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# FEDERAL HOUSING FINANCE AGENCY



## NEWS RELEASE

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For Immediate Release  
November 12, 2009

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### **Maximum Loan Limits for Fannie Mae and Freddie Mac to Remain Unchanged for 2010**

**Washington, DC** – The Federal Housing Finance Agency (FHFA) today announced that the maximum conforming loan limits for mortgages originated in 2010 will remain unchanged from the maximum levels for 2009 originations. The maximum loan limits for counties across the United States can be found [here](#) (116 pages).

Pursuant to a Congressional Continuing Resolution (Public Law Number 111-88), enacted Oct. 30, 2009, the highest loan limits that Fannie Mae and Freddie Mac may set for mortgages originated in 2010 are equal to the higher of the maximum limits determined under the Economic Stimulus Act of 2008 (ESA) and the Housing and Economic Recovery Act of 2008 (HERA). FHFA has found that the resulting maximum limits are the same as existing loan limits for 2009 originations in every area of the country.

HERA provisions establish loan limits as a function of local area median home values. Consistent with prior practice, FHFA used median home values estimated by the Federal Housing Administration (FHA) of the Department of Housing and Urban Development (HUD) in determining the 2010 HERA-based limits. FHA, which calculated those median values for the purpose of determining its own lending limits, will allow a 30-day appeals period for appeals on median price estimates. Appeals should be based on data suggesting a potentially higher median home value for a given area. Because the pre-existing ESA-based loan limits substantially exceed the HERA-determined limits in many areas and Public Law Number 111-88 sets 2010 limits at the higher of the two, appellants should be aware that successful appeals would change loan limits in only select circumstances.

Consistent with the provisions of HERA, the maximum loan limit for one-unit properties in most of the contiguous United States has been left unchanged at \$417,000 for 2010. Loan limits for two-, three-, and four-unit properties in 2010 will also remain at 2009 levels: \$533,850, \$645,300, and \$801,950 respectively for homes in the contiguous U.S. Loan limits are higher in certain high cost areas, where median home prices are high, and in certain statutorily designated locations, including Alaska, Hawaii, Guam and the U.S. Virgin Islands. The full list of HERA-based loan limits for 2010 can be found [here](#) (116 pages).

The national limit for 2010 was left unchanged based on declines in FHFA's monthly and quarterly house price indexes over the past two years. HERA requires that the national loan limit be adjusted each year to reflect changes in the national average home price, but does not permit declines in the national loan limit. If average home prices decline, then

the national loan limit is to remain the same. When prices increase, the loan limit is to be raised only if the magnitude of the increase exceeds the cumulative price declines that occurred in preceding periods.

In November 2008, when setting 2009 loan limits under the terms of HERA, FHFA found that the national average home price had declined over the prior year and thus left the national loan limit unchanged. This year, given the prior year's price decline and HERA's requirement to offset any price increases with prior declines, the relevant calculation period over which price changes are evaluated is the most recent two-year period. FHFA thus could only increase the national limit if a net price increase was found over the two-year interval.

All reliable metrics, including FHFA's monthly and quarterly house price indexes, show price declines over the most recent two years of data. As a result, the national loan limit remains at \$417,000 for 2010 irrespective of the metric or combination of metrics used.

#### *Other Loan Limit Details*

The limits set forth under the Continuing Resolution apply to 2010-*originated* loans. Seasoned loans *acquired* by Fannie Mae and Freddie Mac in 2010 but originated in certain prior periods will be subject to the permanent HERA-based limits, which may differ in some areas. It is thus necessary for FHFA to formally establish 2010 loan limits for all areas pursuant to the HERA legislation.<sup>1</sup>

In setting 2010 HERA limits for high-cost areas, FHFA has decided to not permit declines relative to the prior HERA limits. While HERA did not explicitly prohibit declines in high-cost area loan limits, that approach is consistent with the statutory procedure for responding to changes in prices on a national basis. Subject to this policy, the 2010 HERA limits reflect the higher of the high-cost area limits initially announced for 2009 (available at <http://www.fhfa.gov/webfiles/858/FullCountyLoanLimitList2009.xls>) and the limits directly calculated under the HERA formula.

Questions concerning loan limits can be sent to [FHFAinfo@FHFA.gov](mailto:FHFAinfo@FHFA.gov).

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*The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$6.3 trillion in funding for the U.S. mortgage markets and financial institutions.*

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<sup>1</sup> For loans originated between July 1, 2007 and December 31, 2008, the limits established under the Economic Stimulus Act of 2008 apply.