



REGULATORY & HOUSING POLICY

DAVID A. CROWE

Senior Staff Vice President

July 19, 2007

Mr. Alfred Pollard
General Counsel
Office of Federal Housing Enterprise Oversight
1700 G Street, NW
4th Floor
Washington, DC 20552

Reference: Proposed Guidance on Conforming Loan Limit Calculations

Dear Mr. Pollard:

On behalf of the 235,000 members of the National Association of Home Builders (NAHB), I welcome the opportunity to comment on the Office of Federal Housing Enterprise Oversight (OFHEO) Proposed Guidance on Conforming Loan Limit (CLL) Calculations for Fannie Mae and Freddie Mac (collectively, the Enterprises). The Proposed Guidance would establish procedures to incorporate declines in the statutory house price index used in the annual conforming loan limit calculation.

By their charters, Fannie Mae and Freddie Mac are restricted from purchasing mortgages with loan amounts above the conforming loan limit. Interest rates on conforming loans are typically 25 basis points or more below those on nonconforming loans. Under current law, the conforming loan limit is adjusted annually on the basis of the October-to-October percent increase in the average home price index computed by the Federal Housing Finance Board (FHFB). Changes in the conforming loan limit also impact mortgages backed by the Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA), as FHA loan limits and the VA loan maximum guaranty are indexed to the CLL.

OFHEO's proposal would require that a decline in the price index be deferred for a year and then netted out from the following year's increase in the loan limit. If, instead, the index declines in the following year, the limit is adjusted by the previous year's decrease and the latter decline is deferred to the next year. Declines of less than one percent would be deferred until the cumulative declines exceed one percent. Loans that were within the conforming loan limit at the time of origination would be grandfathered over the life of the loan, regardless of whether the loan limit declines below the limit in effect at origination.

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NAHB strongly opposes the Proposed Guidance or any adjustment procedure that would result in a decline in the conforming loan limit. OFHEO's proposal ignores current law relating to the loan limit adjustment, which does not provide for a decline in the CLL. NAHB also questions OFHEO's method for promulgating the Proposed Guidance, and particularly the method that OFHEO employed to seek public comment. Given the importance of the conforming loan limit to the housing and mortgage markets, NAHB believes that the Proposed Guidance should have been promulgated pursuant to the Administrative Procedures Act, including a full notice and comment through publication in the Federal Register, rather than just being posted on OFHEO's Web site. Further, NAHB objects to the Proposed Guidance on public policy grounds, because a downward adjustment in the conforming loan limit would have significant negative impacts on home buyers and the mortgage market that would damage the already fragile situation.

NAHB supports the current method for calculating the conforming loan limit based on the annual percent increase in the FHFB housing price index. When the index has declined the loan limit has remained unchanged and the decrease has been netted out of future increases. The current system has worked well for home buyers, builders, lenders and other market participants. Moreover, it is consistent with current statutory authority. OFHEO has presented no compelling justification for abandoning the established loan adjustment procedure in favor of a more complex and confusing process.

We, therefore, respectfully request that OFHEO withdraw the Proposed Guidance and adopt a system for netting out declines in the index consistent with current statutory authority and the existing CLL adjustment protocol.

Background

As noted, the Enterprises are restricted under their charters from purchasing mortgages with amounts greater than the conforming loan limit. Current law governing the CLL adjustment provides that the limit is adjusted annually by “adding to each such [previous] amount a percentage thereof equal to the percentage increase during the twelve-month period ending with the previous October in the national average one-family house price in the monthly survey of all major lenders conducted by the Federal Housing Finance Board (emphasis added).”¹

The current procedure was enacted by the Housing and Community Development Act of 1980 (P.L.96-399). From 1981 until 2004, the Enterprises announced the loan limit changes pursuant to the statutory procedure outlined above. In 2004, OFHEO announced that it would calculate and announce the conforming loan limit in future years pursuant to Supervisory Guidance SG-04-01 (February 2004). OFHEO took this action to address inconsistencies by the

¹ 12 USC 1717(b)(2) and 12 USC 1454(a)(2).

