The origination amount weighted mean of $LimitIncrease_{ct}$ is 10.2% and the median is 0. The specifications to test the impact of these limit increases on jumbo and bank share are as follows:

$$\%Jumbo_{ct} = \beta LimitIncrease_{ct} + \gamma_c + \gamma_t + \epsilon_{ct} \tag{3}$$

$$\%AtCutoff_{ct} = \beta LimitIncrease_{ct} + \gamma_c + \gamma_t + \epsilon_{ct} \tag{4}$$

$$\%Bank_{ct} = \beta LimitIncrease_{ct} + \gamma_c + \gamma_t + \epsilon_{ct} \tag{5}$$

Where γ_c and γ_t are county and year fixed effects, respectively.

Specification (3) investigates whether jumbo share of originations declines along with conforming loan limit increases. Column 1 of Table 6 shows that increasing the conforming loan limit by 1% leads to an approximately 0.35% reduction in the jumbo share in the county. These estimates from actual data compare well with model counterfactual estimates where we simulate a similar change in conforming limits and assess the response. Table 11 finds a similar reduction of 0.31%. As the conforming loan limit increases, there is a significant shift towards conforming loans.

Specification (4) tests the extent of declines in bunching, which is measured as the number of *conforming* originations within 0.1% of the conforming loan limit. Column 2 of Table 6 shows that when the conforming loan limit increases the mass of borrowers exactly at the conforming loan cutoff decreases, suggesting that many of these borrowers would have selected larger loans had the conforming loan limits not been in place, and now that the limit has been relaxed, they are able to select larger, now conforming loans. As Figure 8B shows, the model closely captures the market shares of borrowers within a 5% band both above and below the conforming loan limit.

Specification (5) tests whether bank market share declines. Column 3 of Table 6 shows that a 1% increase in the conforming loan limit decreases bank market share by roughly 0.03% percentage points. Again, this estimate from actual data is consistent with that produced by our model (see counterfactual in Table 11), which finds that a 1% increase in the jumbo loan limit leads to roughly a 0.08% decrease in bank market share around the limit.[13]

Price Sensitivity

Our estimates of mean price sensitivity in Table 5 suggest that borrowers are quite price elastic, and the differences in price elasticity are small. The mean parameter $\bar{\alpha} = 1.14$ from Table 5A implies a price elasticity of roughly 4.4. This estimate is close to DeFusco and Paciorek (2017), who estimate the elasticity from the conforming loan discontinuity using a different approach. The estimate of $\sigma_\alpha^2 = 0.07$ in Table 5C suggests moderate borrower differences in price elasticity, ranging from 4 to 5.12 for borrowers two standard deviations above and below the mean in price sensitivity. Second, for a

[13] We also measure the change in bank market share as more jumbo loans are originated by using the following specification: $BankShare_{ct} = \beta JumboShare_{ct} + \gamma_c + \gamma_t + \epsilon_{ct}$. The results in Table 6, Column 4 find a positive and significant association between bank share and jumbo share. This coefficient, here estimated as roughly 0.25, is roughly in line with the relationship suggested in the model from Tables 9, 10, and 11, which finds that bank share increases by roughly 0.50 percentage points per percent increase in jumbo market share. Note that variation in jumbo share from the regression above obtains from all sources, such as variation in demand, supply, and policy, whereas the cross-validating variation in the model comes entirely from policy variation where one would expect a stronger relationship between jumbo share and bank share.