Congress of the United States
Washington, DC 20515

October 4, 2011

Restore Mortgage Financing and Help Economic Recovery

Dear Colleague,

Unless Congress takes action, recent changes to FHA and GSE mortgage financing threaten more upheaval in the housing markets, leading to more economic gloom. Last week, FHA and GSE loan limits reverted back to levels in place prior to the financial crisis. These limits expired on September 30 as recent appropriations measures crafted to avoid a government shutdown offered little opportunity to address this issue of enormous importance to the U.S. economy.

The decline in the loan limit affects millions of homeowners and prospective homeowners in 42 states and nearly 600 counties. Please join us in sending the letter below to Speaker Boehner and Minority Leader Pelosi, to ask for a restoration of the mortgage loan limits. Members may differ on long-term policy solutions for the housing markets, but it would premature for the sake of the economy to shut down access to this credit right now.

To sign the letter, please contact Marcus Brubaker (5-3671) with Rep. Posey or John Vahey (5-2601) with Rep. Ackerman.

Sincerely,

Bill Posey
Bill Posey
Member of Congress

Gary L. Ackerman
Gary Ackerman
Member of Congress

Dear Speaker Boehner and Minority Leader Pelosi:

On September 30th, the mortgage loan limits expired. Our nation's housing markets remain fragile and this disruption could further restrain economic recovery. We can reverse this impact by including language in the upcoming appropriations bill to restore the FY2011 conforming loan limits.

Many of us have hoped that private lenders would be ready to return to the housing markets and enable us to reduce the federal role, but this has not yet happened. The reluctance of private lenders to lend coupled with the lower current limits will adversely impact the housing market. Recently, Dr. Mark Zandi, Chief Economist and Co-Founder of Moody's Analytics, testified before the Senate Banking Committee and warned that "a weaker than anticipated housing market poses a serious threat to the economic expansion—probably one of the most serious on the current horizon." Dr. Zandi has reversed his position on the conforming loan limits from earlier this year when he supported the reduction. Today, he refers to allowing the limits to expire as "an error" and believes that the reduction will cause economic harm.

Housing is the cornerstone of our economy, and further disruption to this market will have serious negative consequences. Lower limits will make it harder for borrowers to obtain financing, and may cause housing prices to slide even further which will trigger more defaults, greater negative equity and more distressed home sales. All these factors will further erode the wealth and mobility of American families and will prolong the nation's economic recovery.

Including a provision in the upcoming appropriations bill can stop this commotion in local housing markets. We urge you to support such a provision, and avoid further negative impacts on American families.

Sincerely,