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Characteristics of "High Conforming Jumbo Mortgages" and Implications for the Impact of Reductions in the Conforming Loan Limits for Fannie Mae and Freddie Mac

This paper concludes that the reductions in the GSE loan limits that are scheduled to take effect in 27 states and DC on October 1, 2011 will have minimal effects in 18 states, and that in the other 9 states they will have little impacts on middle-income borrowers, Hispanic and African-American borrowers, and underserved areas, but may lead to higher denial and mortgage rates for high UPB borrowers.

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Purpose of Paper. The maximum loan amounts for mortgages eligible for purchase by Fannie Mae and Freddie Mac ("the Enterprises"), after being temporarily increased in 2008, are scheduled to be reduced in 204 locations in 27 states and the District of Columbia as of October 1, 2011. This paper describes the reductions in the loan limits and presents information on the characteristics of mortgages which were eligible for purchase by the Enterprises in certain counties in 2009 and would have been eligible for purchase prior to October 1, 2011, but not eligible on or after that date. Specifically, the paper analyzes Home Mortgage Disclosure Act (HMDA) data on these "high conforming jumbo mortgages (HCJMs)" for 10 large metropolitan counties where the scheduled reductions in the limits are 10 percent or more.

Conclusion of Paper. In 18 states the scheduled reductions in the loan limits are likely to have minimal effects. There are three reasons for this conclusion:

First, in some locations the reductions in the limits are very small. In the extreme case of the Greeley, CO metropolitan area (Weld County), the limit is scheduled to be reduced by only $500, from $417,500 to $417,000. In 53 additional counties, the reductions are less than 5 percent.

Second, some locations where the limits are scheduled to be reduced have small populations. This is demonstrated by the fact that 23 of the counties are in nonmetropolitan areas and 21 of the counties are in micropolitan areas, and in half of these locations the scheduled reductions are less than 10 percent.

Third, in some cases even though the limits are scheduled to be reduced by significant amounts, relatively few loans have been made and sold to the Enterprises in amounts that exceed the limits scheduled to take effect on October 1, 2011. This limited impact was shown in a recent FHFA *Mortgage Market Note*, which found that in the first 10 months of 2010:[1]

- No loans were sold to the Enterprises with amounts above the October 1, 2011 limits in three states; and[2]
- Such loans accounted for less than 1 percent of the loans acquired by the Enterprises in 16 states.[3]

However, there may be some impact from the scheduled reductions in the loan limits concentrated in eight states and the District of Columbia. This paper analyzes HCJMs in counties in these locations.[4]

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[1] See *FHFA Mortgage Market Note 11-01*, "Possible Declines in Conforming Loan Limits," issued March 29, 2011, and the references therein, at http://www.fhfa.gov/PolicyProgramsResearch/Research/Pages/Mortgage-Market-Note-11-01.aspx

[2] The three states are Delaware, Ohio, and West Virginia.

[3] The 16 states are Arizona, Colorado, Florida, Georgia, Hawaii, Idaho, Nevada, New Hampshire, New Mexico, North Carolina, Oregon, Pennsylvania, Rhode Island, Tennessee, Utah, and Wyoming.

[4] The 8 states are California, Connecticut, Maryland, Massachusetts, New Jersey, New York, Virginia, and Washington.

Based on this analysis, the paper concludes that in these locations:

- The reductions in the limits are likely to have little impact on middle-income borrowers, on Hispanic and African-American borrowers, and on mortgage markets in "underserved areas."
- The reductions in the limits may make it more difficult for high-UPB borrowers to obtain home purchase or refinance mortgages and such mortgages may be more likely to have reportable rate spreads under the Home Ownership and Equity Protection Act (HOEPA) than they would under the current limits. Generally, borrowers with high UPB also have higher incomes.

Background Prior to 2008. Fannie Mae and Freddie Mac are government-sponsored enterprises in the secondary mortgage market. They are authorized by their charter acts to purchase single-family conventional mortgages (mortgages not backed by government insurance or guarantees) for which the unpaid principal balance (UPB) does not exceed certain levels. These maximum UPB amounts are commonly referred to as the Enterprises' "conforming loan limits" (CLLs).

The CLLs depend on the number of units in the mortgaged property. The CLL in 2007 was $417,000 for 1-unit properties, $533,850 for 2-unit properties, $645,300 for 3-unit properties, and $801,950 for 4-unit properties in the 48 contiguous states and the District of Columbia. The limits were 50 percent higher for properties in Alaska, Guam, Hawaii, and the U.S. Virgin Islands. There are no CLLs for Enterprise purchase of mortgages on multifamily (5- or more unit) properties—these were repealed in 1998.

There are also limits on the maximum UPB for mortgages insured by the Federal Housing Administration (FHA). These FHA limits traditionally have varied based on home prices in the various parts of the country. For example, in 2007 the FHA limit for the highest-cost areas was $362,970 (87 percent of the Enterprises' CLL), the limit for the lowest-cost areas was $200,160 (48 percent of the Enterprises' CLL), and the limit was between these two amounts for areas with intermediate prices.[5] Unlike the Enterprises, there are also UPB limits for FHA-insured loans on multifamily properties.

Changes Taking Effect in 2008. Beginning in 2008, the Enterprises' loan limit remained at $417,000 for 1-unit properties in the lowest-cost areas, but a structure similar to that for the FHA limits was adopted for the highest-cost and other high-cost areas. Specifically, the CLL was established at $729,750 for the highest-cost areas such as the Los Angeles metropolitan area, and at levels greater than $417,000, but less than $729,750, for other high-cost areas. For example, the limit was set at $708,750 for the Bridgeport, Connecticut metropolitan area, and at $417,500 for the Greeley, Colorado metropolitan area. As in the past, higher limits applied to 2-4 unit properties and to mortgages on properties in Alaska, Guam, Hawaii, and the U.S. Virgin Islands.

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[5] Data on the CLL for the Enterprises for 1975-2010 and on the FHA loan limits for 1997-2010 are contained in Table 24, page 164, of FHFA's *2009 Report to Congress*, issued May 25, 2010.

Under the new approach, CLLs were established for metropolitan (or micropolitan) areas as a whole, rather than for their component counties or independent cities. This approach has been used by FHA in setting its limits for many years. For example, the Washington metropolitan area encompasses 22 jurisdictions (counties or independent cities) in Maryland, the District of Columbia, Virginia, and West Virginia, but in accordance with Federal law, the limit was set at the same level ($729,750) for all jurisdictions, based on the average home price for the highest-priced jurisdiction in the area. Limits were established at the county level for all counties outside metropolitan and micropolitan areas.

Another new feature in 2008 was that the FHA limits were set at the same level as the Enterprise limits for the highest-cost and other high-cost areas. For lower-cost areas, the FHA limit was set below the minimum Enterprise limit, down to the FHA minimum of $271,050 (65 percent of the Enterprise minimum). The aforementioned FHFA *Mortgage Market Note* explains the details of changes in procedures for establishing loan limits in recent years. For details on FHA limits, see the Department of Housing and Urban Development"s web site, https://entp.hud.gov/idapp/html/hicostlook.cfm.

The CLLs generally remained at the 2008 levels for 2009 and 2010, and will continue at those levels through September 30, 2011. The next section discusses the changes in the limits that are scheduled to take effect later this year.

Changes Scheduled to Take Effect on October 1, 2011. As detailed in the aforementioned FHFA *Mortgage Market Note*, under current law a number of changes are scheduled to take effect on October 1, 2011. Specifically:

1. The CLL for most of the highest-cost areas will decrease by 14 percent, from $729,750 to $625,500.[6]
2. A somewhat different formula for calculating the CLLs will be utilized, thereby lowering the limits for some metropolitan areas by more than 14 percent, with the largest reductions in metropolitan areas taking place in four MSAs in California--Salinas (34 percent), Vallejo (25 percent), San Diego (22 percent), and Santa Rosa (21 percent).
3. The CLL for the majority of intermediate-cost areas will decrease by less than 14 percent.

