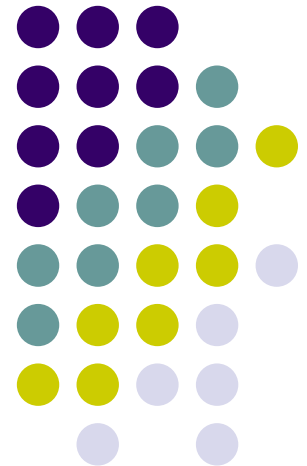
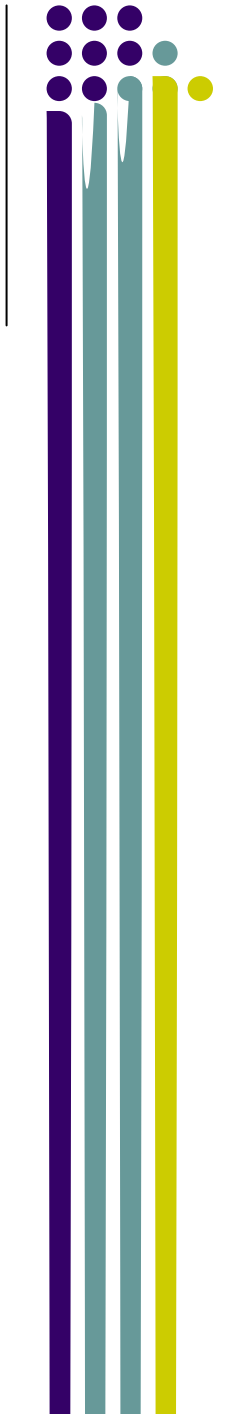


Informational Problems in the Mortgage Market

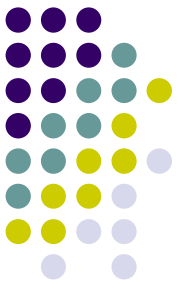
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FTC, May 29, 2008







Does better information lead to better decisions?



- Recent work at FTC shows that current mandatory disclosure could be improved and simplified.
- Would this lead to better decisions? And how?
 - Might alert borrowers to fees or penalties, but much less clear if it would lead them to be “better shoppers”.
 - Even with better information, mortgage decision and comparing contracts remains highly complex.
 - Work in behavioral economics suggests *details* of disclosure/shopping process likely to matter a lot.
- Raises the question of whether improved disclosure provides sufficient consumer protection.