



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

November 25, 2009

MORTGAGEE LETTER 2009-50

TO: ALL APPROVED MORTGAGEES

SUBJECT: 2010 FHA Maximum Loan Limits

This Mortgagee Letter provides notice of the 2010 comprehensive update to the Federal Housing Administration's (FHA) single-family loan limits, under the authority of the recent passage of the Continuing Resolution, 2010 (CR) as part of the Department of Interior, Environmental, and Related Agencies Appropriations Act, Public Law 111-88. The loan limits described in this Mortgagee Letter are effective for loans with credit approval issued by the mortgagee on or after January 1, 2010 through December 31, 2010. These limits apply to mortgages insured under the following Sections of the National Housing Act: Sections 203(b) (FHA's basic 1-4 family mortgage insurance program, including condominiums), 203(h) (mortgages for disaster victims), and 203(k) (rehabilitation mortgage insurance). Instructions for FHA's Home Equity Conversion Mortgages (HECM) under section 255 are set forth below.

The current CR mandates that the revised FHA loan limits for 2010 are set at the higher of the loan limits established under the Economic Stimulus Act of 2008 (ESA) or those loan limits otherwise established for 2010 under section 203(b), as amended by the Housing and Economic Recovery Act of 2008 (HERA), which are in turn based on the national conforming loan limits (used by Fannie Mae and Freddie Mac for one-unit homes in the continental United States). HERA stipulated that the national conforming loan limits be established using a house price index chosen by the Federal Housing Finance Agency (FHFA). On November 12, 2009, the FHFA announced that the national conforming loan limit will remain at \$417,000 for calendar year 2010.

Low Cost Area "Floor"

Both the ESA and HERA set the FHA national loan-limit "floor" at 65 percent of the national conforming limit. Therefore, because the conforming limit remains the same as in 2009, so too does the FHA floor. Minimum FHA loan limit amounts (the "floor") by property size for 2010 are as follows:

One-Unit	\$271,050
Two-Unit	\$347,000
Three-Unit	\$419,400
Four-Unit	\$521,250

High Cost Area “Ceiling”

Any area where the loan limits may exceed the floor is known as a high cost area. Because ESA used a higher multiple in establishing the national FHA loan limit “ceiling” as a percent of the conforming loan limit than does HERA (175 percent versus 150 percent), the ESA national ceiling is binding as a maximum value for 2010 loan limits. However, eligibility for limits up to the higher ESA ceiling is only for those areas that had limits in that range in 2008. By property size, the national “ceiling” limits are as follows:

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

Limits Between Floor and Ceiling

Many areas are eligible for loan limits between the national FHA floor and the ceiling, based upon area median home prices. In such areas, the limits shall be at the higher of the ESA-determined loan limits for 2008 and the HERA-determined limits for 2010.

The list of areas where the FHA loan limits are at the ceiling is provided in Attachment I. The list of high-cost areas where the FHA mortgage limits are between the ceiling and the floor is provided in Attachment II. For any areas not listed in either Attachment I or II, the FHA mortgage limits are at the national floor.

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

Loan limits for the special exception areas of Alaska (AK), Hawaii (HI), Guam (GU) and the Virgin Islands (VI) also shall continue to follow the rule of choosing the higher of the 2008 ESA and 2010 HERA limits. The National Housing Act 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. Thus, these four areas have a potential higher ceiling in calendar year 2010 of \$1,094,625 (1-unit), \$1,401,300 (2-unit) \$1,693,875 (3-unit), and \$2,105,100 (4-unit). Several areas are above the FHA national ceiling of \$729,750. These areas and limits are also identified in Attachment I.

Home Equity Conversion Mortgages

Under provisions of the recent CR, the national FHA loan limit for HECM in 2010 remains at \$625,500 (150 percent of the national conforming limit). In the special exception areas (AK/HI/GU/VI), the maximum claim amount on HECM mortgages is the same \$625,500 limit as in all other areas. The loan limit shall be effective for all HECMs that have been assigned a FHA case number on or after the effective date of this Mortgagee Letter.

Posting of FHA Loan Limits

Complete schedules of FHA mortgage limits for all areas, forward loans and reverse mortgages, are available through the internet at <https://entp.hud.gov/idapp/html/hicostlook.cfm>. In addition, downloadable files, with complete listings of all counties and their loan limits, are available at http://www.hud.gov/pub/chums/file_layouts.html. The website has loan limit files for FHA forward loans, FHA HECM, and Fannie Mae and Freddie Mac mortgages, with individual records at the county level.

The limits are determined by the county in which the property is located, except that, for properties located in metropolitan statistical areas (MSA) or micropolitan areas, as determined by the Office of Management and Budget (OMB), the limit for the entire area is set based on the county with the highest median price within the metropolitan or micropolitan 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 internet site before closing the mortgage at the revised limit. For a complete list of all metropolitan counties in the country by MSA, view the most recent bulletin updating statistical areas of definitions and guidance at <http://www.whitehouse.gov/omb/bulletins/index.html>. HUD does not have authority to change county or MSA boundaries or definitions.

Sub-Area Loan Limits

The CR continues to give the Department the discretionary authority to determine FHA loan limits for any geographic area that is smaller than a county, also known as “sub-areas.” At this time, the Department has no plans to implement the FHA loan limits for geographic areas smaller than a county.

Requests for Local Increases

Appeals to local area loan limits determined by HUD must be made by December 21, 2009. Due to the need to provide continuity in the ability of lenders to take loan applications for future originations, the standard procedures for appeals stated in Mortgagee Letter 2007-01 (<http://portal.hud.gov/fha/reference/ml2007/07-01ml.doc>) are once again suspended.

Each request for an appeal must contain sufficient housing sales price data, listing one-family properties sold in an area within the look-back period used by HUD for determining loan limits for 2010. That look-back period is January – August 2009. Appeals should differentiate between single-family residential properties and condominiums or cooperative housing units. Ideally, appeals data will also distinguish distress sales. Appeals will only be considered for counties for which HUD does not already have home-sale transaction data for calculation of loan limits. HUD has access to data on actual home-sale transactions in over 1,400 counties, and estimates values in all other counties based upon a combination of sources. All appeal requests will be handled exclusively by FHA’s Santa Ana Homeownership Center. That address is:

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

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.

If you have questions regarding this Mortgagee Letter, please call FHA's Resource Center at 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may access this number via TDD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

Sincerely,

David H. Stevens
Assistant Secretary for Housing-
Federal Housing Commissioner

Attachments