Specifically, the CLLs will be reduced as of October 1, 2011 in:

- 49 metropolitan areas, encompassing 159 counties and (in Maryland and Virginia) independent cities and the District of Columbia;
- 17 micropolitan areas, encompassing 21 counties; and
- 23 counties outside of metropolitan/micropolitan areas.

[6] For the Napa, Oxnard, and Salinas metropolitan areas in California, the Salt Lake City metropolitan area in Utah, and the Key West micropolitan area in Florida, the 1-unit CLL is currently $729,750, but will be less than $625,500 as of October 1, 2011 under current law.

Thus, overall the limits are scheduled to be reduced in **204 jurisdictions**, excluding reductions in Puerto Rico, Guam, and the Northern Mariana Islands. These scheduled reductions are shown in **Table 1.** A map showing areas where the loan limits are scheduled to be reduced is also shown herein as **Figure 1**.

Scheduled Changes in FHA Limits. As discussed above, the FHA limits are the same as the Enterprise limits for the highest-cost and other high-cost areas (those areas with 1-unit limits in excess of $417,000 in most of the country) through September 30, 2011, while the FHA limits for other areas are below the Enterprise limits, down to the FHA minimum of $271,050. As indicated in Table 1, for a number of intermediate-cost metropolitan areas, the Enterprise loan limits are scheduled to decrease to $417,000 as of October 1, 2011. However, the FHA limits in these areas are scheduled to decrease below the $417,000 level; in some cases the FHA limit will be substantially below the FHA limit as of October 1, 2011[7].

The reason for the disparity between Enterprise and FHA limits in some other high-cost areas after September 30, 2011 is that while both will be based on 115 percent of the average home price for an area for a base period, such limits will be adjusted upward for the Enterprises, but not for FHA, to $417,000. For example, if the average home price in an area in the base period was $340,000, the FHA limit as of October 1, 2011 would be 115 percent of this amount, or $391,000. However, the Enterprise limit for the area would be set at $417,000, the nationwide floor, or $26,000 above the FHA limit.

Plan of this Paper. Except for a very small reduction from $187,600 to $187,450 which took effect on May 1, 1990 and a temporary reduction in early 2009, the Enterprises' CLLs have never been reduced, thus the changes scheduled to take effect on October 1, 2011 are virtually without precedent.[8] This paper will not address the question of whether these changes should proceed as scheduled. Rather, it will report various characteristics of the loans originated in 2009 in 10 selected counties for which the loan limits are scheduled to be reduced as of October 1, 2011. The authors believe that the results reported may be of use to mortgage market observers and participants in their own analyses of the likely implications of the scheduled reductions in the CLLs.

Specifically, this paper analyzes data submitted by mortgage originators to their regulators on mortgages originated in 2009 in accordance with the Home Mortgage Disclosure Act

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[7] See "Loan Limit Drop May Hit FHA Hardest," *American Banker*, May 31, 2011, p. 12.

[8] Prior to the signing of the American Recovery and Reinvestment Act (ARRA) on February 17, 2009, the limits for 2009 reverted to the levels under the Housing and Economic Recovery Act of 2008, which were generally lower than the ARRA limits. However, the ARRA limits were made retroactive to January 1, 2009. This meant, for example, that a loan on a 1-unit property in Washington, DC, for $700,000 made on February 1, 2009 could not have been sold to an Enterprise prior to the signing of ARRA, but could have been sold thereafter, though it may have taken the Enterprises a few months to modify their systems to accept such mortgages. For details, see FHFA press release, "2009 Conforming Loan Limits Increased by American Recovery and Reinvestment Act," February 23, 2009, available at http://www.fhfa.gov/Media/PublicAffairs/Pages/2009-Conforming-Loan-Limits-Increased-by-American-Recovery-and-Reinvestment-Act.aspx.

(HMDA).[9] The Enterprises" CLLs were generally the same in 2009 as they were for 2008 and 2010, and as they are for the first nine months of 2011. The authors have divided the market in each of the areas analyzed into four distinct components, based on the UPB of the loan:

1. "Jumbo mortgages," for which the UPB exceeded the CLL for the area in 2009;
2. "High conforming jumbo mortgages (HCJMs)," for which the UPB exceeded the CLL scheduled to take effect on October 1, 2011 but was less than or equal to the current CLL;
3. "Low conforming jumbo mortgages (LCJMs)," for which the UPB exceeded $417,000 but was less than or equal to the CLL scheduled to take effect on October 1, 2011; and
4. "Conforming mortgages," for which the UPB was less than or equal to $417,000.

The paper then presents and compares various characteristics of the mortgages in these four categories, with special emphasis on HCJMs. It should be mentioned that HMDA data does not contain information on the number of units in a single-family property, thus the authors are not able to separate out mortgages on 2-4 unit properties from mortgages on 1-unit properties, so the 1-unit CLL has been applied to classify all single-family mortgages according to their UPB.[10]

Geographic Areas Analyzed. The paper presents analyses of mortgages originated in 10 large high-cost counties for which there was a significant volume of HCJMs in 2009. The areas chosen for analysis are geographically diverse and are scheduled to have varying decreases in their CLLs, ranging from $151,250 (22 percent) to $58,000 (11 percent, with the most common decrease of $104,250 (14 percent). These areas are not representative of the country as a whole—in fact, the counties for which the loan limits are scheduled to be reduced at all as of October 1, 2011 account for less than a third of the U.S. population.[11]

Specifically, the counties analyzed herein, with their 1-unit loan limits prior to October 1, 2011 and after September 30, 2011 and the percentage reductions in these limits are:[12]

	Jurisdiction	Current CLL	Scheduled CLL	Reduction
1.	Los Angeles County, CA	$729,750	$625,500	14.3%
2.	Orange County, CA	$729,750	$625,500	14.3%

[9] HMDA data for 2010 will be available in early fall 2011 at http://www.ffiec.gov/hmda/hmdaproducts.htm.

[10] The analysis has been confined to conventional, first-lien mortgages on owner-occupied properties in the jurisdictions analyzed.

[11] *FHFA Mortgage Market Note 11-01*, "Possible Declines in Conforming Loan Limits," issued March 29, 2011, footnote 11, page 5.

[12] Los Angeles and Orange Counties comprise the Los Angeles metropolitan statistical area (MSA); San Diego County is the San Diego MSA; Fairfield County is the Bridgeport MSA; Washington, DC, Montgomery County, MD, and Arlington and Fairfax Counties in VA are in the Washington MSA; Middlesex County is in the Boston MSA; and King County is in the Seattle MSA.

3.	San Diego County, CA	$697,500	$546,250	21.7%
4.	Fairfield County, CT	$708,750	$575,000	18.9%
5.	Washington, DC	$729,750	$625,500	14.3%
6.	Montgomery County, MD	$729,750	$625,500	14.3%
7.	Middlesex County, MA	$523,750	$465,750	11.1%
8.	Arlington County, VA	$729,750	$625,500	14.3%
9.	Fairfax County, VA	$729,750	$625,500	14.3%
10.	King County, WA	$567,500	$506,000	10.8%

The authors have also analyzed data for 15 other counties, in California, Massachusetts, New Jersey, and New York. Those results are not presented in this paper, though the general conclusions are similar to those for the counties analyzed herein.

Volume of Loans by Loan Amount. In **Table 2** we present the volume of conventional loans in terms of both the number of mortgages and total dollar amount of mortgages for the four UPB ranges in the ten counties analyzed in this study. As indicated, for these 10 counties the largest HCJM share was 8 percent in terms of units, for Fairfield County, and 13 percent in terms of dollar volume, also for Fairfield County.

