

## **FHA, FANNIE MAE, AND FREDDIE MAC LOAN LIMITS**

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(Source: C.A.R. Legal Department March 6, 2009)

### **Q 1. *What are the loan limits under the Recovery Act?***

**A** The Recovery Act has increased the maximum conforming loan limit from \$625,500 to \$729,750 for FHA, Fannie Mae and Freddie Mac loans. These higher loan limits are intended to ease the mortgage crisis of the late 2000s by helping homeowners and homebuyers get more affordable mortgage loans.

As background, the \$729,750 loan limit was originally established in 2008, but dropped down to \$625,500 on January 1, 2009. The new law reinstates the conforming loan limit to 125% of the 2008 local area median home price, not to exceed \$729,750.

### **Q 2. *What are the FHA loan limits in California?***

**A** The new FHA loan limit is 125% of the 2008 local area median home price or \$271,050, whichever is greater, but not to exceed \$729,750 for one-unit properties. The higher FHA loan limit will assist REALTORS® and their clients to obtain safe mortgage loans with fixed interest rates, low down payment requirements, and other affordable terms.

Counties in California at the maximum FHA loan limit of \$729,750 are Alameda, Contra Costa, Los Angeles, Marin, Monterey, Napa, Orange, San Benito, San Francisco, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, and Ventura. The FHA loan limits for the other counties in California range from \$271,050 to \$679,500. For FHA's Mortgage Limits List, go to <https://entp.hud.gov/idapp/html/hicost1.cfm>.

The Secretary of the Department of Housing and Urban Development (HUD) has the discretionary authority to increase the FHA loan limit for any sub-area smaller than a county if the median home price in that sub-area warrants a higher loan limit.

### **Q 3. *Which loans qualify for the new FHA loan limits?***

**A** The new FHA loan limits apply to loans for which credit is approved for the borrower in the calendar year 2009 (until December 31, 2009).

### **Q 4. *Where can I obtain more information about FHA loans?***

**A** For more information about FHA loans, go to HUD's website at <http://www.hud.gov/fha/choosefha.cfm> or the FHA's website at [http://portal.hud.gov/portal/page?\\_pageid=73,1&\\_dad=portal&\\_schema=PORTAL](http://portal.hud.gov/portal/page?_pageid=73,1&_dad=portal&_schema=PORTAL).

**Q 5. *What are the Fannie Mae and Freddie Mac loan limits in California?***

**A** The new Fannie Mae and Freddie Mac conforming loan limit is 125% of the median home price or \$417,000, whichever is greater, but not to exceed \$729,750. Counties in California that are at the maximum loan limit of \$729,750 are Alameda, Contra Costa, Los Angeles, Marin, Monterey, Napa, Orange, San Benito, San Francisco, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, and Ventura. The loan limits for the other counties in California range from \$417,000 to \$679,500.

For more information about Fannie Mae and Freddie Mac, including lookup tables for the loan limits for specific counties and high-cost areas in California, go to the website of the Office of Federal Housing Enterprise Oversight at <http://www.ofheo.gov/regulations.aspx?nav=128>.

The director of the Federal Housing Finance Agency (FHFA) has the discretionary authority to increase the Fannie Mae or Freddie Mac loan limit for any sub-area smaller than a county if the median home price in that sub-area warrants a higher loan limit.

**Q 6. *Which loans qualify for the new Fannie Mae and Freddie Mac loan limits?***

**A** The new Fannie Mae and Freddie Mac loan limits apply to all loans originated in 2009. They also apply to loans purchased in 2009 that were originated from July 1, 2007 through December 31, 2008.

**Q 7. *Where can I obtain more information about Fannie Mae and Freddie Mac loans?***

**A** For more information about Fannie Mae and Freddie Mac, go to the website of the Federal Housing Finance Agency at <http://www.fhfa.gov/>. Fannie Mae's website is <http://www.fanniemae.com/index.jhtml>. Freddie Mac's website is <http://www.freddie.com/>.