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Enterprises in handling price index declines as well as in incorporating technical changes in the FHFB index.²

As OFHEO notes in the 2004 Supervisory Guidance, there were three prior occasions when there was a decline in the October-to-October FHFB index. In 1990, the Enterprises reduced the conforming loan limit by \$150 based on a 0.07 percent decline in the FHFB index. The index declined again in 1993 and 1994, but the Enterprises chose to keep the conforming loan limit unchanged. The Enterprises subsequently raised the limit in 1996 to reflect an increase in the index from October 1994 to October 1995. In 1997, the Enterprises chose not to increase the limit by the full amount of the 8.44 percent increase in the index, and instead increased the 1998 limit by only 3.67 percent to adjust for the 1993 and 1994 declines.

In 2006, after a 0.16 percent decline in the index, OFHEO announced that the decline would be deferred one year and that OFHEO would revise the existing 2004 Supervisory Guidance to address how to handle declines in the index. The purpose of the Proposed Guidance is to address this and related issues.

NAHB's comments on the Proposed Guidance are outlined further below. But, first we address what we believe is a lack of statutory authority to implement such a procedure, the improper promulgation of the Proposed Guidance, and our concerns regarding potential adverse impacts of the Proposed Guidance on home buyers, builders, lenders and the housing market.

Current Law Does Not Authorize Reductions in the Conforming Loan Limit

A review of the 1980 Act and its legislative history verifies that Congress intended that loan limit adjustments only reflect increases in FHFB index. The 1980 Act is silent on how to address declines in the statutory index. Like the Act, the legislative history speaks only of adjusting the maximum allowable limit by adding to the existing limit "a percentage equal to the percentage of increase during the 12-month period ending with the previous October" in the national average home price measured in the FHFB index.³ According to the Senate report that accompanied the 1980 Act, the adjustment procedure was implemented "to provide the [Enterprises] with the capacity to respond to changing conditions over time"⁴, by providing for an increase in the limit equal to the percentage increase in the FHFB house price index.

Given that current law only authorizes increases and additions to the conforming loan limit, it may be inferred that there is no clear statutory authority for subtractions from or decreases to the CLL. When the FHFB index has declined, such as in 1993 and 1994, the conforming loan limit remained unchanged. An October 1994 GAO report of these occurrences supported keeping the limit unchanged since the current law does not require a decline in the

² For example, in 2003, the Enterprises failed to incorporate a revised decline in the October 2002 FHFB index when calculating the 2004 loan limit. As a result, the 2004 limit was about \$1,650 higher than it should have been. See Proposed Guidance, pp. 3-4.

³ House Conference Report 96-1420, September 26, 1980, to accompany S. 2719.

⁴ Senate Report, No. 96-736, May 15, 1980, to accompany S. 2719.

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limit when the price index declines.⁵ (As noted earlier, these declines were subsequently netted out of future increases in the limit.)

NAHB is aware that H.R. 1427, *The Federal Housing Finance Reform Act of 2007*, would provide authority to increase or decrease the conforming loan limit based on the percent change (up or down) in a house price index to be developed by the new regulator. NAHB opposes this provision on the grounds that it is bad public policy. However, pending enactment of this authority, NAHB maintains that the loan limit can only be increased, but not decreased, under current statutory authority.

Proposed Guidance Was Improperly Promulgated

The Proposed Guidance Is Improper Because It Does Not Explain Or Clarify A Law Or Regulation.

