



Mike Baker

Head Interest Rate Shopper, The Rate Shop
 Individual NMLS: 259076 Company NMLS: 2554765 State
 23211 W 45th St Shawnee, KS 66226

Office: 913-213-3335
 Mobile: 913-213-3335
mike@rateshopkc.com
[View My Website](#)

FHFA Ups Conforming Loan Limit to \$424,100

After leaving them in a holding pattern for 10 long years the Federal Housing Finance Agency (FHFA) has raised conforming loan limits for mortgages acquired by Fannie Mae and Freddie Mac. **Separate loan limit announcements are expected shortly** from FHA and the Veterans Administration.

The current loan limit, **\$417,000**, has been in place since 2006. When the housing crisis hit, the Housing and Economic Recovery Act of 2008 (HERA) set the baseline loan limit at that existing level for one to four family houses in most of the U.S. and required it be adjusted each year to reflect any changes in the national average home price. When prices continued to decline HERA also made clear that the baseline could not be adjusted upward until the average U.S. home price returned to its pre-decline level.

As reported here, FHFA reported on Wednesday that its third quarter House Price Index (HPI) is now 1.7 percent higher than in the third quarter of 2007 and the agency has raised conforming loan limits by 1.7 percent to **\$424,100**. The new loan limits are effective as of January 1, 2017.

FHFA designates as so-called high-cost areas, markets where **115 percent** of the local median home value exceeds the baseline loan limit. HERA sets the maximum loan limit as a function of the area median home value with a ceiling on the limit of 150 percent of the baseline limit. Under this formula, the new limit for the highest cost areas will have a ceiling of \$636,150 in 2017. Other counties will have limits below that amount, but higher than the new baseline. FHFA said as a result of generally rising home values, the increase in baseline loan limit, and the rise in the ceiling loan limit, the maximum loan limit rose in all but 87 counties (or county equivalents) in the country.

There are additional separate calculations for **Alaska, Hawaii, Guam, and the U.S. Virgin Islands** for one-unit properties with additional exceptions for some especially high cost specific locations.

A list of the maximum conforming loan limits for all counties and county-equivalent areas can be found at <http://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx>, along with a link to a map showing loan limits across the county.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.07%	+0.02	0.00
15 Yr. Fixed	6.45%	0.00	0.00
30 Yr. FHA	6.51%	+0.02	0.00
30 Yr. Jumbo	7.26%	0.00	0.00
5/1 ARM	7.02%	-0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.02%	-0.05	0.65
15 Yr. Fixed	6.60%	-0.15	0.55
30 Yr. FHA	6.87%	0.00	0.92
30 Yr. Jumbo	7.18%	-0.03	0.54
5/1 ARM	6.45%	+0.08	0.81

Rates as of: 6/28

Recent Housing Data

		Value	Change
Mortgage Apps	Jun 12	208.5	+15.58%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

Real Talk

	Value	Change
Builder Confidence	Mar 51	+6.25%

At The Rate Shop, we're not your average mortgage banker. We specialize in bringing you ridiculously low interest rates that will make you wonder what the other guys are doing. In fact the ONLY objection we ever hear is "your rates sound too good to be true". Well they're not, and here is why...

After 15 years in the retail banking world I was frustrated with the high interest rates that came from that business model. As I looked around at all the bloated layers of management and their expensive salaries and the overhead of running a larger company (think rent costs, employee health and benefit costs, payroll taxes, and on and on) it dawned on me that I was a part of the problem, and the solution, for me at least, was so easy to see.

Start my own mortgage brokerage shop. No expensive executive salaries, no expensive building to pay rent at, no unnecessary employees and all the costs that are associated with that. What happens when you cut out all the fat? You can provide lower rates and lower closing costs. It's simple. Now here is the best part, you still get great service from a local Kansas City Lender. My mission is to let everyone know that low rates and great customer service are NOT mutually exclusive.

Thanks for coming along on this journey where Low Rates meet Great Service. The two do NOT have to be mutually exclusive. It's just a lie that the big box mortgage companies have been telling you for years. Don't believe me? Give me a call or shoot me a text on my personal cell phone today and compare my rates and costs up against any other lender in the country, and be prepared to be blown away.

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