



# U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**Date:** December 6, 2012

**To:** All Approved Mortgagees

## Mortgagee Letter 12-26

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**Subject** Federal Housing Administration Maximum Loan Limits, Effective Period:  
January 1, 2013, through December 31, 2013

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**Purpose** This Mortgagee Letter provides notice of the comprehensive update to the Federal Housing Administration's (FHA) single-family loan limits, issued under the authority of H.R. 2112, the Consolidated and Further Continuing Appropriations Act, 2012, Public Law 112-55. These limits apply to forward mortgages insured under the following sections of the National Housing Act (NHA): 203(b) (FHA's basic 1-4 family mortgage, including condominiums), 203(h) (mortgages for disaster victims), and 203(k) (rehabilitation mortgage insurance).

For forward mortgages, the loan limits apply to loans with case numbers assigned within the "Effective Period" stated below. Individual high-cost county loan limits are updated annually. The individual high-cost county loan limits are contained in Attachments I and II of this Mortgagee Letter. The FHA Floor and Ceiling loan limits will remain the same as those that were in effect as announced in ML 11-39.

This Mortgagee Letter also provides notice that the maximum claim amount and loan limits for Home Equity Conversion Mortgages (HECMs) are not affected by H.R. 2112, and remain subject to the limits set forth in section 255(g) and (m) of the NHA. The maximum claim amount and loan limit for HECMs remain at \$625,500.

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**Effective Period** January 1, 2013, through December 31, 2013.

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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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**Legal Authority** Below are the relevant legislative authorities cited for the application of the FHA loan limits for the stated effective period.

Forward Mortgages: FHA loan limits (maximum mortgage amounts) are governed by section 238 of H.R. 2112, Consolidated and Further Continuing Appropriations Act, 2012, Public Law 112-55, which required for case numbers assigned during the effective period, FHA to set the loan limits at the greater of the loan limits established under section 203(b)(2) of the NHA or the dollar limit prescribed in section 202 of the Economic Stimulus Act of 2008 (ESA) (Public Law 110-185; 122 Stat. 620-21) for 2008.

Home Equity Conversion Mortgages: The FHA maximum claim amount for HECMs was not affected by H.R. 2112 and remains unchanged. Limits to the HECM maximum claim amount for traditional and HECM to HECM refinances are governed by the limitations in section 255(g) of the NHA, and section 255(m) of that Act for HECM for Purchase variant. Both of these sections reference section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) for rules on the actual dollar limitation. Refer to Mortgagee Letter 10-40, dated December 1, 2010, and Mortgagee Letter 11-29, dated August 19, 2011.

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**Low Cost Area  
“Floor”** The FHA national loan limit “floor” remains at 65 percent of the national conforming limit (which remains at \$417,000 for a one unit property). The minimum FHA loan limits (the “floor”) by property size for 2013 are as follows:

One-Unit	\$271,050
Two-Unit	\$347,000
Three-Unit	\$419,425
Four-Unit	\$521,250

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

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### **High Cost Area “Ceiling”**

In accordance with section 238 of H.R. 2112, FHA’s national “ceiling” loan limits are set at the greater of the loan limits established under section 203(b)(2) of the NHA or the dollar limit prescribed in section 202 of the ESA (Public Law 110-185; 122 Stat. 620-21) for 2008. Because ESA used a higher multiple in establishing the national FHA loan limit ceiling as a percentage of the conforming loan than does the NHA (175 percent versus 150 percent), the ESA national ceiling is effectively the ceiling for mortgages with case numbers assigned during the effective period.

For areas designated as high-cost under the ESA, the maximum FHA loan limits (ceiling) by property size for the effective period stated in this mortgagee letter are as follows:

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

A list of counties at the ceiling for case numbers assigned from January 1, 2013 through December 31, 2013, is provided in Attachment I of this Mortgagee Letter.

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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. Any area where the loan limit exceeds the “floor” is defined as a high-cost area. In such areas, the limits shall be set at the higher of the ESA-calculated loan limits for 2008 or the NHA calculated loan limits for loans with credit approved during the effective period.

The list of high-cost areas where the FHA mortgage limits are between the floor and the ceiling is provided in Attachment II.

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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) shall continue to follow the rule of choosing the higher of the 2008 ESA and the 2011 NHA limits. The NHA permits mortgage limits for Alaska, Guam, Hawaii and the Virgin Islands to be adjusted up to 150 percent of the above national ceilings, by property size, to account for higher costs of construction. These four special exception areas have a potentially higher ceiling in calendar year 2013 as follows:

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

The FHA loan limits for these special exception areas are included in Attachment I to this Mortgagee Letter for case numbers assigned from January 1, 2013, through December 31, 2013.

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### Home Equity Conversion Mortgages (HECM)

The national FHA maximum claim amount for HECM remain at the statutory limit of \$625,500 (150 percent of the national conforming limit of \$417,000) through December 31, 2013. In the special exception areas (AK/HI/GU/VI), the maximum claim amount on HECM mortgages are also \$625,500. These limitations are the same as those previously announced in Mortgagee Letters 10-40 and 11-29 and will remain in effect for HECM mortgages with case numbers assigned on or before December 31, 2013.

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### Requests for Changes to Established Mortgage Limits

**For case numbers assigned from January 1, 2013 through December 31, 2013:** Any requests to change high-cost-area loan limits determined by HUD must be submitted to HUD no later than December 31, 2012. 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 back-dated in effectiveness to case-number assignment dates of January 1, 2013.

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**Requests for Changes to Established Mortgage Limits**  
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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 2012. 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 for local-area increases will be handled exclusively by FHA's Santa Ana Homeownership Center:

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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**Where to Find Complete 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 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). That 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. Additional text files with record layouts are also available on the website hosting the data files.

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**County Designation**

The loan limits are determined by the county in which each property is located. However, the National Housing Act specifies that properties located in metropolitan or micropolitan statistical areas (MSA), as determined by the Office of Management and Budget (OMB), are based on that county with the highest median price within the MSA (see 12 USC 1709).

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**County Designation**  
(continued)

For a complete list of all MSAs, 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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**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). For additional information on this ML, please visit [www.hud.gov/answers](http://www.hud.gov/answers).

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**Signature**

Carol J. Galante  
Acting Assistant Secretary for Housing-Federal Housing Commissioner

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**Attachments**

- 1 - [Counties At The FHA National Loan Limit Ceiling](#)
- 2 - [Counties With FHA Loan Limits Between The National Floor And Ceiling](#)