

MORTGAGE MARKET NOTE 11-01

Introduction

Conforming loan limits constrain the size of mortgages that Fannie Mae and Freddie Mac (the “Enterprises”) can purchase and securitize. Until early 2008, the loan limit was the same in all parts of the United States, except in Alaska, Hawaii, Guam and the U.S. Virgin Islands. In those locations, the limit was 50 percent higher. Since early 2008, a series of laws has established higher loan limits in localized areas where median home values are relatively high. A “baseline” loan limit—the loan limit that was in place prior to 2008—has remained in effect elsewhere.

In implementing the various laws enacted since 2008, FHFA and one of its predecessor agencies (OFHEO) have set loan limits consistent with the formulas that have been provided by Congress. For loans originated on or after October 1st of this year, barring Congressional action, there will be a change in the formula that determines local area loan limits in high-priced areas. As a result, conforming loan limits may decline in some of those areas.

Should loan limits decline, the geographic scope of the declines would be relatively limited. Only 250 county and county-equivalent areas—a small fraction of the more than three thousand counties in the country—would be affected. In more than 50 of the affected counties, the loan limit would fall by less than \$25,000. The impact on the Enterprises would also be modest, as they generally purchase few mortgages whose balances are in the affected range. For example, the Enterprises collectively purchased only about 50,000 loans originated in 2010 where loan balances exceeded the limits that could take effect on October 1st of this year.

For the relatively small number of borrowers needing to finance loans in the affected range, the lower loan limits could result in higher mortgage rates. While it is difficult to predict, given recent trends, such borrowers could pay rates between $\frac{1}{2}$ and $\frac{3}{4}$ of a percentage point higher than they would have had the current limits remained in place.

This Mortgage Market Note discusses the potential changes in the loan limits themselves. It provides detailed information on the location and magnitude of the possible loan limit declines. It also summarizes the underlying legislation that determines existing and future loan limits.

* The May 26, 2011 revision corrects text on page 5 of the original release. A footnote has been inserted in this version where the correction has been made.

What May Happen to Loan Limits

The legislation that sets the loan limits in effect today applies only to loans originated in Fiscal Year 2011, which extends through September 30.¹ For loans originated after that time, a new set of loan limits—those established under the Housing and Economic Recovery Act of 2008 (HERA)—would apply. In the vast majority of counties (almost 3,000), the “new” HERA limits would not differ from existing loan limits. In 250 counties and county-equivalent areas, however, loan limits would decrease. For those areas experiencing a change, the magnitude of the possible loan limit decline ranges from \$500 for one-unit properties in Weld County, Colorado to \$246,750 for one-unit homes in Monterey County, California.

Table 1 shows, by county, the declines in loan limits that could occur for one-unit properties.² The list is sorted in descending order so that the areas with the largest potential declines are at the top of the list. Not coincidentally, the list generally comprises higher cost housing markets (i.e., places where median home prices are high). In other areas—areas not shown on the list—the change in the loan limit formula would have no effect generally because median home values are sufficiently low that the baseline loan limit applies in either case.³ Under both the existing and “new” (HERA) loan limit regimes, the baseline loan limit is \$417,000 for one-unit properties in the contiguous United States.

Figure 1 maps the location of the potentially affected areas and shows the magnitude of the potential decline in the conforming loan limit. The map makes clear that the potential changes are largely clustered along the coastlines, with California and the Middle Atlantic states seeing the most significant declines. Select other areas, including parts of Florida, Colorado, Puerto Rico, and the Pacific Northwest, also would experience considerable changes. Indeed, 41 of the 43 counties that would experience the largest declines are located in Puerto Rico.

Because the existing, relatively high loan limits only apply to loans that are originated on or before September 30th, mortgage markets may start seeing effects of the potential loan limit declines prior to September. Because the time between mortgage application and origination can be significant, lenders may begin carefully managing their origination pipelines in late summer to ensure that loans with balances in excess of the HERA limits are closed by September 30th. As will be discussed in the “Impact” section, mortgage rates paid by borrowers financing loan amounts between the HERA and existing loan limits could rise somewhat in certain areas.

¹ Existing limits have been set under the Continuing Appropriations Act of 2011 (Public Law 111-242).

² Separate loan limits are set for two-, three- and four-unit properties. Those limits would also decline in the identified areas and by somewhat larger amounts than those indicated.

³ It should be noted that in 42 U.S. counties—all of which are in Virginia and North Carolina—existing limits are above \$417,000 and are already equal to HERA limits. In those counties, as in the rest of the country, the loan limit would not change after September 30th.

Why It Could Happen

On September 30, 2010, the Continuing Appropriations Act of 2011 set conforming loan limits for mortgages originated in Fiscal Year 2011 at the higher of limits established under the Economic Stimulus Act of 2008 (ESA) and the 2011 limits that would be determined under HERA, the permanent legislation governing Enterprise loan limits.⁴ In most areas where loan limits were above the baseline national limit of \$417,000, the limits calculated under ESA were higher and thus ultimately determined FY2011 limits. Those limits were announced in November 2010.⁵

The formula that determined 2008 loan limits under ESA was relatively expansive. In effect, it set limits at 125 percent of 2007 median home prices, up to a maximum of 175 percent of the baseline national limit. Because the baseline national loan limit was (and remains) \$417,000, ESA's "ceiling" loan limit is \$729,750 for the contiguous United States.

The HERA formula is more modest. It sets loan limits at 115 percent of contemporary median prices, up to 150 percent of the baseline national limit. Currently, 150 percent of the baseline loan limit in the contiguous United States is \$625,500. Unlike the ESA limits, the HERA loan limits are updated each year and thus the median price that was used in setting 2011 HERA limits reflected more contemporary house prices (as opposed to the 2007 home values used in ESA).⁶

The Continuing Appropriations Act will not apply to newly originated mortgages after September 30, 2011. As such, loan limits will no longer be determined under the "higher of" formula that ties loan limits to the expansive ESA formula. Rather, the loan limits that apply to newly originated loans would be those established for 2011 under the HERA formula.

