



New HUD Conforming Loan Limits: What This Means for Housing, REALTORS®, and the Economy

The U.S. Department of Housing and Urban Development published new FHA and conforming loan limits, based on median home prices as mandated by the Economic Stimulus Act signed by President Bush in February. New loan limits for FHA and Fannie Mae and Freddie Mac are now calculated at 125 percent of the HUD published median prices, with a floor of \$271,050 and \$417,000, respectively, not to exceed \$729,750. NAR expects the impact on the housing market to be significant because of the infusion of capital into the mortgage market, which should result in lower interest rates across the board. In addition, there will be a direct impact on high-cost areas that previously required borrowers to take out costlier jumbo mortgages. To view a list of the new FHA Mortgage Limits by county, go to <https://entp.hud.gov/idapp/html/hicost1.cfm>. To find the Fannie Mae and Freddie Mac conforming loan limits on the same page of that same site, choose "Fannie/Freddie" in the drop-down menu called "Limit Type." or go to http://www.ofheo.gov/media/hpi/AREA_LIST.pdf.

An economic impact study conducted by NAR in January 2008 estimated that increasing the GSEs' conforming loan limits would result in as many as 500,000 refinanced loans and could help reduce foreclosures by as much as 210,000. In addition, over 300,000 additional home sales could be generated, housing inventory would be reduced and home prices would be strengthened by two to three percentage points.

Why HUD Took This Action

HUD was mandated in the Economic Stimulus Act to publish new loan limits within 30 days of the bill's signing by President Bush on February 13.

How HUD Calculates Its Median Home Prices
HUD median home prices differ from those published by NAR. That is because HUD uses a variety of sources and different areas to calculate the median home price.

County Name	Limit 1-Unit	Limit 2-Unit	Limit 3-Unit	Limit 4-Unit
San Diego-Carlsbad-San Marcos (Metro Area) Component County: San Diego	\$ 697,500	\$ 892,950	\$ 1,079,350	\$ 1,341,350
Los Angeles-Long Beach-Santa Ana (Metro Area) Component Counties: Los Angeles, Orange	\$ 729,750	\$ 934,200	\$ 1,129,250	\$ 1,403,400
Riverside-San Bernardino-Ontario (Metro Area) Component Counties: Riverside, San Bernardino	\$ 500,000	\$ 640,100	\$ 773,700	\$ 961,550
Sacramento--Arden-Arcade--Roseville (Metro Area) Component Counties: El Dorado, Placer, Sacramento, Yolo	\$ 580,000	\$ 742,500	\$ 897,500	\$ 1,115,400
San Francisco-Oakland-Fremont (Metropolitan Area) Component Counties: Alameda, Contra Costa, Marin, San Francisco, San Mateo	\$ 729,750	\$ 934,200	\$1,129,250	\$ 1,403,400

"We believe the economic stimulus bill will quickly have an impact on families and the nation's economy. The loan limits for both FHA and Fannie Mae and Freddie Mac have been increased and this will act as a major stimulus for the housing industry and for those people wishing to own a home," says Richard Gaylord, NAR president.

What This Means for Housing, REALTORS®, and the Economy

NAR research points out that increasing FHA loan limits will help an additional 138,000 Americans achieve the dream of home ownership and will allow nearly 200,000 homeowners to refinance and potentially keep their home. In addition, NAR believes that increasing the loan limits for Fannie Mae and Freddie Mac will bolster the housing finance market, which continues to be severely stressed, by providing an immediate infusion of much needed liquidity to the nation's mortgage market.

Who Will be Affected

Increased loan limits will have a wide impact. The added liquidity in the mortgage market will help to make mortgages more easily available. Receiving direct helped will be borrowers in high cost areas who previously had no recourse except high- cost jumbo loans, and those with high-cost loans who can refinance into lower interest rate loans.

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