One comparison of interest is that of the HCJM volume with the jumbo mortgage volume, which gives a rough measure of the amount by which the jumbo market would have had to expand to accommodate HCJM borrowers in these areas in 2009. Of course HCJM borrowers might have changed their behavior if the higher loan limits had not been in effect—for example, an HCJM borrower in DC with a $630,000 mortgage in 2009 might have increased his down payment by $10,000 in order to obtain a conforming mortgage of $620,000 if the CLL had been $625,500, rather than $729,750, in that year. This paper does not attempt to adjust for any behavioral changes of this nature.

Comparing the HCJM and jumbo mortgage markets in Los Angeles County, for example, 4,746 jumbo loans, with a total loan volume of $6.7 billion, were originated, and 4,646 HCJMs, with a total loan volume of $3.2 billion, were originated. Thus the jumbo market would have had to expand by 98 percent in terms of the number of loans and by 49 percent in dollar volume to accommodate the HCJM market in Los Angeles County in 2009.

Another item of note in Table 2 is that the volume of "low-conforming jumbo mortgages" (LCJMs) is greater than the volume of HCJMs in most counties analyzed. No further reductions in the CLL are currently required by statute, but if, for example, the CLL was returned to $417,000 in all areas, the required expansion in the size of the jumbo mortgage market in most counties would be greater than that required as HCJMs are eliminated in October 2011.[13]

[13] Further reduction in the CLLs have been advocated by various mortgage market observers including, for example, Dwight M. Jaffee, "Reforming the U.S. Mortgage Market Through Private Incentives," paper presented at Fourth Annual Real Estate Research Symposium, "The MBS Markets in Transition: Implications for Pricing, Restructuring, and Reform," University of California-Irvine, February 17-18, 2011. The Congressional Budget Office also recently evaluated a proposal to reduce the limits in all areas to

Disposition of Loans by Loan Amount. HMDA data also contains information on the disposition of mortgages originated by type of purchaser. There are 10 options: (1) sold to Fannie Mae, (2) sold to Freddie Mac, (3) sold to the Government National Mortgage Association (Ginnie Mae), (4) sold to Farmer Mac, (5) private securitization, (6) sold to a commercial or savings bank, (7) sold to an affiliate, (8) sold to one of four other categories of institutions (life insurance company, credit union, mortgage bank, finance company), (9) sold to another institution, or (10) not sold. In **Table 3** we present information on the disposition of mortgages originated in 2009 by UPB.

An important caveat in interpreting Table 3 is that such data understate the volume of mortgages eventually sold to the Enterprises. This data discrepancy is because some loans are originated in one year, but not sold to an Enterprise until a subsequent year, and such sales might not be picked up by the HMDA data. It may also be the case that lenders focus on reporting for HMDA purposes when a loan application is received and the application is either denied or withdrawn or the loan is originated, and may not go back and report when such loans are sold in the same year.

FHFA has analyzed Enterprise data on acquisitions of loans by UPB for the 10 counties studied in this report, and this confirms that the HMDA data significantly underreport loan sales to Fannie Mae and Freddie Mac. One conclusion that may be drawn from Table 3 and from FHFA"s analysis of Enterprise data, however, is that for the majority of counties analyzed, the share of loans sold to the Enterprises is highest for conforming mortgages, lower for LCJMs, and lowest for HCJMs. The reason for this pattern is not apparent, but it suggests that lenders may be holding higher shares of their HCJMs in portfolio, rather than selling them to the Enterprises, or possibly that originators had not restructured their practices to sell these higher-UPB loans to the Enterprises.

Loan Denial Rates by Loan Amount. HMDA data also reports on the disposition of mortgage applications, and such information is presented for 2009 by UPB category in **Table 4**. When a borrower applies for a mortgage, this application is recorded in a lender"s HMDA Loan Application Register (LAR). Subsequently the lender reports if (1) an application is withdrawn by the applicant, (2) approved but not accepted, (3) denied, or (4) if the file is closed for incompleteness, or (5) if a loan is originated. In this analysis we calculate the denial rate as the ratio of denials to the total of all of these five categories.

A variety of patterns are shown in Table 4. In Los Angeles County, the denial rate does not differ appreciably between conforming mortgages, LCJMs, and HCJMs, but is higher for jumbo mortgages. In Washington, DC, the denial rate is lower for LCJMs than for conforming mortgages, and slightly lower for HCJMs than for LCJMs, but higher for jumbo mortgages. In fact, with one exception for all ten counties analyzed, the denial rate was higher for jumbo mortgage applications than for all other categories. This may reflect more stringent underwriting standards in jumbo markets than in other markets in these areas in 2009.

$417,000 beginning in 2013, in *Reducing the Deficit: Spending and Revenue Options*, March 2011, pp. 28-29.

This analysis does not attempt to adjust denial rates for the many other factors that may differ between borrowers applying for mortgages with varying UPB amounts. Such an analysis would require a full-scale econometric model, beyond the scope of this paper.

Prevalence of Reportable Rate Spreads by Loan Amount. Since 2004, HMDA regulations issued by the Federal Reserve Board have required lenders to report a "rate spread variable" as the difference between the Annual Percentage Rate (APR) and a baseline interest rate measure. Data on the incidence of mortgages with reportable rate spreads in 2009 is shown in **Table 5**.

For 2009, HMDA required lenders to report the APR spread on first liens at or above 150 or 300 basis points, depending on the loan application date. For loan application dates prior to October 1, 2009, a spread of 300 or more basis points between the APR and the average interest rate on a comparable treasury security was reportable. After September 30, 2009, a spread of 150 or more basis points between the APR and a survey-based estimate of APRs currently offered on prime mortgage loans of a comparable type utilizing an "Average Prime Offer Rates" lookup table was reportable.[14]

As indicated in the last column of Table 5, overall the incidence of reportable rate spreads did not exceed 1 percent in any of the 10 counties studied in 2009.[15] But the incidence of reportable rate spreads was higher in all cases for jumbo mortgages, with a maximum of 4.7 percent in King County, Washington. Of course this higher incidence of reportable rate spread mortgages is a manifestation of the well-documented fact that, even after adjustment for various mortgage characteristics, jumbo mortgage rates are higher than rates on conforming mortgages.

In some areas such as Los Angeles and San Diego Counties and Washington DC, reportable rate spreads were less common for HCJMs than for conforming mortgages, while no such patterns were evident for other counties analyzed. But in all counties analyzed, reportable rate spreads were less common for HCJMs than for jumbo mortgages.

This analysis does not attempt to adjust the prevalence of reportable rate spreads for the many other factors that may differ between borrowers and loan products for mortgages with varying UPB amounts. Such an analysis would require a full-scale econometric model, beyond the scope of this paper.

Borrower Income by Loan Amount. HMDA data also reports on borrower income. It is obvious *a priori* that loans with higher UPB amounts are taken out by higher-income borrowers; the degree of differences between borrowers receiving conforming mortgages, LCJMs, HCJMs, and jumbo loans is shown in **Table 6.** Average income for each UPB is reported both in absolute terms and also relative to area median income (AMI) for the metropolitan area in which the jurisdiction is located.

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[14] See http://www.ffiec.gov/ratespread/default.aspx for details.

[15] Reportable rate spreads were much more common in 2008 and, especially, earlier years prior to the 2008 financial crisis.

Average income for HCJM borrowers exceeded $300,000 in six of the counties, with a high of $328,000 in the District of Columbia and a low of $211,100 in King County, Washington. Relative to area median, the average income for HCJM borrowers was highest in Los Angeles County, at 459 percent of AMI.