The limit declines that would occur would then be a function of the change in the underlying formula that determines limits. For any given area then, a decline in the local limit would be the result from one or more of the following:

⁴ When FHFA determined HERA limits for 2011 and implemented the "higher of" formula, the resulting loan limits did not differ from loan limits that were already in effect for 2010. The limits that were already in effect were, themselves, based on similar legislation (using a "higher of" formula) passed in 2009.

⁵ See <http://www.fhfa.gov/webfiles/19490/ConfLoanNov2010.pdf>.

⁶ It should be noted that, when setting 2011 and prior year HERA limits, FHFA has followed a policy of not allowing declines relative to prior HERA limits. This rule, which is consistent with the Act's policy of not allowing declines in the baseline loan limit, means that 2011 HERA limits are sometimes based on earlier years' median price levels. Because the first set of HERA limits was determined using 2008 median prices, however, the 2011 HERA limits in all cases are based on more contemporary prices than the 2007 values used in setting ESA limits.

- The change in the “ceiling” loan limits prescribed in HERA and ESA (i.e., the decline from \$729,750 to \$625,500 for one-unit homes in the contiguous United States).
- The change in the “multiplier” used in the respective pieces of legislation (i.e., the decrease from 125 percent to 115 percent of local price medians)
- The change in the median price that is used as a basis for determining limits (i.e., the transition from ESA’s use of 2007 median prices to the more-contemporary median prices used for determining 2011 HERA limits).⁷

What Effects Might Be Observed

Impact on the Enterprises

Mortgage originations where loan balances are between the HERA and ESA limits comprise a small proportion of the Enterprises’ financing activity and the market as a whole. An indication of the applicable loan volumes can be seen in data showing Enterprise acquisitions of 2010-originated mortgages for one-unit dwellings. Similar to the Continuing Resolution Act, prior legislation set loan limits for mortgage originations in calendar year 2010 at the higher of the HERA and ESA limits.⁸

The Enterprises acquired approximately 50,000 mortgages originated in 2010 where loan balances were between the two sets of limits. The total dollar volume for these loans was just over \$30 billion, less than 5 percent of 2010 originations acquired by the Enterprises. Although it is difficult to obtain estimates of total lending activity, assuming the Enterprises’ share of the overall market was around 60 percent,⁹ this would suggest that the Enterprises’ acquisitions of loans having balances between the HERA and ESA loan limits accounted for only about 3 percent of total 2010 lending.

Table 2a provides an indication of the volume of financing activity by state. For one-unit dwellings, the table shows the share of 2010 Enterprise-financed loans that had origination balances between the HERA limits and those specified under

⁷ Consistent with prior practice, 2011 HERA limits were set using local-area median prices determined by the Department of Housing and Urban Development (HUD). Those median prices, which HUD used in setting Federal Housing Administration (FHA) loan limits, were calculated using transaction prices from the first eight months of 2010.

⁸ The relevant act was the Department of Interior, Environment, and Related Agencies Appropriations Act of 2010 (Public Law 111-88). That legislation was not the first time the “higher of” rule had been used. The American Recovery and Reinvestment Act of 2009 set 2009 loan limits at the higher of the ESA and HERA limits.

⁹ Inside Mortgage Finance’s January 28, 2011 report estimates the Enterprises’ share of total 2010 originations at about 63 percent (= \$995.1 billion/\$1,570 billion).

ESA. The table also shows the geographic distribution of those loans. Specifically, the table reports the proportion of the total Enterprise acquisitions of such loans that were in each state.¹⁰

The table reveals significant clustering of the larger-balance mortgages in California and a small number of other states. Roughly six out of ten of the loans were originated in California, with Massachusetts, New York, and New Jersey collectively accounting for another 20 percent of the loans. Twenty-six states saw no Enterprise acquisitions of larger-balance loans. In two of those states, Delaware and Ohio, loan limits were above the HERA levels by only a small margin and only in a single county in each state. In West Virginia, loan limits exceeded the HERA levels in two counties, but the Enterprises acquired no mortgages with above-HERA balances in those areas. In the other twenty-three states, no counties had limits above the HERA levels.¹¹

Although the lion's share of the higher-balance mortgages were originated in California, the relative intensity of Enterprise financing activity in the above-HERA range was greatest in Washington, D.C. A result of higher home prices in the District, a relatively large 12 percent share of Enterprise-financed mortgages were loans whose origination loan balances were above the HERA limits. In slightly-less-expensive California, which had the second-highest intensity, only about 6 percent of all loans had balances above the HERA loan limits.

Table 2b provides the same basic information as Table 2a, except the figures and shares reflect the total origination dollar amounts instead of loan counts. Qualitatively, the phenomena reflected are similar to those shown in Figure 2a, except the concentrations tend to be magnified. For example, California accounted for about 64 percent of the total dollar volume of above-HERA loans, a greater share than the 61 percent when computed by loan count. Also, the relative intensity of lending activity at the above-HERA level appears greater. In the District of Columbia, for example, 22 percent of Enterprise dollar volume was for above-HERA loans (vs. 12 percent when calculated by loan count).

Impact on Borrowers

If loan limits decline on October 1st, some borrowers who might have previously been able to finance their home purchase (or refinance) with a conforming loan may be required to obtain "jumbo" mortgages. As suggested previously, the likely

¹⁰ In identifying loans whose balances were above the local-area HERA loan limits, the Enterprises mortgage-level data submissions for the House Price Index production were used. The submitted data needed to be "geocoded" with special software to identify the applicable property county and the associated loan limit. For approximately two percent of 2010 transactions, no county was identified by the software and thus it was not possible to determine whether the loan origination amount exceeded the HERA loan limits. Accordingly, the mortgage counts reflected in Table 2a (and Table 2b) may slightly understate the Enterprises' acquisition activity.

