



July 21, 2011

The Honorable John A. Boehner  
Speaker of the House  
United States House of Representatives  
The Capitol, H-232  
Washington, D.C. 20515

The Honorable Nancy Pelosi  
Minority Leader  
United States House of Representatives  
The Capitol, H-204  
Washington, D.C. 20515

Dear Speaker Boehner and Leader Pelosi:

The Mortgage Bankers Association urges Congress to extend the higher loan limits for Fannie Mae, Freddie Mac and the Federal Housing Administration (FHA) at least through the end of 2012. While we had hoped improved economic conditions could warrant a return to the loan limits established by the Housing and Economic Recovery Act of 2008, the reality is that the temporarily higher loan levels are still needed. A number of bills have been introduced that would extend these limits and we urge Congress to address this important issue.

Since the collapse of the fully private housing finance market in 2008, nearly all of the market's liquidity has been provided by Fannie Mae, Freddie Mac and FHA (along with Ginnie Mae). This is why Congress recognized the need to approve the higher loan limits in February 2008 and provided a series of temporary, annual extensions in subsequent legislation. If the temporary limits are allowed to expire on October 1, 2011, obtaining financing will become more difficult and expensive for borrowers in many of our major metropolitan areas, which in turn would inhibit home purchases or the ability to refinance into more affordable mortgages.

The temporary loan limits authorized by Congress have benefited consumers and the housing market during what has been a turbulent period for our nation's economy. That decline is not over yet. The most recent data shows both new and existing home sales down, 23 and 13 percent lower than at a similar point last year, respectively. And MBA's own forecasts anticipate both a slow purchase market and a decline in refinance activities, with total originations decreasing to around \$1 trillion in 2011.

Until there are signs of sustained strength in the nation's housing sector, and in light of the continuing weakness in the secondary market, MBA urges Congress to ensure Fannie Mae, Freddie Mac, and FHA can continue providing capital to support loans to moderate and middle income families across the nation.

Sincerely,

A handwritten signature in black ink, appearing to read 'D.H. Stevens', is written over a light blue horizontal line.

David H. Stevens  
President and CEO