The House of Representatives voted 292-121 to restore the elevated conforming limits for jumbo mortgages for the Federal Housing Administration Thursday.

The Senate is expected to give a final vote in the coming days.

Members of a joint committee compromised earlier this week to include language in a minibus spending bill that would raise the limits on mortgages insured by the FHA but not those guaranteed by Fannie Mae and Freddie Mac.

Congress raised the limits in 2008 to allow the government to back more loans when credit markets froze. On Oct. 1, the expired, reverting back to $625,500 from $729,750 in the most expensive neighborhoods.

According to the bill the House passed Thursday, the elevated limits for FHA loans will be extended through 2013.

The effect of the drop has already been felt in some markets. San Francisco home sales above $500,000 fell 20% in October from last year, according to analytics firm DataQuick.

Nationwide, the effect is more unknown. The Obama administration said in its February white paper on the future options for the mortgage market that allowing the loan limits to expire would be a necessary first step let private capital return to the market.

FHA Acting Commissioner Carole Galante said as much before the Senate Banking Committee Thursday.

"We understand the FHA is playing a somewhat outsized role and we continue to support the limits being returned Oct. 1. The market is fragile and there are reasonable people who may want to see us stay in the business, and we will implement whatever Congress decides on the matter," Galante said. "Our traditional mission is to help first-time low- and moderate-income borrowers, and that continues to be the core of our mission. When the loans were higher, it was a very, very small percentage of the work FHA does."

The fear is that more of the jumbo mortgage business will swell toward FHA, which is currently trying to wind its market share down as it operates under recent financial challenges.

"Once again, taxpayers are being asked to subsidize expensive homes in large coastal cities," said Anthony Sanders, an economist at George Mason University.

Rep. John Campbell, R-Calif., whose district is directly affected by the limit drops, has been working within Congress to restore the higher limits. He was disappointed with the bill Thursday.

"The compromise made by the conference committee to only restore the loan limits for mortgages guaranteed by FHA is a half-measure and one that ignores the tremendous need for restoration of the conforming loan limits," Campbell said. **"While this is better than no extension of either loan limit, it is not the compromise we should have made."**