

April 15, 2014

Carol J. Galante
Assistant Secretary for Housing/Federal Housing Commissioner
Department of Housing and Urban Development
451 7th Street SW
Washington, DC 20410

Dear Commissioner Galante,

In December, the Department of Housing and Urban Development (HUD) announced substantial reductions in Federal Housing Administration (FHA) loan limits in numerous counties across the country. While some of these reductions were required by the expiration of the Consolidated and Further Continuing Appropriations Act of 2012, many others were unexpected.

In response to inquiries regarding its methodology for setting loan limits, HUD staff has indicated that when setting loan limits for 2014 for areas above the national standard limit (\$271,050), HUD followed a legal opinion by its departmental lawyers which says under the current statute HUD must use median home prices from 2008 or later.

The undersigned organizations respectfully disagree with HUD's opinion. We believe that HUD has additional discretion under the current statute.¹ We also note, that after initially implementing 2014 loan limits for the Department of Veterans Affairs (VA) Loan Guaranty Service which had reductions similar to FHA's, the VA evaluated the statutes and issues involved and issued increased loan limits for many areas.

To help us understand and evaluate the legal basis for HUD's loan limit decision, we ask that you provide us copies of the legal opinions developed by HUD staff related to the establishment of the 2014 loan limits.

Thank you for the careful consideration of our request.

Sincerely,

Mortgage Bankers Association
National Association of Home Builders
National Association of Realtors

¹ 12 U.S. Code § 1709