Borrower Race/Ethnicity by Loan Amount. As is well known, median family income is lower for African-American and Hispanic families than for non-Hispanic White families.[16] Thus (non-Asian) minorities are less likely to be represented among borrowers with high-UPB loans than with low-UPB loans.

Information of borrower race/ethnicity by loan amount is shown in **Table 7**. As indicated, the combined African-American/Hispanic share of loans fell sharply as UPB increased. For example, in Los Angeles County such borrowers accounted for 19 percent of conforming mortgages, 7 percent of LCJMs, 4 percent of HCJMs, and only 2 percent of jumbo mortgages.

Property Location by Loan Amount. In accordance with the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, the Department of Housing and Urban Development (HUD) established "affordable housing goals" for Fannie Mae and Freddie Mac for 1993 and subsequent years, until the responsibility was transferred to FHFA in 2008. These goals were based on borrower income (or, for rental units, on contract rent) and property location. For 1993-95, the geographic goal was targeted to Enterprise financing of mortgages on properties in central cities, as defined by the Office of Management and Budget (OMB).

Research by HUD and others found that central city location was not a satisfactory indicator of whether or not an area was adequately served by the mortgage market. HUD"s analysis focused on mortgage denial rates and origination rates as measures of the degree to which particular localities may have been "underserved" by the mortgage market. This research found that some areas in central cities appeared to be adequately served, while some areas outside of central cities appeared to be underserved. In particular, low-income and high-minority census tracts, whether located in or outside of central cities, had low mortgage origination rates and high mortgage denial rates.

Thus, for 1996 and subsequent years, HUD defined "underserved areas" (UAs) in terms of low-income and high-minority census tracts, excluding high-income minority census tracts. This was spelled out in HUD"s December 1, 1995, final rule, which established housing goals for 1996-99. This definition was largely unchanged in HUD"s subsequent housing goals rules, for 2000 through 2009. The definition was not adopted by FHFA for

[16] The Census Bureau reports that median family income in 2009 was $67,341 for non-Hispanic White families, $39,730 for Hispanic families, and $38,409 for African-American families--see http://www.census.gov/hhes/www/cpstables/032010/faminc/new02_000.htm.

2010, in response to the requirements of the Housing and Economic Recovery Act of 2008 (HERA), which modified the structure of the Enterprises" housing goals.[17]

Data on the shares of mortgages in underserved areas, as defined by HUD for 2009 is shown by loan amount in **Table 8**. As indicated, there is a sharp decline in the underserved areas share of mortgages as UPB increases. For example, in Los Angeles County, UAs accounted for 43 percent of conforming mortgages, 16 percent of LCJMs, 8 percent of HCJMs, and only 4 percent of jumbo mortgages in 2009. Similarly, for Washington DC, UAs accounted for 63 percent of conforming mortgages, 35 percent of LCJMs, 15 percent of HCJMs, and only 7 percent of jumbo mortgages in 2009.[18]

Conclusions from the Analysis of HMDA Data by Loan Amount. Several conclusions can be drawn from this analysis of 2009 HMDA data.

- For the 10 counties studied, HCJMs accounted for 3-8 percent of mortgages originated in 2009, and 5-13 percent of the total dollar volume of mortgages originated, with the highest shares in Fairfield County, CT (Table 2).

- In some areas, the shares of HCJMs sold to the Enterprises were lower than the shares of conforming mortgages and LCJMs which were sold to the Enterprises, though this pattern was not found in some other areas (Table 3).

- For all counties studied, mortgage denial rates were higher for jumbo mortgages than for HCJMs and other conforming mortgages (Table 4). This suggests that some borrowers applying for high-UPB loans after October 1, 2011 may find it more difficult to obtain approval for such mortgages.

- The share of mortgages with HMDA-reportable rate spreads did not exceed one percent in any of the counties analyzed for 2009, but the incidence of reportable rate spreads was higher for jumbo mortgages than for HCJMs in every county (Table 5). This result suggests that borrowers applying for high-UPB loans after October 1, 2011 may face higher mortgage rates than they would under the current loan limits.

- As expected, average borrower income was much higher for high-UPB mortgages than for low-UPB mortgages. For example, average borrower income in Washington DC for 2009 was $133,500 for conforming mortgages, $227,600 for LCJMs, $328,000 for HCJMs, and $547,100 for jumbo mortgages (Table 6). This

[17] HERA transferred authority over the housing goals from HUD to FHFA in July 2008. The housing goals for 2008 carried over to 2009, but the levels of the goals were revised by FHFA. Subsequently, based on the HERA structure, FHFA established housing goals for the Enterprises for 2010-11 (see *Federal Register,* September 14, 2010, pp. 55892-55929.)

[18] Research by HUD found that in general, high-UPB mortgages were very uncommon in UAs, but a notable exception was cited in "Upscale Mortgages Used for „Underserved" Goals," David Hilzenrath, *Washington Post*, August 6, 2004, p. E1.

suggests that few middle-income borrowers will be impacted by the October 1, 2011 changes in the loan limits.

- The Hispanic/African-American share of mortgages was much higher for low-UPB mortgages than for high-UPB mortgages. For example, the Hispanic/African-American share of mortgages in Los Angeles County in 2009 was 19 percent for conforming mortgages, 7 percent for LCJMs, 4 percent for HCJMs, and 2 percent for jumbo mortgages (Table 7). This suggests that few Hispanic/African-American borrowers will be impacted by the October 1, 2011 changes in the loan limits.

- The share of mortgages on properties located in "underserved areas" was much higher for low-UPB mortgages than for high-UPB mortgages. For example, the underserved areas of mortgages in Montgomery County, MD in 2009 was 41 percent for conforming mortgages, 11 percent for LCJMs, 2 percent for HCJMs, and 1 percent for jumbo mortgages (Table 8). This suggests that the mortgage market in "underserved areas" will not be affected in a significant manner by the October 1, 2011 changes in the loan limits.

Other features of conforming mortgages, LCJMs, HCJMs, and jumbo mortgages that might be of interest include average loan-to-value ratios; the shares of fixed-rate mortgages and adjustable rate mortgages; and the prevalence of mortgages of various durations. However, information on these mortgage characteristics is not available in the HMDA data, thus such comparisons lie outside the scope of this paper.

Table 1: Changes in Enterprises' Conforming Loan Limits for 1-Unit Properties in 2011 by Area: 89 (204)

