



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Date: December 3, 2019

To: All FHA-approved Mortgagees
All Direct Endorsement Underwriters
All Eligible Submission Sources for Condominium Project Approvals
All FHA Roster Appraisers
All FHA Roster Inspectors
All FHA-approved 203(k) Consultants
All HUD-approved Housing Counselors
All HUD-approved Nonprofit Organizations
All Governmental Entity Participants
All Real Estate Brokers
All Closing Agents

Mortgagee Letter 2019-19

Subject

2020 Nationwide Forward Mortgage Limits

Purpose

The Federal Housing Administration (FHA) calculates forward mortgage limits based on the median house prices in accordance with the National Housing Act. FHA's Single Family forward mortgage limits are set by Metropolitan Statistical Area (MSA) and county and are published periodically. FHA publishes updated limits effective for each calendar year. FHA sets these limits at or between the low-cost area and high-cost area limits based on the median house prices for the area as further described below.

Effective Date

Forward mortgage limits for calendar year 2020 are effective for case numbers assigned on or after January 1, 2020.

**Requests for
Local
Increases
(Appeals)**

Any request for a change to high-cost-area loan limits, must comply with the existing guidance in HUD Handbook 4000.1, Section II.A.2.a.ii(A). Requests for a change will only be considered for counties for which HUD does not already have home sales transaction data for the calculation of mortgage limits. Such requests must be received by FHA's Santa Ana Homeownership Center no later than 30 days from the publication of this Mortgagee Letter (December 3, 2019). Any changes in area loan limits because of valid appeals will be in effect retroactively for case numbers assigned on or after January 1, 2020.

Continued on next page

Mortgagee Letter 2019-19, Continued

Determination of Loan Limits Loan limits are determined by the county in which a property is located, except for properties located in Metropolitan Statistical Areas (MSAs) as defined by the Office of Management and Budget. The limits in these areas are set using the county with the highest median price within the metropolitan statistical area. For purposes of conforming high-cost-area limits to the indexing of the base Freddie Mac loan limit required in 305(a)(2) of the Federal Home Loan Mortgage Corporation Act, HUD uses indexing of county-level prices starting in 2008, the year that current statutory authorities for FHA loan limit determination were enacted. That implies that, when determining high-cost area limits, HUD defines the highest median price over time as well as across counties.

Affected Topics This guidance will affect HUD's Single Family Housing Policy Handbook 4000.1 (Handbook 4000.1), section II.A.2.a.ii(B) – *Low-cost Area*; section II.A.2.a.ii(C) – *High-cost Area*; and section II.A.2.a.ii(D) – *Special Exceptions for Alaska, Hawaii, Guam, and the Virgin Islands*.

Access to 2020 Limits As stated in HUD Handbook 4000.1, Section II.A.2.a.ii, FHA forward mortgage limits for individual MSAs and counties are available on the internet at <https://entp.hud.gov/idapp/html/hicostlook.cfm>. In addition, downloadable text files with complete listings of all county loan limits are available at http://www.hud.gov/pub/chums/file_layouts.html.

Because of changes made to the makeup of certain MSAs, there are 11 jurisdictions with a decrease in loan limits from the 2019 levels. To enable mortgagees to easily identify areas with loan limit decreases and increases, FHA has published a separate list of these jurisdictions. Mortgagees may view these lists along with a list of areas at the ceiling and a list of areas between the floor and ceiling on the Maximum Mortgage Limits web page at http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/lender/origination/mortgage_limits.

Continued on next page

Mortgagee Letter 2019-19, Continued

**4000.1 Single
Family
Housing
Policy
Handbook**

Nationwide Mortgage Limits (II.A.2.a.ii(B))

Low-cost Area

The FHA national low-cost area mortgage limits, which are set at 65 percent of the national conforming limit of \$510,400 for a one-unit Property, are, by property unit number, as follows:

- One-unit: \$331,760
 - Two-unit: \$424,800
 - Three-unit: \$513,450
 - Four-unit: \$638,100
-

**4000.1 Single
Family
Housing
Policy
Handbook**

Nationwide Mortgage Limits (II.A.2.a.ii(C))

High-cost Area

The FHA national high-cost area mortgage limits, which are set at 150 percent of the national conforming limit of \$510,400 for a one-unit Property, are, by property unit number, as follows:

- One-unit: \$765,600
 - Two-unit: \$980,325
 - Three-unit: \$1,184,925
 - Four-unit: \$1,472,550
-

**4000.1 Single
Family
Housing
Policy
Handbook**

Nationwide Mortgage Limits (II.A.2.a.ii(D))

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

Mortgage limits for the special exception areas of Alaska (AK), Hawaii (HI), Guam (GU) and the Virgin Islands (VI) are adjusted by FHA to account for higher costs of construction. These four special exception areas have a higher ceiling as follows:

- One-unit: \$1,148,400
 - Two-unit: \$1,470,475
 - Three-unit: \$1,777,375
 - Four-unit: \$2,208,825
-

Continued on next page

Mortgagee Letter 2019-19, Continued

**Paperwork
Reduction Act**

The information collection requirements contained in this document are approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2502-0059 and 2502-0302. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

Questions

For additional information on this ML, please visit www.hud.gov/answers or call FHA's Resource Center at 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number via TTY by calling the Federal Relay Service at 1-800-877-8339.

Signature

Brian D. Montgomery
Assistant Secretary for Housing –
Federal Housing Commissioner
