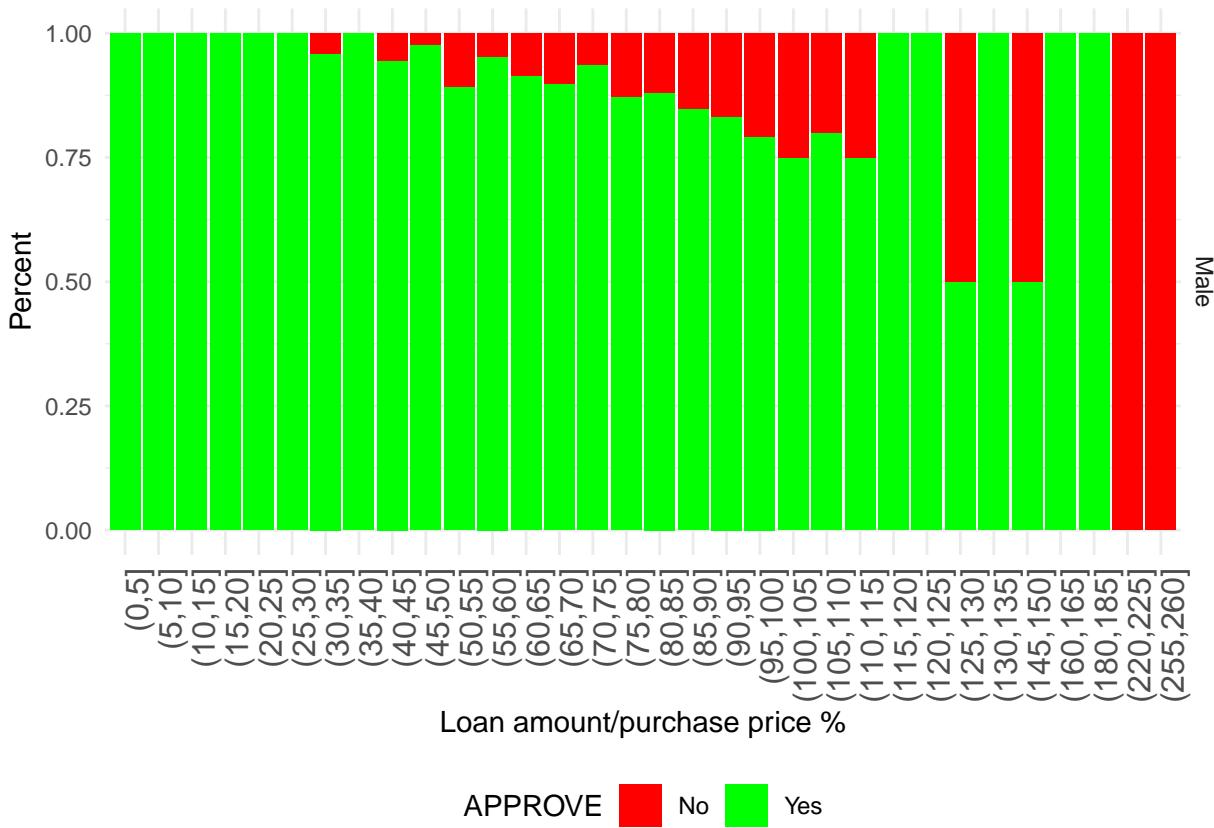
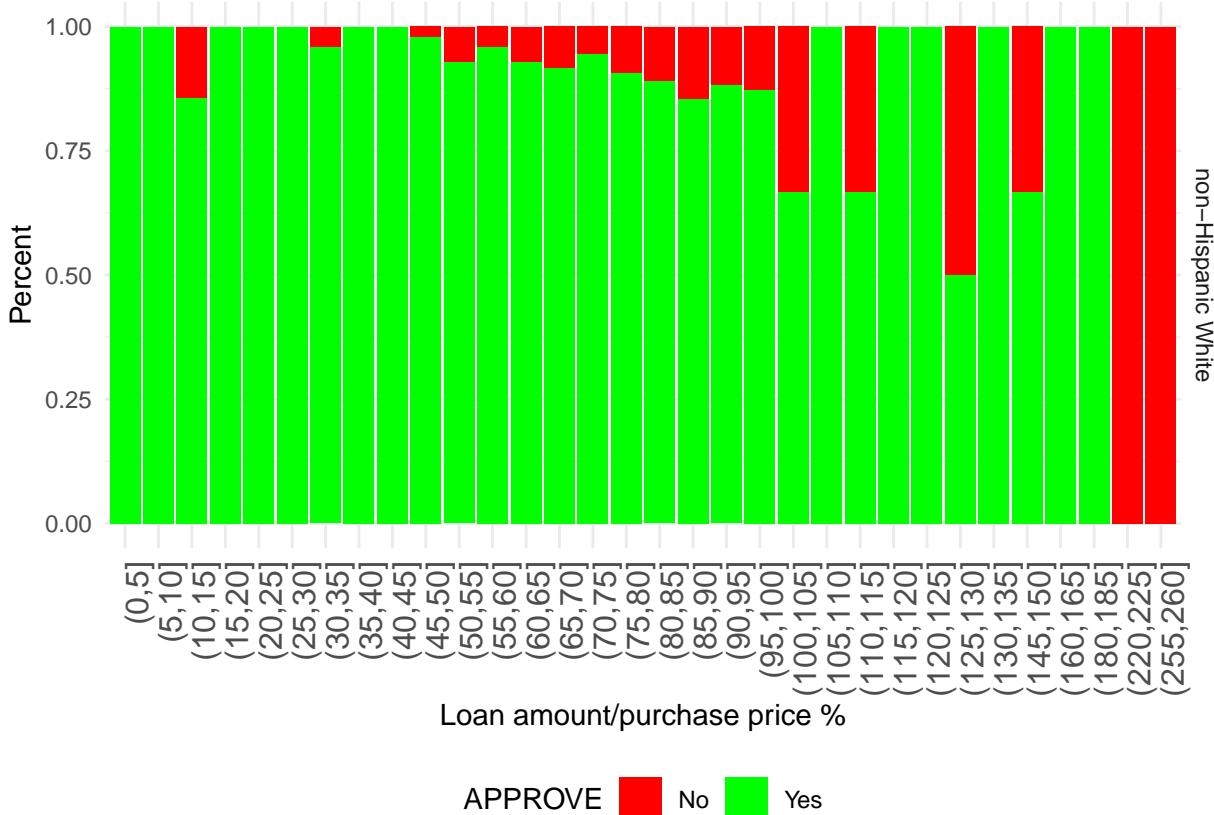
Approve No Yes

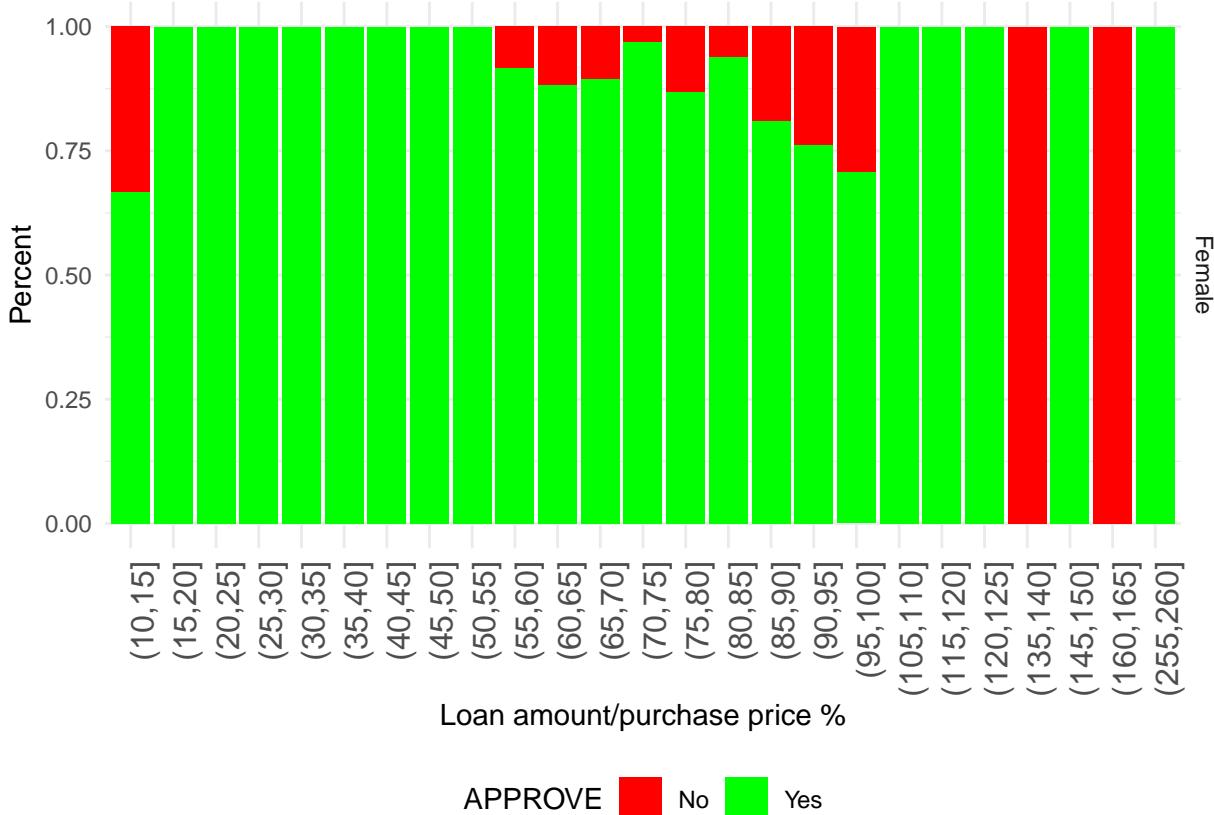




APPROVE No Yes









Descriptive statistics by Marital Status:

```

## $No
##      MARRIED    GDLIN        OBRAT        MALE      APPROVE
##  No     :678    0   : 64   Min.    : 4.00   No     :252   No  :102
##  Unknown:  0    1   :614   1st Qu.:28.00  Unknown:  7   Yes:576
##  Yes     :  0   666:  0   Median  :33.00   Yes    :419
##                               Mean   :32.74
##                               3rd Qu.:37.00
##                               Max.   :83.00
##      LOANPRC          RACE
##  Min.   : 2.105   Hispanic       : 31
##  1st Qu.: 72.426  non-Hispanic Black: 76
##  Median : 80.000  non-Hispanic White:571
##  Mean   : 77.967
##  3rd Qu.: 89.978
##  Max.   :162.626
##
## $Unknown
##      MARRIED    GDLIN        OBRAT        MALE      APPROVE    LOANPRC
##  No     :0    0   :0   Min.    :13.0   No     :1   No  :0   Min.   : 86.96
##  Unknown:3   1   :3   1st Qu.:23.3  Unknown:0   Yes:3   1st Qu.: 88.62
##  Yes     :0   666:0   Median  :33.6   Yes    :2
##                               Mean   :27.2
##                               3rd Qu.:34.3
##                               Max.   :35.0
##      RACE
##  Hispanic       :1
##  non-Hispanic Black:0

```

```

## non-Hispanic White:2
##
##
##
## $Yes
##      MARRIED      GDLIN       OBRAT        MALE      APPROVE
##  No      : 0  0 : 107  Min.   : 0.00  No     : 116  No  : 142
## Unknown: 0  1 :1199  1st Qu.:28.00  Unknown:  8  Yes:1166
## Yes     :1308  666:  2  Median  :33.00  Yes    :1184
##                               Mean   :32.22
##                               3rd Qu.:37.00
##                               Max.   :95.00
##      LOANPRC          RACE
##  Min.   : 8.772  Hispanic      : 79
##  1st Qu.: 68.857 non-Hispanic Black: 121
##  Median : 80.000 non-Hispanic White:1108
##  Mean   : 76.547
##  3rd Qu.: 89.866
##  Max.   :257.143

```

Descriptive statistics by Gender:

```

## $No
##      MARRIED      GDLIN       OBRAT        MALE      APPROVE
##  No      :252  0 : 31  Min.   : 6.99  No     :369  No  : 50
## Unknown: 1  1 :338  1st Qu.:28.00  Unknown:  0  Yes:319
## Yes     :116  666:  0  Median  :33.00  Yes    : 0
##                               Mean   :32.64
##                               3rd Qu.:37.00
##                               Max.   :83.00
##      LOANPRC          RACE
##  Min.   : 11.01  Hispanic      : 22
##  1st Qu.: 70.83 non-Hispanic Black: 51
##  Median : 80.00 non-Hispanic White:296
##  Mean   : 77.66
##  3rd Qu.: 90.00
##  Max.   :255.52
##
## $Unknown
##      MARRIED      GDLIN       OBRAT        MALE      APPROVE
##  No      :7  0 : 0  Min.   :24.00  No     : 0  No  : 0
## Unknown:0  1 :15  1st Qu.:29.95  Unknown:15  Yes:15
## Yes     :8  666: 0  Median  :34.50  Yes    : 0
##                               Mean   :33.33
##                               3rd Qu.:37.65
##                               Max.   :40.30
##      LOANPRC          RACE
##  Min.   :39.39  Hispanic      : 2
##  1st Qu.:74.93 non-Hispanic Black: 2
##  Median :75.42 non-Hispanic White:11
##  Mean   :75.59
##  3rd Qu.:80.43
##  Max.   :92.90
##
## $Yes

```

```

##      MARRIED      GDLIN        OBRAT        MALE      APPROVE
##  No   : 419    0 : 140    Min.   : 0.00    No    : 0    No : 194
## Unknown:  2     1 :1463   1st Qu.:28.00  Unknown:  0    Yes:1411
## Yes   :1184    666:   2   Median :33.00   Yes   :1605
##                               Mean   :32.32
##                               3rd Qu.:37.00
##                               Max.   :95.00
##      LOANPRC          RACE
##  Min.   : 2.105  Hispanic       : 87
##  1st Qu.: 69.655 non-Hispanic Black: 144
##  Median : 80.000 non-Hispanic White:1374
##  Mean   : 76.942
##  3rd Qu.: 89.881
##  Max.   :257.143

```

There are 3 records are missing married (MARRIED) field.

