

**Senate Joint Resolution No. 19**

\_\_\_\_\_

Adopted in Senate August 13, 2014

\_\_\_\_\_

*Secretary of the Senate*

\_\_\_\_\_

Adopted in Assembly August 4, 2014

\_\_\_\_\_

*Chief Clerk of the Assembly*

\_\_\_\_\_

This resolution was received by the Secretary of State this  
\_\_\_\_ day of \_\_\_\_\_, 2014, at \_\_\_\_ o'clock \_\_\_\_M.

\_\_\_\_\_

*Deputy Secretary of State*

## RESOLUTION CHAPTER \_\_\_\_\_

Senate Joint Resolution No. 19—Relative to high-cost loan limits.

## LEGISLATIVE COUNSEL'S DIGEST

SJR 19, Correa. High-cost loan limits.

This measure would express the Legislature's opposition to reduction of the current national and high-cost conforming loan limits for Fannie Mae and Freddie Mac by the Federal Housing Finance Agency (FHFA) and would urge the FHFA to continue to resist implementation of any such reductions. This measure also would urge the President and Congress of the United States to join California in opposing any reduction of the national and high-cost conforming loan limits.

WHEREAS, Since 1980, Congress has provided in statute for "high-cost" conforming loan limits so residents in states where the cost of housing is higher than the national average may still gain access to safe and affordable mortgages; and

WHEREAS, In 2006, the California Legislature passed a joint resolution that memorialized the President and Congress of the United States to recognize California as a high-cost area for purposes of purchasing a home and to be considered the same status as other high-cost areas; and

WHEREAS, In 2008, the California Legislature passed a joint resolution that memorialized its opposition to any reduction in high-cost loan limits in California; and

WHEREAS, In 2008, the Economic Stimulus Act of 2008 created a temporary increase in mortgage loan limits and allowed for areas in California to be recognized as high cost; and

WHEREAS, In July 2008, Congress passed the Housing and Economic Recovery Act of 2008, which established the current law and formula for determining loan limits, set the high-cost loan limit formula, made permanent in statute language that allows for areas in California to be recognized as high cost, and contained language prohibiting the reduction of conforming loan limits; and

WHEREAS, In September 2008, Fannie Mae and Freddie Mac were placed under conservatorship of the Federal Housing Finance Agency (FHFA); and

WHEREAS, In January 2012, following the expiration of the temporary high-cost loan limit increase provided in the Economic Stimulus Act of 2008, Fannie Mae and Freddie Mac high-cost loan limits were reduced from \$729,750 back to the 2006 value of \$625,500; and

WHEREAS, In December 2013, the FHFA issued a request for comments on a proposal to lower the conforming loan limits for Fannie Mae and Freddie Mac by an additional \$25,000 in select high-cost areas including California; and

WHEREAS, In May 2014, the Director of the FHFA announced that the FHFA “will not use its authority as conservator to reduce the loan limits”; and

WHEREAS, California has over 25 million residents that would be adversely affected by the proposed regular and high-cost loan limit reductions; and

WHEREAS, Eleven counties in California have a median home price above the proposed reduced cap on high-cost loan limits; and

WHEREAS, FHFA data indicates that over 36,000 loans originated in California could be adversely affected by the proposed loan limit reduction; and

WHEREAS, California housing markets are only beginning to recover from a sustained negative market, and continue to lag behind the pace of recovery being experienced by the rest of the nation; and

WHEREAS, Current high-cost loan limits allow California home buyers the same access to safe and affordable mortgage capital as home buyers in states with lower home prices; and

WHEREAS, The adverse effect of lowering the loan limits would have a negative impact on California home buyers that would ripple through the housing market and the larger economy; now, therefore, be it

*Resolved by the Senate and the Assembly of the State of California, jointly,* That the Legislature opposes any reduction of the current national and high-cost conforming loan limits for Fannie Mae and Freddie Mac by the FHFA, and urges the FHFA to

continue to resist implementation of any such reductions; and be it further

*Resolved*, That the Legislature urges the President and Congress of the United States to join California in opposing any reduction of the national and high-cost conforming loan limits; and be it further

*Resolved*, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Majority Leader of the Senate, to each Senator and Representative from California in the Congress of the United States, to the Secretary of the Treasury, and to the Director of the Federal Housing Finance Agency.







Attest:

---

*Secretary of State*