Metropolitan Areas: 49 (160)*

FIPS	Name	Pre-10/1	Post-9/30	% Ch.
12100	Atlantic City NJ (1)	$453,750	$417,000	-8%
12580	Baltimore MD (7)	$560,000	$494,500	-12%
12700	Barnstable MA (1)	$462,500	$417,000	-10%
13460	Bend OR (1)	$447,500	$417,000	-7%
14460	Boston MA (7)	$523,750	$465,750	-11%
14500	Boulder CO (1)	$460,000	$417,000	-9%
14740	Bremerton WA (1)	$475,000	$417,000	-12%
14860	Bridgeport CT (1)	$708,750	$575,000	-19%
22380	Flagstaff AZ (1)	$450,000	$417,000	-7%
24540	Greeley CO (1)	$417,500	$417,000	-0.1%
25540	Hartford CT (3)	$440,000	$417,000	-5%
26180	Honolulu HI (1)	$793,750	$721,050	-9%
31100	Los Angeles CA (2)	$729,750	$625,500	-14%
31460	Madera CA (1)	$425,000	$417,000	-2%
32900	Merced CA (1)	$472,500	$417,000	-12%
33100	Miami FL (3)	$423,750	$417,000	-2%
33700	Modesto CA (1)	$423,750	$417,000	-2%
34900	Napa CA (1)	$729,750	$592,250	-19%
34940	Naples FL (1)	$531,250	$448,500	-16%
34980	Nashville TN (13)	$432,500	$417,000	-4%
35620	New York NY (23)	$729,750	$625,500	-14%
35840	North Port FL (2)	$442,500	$417,000	-6%
36140	Ocean City NJ (1)	$487,500	$417,000	-14%
37100	Oxnard CA (1)	$729,750	$598,000	-18%
37980	Philadelphia PA (11)	$420,000	$417,000	-1%
38900	Portland OR (7)	$418,750	$417,000	-0.4%
39100	Poughkeepsie NY (2)	$443,750	$417,000	-6%
39300	Providence RI (6)	$475,000	$426,750	-10%
39820	Redding CA (1)	$423,750	$417,000	-2%
40140	Riverside CA (2)	$500,000	$417,000	-17%
40900	Sacramento CA (4)	$580,000	$474,950	-18%
41500	Salinas CA (1)	$729,750	$483,000	-34%
41620	Salt Lake City UT (3)	$729,750	$600,300	-18%
41740	San Diego CA (1)	$697,500	$546,250	-22%
41860	San Francisco CA (5)	$729,750	$625,500	-14%
41940	San Jose CA (2)	$729,750	$625,500	-14%
42020	San Luis Obispo CA (1)	$687,500	$561,200	-18%
42060	Santa Barbara CA (1)	$729,750	$625,500	-14%
42100	Santa Cruz CA (1)	$729,750	$625,500	-14%
42140	Santa Fe NM (1)	$427,500	$417,000	-2%
42220	Santa Rosa CA (1)	$662,500	$520,950	-21%
42660	Seattle WA (3)	$567,500	$506,000	-11%
44700	Stockton CA (1)	$488,750	$417,000	-15%
45940	Trenton NJ (1)	$440,000	$417,000	-5%
46700	Vallejo CA (1)	$557,500	$417,000	-25%
47900	Washington DC (22)	$729,750	$625,500	-14%
49020	Winchester VA (3)	$475,000	$417,000	-12%
49620	York PA (1)	$425,000	$417,000	-2%
49700	Yuba City CA (2)	$425,000	$417,000	-2%

Micropolitan Areas: 17 (21)*

FIPS	Name	Pre-10/1	Post-9/30	% Ch.
11900	Athens OH (1)	$432,500	$417,000	-4%
13860	Bishop CA (1)	$437,500	$417,000	-5%
20420	Durango CO (1)	$443,750	$417,000	-6%
20660	Easton MD (1)	$443,750	$417,000	-6%
20780	Edwards CO (2)	$729,750	$625,500	-14%
21020	Elizabeth City NC (3)	$729,750	$625,500	-14%
23820	Gardnerville Ranchos NV (1)	$468,750	$417,000	-11%
25720	Heber UT (1)	$431,250	$417,000	-3%
27220	Jackson WY (2)	$693,750	$625,500	-10%
27980	Kahului HI (1)	$790,000	$626,750	-21%
28180	Kapaa HI (1)	$773,750	$713,000	-8%
28580	Key West FL (1)	$729,750	$529,000	-28%
28620	Kill Devil Hills NC (1)	$460,000	$417,000	-9%
36180	Ocean Pines MD (1)	$437,500	$417,000	-5%
43540	Silverthorne CO (1)	$729,750	$625,500	-14%
46020	Truckee CA (1)	$562,500	$477,250	-15%
46380	Ukiah CA (1)	$512,500	$417,000	-19%

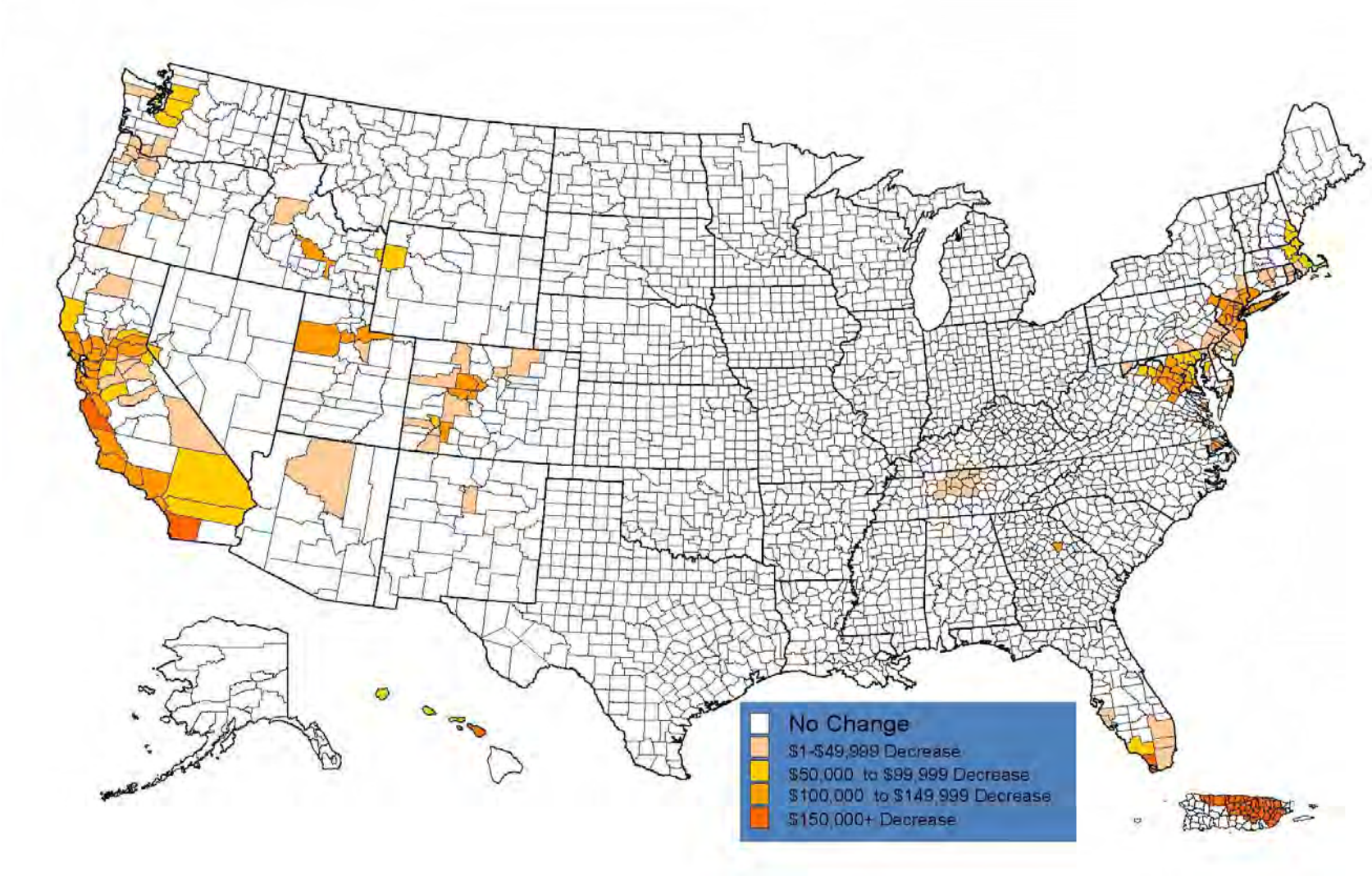
Non-MSA Counties: 23

FIPS	Name	Pre-10/1	Post-9/30	% Ch.
06003	Alpine CA	$547,500	$463,450	-15%
06005	Amador CA	$443,750	$417,000	-6%
06009	Calaveras CA	$462,500	$417,000	-10%
06109	Tuolomne CA	$437,500	$417,000	-5%
08045	Garfield CO	$425,000	$417,000	-2%
08051	Gunnison CO	$433,750	$417,000	-4%
08053	Hinsdale CO	$557,500	$427,800	-23%
08091	Ouray CO	$482,500	$425,500	-12%
08097	Pitkin CO	$729,750	$625,500	-14%
08107	Routt CO	$675,000	$625,500	-7%
08111	San Juan CO	$425,000	$417,000	-2%
08113	San Miguel CO	$651,250	$625,500	-4%
13133	Greene GA	$662,500	$515,200	-22%
15005	Kalawao HI	$716,250	$626,750	-12%
16013	Blaine ID	$729,750	$625,500	-14%
16085	Valley ID	$462,500	$417,000	-10%
24023	Garrett MD	$437,500	$417,000	-5%
25007	Dukes MA	$729,750	$625,500	-14%
25019	Nantucket MA	$729,750	$625,500	-14%
41029	Jackson OR	$422,500	$417,000	-1%
51103	Lancaster VA	$545,000	$442,750	-19%
53031	Jefferson WA	$437,500	$417,000	-5%
53055	San Juan WA	$593,750	$483,000	-19%

