

Butting heads with the Obama administration, a bipartisan group of 37 lawmakers on Thursday called for a short-term extension of regulations that would allow the maximum size of loans that can be guaranteed by government controlled mortgage giants Fannie Mae and Freddie Mac remain at the current level of \$729,750.

Without action by Congress, the limit on loans that Fannie and Freddie can guarantee will drop back to a maximum of \$625,500 effective Oct, 1. The group, led by Rep. Gary Ackerman (D., N.Y.) and **John Campbell** (R., Calif.), sent a letter to the House Appropriations committee, urging it to attach a provision to a temporary funding measure that would keep the government running when fiscal 2012 begins on Oct. 1.

The request goes against a Treasury recommendation in February Congress not pass new legislation continuing the current level.

The letter comes after Ackerman and **Campbell** in July introduced a bill that seeks to extend the conforming mortgage limit for two years until October 2013. Campbell acknowledged that the measure's most likely chance of passing would be as a provision attached to a must-pass government continuing resolution bill.

Their effort comes as other lawmakers believe a private market for mortgage securities in that jumbo loan price range can emerge without the need for a government guarantee.

They point to two private-label residential mortgage-backed deals conducted by Redwood Trust, one in 2010 and another in 2011, in the jumbo market as an indication that there is room for a larger private market.

Campbell rebutted that assertion.

“The opponents of the idea of keeping the conforming loan limit in place always point to those two securitizations. We’ve had two jumbo loan securitizations in the past 2.5

years,” Campbell said. “They say there is a vibrant market out there. It’s just ridiculous. It’s a tiny, tiny, tiny, fraction of the market. The situation today is that some of the standards to get those loans cut out the vast majority of borrowers.”

Campbell raised concerns about some situations where lenders are requiring enormous down payments, such as 50%, before approving a loan. [Read about Campbell backing high 'conforming' loan limit.](#)

Ackerman said in a statement that without the continuation, mortgage credit for many eligible buyers will evaporate.

“This horrendous outcome is utterly avoidable and I urge members of the Appropriations Committee to join my fight to provide short-term support to the housing market by extending the conforming loan limits in the upcoming continuing resolution,” he said.