According to the Executive Office of the President, “guidance” is defined as “an agency statement of general applicability and future effect, other than a regulatory action (as defined in Executive Order 12866, as further amended, section 3(g)), that sets forth a policy on a statutory, regulatory or technical issue or an interpretation of a statutory or regulatory issue.”⁶ As an agency of the Department of Housing and Urban Development, OFHEO is an Executive Branch agency; therefore, it is bound by this definition. OFHEO makes no reference to any statute or regulation that allows it to set loan limits; it is mandated only to ensure the Enterprises are “adequately capitalized and operating safely.”⁷

Though numerous powers are extended to the OFHEO Director, Congress did not grant OFHEO the power to interfere in the mortgage markets directly by setting limits on individual mortgages that may be purchased by the Enterprises.⁸ Neither has OFHEO promulgated any regulation through the notice and comment process that would call for direct intervention in mortgage markets by setting any kind of mortgage level, ceiling, or floor. No reading of any OFHEO regulation would cause one to believe that OFHEO claimed therein the right or power to raise or lower mortgage limits. OFHEO has, at most, the right to take steps to require the Enterprises to take measures to reduce overall risk to the safety of capital.

The Proposed Guidance Is A Significant Guidance Document, And It Should Have Been Reviewed By OMB.

As defined by the President in Executive Order 12866, as amended by Executive Order 13422, a Significant Guidance Document is one that may reasonably be anticipated to:

⁵ “*Implications of Alternative Methods of Adjusting the Conforming Loan Limit*”, U.S. General Accounting Office, October 1994 (GAO/RECD-95-6).

⁶ Office of Management and Budget, “*Final Bulletin for Agency Good Guidance Practices*,” 72 Fed. Reg. 3432, January 25, 2007.

⁷ 12 USC 4513.

⁸ See 12USC 1717(b)(2).

(A) lead to an annual effect of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities;

(B) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;

(C) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights or obligations of recipients thereof; or

(D) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive order;⁹

The Proposed Guidance may materially alter rights or obligations not only of the Enterprises themselves, but also of all the primary lenders and home mortgage borrowers who are the intended beneficiaries of the Enterprises' charters. Because the Proposed Guidance is a Significant Guidance Document, it should have received the review prescribed Executive Order 12866, and there is no claim or evidence of such review. Therefore, it must be retracted until it can undergo that review.

The Proposed Guidance Is Actually A Regulation That Must Be Issued In Accordance With The Administrative Procedure Act.

In order to issue regulations, OFHEO must comply with the Administrative Procedure Act.¹⁰ There can be no dispute that the issuance of the Proposed Guidance does not comply with the requirements for issuing a regulation as set forth in 5 USC 553.

As defined by Executive Order 12866,

“Regulation” means an agency statement of general applicability and future effect, which the agency intends to have the force and effect of law, that is designed to implement, interpret, or prescribe law or policy or to describe the procedure or practice requirements of an agency.¹¹

The Proposed Guidance sets forth a formula and a declaration of intended future conduct, applicable to both Enterprises, with the force and effect of law. Section II(6) of the Proposed Guidance states that purchasing mortgages larger than the loan limit will be considered an unsafe and unsound practice. The Proposed Guidance is a statement of general applicability and future effect, from which legal consequences will flow. The courts also have recognized that this kind

⁹ E.O.12866 §3(h)(1).

¹⁰ 12 USC 4526(b), 5 USC 553.

¹¹ E.O.12866 §3(e).

of “guidance” is actually a rule that must comply with the APA.¹² The Proposed Guidance is binding, and it substantially broadens the underlying rules, especially Parts 1710, 1720, and 1777 of Title 12, CFR. Therefore, the Proposed Guidance is an illegal rulemaking. It must be withdrawn, and any resubmission must comply 5 USC 553.

A Decrease in the Conforming Loan Limit Is Bad Public Policy

Not only does the Proposed Guidance contravene current law, it is bad public policy. NAHB believes that a decline in the CLL would have adverse economic impacts, with negative ramifications for key segments of the housing market (consumers, builders and lenders). NAHB also believes that the Proposed Guidance would diminish the success of the housing missions of the Enterprises, FHA, and VA.

