



9575 Katy Freeway, Suite 300

Houston, TX 77024

Phone: 713-871-0005

Fax: 713-871-1358

Thomas E. Black, Jr., P. C. *

Calvin C. Mann, Jr., P. C.

Gregory S. Graham, P. C.

David F. Dulock

Diane M. Gleason

Benjamin R. Idziak **

Shawn P. Black **

Margaret A. Noles

Robert J. Brewer

Regina Uhl

Ali Hedayatifar

Of Counsel

David M. Tritter

* Also Licensed in New York, Washington, West Virginia and Iowa

** Also Licensed in New York

September 9, 2011

To: Clients and Friends

From: David F. Dulock

Subject: FHA Maximum Loan Limits Effective October 1, 2011 (ML 2011-29)

On August 19, 2011, the FHA issued Mortgagee Letter 2011-29 that:

1. provides notice of FHA’s single family housing loan limits for Forward Mortgages and Home Equity Conversion Mortgages (HECMs) effective October 1, 2011 through December 31, 2011;
2. provides loan limit instructions for FHA-insured to FHA-insured refinance transactions; and
3. provides eligibility criteria and instructions for pipeline loans that have not closed on or before September 30, 2011.

ML 2011-29 is effective from October 1, 2011 through December 31, 2011. However, if legislation is enacted to extend the current FHA-insured loan limits, which expire on September 30, 2011, FHA will publish a Mortgagee Letter that defines the most recent loan limits for both FHA-insured forward mortgages and HECMs.

The information in ML 2011-29 is too extensive to adequately summarize in this memorandum. Therefore, we advise you to click on the below web address to print a copy of the letter: <http://portal.hud.gov/hudportal/documents/huddoc?id=11-29ml.pdf>.

For forward mortgages, the new loan limits announced in ML 2011-29 apply to FHA forward mortgage insurance programs except for the following forward mortgage transaction types, which may exceed the new loan limits:

1. Forward refinance transactions involving a refinance of an existing FHA-insured forward mortgage with a new FHA-insured forward mortgage. Loan limits for FHA-insured to FHA-insured refinances are addressed in the section of ML 2011-29 designated “FHA-Insured to FHA-Insured Refinances – May Exceed New Loan Limits.”
2. Loans in the pipeline that meet the credit approval criteria addressed in the section of ML 2011-29 designated “Definition of Credit Approval.”
3. Loans that have closed on or before September 30, 2011, but have not yet been endorsed for FHA-insurance.

For forward mortgages, the following table illustrates ML 2011-29’s FHA loan limits for low cost and high cost areas:

Property Size	Low Cost Area “Floor”	High Cost Area “Ceiling”
One Unit	\$271,050	\$625,500
Two Unit	\$347,000	\$800,775
Three Unit	\$419,425	\$967,950
Four Unit	\$521,250	\$1,202,925

The list of areas where the FHA loan limits for forward mortgages are at the “ceiling” is provided in Attachment I to ML 2011-29. The list of high cost areas where the FHA loan limits for forward mortgages are between the “ceiling” and “floor” is provided in Attachment II to ML 2011-29. For areas not listed in either Attachment I or II, the FHA loan limits are set at the national “floor.”

For Attachment I go to: <http://portal.hud.gov/hudportal/documents/huddoc?id=11-29mlatch1.pdf>.

For Attachment II go to: <http://portal.hud.gov/hudportal/documents/huddoc?id=11-29mlatch2.pdf>.

ML 2011-29 sets higher FHA loan limits for forward mortgages in Alaska, Hawaii, Guam and Virgin Islands for the period October 1, 2011, through December 31, 2011, as illustrated in the following table:

Property Size	FHA Maximum Loan Limits for Alaska, Hawaii, Guam, and Virgin Islands
One Unit	\$938,250
Two Unit	\$1,201,150
Three Unit	\$1,451,925
Four Unit	\$1,804,375

For all purchase, traditional and HECM to HECM refinance mortgages insured by FHA on or after October 1, 2011, ML 2011-29 leaves the loan limit and maximum claim amount at \$625,500 for the period October 1, 2011 through December 31, 2011. This maximum FHA loan limit and maximum claim amount of \$625,500 is also applicable to the special exception areas: Alaska, Hawaii, Guam and the Virgin Islands.

As previously stated, this memorandum does not summarize all information in ML 2011-29. For example, this memorandum does not discuss the conditions that must be satisfied for FHA-insured to FHA-insured refinances and for pipeline loans to exceed the new loan limits in ML 2011-29. For this reason, we advise you to read ML 2011-29 and Attachments I and II for complete information regarding the matters addressed in the letter (*see* above web addresses).

This Memorandum is provided as general information in regard to the subject matter covered, but no representations or warranty of the accuracy or reliability of the content of this information are made or implied. Opinions expressed in this memorandum are those of the author alone. In publishing this information, neither the author nor the law firm of Black, Mann & Graham L.L.P. is engaged in rendering legal services. While this information concerns legal and regulatory matters, it is not legal advice and its use creates no attorney-client relationship or any other basis for reliance on the information. Readers should not place reliance on this information alone, but should seek independent legal advice regarding the law applicable to matters of interest or concern to them. The law firm of Black, Mann & Graham L.L.P. expressly disclaims any obligation to keep the content of this information current or free of errors.