

Lender Letter LL-2010-13
November 19, 2010
TO: All Fannie Mae Single-Family Sellers and Servicers
Confirmation of Conventional Loan Limits for 2011
Introduction

The purpose of this Lender Letter is to publish Fannie Mae's loan limits for 2011 for all conventional mortgage loans. The Federal Housing Finance Agency (FHFA) has issued the loan limits that will apply to conventional loans to be acquired by Fannie Mae in 2011. The first mortgage loan limits are defined in terms of general loan limits and high-cost area loan limits.

First Mortgage Loan Limits

The following chart contains the general loan limits for 2011, which remain unchanged from the 2010 general loan limits:

| Units | Contiguous States, District of Columbia, and Puerto Rico | Alaska, Guam, Hawaii, and the U.S. Virgin Islands |
|--------------|---|--|
| One | \$417,000 | \$625,500 |
| Two | \$533,850 | \$800,775 |
| Three | \$645,300 | \$967,950 |
| Four | \$801,950 | \$1,202,925 |

The high-cost area loan limits for mortgage loans originated in 2011, pursuant to FHFA's announcement, are as follows:

- For mortgage loans originated on or before September 30, 2011, loan limits remain unchanged from the 2010 high-cost area loan limits. The maximum limit is \$729,750 for a 1-unit property in the continental United States, established under the recently-enacted Congressional continuing resolution (Public Law Number 111-242), and referred to by Fannie Mae as "temporary".
- For mortgage loans originated after September 30, 2011, revised limits will apply. The maximum limit is \$625,500 for a 1-unit property in the continental United States, established under the Housing and Economic Recovery Act, and referred to by Fannie Mae as "permanent."

High-cost area loan limits are established for each county (or equivalent) and are published on eFannieMae.com and on [FHFA's Web site](#).

High-cost area loan limits are derived from median home prices estimated by the Federal Housing Administration (FHA) of the Department of Housing and Urban Development (HUD). FHA will

permit a 30-day appeals period during which requests for individual area median home price increases will be evaluated. FHFA will issue a subsequent announcement if any individual high-cost area loan limit is increased as a result of the appeals process. Updates resulting from subsequent FHFA announcements will be posted on eFannieMae.com.

Lenders are responsible for ensuring that the original principal balance of each mortgage loan does not exceed the applicable maximum loan limit for the specific area in which the property is located. To assist lenders in determining the applicable limits, Fannie Mae posts reference material on eFannieMae.com, including the Loan Limit Geocoder™, which lenders can use to look up loan limits based on a specific address (or batch of addresses).

Any updated loan limits will be implemented in Desktop Underwriter® (DU®) Version 8.1 and DU Version 8.2 the weekend of December 11, 2010. Lenders must manually apply the 2010 loan limits to DU loan casefiles underwritten after the weekend of December 11, 2010 that will be acquired by Fannie Mae on or before December 31, 2010.

Second Mortgage Loan Limits

For second mortgage loans, the loan limit for 2011 is \$208,500 (or \$312,750 in Alaska, Guam, Hawaii, and the Virgin Islands). Furthermore, the sum of the original loan amounts of the first and second mortgage loans may not exceed the applicable loan limit for first mortgage loans based on the location and the number of units of the subject property. These loan limits apply whether or not Fannie Mae owns or has an interest in the first mortgage loan. As set forth in the *Selling Guide*, lenders must obtain approval from Fannie Mae to sell and service second mortgages.

Origination Date and Original Loan Amount

The general loan limits and the second mortgage loan limits apply to all conventional mortgage loans regardless of loan origination date. (The loan origination date is the date of the note). For high-cost areas, the "temporary" high-cost area loan limits for mortgage loans originated in 2011 apply to high-balance mortgage loans with a note date on or before September 30, 2011. The "permanent" high-cost area limits apply to high-balance mortgage loans with a note date after September 30, 2011. All of the loan limits apply to the original loan amount of the mortgage loan, not to its balance at the time of purchase by Fannie Mae.

Lenders are reminded of the following additional requirements:

- A modified mortgage loan that had an original loan amount that exceeds the current loan limits is not eligible for purchase by Fannie Mae, even though the balance may have been paid down at the time of the modification to or below the current applicable loan limit.
- High-balance mortgage loans are subject to unique eligibility and delivery requirements. Refer to the *Selling Guide*, Chapter B5-1, High-Balance Mortgage Loans.

Lenders who have questions about this Lender Letter should contact their Customer Account Team.

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