

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-1407

Financial Services Committee  
Hearing "The Impact on Homebuyers and Housing Market of Conforming Loans Limit  
Increase"

Opening Statement for Congressman André Carson  
May 22, 2008

Thank you, Chairman Frank and Ranking Member Bachus for holding this important hearing today. I look forward to this opportunity to examine the implementation of the expanded conforming loan limits enacted in the Recovery Rebate and Economic Stimulus for the American People Act.

The Stimulus Act that became law in February included a temporary increase in the conforming loan limit for Government Sponsored Enterprises in order to increase liquidity in the jumbo loan market. This plan offers relief for many of the nation's high cost areas, but also created a complex formula for determining the variable loan limits for the GSE's which has delayed progress on bringing down the rates for expanded conforming loans.

Implementing this plan is a complex process as Freddie Mac and Fannie Mae formerly dealt with a single conforming loan limit of \$417,000 and now must work to accommodate variable upper limits for 26 states and Washington, D.C. In my home state of Indiana, homes that cost \$417,000 are reserved for the wealthy, but in many parts of the nation, these are homes for working families who are struggling to get access to responsible loans as GSE's have been pushed out of the market.

Recently, Freddie Mac announced that it would purchase \$10 billion in these expanded conforming loans and Fannie Mae announced that it would buy jumbo conforming loans at the to-be-announced (TBA) rate even though they are not TBA eligible. There are signs that these moves have significantly increased confidence within the secondary market.

Proper implementation of this conforming loan limit increase and final determinations about the effectiveness of this plan included in the stimulus package will take time to assess. It is clear to me already, though, that these programs will offer some relief to our ailing housing market and that a more permanent increase of these loan limits is necessary.

I want to thank the witnesses for taking part in this discussion today and I look forward to your testimony. Thank you.