FHFA Conforming Loan Limit Values FAQs

(updated April 2022)
https://www.fhfa.gov/CLL

Overview

1. What are the Conforming Loan Limit (CLL) values?

The highest loan amount for mortgages that can be acquired by Fannie Mae or Freddie Mac. Mortgages above these limit are known as jumbo loans. The CLL values are set by the Federal Housing Finance Agency (FHFA) on an annual basis and vary geographically, using guidelines specified in the Housing and Economic Recovery Act of 2008 (HERA) and as modified in subsequent legislation. More information is provided on the FHFA CLL webpage at https://www.fhfa.gov/CLL.

2. When do new CLL values become effective?

At the end of each November, FHFA updates the CLL values based on rules set forth in HERA. The CLL values take effect a month later on January 1st.

3. How are CLL values calculated?

Loan limit increases reflect the year-over-year percentage change in the FHFA House Price Index® (HPI) for the United States. The formula is based on the third quarter (Q3) and can be written:

(*current year Q3 FHFA HPI - prior year Q3 FHFA HPI) / (prior year Q3 FHFA HPI)*

which is converted to percentage terms. For example, the 2022 limits were computed as:

Percentage Change = *(2021Q3 HPI – 2020Q3 HPI) / 2020Q3 HPI*
= *(328.13182917– 277.95477273) / 277.95477273*
= *18.05223776 percent*

HERA requires that the baseline loan limit value be adjusted each year to reflect changes in the national average home price. In October 2015, FHFA published a Final Notice in the Federal Register specifying that limits would be adjusted using the nominal, seasonally adjusted, expanded-data (EXP) version of the FHFA House Price Index® (FHFA HPI®).

An important caveat is that the CLL value adjustment differs during or immediately following a housing market downturn. By statute, the baseline loan limit value remains flat when the national average home price is not increasing. Further, after a period of declining home values, HERA requires that the prior declines be "made up" before the baseline limit value can be increased. In such instances, any cumulative house price decline must be fully negated before a loan limit value increase can take place. For this reason, the baseline loan limit value did not change in 2007 and they remained at the same level until 2017.

4. Can the CLL values decrease?

No. By statute, because of HERA's specific adjustment rules, conforming loan limit values do not decrease. When home values have declined according to the formula, HERA does not provide for decreases in the baseline loan limit. Loan limit values remain the same as the prior year until house price declines have been "made up" and the current index level exceeds the prior FHFA HPI level before the decline started. This happened when the baseline loan limit value was $417,000 from 2006 until 2017 when it increased by the net positive increase of 1.7 percent since the prior peak. The calculated increase is based on the gain compared to that prior level (not the third quarter from the earlier year). Such a scenario took place from 2007Q3 until 2016Q3 and the 2017 limit value became the first increase in several years.

FHFA has implemented a "hold harmless" approach where county-level loan limit values do not decrease. This applies to counties where the median home value decreased relative to the prior year's value. FHFA takes the same approach if a county were to drop out of a high-cost area and would suffer from a lower median value as a stand-alone county.

5. Why is the expanded-data FHFA HPI used?

The FHFA produces three main HPI flavors – a purchase-only index, an all-transactions index, and an expanded-data index. CLL values are adjusted using FHFA's national, nominal, seasonally adjusted, expanded-data index. The expanded-data FHFA HPI is based on an underlying sample of transactions that reflects the universe of what could be conforming loans, however, not all the loans have been purchased or securitized by Fannie Mae or Freddie Mac (the "Enterprises"). Data are combined between purchase-money mortgages from the Enterprises, FHA loans, and public records of sales transactions (with prices below the annual loan limit ceiling).