Adverse Economic Impacts

A reduction in the CLL would exacerbate and prolong the impact on the national economy of a housing market slowdown, such as the one we are currently experiencing. Since the CLL adjustment procedure is based on an historic home price index, incorporating a decline in the index into future years’ mortgage limits generates a downward bias in home prices. This could have a devastating impact on the housing market and the economy as home buyers would be hesitant to purchase homes with mortgage amounts above the current CLL due to higher financing costs. This decline in demand would further soften home prices and inventories of new and existing homes would rise, further dampening home prices. Eventually, the downward spiral in home prices would be worked through, but with the lower CLL dampening home prices, it would take longer, thus prolonging the drag on economic growth from the slumping housing market. Clearly, there is no economic benefit to this scenario.

Negative Ramifications on the Housing Market

One of the hallmarks of the U.S. housing finance system is its efficiency and capacity to attract funds globally. Any factor that increases market uncertainty could have ramifications on these attributes. The annual CLL adjustment process is one such factor. Each year there is some uncertainty as to the level of the new CLL. Lenders report that home buyers and re-financers factor the level of the CLL into their financing decisions. However, because the loan limit currently can only increase, there are no adverse impacts on existing loan commitments.

The possibility of a reduction in the CLL would create market uncertainty and significant negative repercussions for consumers, builders and lenders. Housing consumers would be impacted by higher financing costs for non-conforming loans. Builders and lenders would face operational disruptions.

¹² *Appalachian Power Co. v. E.P.A.*, 208 F.3d 1015, C.A.D.C., 2000.

Impact on Home Buyers and Mortgage Borrowers

The level of the CLL is a key factor in the home buying decision. Many home buyers typically arrange for financing based on the level of the CLL to avoid higher financing costs for loans above the CLL. Numerous studies have shown that conforming loans carry interest rates 25 basis points or more below non-conforming loans. Consumers purchasing new homes arrange for mortgages at the conforming limit up to a year prior to closing. Buyers of existing homes and borrowers re-financing seek loans at the conforming limit. Downward adjustments to the CLL would harm borrowers in the pipeline through the imposition of more expensive non-conforming financing.

For example, assume that the CLL were to decline one percentage point from the present level of \$417,000 to \$412,800 (consistent with the one-percent threshold OFHEO has proposed and loan limit rounding procedures). Borrowers seeking to close on a new loan or trying to re-finance an existing \$417,000 loan would have to either come up with an additional \$4,200 in down payment to keep the loan at the conforming limit, or pay approximately 25 basis points more for a non-conforming mortgage since their loan amount is now above the new CLL. Table 1 below shows the impact of an increase in mortgage rates from 6.25 percent to 6.50 percent on a \$417,000 loan. The monthly payment on the loan would increase about \$70.00, or \$840 per year and the borrower would pay an additional \$24,500.00 in interest payments over the term of a 30-year fixed rate loan.

TABLE 1: U.S.A. Households Priced Out of the Market by an Increase in Interest Rates

Area	Mortgage Rate	Loan Amount	Monthly Mortgage Payment	Taxes and Insurance	Minimum Income Needed	Households That Can Afford House
United States	6.25%	\$417,000	\$2,691	\$573	\$139,860	9,502,422
United States	6.50%	\$417,000	\$2,760	\$573	\$142,840	9,073,194
Difference		\$0	\$69	\$0	\$2,980	(429,228)

Calculations assume a 10% down payment and a 45 basis point fee for private mortgage insurance.
A Household Qualifies for a Mortgage if Mortgage Payments, Taxes, and Insurance are 28% of Income

NAHB estimates that approximately 430,000 households would be priced out of the market, meaning that they would not be able to qualify for the higher-priced non-conforming financing and may have to postpone a new home purchase or purchase a lower-priced home.