ID	MARRIED	GDLIN	OBRAT	BLACK	HISPAN	MALE	APPROVE	LOANPRC	RACE
356	Unknown	1	35.0	No	Yes	Yes	Yes	86.95652	Hispanic
759	Unknown	1	33.6	No	No	Yes	Yes	90.28571	non-Hispanic White
1392	Unknown	1	13.0	No	No	No	Yes	117.24140	non-Hispanic White

There are 3 records are missing married (GDLIN) field.

ID	MARRIED	GDLIN	OBRAT	BLACK	HISPAN	MALE	APPROVE	LOANPRC	RACE
881	Yes	666	35	No	No	Yes	Yes	75.82939	non-Hispanic White
1229	Yes	666	26	No	No	Yes	Yes	100.00000	non-Hispanic White

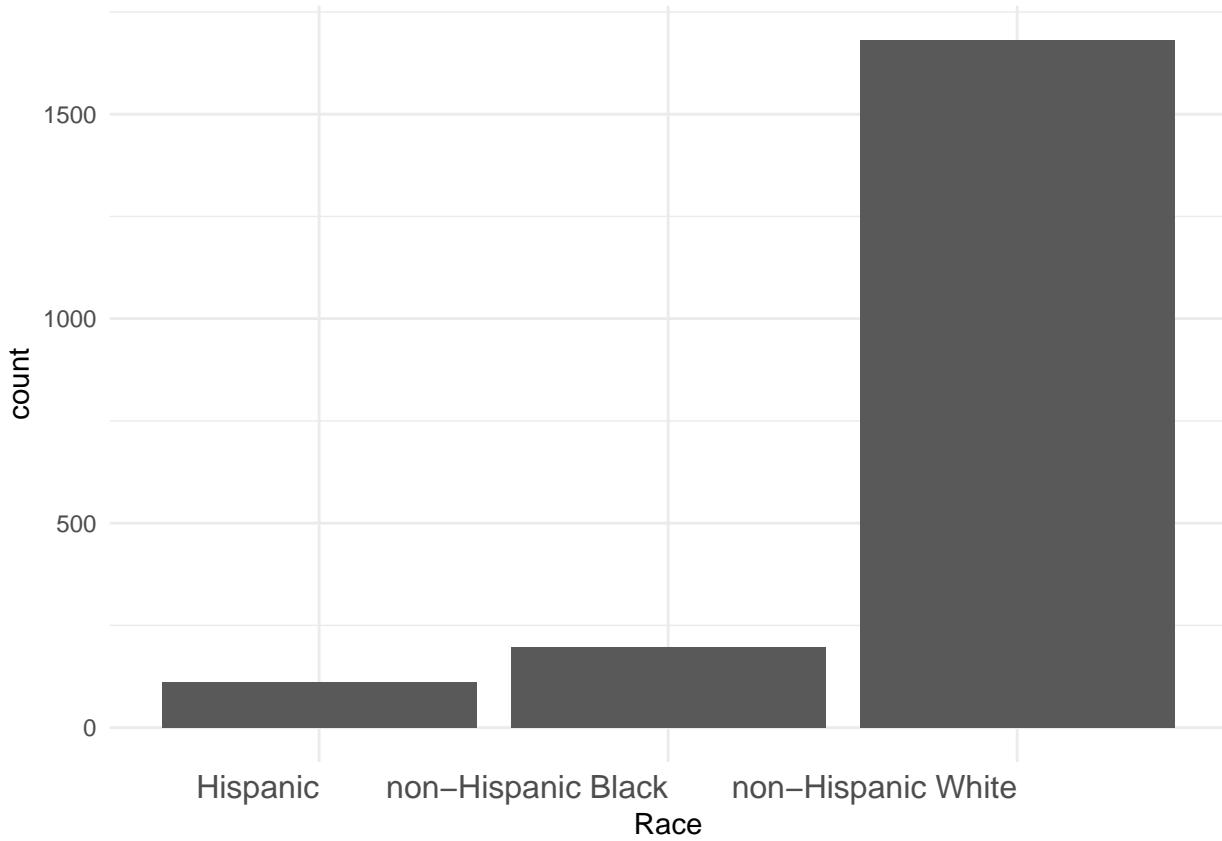
There are 15 records are missing gender (MALE) field.

ID	MARRIED	GDLIN	OBRAT	BLACK	HISPAN	MALE	APPROVE	LOANPRC	RACE
1	No	1	34.5	No	No	Unknown	Yes	75.42373	non-Hispanic White
127	No	1	31.6	No	No	Unknown	Yes	80.80000	non-Hispanic White
286	Yes	1	37.3	No	No	Unknown	Yes	80.05337	non-Hispanic White
452	Yes	1	40.1	Yes	No	Unknown	Yes	75.00000	non-Hispanic Black
618	Yes	1	38.5	No	No	Unknown	Yes	92.90323	non-Hispanic White
695	Yes	1	25.0	No	No	Unknown	Yes	64.48276	non-Hispanic White
762	Yes	1	27.6	No	No	Unknown	Yes	75.55556	non-Hispanic White
768	No	1	35.6	No	No	Unknown	Yes	64.74397	non-Hispanic White
833	Yes	1	24.0	No	Yes	Unknown	Yes	79.80769	Hispanic
979	No	1	31.7	No	No	Unknown	Yes	74.86033	non-Hispanic White
1040	No	1	38.0	Yes	No	Unknown	Yes	75.38462	non-Hispanic Black
1070	Yes	1	40.3	No	Yes	Unknown	Yes	39.39394	Hispanic
1092	Yes	1	29.7	No	No	Unknown	Yes	90.10239	non-Hispanic White
1613	No	1	30.2	No	No	Unknown	Yes	90.00000	non-Hispanic White
1924	No	1	35.8	No	No	Unknown	Yes	75.32051	non-Hispanic White

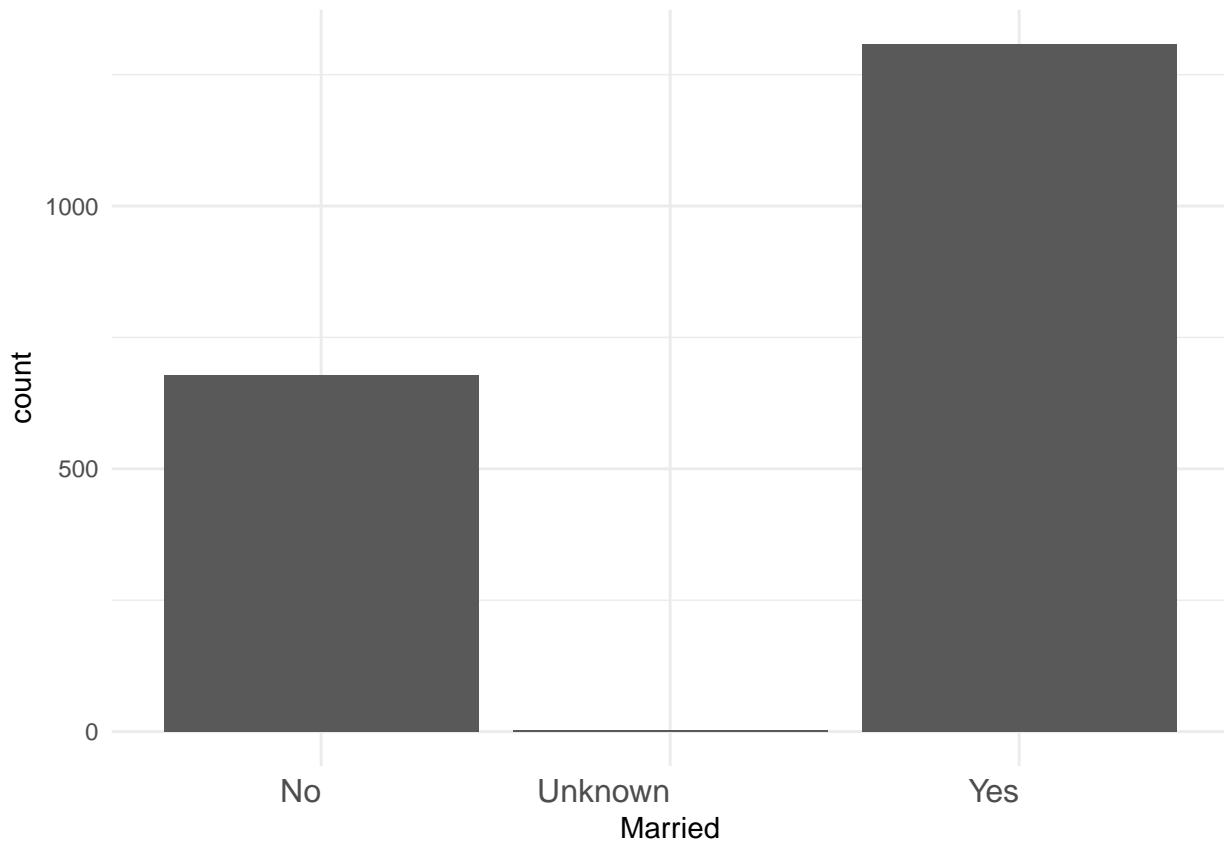
```

##          APPROVE
## RACE           No  Yes
## Hispanic        26   85
## non-Hispanic Black 64 133
## non-Hispanic White 154 1527

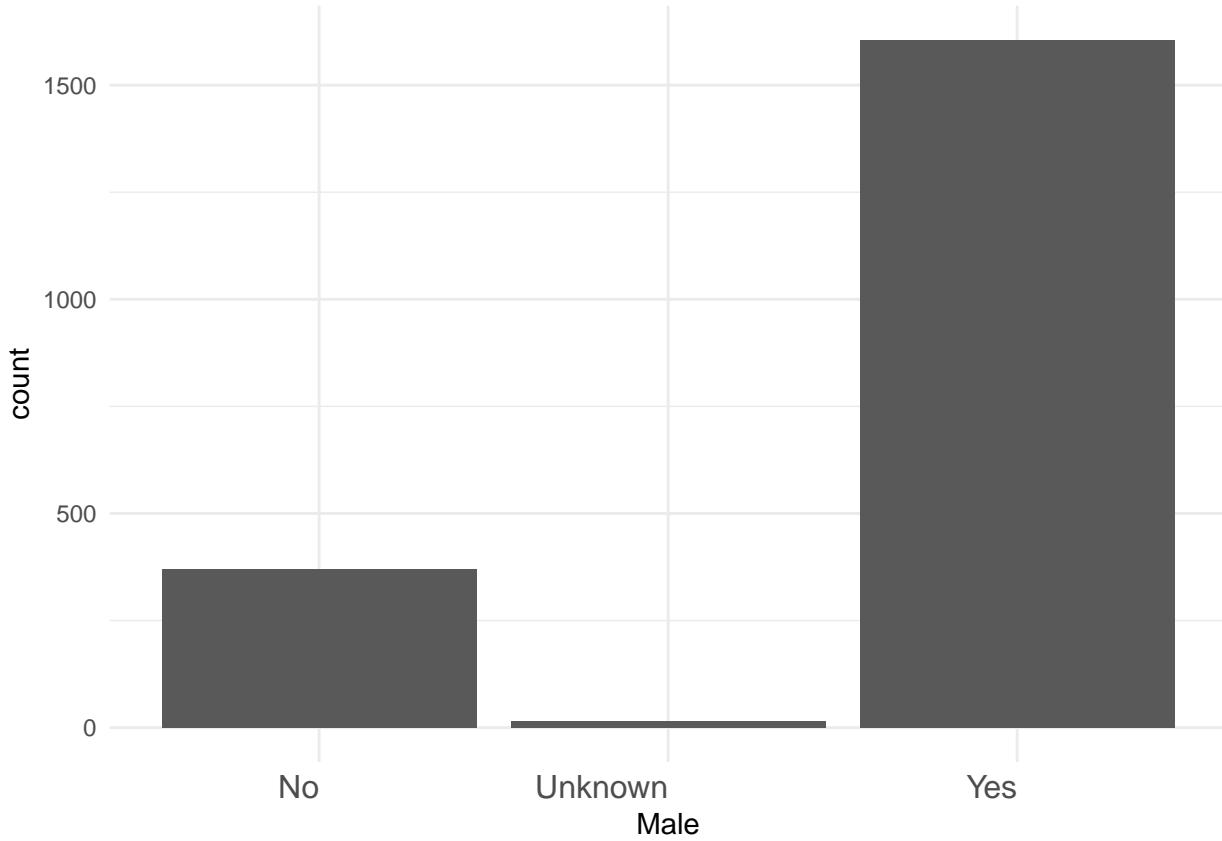
```



