



**TO: All FHA-Approved Mortgagees and Servicers;
All Other Interested Stakeholders in FHA Transactions**

NEWS AND UPDATES

FHA Increases Cap for Maximum Rehabilitation Costs in Qualified Opportunity Zones for Limited 203(k) Mortgages

Today, the Federal Housing Administration (FHA) published [Mortgagee Letter \(ML\) 2019-18: Maximum Rehabilitation Costs in Qualified Opportunity Zones \(QOZs\) for Limited 203\(k\) Mortgages](#), which introduces enhancements to FHA's Limited 203(k) Rehabilitation Mortgage Insurance Program for properties located in Qualified Opportunity Zones. Read today's [Press Release](#).

FHA's 203(k) Rehabilitation Mortgage Insurance Program enables homebuyers and homeowners to finance both the purchase (or refinancing) of a house and the cost of its rehabilitation through a single mortgage or to finance the rehabilitation of their existing home. The ML announces an increased cap for the maximum total rehabilitation costs for Limited 203(k) mortgages from \$35,000 to \$50,000 in QOZs-only. This policy change seeks to increase investment in home purchase and/or rehabilitation in QOZs by enhancing borrower financing options.

The \$50,000 cap will be available for the first 15,000 mortgages secured by properties in QOZs each calendar year. FHA will provide advance notice through ML suspending the increase prior to this limit being reached.

Additional Opportunity Zone information — including a list of designated QOZs — is available through the U.S. Department of Treasury's [Community Development Financial Institutions \(CDFI\) Fund](#).

The guidance in this ML is effective for case numbers assigned from December 16, 2019, through December 31, 2028.

Quick Links

- View Mortgagee Letter 2019-18 and all other archived Mortgagee Letters at: https://www.hud.gov/program_offices/administration/hudclips/letters/mortgagee
- Read today's Press Release at: <https://www.hud.gov/press>
- Learn more about FHA's 203(k) rehabilitation mortgage insurance program at: https://www.hud.gov/program_offices/housing/sfh/203k
- Learn more about Opportunity Zones at: <https://opportunityzones.hud.gov/>
- View additional Opportunity Zones resources at: <https://www.cdfifund.gov/Pages/Opportunity-Zones.aspx>

Resources

Contact the FHA Resource Center:

- Visit our online knowledge base to obtain answers to frequently asked questions 24/7 at: <https://www.hud.gov/answers>
- E-mail the FHA Resource Center at: answers@hud.gov. Emails and phone messages will be responded to during normal hours of operation, 8:00 AM to 8:00 PM (Eastern), Monday through Friday, on all non-Federal holidays.
- Call 1-800-CALL-FHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.

FHA INFO Archives:	Visit the FHA INFO Archives to access FHA INFO messages issued from 2012 to the present.														
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