

News Release

FHFA ANNOUNCES INCREASE IN MAXIMUM CONFORMING LOAN LIMITS FOR FANNIE MAE AND FREDDIE MAC IN 2017

FOR IMMEDIATE RELEASE

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Washington, D.C. – The Federal Housing Finance Agency (FHFA) today announced that the maximum conforming loan limits for mortgages acquired by Fannie Mae and Freddie Mac in 2017 will increase. In most of the country, the 2017 maximum loan limit for one-unit properties will be \$424,100, an increase from \$417,000. This will be the first increase in the baseline loan limit since 2006. In higher-cost areas, higher loan limits will be in effect.

The Housing and Economic Recovery Act of 2008 (HERA) established the baseline loan limit of \$417,000 and requires this limit to be adjusted each year to reflect the changes in the national average home price. However, after a period of declining home prices, HERA also made clear that the baseline loan limit could not rise again until the average U.S. home price returned to its pre-decline level. Until this year, the average U.S. home price remained below the level achieved in the third quarter of 2007 and thus the baseline loan limit had not been increased.

Earlier today FHFA published its [third quarter 2016 House Price Index](#) (HPI), which makes clear that average home prices are now above their level in the third quarter of 2007. The expanded-data HPI value for the third quarter of 2016 was roughly 1.7 percent above the value for the third quarter of 2007, and thus the baseline loan limit will increase by that percentage.

High-cost areas

In areas where 115 percent of the local median home value exceeds the baseline loan limit, the maximum area loan limit will be higher. HERA sets the maximum loan limit as a function of the area median home value, while setting a "ceiling" on that limit of 150 percent of the baseline loan limit.

This year, median home values generally rose in high-cost areas. Because the baseline loan limit will be higher in 2017, the new ceiling limit will also be higher. The new ceiling loan limit, which applies in areas with the most expensive homes, will be \$636,150 (150 percent of \$424,100) for one-unit properties in the contiguous U.S.

Special statutory provisions establish different loan limit calculations for Alaska, Hawaii, Guam and the U.S. Virgin Islands. In these areas, the baseline loan limit will be \$636,150 for one-unit properties, but actual loan limits may be higher in some specific locations.

County-level data

As a result of generally rising home values, the increase in baseline loan limit, and the rise in the ceiling loan limit, the maximum loan limit rose in all but 87 counties (or county equivalents) in the country.

A list of the 2017 maximum conforming loan limits for all counties and county-equivalent areas in the country can be found [here](#). A map showing the maximum loan limits across the country can be found [here](#). A description of the methodology used for determining the maximum loan limits can be found in an [addendum](#) to this news release and a [short video](#) shows the process used and why the loan limit is rising. Questions concerning the maximum conforming loan limits can be addressed to LoanLimitQuestions@fhfa.gov.

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 11 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.8 trillion in funding for the U.S. mortgage markets and financial institutions. Additional information is available at www.FHFA.gov, on Twitter [@FHFA](#), [YouTube](#) and [LinkedIn](#).

Contacts:

Media: Corinne Russell (202) 649-3032 / Stefanie Johnson (202) 649-3030

Consumers: [Consumer Communications](#) or (202) 649-3811