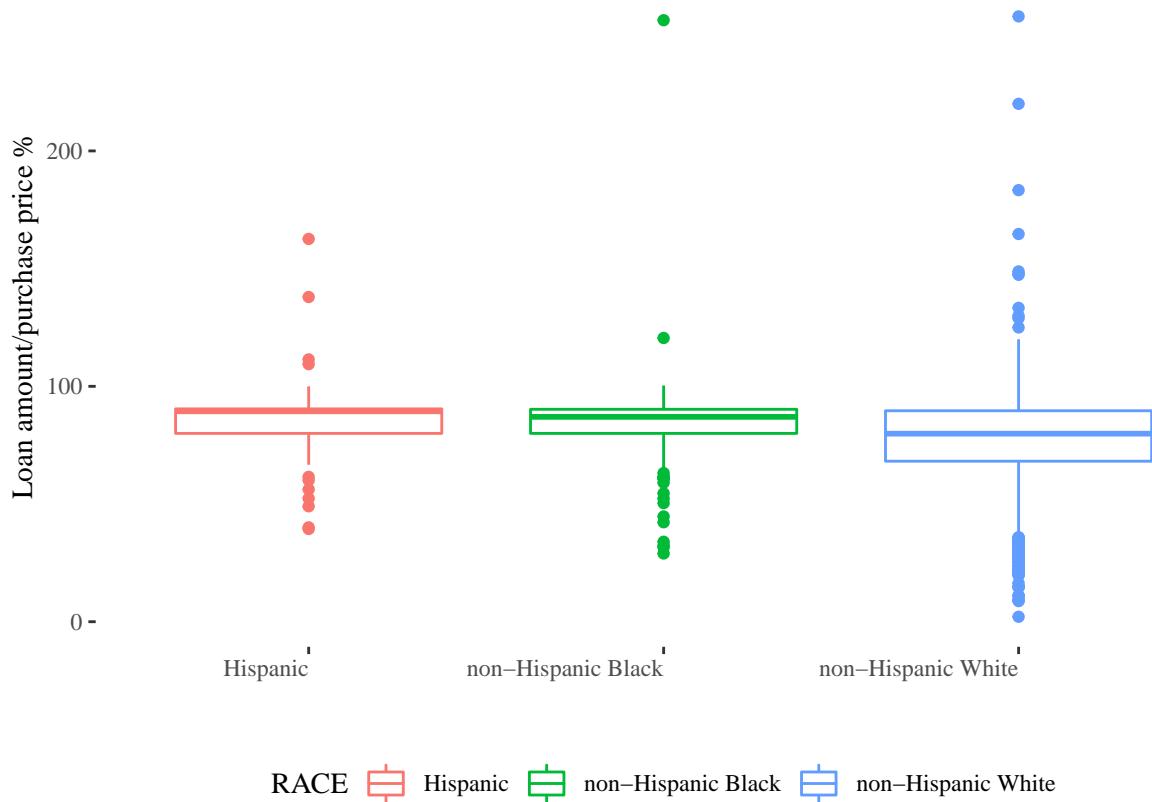
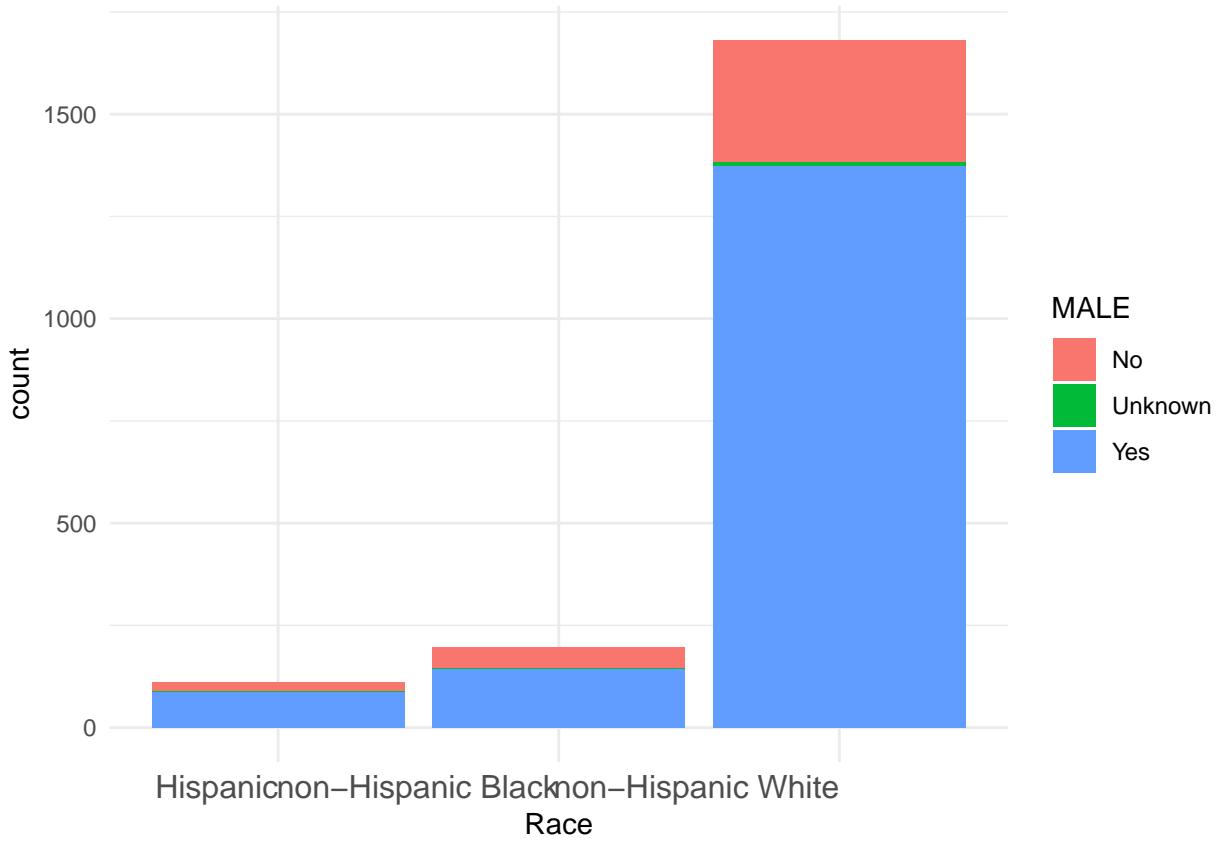
```
##          APPROVE
## MARRIED      No    Yes
##   No        102   576
## Unknown      0     3
##   Yes       142  1166
```

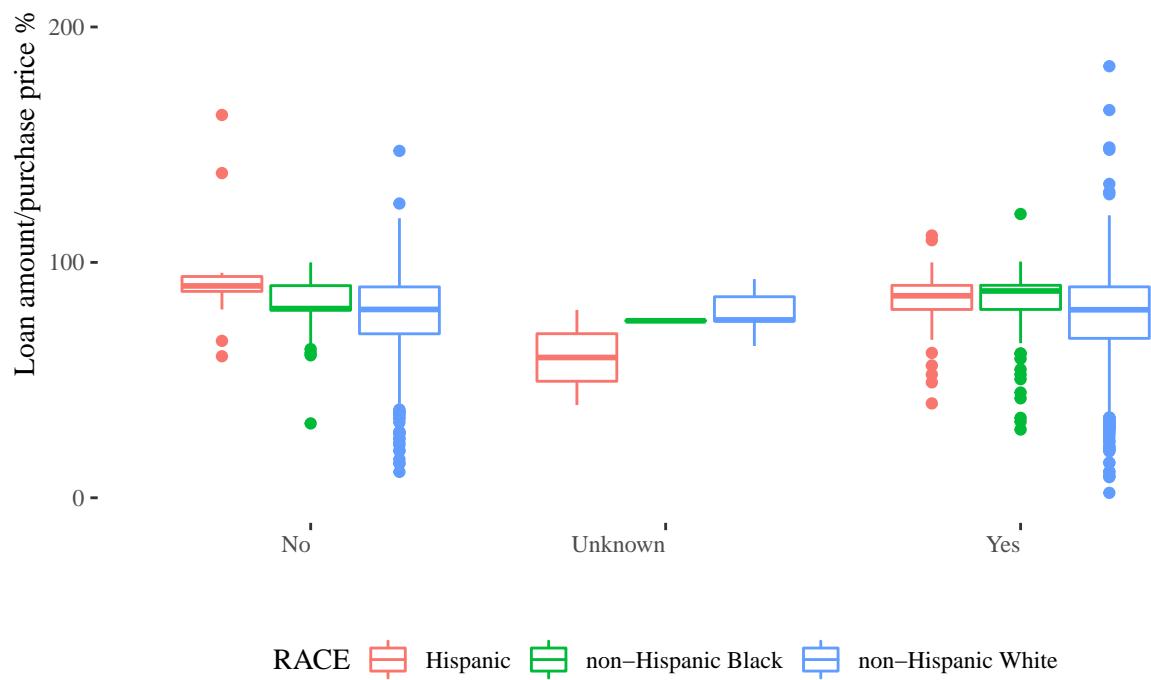
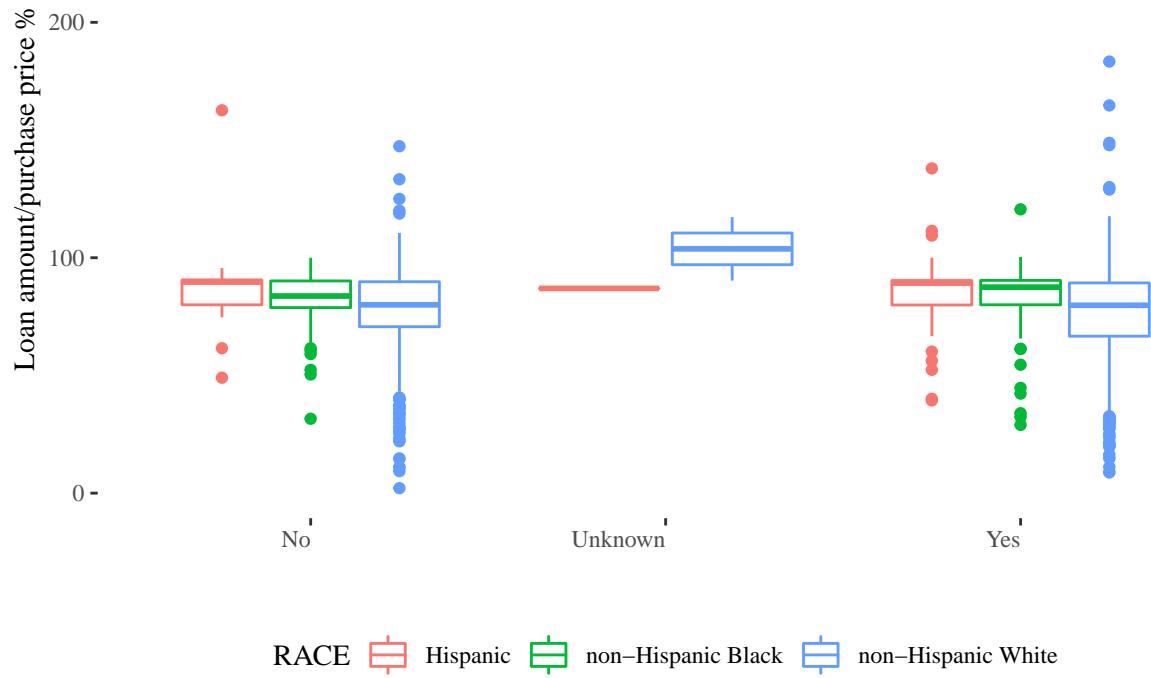


