March 20, 2014

Federal Housing Finance Agency
Office of Policy Analysis and Research
Constitution Center
400 Seventh Street, SW., Ninth Floor
Washington, DC 20024
Attn: No. 2013-N-18
Submitted via email at loanpurchaselimitinput@fhfa.gov

Re: Fannie Mae and Freddie Mac Loan Purchase Limits: Request for Public Input on Implementation Issues (2013-N-18)

Ladies and Gentlemen:

The undersigned organizations appreciate the opportunity to comment on the Federal Housing Finance Agency (FHFA) proposal to reduce the loan purchase limits for Fannie Mae and Freddie Mac ("the Enterprises").

The nation's housing markets are on a slow and cautious recovery. The credit box for home lending is exceedingly tight with the average FICO score for a loan sold to the Enterprises at 753 and the average loan-to-value ratio at 70 percent. As Congress considers comprehensive housing finance system reform, we strongly support maintaining the Enterprises' current conforming and high-cost loan purchase limits at the levels determined by the Housing and Economic Recovery Act (HERA) of 2008 or $417,000 and $625,500 respectively. For areas with loan purchase limits between $417,000 and $625,500, we also believe that you should maintain the current formula for tying the maximum limit to median home prices in those areas.

Congress is making incremental progress on legislation to reform the housing finance system. Plans under consideration in both chambers of Congress directly address loan limits. Setting loan limits is a significant component of housing policy and, as such, is best left to Congress' discretion, especially while many of the nation's housing markets remain fragile. In addition, we note that while this proposal is in part premised on shrinking the government's footprint in the mortgage market, the reduction of the Enterprises' loan purchase limits could simply shift borrowers to other government-insured programs.

Thank you in advance for your consideration of this important issue. We strongly support FHFA's efforts to stabilize and strengthen the mortgage market, but we believe that the proposed reductions will have the opposite effect. Should you have questions or wish to discuss any aspect of these comments further, please contact any or all of our organizations.

Sincerely,

Asian Real Estate Association of America (AREAA)
Community Mortgage Lenders of America
Independent Community Bankers of America
Leading Builders of America
Mortgage Bankers Association
National Association of Hispanic Real Estate Professionals (NAHREP)
National Association of Home Builders
National Association of REALTORS®
National Community Reinvestment Coalition
U.S. Mortgage Insurers