



Product Update 16-74

2017 Loan Limits – FHA, VA and USDA Products

PRMG will accept the new loan limits on government products effective January 1, 2017. See each section below for specific requirements by product type. However, note that DU will not be updated to reflect the new limits for FHA or VA until the weekend of January 21, 2017.

FHA

As recently announced in Mortgagee Letter 2016-20 there are no counties that will have a decrease in loan limits in 2017, and low county and high county limits have increased effective with case numbers assigned on or after January 1, 2017. At this time HUD has not issued an announcement if they will allow existing cases to be cancelled and appraisals to be reused due to the new loan limits. Minimum loan amounts for high balance products will be determined by case assignment date. For cases assigned on or after January 1, 2017, the minimum loan amount for high balance products for a one unit property will be \$424,101 and for cases assigned prior to January 1, 2017 will continue to be \$417,001 (2-4 units will have increased minimum loan amount requirements as well).

VA

As recently announced in VA Circular 26-16-36, effective on January 1, 2017, VA's effective loan limits will match the conforming loan limit as determined by the FHFA who previously announced that loan limit will be increasing. Please note, the county loan limits do not apply to VA IRRRLs. All loans closed on or after January 1, 2017, will be eligible for the higher loan limit.

As a reminder, Veterans are able to use their VA Home Loan Guaranty benefit regardless of loan amount, but in order to purchase homes with loan amounts above the conforming loan limits, Veterans may be required to make a down payment on amounts in excess of the conforming loan limit. The VA guaranty plus any required down payment must total 25% of the loan amount.

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Please feel free to contact your **Account Executive** with any questions.



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2017 Loan Limits – FHA, VA and USDA (continued)

USDA

For all loans locked on or after January 1, 2017, the max loan amount will be \$424,100

Loan Amount Changes

Regardless of product, after January 21, 2017 the DU findings may not be indicate the loan is ineligible due to the new loan limits. Before January 21, 2017, the underwriter must confirm the only reason for ineligible is due to the loan limits (unless it is for another specific product that will allow an “ineligible” finding, for instance the HUD Repair Escrow product.) Existing loans can be resubmitted to the applicable AUS system take advantage of the higher limits, but would be subject any standard underwriting and pricing policies for loan amount changes.

Link to Loan Limits

The following link can be used to determine maximum loan limits available by county: <https://entp.hud.gov/idapp/html/hicostlook.cfm>. Be sure to select the appropriate limit year. For the “Limit Type” on FHA select **FHA Forward**. For the “Limit Type” on VA select **Fannie/Freddie**, but, for VA, the 1 unit column applies as the maximum loan limit regardless of property type/units.

Product Profiles

Product profiles will be updated to reflect the new loan limits, as applicable.

Please feel free to contact your **Account Executive** with any questions.
