Date: December 3, 2019

To: All FHA-approved Mortgagees
    All Direct Endorsement Underwriters
    All Eligible Submission Sources for Condominium Project Approvals
    All FHA Roster Appraisers
    All FHA Roster Inspectors
    All FHA-approved 203(k) Consultants
    All HUD-approved Housing Counselors
    All HUD-approved Nonprofit Organizations
    All Governmental Entity Participants
    All Real Estate Brokers
    All Closing Agents

Mortgagee Letter 2019-19

Subject 2020 Nationwide Forward Mortgage Limits

Purpose The Federal Housing Administration (FHA) calculates forward mortgage limits based on the median house prices in accordance with the National Housing Act. FHA’s Single Family forward mortgage limits are set by Metropolitan Statistical Area (MSA) and county and are published periodically. FHA publishes updated limits effective for each calendar year. FHA sets these limits at or between the low-cost area and high-cost area limits based on the median house prices for the area as further described below.

Effective Date Forward mortgage limits for calendar year 2020 are effective for case numbers assigned on or after January 1, 2020.

Requests for Local Increases (Appeals) Any request for a change to high-cost-area loan limits, must comply with the existing guidance in HUD Handbook 4000.1, Section II.A.2.a.ii(A). Requests for a change will only be considered for counties for which HUD does not already have home sales transaction data for the calculation of mortgage limits. Such requests must be received by FHA’s Santa Ana Homeownership Center no later than 30 days from the publication of this Mortgagee Letter (December 3, 2019). Any changes in area loan limits because of valid appeals will be in effect retroactively for case numbers assigned on or after January 1, 2020.

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Loan limits are determined by the county in which a property is located, except for properties located in Metropolitan Statistical Areas (MSAs) as defined by the Office of Management and Budget. The limits in these areas are set using the county with the highest median price within the metropolitan statistical area. For purposes of conforming high-cost-area limits to the indexing of the base Freddie Mac loan limit required in 305(a)(2) of the Federal Home Loan Mortgage Corporation Act, HUD uses indexing of county-level prices starting in 2008, the year that current statutory authorities for FHA loan limit determination were enacted. That implies that, when determining high-cost area limits, HUD defines the highest median price over time as well as across counties.

This guidance will affect HUD’s Single Family Housing Policy Handbook 4000.1 (Handbook 4000.1), section II.A.2.a.ii(B) – Low-cost Area; section II.A.2.a.ii(C) – High-cost Area; and section II.A.2.a.ii(D) – Special Exceptions for Alaska, Hawaii, Guam, and the Virgin Islands.


Because of changes made to the makeup of certain MSAs, there are 11 jurisdictions with a decrease in loan limits from the 2019 levels. To enable mortgagees to easily identify areas with loan limit decreases and increases, FHA has published a separate list of these jurisdictions. Mortgagees may view these lists along with a list of areas at the ceiling and a list of areas between the floor and ceiling on the Maximum Mortgage Limits web page at http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/lender/origination/mortgage_limits.
The FHA national low-cost area mortgage limits, which are set at 65 percent of the national conforming limit of $510,400 for a one-unit Property, are, by property unit number, as follows:

- One-unit: $331,760
- Two-unit: $424,800
- Three-unit: $513,450
- Four-unit: $638,100

The FHA national high-cost area mortgage limits, which are set at 150 percent of the national conforming limit of $510,400 for a one-unit Property, are, by property unit number, as follows:

- One-unit: $765,600
- Two-unit: $980,325
- Three-unit: $1,184,925
- Four-unit: $1,472,550

Mortgage limits for the special exception areas of Alaska (AK), Hawaii (HI), Guam (GU) and the Virgin Islands (VI) are adjusted by FHA to account for higher costs of construction. These four special exception areas have a higher ceiling as follows:

- One-unit: $1,148,400
- Two-unit: $1,470,475
- Three-unit: $1,777,375
- Four-unit: $2,208,825
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For additional information on this ML, please visit www.hud.gov/answers or call FHA’s Resource Center at 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number via TTY by calling the Federal Relay Service at 1-800-877-8339.

Brian D. Montgomery
Assistant Secretary for Housing –
Federal Housing Commissioner