

Table 11: Counterfactual Analysis – Conforming Loan Limit

This table shows the impact of altering the conforming loan limit. Column (1) shows the impact of reducing the limit by 25%; Column (2) shows the 2015 baseline scenario; Column (3) shows the impact of increasing the limit by 25%. Column (4) shows the impact of setting all limits to the lower national limit of \$417,000. Column (5) shows the impact of setting all limits to the higher national limit of \$625,000. Rows show the predicted impact of the counterfactual change on various outcomes.

		Changes to Conforming Loan Limit					
		(1)	(2)	(3)	(4)	(5)	(6)
		-25%	Baseline	25%	No Limit	\$417k	\$625k
Lending Volumes							
<i>Overall Lending Volume (\$b)</i>		1,469	1,763	1,965	2,360	1,725	2,062
<i>Conforming Volume (\$b)</i>		971	1,385	1,695	2,357	1,316	1,826
<i>Jumbo Volume (\$b)</i>		498	378	270	3	410	236
<i>Bank Volume (\$b)</i>		999	1,087	1,132	1,184	1,087	1,164
Loan Financing							
<i>Balance Sheet Lending (\$b)</i>		703	658	602	452	653	610
<i>Share of Loans Financed on Balance Sheet (%)</i>		48%	37%	31%	19%	38%	30%
<i>Share of Conforming Loans Financed on Balance Sheet (%)</i>		21%	20%	20%	19%	19%	20%
<i>Shadow Bank Market Share (%)</i>		32%	38%	42%	50%	37%	44%
<i>Shadow Bank Share of Conforming Loans (%)</i>		48%	49%	49%	50%	49%	49%
Interest Rates (deviation from baseline)							
<i>Conforming Interest Rate (%)</i>		0.02	-	-0.01	-0.03	0.00	-0.02
<i>Jumbo Interest Rate (%)</i>		-0.01	-	-0.01	-0.01	-0.02	-0.01
<i>Jumbo - Conforming Spread (%)</i>		-0.02	-	0.01	0.02	-0.02	0.01
Profits and Consumer Welfare (deviation from baseline)							
<i>Overall Lender Profits (\$b)</i>		-9	-	5	5	0	9
<i>Bank Profits (\$b)</i>		8	-	-7	-26	4	-6
<i>Shadow Bank Profits (\$b)</i>		-17	-	11	31	-4	15
<i>Overall Consumer Surplus (\$b)</i>		-267	-	171	505	-51	241
<i>Individual Consumer Surplus (\$)</i>		-4,161	-	2,895	9,228	-958	4,143
<i>Overall Consumer Surplus for Top Income Market (\$b)</i>		-136	-	88	265	-51	106
<i>Overall Consumer Surplus for Bottom Income Market (\$b)</i>		-18	-	11	30	0	17
<i>Individual Consumer Surplus for Top Income Quartile (\$)</i>		-1,850	-	1,541	9,112	-493	2,508
<i>Individual Consumer Surplus for Bottom Income Quartile (\$)</i>		-4,183	-	1,519	1,885	-776	1,717