Prior to HERA, the Mortgage Interest Rate Survey had been used to adjust loan limit values. After house prices fell in 2007, loan limit values remained unchanged and FHFA began to consider alternative measures to the monthly survey. The expanded-data metric was created and input was gathered from the public. In 2015, FHFA addressed those comments and its plans to utilize the seasonally adjusted, expanded-data HPI for calculating changes to the CLL values. A "Notice of Establishment of Housing Price Index" is posted in the Federal Register at https://www.federalregister.gov/articles/2015/10/22/2015-26778/notice-of-establishment-of-housing-price-index.

A major consideration had been the existing and well-known purchase-only index already published by FHFA but that index only utilizes Enterprise data. The expanded-data HPI employs the same basic methodology as the Enterprise specific purchase-only HPI but also incorporates additional historical transactions data. Specifically, the expanded-data indexes include transaction prices for homes with FHA-endorsed loans and homes whose transactions have been recorded at various county recorder offices through the country.

The addition of these two supplemental data sources to the Enterprise data provides for a better estimate of the overall change in the U.S. average home price than is available from the other indexes. General price changes and trends should be similar between all of the FHFA HPIs, however, the expanded-data HPI is best suited to capture movements for the segment of the housing market that has a price range such that sales transactions could be financed with conforming loans because they fall below annual loan limit values.

6. What is the baseline loan limit value?

The baseline loan limit value is the highest loan amount for an acquisition in a particular year. This limit restricts the size of loan originations (but not the price of homes) across the nation except in a small amount of high-cost or statutory areas. The value varies across two dimensions, counties and the number of property units. Local loan limit values are defined on a county-by-county basis with most counties (around 95 percent) assigned the baseline loan limit value. The baseline limit values, however, can increase for properties that have more than one (but less than five) units.

HERA also defines "high-cost" area loan limit values that can be as much as 150 percent of the baseline value. Loan limit values are allowed to exceed the baseline value in areas with more expensive housing markets. Specifically, they are set at 115 percent of the highest county median home price in the local area as long as that amount does not exceed the ceiling. Local areas follow the definitions of core-based statistical area (CBSA), which means they can be both metropolitan and micropolitan statistical areas.

As an example, loan limit values for 2022 Enterprise acquisitions were established in 2021Q3 with the baseline loan limit value being $647,200 for a one-unit property. According to data released by the U.S. Department of Housing and Urban Development, as of 2021Q3 the median home value in El Dorado County, California was $587,000. Multiplying this area median value by 115% yields a loan limit of $675,050, which is above the baseline limit value but below the high-cost ceiling of $970,800. As a result, the loan limit value for El Dorado County was set equal to $675,050.

Loan limit values are also higher in certain statutorily-designated areas like Alaska, Hawaii, Guam, and the U.S. Virgin Islands. The limits in these statutorily-designated areas cannot exceed 150 percent of the high-cost ceiling value. Lookup tables are provided on the CLL page at https://www.fhfa.gov/CLL.

7. How are loan limit values set in high-cost areas?

HERA provisions set loan limit values as a function of local-area median home values. The CLL value is required to be increased in areas where 115 percent of the median home value exceeds the baseline CLL value, not to exceed an amount that is 150 percent of the baseline CLL value. To perform calculations, counties are grouped by core-based statistical areas (CBSAs) as delineated by the Office of Management and Budget. FHFA coordinates with the U.S. Department of Housing and Urban Development to calculate CBSA-wide median home values equal to the median price for the highest-cost component county in each CBSA. Each county in the CBSA receives the same value and a high-cost loan limit value is assigned as described above if the multiple exceeds the baseline CLL value.

For example, Sacramento-Roseville-Folsom, CA is delineated by four counties. As of 2021Q3, the highest county median home value was $587,000 which when multiplied by 115 percent gave a loan limit value of $675,050 that was above the baseline loan limit value. This value was applied similarly to all counties in that CBSA.

Some areas are extremely expensive, but their loan limit values are still capped. In 2021Q3, the nation's capital (Washington-Arlington-Alexandria, DC-VA-MD-WV) had a median home value of $975,000 which exceed the high-cost area ceiling of $970,800. In these instances, all counties within the CBSA receive the high-cost ceiling as their loan limit value.

