



**NATIONAL ASSOCIATION  
OF REALTORS®**

*The Voice for Real Estate®*

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**Richard F. Gaylord, CIPS, CRB, CRS, GRI**  
*President*

February 13, 2008

The Honorable Alphonso Jackson  
Secretary  
U.S. Department of Housing and Urban Development  
Washington, D.C. 20410

Dear Mr. Secretary:

On behalf of the National Association of REALTORS®, I am writing to urge the US Department of Housing and Urban Development (HUD) to implement the higher mortgage limits provided in the stimulus legislation as soon as possible to provide needed liquidity to the mortgage market throughout the country.

First, I want to commend you and your Federal Housing Administration (FHA) team, led by FHA Commissioner Brian Montgomery, for their outstanding work in modernizing the FHA program during the last several years. Without these improvements that included streamlining appraisal requirements and permitting buyers and sellers to negotiate transaction fees, FHA would not be positioned today to fill the void left by the liquidity and credit crunch that is enveloping many parts of the mortgage market. Your leadership and personal commitment to the FHA program has been invaluable to this effort and we thank you on behalf of over 1.3 million realtors.

However, many buyers and sellers as well as current homeowners looking to refinance a conventional mortgage have been unable to participate in the FHA program because of outdated and inadequate mortgage limits in many areas of the country. HUD testimony at various Congressional hearings has documented this problem.

My purpose in writing is to ask your assistance in expediting the implementation of the new FHA mortgage limits throughout the country. Virtually every area in the country will benefit from one of the mortgage limit provisions in the stimulus bill.

Whether it is the increase of the FHA "floor" to \$271,050 for moderately priced housing markets or the mortgage limit increase for high cost areas, immediate implementation will enhance liquidity throughout the country thereby reducing the threat of significant housing declines in many areas. Appropriate use of HUD's authority to raise the limits by an additional \$100,000 will further enhance liquidity in these areas.


HUD has been using the current calculation methodology (a mortgage limit "floor" and an additional increase for high cost areas) for many years and for all markets throughout the country. In fact, FHA just completed this process and published new mortgage limits for 2008 in high cost areas. Accordingly, it should be a simple and straight-forward process to update those limits in light of the increase in the maximum FHA mortgage amount from \$362,750 to \$729,750 and the change in the mortgage limit calculation from 95 percent to 125 percent of area median sales price.



Mr. Secretary, the importance of immediate implementation of the new limits cannot be overstated. The mortgage markets throughout the country need liquidity at all price levels and the increase in the FHA limits will provide much needed assistance for homes around the median sales price in their areas.

Thank you for your leadership on this critical issue and the foresight that you demonstrated in 2005 when you first promoted comprehensive modernization of the FHA program as an alternative to subprime lending. Ensuring that the higher mortgage limits are implemented quickly will be another example of your commitment to providing homeownership and refinancing opportunities. A similar letter, focusing on the implementation of the conforming loan limits is being sent to Director James B. Lockhart, III at the Office of Federal Housing Enterprise Oversight. If you have any questions or comments regarding this letter please contact our Regulatory Policy Representative, Jerry Nagy at 202.383.1233 or [jnagy@REALTORS.org](mailto:jnagy@REALTORS.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Dick Gaylord". The signature is written in a cursive, flowing style with a prominent loop at the end.

Dick Gaylord

2008 President, National Association of REALTORS®