Analysis of Mortgage Values

Dennis Zic
*Illinois Wesleyan University*

Diego Mendez-Carbajo, Faculty Advisor
*Illinois Wesleyan University*

Follow this and additional works at: [https://digitalcommons.iwu.edu/jwprc](https://digitalcommons.iwu.edu/jwprc)

Part of the Economics Commons

[https://digitalcommons.iwu.edu/jwprc/2010/oralpres8/1](https://digitalcommons.iwu.edu/jwprc/2010/oralpres8/1)

This Event is protected by copyright and/or related rights. It has been brought to you by Digital Commons @ IWU with permission from the rights-holder(s). You are free to use this material in any way that is permitted by the copyright and related rights legislation that applies to your use. For other uses you need to obtain permission from the rights-holder(s) directly, unless additional rights are indicated by a Creative Commons license in the record and/or on the work itself. This material has been accepted for inclusion by faculty at Illinois Wesleyan University. For more information, please contact digitalcommons@iwu.edu.

©Copyright is owned by the author of this document.
ANALYSIS OF MORTGAGE VALUES

Dennis Zic and Diego Mendez-Carbajo*
Economics Department, Illinois Wesleyan University

This study attempts to analyze the impact of the Federal Housing Tax Credit of 2009 on home purchasing patterns. With an estimated 18% of U.S. GDP tied to the recovery of the housing market, an effective policy to stimulate the housing market could potentially portend the overall recovery of the overall U.S. economy. To determine the impact of the tax credit, it is necessary to first identify the seasonal component of the data. To isolate the tax credit’s degree of impact, I will subtract the average seasonal component from 1999 to 2008 from seasonal component for the year 2009. Based on the statistical significance of this difference, a hypothesis can begin to be formulated about the effectiveness of the tax credit. The mortgage values for this sample come from McLean County, Illinois on a monthly basis, from January 1999 through December 2009. With an urban to rural ratio and homeownership rate similar to the national average, McLean County provides a representative sample of the American housing market.