Finally, not all CBSAs qualify as being high-cost areas. The capital of Florida, Tallahassee, is a CBSA with four counties but their highest county median home value was only $214,000 which means the local area is not expensive enough to receive an adjustment. As a result, the baseline loan limit value applies to all counties in that local area.

8. How many counties are in high-cost areas?

The United States has over 3,000 counties or county-equivalent jurisdictions. In any given year, roughly 100 to 200 of them qualify for high-cost limit values that exceed the baseline limit value.

9. Why are some loan limit values not exact multiples of percentage change or median home values?

Minor rounding happens for baseline and high-cost area loan limit values. Baseline loan limit values have been rounded down to the nearest $50 and the high-cost area loan limit values have been rounded down to the nearest $25.

10. What are the loan limit values in Alaska, Hawaii, Guam and the U.S. Virgin Islands?

Alaska, Hawaii, Guam, and the U.S. Virgin Islands are granted loan limit values that, at minimum, are 50 percent above the country's baseline limit value. That is—the baseline loan limit value for these prespecified select areas is 150 percent of the national baseline.

11. Can Fannie Mae and Freddie Mac acquire seasoned loans?

Fannie Mae and Freddie Mac occasionally acquire loans originated in previous years. The loan limit value for those "seasoned" acquisitions depends on a loan's year of origination, physical location, and number of units. Under a series of previously enacted laws (including the Economic Stimulus Act of 2008, the American Recovery and Reinvestment Act of 2009, Public Law 111-88, and Public Law 111-242), higher conforming loan limit values apply to Fannie Mae and Freddie Mac acquisitions of certain seasoned mortgages in 2019. Loans acquired in 2019 that were originated between July 1, 2007, and Sept. 30, 2011, will be subject to previously announced limit values determined under those laws. The applicable loan limit values for such seasoned loans are as high as $729,750 for one-unit properties in the contiguous United States (that was temporarily set to 175 percent of the baseline from 2008 until 2012).

12. Where can I find more information on conforming loan limit values?

The CLL webpage, available at https://www.fhfa.gov/CLL, provides information about loan limit values and links to helpful documents and tools.

13. Where can I find the loan limit values for prior years?

Annual loan limits for every county are provided online at https://www.fhfa.gov/CLL in spreadsheet (XLS) and document (PDF) formats. These files provide county limit values based on the number of units (1 to 4) in a property and reflect HERA provisions. A table of historical loan limit values is provided in an annual report to Congress and it can be found here.

14. What is the origin of the CLL values and how did these values evolve?

The concept of CLL values has evolved over time, beginning with references to "maximum limits" that changed to "conforming loan limit" values which are now set by FHFA. The Emergency Home Finance Act of 1970 (https://www.govinfo.gov/content/pkg/STATUTE-84/pdf/STATUTE-84-Pg450.pdf) chartered Freddie Mac to provide a secondary mortgage market for thrifts and other originators of conventional mortgages. The Act also allowed Fannie Mae to purchase conventional loans and established a conforming loan limit value for both Enterprises of $33,000. The Act set the conforming loan limit values 50 percent higher for three statutorily-designated high cost areas: Alaska, Hawaii, and Guam (the U.S. Virgin Islands were added later).

Fannie Mae and Freddie Mac are not permitted by charter from purchasing single-family mortgages with unpaid principal balances above the conforming loan limit value. Congress raised the limit to $60,000 for 1977 and $67,500 for 1979. The Housing and Community Development Act of 1980 (https://www.congress.gov/96/statute/STATUTE-94/STATUTE-94-Pg1614.pdf) increased the ceiling to $93,750 and indexed future annual increases to changes in average house prices (12 U.S.C. 1717(b)(2) for Fannie Mae and 12 U.S.C. 1454(a)(2) for Freddie Mac). The limit values are adjusted each year to reflect the change in the national average purchase price for all conventionally financed single-family homes, as measured by the Federal Housing Finance Board's (FHFB's) Monthly Interest Rate Survey (MIRS). Statutory language relating to the limit value permits "adjustments" to the ceiling each January based on the "percentage increase" over the twelve months ending in October of the prior year, as measured by the MIRS.

