



FHA Loan Limits / Down Payment

Released: December 11, 2008

FHA LOAN LIMITS

The 2008 Economic Stimulus Act temporarily raised FHA ceiling loan amounts nationally. With the 2009 Housing and Economic Recovery Act, ceiling loan amounts are reduced in most counties. See the complete list of 2008/2009 FHA mortgage limits at: hud.gov/idapp/html/hicostlook.cfm, or see **Matrix attached**.

FHA loans with loan amounts acceptable under 2008 loan limits BUT NOT 2009 loan limits are eligible as follows:

- Loans must be locked by December 30, 2008.
- Loans must be closed and funded by December 31, 2008.
- Final underwriting decisions must be obtained on or before December 29, 2008.
- Case assignments must be obtained on or before December 29, 2008.
- Any case assignment AFTER December 30, 2008 is subject to the 2009 loan limits.
- Any FHA loan re-decided either manually or through an AUS on or AFTER January 1, 2009 is subject to the new 2009 loan limits.
- Any changes made after December 30, 2008 could result in a loan denial and/or be subject to the new 2009 loan limits.

FHA DOWN PAYMENTS

As announced by HUD on September 5th, 2008 in [Mortgagee Letter 2008-23](#), effective with new case number assignments on or after January 1, 2009 the minimum down payment (statutory investment) requirement on purchase transactions increases to 3.5% (from 3%) of the lesser of the sales price or appraised value. Payment of closing costs MAY NOT be used to help meet this requirement. This change eliminates the previous loan-to-value limits that varied by property value and average closing costs for the state.

For refinance transactions, including streamline refinances, the maximum loan-to-value is 100% of the appraised value, including the financed upfront mortgage insurance premium.

Cash out and FHA Secure refinance loans have lower LTV's which are described in [Mortgagee Letter 2008-13](#).

- Loan may close with 2008 loan limits and be subject to 2008 LTV and down payment requirements by December 31, 2008.
- Loan must close with 2009 loan limits but may be subject to 2008 LTV and down payment requirements if case assignment issued by 12/31/2008 but loan does not fund by 12/31/2008.
- Loan must close with 2009 loan limits and be subject to 2009 LTV and down payment requirements if case assignment and loan funding both happen after 12/31/2008.

Please contact your Account Executive if you have any questions.
We appreciate your business. Thank you.

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