

March 22, 2004

Dear Representative:

I am writing today on behalf of almost one million members of the NATIONAL ASSOCIATION OF REALTORS® to ask you to cosponsor H.R. 3507, the "Improving Homeownership Opportunities in High Cost States Act." This legislation would provide important new homeownership opportunities to citizens in several states where the median home price exceeds \$333,700, the current Fannie Mae and Freddie Mac (GSEs) mortgage loan limit.

In 1980 Congress designated Alaska, Hawaii, Guam, and the U.S. Virgin Islands as high cost areas. The conforming mortgage loan limit for Fannie Mae and Freddie Mac (GSEs) in these designated high cost areas is 50 percent higher than for the rest of the nation.

A number of additional states suffer from housing costs that would be considered high cost areas. By raising the conforming loan limit in high cost states, many more middle-income homebuyers would be able to realize the dream of homeownership.

States such as California, Connecticut, Massachusetts, New Hampshire, New Jersey, and New York would be considered high cost areas if this bill were in effect today. It is estimated that hundreds of thousands of citizens would be able to take advantage of the conforming loan program if this expansion occurred.

Not only does this bill create opportunities for those consumers at the high end of the conforming loan limits spectrum, but by allowing these consumers to move up the housing ladder, new housing opportunities on the lower rungs of the ladder are created for consumers seeking first-time and move-up homes. REALTORS® believe these programs should be available to that group of consumers as well.

Many citizens of high housing cost states cannot take advantage of the great loan programs offered by mortgage lenders that sell their loans to Fannie Mae and Freddie Mac, the GSEs designated by Congress to facilitate the residential secondary mortgage market. In California, for example, few lenders can offer conventional mortgage loans that can be sold to Fannie Mae and Freddie Mac. Other states with high cost home prices are in a similar situation. REALTORS® believe that without expanding the number of states designated as high cost areas, many middle-income and even first time homebuyers are deprived of the benefits that the secondary mortgage market brings to increasing homeownership.

Thank you for the opportunity to present our views on this important legislation. I hope we can count on you to cosponsor this bill and help homebuyers across the country participate in GSE loan programs.

Sincerely,

A handwritten signature in black ink that reads "Walter T. McDonald". The signature is written in a cursive, slightly slanted style.

Walter T. McDonald
President