The 1980 Act also broadened the conforming loan limit value concept to apply to mortgages that finance single-family properties with two units ($120,000), three units ($145,000), and four units ($180,000). Limit values for mortgages that finance 2-, 3-, and 4-unit homes are indexed in the same manner as loans that finance 1-unit properties. While there was no significant change in the formula and the methodology to setting the annual conforming limit value, the Housing and Community Development Act of 1992 (https://www.congress.gov/102/statute/STATUTE-106/STATUTE-106-Pg3672.pdf) formally introduced the phrase "conforming loan limit".

Finally, in 2008, Congress passed the Housing and Economic Recovery Act of 2008 (https://www.congress.gov/110/plaws/publ289/PLAW-110publ289.pdf). Section 24 titled "Conforming Loan Limits" of the Federal Housing Finance Regulatory Reform Act of 2008 gave

FHFA the following authority – “Such limitations shall not exceed $417,000 for a mortgage secured by a single-family residence, $533,850 for a mortgage secured by a 2-family residence, $645,300 for a mortgage secured by a 3-family residence, and $801,950 for a mortgage secured by a 4-family residence, except that such maximum limitations shall be adjusted effective January 1 of each year beginning after the effective date of the Federal Housing Finance Regulatory Reform Act of 2008, subject to the limitations in this paragraph. Each adjustment shall be made by adding to each such amount (as it may have been previously adjusted) a percentage thereof equal to the percentage increase, during the most recent 12-month or 4-quarter period ending before the time of determining such annual adjustment, in the housing price index maintained by the Director of the Federal Housing Finance Agency (pursuant to section 4542 of this title)”.

Coverage

15. What is the geographic level where loan limit values are set?

CLL values are based on the county where a property is located. Some properties, however, may benefit from belonging to a core-based statistical area (CBSA) where other counties have higher median home values. In such cases, the limit values are set using the county with the highest median price and they are the same for every county in the CBSA.

16. What is a Core-Based Statistical Area (CBSA)?

A CBSA refers to either a *metro*politan statistical area or a *micro*politan statistical area. CBSAs comprise the central county or counties containing a large population core, plus adjacent outlying counties having a high degree of social and economic integration with the core. This forms the statutory definition of “local areas”.

For more information see *2010 Standards for Delineating Metropolitan and Micropolitan Statistical Areas* here: https://www.govinfo.gov/content/pkg/FR-2010-06-28/pdf/2010-15605.pdf.

17. Which version of CBSA delineations is *currently* used by FHFA?

FHFA uses the revised Metropolitan and Micropolitan Statistical Areas and Divisions as defined by the Office of Management and Budget (OMB) in March 2020 which can be viewed at https://www.whitehouse.gov/wp-content/uploads/2020/03/Bulletin-20-01.pdf. OMB is not expected to make another set of revisions until June 2023.

18. How does FHFA handle *previous* versions of CBSA definitions?

FHFA uses the most current CBSA definitions and does not assign properties into prior delineations that might have been utilized during an earlier transaction year. As an example, a recent set of delineation changes is outlined in the 2018Q4 FHFA HPI report where a Technical Note explains the transition to new definitions which impacted multiple metropolitan statistical areas. The latest delineation bulletin only added a single micropolitan statistical area which is now incorporated into the CLL process.

19. If I have additional or more specific questions, who can I contact?

For additional questions, please contact LoanLimitQuestions@fhfa.gov.

