

## Office of the Senate

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WASHINGTON D. C.  
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September 30, 1992

Mr. Edward W. Brinkman  
Alexandra Zachary  
1833 Kalakaua Ave., Suite 411  
Honolulu, Hawaii 96815

Dear Mr. Brinkman:

Thank you for your communication urging my support for the repeal of the Department of Housing and Urban Development (HUD) 57 percent limitation rule on closing costs, and the increase in the Federal Housing Administration (FHA) maximum mortgage limit. I appreciate the opportunity to share my views with you.

At the outset, let me say that I am a strong supporter of the FHA program and do support the repeal of the 57 percent limitation rule and the increase in the FHA maximum mortgage limit. For many states, the FHA program provides home ownership opportunities to individuals who are unable to purchase a home without FHA assistance. Unfortunately, the FHA program is not readily accessible to potential homebuyers residing in high cost areas. Hawaii's home prices simply exceed the maximum FHA mortgage limit for our state. A higher limit, in my view, would help eliminate the large gaps which exist between the median home prices and the FHA loan limit.

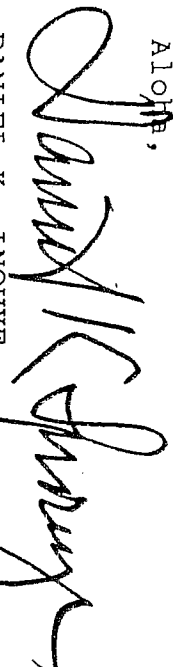
On September 9th, the Senate considered and passed its version of H.R. 5679, the Fiscal Year 1993 HUD, VA, and Independent Agencies Appropriations Bill. Like the House bill, the Senate bill includes a provision that raises the FHA's single-family mortgage insurance limit to 95 percent of an area's median home price, with a nationwide cap of 75 percent of the Freddie Mac and Fannie Mae loan limits. By comparison, the House bill provides for a nationwide cap of 85 percent of the Freddie Mac and Fannie Mae loan limits. Regrettably, the Senate did not include a provision to repeal the 57 percent closing cost limitation rule as was proposed in the House bill.

You will be pleased to know, however, that during conference deliberations on the bill, the conferees adopted the House provisions including the repeal of the 57 percent closing cost limitation rule. The bill will be signed into law by the President shortly.

I have enclosed for your review the relevant portions of the House, Senate, and conference reports.

Thank you for sharing your views with me on this matter of importance to your industry and to Hawaii residents.

Aloha,



DANIEL K. INUYE  
United States Senator

DKI/mb  
Enclosure