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Elements of mortgage securitization

| Published: December 1988

| Volume 1, pages 331–346, (1988) [Cite this article](#)



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[Alan C. Hess](#)¹ & [Clifford W. Smith Jr.](#)²

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Abstract

In this paper we review the forms of mortgage securitization, analyze the demand for securitization, and demonstrate how securitization meets these demands by reducing intermediation costs. We argue that the increased use of securitization is a response to increased interest rate volatility and represents a contractual innovation that facilitates an efficient allocation of risk-bearing among households and intermediaries.

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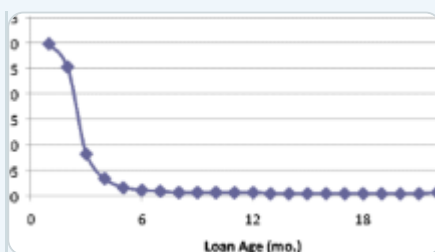
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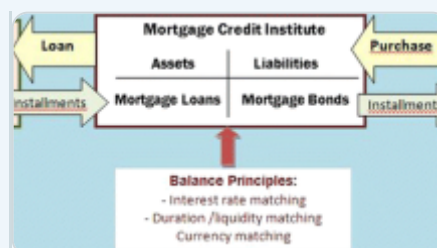
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Author information

Authors and Affiliations

**Graduate School of Business Administration, University of Washington,
Washington, DC, USA**

Alan C. Hess (Washington Mutual Professor of Financial Markets)

**William E. Simon Graduate School of Business Administration, University
of Rochester, Rochester, USA**

Clifford W. Smith Jr. (Professor)

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About this article

Cite this article

Hess, A.C., Smith, C.W. Elements of mortgage securitization. *J Real Estate Finan Econ* 1, 331-346 (1988).
<https://doi.org/10.1007/BF00187071>

Issue Date

December 1988

DOI

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