



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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December 8, 2008

The Honorable Mel Martinez
356 Russell Senate Office Building
Washington, DC 20510

Dear Senator Martinez:

On behalf of the 1.2 million members of the National Association of REALTORS®, I thank you for introducing S. 13, a bill to extend for one year the 2008 FHA and GSE loan limits approved as part of the Economic Stabilization Act of 2008. These loan limits currently expire December 31, 2008. Extending the 2008 limits is a necessary component of any effort to strengthen the nation's housing market and economy.

While NAR's members believe that the ESA's method for determining limits should be made permanent, extending the use of the ESA's methodology for determining 2009's limits is a good interim step. In addition, we also recommend that the same median home price series used to calculate the 2008 limits be used to determine the 2009 limits. These two steps will ensure that the 2009 limits will not decline below 2008's levels. This will ensure that a wide range of borrowers will have access to fair and affordable mortgages, including those living in higher cost urban areas.

As the housing crisis continues, we must do all we can to expand mortgage liquidity – not restrict it. Enacted in February of 2008 as a first effort to stem the economic crisis, the 2008 limits were successful in maintaining a level of liquidity necessary to allow homebuyers to purchase and owners to refinance. But come January 1, 2009, these limits will go down significantly in many areas of the country.

Based on a review of the just published 2009 loan limits, fifty-one Metropolitan Statistical Areas (MSAs) nationwide will see their loan limits decrease on average by nearly \$30,000. Some communities will see a decrease of more than \$100,000. This comes at a time when, as other sources of mortgage capital have dried up, FHA and the GSEs are the only significant sources of mortgage financing. Today, FHA and the GSEs make up more than 88% of the available mortgage credit. Extending the 2008 FHA and GSE loan limits, therefore, will maintain the primary source of affordable mortgage financing available today.

We thank you for your work in support of families nationwide, the nation's housing markets and the economy. Our organization and its members strongly support your efforts and stand ready to do what we can to assist you.

Sincerely,

Charles McMillan, CIPS, GRI
2009 President, National Association of REALTORS®