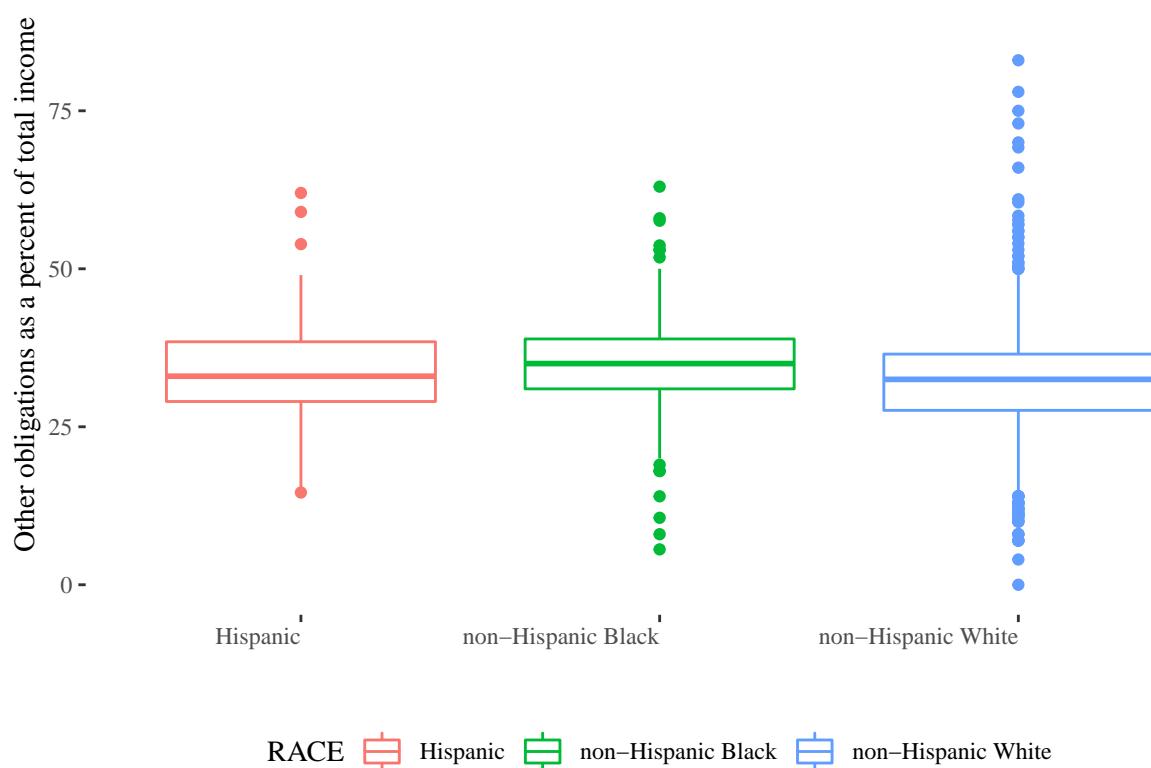
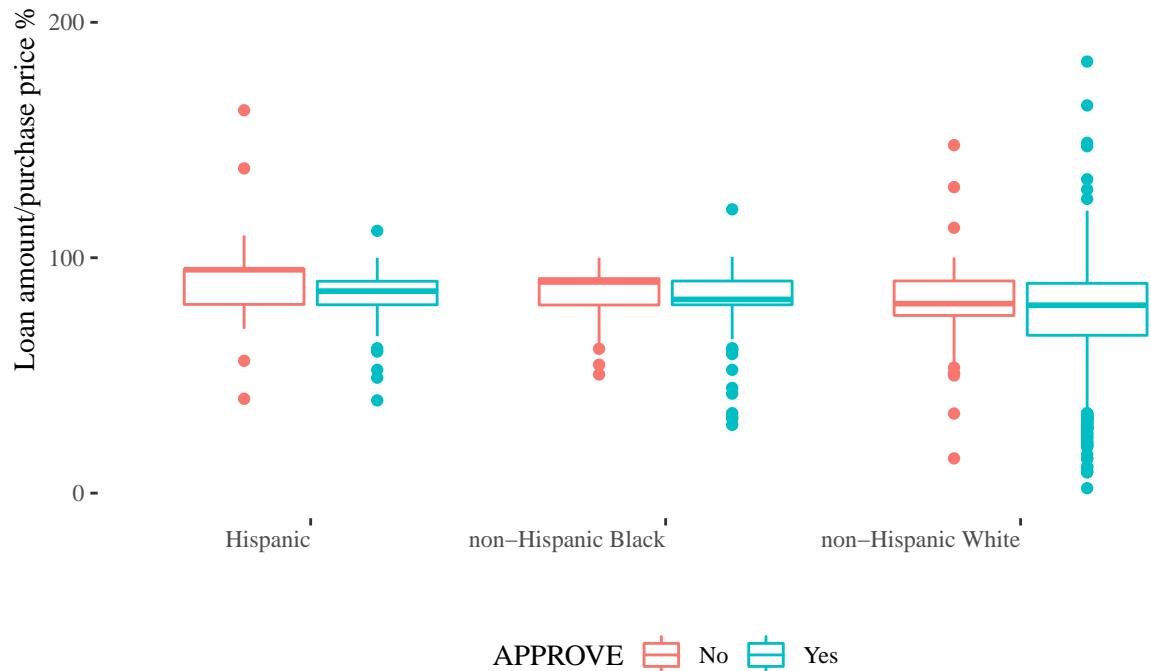
```
##          APPROVE
## MALE      No  Yes
##   No       50  319
## Unknown    0   15
##   Yes      194 1411
```

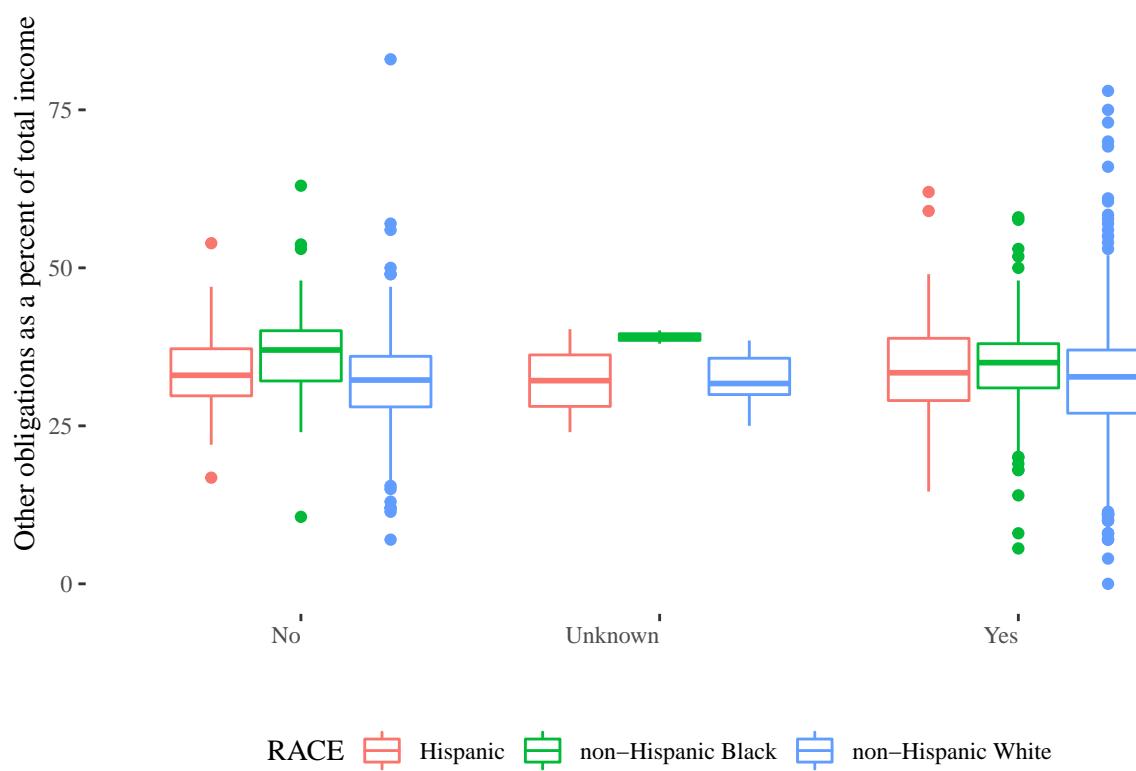
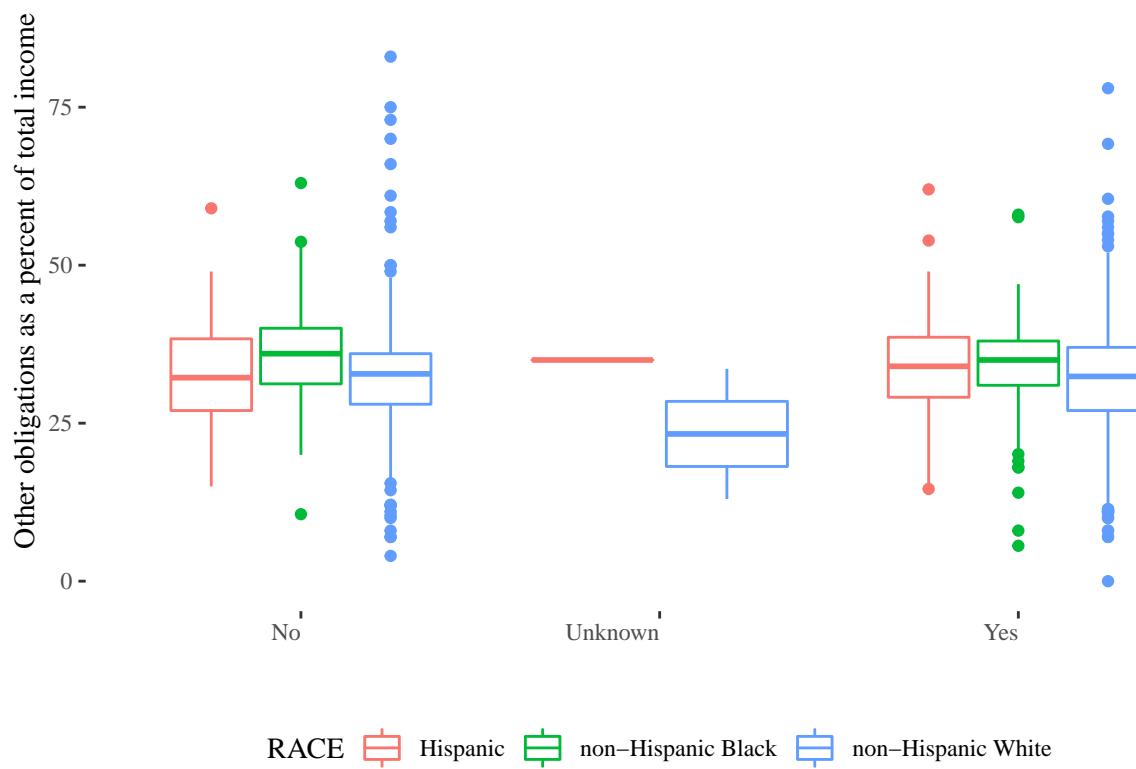


