



9-10-2013

## Jumbo Mortgages and Securitization

Steven D. Dolvin  
sdolvin@butler.edu

Follow this and additional works at: <https://digitalcommons.butler.edu/jmdallchapters>



Part of the [Finance and Financial Management Commons](#)

---

### Recommended Citation

Dolvin, Steven D., "Jumbo Mortgages and Securitization" (2013). *All Chapters*. 80.  
<https://digitalcommons.butler.edu/jmdallchapters/80>

This Blog Post is brought to you for free and open access by the JMD Investments Supplement at Digital Commons @ Butler University. It has been accepted for inclusion in All Chapters by an authorized administrator of Digital Commons @ Butler University. For more information, please contact [digitalscholarship@butler.edu](mailto:digitalscholarship@butler.edu).

# JMDinvestments

**Tuesday, September 10, 2013**

## **Jumbo Mortgages and Securitization**

After a home buyer secures a loan from a bank (i.e., a mortgage), the bank often securitizes the loans, which means they package them for sale to investors. This process is much easier if the loans are backed by Fannie and Freddie, the government sponsored mortgage agencies. Fannie and Freddie, however, will only back loans below certain values -- the so-called jumbo loans. This amount has generally been capped at \$417,000 (although higher in certain high-cost areas). Regulators plan to lower these caps, which means jumbo loans may be harder to come by since it will be more difficult to securitize such loans. [See article here, LA Times.](#)

**Related Chapters: Chapter 20**