

March 11, 2014

Federal Housing Finance Agency (OPAR)  
Constitution Center  
400 7<sup>th</sup> Street SW, 9<sup>th</sup> Floor  
Washington, DC 20024  
[loanlimitinput@FHFA.gov](mailto:loanlimitinput@FHFA.gov)

RE: [No. 2013-N-18]

To Whom It May Concern:

The North Carolina Association of REALTORS<sup>®</sup> Inc. 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 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 percent 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 23, 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. However, we argue that by making a decision to lower the purchase limit, FHFA would be superseding congressional intent under that same law which:

*President*  
Tomp Litchfield  
CSSS

*President-Elect*  
Tony Smith  
ABR, ABRM, CRS, GRI

*Treasurer*  
Treasure A. Faircloth  
GRI, e-PRO, CRS

*Immediate Past President*  
Patrice Willetts  
ABR, GRI, Green

*Executive Vice President*  
Andrea Bushnell, Esq.  
CIPS, RCE

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 uncertainty in mortgage markets.

In 2012, more than 2,000 qualified borrowers in North Carolina would have been unable to purchase their home simply because the loan amount exceeded the proposed reduction. In Durham, Raleigh, and Charlotte, nearly 4 percent of transactions would be impacted. The impact would be even greater in Kill Devil Hills, Statesville-Mooresville, and Lincolnton. This impact would press up on inventories, potentially destabilizing price growth, and is in addition to the year-over-year declines in purchase applications (-16 percent) and pending home sales (-9 percent ) recorded in January 2014.

It is 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 take 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 "Tomp Litchfield". The signature is fluid and cursive, with a large initial "T" and "L".

Tomp Litchfield  
President