

# FHA RELEASES NEW MORTGAGE LIMITS FOR CALIFORNIA COUNTIES

## FHA MAX LIMITS INCLUDE SOCIAL COUNTIES

Tens of thousands of California families could be eligible this year to purchase or refinance their homes using affordable, government-backed mortgages, thanks to the economic growth package signed into law by President Bush. The Economic Stimulus Act of 2008 will allow HUD's Federal Housing Administration (FHA) to temporarily increase its loan limits and insure larger mortgages at a more affordable price in high cost areas of the country.

Effective March 6, 2008, HUD will offer temporary FHA loan limits that will range from \$271,050 to \$729,750. Overall, the change in loan limits will help provide economic stability to America's communities and give nearly 240,000 additional homeowners and homebuyers a safer, more affordable mortgage alternative. The maximum amount of \$729,750 will only be applicable to extremely high-cost metropolitan areas such as: Los Angeles, San Francisco, Orange and Santa Barbara counties. Previously, FHA's loan limits in these very high-cost areas were capped at \$362,790.

The Economic Stimulus Act of 2008 permits FHA to insure loans on amounts up to 125 percent of the area median house price, when that amount is between the national minimum (\$271,050) and maximum (\$729,750). The new minimum and maximum loan limits are based on 65 percent and 175 percent of the conforming loan limits for Government-Sponsored Enterprises in 2008, which is \$417,000. The FHA used a combination of existing government data sets and available commercial information to determine the median sales price for each area. The change in loan limits are applicable to all FHA-insured mortgage loans endorsed after HUD published the increased loan limits, and it lasts until December 31, 2008.

By increasing loan limits nationwide, FHA will provide much needed liquidity and stability to housing markets across the country. Already, as conventional sources of mortgage credit have been contracting, FHA has been filling the void. From September to December 2007, FHA facilitated more than \$38 billion of much-needed mortgage activity in the housing market, more than \$15 billion of which was through FHA Secure, FHA's refinancing product. By focusing on 30-year fixed rate mortgages, FHA helps homeowners avoid and escape the risks associated with exotic subprime mortgage products, which have resulted in rising default and foreclosure rates.

In January 2009, FHA's maximum loan limit will return to \$362,790, unless the U.S. Congress approves bipartisan legislation to permanently increase loan limits as part of the FHA Modernization bill, which is still awaiting final approval on Capitol Hill.

FHA loan limits are based on the county in which the property is located. However, for properties located in metropolitan or micropolitan statistical areas, the limit is set at that of the county with the highest limit within the metropolitan area.

### NEW FHA LIMITS FOR SOUTHERN CALIFORNIA COUNTIES

COUNTY	1-FAMILY	2-FAMILY	3-FAMILY	4-FAMILY
IMPERIAL	\$325,000	\$416,050	\$502,900	\$625,000
LOS ANGELES	\$729,750	\$934,200	\$1,129,250	\$1,403,400
ORANGE	\$729,750	\$934,200	\$1,129,250	\$1,403,400
RIVERSIDE	\$500,000	\$640,100	\$773,700	\$961,550
SAN BERNARDINO	\$500,000	\$640,100	\$773,700	\$961,550
SAN DIEGO	\$697,500	\$892,950	\$1,079,350	\$1,341,350
SANTA BARBARA	\$729,750	\$934,200	\$1,129,250	\$1,403,400
VENTURA	\$729,750	\$934,200	\$1,129,250	\$1,403,400

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