

FHA Raising Limits on Conforming Mortgages Nationwide

November 27, 2018 - The FHA has announced that it will be raising the amount of money homeowners can borrow substantially in 2019. Today, the maximum amount that can be borrowed for a conforming loan is \$424,100 in most of the United States. After January 1st, that amount will jump to \$484,350. The news will be welcome by borrowers, sellers and homebuilders alike.

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The announcement is important because there are certain benefits associated with conforming loans. These can include a slightly lower interest rate and reductions in the amount of documentation borrowers have to supply in order to qualify. These loans can be sold to Freddie Mac and Fannie Mae, making them a low risk option for banks.

Non-conforming loans - meaning that their terms do not meet FHA standards or the amount borrowed is more than the guidelines permit - often require additional income documentation. They also require better debt to income ratios. These loans can't be sold to the federal government but they are often sold to investors.

The dollar amount that can be borrowed under the new guidelines isn't universal. The FHA sets the limits based upon which county you live in. While the \$484,350 amount does cover the vast majority of the country, there are certain counties across the United States that are considered high-cost communities. In those areas, conforming loan amounts can go as high as \$726,525 under the new guidelines.

The FHA has released a map that shows the new limits on a county by county basis. To find out what the limits are where you live, [click here](#).

by Jim Malmberg

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