



## Lender Letter LL-2016-05

November 23, 2016

### To: All Fannie Mae Single-Family Sellers Confirmation of Conventional Loan Limits for 2017

The Federal Housing Finance Agency (FHFA) has issued the maximum loan limits that will apply to conventional loans to be acquired by Fannie Mae in 2017. The first mortgage loan limits are defined in terms of general loan limits and high-cost area loan limits. This is the first time the maximum loan limits have increased since 2006.

#### First Mortgage Loan Limits

The following chart contains the general loan limits for 2017:

Units	General Loan Limits	
	Contiguous States, District of Columbia, and Puerto Rico	Alaska, Guam, Hawaii, and U.S. Virgin Islands
One	\$424,100	\$636,150
Two	\$543,000	\$814,500
Three	\$656,350	\$984,525
Four	\$815,650	\$1,223,475

The high-cost area loan limits are established for each county (or equivalent) and are published on [Fannie Mae's website](#) and on [FHFA's website](#). The maximum limits for 2017 are:

Units	High-Cost Area Loan Limits	
	Contiguous States, District of Columbia, and Puerto Rico*	Alaska, Guam, Hawaii, and U.S. Virgin Islands
One	\$636,150	\$954,225
Two	\$814,500	\$1,221,750
Three	\$984,525	\$1,476,775
Four	\$1,223,475	\$1,835,200

\* A number of states and Puerto Rico do not have any high-cost areas in 2017.

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 Fannie Mae's website.

Loans subject to the high-cost area limits are referred to as high-balance loans and must comply with the high-balance loan requirements described in the *Selling Guide*.



## Second Mortgage Loan Limits

The loan limit for second mortgage loans for 2017 is \$212,050 (or \$318,075 in Alaska, Guam, Hawaii, and the Virgin Islands). As set forth in the *Selling Guide*, lenders must obtain approval from Fannie Mae to sell and service second mortgages. Fannie Mae is not currently acquiring second mortgages.

## Application of the Limits Based on Original Loan Amount

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 responsible for ensuring that the original loan amount of each mortgage loan does not exceed the applicable maximum loan limit for the specific area in which the property is located.

**NOTE:** *As a reminder, a modified mortgage loan with 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.*

## Effective Date

The new limits are effective for whole loans delivered, and mortgage loans delivered into MBS with pool issue dates, on or after January 1, 2017.

Whole loans delivered up through December 31, 2016, must comply with the 2016 limits. MBS pools with December 1, 2016 pool issue dates must comply with the 2016 limits, and MBS pools with January 1, 2017 pool issue dates must comply with the 2017 limits (even if delivered in December). Lenders must ensure the appropriate identification of high-balance loans at delivery using Special Feature Code 808.

## Desktop Underwriter<sup>®</sup> Implementation

The 2017 loan limits will be implemented in Desktop Underwriter (DU<sup>®</sup>) for Version 9.3 or Version 10.0 loan casefiles as follows:

- Loan casefiles submitted on or after the weekend of December 10, 2016, will be underwritten with the new general loan limits.
- Loan casefiles submitted on or after January 1, 2017, will be underwritten with the new high-cost area loan limits.

## Reference Materials

To assist lenders in determining the applicable limits, we post reference material on the Fannie Mae website, including the [Loan Limit GeoCoder™](#), which lenders can use to look up loan limits based on a specific address (or batch of addresses).

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

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