U.S. Department of Veterans Affairs (VA) Loan Limits

20. Are VA loan limit values the same as FHFA CLL values?

Not anymore. VA home loan limit values were the same as the Federal Housing Finance Agency (FHFA) limit values until January 1, 2020. With the passage of the *Blue Water Navy Vietnam Veterans Act of 2019,* veteran borrowers are no longer limited to the FHFA CLL values.

21. What is the Blue Water Navy Vietnam Veterans Act of 2019?

The *Blue Water Navy Vietnam Veterans Act of 2019*, Public Law 116-23, was signed into law on June 25, 2019. The law took effect January 1, 2020 and states that VA-guaranteed home loans will no longer be limited to the Federal Housing Finance Agency (FHFA) Conforming Loan Limit values. Veterans will be able to obtain no-down payment VA-backed home loans in all areas, regardless of loan amount. For more information on the Act, see https://benefits.va.gov/homeloans/bwnact.asp.

22. How do I get more information on VA home loans?

Contacting VA directly is the best course of action to get answers about guaranty questions, the lending process or other matters related to the VA. Their webpage has information at https://www.va.gov/housing-assistance/home-loans/loan-limits/. To speak with a VA Loan Specialist or find the nearest VA Regional Loan Center call (877)-827-3702.

The Federal Housing Administration (FHA) Loan Limits

23. Are FHA loans limited by the FHFA CLL values?

FHA loans are not limited by the baseline FHFA CLL values but they are based on the values. FHA calculates forward mortgage limit values based on the median house prices in accordance with the National Housing Act. These limit values are set at or between the low-cost area and high-cost area limit values based on the median house prices for the area.

Low-cost area mortgage limit values are set at 65 percent of the national conforming limit value.

High-cost area mortgage limit values are set at 150 percent of the national conforming limit value.

For more information on these limit values, please see the applicable Mortgagee Letter, here: https://www.hud.gov/program_offices/administration/hudclips/letters/mortgagee.

24. Do FHA loan limit values address claim amounts for home equity conversion mortgages (HECM)?

FHA publishes a separate Mortgagee Letter to cover claim amounts for home equity conversion mortgages (HECM). For more information on these claim amounts, see the applicable Mortgagee Letter, here: https://www.hud.gov/program_offices/administration/hudclips/letters/mortgagee.

25. Where can I find FHA mortgage limit values?

For more information on current FHA loan limit values, see:
https://entp.hud.gov/idapp/html/hicostlook.cfm.

For more information on FHA mortgage limit values, see:
https://apps.hud.gov/pub/chums/file_layouts.html.

The U.S. Department of Agriculture (USDA) Loan Limits

26. Does the USDA have similar single family loan limit values?

The USDA's Rural Housing Services (RHS) has loan limit values and requirements that differ from other government programs and depend on the program being utilized. For example, the Single Family Home Loan Guarantee Program requires a property be in a rural area. Additional eligibility requirements account for factors like household size and income (being below 115% of area median income), owner occupancy, borrower immigration status, and the inability to obtain certain other financing. The Single Family Housing Direct Loan Program limits the county-level area loan amount to not exceed 80% of the local HUD 203(b) loan limit values.

For more information on USDA's Guarantee Loan program, the webpage, program fact sheet, and a map can be viewed at:

- https://www.rd.usda.gov/programs-services/single-family-housing-guaranteed-loan-program
- https://www.rd.usda.gov/sites/default/files/fact-sheet/508_RD_FS_RHS_SFHGLP.pdf
- https://www.rd.usda.gov/files/RD-GRHLimitMap.pdf

For more information on USDA's Direct Loan program, see the webpage, fact sheet, and map at:

- https://www.rd.usda.gov/programs-services/single-family-housing-direct-home-loans
- https://www.rd.usda.gov/sites/default/files/fact-sheet/508_RD_FS_RHS_SFH502Direct.pdf
- https://www.rd.usda.gov/files/RD-SFHAreaLoanLimitMap.pdf