



**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**Date: December 5, 2014**

**To: All Approved Mortgagees**

**Mortgagee Letter 2014-25**

---

**Subject** Federal Housing Administration’s (FHA) Maximum Loan Limits Effective for Case Numbers Assigned on or after January 1, 2015 through December 31, 2015

---

**Purpose** This Mortgagee Letter:

- provides notice of FHA’s single family housing loan limits for Title II Forward Mortgages and Home Equity Conversion Mortgages (HECMs); and
- provides loan limit instructions for streamline refinance transactions without an appraisal.

---

**Effective Period** The loan limits in this Mortgagee Letter are effective for case numbers assigned on or after January 1, 2015 through December 31, 2015.

---

**Affected Topics** The topics summarized below are affected by this policy. Below is a list of the topics in the subject handbooks that are affected. The changes will be integrated into the FHA Single Family On-Line Handbook 4155.1. These changes will also be included in the FHA Single Family Housing Policy Handbook 4000.1 which will eventually replace HUD Handbook 4155.1.

<b>HUD 4155.1, Mortgage Credit Analysis for Mortgage Insurance for One-to-Four Unit Mortgage Loans</b>
1.A.2, Maximum Loan Limits, Mortgage Amounts and Mortgage Terms
2.A.1.a, Maximum Insurable Mortgage on a Purchase
2.A.1.c, Statutory Loan Limits
<b>HUD 4000.1, FHA Single Family Housing Policy Handbook</b>
II.A.2.a, Maximum Mortgage Amounts

---

*Continued on next page*

## Mortgagee Letter 2014-25, Continued

---

**Legal Authority** Below are the relevant sections of the National Housing Act (NHA) and the Federal Home Loan Mortgage Corporation Act which address FHA Title II loan limits for all Forward Mortgages, streamline refinances without an appraisal, and HECMs.

**Forward Mortgages:** FHA’s single family forward mortgage loan limits are governed by section 203(b)(2) of the National Housing Act, which includes a cross-reference to section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)).

**Streamline Refinance Mortgages:** Streamline refinance transactions without an appraisal are not subject to the limits established by Section 203(b)(2) of the National Housing Act. They are subject to the maximum mortgage amounts governed by Section 223(a)(7) of the National Housing Act.

**HECMs:** HECM loan limits for Traditional, HECM for Purchase and HECM to HECM refinances are governed by the maximum claim amount limitation in sections 255(g) and 255(m) of the National Housing Act, which contains cross-references to section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)).

---

**Forward  
Mortgages –  
Applicability  
of Loan Limits**

The loan limits announced in this ML apply to FHA Title II forward mortgage insurance programs under the National Housing Act except for streamline refinance transactions without an appraisal, addressed in the “Streamline Refinances Loan Limits” section of this ML.

---

**Forward  
Mortgages –  
Loan Limits for  
Low Cost and  
High Cost  
Areas**

The minimum FHA national loan limit “floor” is at 65 percent of the national conforming loan limit (which is \$417,000 for a one unit property for the period January 1, 2015 through December 31, 2015). 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.

---

*Continued on next page*

## Mortgagee Letter 2014-25, Continued

---

**Forward  
Mortgages –  
Loan Limits for  
Low Cost and  
High Cost  
Areas  
(continued)**

Any area where the loan limit exceeds the “floor” is a high cost area.

The maximum FHA national loan limit “ceiling” is at 150 percent of the national conforming loan limit. In areas where 115 percent of the median home price (of the highest cost county) exceeds 150 percent of the conforming loan limit, the FHA loan limits remain at 150 percent of the conforming loan limit.

The following table illustrates FHA loan limits for low cost and high cost areas.

<b>Property Size</b>	<b>Low Cost Area “Floor”</b>	<b>High Cost Area “Ceiling”</b>
One Unit	\$271,050	\$625,500
Two Units	\$347,000	\$800,775
Three Units	\$419,425	\$967,950
Four Units	\$521,250	\$1,202,925

---

**Forward  
Mortgages -  
Limits Between  
“Floor” and  
“Ceiling”**

FHA loan limits for all other areas, where 115 percent of the median home price for the area is between the “floor” and “ceiling,” the loan limit shall be set at 115 percent of the median home price as determined by HUD.

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 loan limits are between the “ceiling” and “floor” is provided in Attachment II. For areas not listed in either Attachment I or II, the FHA loan limits are set at the national “floor.”

---

**Forward  
Mortgages -  
Special  
Exceptions for  
Alaska, Hawaii,  
Guam and  
Virgin Islands**

Section 214 of the National Housing Act permits loan limits for Alaska, Hawaii, Guam and the Virgin Islands to be increased to 150 percent of the “ceilings” to account for higher costs of construction. (See the section “Forward Mortgages – Loan Limits for Low Cost and High Cost Areas” in this ML). Thus, these special exception areas have potential for higher limits where 115 percent of the median home price exceeds 150 percent of the national conforming loan limit for the period January 1, 2015, through December 31, 2015, as illustrated in the following table.

