

October 26, 2009

The Honorable Nancy Pelosi
Speaker of the House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Harry Reid
Senate Majority Leader
S-321, The Capitol
Washington, DC 20510

The Honorable John A. Boehner
House Minority Leader
H-204, The Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Senate Minority Leader
S-231, The Capitol
Washington, DC 20510

Dear Representatives Pelosi and Boehner and Senators Reid and McConnell:

The undersigned organizations strongly urge Congress to enact legislation as soon as possible to extend the current higher loan limits for Fannie Mae, Freddie Mac and the Federal Housing Administration (FHA). The higher limits are a key component of the economic recovery efforts because they help make affordable loans available for a broader spectrum of consumers who want to purchase a home or refinance an existing mortgage. Even though the temporary limits do not expire until the end of this year, obtaining financing is already becoming more difficult and expensive for many borrowers. Therefore, we request Congress extend the limits as soon as possible so as not to jeopardize the fragile recovery.

The impending expiration of the higher loan limits is already having an impact on borrowers' ability to obtain affordable financing in the following ways:

- Some lenders have stopped underwriting certain loans at the current interest rate because lenders are uncertain whether they will be able to sell the loans, and are unable or unwilling to retain them in their own portfolios. The result is that borrowers are being unnecessarily denied financing because of uncertainty about expiring loan limits.
- Consumers cannot lock in current interest rates beyond 60 days for loans over \$625,500. As a result, loans that do not close before year-end will need to be re-underwritten and possibly then declined because of the higher interest rate and resulting mortgage payment.
- Routine activities like mortgage pre-approvals or home purchase contracts are being complicated by the loan limit uncertainty, making shopping difficult for would-be homebuyers.

We also note that an immediate extension of the loan limits is necessary in order to provide sufficient time for FHA, the Federal Housing Finance Agency, and the GSEs to conduct market assessments, provide guidance and implement them. For example, the current loan limits, set by the American Recovery and Reinvestment Act of 2009 (ARRA), did not become fully operational until four months after the law was enacted.

We believe these temporary limits have benefited the mortgage industry and consumers during what has been a turbulent period for our nation's economy. In light of the continuing weakness in the secondary market, we urge Congress to take action so that the GSEs and FHA can be permitted to continue providing capital to support loans to families across America.

Mortgage Bankers Association

National Association of Home Builders

National Association of Realtors