



The Arizona Loan Baron

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FHA Loan Limits Increased

The Federal Housing Administration (FHA) has now joined the Federal Housing Finance Agency in raising the dollar limits for loans that qualify for FHA guarantees. Last week FHFA raised limits for Fannie Mae and Freddie Mac loans to 424,100, a number which forms a **basis for some of the FHA changes**.

The new limits, which will be effective for loans with **case numbers assigned on or after January 1**, will constitute a slight increase in 2,948 U.S. counties; limits will **remain at 2016 levels in 286 counties**.

In so-called high cost areas, the national **"ceiling"** will increase to \$636,150 from \$625,000. The **"floor"** will increase to \$275,665 from \$271,050. The loan limit ceiling is 150 percent of the national conforming limit (\$424,100) while the floor is set at 65 percent. The floor applies to those areas where 115 percent of the median home price is less than 65 percent of the national conforming loan limit. Any areas where the loan limit exceeds the "floor" is considered a high cost area.

The maximum claim amount for FHA-insured Home Equity Conversion Mortgages (HECMs), or reverse mortgages, will increase to \$636,150. This amount is 150 percent of the national conforming limit.

Conforming loan limits had remained unchanged for ten years but FHA limits were adjusted several times over that period. According to Katie Jones, writing for the Congressional Research Service, when Congress enacted the Economic Stimulus Act of 2008 it temporarily increased the maximum mortgage amounts to **125% of area median home prices**, with a floor of \$271,050 and a high-cost area ceiling of \$729,750. This was done as both public and private lending standards tightened and fewer borrowers could qualify for loans without FHA insurance or other types of guarantees. The increased loan limits allowed more borrowers to qualify for FHA-insured mortgages. Those temporary limits were rolled back in 2013.

FHA calculates forward mortgage limits based on median house prices in accordance with the **National Housing Act**. FHA's Single Family mortgage limits are set by Metropolitan Statistical Area and county. Loan limits for reverse mortgages are also calculated but these do not vary by MSA or county; instead, a single limit applies to all mortgages in the regardless of where they are originated.

To find a complete list of FHA loan limits, areas at the FHA ceiling, areas between the floor and the ceiling, as well as a list of areas with loan limit

National Average Mortgage Rates



|                     | Rate | Change | Points |
|---------------------|------|--------|--------|
| Mortgage News Daily |      |        |        |

|              |       |       |      |
|--------------|-------|-------|------|
| 30 Yr. Fixed | 6.99% | -0.12 | 0.00 |
| 15 Yr. Fixed | 6.50% | -0.11 | 0.00 |
| 30 Yr. FHA   | 6.52% | -0.06 | 0.00 |
| 30 Yr. Jumbo | 7.30% | -0.07 | 0.00 |
| 5/1 ARM      | 7.20% | -0.09 | 0.00 |

|              |       |       |      |
|--------------|-------|-------|------|
| Freddie Mac  |       |       |      |
| 30 Yr. Fixed | 7.09% | -0.35 | 0.00 |
| 15 Yr. Fixed | 6.38% | -0.38 | 0.00 |

|                         |       |       |      |
|-------------------------|-------|-------|------|
| Mortgage Bankers Assoc. |       |       |      |
| 30 Yr. Fixed            | 7.08% | -0.10 | 0.63 |
| 15 Yr. Fixed            | 6.61% | +0.01 | 0.65 |
| 30 Yr. FHA              | 6.89% | -0.03 | 0.94 |
| 30 Yr. Jumbo            | 7.22% | -0.09 | 0.58 |
| 5/1 ARM                 | 6.56% | -0.04 | 0.66 |

Rates as of: 5/15

Recent Housing Data

|                     |        | Value | Change  |
|---------------------|--------|-------|---------|
| Mortgage Apps       | May 15 | 198.1 | +0.51%  |
| Building Permits    | Mar    | 1.46M | -3.95%  |
| Housing Starts      | Mar    | 1.32M | -13.15% |
| New Home Sales      | Mar    | 693K  | +4.68%  |
| Pending Home Sales  | Feb    | 75.6  | +1.75%  |
| Existing Home Sales | Feb    | 3.97M | -0.75%  |

increases, visit FHA's [Loan Limits Page](#).

|                    | Value  | Change |
|--------------------|--------|--------|
| Builder Confidence | Mar 51 | +6.25% |

## The Arizona Loan Baron

The Arizona Loan Baron is at your service!

I would appreciate the opportunity to share with you my extensive mortgage lending experience. My client focused approach has allowed me to build long lasting relationships and partnerships throughout Arizona. I know this market. I live here and work here. Please allow me the opportunity to be your mortgage lending partner.

**The Arizona Loan Baron**

