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July 20, 2007

Alfred Pollard
General Counsel
OFHEO
1700 G Street, NW, 4th Floor
Washington, DC 20552

Dear Mr. Pollard:

The Independent Community Bankers of America (ICBA)¹ welcomes the opportunity to comment on the Guidance on Conforming Loan Limit Calculations proposed by the Office of Federal Housing Enterprise Oversight.

OFHEO has proposed that declines in the average house purchase price (used to calculate the conforming loan limit) should always be deferred one year and that declines should accumulate to a one percent threshold before being implemented on the downside. ICBA generally agrees with the proposed guidance, but urges that, given the current difficult conditions, market stability should be the primary goal and OFHEO should consider delaying decreases in conforming loan limits beyond one year and allow them to aggregate beyond 1 percent, so as not to cause further deterioration, making it even more difficult for consumers to buy homes or refinance their mortgages.

Decreases in average home prices are very unusual. The current declines are due to a market correction, particularly in the subprime segment, and are expected to be relatively short term in nature as compared to the long-term pricing trend. Thus, in our view, lags in applying conforming loan limit decreases are appropriate to provide market stability. Given current conditions where a number of homeowners are or will be looking to refinance mortgages to remain in their homes, we believe it is particularly important to delay and ultimately minimize decreases in conforming limits. We are concerned that if

¹ *The Independent Community Bankers of America represents the largest constituency of community banks of all sizes and charter types in the nation, and is dedicated exclusively to representing the interests of the community banking industry. ICBA aggregates the power of its members to provide a voice for community banking interests in Washington, resources to enhance community bank education and marketability, and profitability options to help community banks compete in an ever-changing marketplace.*

With nearly 5,000 members, representing more than 18,000 locations nationwide and employing over 265,000 Americans, ICBA members hold more than \$876 billion in assets \$692 billion in deposits, and more than \$589 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

conforming limits are too quickly or dramatically decreased, homeowners may face even greater refinancing difficulties and housing prices may be pushed even lower.

ICBA recommends that any decrease be allowed *at least* one year of delayed application and the threshold be *at least* one percent. We urge OFHEO to revisit these calculations over time, given that it is yet unclear how long this market correction will take. Application delays may need to be perhaps 2 years and the threshold be perhaps up to 3 percent if that would promote stability in the housing market.

ICBA also agrees that loans in process should be “grandfathered” if there is a decline in the conforming limit and considered to be conforming loans as long as they exist. Parties who enter a mortgage transaction in good faith should not be disadvantaged by the timing of a limit change.

We appreciate the opportunity comment. If you wish to discuss our comments further, please contact the undersigned at 202-659-8111 or email ann.grochala@icba.org.

Sincerely



Ann M. Grochala
Director, Lending and Accounting Policy