¹¹ The originally-published Mortgage Market Note (released March 29, 2011) erroneously indicated that Delaware and Ohio were the only states for which there were no Enterprise acquisitions of above-HERA loans even though limits exceeded HERA levels. West Virginia should have also been included in that list.

effects of this would be small relative to the entire mortgage market, as the impact would be restricted to borrowers who: (a) live in one of the 250 affected counties¹² and (b) require financing of a dollar amount that lies between the HERA and ESA limits.

For the affected borrowers, however, because mortgage rates for jumbo mortgages tend to be higher than rates for conforming loans, financing costs may be higher. The extent to which interest rates for jumbo mortgages may exceed rates for other loans is difficult to predict. The “spread” between jumbo mortgages rates and rates for the largest loans that are eligible for Enterprise purchase (“jumbo-conforming” mortgages)¹³ depends on a number of factors, including conditions in the secondary mortgage market and market views on credit risk. Over the latest year, the difference between mortgage rates for jumbo loans and jumbo-conforming mortgages has varied between about $\frac{1}{2}$ and $\frac{3}{4}$ of a percentage point.

¹² These counties comprise less than a third of the U.S. population.

¹³ Mortgages whose balances exceed the baseline national limit (\$417,000 in the contiguous U.S.) but are below the maximum local loan limit are known as “jumbo-conforming” or “high-balance” conforming mortgages. These loans have slightly higher rates than loans whose balances are at or below the baseline national loan limit.

Table 1: Potential Decline in Conforming Loan Limits for Loans Originated on or after October 1, 2011

(Decline Would Result from Reversion to HERA Limits from Continuing Appropriations Act of 2011 Limits)

State	County	FIPS Code	Continuing Appropriations Act of 2011 Limit (1-Unit)	HERA Limit for CY2011 (1-Unit)	Difference
CA	MONTEREY	06053	\$ 729,750	\$ 483,000	\$ 246,750
FL	MONROE	12087	\$ 729,750	\$ 529,000	\$ 200,750
PR	AGUAS BUENAS	72007	\$ 606,250	\$ 417,000	\$ 189,250
PR	AIBONITO	72009	\$ 606,250	\$ 417,000	\$ 189,250
PR	ARECIBO	72013	\$ 606,250	\$ 417,000	\$ 189,250
PR	BARCELONETA	72017	\$ 606,250	\$ 417,000	\$ 189,250
PR	BARRANQUITAS	72019	\$ 606,250	\$ 417,000	\$ 189,250
PR	BAYAMON	72021	\$ 606,250	\$ 417,000	\$ 189,250
PR	CAGUAS	72025	\$ 606,250	\$ 417,000	\$ 189,250
PR	CAMUY	72027	\$ 606,250	\$ 417,000	\$ 189,250
PR	CANOVANAS	72029	\$ 606,250	\$ 417,000	\$ 189,250
PR	CAROLINA	72031	\$ 606,250	\$ 417,000	\$ 189,250
PR	CATANO	72033	\$ 606,250	\$ 417,000	\$ 189,250
PR	CAYEY	72035	\$ 606,250	\$ 417,000	\$ 189,250
PR	CIALES	72039	\$ 606,250	\$ 417,000	\$ 189,250
PR	CIDRA	72041	\$ 606,250	\$ 417,000	\$ 189,250
PR	COMERIO	72045	\$ 606,250	\$ 417,000	\$ 189,250
PR	COROZAL	72047	\$ 606,250	\$ 417,000	\$ 189,250
PR	DORADO	72051	\$ 606,250	\$ 417,000	\$ 189,250
PR	FLORIDA	72054	\$ 606,250	\$ 417,000	\$ 189,250
PR	GUAYNABO	72061	\$ 606,250	\$ 417,000	\$ 189,250
PR	GURABO	72063	\$ 606,250	\$ 417,000	\$ 189,250
PR	HATILLO	72065	\$ 606,250	\$ 417,000	\$ 189,250
PR	HUMACAO	72069	\$ 606,250	\$ 417,000	\$ 189,250
PR	JUNCOS	72077	\$ 606,250	\$ 417,000	\$ 189,250
PR	LAS PIEDRAS	72085	\$ 606,250	\$ 417,000	\$ 189,250
PR	LOIZA	72087	\$ 606,250	\$ 417,000	\$ 189,250
PR	MANATI	72091	\$ 606,250	\$ 417,000	\$ 189,250
PR	MAUNABO	72095	\$ 606,250	\$ 417,000	\$ 189,250
PR	MOROVIS	72101	\$ 606,250	\$ 417,000	\$ 189,250
PR	NAGUABO	72103	\$ 606,250	\$ 417,000	\$ 189,250
PR	NARANJITO	72105	\$ 606,250	\$ 417,000	\$ 189,250
PR	OROCOVIS	72107	\$ 606,250	\$ 417,000	\$ 189,250
PR	QUEBRADILLAS	72115	\$ 606,250	\$ 417,000	\$ 189,250
PR	RIO GRANDE	72119	\$ 606,250	\$ 417,000	\$ 189,250
PR	SAN JUAN	72127	\$ 606,250	\$ 417,000	\$ 189,250
PR	SAN LORENZO	72129	\$ 606,250	\$ 417,000	\$ 189,250
PR	TOA ALTA	72135	\$ 606,250	\$ 417,000	\$ 189,250
PR	TOA BAJA	72137	\$ 606,250	\$ 417,000	\$ 189,250
PR	TRUJILLO ALTO	72139	\$ 606,250	\$ 417,000	\$ 189,250
PR	VEGA ALTA	72143	\$ 606,250	\$ 417,000	\$ 189,250
PR	VEGA BAJA	72145	\$ 606,250	\$ 417,000	\$ 189,250
PR	YABUCOA	72151	\$ 606,250	\$ 417,000	\$ 189,250
HI	MAUI	15009	\$ 790,000	\$ 626,750	\$ 163,250

