



March 13, 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 St. Paul Area Association of REALTORS® is writing to provide input on the above referenced notice entitled, "Fannie Mae and Freddie Mac Loan Purchase Limits: Request for Public Input on Implementation Issues." We urge you to NOT change the existing loan limits, as it has been critical in restoring stability to local housing markets across the our state.

Though there has been nominal improvement in the housing market, purchasing a home remains a challenge for many potential homeowners due to the restrictive availability of credit, particularly if available loans cannot be purchased or insured by the government sponsored entities (GSEs) or FHA. Many borrowers in areas affected by the contemplated reduction in loan limits rely on the liquidity that the GSEs provide. These same borrowers will have difficulty qualifying under the tight credit standards currently required by private lenders, including the 20% down payment requirement that is a minimum for most lenders. Outside of the GSEs and FHA, credit remains limited and available only to the wealthiest borrowers with pristine credit. These conditions leave the American dream of home ownership out of reach for many families.

In the Federal Register announcement on December 23rd, 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, we would argue that by making a decision to lower the purchase limit, FHFA would be superseding congressional intent under that same law which:

1. Established the maximum loan limit for loans purchased by the GSEs; and
2. Made it a principal duty of the Director to ensure that the GSEs serve as a reliable source of liquidity and funding for housing finance and community investment.

Maintaining a steady, nationwide floor for the GSE loan limits contributes to stabilizing housing prices, the stability of the housing finance system, and consumer confidence. Continued downward pressure on the limits adds to the uncertainty in mortgage markets. In 2012, over 1,500 qualified borrowers in the greater Twin Cities area would not have been able purchase their home simply because the loan amount would exceed the proposed reduction. This impact would press up on inventories, potentially destabilizing price growth and is in addition to the 16.3% decline in purchase applications and 9.0% drop in pending home sales witnessed in January of 2014, relative the same time last spring.

It's crucial that the federal government act to maintain market stability, not add disruptive and unnecessary changes at this critical time in the nation's economic recovery. While the housing market continues to experience a nascent recovery, data reflects that it remains fragile. Based on market conditions and the terms of the Housing and Economic Recovery Act of 2008, we urge you to not take steps, such as reducing limits that will only restrict consumer access to mortgage credit.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Hunstad', written in a cursive style.

Michael Hunstad
St. Paul Area Association of REALTORS®, President