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FHFA Ups Conforming Loan Limit to $424,100

After leaving them in a holding pattern for 10 long years the Federal Housing Finance Agency (FHFA) has raised conforming loan limits for mortgages acquired by Fannie Mae and Freddie Mac. **Separate loan limit announcements are expected shortly** from FHA and the Veterans Administration.

The current loan limit, **$417,000**, has been in place since 2006. When the housing crisis hit, the Housing and Economic Recovery Act of 2008 (HERA) set the baseline loan limit at that existing level for one to four family houses in most of the U.S. and required it be adjusted each year to reflect any changes in the national average home price. When prices continued to decline HERA also made clear that the baseline could not be adjusted upward until the average U.S. home price returned to its pre-decline level.

As reported here, FHFA reported on Wednesday that its third quarter House Price Index (HPI) is now 1.7 percent higher than in the third quarter of 2007 and the agency has raised conforming loan limits by 1.7 percent to **$424,100**. The new loan limits are effective as of January 1, 2017.

FHFA designates as so-called high-cost areas, markets where **115 percent** of the local median home value exceeds the baseline loan limit. HERA sets the maximum loan limit as a function of the area median home value with a ceiling on the limit of 150 percent of the baseline limit. Under this formula, the new limit for the highest cost areas will have a ceiling of $636,150 in 2017. Other counties will have limits below that amount, but higher than the new baseline. FHFA said as a result of generally rising home values, the increase in baseline loan limit, and the rise in the ceiling loan limit, the maximum loan limit rose in all but 87 counties (or county equivalents) in the country.

There are additional separate calculations for **Alaska, Hawaii, Guam, and the U.S. Virgin Islands** for one-unit properties with additional exceptions for some especially high cost specific locations.

A list of the maximum conforming loan limits for all counties and county-equivalent areas can be found at http://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx, along with a link to a map showing loan limits across the county.

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.51%	+0.01	0.00
15YR Fixed	7.04%	+0.01	0.00
30YR FHA	7.08%	+0.03	0.00
30YR Jumbo	7.52%	+0.02	0.00
7/6 SOFR	7.12%	-0.01	0.00
30YR VA	7.10%	+0.03	0.00

Rates as of: 11/16

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	98.70	+0.01
10 YR Treasury	5.1474	+0.0061
30 YR Treasury	5.4731	+0.0049

Pricing as of: 11/15 7:41PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Nov 4	204.6	+6.23%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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I've dedicated my 26 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

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