

March 27, 2012

The Honorable Spencer Bachus  
Chairman  
U.S. House Financial Services Committee  
2129 Rayburn House Office Building  
Washington, DC 20515

The Honorable Barney Frank  
Ranking Member  
U.S. House Financial Services Committee  
B371A Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Bachus and Ranking Member Frank:

On behalf of the housing industry, homeowners and homebuyers, we strongly oppose any amendments to the FHA Emergency Fiscal Solvency Act that would lower the FHA loan limits or reduce the portion of a mortgage that FHA guarantees. Our economy is still in recovery mode and housing markets are fragile. Making such dramatic changes in the availability of credit could collapse any improvements we have seen.

The FHA mortgage limits provide liquidity and stability to communities nationwide. Changing these limits now will create uncertainty and confusion and will greatly hamper housing price recovery. Moreover, these loans do not increase the risk to the taxpayer; rather the higher-limit home loans are actuarially less risky. In FHA's annual audit, the independent auditor said, "FHA experience indicates that more expensive houses tend to perform better compared with smaller houses in the same geographical area, all else being equal."

Lowering the guarantee will severely impact lender participation in mortgage markets. There is tremendous uncertainty in mortgage financing today. The outstanding QM and QRM rules, the future of the GSEs, and Dodd-Frank implementation all contributing to instability in the financial markets. Changing the rules for FHA mortgages will reduce certainty for lenders and lead to a further reduction in affordable mortgage financing.

Our national economy simply cannot handle such a disruption to an already delicate recovery. American families ready to buy a home cannot handle further tightening of the mortgage markets. Our organizations strongly urge you to vote against these harmful amendments, and any others that will increase the costs of homeownership and negatively impact housing values while our economy is still in a downturn.

Sincerely,

**Mortgage Bankers Association  
National Association of Home Builders  
National Association of REALTORS®**