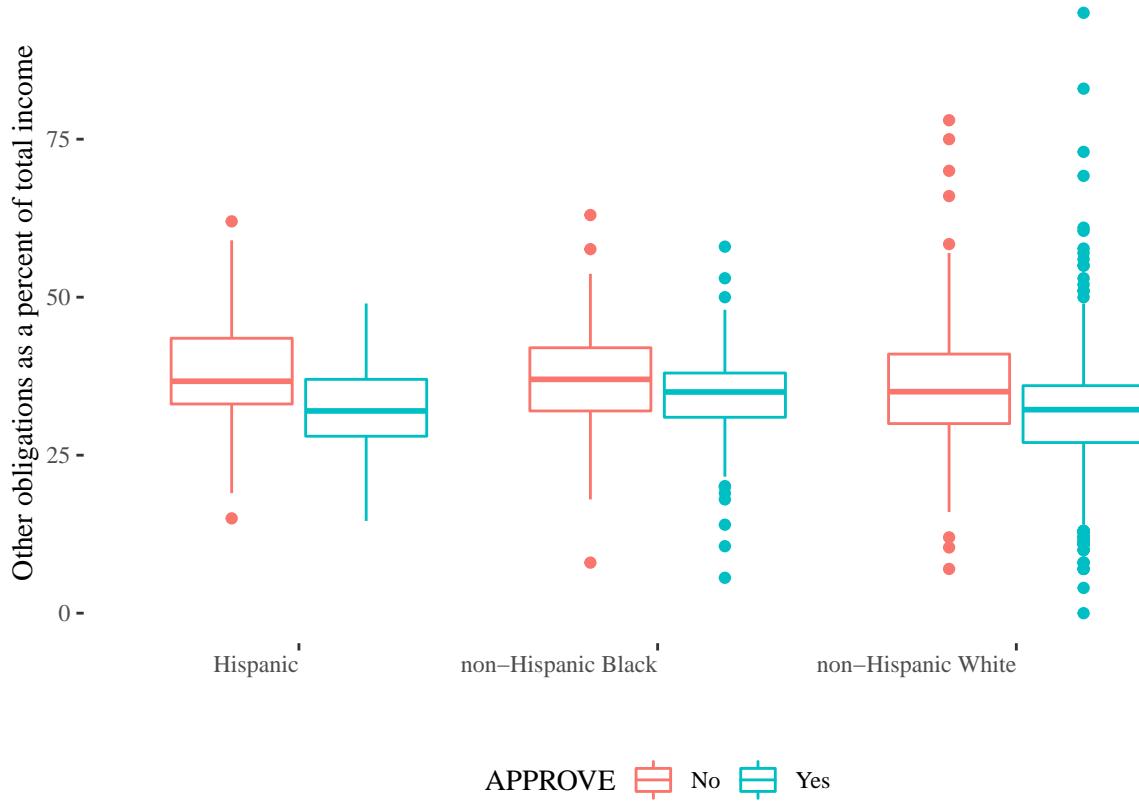
```
## , , RACE = Hispanic
##
##          APPROVE
## MARRIED      No   Yes
##   No        7    24
##   Unknown    0     1
##   Yes       19    60
##
## , , RACE = non-Hispanic Black
##
##          APPROVE
## MARRIED      No   Yes
##   No        27    49
##   Unknown    0     0
##   Yes       37    84
##
## , , RACE = non-Hispanic White
##
##          APPROVE
## MARRIED      No   Yes
##   No        68   503
##   Unknown    0     2
##   Yes       86  1022
```











Logistic Regression Full Model

$$\log(p/1-p) = b_0 + b_1 * GDLIN + b_2 * OBRAT + b_3 * BLACK + b_4 * HISPAN + b_5 * MALE + b_6 * LOANPRC + b_7 * MARRIED$$

```
##
## Call: glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##           MARRIED + MALE, family = "binomial", data = data1)
##
## Coefficients:
## (Intercept)      GDLIN1       OBRAT       BLACK1      HISPAN1
##    1.38153     3.71927    -0.03407    -0.81569    -0.90001
##   LOANPRC      MARRIED1      MALE1
##   -0.01681     0.47574    -0.05395
##
## Degrees of Freedom: 1968 Total (i.e. Null); 1961 Residual
## Null Deviance: 1475
## Residual Deviance: 959.4      AIC: 975.4
```

For every one unit change in **OBRAT**, the log odds of loan approval (versus non loan approval) decreases by 0.0340739.

For every one unit change in **LOANPRC**, the log odds of loan approval (versus non loan approval) decreases by 0.0168119.

The log odds of loan approval for applicants that meet credit guidelines increases by 3.719269.

The log odds of loan approval for married applicants increases by 0.4757419.

The log odds of loan approval for Black applicants decreases by 0.8156932.

The log odds of loan approval for Hispanic applicants decreases by 0.9000102.

Statistical Tests for Individual Predictors

```
## Overall
## GDLIN1    17.126161
## OBRAT     3.305071
## BLACK1    3.396220
## HISPAN1   2.897795
## LOANPRC   3.313389
## MARRIED1  2.477753
## MALE1     0.229981

## Wald test for GDLIN
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##        MARRIED + MALE, family = "binomial", data = data1)
## F = 293.3054 on 1 and 1961 df: p= < 0.000000000000000222

## Wald test for OBRAT
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##        MARRIED + MALE, family = "binomial", data = data1)
## F = 10.9235 on 1 and 1961 df: p= 0.00096664

## Wald test for BLACK
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##        MARRIED + MALE, family = "binomial", data = data1)
## F = 11.53431 on 1 and 1961 df: p= 0.00069686

## Wald test for HISPAN
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##        MARRIED + MALE, family = "binomial", data = data1)
## F = 8.397215 on 1 and 1961 df: p= 0.0037997

## Wald test for MALE
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##        MARRIED + MALE, family = "binomial", data = data1)
## F = 0.05289126 on 1 and 1961 df: p= 0.81813

## Wald test for LOANPRC
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##        MARRIED + MALE, family = "binomial", data = data1)
## F = 10.97855 on 1 and 1961 df: p= 0.00093849

## Wald test for MARRIED
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##        MARRIED + MALE, family = "binomial", data = data1)
## F = 6.13926 on 1 and 1961 df: p= 0.013305

##      llh      llhNull          G2      McFadden      r2ML
## -479.7016510 -737.7148785  516.0264551     0.3497465     0.2305470
##      r2CU
##     0.4372079
```

Logistic Regression Reduced Model 1

```
##  
## Call: glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +  
##      MARRIED, family = "binomial", data = data1)  
##  
## Coefficients:  
## (Intercept)      GDLIN1       OBRAT       BLACK1      HISPAN1  
## 1.34239        3.72139     -0.03410     -0.81143     -0.89733  
## LOANPRC      MARRIED1  
## -0.01677        0.46093  
##  
## Degrees of Freedom: 1968 Total (i.e. Null); 1962 Residual  
## Null Deviance: 1475  
## Residual Deviance: 959.5      AIC: 973.5  
  
## Wald test for GDLIN  
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +  
##      MARRIED, family = "binomial", data = data1)  
## F = 294.1283 on 1 and 1962 df: p= < 0.000000000000000222  
  
## Wald test for OBRAT  
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +  
##      MARRIED, family = "binomial", data = data1)  
## F = 10.93867 on 1 and 1962 df: p= 0.00095878  
  
## Wald test for BLACK  
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +  
##      MARRIED, family = "binomial", data = data1)  
## F = 11.47424 on 1 and 1962 df: p= 0.00071961  
  
## Wald test for HISPAN  
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +  
##      MARRIED, family = "binomial", data = data1)  
## F = 8.358631 on 1 and 1962 df: p= 0.0038808  
  
## Wald test for MARRIED  
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +  
##      MARRIED, family = "binomial", data = data1)  
## F = 6.482227 on 1 and 1962 df: p= 0.010972  
  
## Wald test for LOANPRC  
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +  
##      MARRIED, family = "binomial", data = data1)  
## F = 10.92337 on 1 and 1962 df: p= 0.00096669
```

For every one unit change in OBRAT, the log odds of loan approval (versus non loan approval) decreases by 0.0340979.

For every one unit change in LOANPRC, the log odds of loan approval (versus non loan approval) decreases by 0.0167734.

The log odds of loan approval for applicants that meet credit guidelines increase by 3.721387.

The log odds of loan approval for married applicants decreases by 0.4757419.

The log odds of loan approval for non married applicants decreases by NA.

The log odds of loan approval for Black applicants decreases by 0.8114263.

The log odds of loan approval for Hispanic applicants decreases by 0.8973309.

CIs using profiled log-likelihood

```
##          2.5 %      97.5 %
## (Intercept) 0.23664368 2.465735226
## GDLIN1      3.30547346 4.157682544
## OBRAT       -0.05434377 -0.013920887
## BLACK1      -1.27292218 -0.332543498
## HISPAN1     -1.48462721 -0.264593691
## LOANPRC     -0.02697832 -0.006937324
## MARRIED1    0.10487116  0.815796783
```

CIs using standard errors

```
##          2.5 %      97.5 %
## (Intercept) 0.23158635 2.453187301
## GDLIN1      3.29609767 4.146676358
## OBRAT       -0.05430447 -0.013891283
## BLACK1      -1.28092587 -0.341926697
## HISPAN1     -1.50565235 -0.289009441
## LOANPRC     -0.02672039 -0.006826433
## MARRIED1    0.10609951  0.815760700
```

Odds ratios only

```
## (Intercept)      GDLIN1      OBRAT      BLACK1      HISPAN1      LOANPRC
## 3.8281698     41.3216682   0.9664769   0.4442240   0.4076563   0.9833665
## MARRIED1
## 1.5855480
```

Odds ratios and 95% CI

```
##          OR      2.5 %      97.5 %
## (Intercept) 3.8281698 1.2669896 11.7721341
## GDLIN1      41.3216682 27.2614457 63.9232116
## OBRAT       0.9664769  0.9471065  0.9861756
## BLACK1      0.4442240  0.2800122  0.7170975
## HISPAN1     0.4076563  0.2265868  0.7675177
## LOANPRC     0.9833665  0.9733823  0.9930867
## MARRIED1    1.5855480  1.1105675  2.2609765
```

Logistic Regression Reduced Model 2

```
##
## Call: glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC,
##           family = "binomial", data = data1)
##
## Coefficients:
## (Intercept)      GDLIN1      OBRAT      BLACK1      HISPAN1
## 1.66805        3.69461     -0.03512     -0.81768     -0.85828
## LOANPRC
## -0.01659
##
## Degrees of Freedom: 1968 Total (i.e. Null); 1963 Residual
## Null Deviance: 1475
```

```

## Residual Deviance: 965.9      AIC: 977.9

## Wald test for GDLIN
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
## MARRIED, family = "binomial", data = data1)
## F = 294.1283 on 1 and 1962 df: p= < 0.000000000000000222

## Wald test for OBRAT
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
## MARRIED, family = "binomial", data = data1)
## F = 10.93867 on 1 and 1962 df: p= 0.00095878

## Wald test for BLACK
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
## MARRIED, family = "binomial", data = data1)
## F = 11.47424 on 1 and 1962 df: p= 0.00071961

## Wald test for HISPAN
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
## MARRIED, family = "binomial", data = data1)
## F = 8.358631 on 1 and 1962 df: p= 0.0038808

## Wald test for LOANPRC
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
## MARRIED, family = "binomial", data = data1)
## F = 10.92337 on 1 and 1962 df: p= 0.00096669

```

For every one unit change in OBRAT, the log odds of loan approval (versus non loan approval) decreases by 0.0351171.

For every one unit change in LOANPRC, the log odds of loan approval (versus non loan approval) decreases by 0.0165852.

The log odds of loan approval for applicants that meet credit guidelines increases by 3.6946116.

The log odds of loan approval for Black applicants decreases by 0.8176845.

The log odds of loan approval for Hispanic applicants decreases by 0.8582767.

CIs using profiled log-likelihood

```

##          2.5 %      97.5 %
## (Intercept) 0.59360475 2.764561689
## GDLIN1      3.28231679 4.126731408
## OBRAT       -0.05537654 -0.014888611
## BLACK1      -1.27852143 -0.339452086
## HISPAN1     -1.44328269 -0.227316096
## LOANPRC     -0.02676923 -0.006824773

```

CIs using standard errors

```

##          2.5 %      97.5 %
## (Intercept) 0.58607300 2.750024092
## GDLIN1      3.27321875 4.116004514
## OBRAT       -0.05536176 -0.014872430
## BLACK1      -1.28654690 -0.348822144
## HISPAN1     -1.46462838 -0.251925037
## LOANPRC     -0.02649064 -0.006679743

```

Odds ratios only

```
## (Intercept)      GDLIN1       OBRAT       BLACK1      HISPAN1      LOANPRC
## 5.3018115  40.2299456  0.9654924  0.4414526  0.4238919  0.9835516
```

Odds ratios and 95% CI

```
##          OR      2.5 %    97.5 %
## (Intercept) 5.3018115 1.8105031 15.8720816
## GDLIN1      40.2299456 26.6374146 61.9750205
## OBRAT       0.9654924  0.9461288  0.9852217
## BLACK1      0.4414526  0.2784487  0.7121604
## HISPAN1     0.4238919  0.2361513  0.7966689
## LOANPRC     0.9835516  0.9735859  0.9931985
```

Model comparison

```
## Analysis of Deviance Table
##
## Model 1: APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC + MARRIED +
##           MALE
## Model 2: APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC + MARRIED
## Model 3: APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC
## Resid. Df Resid. Dev Df Deviance Pr(>Chi)
## 1      1961    959.40
## 2      1962    959.46 -1   -0.0531  0.81770
## 3      1963    965.87 -1   -6.4163  0.01131 *
## ---
## Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

## Likelihood ratio test
##
## Model 1: APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC + MARRIED +
##           MALE
## Model 2: APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC + MARRIED
## Model 3: APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC
## #Df LogLik Df Chisq Pr(>Chisq)
## 1   8 -479.70
## 2   7 -479.73 -1 0.0531    0.81770
## 3   6 -482.94 -1 6.4163    0.01131 *
## ---
## Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
```

