



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Date: December 2, 2011

To: All Approved Mortgagees

Mortgagee Letter 2011-39

Subject Federal Housing Administration Maximum Loan Limits Effective October 1, 2011 through December 31, 2012

Purpose This Mortgagee Letter provides:

- Notice of the comprehensive update to the Federal Housing Administration's (FHA) single-family loan limits, issued under the authority of H.R. 2112, the Consolidated and Further Continuing Appropriations Act, 2012, Public Law 112-55. These limits apply to Forward mortgages insured under the following sections of the National Housing Act (NHA): 203(b) (FHA's basic 1-4 family mortgage, including condominiums), 203(h) (mortgages for disaster victims), and 203(k) (rehabilitation mortgage insurance).

For Forward mortgages the loan limits apply as shown in the respective "Effective Period" sections below. Individual county loan limits will be updated annually.

- Loan limits for Home Equity Conversion Mortgages (HECMs): The maximum claim amount and loan limit for HECMs are not affected by H.R. 2112 and remain subject to the limits set forth in section 255(g) and (m) of the NHA. The maximum claim amount and loan limit for HECMs remain at \$625,500 as stated in Mortgagee Letters 10-40 and 11-29 for the remainder of 2011 and for calendar year 2012.

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Effective Period – Forward Mortgages: November 18, 2011 through December 31, 2011 The Forward loan limits (floor, ceiling and county loan limits) that were in effect from January 1, 2011 through September 30, 2011, as announced in ML 10-40, shall apply for case numbers assigned from November 18, 2011 through December 31, 2011.

Effective Period – Forward Mortgages: January 1, 2012 through December 31, 2012 For Forward mortgages with case numbers assigned on or after January 1, 2012 through December 31, 2012:

- The FHA Floor and Ceiling loan limits will remain the same as those that were in effect from January 1, 2011 through September 30, 2011, as announced in ML 10-40.
- The individual county loan limits contained in Attachments I and II of this Mortgage Letter will be in effect.

Effective Period – Forward Mortgages: October 1, 2011 through November 17, 2011 Mortgages with case numbers assigned before November 18, 2011 are subject to the lower limits that were in effect from October 1, 2011 through November 17, 2011, unless they meet the criteria for exceptions to those loan limits as set forth in Mortgage Letter 11-29 for:

- Mortgages with credit approval on or before September 30, 2011
- FHA-to-FHA Refinance transactions

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Affected Topics References to current loan limit amounts set forth in the FHA Single Family On-Line Handbooks shall refer to complete schedules at <https://entp.hud.gov/idapp/html/hicostlook.cfm>.

Legal Authority Below are the relevant legislative authorities cited for the application of the FHA loan limits effective November 18, 2011, date of enactment of H.R. 2112, Consolidated and Further Continuing Appropriations Act, 2012, Public Law 112-55.

Forward Mortgages: FHA loan limits are governed by section 238 of H.R. 2112, Consolidated and Further Continuing Appropriations Act, 2012, Public Law 112-55, which requires, for case numbers assigned on or after November 18, 2011, FHA to set the loan limits at the greater of the loan limits established under section 203(b)(2) of the NHA or the dollar limit prescribed in section 202 of the Economic Stimulus Act of 2008 (ESA) (Public Law 110-185; 122 Stat. 620-21) for 2008.

Home Equity Conversion Mortgages: The FHA maximum loan limit and claim amount for HECMs were not affected by H.R. 2112 and remain unchanged. HECM limits for traditional and HECM to HECM refinances are governed by the limitations in section 255(g) of the NHA, and section 255(m) of that Act for HECMs for purchase. Both of these sections reference section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454)(a)(2)) for rules on the actual dollar limitation. Refer to Mortgagee Letter 10-40, dated December 1, 2010 and Mortgagee Letter 11-29 dated August 19, 2011.

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Low Cost Area “Floor” The FHA national loan limit “floor” remains at 65 percent of the national conforming loan limit (which remains at \$417,000 for a one unit property) for the period November 18, 2011 through December 31, 2012.

One Unit	\$271,050
Two Unit	\$347,000
Three Unit	\$419,425
Four Unit	\$521,250

For areas not listed in either Attachment I or II, the FHA loan limits are set at the national “floor.”

High Cost Area “Ceiling” In accordance with section 238 of H.R. 2112, FHA’s national “ceiling” loan limits are set at the greater of the loan limits established under section 203(b)(2) of the NHA or the dollar limit prescribed in section 202 of the ESA (Public Law 110-185; 122 Stat. 620-21) for 2008. Because ESA used a higher multiple in establishing the national FHA loan limit ceiling as a percentage of the conforming loan than does the NHA (175 percent versus 150 percent), the ESA national ceiling is effectively the ceiling for mortgages with case numbers assigned on or after November 18, 2011.

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**High Cost Area
“Ceiling”
(continued)**

For areas designated as high-cost in 2008 under the ESA, the FHA national loan limit “ceiling” is \$729,750 for a one-unit property. The ESA maximum FHA loan limits (the ceiling) by property size for period stated in this mortgagee letter are as follows:

One Unit	\$729,750
Two-Unit	\$934,200
Three-Unit	\$1,129,250
Four-Unit	\$1,403,400

A list of the counties at this ceiling for case numbers assigned from November 18, 2011 through December 31, 2011 is provided in Mortgagee Letter 10-40 as Attachment I.

A list of counties at the ceiling for case numbers assigned from January 1, 2012 through December 31, 2012 is provided in Attachment I of this Mortgagee Letter.

