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**To:** Clients and Friends

**From:** David F. Dulock

**Subject:** FHA Cash-out Refinance Mortgages – Mortgagee Letter 2019-11

On August 1, 2019, the FHA issued Mortgagee Letter 2019-11, [click here](#), which reduces the current Maximum Loan-To-Value (LTV) and Combined Maximum Loan-To-Value (CLTV) percentages to 80 percent on Cash-out Refinance Mortgages. This change is effective for case numbers assigned on or after September 1, 2019.

Mortgagee Letter 2019-11 amends section II.A.8.d.v(B)(1) of FHA Handbook 4000.1, to reduce the current LTV and CLTV percentages from 85 percent to 80 percent of the Adjusted Value on Cash-out Refinance Mortgages but will not apply to mortgages insured under Section 247 (Single Family Mortgage Insurance on Hawaiian Homelands).

Mortgagee Letter 2019-11 further states that HUD is interested in feedback regarding this change for a period of 30 calendar days from the date of issuance of Mortgagee Letter 2019-11 and will consider the feedback in determining the need for future updates. To provide feedback on this policy change, send it to FHA Resource Center at [answers@hud.gov](mailto:answers@hud.gov).

We advise all interested parties to read Mortgagee Letter 2019-11 for complete information regarding this policy change by clicking on the above hyperlink to the letter.

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