



**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**Date:** December 1, 2010  
**To:** All Approved Mortgagees  
**Mortgagee Letter 10-40**

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**Subject** 2011 FHA Maximum Loan Limits

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**Purpose** This Mortgagee Letter provides notice of the 2011 comprehensive update to the Federal Housing Administration's (FHA) single-family loan limits, issued under the authority of the Continuing Appropriations Act 2011, Public Law 111-242. These limits apply to mortgages insured under the following Sections of the National Housing Act: Sections 203(b) (FHA's basic 1-4 family mortgage insurance program, including condominiums), 203(h) (mortgages for disaster victims), 203(k) (rehabilitation mortgage insurance) and 255 (Home Equity Conversion Mortgages). For forward loans, the loan limits apply to such loans that were originated and received credit approval. For Home Equity Conversion Mortgages (HECMs), the loan limits are applicable to all such loans that have been assigned a FHA case number within the stated effective date.

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**Effective Date** January 1, 2011 through September 30, 2011.

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**Affected Topics** References to current loan limit amounts set forth in the FHA Single Family On-Line Handbooks shall refer to complete schedules at <https://entp.hud.gov/idapp/html/hicostlook.cfm>.

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**Low Cost Area  
“Floor”**

Both the Economic Stimulus Act of 2008 (ESA) and the Housing and Economic Recovery Act of 2008 (HERA) set the FHA national loan-limit “floor” at 65 percent of the national conforming limit, which remains at \$417,000 for fiscal year 2011. The minimum FHA loan limits (the “floor”) by property size for this period are as follows:

One-Unit	\$271,050
Two-Unit	\$347,000
Three-Unit	\$419,400
Four-Unit	\$521,250

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**High Cost Area  
“Ceiling”**

Any area where the loan limit may exceed the floor is known as a high cost area or “ceiling.” ESA and HERA used different percentages to establish the ceiling. ESA used 175 percent of the conforming loan limit of \$417,000. HERA used 150 percent of the conforming loan limit of \$417,000. FHA uses ESA’s calculation for establishing the ceiling for fiscal year 2011 loan limits. The ESA national ceiling is binding as a maximum value for 2011 loan limits. The maximum FHA loan limits (the ceiling) by property size for fiscal year 2011 are as follows:

One-Unit	\$ 729,750
Two-Unit	\$ 934,200
Three-Unit	\$ 1,129,250
Four-Unit	\$ 1,403,400

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**Limits Between  
Floor and  
Ceiling**

Many areas are eligible for loan limits between the national FHA floor and ceiling based on area median home prices. In such areas, the limits shall be at the higher of the ESA calculated loan limits for 2008 and the HERA calculated loan limits for the effective period stated herein.

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

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**Special  
Exceptions for  
Alaska, Hawaii,  
Guam, and  
Virgin Islands**

Loan limits for the special exception areas of Alaska (AK), Hawaii (HI), Guam (GU) and the Virgin Islands (VI) are adjusted up to 150 percent of the FHA ceiling to account for higher costs of construction. These four special exception areas have a potentially higher ceiling in fiscal year 2011 as follows:

One-Unit	\$1,094,625
Two-Unit	\$1,401,300
Three-Unit	\$1,693,875
Four-Unit	\$2,105,100

These areas and limits are also identified in Attachment I.

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**Home Equity  
Conversion  
Mortgages  
(HECM)**

Under provisions of the recent Continuing Resolution (CR), the national FHA loan limit for HECM in 2011 remains at \$625,500 (150 percent of the national conforming limit of \$417,000). In the special exception areas (AK/HI/GU/VI), the maximum claim amount on HECM mortgages is also \$625,500. The loan limit shall be effective for all HECMs that have been assigned a FHA case number on or after January 1, 2011 through September 30, 2011.

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#### **Posting of FHA Loan Limits**

Complete schedules of FHA loan limits, including forward loans and HECM mortgages, are available through the internet at <https://entp.hud.gov/idapp/html/hicostlook.cfm>. In addition, downloadable files, with complete listings of all counties and their loan limits, are available at [http://www.hud.gov/pub/chums/file\\_layouts.html](http://www.hud.gov/pub/chums/file_layouts.html). The website has loan limit files for FHA forward loans, FHA HECM, and Fannie Mae and Freddie Mac mortgages, with individual records at the county level.

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#### **County Designation**

The loan limits are determined by the county in which the property is located. Properties located in metropolitan statistical areas (MSA) or micropolitan areas, as determined by the Office of Management and Budget (OMB), are set based on the county with the highest median price within the metropolitan or micropolitan area. If you are unsure if a county is within one of the metropolitan or micropolitan areas listed in the attachments, you should check the internet site before closing the mortgage. For a complete list of all metropolitan and micropolitan counties in the country by MSA, view the most recent bulletin updating statistical areas of definitions and guidance at <http://www.whitehouse.gov/omb/bulletins/index.html>. HUD does not have authority to change county or MSA boundaries or definitions.

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#### **Sub-Area Loan Limits**

The CR continues to give the Department the discretionary authority to determine FHA loan limits for any geographic area that is smaller than a county, also known as "sub-areas." At this time, the Department has no plans to implement the FHA loan limits for geographic areas smaller than a county.

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### **Mortgagee Letter 10-40, Continued**

#### **Requests for Changes to Established Mortgage Limits**

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To ensure that loan limits are in place and effective for all areas commencing January 1, 2011, any requests to change area loan limits determined by HUD are to be submitted to HUD no later than by December 20, 2010. 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.

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 2010. Requests should differentiate between single-family residential properties and condominiums or cooperative housing units. Ideally, data provided should also distinguish distress sales. Requests for a change will only be considered for counties for which HUD does not already have home-sale transaction data for the calculation of loan limits. All requests will be handled exclusively by FHA's Santa Ana Homeownership Center. That address is:

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  
Attn: Program Support/Loan Limits

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#### **Information Collection Requirements**

The information collection requirements contained in this Mortgagee Letter were approved by the Office of Management and Budget (OMB) in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520). Approval of the HECM Program is covered by OMB control number 2502-0302, with disclosures requirements being covered by OMB control numbers 2502-0265 and 2502-0059. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number.

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#### **Questions**

If you have questions regarding this Mortgagee Letter, please call FHA's Resource Center at 1-800-CALLFHA (1-800-225-5342).

Persons with hearing or speech impairments may access this number via TDD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

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#### **Signature**

David H. Stevens  
Assistant Secretary for Housing-Federal Housing Commissioner

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