Probit Regression Full Model

```
##
## Call: glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##           MARRIED + MALE, family = binomial(link = "probit"), data = data1)
##
## Coefficients:
## (Intercept)      GDLIN1       OBRAT       BLACK1      HISPAN1
## 0.566210      2.142459   -0.016400   -0.425865   -0.463475
## LOANPRC        MARRIED1      MALE1
## -0.008409     0.237894   -0.033267
```

```

## 
## Degrees of Freedom: 1968 Total (i.e. Null); 1961 Residual
## Null Deviance: 1475
## Residual Deviance: 958.8      AIC: 974.8

Statistical Tests for Individual Predictors

## Wald test for GDLIN
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##        MARRIED + MALE, family = binomial(link = "probit"), data = data1)
## F = 312.1492 on 1 and 1961 df: p= < 0.000000000000000222

## Wald test for OBRAT
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##        MARRIED + MALE, family = binomial(link = "probit"), data = data1)
## F = 9.41885 on 1 and 1961 df: p= 0.0021771

## Wald test for BLACK
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##        MARRIED + MALE, family = binomial(link = "probit"), data = data1)
## F = 11.25188 on 1 and 1961 df: p= 0.00081057

## Wald test for HISPAN
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##        MARRIED + MALE, family = binomial(link = "probit"), data = data1)
## F = 8.034928 on 1 and 1961 df: p= 0.0046354

## Wald test for MALE
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##        MARRIED + MALE, family = binomial(link = "probit"), data = data1)
## F = 0.0795587 on 1 and 1961 df: p= 0.77793

## Wald test for LOANPRC
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##        MARRIED + MALE, family = binomial(link = "probit"), data = data1)
## F = 10.54337 on 1 and 1961 df: p= 0.0011857

## Wald test for MARRIED
## in glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##        MARRIED + MALE, family = binomial(link = "probit"), data = data1)
## F = 6.123722 on 1 and 1961 df: p= 0.013422

```

Probit Regression Reduced Model 1

```

## 
## Call: glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC +
##        MARRIED, family = binomial(link = "probit"), data = data1)
## 
## Coefficients:
## (Intercept)      GDLIN1       OBRAT       BLACK1      HISPAN1
## 0.541687      2.143873     -0.016411     -0.422677     -0.461722
## LOANPRC      MARRIED1
## -0.008386      0.228926

```

```

## 
## Degrees of Freedom: 1968 Total (i.e. Null); 1962 Residual
## Null Deviance: 1475
## Residual Deviance: 958.9      AIC: 972.9

##          Overall
## GDLIN1 17.691026
## OBRAT   3.070619
## BLACK1  3.337594
## HISPAN1 2.825314
## LOANPRC 3.239942
## MARRIED1 2.530275

##          llh      llhNull       G2      McFadden      r2ML
## -479.4603569 -737.7148785 516.5090432 0.3500736 0.2307356
##          r2CU
## 0.4375655

```

Probit Regression Reduced Model 2

```

## 
## Call: glm(formula = APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC,
##           family = binomial(link = "probit"), data = data1)
##
## Coefficients:
## (Intercept)      GDLIN1      OBRAT      BLACK1      HISPAN1
## 0.708006     2.135031    -0.017003    -0.426583    -0.438093
## LOANPRC
## -0.008356
##
## Degrees of Freedom: 1968 Total (i.e. Null); 1963 Residual
## Null Deviance: 1475
## Residual Deviance: 965.3      AIC: 977.3

##          Overall
## GDLIN1 17.692269
## OBRAT   3.183979
## BLACK1  3.379077
## HISPAN1 2.687345
## LOANPRC 3.247739

##          llh      llhNull       G2      McFadden      r2ML
## -482.6350057 -737.7148785 510.1597458 0.3457703 0.2282510
##          r2CU
## 0.4328537

```

Model comparison

```

## Analysis of Deviance Table
##
## Model 1: APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC + MARRIED +
##           MALE
## Model 2: APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC + MARRIED
## Model 3: APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC

```

```

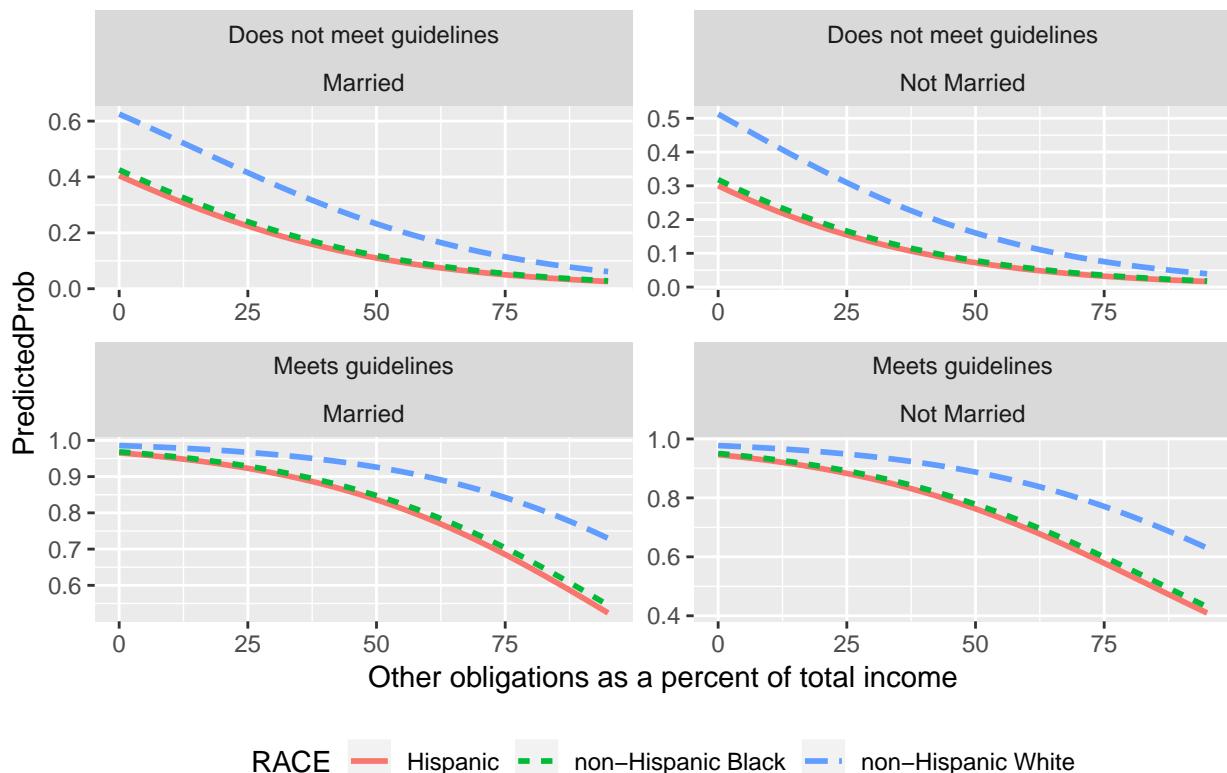
##   Resid. Df Resid. Dev Df Deviance Pr(>Chi)
## 1      1961     958.84
## 2      1962    958.92 -1   -0.0799  0.77742
## 3      1963    965.27 -1   -6.3493  0.01174 *
## ---
## Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

## Likelihood ratio test
##
## Model 1: APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC + MARRIED +
##           MALE
## Model 2: APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC + MARRIED
## Model 3: APPROVE ~ GDLIN + OBRAT + BLACK + HISPAN + LOANPRC
## #Df LogLik Df Chisq Pr(>Chisq)
## 1    8 -479.42
## 2    7 -479.46 -1 0.0799    0.77742
## 3    6 -482.64 -1 6.3493    0.01174 *
## ---
## Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

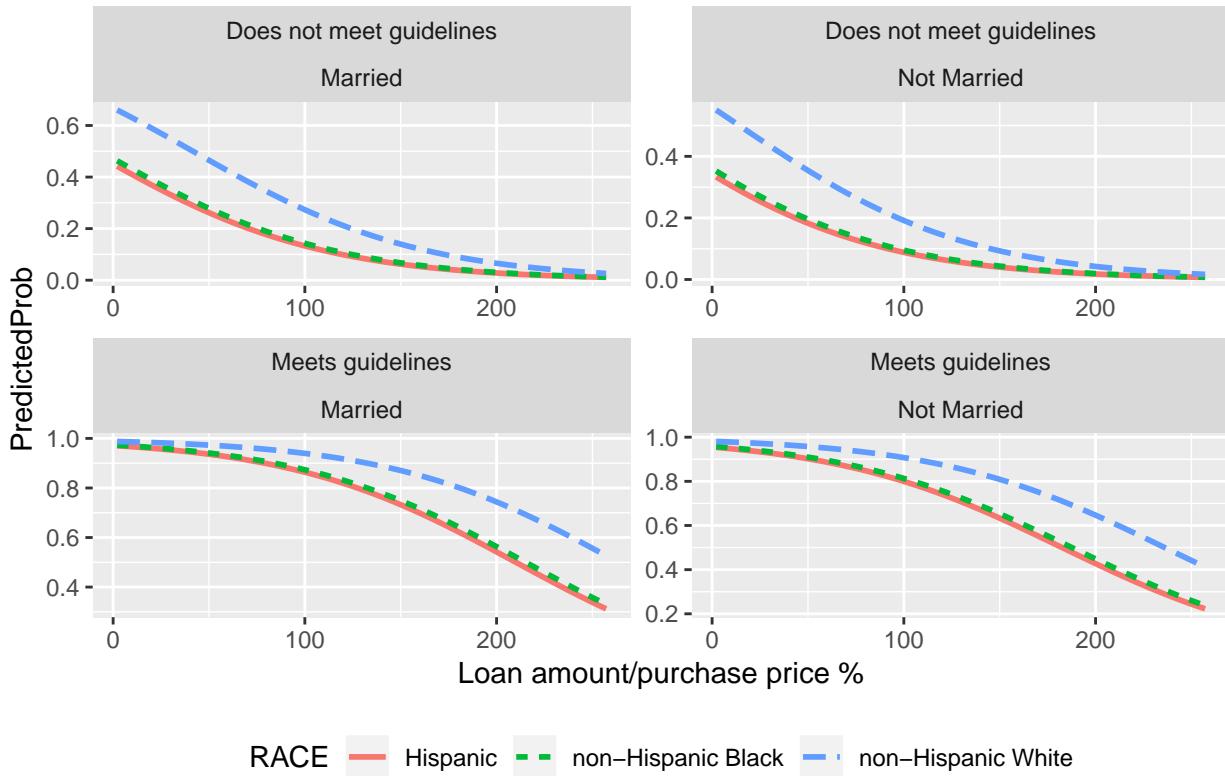
```

