

Table 2: Financing on Balance Sheet and Originator Type (Bank vs. Shadow Bank) around the Conforming Loan Limit

This table assesses the discontinuity of financing on balance sheet and originator type around the conforming loan limit for all (bank and shadow bank) originations. Panel A considers balance sheet lending versus outside financing. The left-hand side variable is an indicator for whether the loan is retained on the balance sheet or sold. Panel B considers bank originators versus shadow bank originators. The left-hand side variable is an indicator for whether the originator is a traditional bank. In both panels, Jumbo is an indicator for whether the loan size is above the conforming loan limit in the time-county of origination rendering it ineligible for securitization through GSEs. In both panels, columns (1)-(4) use years 2007-2015, while (5)-(8) use 2015 originations only. Columns (1)-(4) and (5)-(8) consider discontinuity bandwidths from +/- 1%, 5%, 10%, and 25% around the conforming loan limit. Controls include log loan amount, log applicant income, dummy variables for applicant race, ethnicity, sex, loan type, loan purpose, occupancy, and property type, and census tract-year fixed effects. Standard errors in parentheses are clustered at the lender-year level.

Panel A: Loan Retained on Balance Sheet or Sold?

	All Sample				2015 Originations			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Bandwidth +/-	1%	5%	10%	25%	1%	5%	10%	25%
Jumbo	0.503 (0.026)	0.452 (0.020)	0.440 (0.019)	0.424 (0.017)	0.628 (0.046)	0.542 (0.039)	0.507 (0.033)	0.469 (0.030)
Loan-Level Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Tract-Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,152,391	2,136,598	3,249,506	7,679,499	104,713	216,897	348,413	850,795
R ²	0.271	0.259	0.254	0.228	0.359	0.335	0.322	0.287

Panel B: Loan Originated by Bank?

	All Sample				2015 Originations			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Bandwidth +/-	1%	5%	10%	25%	1%	5%	10%	25%
Jumbo	0.245 (0.020)	0.217 (0.015)	0.203 (0.014)	0.183 (0.012)	0.384 (0.030)	0.328 (0.029)	0.301 (0.027)	0.266 (0.026)
Loan-Level Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Tract-Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,152,391	2,136,598	3,249,506	7,679,499	104,713	216,897	348,413	850,795
R ²	0.308	0.259	0.231	0.200	0.314	0.259	0.230	0.196