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**Office of Federal Housing Enterprise Oversight  
(OFHEO)**

***NEWS RELEASE***

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**FOR IMMEDIATE RELEASE**

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**NO DECLINE IN 2008 CONFORMING LOAN LIMIT  
Additional Comments Sought on a Revised Loan Limit  
Guidance; New Mortgage Market Note on Historical Trends  
in Conforming Loan Limit**

**Washington, DC** – The Office of Federal Housing Enterprise Oversight (OFHEO) announced today three actions regarding the calculation of the conforming loan limit, which establishes the maximum mortgage loan value eligible for purchase by Fannie Mae and Freddie Mac.

OFHEO Director James Lockhart announced that, based on provisions in the proposed guidance, the current conforming loan limit will not be reduced for 2008. If the index used to calculate the maximum loan level should increase, the amount of the increase in 2008 would be reduced by the decline calculated in 2006 of 0.16%. Under no circumstance, however, would the maximum loan level for 2008 drop below the 2006 and 2007 limit of \$417,000.

OFHEO Director Lockhart also announced that OFHEO has transmitted to the *Federal Register* a revised Examination Guidance for procedures relating to the calculation of the conforming loan limit and implementation of increases or decreases in the limit. A proposed guidance was subject to public comment earlier this year and OFHEO has made changes to the proposed guidance in several areas. OFHEO is seeking additional comment on the revised guidance within 30 days of its publication in the *Federal Register*.

Key provisions of the revised Examination Guidance entitled

*Conforming Loan Limit Calculations* proposed for public comment are the following:

- As previously proposed, any decreases in the limit would be deferred one year.
- Decreases would have to total cumulatively more than three percent before a decrease would be implemented, a change from the proposed one percent *de minimis* amount.
- As proposed and clarified, if a loan is conforming at the time of origination, it remains conforming regardless of declines in the conforming loan limit, providing greater certainty for markets and asset securitization.
- As proposed, for simplification, the conforming loan limit will be rounded down to the nearest \$100.

The Guidance, as transmitted to the *Federal Register* for publication, may be found at [http://www.fhfa.gov/webfiles/1807/20071022\\_Revised\\_CLL\\_State\\_ment\\_Notice.pdf](http://www.fhfa.gov/webfiles/1807/20071022_Revised_CLL_State_ment_Notice.pdf). The notice for the *Federal Register* contains a summary of the proposed and final guidances, the revised guidance as well as an Appendix setting forth various scenarios relating to possible loan limit decreases.

OFHEO also announced the publication of a new *Mortgage Market Note* on the conforming loan limit. The Note provides background information on the history of the conforming loan limit. It traces the growth in the loan limit relative to other key economic variables, such as household income. The Note also describes how the national loan limit has changed as compared with regional and state-level measurements of home price appreciation. The *Mortgage Market Note* is available at <http://www.fhfa.gov/webfiles/1245/MMNOTE072.pdf>

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*OFHEO's mission is to promote housing and a strong national housing finance system by ensuring the safety and soundness of Fannie Mae and Freddie Mac.*