Reductions in the CLL may also impair the ability of borrowers to refinance into lower-cost conforming mortgages. This could be especially problematic for some subprime borrowers as they attempt to refinance out of high-cost subprime mortgages. Given the current high level of concern among policy makers about the impact of the recent turmoil in the subprime mortgage market on the economy, it does not make sense to diminish the role the Enterprises could have in resolving the subprime market problems.

Impact on Builders

The level of the CLL is also a key factor for builders who may target their market to home buyers seeking conforming financing. Since buyers of newly constructed homes typically will lock-in their financing up to a year prior to closing, if the CLL were to decline between the loan commitment and closing, the buyer may not be able to qualify for the higher-cost non-conforming financing, or may not be able to increase their downpayment to qualify for a conforming mortgage. As a result, the buyer may have to cancel their purchase, adding to the inventories of unsold homes, or the builder may need to make significant concessions to sell these homes, cutting into their expected returns. Either would exacerbate the weakness in home prices.

Impact on Lenders

The CLL affects all facets of mortgage lending operations, from loan origination to servicing to sale in the secondary market. The annual CLL increase requires costly system changes in each of these areas. A decline in the CLL will result in similar systems costs, combined with additional negative costs to mortgage borrowers described above. There would also be additional costs for lenders as they would need to seek alternative “non-GSE” investors for loans that were previously eligible for sale to the Enterprises.

Detrimental Impact on the Housing Missions of the Enterprises, FHA and VA

By their charters, Fannie Mae and Freddie Mac are charged with providing liquidity and stability to the housing market, and, as noted, they are restricted from dealing in mortgages with amounts greater than the CLL. A decline in the CLL would reduce the share of the market that the Enterprises could serve and therefore the number of home buyers that would benefit from lower mortgage rates and other GSE advantages. As noted previously, NAHB estimates that almost one-half million households would be priced out of the conforming loan market if the current CLL were to decline.

Changes in the CLL also impact limits for FHA and VA loans, as the loan limits for these loans are tied to the CLL. The loan limits for FHA-insured single-family mortgages are set on an area-by-area basis and are indexed to the lesser of: 1) 95 percent of the median home price for the area or 2) 87 percent of the CLL, but not less than 48 percent of the CLL.¹³ The VA-guaranty is indexed to 25 percent of the CLL, thus the maximum no-downpayment VA loan is equal to the CLL.

The FHA and VA programs have long served low-and moderate-income home buyers, minorities and first-time home buyers. A decrease in the CLL would also lower FHA and VA limits, and reduce their assistance to those home buyers who are most in need of support. The

¹³ 12 U.S.C. 1709(b)(2). The statute refers to the Freddie Mac limit as determined under section 1454(a)(2) of title 12.

availability of these government programs is especially critical now as borrowers with problematic subprime loans are seeking to refinance into these loan products.

OFHEO's Proposal is Unnecessarily Complicated and Will Result in Market Distortions

In the pre-amble to the Proposed Guidance, OFHEO states that it “has sought to craft procedures that avoid problems in the setting of the limit, that provide an understandable framework for setting the limit and that do not represent significant operational challenges to the mortgage and financial markets.” NAHB believes that the Proposed Guidance fails on each of these counts.

Overview of Proposed Guidance

OFHEO has proposed that declines in the FHFB index should always be deferred one year and should accumulate to a one percent threshold before being incorporated into the CLL on the downside. After deferring the decline in the index for one year:

- (a) If the FHFB index increases, the deferred decline would be netted out in setting the CLL for the next year. However, if the net reduction is less than one percent, the net decline would be carried forward to the next year.

- (b) If the FHFB index decreases again, the latter decline will be deferred one year and the maximum loan limit would be adjusted by the decline of the former year. However, if the net reduction is less than one percent, the previous decline would be rolled forward and not netted from future increases or decreases in the limit until the cumulative declines exceed percent.

The resulting CLL will be rounded downward to the nearest \$100. Loans that were within the conforming loan limit at time of origination will be grandfathered over the remaining term of the loans, regardless of whether the CLL declines to a lower level in subsequent years.

