



**Office of Federal Housing Enterprise Oversight
(OFHEO)**

NEWS RELEASE

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For Immediate Release

November 29, 2005

**OFHEO Announces Maximum 2006
Conforming Loan Limit**

Washington, DC – Stephen A. Blumenthal, Acting Director of the Office of Federal Housing Enterprise Oversight (OFHEO), today announced the maximum 2006 conforming loan limit for single-family mortgages purchased by Fannie Mae and Freddie Mac. This limit, after the customary rounding down to the nearest \$50, can be no higher than \$417,000 for one-unit properties.

The charters of Fannie Mae and Freddie Mac permit an annual adjustment to the maximum size of mortgage loans the Enterprises may purchase. The maximum adjustment is based on the change in the national single-family house price as determined by the Federal Housing Finance Board (FHFB) from its Monthly Interest Rate Survey (MIRS).

Effective Jan. 1, 2006, the Enterprises' conforming loan limit for larger properties, subjected to the customary rounding, applies as follows: Two-unit mortgages are limited to \$533,850; three-unit mortgages: \$645,300; and four-unit mortgages: \$801,950. The limit in statutorily designated high-cost areas (Alaska, Guam, Hawaii, and the U.S. Virgin Islands) will be 50 percent higher, for example, \$625,500 for a one-unit, single-family mortgage. For second mortgages, the 2006 limit will be \$208,500. In the designated high-cost areas this will be \$312,750.

[OFHEO Letters to Enterprises Follow](#)

OFHEO's mission is to promote housing and a strong national housing finance system by ensuring the safety and soundness of Fannie Mae and Freddie Mac.



OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT
1700 G STREET, NW, WASHINGTON, DC 20552 (202) 414-3800
Office of Policy Analysis and Research

November 29, 2005

Mr. Richard Syron
Chairman of the Board and
Chief Executive Officer
Freddie Mac
8200 Jones Branch Drive
McLean, VA 22102-3107

Dear Mr. Syron:

OFHEO's Supervisory Guidance SG-04-001 of February 20, 2004, describes procedures to be applied to computations of future conforming loan limits. This letter implements that procedure for calculation of the maximum 2006 loan limits.

As announced by the Federal Housing Finance Board (FHFB) today, the national average one-family house purchase price in October was \$306,759. The October 2005 average price compares with a national average one-family house purchase price of \$264,540 in October 2004. This is a 15.96 percent increase in house prices in 2005. The house price information is based on the Monthly Interest Rate Survey (MIRS) conducted by the FHFB.

Based on data in the FHFB's house price announcement, OFHEO has calculated maximum 2006 conforming loan limits that, when rounded down to the nearest \$50, are as follows:

- one-unit: \$417,000
- two-unit: \$533,850
- three-unit: \$645,300
- four-unit: \$801,950

The loan limits for one-to-four family mortgages in Alaska, Hawaii, Guam and the U.S. Virgin Islands are 50% higher than the numbers above, i.e., \$625,500 for a one-unit single family mortgage; \$800,775 for a two-unit; \$967,950 for a three-unit; and \$1,202,925 for a four-unit mortgage.

The 2006 limit for second mortgages is \$208,500. In Alaska, Guam, Hawaii, and the U.S. Virgin Islands, it is \$312,750.

Sincerely,

Patrick J. Lawler
Associate Director and Chief Economist



OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT
1700 G STREET, NW, WASHINGTON, DC 20552 (202) 414-3800
Office of Policy Analysis and Research

November 29, 2005

Mr. Daniel H. Mudd
President and Chief Executive Officer
Fannie Mae
3900 Wisconsin Avenue, NW
Washington, DC 20016-2892

Dear Mr. Mudd:

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