Note: Does **not** include changes in limits in American Samoa, Guam, Northern Mariana Islands, Puerto Rico, or the Virgin Islands.

*Some metropolitan and micropolitan areas cross state lines; state shown is that in which first-named city in title is located. Number in parentheses denotes number of counties/independent cities in area.

Figure 1 – Scheduled Decreases in Enterprise Loan Limits for 1-Unit Properties as of October 1, 2011[19]



[19] http://www.fhfa.gov/webfiles/20671/MMNote_2011-01_LoanLimit.pdf

Table 2
Distribution of Conventional Mortgages by Loan Amount in 2009, Selected Counties
(For mortgages on single-family owner-occupied properties)

County, State	Category	Number of Loans by UPB Category					Share of Loans by UPB Category			
		Conforming	LCJMs	HCJMS	Jumbo	Total	Conforming	LCJMs	HCJMS	Jumbo
Los Angeles	No. Loans	111,675	15,721	4,646	4,746	136,788	82%	11%	3%	3%
CA	$ in bil.	$30.9	$8.4	$3.2	$6.7	$49.3	63%	17%	7%	14%
Orange	No. Loans	56,515	8,771	2,225	1,537	69,048	82%	13%	3%	2%
CA	$ in bil.	$16.7	$4.7	$1.6	$2.1	$25.0	67%	19%	6%	8%
San Diego	No. Loans	49,802	4,434	3,013	1,477	58,726	85%	8%	5%	3%
CA	$ in bil.	$13.8	$2.2	$1.9	$1.8	$19.7	70%	11%	10%	9%
Fairfield	No. Loans	18,454	1,438	2,055	2,480	24,427	76%	6%	8%	10%
CT	$ in bil.	$5.1	$0.7	$1.3	$3.0	$10.1	50%	7%	13%	30%
Washington	No. Loans	10,161	2,513	712	449	13,835	73%	18%	5%	3%
DC	$ in bil.	$2.9	$1.4	$0.5	$0.5	$5.2	55%	26%	9%	10%
Montgomery	No. Loans	25,528	4,576	1,224	707	32,035	80%	14%	4%	2%
MD	$ in bil.	$7.3	$2.5	$0.9	$0.8	$11.4	64%	22%	8%	7%
Middlesex	No. Loans	50,113	990	1,420	1,722	54,245	92%	2%	3%	3%
MA	$ in bil.	$13.6	$0.4	$0.7	$1.4	$16.2	84%	3%	4%	9%
Arlington	No. Loans	5,581	1,492	349	168	7,590	74%	20%	5%	2%
VA	$ in bil.	$1.7	$0.8	$0.2	$0.2	$2.9	58%	28%	8%	6%
Fairfax	No. Loans	30,238	4,801	1,013	569	36,621	83%	13%	3%	2%
VA	$ in bil.	$8.7	$2.5	$0.7	$0.7	$12.6	69%	20%	6%	5%
King	No. Loans	64,864	3,005	1,903	1,730	71,502	91%	4%	3%	2%
WA	$ in bil.	$17.8	$1.4	$1.0	$1.6	$21.9	81%	7%	5%	7%

Source: FHFA analysis of 2009 Home Mortgage Disclosure Act (HMDA) data. "Conforming" loans are those with UPB no greater than $417,000; "low-conforming jumbo mortgages" (LCJMs) are those with UPB greater than $417,000, but no greater than the loan limit which is scheduled to take effect on 10/1/11; "high-conforming jumbo mortgages" (HCJMs) are those with UPB greater than the loan limit which is scheduled to take effect on 10/1/11, but no greater than the loan limit which is in effect prior to 10/1/11; "jumbo mortgages" are those with UPB greater than the loan limit which is in effect prior to 10/1/11.

Table 3
Disposition of Conventional Mortgages by Loan Amount in 2009, Selected Counties

County, State	Category	Number of Loans by UPB Category				
		Conforming	LCJMs	HCJMS	Jumbo*	Total
Los Angeles CA	No. Loans	111,675	15,721	4,646	4,746	136,788
	Sold to Enterprises	60,453	8,701	2,564	27	71,745
	Sold %	54%	55%	55%	1%	52%
Orange CA	No. Loans	56,515	8,771	2,225	1,537	69,048
	Sold to Enterprises	31,800	4,861	1,215	6	37,882
	Sold %	56%	55%	55%	0%	55%
San Diego CA	No. Loans	49,802	4,434	3,013	1,477	58,726
	Sold to Enterprises	27,107	2,441	1,636	4	31,188
	Sold %	54%	55%	54%	0%	53%
Fairfield CT	No. Loans	18,454	1,438	2,055	2,480	24,427
	Sold to Enterprises	8,654	583	528	0	9,765
	Sold %	47%	41%	26%	0%	40%
Washington DC	No. Loans	10,161	2,513	712	449	13,835
	Sold to Enterprises	5,246	1,142	277	7	6,672
	Sold %	52%	45%	39%	2%	48%
Montgomery MD	No. Loans	25,528	4,576	1,224	707	32,035
	Sold to Enterprises	14,609	2,254	552	0	17,415
	Sold %	57%	49%	45%	0%	54%
Middlesex MA	No. Loans	50,113	990	1,420	1,722	54,245
	Sold to Enterprises	21,660	336	462	38	22,496
	Sold %	43%	34%	33%	2%	41%
Arlington VA	No. Loans	5,581	1,492	349	168	7,590
	Sold to Enterprises	3,026	755	145	0	3,926
	Sold %	54%	51%	42%	0%	52%
Fairfax VA	No. Loans	30,238	4,801	1,013	569	36,621
	Sold to Enterprises	16,721	2,487	442	0	19,650
	Sold %	55%	52%	44%	0%	54%
King WA	No. Loans	64,864	3,005	1,903	1,730	71,502
	Sold to Enterprises	37,928	1,667	1,057	5	40,657
	Sold %	58%	55%	56%	0%	57%

Note: HMDA data generally understate the volume of mortgages sold to the Enterprises, because some mortgages are sold after the year of origination or are intially sold to other conduits, or lenders may not code this field properly.

*Since the Enterprises cannot purchase jumbo mortgages, the amounts shown reflect coding errors or purchases of mortgages on 2-4 unit properties, for which the loan limits are higher than for 1-unit properties.

Source: FHFA analysis of 2009 Home Mortgage Disclosure Act (HMDA) data. "Conforming" loans are those with UPB no greater than $417,000;"low-conforming jumbo mortgages" (LCJMs) are those with UPB greater than $417,000, but no greater than the loan limit which is scheduled to take effect on 10/1/11; "high-conforming jumbo mortgages" (HCJMs) are those with UPB greater than the loan limit which is scheduled to take effect on 10/1/11, but no greater than the loan limit which is in effect prior to 10/1/11; "jumbo mortgages" are those with UPB greater than the loan limit which is in effect prior to 10/1/11.