NAHB Comments On Identified Significant Matters

Significant matters on which OFHEO has requested comment include: whether and how the limit should decline, rounding of dollar amounts, deferral of loan limit declines for the later of one year or until they reach at least a cumulative one percent level, and “grandfathering” of qualified conforming loans. Our comments on these matters follow.

Whether and how the limit should decline

First, as we have stated, we do not believe the Proposed Guidance is authorized by current law governing the annual CLL adjustment. Second, any process that results in a decline in the CLL is bad public policy. And, third, the Proposed Guidance is unnecessarily

complicated. The first two points have been amply covered in the preceding sections of this letter.

Regarding the third point, we find OFHEO's proposal to be extremely confusing. Under OFHEO's methodology, housing market participants would need to prepare for an increase or decrease that may or may not occur. As discussed above, this will contribute to uncertainty and instability in the mortgage marketplace. More importantly, it would raise apprehension among borrowers who might delay a home purchase, purchase a lower priced home, or be priced out of the market if the CLL declines. Each of these would have an adverse impact on home prices, the housing market and the economy.

Even the examples OFHEO provided outlining the impact of increases or decreases in the FHFB index in 2007 and 2008 do not provide clarity. In particular, the example in (c)(iii) seems to violate the rule that current year declines are always deferred for a year. In this example, OFHEO states that a decline in the 2008 index would be added to declines from 2006 and 2007 to calculate the 2009 limit. Pursuant to OFHEO's rule, a 2008 decline should be deferred for one year.

Rounding of Dollar Amounts

OFHEO states the proposed rounding down of the CLL to the nearest \$100.00 is "in line with existing practice." A review of past CLLs, shown in Table 2 (attached) indicates that existing practice is to round to nearest the \$50.00. NAHB believes that the existing practice should be continued.

One-Year Deferral of Price Declines and One-Percent Threshold

NAHB understands that OFHEO proposed the one-year deferral of a decrease in the FHFB index to provide market participants time to adjust to a potentially lower limit. While this intent has merit, it does not mitigate the impact of a decline in the index. The deferral process is confusing and the one-percent "safe harbor" will not alleviate the negative impacts of a decline in the CLL. Under OFHEO's proposed methodology, participants would not know with certainty if past declines would be incorporated into the new limit, until such limit is announced. Depending on the size of the price change, the limit could go up, down or stay the same. It may be argued that market participants also have uncertainty about the level of the limit under current procedures, but at least there is an assurance that the limit will not decline.

Under the Proposed Guidance, because a deferred decline is netted against (in the case of increases) or added to (in the case of declines) the current year's October-to-October change in the FHFB price series, market participants will not know whether the limit will go up, down or stay the same until the latest October-to-October change is released, which will be only one month prior to the actual adjustment. So even late in a year, into November, lenders and borrowers won't know if the conforming loan limit is going down on January 1. For example, assume the index in Year 1 shows a 2 percent decline and all previous declines have been netted

out. The limit would be unchanged in Year 2, and the decline deferred to Year 3, depending on what happens to the index in Year 2. The Year 2 result will determine whether the limit in Year 3 will go up, down or remain the same, but that will not be known until the results are released in November of Year 2.

Proposed Grandfathering of Qualified Loans

OFHEO proposes to grandfather loans that were conforming at the time of origination. These loans will continue to be considered as conforming regardless of any future declines in the CLL. NAHB recommends that grandfathering should be tied to date of commitment, rather than date of origination.

Returning to the example above, there clearly would be pipeline vulnerability in the second half of a year as buyers with loan commitments they thought were conforming could become nonconforming if the limit is reduced on the next January 1 and origination has not occurred. Buyers of newly constructed homes would be particularly vulnerable due to the lengthy financing pipeline for new homes and the longer time between loan commitment and origination.