TBD

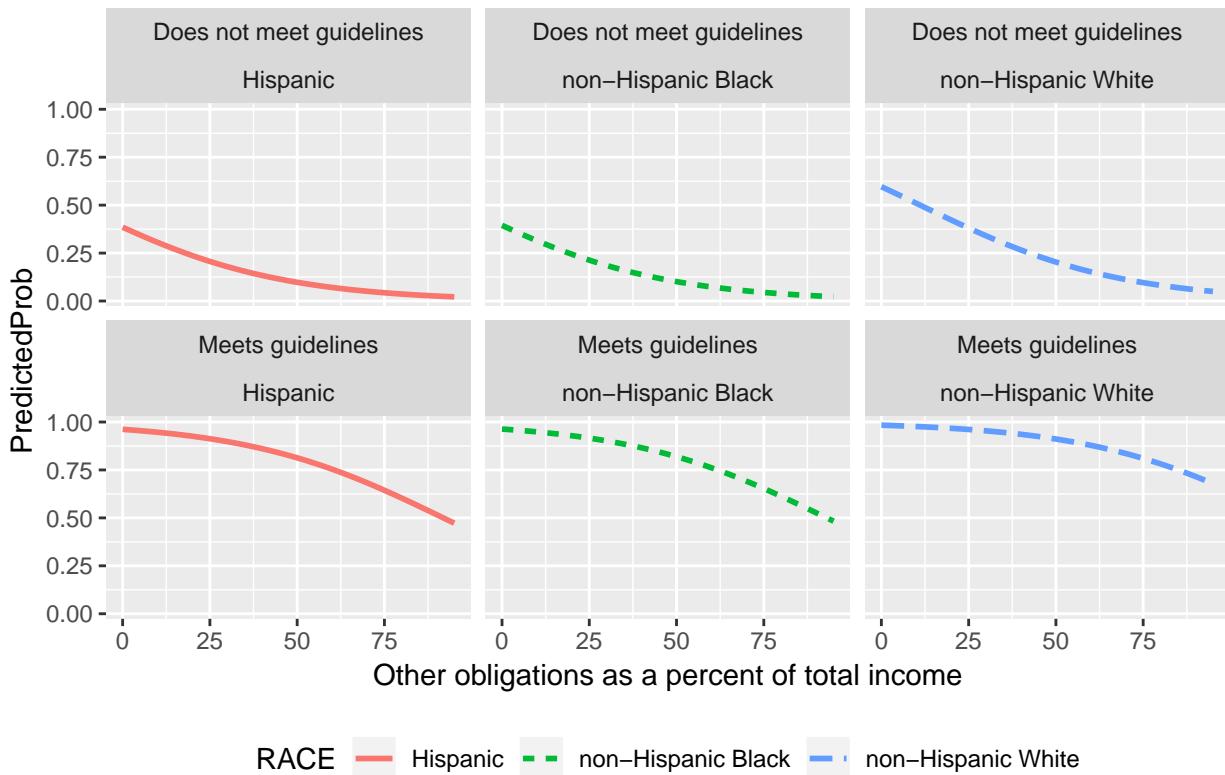
Predicted probabilities



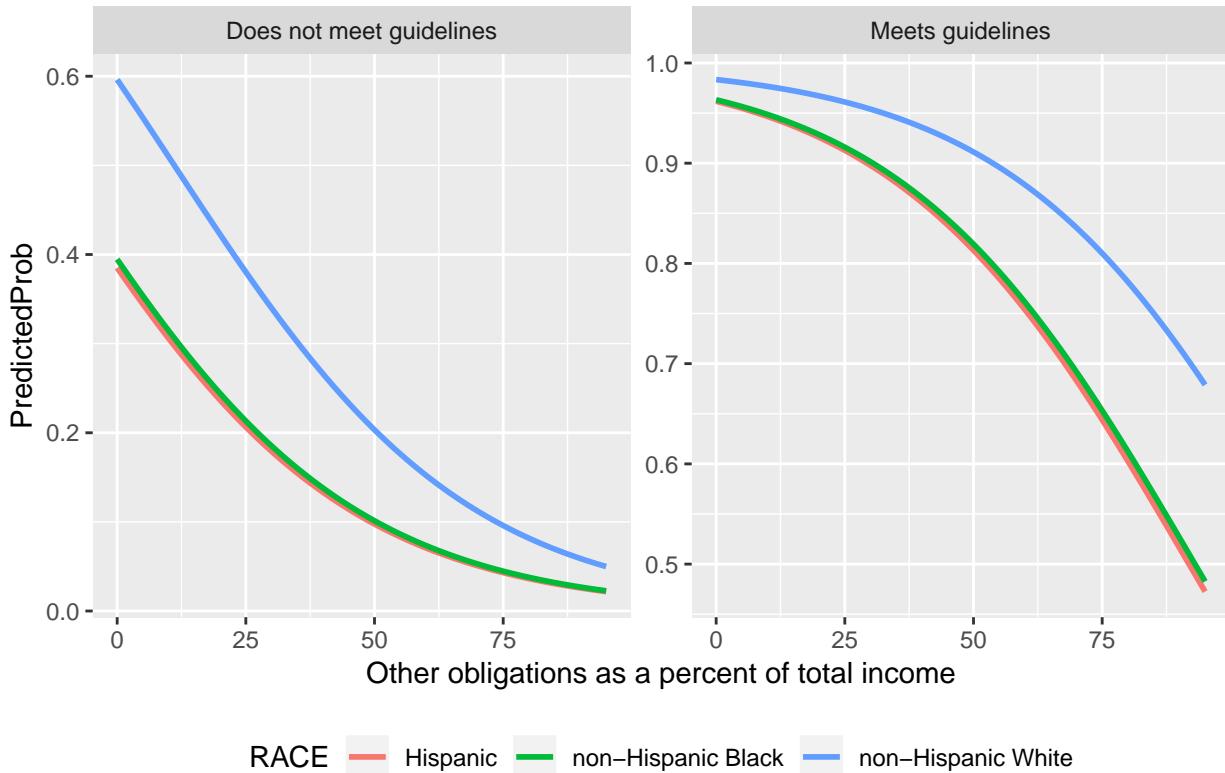
Predicted probabilities



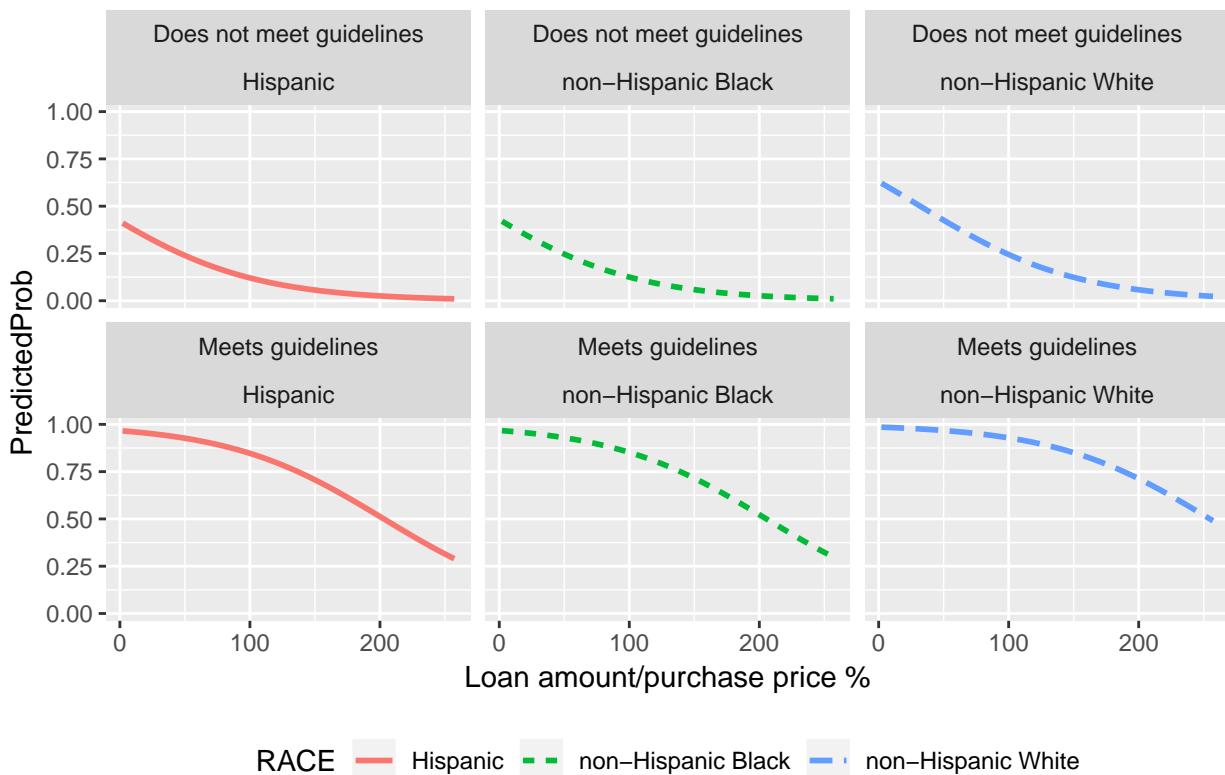
Predicted probabilities



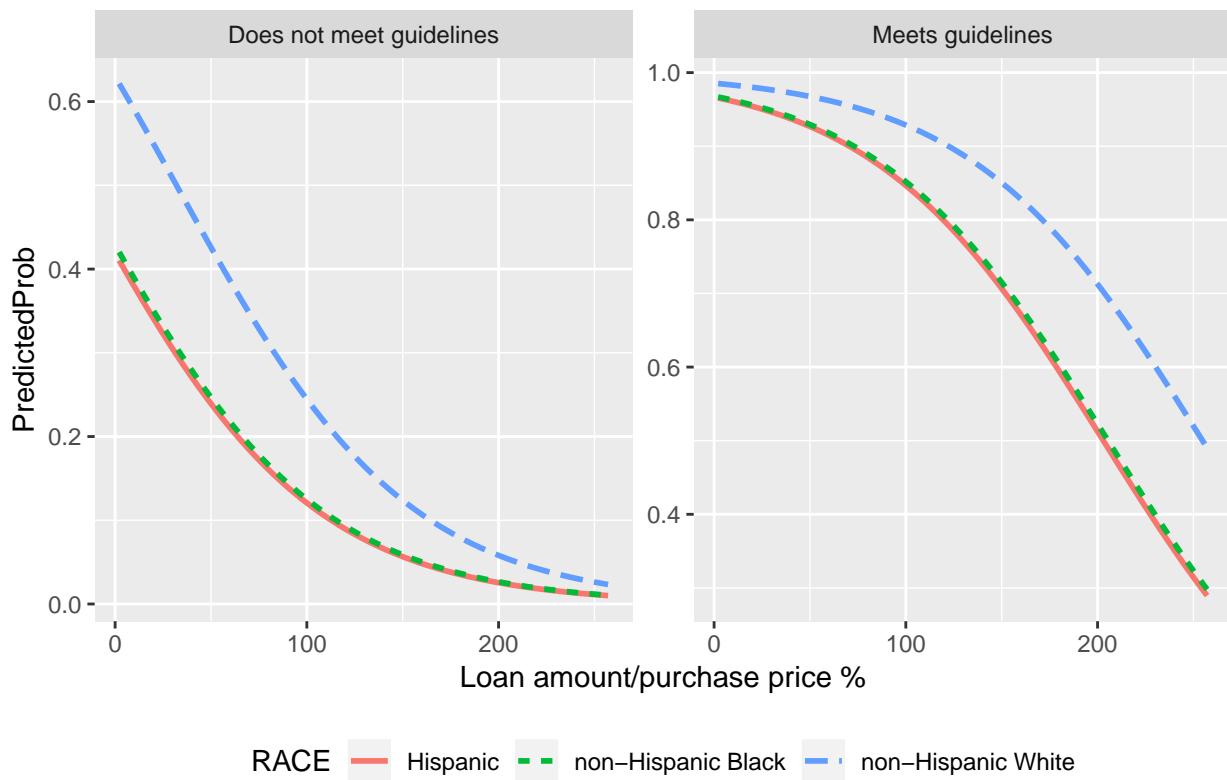
Predicted probabilities



Predicted probabilities

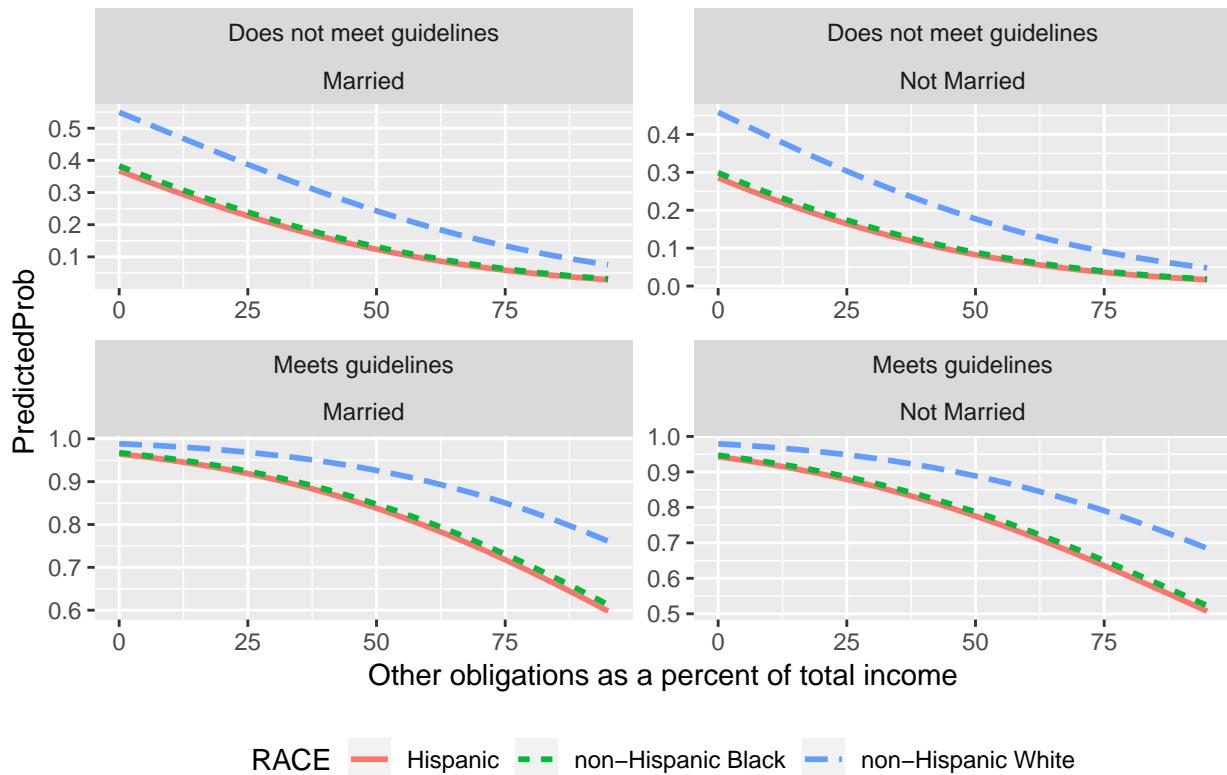


Predicted probabilities