---

*Continued on next page*

## Mortgagee Letter 2014-25, Continued

---

**Forward  
Mortgages -  
Special  
Exceptions for  
Alaska, Hawaii,  
Guam and  
Virgin Islands  
(continued)**

<b>Property Size</b>	<b>FHA Maximum Loan Limits for Alaska, Hawaii, Guam, and Virgin Islands</b>
One Unit	\$938,250
Two Units	\$1,201,150
Three Units	\$1,451,925
Four Units	\$1,804,375

---

**HECMs –  
Loan Limits**

For the period January 1, 2015 through December 31, 2015, the maximum claim amount for FHA-insured HECMs will remain \$625,500 (150 percent of Federal Home Loan Mortgage Corporation's (Freddie Mac) national conforming limit of \$417,000). This maximum claim amount of \$625,500 is also applicable to Freddie Mac's special exception areas - Alaska, Hawaii, Guam and the Virgin Islands.

---

**Requests for  
Local Increases**

Any requests to change high-cost-area loan limits determined by HUD must be received by FHA's Santa Ana Homeownership Center at the address below no later than January 5, 2015. The procedures set forth in Mortgagee Letter 2007-01 <http://portal.hud.gov/fha/reference/ml2007/07-01ml.doc>) to change established loan limits are once again suspended. Any changes in area loan limits as a result of valid appeals will be retroactively in effect for case numbers assigned on or after January 1, 2015.

---

*Continued on next page*

## Mortgagee Letter 2014-25, Continued

---

### **Requests for Local Increases** (continued)

Each request to change loan limits must contain sufficient housing sales price data, listing one-family properties sold in an area within the look-back period, January through August 2014. Requests should differentiate between single-family residential properties and condominiums or cooperative housing units. Ideally, data provided should also distinguish between distress and non-distress sales. 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 loan limits.

All requests for local area increases will be handled exclusively by FHA's Santa Ana Homeownership Center:

Attn: Program Support/Loan Limits  
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

---

### **Where to find comprehensive listing of FHA local limits**

Complete schedules of FHA loan limits are available online at <https://entp.hud.gov/idapp/html/hicostlook.cfm>. In addition, downloadable files with complete listings of all county loan limits and the underlying home prices are available at: [http://www.hud.gov/pub/chums/file\\_layouts.html](http://www.hud.gov/pub/chums/file_layouts.html). This website has loan limit files for FHA Title II Forward Mortgages, FHA HECM, and Fannie Mae and Freddie Mac mortgages, with individual records at the county level. Additional text files with record layouts are also available on the website hosting the data files.

---

*Continued on next page*

## Mortgagee Letter 2014-25, Continued

---

### Determination of Loan Limits

Loan limits are determined by the county in which a property is located, except for properties located in metropolitan/micropolitan statistical areas as defined by the Office of Management and Budget. The limits in these areas are set using the county with the highest median home 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.

- If you are unsure if a county is within one of the metropolitan (or micropolitan) statistical areas listed in the attachments, check the FHA mortgage limits internet site before closing the mortgage at a revised limit (<https://entp.hud.gov/idapp/html/hicostlook.cfm>).
- For a complete list of all metropolitan counties in the country by MSA, view the most recent OMB bulletin updating statistical area definitions and guidance at <http://www.whitehouse.gov/omb/bulletins/index.html>.

---

### Streamline Refinances- Loan Limits

Mortgages that meet the requirements for streamline refinance transactions without an appraisal are governed only by the maximum mortgage amounts under Section 223(a)(7) of the National Housing Act and 24 CFR 203.43(c). These transactions are not subject to the limits described in this ML

---

### 4000.1 FHA Single Family Housing Policy Handbook

The provisions of this ML will be incorporated into the 4000.1 FHA Single Family Housing Policy Handbook, issued September 30, 2014, as shown at [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/handbook\\_4000-1](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/handbook_4000-1).

---

### Information Collection Requirements

The information collection requirements contained in this document have been 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, 2502-0524 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.

---

*Continued on next page*

## Mortgagee Letter 2014-25, Continued

---

### Contact Information

If you have questions regarding this Mortgagee Letter, please call FHA's Resource Center at 1-800-CALL-FHA (1-800-225-5342). Persons with hearing or speech impairments may access this number via TTY by calling the Federal Information Relay Service at (800) 877-8339. For additional information on this Mortgagee Letter, please visit [www.hud.gov/answers](http://www.hud.gov/answers).

---

### Signature

Biniam Gebre,  
Acting Assistant Secretary for Housing-Federal Housing Commissioner

---

### Attachments

- I. [Counties at the FHA National Loan Limit Ceiling](#)
- II. [Counties With FHA Loan Limits Between The National Floor and Ceiling](#)