**Limits Between
Floor and
Ceiling**

Many areas are eligible for loan limits between the national FHA floor and ceiling based on area median home prices. Any area where the loan limit exceeds the “floor” is defined as a high-cost area. In such areas, the limits shall be set at the higher of the ESA calculated loan limits for 2008 or the NHA calculated loan limits for the effective period stated herein for loans with case numbers assigned on or after November 18, 2011.

The list of high cost areas where the FHA loan limits are between the “ceiling” and “floor” for case numbers assigned from November 18, 2011 through December 31, 2011 is provided in Attachment II of ML 10-40.

The list of high cost areas where the FHA loan limits are between the “ceiling” and “floor” for case numbers assigned from January 1, 2012 through December 31, 2012 is provided in Attachment II of this Mortgagee Letter.

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**Special
Exceptions for
Alaska, Hawaii,
Guam and
Virgin Islands**

FHA Loan limits for the special exception areas of Alaska (AK), Hawaii (HI), Guam (GU) and the Virgin Island (VI) shall continue to follow the rule of choosing the higher of the 2008 ESA and the 2011 NHA limits. The NHA permits mortgage limits for Alaska, Guam, Hawaii and the Virgin Islands to be adjusted up to 150 percent of the above national ceilings, by property size, to account for higher costs of construction. These four special exception areas have a potentially higher ceiling as follows:

One-Unit	\$1,094,625
Two-Unit	\$1,401,300
Three-Unit	\$1,693,875
Four-Unit	\$2,105,100

The FHA loan limits for these special exception areas are included in Attachment I to Mortgagee Letter 10-40 for case numbers assigned from November 18, 2011 through December 31, 2011.

The FHA loan limits for these special exception areas are included in Attachment I to this Mortgagee Letter for case numbers assigned from January 1, 2012 through December 31, 2012.

**Home Equity
Conversion
Mortgages
(HECM)**

The national FHA maximum claim amount and loan limit for HECM remain at the statutory limit of \$625,500 (150 percent of the national conforming limit of \$417,000) through December 31, 2012. In the special exception areas (AK/HI/GU/VI), the loan limit and maximum claim amount on HECM mortgages are also \$625,500. These limitations are the same as those previously announced in Mortgagee Letter 10-40 and 11-29 and will remain in effect for HECM mortgages closed on or before December 31, 2012.

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**Requests for
Local Increases**

For case numbers assigned from November 18, 2011 through December 31, 2011: HUD is re-implementing loan limits that were previously calculated for the period January 1, 2011 through September 30, 2011. As HUD is not updating median prices or limits calculated for this time period, there is no appeal period associated with the change of loan limits for case numbers assigned during this period.

For case numbers assigned from January 1, 2012 through December 31, 2012: To ensure that loan limits are in place and effective for all areas commencing January 1, 2012, any requests to change area loan limits determined by HUD must be submitted to HUD no later than December 22, 2011. The procedures set forth in Mortgage Letter 2007-01 (<http://portal.hud.gov/fha/reference/ml2007/07-01ml.doc>) to change established loan limits are suspended.

Each request to change loan limits must contain sufficient housing sales price data, listing one-family properties sold in an area within the look-back period, January through August 2011. Requests should differentiate between single-family residential properties and condominiums or cooperative housing units. Ideally, data provided should also distinguish distress sales. Requests for a change will only be considered for counties for which HUD does not already have home-sale transaction data for the calculation of loan limits.

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**Requests for
Local Increases
(Continued)**

All requests for local increases will be handled exclusively by FHA's Santa Ana Homeownership Center:

U.S. Department of Housing and Urban Development
Santa Ana Homeownership Center
Santa Ana Federal Building
34 Civic Center Plaza, Room 7015
Santa Ana, CA 92701-4003
Attn: Program Support/Loan Limits

**Where to Find
Complete
Listing of FHA
Local Limits**

Downloadable files for loan limits for each "Effective Period", with complete listings of all counties, their loan limits, and the median prices used to determine those limits are available at http://www.hud.gov/pub/chums/file_layouts.html. That website has loan limit files for FHA forward loans, FHA HECM, and Fannie Mae and Freddie Mac purchases, with individual records at the county level. For counties within metropolitan areas as designated by the Office of Management and Budget, loan limits are determined by the high-price county within the metropolitan area. If you are unsure if a county is within one of the metropolitan (or micropolitan) areas listed in the attachments, you should check the FHA mortgage limits internet site before closing the mortgage at a revised limit (<https://entp.hud.gov/idapp/html/hicostlook.cfm>). For a complete list of all metropolitan counties in the country by MSA, view the most recent OMB bulletin updating statistical area definitions and guidance at <http://www.whitehouse.gov/omb/bulletins/index.html>.

**Information
Collection
Requirements**

The information collection requirements contained in this Mortgagee Letter were approved by the Office of Management and Budget (OMB) in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520). Approval of the HECM Program is covered by OMB control number 2502-0302, with disclosures requirements being covered by OMB control numbers 2502-0265 and 2502-0059. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number.

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**Contact
Information**

If you have questions regarding this Mortgagee Letter, please call FHA's Resource Center at 1-800-CALL-FHA (1-800-225-5342). Persons with hearing or speech impairments may access this number via TTY by calling the Federal Information Relay Service at (800) 877-8339.

Signature

/s/

Carol J. Galante, Acting Assistant Secretary for Housing -
Federal Housing Commissioner

[Attachment 1](#)
[Attachment 2](#)