

The U.S. House of Representatives approved higher limits for mortgages backed by the Federal Housing Administration, bypassing the objections of Republicans who said the increase could threaten the agency's stability.

Lawmakers voted today for increasing the limit to \$729,750 as part of a \$182 billion spending bill that included funding for the government through Dec. 16. The legislation, approved in a 298-121 vote, was opposed by 101 members of the House's Republican majority, some of whom said they opposed the measure primarily because of the loan-limit increase.

"This is an irresponsible action by the folks that should be the fiduciary for the American taxpayer," Representative Patrick McHenry, a North Carolina Republican, said in an interview. "We need to be reining in our government housing finance programs so the private sector can step in."

For all of the objections from Republican lawmakers and interest groups, the measure survived congressional negotiations on the strength of last month's Senate vote in favor of an amendment to boost limits for FHA loans and those purchased by Fannie Mae and Freddie Mac. The increase for Fannie Mae and Freddie Mac loans was dropped during the talks, and today's vote leaves the FHA increase needing only a Senate vote and President Barack Obama's signature to become law.

Lawmakers who back higher limits say withdrawing federal support could undermine a housing market that has struggled to recover from the 2008 credit crisis. The limits automatically returned to \$625,500 in October, spurring lawmakers and housing lobbyists to press for a return to the higher level.

'A Bad Deal'

**Representative John Campbell**, a California Republican who pushed for the increase, said before today's vote that the compromise on the provision **s just a bad deal.** "wa  
**Campbell**

said he would have preferred that lawmakers boost the limit for Fannie Mae and Freddie Mac over the raising the FHA limit.

**“I’m glad something got done, but because they got it backwards, this will be a much more short-term fix than I would have hoped,”** Campbell said in an interview.

While Republicans such as **Campbell** backed the increase, other House and Senate lawmakers lobbied appropriators to drop the provision entirely. House Republicans opposed to the provision seized on the FHA’s annual actuarial report, which said the agency has a 50 percent chance of needing to seek taxpayer aid to bolster its insurance fund.

The FHA, which provides liquidity by protecting lenders against borrower defaults, has increased its share of the mortgage market in the wake of the credit crisis. The agency, created in 1934 during the Great Depression, now guarantees a third of U.S. mortgages, according to the report.

‘Bleak Outlook’

“In light of this bleak outlook for the FHA, it makes no sense to increase the size of the loans the FHA can insure,” Representative Scott Garrett, a New Jersey Republican, said when the report was released on Nov. 15.

The measure also sets the fiscal 2012 budget of the U.S. Commodity Futures Trading Commission at \$205.3 million, or 33 percent less than proposed by Obama.

The funding for the regulator responsible for overseeing the \$708 trillion swaps market is a slight boost from the agency’s current funding level of \$202.7 million.

The agency, which is responsible for writing a large portion of the new rules required by the Dodd-Frank Act, has been caught in a tug-of-war between Republicans pushing to cut federal

spending and Democrats aiming to give regulators the funding necessary to implement the 2010 overhaul law.