Table 1: Potential Decline in Conforming Loan Limits for Loans Originated on or after October 1, 2011

(Decline Would Result from Reversion to HERA Limits from Continuing Appropriations Act of 2011 Limits)

State	County	FIPS Code	Continuing Appropriations Act of 2011 Limit (1-Unit)	HERA Limit for CY2011 (1-Unit)	Difference
CA	SAN DIEGO	06073	\$ 697,500	\$ 546,250	\$ 151,250
GA	GREENE	13133	\$ 662,500	\$ 515,200	\$ 147,300
CA	SONOMA	06097	\$ 662,500	\$ 520,950	\$ 141,550
CA	SOLANO	06095	\$ 557,500	\$ 417,000	\$ 140,500
CA	NAPA	06055	\$ 729,750	\$ 592,250	\$ 137,500
CT	FAIRFIELD	09001	\$ 708,750	\$ 575,000	\$ 133,750
CA	VENTURA	06111	\$ 729,750	\$ 598,000	\$ 131,750
CO	HINSDALE	08053	\$ 557,500	\$ 427,800	\$ 129,700
UT	SALT LAKE	49035	\$ 729,750	\$ 600,300	\$ 129,450
UT	SUMMIT	49043	\$ 729,750	\$ 600,300	\$ 129,450
UT	TOOELE	49045	\$ 729,750	\$ 600,300	\$ 129,450
CA	SAN LUIS OBISPO	06079	\$ 687,500	\$ 561,200	\$ 126,300
WA	SAN JUAN	53055	\$ 593,750	\$ 483,000	\$ 110,750
CA	EL DORADO	06017	\$ 580,000	\$ 474,950	\$ 105,050
CA	PLACER	06061	\$ 580,000	\$ 474,950	\$ 105,050
CA	SACRAMENTO	06067	\$ 580,000	\$ 474,950	\$ 105,050
CA	YOLO	06113	\$ 580,000	\$ 474,950	\$ 105,050
CA	ALAMEDA	06001	\$ 729,750	\$ 625,500	\$ 104,250
CA	CONTRA COSTA	06013	\$ 729,750	\$ 625,500	\$ 104,250
CA	LOS ANGELES	06037	\$ 729,750	\$ 625,500	\$ 104,250
CA	MARIN	06041	\$ 729,750	\$ 625,500	\$ 104,250
CA	ORANGE	06059	\$ 729,750	\$ 625,500	\$ 104,250
CA	SAN BENITO	06069	\$ 729,750	\$ 625,500	\$ 104,250
CA	SAN FRANCISCO	06075	\$ 729,750	\$ 625,500	\$ 104,250
CA	SAN MATEO	06081	\$ 729,750	\$ 625,500	\$ 104,250
CA	SANTA BARBARA	06083	\$ 729,750	\$ 625,500	\$ 104,250
CA	SANTA CLARA	06085	\$ 729,750	\$ 625,500	\$ 104,250
CA	SANTA CRUZ	06087	\$ 729,750	\$ 625,500	\$ 104,250
CO	EAGLE	08037	\$ 729,750	\$ 625,500	\$ 104,250
CO	LAKE	08065	\$ 729,750	\$ 625,500	\$ 104,250
CO	PITKIN	08097	\$ 729,750	\$ 625,500	\$ 104,250
CO	SUMMIT	08117	\$ 729,750	\$ 625,500	\$ 104,250
DC	DISTRICT OF COL	11001	\$ 729,750	\$ 625,500	\$ 104,250
ID	BLAINE	16013	\$ 729,750	\$ 625,500	\$ 104,250
MA	DUKES	25007	\$ 729,750	\$ 625,500	\$ 104,250
MA	NANTUCKET	25019	\$ 729,750	\$ 625,500	\$ 104,250
MD	CALVERT	24009	\$ 729,750	\$ 625,500	\$ 104,250
MD	CHARLES	24017	\$ 729,750	\$ 625,500	\$ 104,250
MD	FREDERICK	24021	\$ 729,750	\$ 625,500	\$ 104,250
MD	MONTGOMERY	24031	\$ 729,750	\$ 625,500	\$ 104,250
MD	PRINCE GEORGE'S	24033	\$ 729,750	\$ 625,500	\$ 104,250
NC	CAMDEN	37029	\$ 729,750	\$ 625,500	\$ 104,250
NC	PASQUOTANK	37139	\$ 729,750	\$ 625,500	\$ 104,250
NC	PERQUIMANS	37143	\$ 729,750	\$ 625,500	\$ 104,250

Table 1: Potential Decline in Conforming Loan Limits for Loans Originated on or after October 1, 2011

(Decline Would Result from Reversion to HERA Limits from Continuing Appropriations Act of 2011 Limits)

