



NATIONAL
ASSOCIATION of
REALTORS®

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September 6, 2011

United States Senate
Washington, DC 20510

Dear Senator:

Housing markets continue to struggle. The latest data demonstrates that home sales activity is underperforming. The upcoming decline in mortgage loan limits will only further exacerbate this problem. The 1.1 million members of the National Association of REALTORS® urge you to cosponsor S. 1508, the “Homeownership Affordability Act of 2011.” This bill, introduced by Senators Menendez (D-NJ), Isakson (R-GA), and Feinstein (D-CA), will extend the loan limits through 2012.

On September 30, the mortgage loan limits will drop in 42 states and 669 counties nationwide. The Congressional Research Service recently reported that “in the present financial environment virtually no jumbo mortgages are being securitized,” and “the market for private, non-GSE mortgage-backed securities has all but disappeared.” The lack of a private market prepared to step into the gap will devastate local housing markets and hamper our economic recovery.

If the limits are allowed to fall, more than half of all existing homes will be ineligible for FHA mortgage financing. More than 5 million homes will be ineligible for conforming market financing. If families cannot obtain financing to buy, sellers will need to further reduce the price on their home. This will further erode the wealth of American families and will prolong the nation’s economic recovery.

S. 1508 will provide time for markets to stabilize and private lenders to gain confidence and a willingness to return to housing finance. NAR is not alone. More than 13 other organizations—including the nation’s Mayors and City leaders—also support this legislation. Please support S. 1508, and provide America’s homeowners and homebuyers with relief from further market disruption.

Sincerely,

Ron Phipps, ABR, CRS, GRI, GREEN, e-PRO, SFR
2011 President, National Association of REALTORS®



September 6, 2011

The Honorable Robert Menendez
United States Senate
528 Hart Senate Office Building
Washington, DC 20510

The Honorable Johnny Isakson
United States Senate
131 Russell Senate Office Building
Washington, DC 20510

The Honorable Diane Feinstein
United States Senate
331 Hart Senate Office Building
Washington, DC 20510

Dear Senators:

It is no secret that our economy remains weak. Any further disruption to the real estate market will stall our recovery. The undersigned groups thank you for introducing S. 1508, the Homeownership Affordability Act of 2011, to extend the maximum mortgage loan limits. Housing markets remain fragile and cannot handle a mortgage disruption like lower loan limits.

With tight underwriting already constraining mortgage availability, lowering the loan limits will only further restrict liquidity. Private lending remains wary of returning to the market with all the current uncertainty. Extending the existing limits at levels appropriate for all parts of the country will provide homeowners and homebuyers with safe, affordable financing and help stabilize local housing markets.

Although the current limits don't expire until September 30, 2011, action cannot wait. It takes several months for lenders to reset their underwriting systems to accept any changes in loan limits. Already several of the largest lenders have stopped accepting mortgage applications at the current limits, fearing the loans won't close prior to the expiration. This has halted some home sales, and will greatly curtail future lending in many communities.

The more than 200 counties affected by the changes for the GSE conforming loan limits contain 27 percent of all owner-occupied homes in the United States. The more than 600 counties affected by the changes in the FHA loan limits contain 59 percent of all owner-occupied homes. If families can't sell their homes and others cannot buy, the inventory of homes for sale will grow. Expanding the current inventory will further depress housing prices. If families cannot obtain financing to buy, sellers will need to further reduce the prices on their homes. This will delay our housing recovery, and erode the wealth of American families.

S. 1508 will help avoid such a drastic impact on our economy. We stand ready to work with you to pass this important legislation.

Sincerely,

American Land Title Association
Community Mortgage Lenders of America
Consumer Mortgage Coalition
The Council of North American Insulation
Manufacturers Association
Lenders One
Mortgage Bankers Association
National Association of Home Builders

National Association of REALTORS®
National League of Cities
National Reverse Mortgage Lenders Association
Real Estate Valuation Advocacy Association
Realogy Corporation
U.S. Conference of Mayors
VA Mortgage Center