



OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

1700 G STREET, NW, WASHINGTON, DC 20552 (202) 414-3800

Office of Policy Analysis and Research

November 27, 2007

Mr. Richard Syron
Chairman of the Board and
Chief Executive Officer
Freddie Mac
8200 Jones Branch Drive
McLean, VA 22102-3107

Dear Mr. Syron:

OFHEO's Supervisory Guidance SG-04-001 of February 20, 2004, describes procedures to be applied to computations of future conforming loan limits. In October 2007, OFHEO published an amended proposal for determining the limits in the event of a decrease in house prices and announced that no decrease in the limits for 2008 would be required under any circumstances.

As announced by the Federal Housing Finance Board (FHFB) today, the national average one-family house purchase price in October was \$295,573. The October 2007 average price compares with a national average one-family house purchase price of \$306,258 in October 2006. This is a 3.49 percent decrease in house prices in 2006. The combined two-year decline is now 3.65 percent. The house price information is based on the Monthly Interest Rate Survey (MIRS) conducted by the FHFB. These reported average house price declines provide no justification for any increase in the limits. Therefore, consistent with OFHEO's October announcement, the maximum 2008 conforming loan limits will be unchanged from current levels. These limits are as follows:

- one-unit: \$417,000
- two-unit: \$533,850
- three-unit: \$645,300
- four-unit: \$801,950

The loan limits for one-to-four family mortgages in Alaska, Hawaii, Guam and the U.S. Virgin Islands are 50% higher than the numbers above, i.e., \$625,500 for a one-unit single family mortgage; \$800,775 for a two-unit; \$967,950 for a three-unit; and \$1,202,925 for a four-unit mortgage.

The 2008 limit for second mortgages is \$208,500. In Alaska, Guam, Hawaii, and the U.S. Virgin Islands, it is \$312,750.

Sincerely,

Patrick J. Lawler
Associate Director and Chief Economist



OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

1700 G STREET, NW, WASHINGTON, DC 20552 (202) 414-3800

Office of Policy Analysis and Research

November 27, 2007

Mr. Daniel H. Mudd
President and Chief Executive Officer
Fannie Mae
3900 Wisconsin Avenue, NW
Washington, DC 20016-2892

Dear Mr. Mudd:

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Patrick J. Lawler
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