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President
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March 14, 2014

Federal Housing Finance Agency (OPAR)
Constitution Center
400 7th Street SW, 9th Floor
Washington, DC 20024
loanlimitinput@FHFA.gov

RE: [No. 2013-N-18]

To Whom it May Concern:

The Kansas Association of REALTORS® is writing to provide input on the above reference notice entitled “Fannie Mae and Freddie Mac Loan Purchase Limits: Request for Public Input on Implementation Issues.” The association strongly urges you not to change the existing loan limits as these limits have been critical in restoring stability to local housing markets across the state and our nation.

Although there has recently been nominal improvements in the Kansas housing market, purchasing a home remains a significant challenge for many potential homeowners due to the restrictive availability of mortgage credit, particularly if mortgage loans cannot be purchased or insured by government sponsored enterprises (GSEs) or the Federal Housing Administration (FHA). Many prospective borrowers in areas affected by the contemplated reduction in loan limits rely on the essential mortgage liquidity provided by the GSEs.

Borrowers will have difficulty qualifying under the tight credit standards currently required by private mortgage lenders, including the 20% down payment requirement that is an absolute minimum for many lenders. Outside of the GSEs and FHA, mortgage credit remains limited and available only to the wealthiest borrowers with pristine credit scores. Unfortunately, these conditions leave the American Dream of homeownership out of reach for many Kansas families.

In the Federal Register announcement on December 23, 2013, the Federal Housing Finance Agency (FHFA) noted that reducing the loan purchase limits is consistent with its legal authorities as conservator provided under the Housing and Economic Recovery Act of 2008 (HERA). However, REALTORS® would argue that by making a decision to lower the loan purchase limits, FHFA would be contravening Congressional intent under HERA in that:

- (1) HERA established the maximum limit for mortgage loans purchased by the GSEs; and
- (2) HERA made it a principal duty of the Director of FHFA to ensure that the GSEs serve as a reliable source of liquidity and funding for housing finance and community investment.

Maintaining a steady, nationwide ceiling for the GSE loan limits contributes to stabilizing housing prices, the stability of the housing finance system and consumer confidence in the housing and financial markets. Continued downward pressure on the mortgage loan purchase limits will only add to uncertainty in the residential mortgage loan markets.

In conclusion, it is crucial that the federal government act to maintain the stability of the housing market and refrain from adding disruptive and unnecessary changes at this critical time in the nation’s economic recovery. While the housing market continues to experience a nascent recovery, all of the available data shows that this recovery remains in a very fragile state. Based on market conditions and the terms of HERA, Kansas REALTORS® urge you to not take steps, such as reducing limits that will only restrict consumer access to mortgage credit.

Sincerely,

Chris Rost
President
Kansas Association of REALTORS®