State	County	FIPS Code	Continuing Appropriations Act of 2011 Limit (1-Unit)	HERA Limit for CY2011 (1-Unit)	Difference
NJ	BERGEN	34003	\$ 729,750	\$ 625,500	\$ 104,250
NJ	ESSEX	34013	\$ 729,750	\$ 625,500	\$ 104,250
NJ	HUDSON	34017	\$ 729,750	\$ 625,500	\$ 104,250
NJ	HUNTERDON	34019	\$ 729,750	\$ 625,500	\$ 104,250
NJ	MIDDLESEX	34023	\$ 729,750	\$ 625,500	\$ 104,250
NJ	MONMOUTH	34025	\$ 729,750	\$ 625,500	\$ 104,250
NJ	MORRIS	34027	\$ 729,750	\$ 625,500	\$ 104,250
NJ	OCEAN	34029	\$ 729,750	\$ 625,500	\$ 104,250
NJ	PASSAIC	34031	\$ 729,750	\$ 625,500	\$ 104,250
NJ	SOMERSET	34035	\$ 729,750	\$ 625,500	\$ 104,250
NJ	SUSSEX	34037	\$ 729,750	\$ 625,500	\$ 104,250
NJ	UNION	34039	\$ 729,750	\$ 625,500	\$ 104,250
NY	BRONX	36005	\$ 729,750	\$ 625,500	\$ 104,250
NY	KINGS	36047	\$ 729,750	\$ 625,500	\$ 104,250
NY	NASSAU	36059	\$ 729,750	\$ 625,500	\$ 104,250
NY	NEW YORK	36061	\$ 729,750	\$ 625,500	\$ 104,250
NY	PUTNAM	36079	\$ 729,750	\$ 625,500	\$ 104,250
NY	QUEENS	36081	\$ 729,750	\$ 625,500	\$ 104,250
NY	RICHMOND	36085	\$ 729,750	\$ 625,500	\$ 104,250
NY	ROCKLAND	36087	\$ 729,750	\$ 625,500	\$ 104,250
NY	SUFFOLK	36103	\$ 729,750	\$ 625,500	\$ 104,250
NY	WESTCHESTER	36119	\$ 729,750	\$ 625,500	\$ 104,250
PA	PIKE	42103	\$ 729,750	\$ 625,500	\$ 104,250
VA	ALEXANDRIA	51510	\$ 729,750	\$ 625,500	\$ 104,250
VA	ARLINGTON	51013	\$ 729,750	\$ 625,500	\$ 104,250
VA	CLARKE	51043	\$ 729,750	\$ 625,500	\$ 104,250
VA	FAIRFAX	51059	\$ 729,750	\$ 625,500	\$ 104,250
VA	FAIRFAX IND	51600	\$ 729,750	\$ 625,500	\$ 104,250
VA	FALLS CHURCH	51610	\$ 729,750	\$ 625,500	\$ 104,250
VA	FAUQUIER	51061	\$ 729,750	\$ 625,500	\$ 104,250
VA	FREDERICKSBURG	51630	\$ 729,750	\$ 625,500	\$ 104,250
VA	LOUDOUN	51107	\$ 729,750	\$ 625,500	\$ 104,250
VA	MANASSAS	51683	\$ 729,750	\$ 625,500	\$ 104,250
VA	MANASSAS PARK	51685	\$ 729,750	\$ 625,500	\$ 104,250
VA	PRINCE WILLIAM	51153	\$ 729,750	\$ 625,500	\$ 104,250
VA	SPOTSYLVANIA	51177	\$ 729,750	\$ 625,500	\$ 104,250
VA	STAFFORD	51179	\$ 729,750	\$ 625,500	\$ 104,250
VA	WARREN	51187	\$ 729,750	\$ 625,500	\$ 104,250
WV	JEFFERSON	54037	\$ 729,750	\$ 625,500	\$ 104,250
VA	LANCASTER	51103	\$ 545,000	\$ 442,750	\$ 102,250
CA	MENDOCINO	06045	\$ 512,500	\$ 417,000	\$ 95,500
HI	KALAWAO	15005	\$ 716,250	\$ 626,750	\$ 89,500
CA	NEVADA	06057	\$ 562,500	\$ 477,250	\$ 85,250
CA	ALPINE	06003	\$ 547,500	\$ 463,450	\$ 84,050

Table 1: Potential Decline in Conforming Loan Limits for Loans Originated on or after October 1, 2011

(Decline Would Result from Reversion to HERA Limits from Continuing Appropriations Act of 2011 Limits)

State	County	FIPS Code	Continuing Appropriations Act of 2011 Limit (1-Unit)	HERA Limit for CY2011 (1-Unit)	Difference
CA	RIVERSIDE	06065	\$ 500,000	\$ 417,000	\$ 83,000
CA	SAN BERNARDINO	06071	\$ 500,000	\$ 417,000	\$ 83,000
FL	COLLIER	12021	\$ 531,250	\$ 448,500	\$ 82,750
MP	TINIAN	69120	\$ 613,750	\$ 532,450	\$ 81,300
MP	SAIPAN	69110	\$ 610,000	\$ 529,000	\$ 81,000
MP	NORTHERN ISLAND	69085	\$ 605,000	\$ 524,400	\$ 80,600
HI	HONOLULU	15003	\$ 793,750	\$ 721,050	\$ 72,700
CA	SAN JOAQUIN	06077	\$ 488,750	\$ 417,000	\$ 71,750
NJ	CAPE MAY	34009	\$ 487,500	\$ 417,000	\$ 70,500
ID	TETON	16081	\$ 693,750	\$ 625,500	\$ 68,250
WY	TETON	56039	\$ 693,750	\$ 625,500	\$ 68,250
MD	ANNE ARUNDEL	24003	\$ 560,000	\$ 494,500	\$ 65,500
MD	BALTIMORE	24005	\$ 560,000	\$ 494,500	\$ 65,500
MD	BALTIMORE CITY	24510	\$ 560,000	\$ 494,500	\$ 65,500
MD	CARROLL	24013	\$ 560,000	\$ 494,500	\$ 65,500
MD	HARFORD	24025	\$ 560,000	\$ 494,500	\$ 65,500
MD	HOWARD	24027	\$ 560,000	\$ 494,500	\$ 65,500
MD	QUEEN ANNE'S	24035	\$ 560,000	\$ 494,500	\$ 65,500
WA	KING	53033	\$ 567,500	\$ 506,000	\$ 61,500
WA	PIERCE	53053	\$ 567,500	\$ 506,000	\$ 61,500
WA	SNOHOMISH	53061	\$ 567,500	\$ 506,000	\$ 61,500
HI	KAUAI	15007	\$ 773,750	\$ 713,000	\$ 60,750
MA	ESSEX	25009	\$ 523,750	\$ 465,750	\$ 58,000
MA	MIDDLESEX	25017	\$ 523,750	\$ 465,750	\$ 58,000
MA	NORFOLK	25021	\$ 523,750	\$ 465,750	\$ 58,000
MA	PLYMOUTH	25023	\$ 523,750	\$ 465,750	\$ 58,000
MA	SUFFOLK	25025	\$ 523,750	\$ 465,750	\$ 58,000
NH	ROCKINGHAM	33015	\$ 523,750	\$ 465,750	\$ 58,000
NH	STRAFFORD	33017	\$ 523,750	\$ 465,750	\$ 58,000
VA	FREDERICK	51069	\$ 475,000	\$ 417,000	\$ 58,000
VA	WINCHESTER	51840	\$ 475,000	\$ 417,000	\$ 58,000
WA	KITSAP	53035	\$ 475,000	\$ 417,000	\$ 58,000
WV	HAMPSHIRE	54027	\$ 475,000	\$ 417,000	\$ 58,000
CO	OURAY	08091	\$ 482,500	\$ 425,500	\$ 57,000
MP	ROTA	69100	\$ 473,750	\$ 417,000	\$ 56,750
CA	MERCED	06047	\$ 472,500	\$ 417,000	\$ 55,500
NV	DOUGLAS	32005	\$ 468,750	\$ 417,000	\$ 51,750
CO	ROUTT	08107	\$ 675,000	\$ 625,500	\$ 49,500
MA	BRISTOL	25005	\$ 475,000	\$ 426,650	\$ 48,350
RI	BRISTOL	44001	\$ 475,000	\$ 426,650	\$ 48,350
RI	KENT	44003	\$ 475,000	\$ 426,650	\$ 48,350
RI	NEWPORT	44005	\$ 475,000	\$ 426,650	\$ 48,350
RI	PROVIDENCE	44007	\$ 475,000	\$ 426,650	\$ 48,350
RI	WASHINGTON	44009	\$ 475,000	\$ 426,650	\$ 48,350

