



**Office of Federal Housing Enterprise Oversight
(OFHEO)**

NEWS RELEASE

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**OFHEO Announces Maximum 2005 Conforming Loan
Limit**

Armando Falcon, Jr., Director of the Office of Federal Housing Enterprise Oversight (OFHEO), today announced the maximum 2005 conforming loan limit for single family mortgages purchased by Fannie Mae and Freddie Mac. This limit, after the customary rounding down to the nearest \$50, can be no higher than \$359,650 for one-unit properties.

The charters of Fannie Mae and Freddie Mac permit an annual adjustment to the maximum size of mortgage loans the Enterprises may purchase. The maximum adjustment is based on the change in the national single family house price as determined by the Federal Housing Finance Board (FHFB), from its Monthly Interest Rate Survey (MIRS).

Methodological changes to the MIRS survey adopted by the FHFB in January 2003 required modification of the calculation of the Enterprises' 2004 loan limits. OFHEO determined that the Enterprises had failed to incorporate the appropriate modification, and issued Supervisory Guidance SG-04-001 requiring the Enterprises to follow formal procedures for calculating conforming loan limits going forward. Consistent with the Supervisory Guidance, OFHEO is announcing the annual calculation of the maximum conforming loan limit based on the MIRS survey. OFHEO has incorporated in the 2005 limit the adjustment that the Enterprises should have incorporated in 2004.

Effective January 1, 2005, the Enterprises' conforming loan limit for larger properties, subjected to the customary rounding, applies as follows: Two-unit mortgages are limited to \$460,400; three-unit mortgages: \$556,500; and four-unit mortgages: \$691,600. The limit in statutorily designated high-cost areas (Alaska, Guam, Hawaii, and the U.S. Virgin Islands) will be 50 percent higher, for example, \$539,475 for a one-unit single family mortgage. For second

mortgages, the 2005 limit will be \$179,825. In the designated high-cost areas this will be \$269,725. The OFHEO letters informing the Enterprises of the loan limit calculations are available at:

<http://www.ofheo.gov/media/pdf/Conformingloanlimitletters113004.pdf>