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NAR Says Economic Stimulus Legislation Will Help Jumpstart Sluggish Housing Market

WASHINGTON, January 29, 2008 -

The National Association of Realtors congratulated the U.S. House of Representatives and President Bush for their bipartisan actions to help families in need, the housing market, and the U.S. economy.

“We believe the economic stimulus bill approved by the House today is a good legislation in that it can quickly be signed into law, quickly be implemented, and therefore, would quickly have an impact on families and the nation’s economy. We are pleased that both the Federal Housing Administration (FHA) and the Fannie Mae and Freddie Mac (GSE) loan limits have been increased, even if only temporarily,” said Richard Gaylord, NAR president.

NAR has been actively engaged in promoting an increase to the loan limits for FHA and the GSEs for many months. “Our research highlights that increasing FHA loan limits will help an additional 138,000 Americans achieve the dream of home ownership and will allow nearly 200,000 homeowners to refinance and potentially keep their home,” Gaylord said. “In addition, NAR believes that increasing the loan limits for Fannie Mae and Freddie Mac will bolster the housing finance market, which continues to be severely stressed, by providing an immediate infusion of much needed liquidity to the nation’s mortgage market. While such an increase will not solve the full range of housing challenges, it will play an important role in improving the nation’s economy,” said Gaylord

An economic impact study conducted by NAR earlier this month estimated that increasing the GSEs’ conforming loan

limits would result in as many as 500,000 refinanced loans and could help reduce foreclosures by as much as 210,000. In addition, over 300,000 additional home sales could be generated. “These are real results and can have an immediate and sustainable impact for families across our country,” said Gaylord.

“We are also pleased that the House made the GSE limits retroactive to July 1, 2007. This too will provide greater liquidity to the market by allowing Fannie Mae and Freddie Mac to purchase more mortgages,” Gaylord said.

Additionally, NAR recognized the favorable tax treatment in the bill for certain commercial building improvements and noted the immediate positive impact this could have on cash flow.

While pleased with the quick action to pass the economic stimulus package, NAR urged Congress to complete broader FHA reform legislation. These reforms, including reducing down payment requirements and streamlining certain FHA processes, would make FHA more accessible to many more American families and further jumpstart the housing market. “We would also like to see the increase to the loan limits made permanent and we will continue to work with Congress and the administration to pass legislation that modernizes the FHA making it a more viable alternative, and permanently increases the loan limits for both FHA and the GSEs,” Gaylord said.

The National Association of Realtors, “The Voice for Real Estate,” is America’s largest trade association, representing more than 1.3 million members involved in all aspects of residential and commercial real estate industries. NAR is the leading advocate for homeownership, affordable housing and private property rights.

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