Table 1: Potential Decline in Conforming Loan Limits for Loans Originated on or after October 1, 2011

(Decline Would Result from Reversion to HERA Limits from Continuing Appropriations Act of 2011 Limits)

State	County	FIPS Code	Continuing Appropriations Act of 2011 Limit (1-Unit)	HERA Limit for CY2011 (1-Unit)	Difference
CA	CALAVERAS	06009	\$ 462,500	\$ 417,000	\$ 45,500
ID	VALLEY	16085	\$ 462,500	\$ 417,000	\$ 45,500
MA	BARNSTABLE	25001	\$ 462,500	\$ 417,000	\$ 45,500
CO	BOULDER	08013	\$ 460,000	\$ 417,000	\$ 43,000
NC	DARE	37055	\$ 460,000	\$ 417,000	\$ 43,000
NJ	ATLANTIC	34001	\$ 453,750	\$ 417,000	\$ 36,750
AZ	COCONINO	04005	\$ 450,000	\$ 417,000	\$ 33,000
OR	DESCHUTES	41017	\$ 447,500	\$ 417,000	\$ 30,500
CA	AMADOR	06005	\$ 443,750	\$ 417,000	\$ 26,750
CO	LA PLATA	08067	\$ 443,750	\$ 417,000	\$ 26,750
MD	TALBOT	24041	\$ 443,750	\$ 417,000	\$ 26,750
NY	DUTCHESS	36027	\$ 443,750	\$ 417,000	\$ 26,750
NY	ORANGE	36071	\$ 443,750	\$ 417,000	\$ 26,750
CO	SAN MIGUEL	08113	\$ 651,250	\$ 625,500	\$ 25,750
GU	GUAM	66010	\$ 651,250	\$ 625,500	\$ 25,750
FL	MANATEE	12081	\$ 442,500	\$ 417,000	\$ 25,500
FL	SARASOTA	12115	\$ 442,500	\$ 417,000	\$ 25,500
CT	HARTFORD	09003	\$ 440,000	\$ 417,000	\$ 23,000
CT	MIDDLESEX	09007	\$ 440,000	\$ 417,000	\$ 23,000
CT	TOLLAND	09013	\$ 440,000	\$ 417,000	\$ 23,000
NJ	MERCER	34021	\$ 440,000	\$ 417,000	\$ 23,000
CA	INYO	06027	\$ 437,500	\$ 417,000	\$ 20,500
CA	TUOLUMNE	06109	\$ 437,500	\$ 417,000	\$ 20,500
MD	GARRETT	24023	\$ 437,500	\$ 417,000	\$ 20,500
MD	WORCESTER	24047	\$ 437,500	\$ 417,000	\$ 20,500
WA	JEFFERSON	53031	\$ 437,500	\$ 417,000	\$ 20,500
CO	GUNNISON	08051	\$ 433,750	\$ 417,000	\$ 16,750
OH	ATHENS	39009	\$ 432,500	\$ 417,000	\$ 15,500
TN	CANNON	47015	\$ 432,500	\$ 417,000	\$ 15,500
TN	CHEATHAM	47021	\$ 432,500	\$ 417,000	\$ 15,500
TN	DAVIDSON	47037	\$ 432,500	\$ 417,000	\$ 15,500
TN	DICKSON	47043	\$ 432,500	\$ 417,000	\$ 15,500
TN	HICKMAN	47081	\$ 432,500	\$ 417,000	\$ 15,500
TN	MACON	47111	\$ 432,500	\$ 417,000	\$ 15,500
TN	ROBERTSON	47147	\$ 432,500	\$ 417,000	\$ 15,500
TN	RUTHERFORD	47149	\$ 432,500	\$ 417,000	\$ 15,500
TN	SMITH	47159	\$ 432,500	\$ 417,000	\$ 15,500
TN	SUMNER	47165	\$ 432,500	\$ 417,000	\$ 15,500
TN	TROUSDALE	47169	\$ 432,500	\$ 417,000	\$ 15,500
TN	WILLIAMSON	47187	\$ 432,500	\$ 417,000	\$ 15,500
TN	WILSON	47189	\$ 432,500	\$ 417,000	\$ 15,500
UT	WASATCH	49051	\$ 431,250	\$ 417,000	\$ 14,250
NM	SANTA FE	35049	\$ 427,500	\$ 417,000	\$ 10,500
CA	MADERA	06039	\$ 425,000	\$ 417,000	\$ 8,000