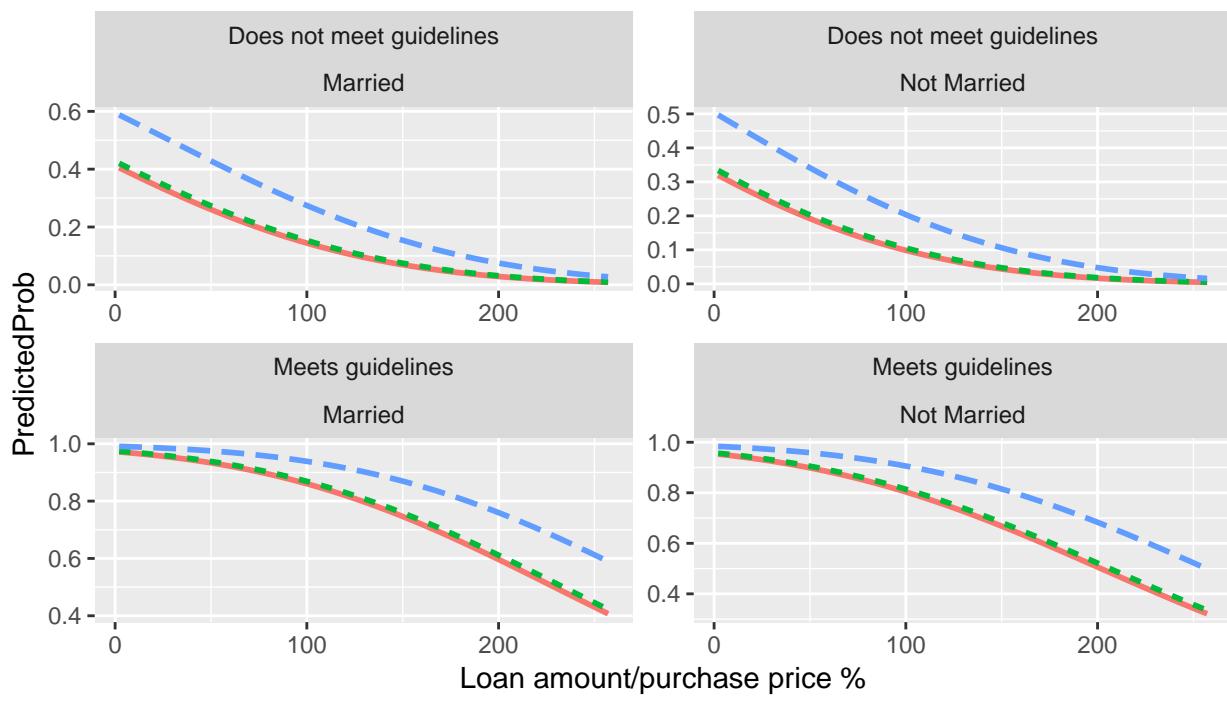


TBD

Predicted probabilities

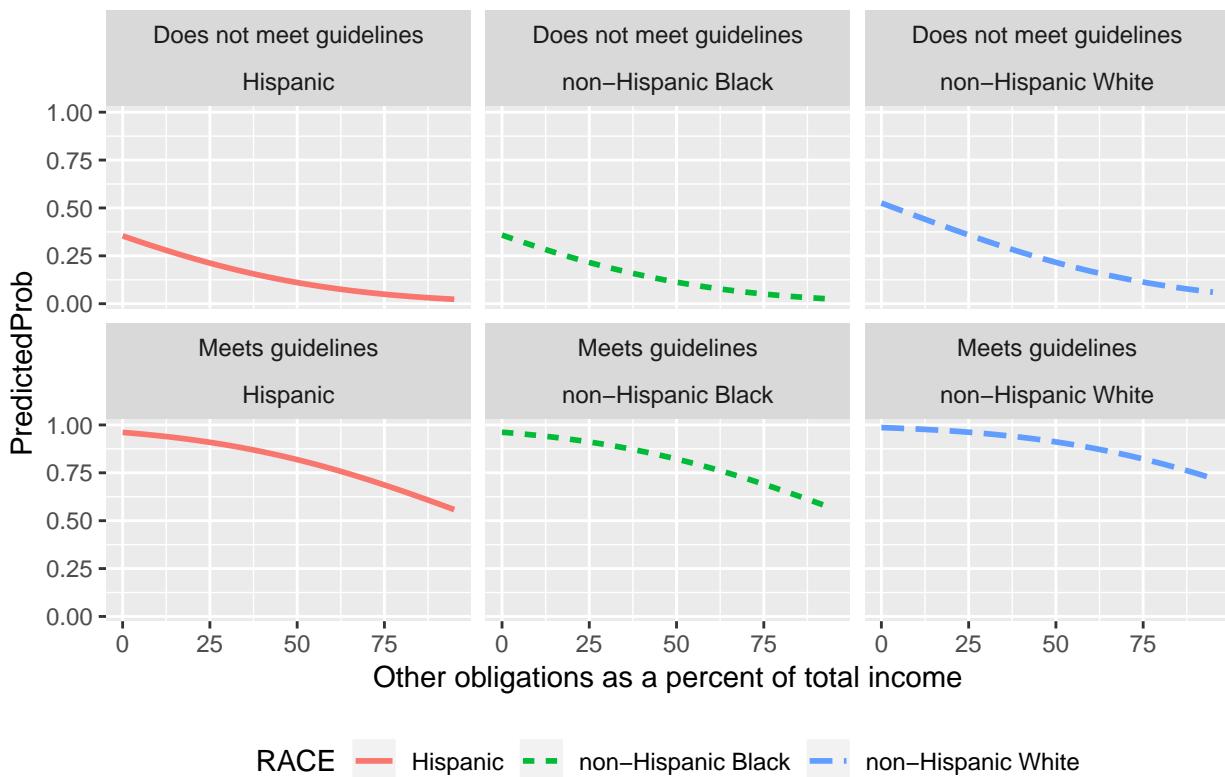


Predicted probabilities

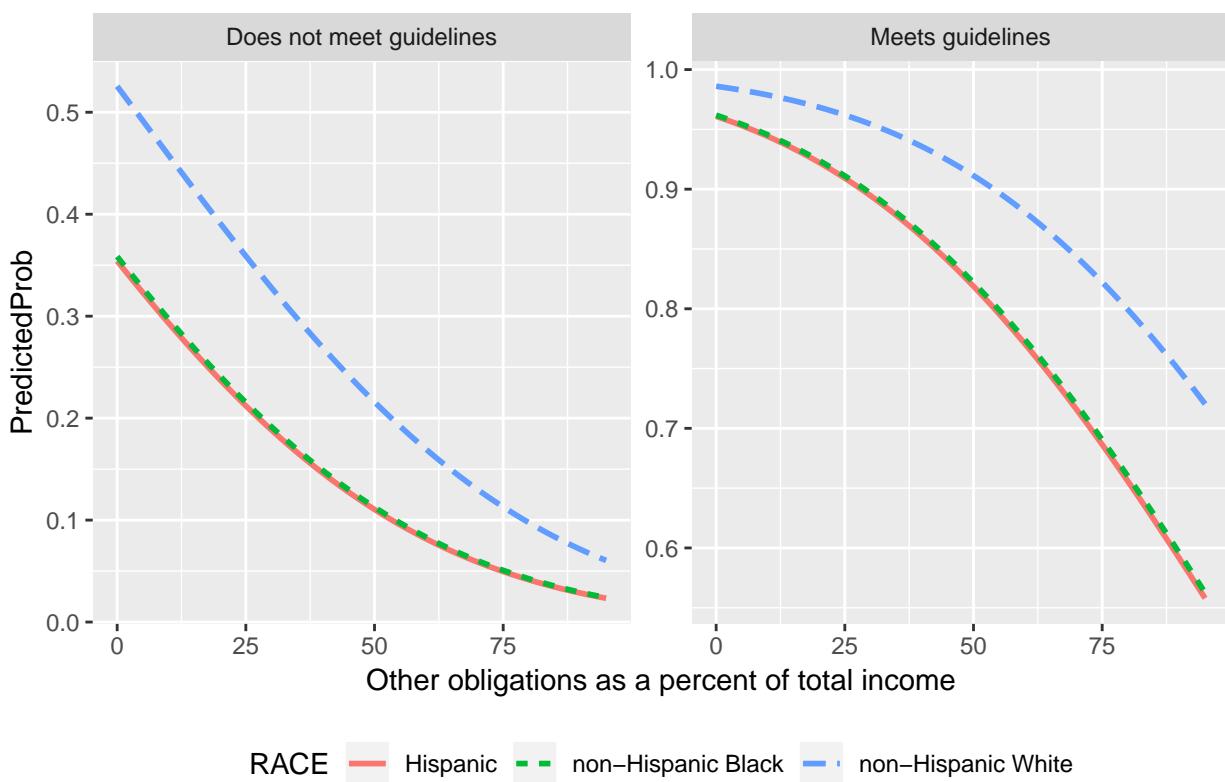


RACE Hispanic non-Hispanic Black non-Hispanic White

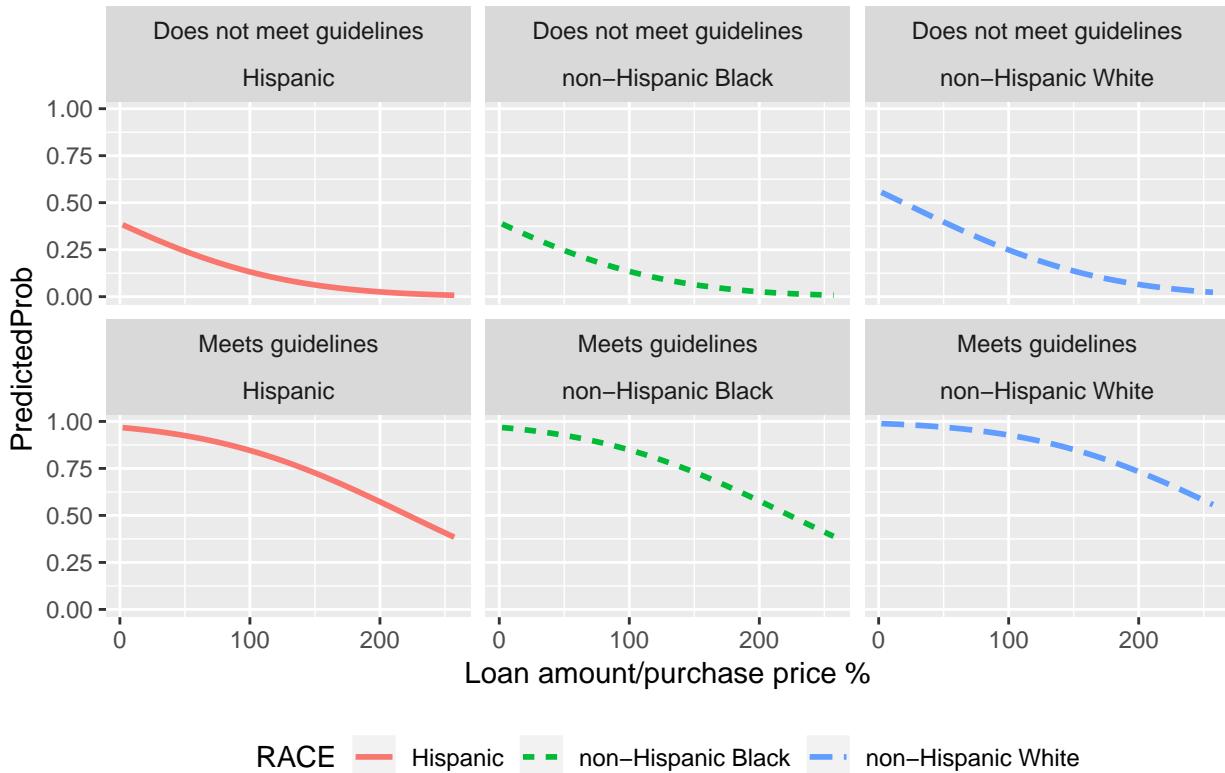
Predicted probabilities



Predicted probabilities



Predicted probabilities



Predicted probabilities

