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September 13, 2011

United States House of Representatives
Washington, DC 20515

Dear Representative:

Housing markets remain depressed. None of us thought the crisis would have carried on so long. But markets are still in a period of recovery and cannot sustain any type of disruption. On October 1, the mortgage loan limits will expire. The 1.1 million members of the National Association of REALTORS®, representing millions of homeowners and prospective homebuyers, urge you to act now to include a two year extension of the mortgage loan limits to the Continuing Resolution that will soon be considered in the House and avoid curtailing an already fragile economic recovery.

When the limits expire, two changes will occur. First, the high cost area mortgage cap will be lowered from $729,750 to $625,500. The change in the high cost dollar cap will impact significant metropolitan areas such as Washington, DC; Los Angeles, CA; New York City and other major cities. In total, approximately 75 counties in 13 states will see a very large decline in loan limit due to the change in the high cost area cap.

But the changes will not just hurt high cost communities. The second change will lower the formula for calculating an area's limit from 125% of median home price to 115% of area medians. This change will affect approximately 593 counties in 42 states. The average decline in non-high cost areas will be more than $64,000. Only 8 states will see no decline (AR, IA, KS, MS, NE, ND, SD, & OK). Every other state will see a drop in their loan limit**.**

- **In the Midwest – 102 counties will be impacted with an average decline of $33k**

  Examples:
  Indiana – 11 counties impacted, average decline more than $45,000
  Ohio – 30 counties impacted, average decline more than $36,000
  Missouri – 9 counties will each see a decline of more than $10,000

- **In the South – 201 counties will be impacted with an average decline of $47k**

  Examples:
  Kentucky – 16 counties impacted, average decline more than $46,000
  Tennessee – 13 counties will each see a decline of $39,200
  Georgia – 36 counties impacted, average decline of more than $25,000

These reductions **<u>will</u>** undermine fragile local housing markets. Private investors continue to lack confidence in housing and without private market investors prepared to step into the gap, the decline in limits will hurt even affordable local housing markets and hamper the nation's economic recovery.

We urge you to include a two year extension of the mortgage loan limits to the Continuing Resolution that will soon be considered. Housing is the cornerstone of our economy, and further disruption to this market will have serious negative consequences.

Sincerely,

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

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