



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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June 11, 2008

The Honorable Richard Shelby
Committee on Banking, Housing & Urban Affairs
110 Hart Senate Office Building
Washington, DC 20510

Dear Senator Shelby:

On behalf of more than 1.2 million members of the National Association of REALTORS®, I urge Congress to make permanent the Federal Housing Administration (FHA), Fannie Mae, and Freddie Mac loan limits contained in the bipartisan Economic Stimulus Act of 2008. These new higher limits help homeowners in 240 counties in 26 states. Currently, one-third of all Americans reside in these communities.

The Economic Stimulus Act raised the loan limits in high cost areas to the lower of 125 percent of area median or \$729,750. It retained the national floor of \$417,000 for Fannie and Freddie, and raised the FHA floor to \$271,050. These new limits expire on December 31, 2008.

While H.R. 3221, as passed by the House, would make the Economic Stimulus Act limits permanent, Senate legislation would cut the maximum limits to the lower of (i) 100 percent of area median or \$550,440 for the GSEs and (ii) 110 percent of area median or \$550,440 for FHA. REALTORS® strongly believe that the final stimulus legislation must include the House bill's loan limits. A lower limit unfairly denies residents of high cost areas equal access to affordable loans based simply on where they happen to live. Drastically reducing the temporary limits to \$550,440 at year's end would also push our fragile housing and credit markets back into turmoil.

NAR also believes it is crucial to permit the GSEs to hold jumbo conforming mortgages in portfolio. The Senate bill requires the GSEs to securitize these mortgages. As a practical matter, there is no secondary market for jumbo conforming mortgages. The Senate approach would stop jumbo conforming lending in its tracks and make the higher limit authority useless.

Finally, we strongly support the provision in the Senate bill that freezes the GSE conforming loan limit in a declining market. When housing and markets are under stress, as now, it is the worst possible time to reduce the availability of mortgage capital by lowering the loan limits as allowed by the House bill. Adopting the Senate language would avoid the potentially catastrophic effect of reducing loan limits throughout the nation.

We urge adoption of these provisions in any final legislation. We appreciate your attention to this matter and stand ready to work with you on keeping safe, fair, and affordable mortgages available throughout the nation.

Sincerely,

Richard F. Gaylord, CIPS, CRB, CRS, GRI
2008 President, National Association of REALTORS®