

PRESS RELEASE

Congressman Gary G. Miller
42nd District, California



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Congressman Miller Pushes Loan Limit Increase Through Financial Services Committee

Washington, DC – This afternoon, the House Financial Services Committee overwhelmingly approved a provision championed by Congressman Miller to increase the conforming loan limit for high-cost areas of the country. Under current law, Fannie Mae and Freddie Mac can purchase mortgages up to the conforming loan limit, which for 2007 is \$417,000. However, for high-cost areas of the country, the price of even entry-level homes exceeds this amount, forcing homebuyers in these areas to use riskier and more costly “jumbo” loans. Congressman Miller’s provision, which was included in H.R. 1427, the Federal Housing Finance Reform Act, increases the conforming loan limit so that homebuyers in high cost areas can at long last take advantage of the services offered by Fannie Mae and Freddie Mac.

“This is a significant legislative victory for the people of Southern California,” said Rep. Gary Miller (R-CA). “This bill substantially increases the mortgage options available to the people of our region and it stands to reduce the average Southern California homebuyer’s mortgage by as much as \$135 per month. I am extremely proud that the Financial Services Committee has taken this important step.”

High-cost designations are nothing new. In 1980, Congress increased the loan limit for Alaska, Hawaii, Guam and the U.S. Virgin Islands because, at the time, Congress recognized that their housing costs were significantly higher than the rest of the United States. Those designations remain in effect today. However, a recent study determined that California housing prices have surpassed both Hawaii and Alaska, yet California still does not have the same high-cost designation.

Under the terms of H.R. 1427, a new regulator would be established for Fannie Mae and Freddie Mac. Under Congressman Miller’s provision, the regulator would have the authority to set conforming loan limits based on an area’s median home price, capped at 150 percent of the national conforming loan limit. However, this would only occur if the area’s median home price is above the national limit. After winning approval by the House Financial Services Committee today, H.R. 4127 now awaits consideration by the full House of Representatives.

Added Congressman Miller, “Legislative reform enabling certain areas to be designated as ‘high-cost’ is imperative to ensuring that Californians have equal access to the best possible mortgage products. I am proud to have worked with both Republicans and Democrats in drafting this bill which, when passed, will help level the playing field for home mortgages and allow more families to realize an important piece of the American Dream.”

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