Table 1: Potential Decline in Conforming Loan Limits for Loans Originated on or after October 1, 2011

(Decline Would Result from Reversion to HERA Limits from Continuing Appropriations Act of 2011 Limits)

State	County	FIPS Code	Continuing Appropriations Act of 2011 Limit (1-Unit)	HERA Limit for CY2011 (1-Unit)	Difference
CA	SUTTER	06101	\$ 425,000	\$ 417,000	\$ 8,000
CA	YUBA	06115	\$ 425,000	\$ 417,000	\$ 8,000
CO	GARFIELD	08045	\$ 425,000	\$ 417,000	\$ 8,000
CO	SAN JUAN	08111	\$ 425,000	\$ 417,000	\$ 8,000
PA	YORK	42133	\$ 425,000	\$ 417,000	\$ 8,000
CA	SHASTA	06089	\$ 423,750	\$ 417,000	\$ 6,750
CA	STANISLAUS	06099	\$ 423,750	\$ 417,000	\$ 6,750
FL	BROWARD	12011	\$ 423,750	\$ 417,000	\$ 6,750
FL	MIAMI-DADE	12086	\$ 423,750	\$ 417,000	\$ 6,750
FL	PALM BEACH	12099	\$ 423,750	\$ 417,000	\$ 6,750
OR	JACKSON	41029	\$ 422,500	\$ 417,000	\$ 5,500
DE	NEW CASTLE	10003	\$ 420,000	\$ 417,000	\$ 3,000
MD	CECIL	24015	\$ 420,000	\$ 417,000	\$ 3,000
NJ	BURLINGTON	34005	\$ 420,000	\$ 417,000	\$ 3,000
NJ	CAMDEN	34007	\$ 420,000	\$ 417,000	\$ 3,000
NJ	GLOUCESTER	34015	\$ 420,000	\$ 417,000	\$ 3,000
NJ	SALEM	34033	\$ 420,000	\$ 417,000	\$ 3,000
PA	BUCKS	42017	\$ 420,000	\$ 417,000	\$ 3,000
PA	CHESTER	42029	\$ 420,000	\$ 417,000	\$ 3,000
PA	DELAWARE	42045	\$ 420,000	\$ 417,000	\$ 3,000
PA	MONTGOMERY	42091	\$ 420,000	\$ 417,000	\$ 3,000
PA	PHILADELPHIA	42101	\$ 420,000	\$ 417,000	\$ 3,000
OR	CLACKAMAS	41005	\$ 418,750	\$ 417,000	\$ 1,750
OR	COLUMBIA	41009	\$ 418,750	\$ 417,000	\$ 1,750
OR	MULTNOMAH	41051	\$ 418,750	\$ 417,000	\$ 1,750
OR	WASHINGTON	41067	\$ 418,750	\$ 417,000	\$ 1,750
OR	YAMHILL	41071	\$ 418,750	\$ 417,000	\$ 1,750
WA	CLARK	53011	\$ 418,750	\$ 417,000	\$ 1,750
WA	SKAMANIA	53059	\$ 418,750	\$ 417,000	\$ 1,750
CO	WELD	08123	\$ 417,500	\$ 417,000	\$ 500