NAHB Recommendation: CLL Should Not Decline Under Any Circumstances

NAHB opposes any CLL adjustment procedure that would result in a decline in the level of the CLL. As discussed, we believe a decrease in the CLL is not allowed under the current statutory authority for adjusting the CLL. Moreover, declines in the CLL would adversely impact the housing and mortgage markets. To ameliorate these concerns, NAHB recommends continuation of the current practice where declines in the FHFB index are netted out from future increases, so that the CLL would never decline from the present level.

In the event that this netting procedure would result in a drop in the CLL, the limit should remain unchanged. The cumulative decline would be rolled forward until such time as the netting does not result in a decline in the limit. This procedure is consistent with current law and practice. More importantly, it provides assurance to home buyers and mortgage market participants that the CLL would never decline from the present level, thus mitigating adverse market impacts.

Conclusion

NAHB strongly opposes the Proposed Guidance or any adjustment procedure that would result in a decline in the conforming loan limit. For the reasons cited above, NAHB urges OFHEO to withdraw the Proposed Guidance. Consistent with current statutory authority and practice, adjustments to the CLL should be based on the annual percent increase in the FHFB index and declines in the index should be netted out from future increases such that the CLL would not drop from the present level.

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Please feel free to contact me or Michelle Hamecs, NAHB's Assistant Staff Vice President for Housing Finance, at 202-266-8425 if you have any questions regarding this letter and NAHB's recommendations.

Sincerely,



David A. Crowe
Senior Staff Vice President
Regulatory and Housing Policy

DAC/mch

cc: The Honorable Barney Frank, Chairman
The Honorable Spencer Bachus, Ranking Member
House Financial Services Committee

The Honorable Christopher Dodd, Chairman
The Honorable Richard Shelby, Ranking Member
Senate Banking Committee

**Table 2
Historical Conventional Loan Limits**

Year	1 Unit	2 Units	3 Units	4 Units	Seconds
1980	93,750	120,000	145,000	180,000	N/A *
1981	98,500	126,000	152,000	189,000	98,500 *
1982	107,000	136,800	165,100	205,300	107,000 *
1983	108,300	138,500	167,200	207,900	108,300 *
1984	114,000	145,800	176,100	218,900	57,000
1985	115,300	147,500	178,200	221,500	57,650
1986	133,250	170,450	205,950	256,000	66,625
1987	153,100	195,850	236,650	294,150	76,550
1988	168,700	215,800	260,800	324,150	84,350
1989	187,600	239,950	290,000	360,450	93,800
1990	187,450	239,750	289,750	360,150	93,725
1991	191,250	244,650	295,650	367,500	95,625
1992	202,300	258,800	312,800	388,800	101,150
1993	203,150	259,850	314,100	390,400	101,575
1994	203,150	259,850	314,100	390,400	101,575
1995	203,150	259,850	314,100	390,400	101,575
1996	207,000	264,750	320,050	397,800	103,500
1997	214,600	274,550	331,850	412,450	107,300
1998	227,150	290,650	351,300	436,600	113,575
1999	240,000	307,100	371,200	461,350	120,000
2000	252,700	323,400	390,900	485,800	126,350
2001	275,000	351,950	425,400	528,700	137,500
2002	300,700	384,900	465,200	578,150	150,350
2003	322,700	413,100	499,300	620,500	161,350
2004	333,700	427,150	516,300	641,650	166,850
2005	359,650	460,400	556,500	691,600	179,825
2006	417,000	533,850	645,300	801,950	208,500
2007	417,000	533,850	645,300	801,950	208,500

Limits for Alaska, Hawaii, Virgin Islands and Guam are 50% higher. Virgin Islands was designated a high cost area in 1992 and Guam in 2001.

* Prior to 1984, second mortgage limits were the same as first mortgage limits. Subsequent legislation reduced the limits to 50% of first mortgage limits. Fannie Mae had no second mortgage program before 1981.

Source: Fannie Mae

Updated: November 28, 2006