Table 4
Conventional Mortgage Denial Rates by Loan Amount in 2009, Selected Counties

County, State	Category	Number of Applications/Denials by UPB Category				
		Conforming	LCJMs	HCJMS	Jumbo	Total
Los Angeles CA	Applicatons	188,913	30,001	8,372	9,640	236,926
	Denials	34,957	6,731	1,657	2,564	45,909
	Denial Rate	19%	22%	20%	27%	19%
Orange CA	Applicatons	87,129	16,228	3,958	3,451	110,766
	Denials	12,544	3,337	802	1,042	17,725
	Denial Rate	14%	21%	20%	30%	16%
San Diego CA	Applicatons	78,796	8,303	5,423	3,098	95,620
	Denials	12,562	1,680	1,052	865	16,159
	Denial Rate	16%	20%	19%	28%	17%
Fairfield CT	Applicatons	28,259	2,447	3,244	3,814	37,764
	Denials	4,395	484	563	695	6,137
	Denial Rate	16%	20%	17%	18%	16%
Washington DC	Applicatons	16,217	3,781	989	749	21,736
	Denials	2,720	534	124	155	3,533
	Denial Rate	17%	14%	13%	21%	16%
Montgomery MD	Applicatons	37,189	6,808	1,763	1,286	47,046
	Denials	4,555	908	205	284	5,952
	Denial Rate	12%	13%	12%	22%	13%
Middlesex MA	Applicatons	68,737	1,533	2,035	2,917	75,222
	Denials	7,378	234	268	567	8,447
	Denial Rate	11%	15%	13%	19%	11%
Arlington VA	Applicatons	7,794	2,107	496	295	10,692
	Denials	848	203	55	54	1,160
	Denial Rate	11%	10%	11%	18%	11%
Fairfax VA	Applicatons	43,553	7,480	1,591	1,141	53,765
	Denials	5,041	977	220	259	6,497
	Denial Rate	12%	13%	14%	23%	12%
King WA	Applicatons	96,327	5,098	3,064	3,848	108,337
	Denials	12,934	933	497	1,185	15,549
	Denial Rate	13%	18%	16%	31%	14%

Source: FHFA analysis of 2009 Home Mortgage Disclosure Act (HMDA) data. "Conforming" loans are those with UPB no greater than $417,000;"low-conforming jumbo mortgages" (LCJMs) are those with UPB greater than $417,000, but no greater than the loan limit which is scheduled to take effect on 10/1/11; "high-conforming jumbo mortgages" (HCJMs) are those with UPB greater than the loan limit which is scheduled to take effect on 10/1/11, but no greater than the loan limit which is in effect prior to 10/1/11; "jumbo mortgages" are those with UPB greater than the loan limit which is in effect prior to 10/1/11.

Table 5
Conventional Mortgages with Reportable Rate Spread by Loan Amount in 2009, Selected Counties

County, State	Category	Number of Loans by UPB Category				
		Conforming	LCJMs	HCJMS	Jumbo*	Total
Los Angeles CA	No. Loans	111,675	15,721	4,646	4,746	136,788
	With Spread	1,179	113	18	107	1,417
	Spread %	1.1%	0.7%	0.4%	2.3%	1.0%
Orange CA	No. Loans	56,515	8,771	2,225	1,537	69,048
	With Spread	469	56	16	44	585
	Spread %	0.8%	0.6%	0.7%	2.9%	0.8%
San Diego CA	No. Loans	49,802	4,434	3,013	1,477	58,726
	With Spread	467	19	12	55	553
	Spread %	0.9%	0.4%	0.4%	3.7%	0.9%
Fairfield CT	No. Loans	18,454	1,438	2,055	2,480	24,427
	With Spread	129	16	22	41	208
	Spread %	0.7%	1.1%	1.1%	1.7%	0.9%
Washington DC	No. Loans	10,161	2,513	712	449	13,835
	With Spread	67	4	2	14	87
	Spread %	0.7%	0.2%	0.3%	3.1%	0.6%
Montgomery MD	No. Loans	25,528	4,576	1,224	707	32,035
	With Spread	100	16	6	21	143
	Spread %	0.4%	0.3%	0.5%	3.0%	0.4%
Middlesex MA	No. Loans	50,113	990	1,420	1,722	54,245
	With Spread	361	6	10	40	417
	Spread %	0.7%	0.6%	0.7%	2.3%	0.8%
Arlington VA	No. Loans	5,581	1,492	349	168	7,590
	With Spread	16	3	2	6	27
	Spread %	0.3%	0.2%	0.6%	3.6%	0.4%
Fairfax VA	No. Loans	30,238	4,801	1,013	569	36,621
	With Spread	125	15	6	14	160
	Spread %	0.4%	0.3%	0.6%	2.5%	0.4%
King WA	No. Loans	64,864	3,005	1,903	1,730	71,502
	With Spread	565	30	20	81	696
	Spread %	0.9%	1.0%	1.1%	4.7%	1.0%

Note: For 2009, HMDA required lenders to report the rate spread on first liens at or above 150 or 300 basis points depending on the loan application date. For loan application dates prior to10/1/2009 a spread of 300 or more basis points between the Annual Percentage Rate (APR) and the comparable treasury security was reportable. After 9/30/2009 a spread of 150 or more basis points between the APR and a survey-based estimate of APRs currently offered on prime mortgage loans of a comparable type utilizing an “Average Prime Offer Rates” lookup table was reportable. See http://www.ffiec.gov/ratespread/default.aspx for details.

Source: FHFA analysis of 2009 Home Mortgage Disclosure Act (HMDA) data. "Conforming" loans are those with UPB no greater than $417,000;"low-conforming jumbo mortgages" (LCJMs) are those with UPB greater than $417,000, but no greater than the loan limit which is scheduled to take effect on 10/1/11; "high-conforming jumbo mortgages" (HCJMs) are those with UPB greater than the loan limit which is scheduled to take effect on 10/1/11, but no greater than the loan limit which is in effect prior to 10/1/11; "jumbo mortgages" are those with UPB greater than the loan limit which is in effect prior to 10/1/11.

Table 6
Average Borrower Income by Loan Amount in 2009, Selected Counties (in thousands)

County, State, AMI*	Category	Number of Loans by UPB Category				
		Conforming	LCJMs	HCJMS	Jumbo	Total
Los Angeles	No. Loans	111,675	15,721	4,646	4,746	136,788
CA	Ave. income ($K)	$109.7	$214.3	**$308.7**	$703.8	$149.2
$67.3	% of AMI	163%	318%	459%	1046%	222%
Orange	No. Loans	56,515	8,771	2,225	1,537	69,048
CA	Ave. income ($K)	$116.6	$198.9	**$294.0**	$670.7	$145.2
$67.3	% of AMI	173%	296%	437%	997%	216%
San Diego	No. Loans	49,802	4,434	3,013	1,477	58,726
CA	Ave. income ($K)	$111.1	$184.5	**$244.3**	$528.4	$134.1
$74.9	% of AMI	148%	246%	326%	705%	179%
Fairfield	No. Loans	18,454	1,438	2,055	2,480	24,427
CT	Ave. income ($K)	$141.1	$241.4	**$318.5**	$660.4	$215.2
$101.9	% of AMI	138%	237%	313%	648%	211%
Washington	No. Loans	10,161	2,513	712	449	13,835
DC	Ave. income ($K)	$133.5	$227.6	**$328.0**	$547.1	$174.2
$102.7	% of AMI	130%	222%	319%	533%	170%
Montgomery	No. Loans	25,528	4,576	1,224	707	32,035
MD	Ave. income ($K)	$135.7	$229.5	**$313.5**	$552.0	$165.7
$102.7	% of AMI	132%	223%	305%	537%	161%
Middlesex	No. Loans	50,113	990	1,420	1,722	54,245
MA	Ave. income ($K)	$125.5	$198.1	**$224.5**	$385.5	$137.7
$88.1	% of AMI	142%	225%	255%	438%	156%
Arlington	No. Loans	5,581	1,492	349	168	7,590
VA	Ave. income ($K)	$145.6	$211.5	**$303.7**	$452.0	$172.9
$102.7	% of AMI	142%	206%	296%	440%	168%
Fairfax	No. Loans	30,238	4,801	1,013	569	36,621
VA	Ave. income ($K)	$135.9	$224.3	**$326.3**	$530.1	$159.3
$102.7	% of AMI	132%	218%	318%	516%	155%
King	No. Loans	64,864	3,005	1,903	1,730	71,502
WA	Ave. income ($K)	$111.9	$184.4	**$211.1**	$421.4	$125.2
$80.0	% of AMI	140%	231%	264%	527%	157%

