

Mortgage Bankers Association
National Association of Home Builders
National Association of Realtors

January 13, 2014

The Honorable Shaun Donovan
Secretary
Department of Housing and Urban Development
451 7th Street SW
Washington, DC 20410

Dear Secretary Donovan,

The undersigned organizations write to express strong concern with the Department of Housing and Urban Development's decision to continue to disallow appeals for the vast majority of Federal Housing Administration (FHA) FY 2014 loan limits. As you know, in December FHA loan limits were significantly reduced in more than 300 counties, providing lenders and the impacted areas less than one-month's notice. These unexpectedly far-reaching reductions come at a time when the housing recovery remains fragile and uneven, especially in many of the areas where HUD has most severely reduced FHA loan limits.

HUD has chosen to permit appeals of the FY 2014 loan limits for just 28 of the 3,324 counties and county-level equivalents nationwide. Moreover, HUD has provided less than four weeks for the collection and presentation of data to support a request for a reevaluation of a particular loan limit.

We believe that HUD should provide a transparent process to present additional data which could result in a reevaluation of loan limits for a particular area. Prior to 2008, HUD accepted requests at any time to reevaluate loan limits for all counties or county-level equivalents under the statutory maximum. However, in the wake of the financial crisis, HUD suspended this process and has proposed to permanently eliminate it. It is critical that HUD allow the reevaluation of loan limits so as not to unduly impede the recovery of the housing market.

The reductions in FHA loan limits are only beginning to be felt, and many hard-working Americans will be denied homeownership because they will be unable to obtain affordable FHA-insured mortgages. Many of the areas that saw the largest declines in loan limits have dense concentrations of population, and if access to credit is reduced, the spillover effects could reverse the progress being made in the economic recovery.

We are eager to work with HUD to reestablish a transparent process by which stakeholders could present data that would be used to reevaluate loan limits in any area of the country where the loan limits remain under the statutory maximum of \$625,500.

Thank you for the careful consideration of our request.

Sincerely,

Mortgage Bankers Association
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