**Figure 1: Possible Decrease in Loan Limits (One-Unit Properties)
for Loans Originated on or After October 1, 2011**

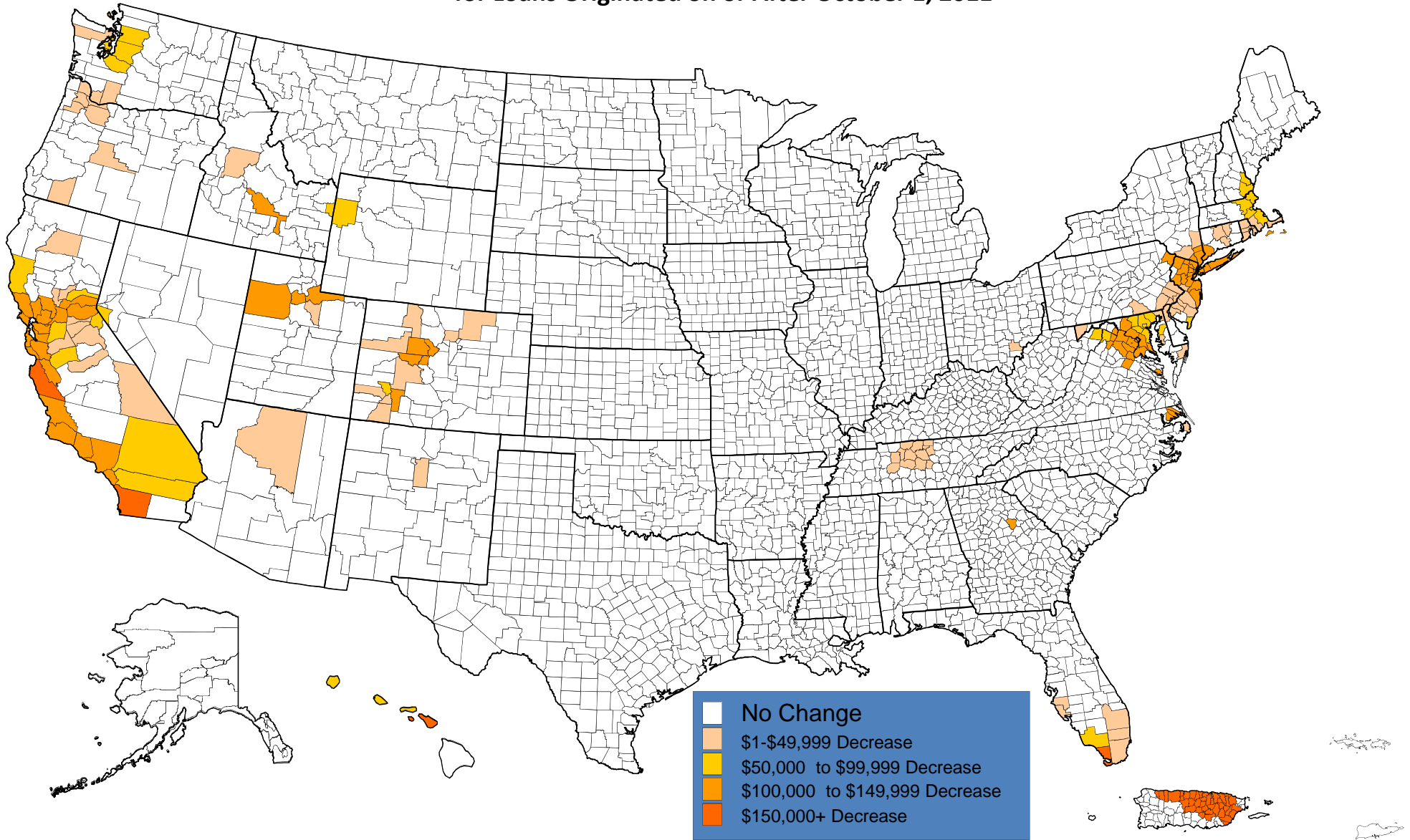


Table 2a: Enterprise Acquisitions of 2010-Originated Loans with Balances above HERA Limits:

Loan Counts, Mortgages on One-Unit Properties

(Source: Enterprise HPI Data Submission of February 2011)

State	# Loans where original UPB > HERA Limit	Share of Total Loans with UPB>HERA	Above-HERA Loans as Share of Total Enterprise Loans in the State
CALIFORNIA	30,422	61%	6%
MASSACHUSETTS	4,552	9%	4%
NEW YORK	2,573	5%	2%
NEW JERSEY	2,322	5%	2%
WASHINGTON	2,276	5%	2%
CONNECTICUT	2,030	4%	4%
MARYLAND	2,014	4%	3%
VIRGINIA	1,632	3%	2%
D.C.	789	2%	12%
UTAH	204	0%	0%
COLORADO	183	0%	0%
HAWAII	161	0%	2%
FLORIDA	122	0%	0%
RHODE ISLAND	90	0%	1%
NEW HAMPSHIRE	88	0%	0%
PENNSYLVANIA	17	0%	0%
OREGON	16	0%	0%
IDAHO	13	0%	0%
NEVADA	13	0%	0%
WYOMING	13	0%	0%
TENNESSEE	11	0%	0%
ARIZONA	6	0%	0%
NORTH CAROLINA	6	0%	0%
NEW MEXICO	6	0%	0%
GEORGIA	4	0%	0%
ALL OTHER STATES	0	0%	0%

Note: Counts may slightly understate actual Enterprise acquisitions due to inability to identify relevant local-area loan limits in rare cases. See Footnote 10 in text for details.

**Table 2b: Enterprise Acquisitions of 2010-Originated Loans with Balances above HERA Limits:
Total Origination Dollar Volume, Mortgages on One-Unit Properties**

(Source: Enterprise HPI Data Submission of February 2011)

State	Total UPB where, at loan level, UPB > HERA Limit	Share of Total Originated UPB where, at loan level, UPB>HERA Limit	Above-HERA Loans as Share of Total Enterprise Loans in the State
CALIFORNIA	\$ 20,794,204,101	64%	14%
MASSACHUSETTS	\$ 2,321,574,422	7%	7%
NEW YORK	\$ 1,788,162,582	5%	6%
NEW JERSEY	\$ 1,592,133,886	5%	5%
MARYLAND	\$ 1,284,447,421	4%	7%
CONNECTICUT	\$ 1,273,907,646	4%	10%
WASHINGTON	\$ 1,249,888,312	4%	5%
VIRGINIA	\$ 1,135,686,862	3%	5%
D.C.	\$ 551,813,295	2%	22%
UTAH	\$ 139,886,779	0%	2%
HAWAII	\$ 123,994,269	0%	4%
COLORADO	\$ 100,007,358	0%	1%
FLORIDA	\$ 64,503,110	0%	1%
NEW HAMPSHIRE	\$ 44,436,042	0%	1%
RHODE ISLAND	\$ 41,948,088	0%	2%
WYOMING	\$ 8,873,000	0%	1%
IDAHO	\$ 8,788,724	0%	0%
PENNSYLVANIA	\$ 7,430,707	0%	0%
OREGON	\$ 6,912,576	0%	0%
NEVADA	\$ 5,911,715	0%	0%
TENNESSEE	\$ 4,735,039	0%	0%
NORTH CAROLINA	\$ 2,681,125	0%	0%
ARIZONA	\$ 2,637,350	0%	0%
NEW MEXICO	\$ 2,565,000	0%	0%
GEORGIA	\$ 2,362,850	0%	0%
ALL OTHER AREAS	\$ -	0%	0%

Note: Dollar volume may slightly understate actual Enterprise acquisitions due to inability to identify relevant local-area loan limits in rare cases. See Footnote 10 in text for details.