*AMI = area median income in 2009 (In thousands) for the metropolitan area in which the county is located.

Source: FHFA analysis of 2009 Home Mortgage Disclosure Act (HMDA) data. "Conforming" loans are those with UPB no greater than $417,000;"low-conforming jumbo mortgages" (LCJMs) are those with UPB greater than $417,000, but no greater than the loan limit which is scheduled to take effect on 10/1/11; "high-conforming jumbo mortgages" (HCJMs) are those with UPB greater than the loan limit which is scheduled to take effect on 10/1/11, but no greater than the loan limit which is in effect prior to 10/1/11; "jumbo mortgages" are those with UPB greater than the loan limit which is in effect prior to 10/1/11.

Table 7
Mortgages to Hispanic and African-American Borrowers by Loan Amount in 2009, Selected Counties

County, State	Category	Number of Loans by UPB Category				
		Conforming	LCJMs	HCJMS	Jumbo	Total
Los Angeles CA	No. Loans	111,675	15,721	4,646	4,746	136,788
	No. H/AA Loans	21,566	1,150	176	100	22,992
	H/AA % of Loans	19%	7%	4%	2%	17%
Orange CA	No. Loans	56,515	8,771	2,225	1,537	69,048
	No. H/AA Loans	4,748	440	74	33	5,295
	H/AA % of Loans	8%	5%	3%	2%	8%
San Diego CA	No. Loans	49,802	4,434	3,013	1,477	58,726
	No. H/AA Loans	4,142	219	73	38	4,472
	H/AA % of Loans	8%	5%	2%	3%	8%
Fairfield CT	No. Loans	18,454	1,438	2,055	2,480	24,427
	No. H/AA Loans	975	46	43	41	1,105
	H/AA % of Loans	5%	3%	2%	2%	5%
Washington DC	No. Loans	10,161	2,513	712	449	13,835
	No. H/AA Loans	1,898	168	42	22	2,130
	H/AA % of Loans	19%	7%	6%	5%	15%
Montgomery MD	No. Loans	25,528	4,576	1,224	707	32,035
	No. H/AA Loans	2,085	248	48	39	2,420
	H/AA % of Loans	8%	5%	4%	6%	8%
Middlesex MA	No. Loans	50,113	990	1,420	1,722	54,245
	No. H/AA Loans	1,084	14	35	42	1,175
	H/AA % of Loans	2%	1%	2%	2%	2%
Arlington VA	No. Loans	5,581	1,492	349	168	7,590
	No. H/AA Loans	265	53	5	5	328
	H/AA % of Loans	5%	4%	1%	3%	4%
Fairfax VA	No. Loans	30,238	4,801	1,013	569	36,621
	No. H/AA Loans	1,651	182	31	26	1,890
	H/AA % of Loans	5%	4%	3%	5%	5%
King WA	No. Loans	64,864	3,005	1,903	1,730	71,502
	No. H/AA Loans	2,108	81	52	37	2,278
	H/AA % of Loans	3%	3%	3%	2%	3%

Source: FHFA analysis of 2009 Home Mortgage Disclosure Act (HMDA) data. "Conforming" loans are those with UPB no greater than $417,000;"low-conforming jumbo mortgages" (LCJMs) are those with UPB greater than $417,000, but no greater than the loan limit which is scheduled to take effect on 10/1/11; "high-conforming jumbo mortgages" (HCJMs) are those with UPB greater than the loan limit which is scheduled to take effect on 10/1/11, but no greater than the loan limit which is in effect prior to 10/1/11; "jumbo mortgages" are those with UPB greater than the loan limit which is in effect prior to 10/1/11.

Table 8
Mortgages in Underserved Areas (UAs) by Loan Amount in 2009, Selected Counties*

County, State	Category	Number of Loans by UPB Category				
		Conforming	LCJMs	HCJMS	Jumbo	Total
Los Angeles CA	No. Loans	111,675	15,721	4,646	4,746	136,788
	No. In UAs	47,622	2,462	353	184	50,621
	% in UAs	43%	16%	8%	4%	37%
Orange CA	No. Loans	56,515	8,771	2,225	1,537	69,048
	No. In UAs	12,909	429	104	19	13,461
	% in UAs	23%	5%	5%	1%	19%
San Diego CA	No. Loans	49,802	4,434	3,013	1,477	58,726
	No. In UAs	13,967	377	144	54	14,542
	% in UAs	28%	9%	5%	4%	25%
Fairfield CT	No. Loans	18,454	1,438	2,055	2,480	24,427
	No. In UAs	3,186	61	41	15	3,303
	% in UAs	17%	4%	2%	1%	14%
Washington DC	No. Loans	10,161	2,513	712	449	13,835
	No. In UAs	6,413	891	107	33	7,444
	% in UAs	63%	35%	15%	7%	54%
Montgomery MD	No. Loans	25,528	4,576	1,224	707	32,035
	No. In UAs	10,349	492	23	7	10,871
	% in UAs	41%	11%	2%	1%	34%
Middlesex MA	No. Loans	50,113	990	1,420	1,722	54,245
	No. In UAs	6,182	79	71	49	6,381
	% in UAs	12%	8%	5%	3%	12%
Arlington VA	No. Loans	5,581	1,492	349	168	7,590
	No. In UAs	1,749	202	47	11	2,009
	% in UAs	31%	14%	13%	7%	26%
Fairfax VA	No. Loans	30,238	4,801	1,013	569	36,621
	No. In UAs	9,692	735	75	22	10,524
	% in UAs	32%	15%	7%	4%	29%
King WA	No. Loans	64,864	3,005	1,903	1,730	71,502
	No. In UAs	15,107	274	156	130	15,667
	% in UAs	23%	9%	8%	8%	22%

*In 2009 the Enterprises were subject to various housing goals established by the Deparment of Housing and Urban Development (HUD) in 2004. One such goal esablished minimum shares of all dwelling units financed that should be in "underserved areas (UAs)." Based on analysis of HMDA data on mortgage denial and loan origination rates, HUD defined UAs as low-income and high-minority census tracts, excluding high-income minority tracts.

Source: FHFA analysis of 2009 Home Mortgage Disclosure Act (HMDA) data. "Conforming" loans are those with UPB no greater than $417,000;"low-conforming jumbo mortgages" (LCJMs) are those with UPB greater than $417,000, but no greater than the loan limit which is scheduled to take effect on 10/1/11; "high-conforming jumbo mortgages" (HCJMs) are those with UPB greater than the loan limit which is scheduled to take effect on 10/1/11, but no greater than the loan limit which is in effect prior to 10/1/11; "jumbo mortgages" are those with UPB greater than the loan limit which is in effect prior to 10/1/11.