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## \$766,550 is The New Conforming Loan Limit For 2024

If you're just here for the conforming loan limit news, **\$766,550 is the number for 2024.**

Does this mean no one can get a mortgage for more than \$766,550? No. The conforming loan limit is the maximum amount that can be guaranteed by Fannie Mae and Freddie Mac (the government-sponsored enterprises or GSEs). That guarantee has advantages in terms of the loan approval process and [interest rates](#). There are plenty of mortgage options for higher amounts or that are not guaranteed by the GSEs, but conforming loans account for a vast majority of new mortgages.

\$766,550 is the base amount. Higher cost areas have access to higher limits based on the average home prices in that area. The county by county limits are listed separately, [HERE](#). The highest tier is \$1,149,825 (base loan limit x 1.5).

HOUSING TYPE	STANDARD	HIGH BALANCE
Single Family, Coop & Condos	\$766,550	\$1,149,825
Two Family Homes	\$981,500	\$1,472,250
Three Family Homes	\$1,186,350	\$1,779,525
Four Family Homes	\$1,474,400	\$2,211,600

### Where do these numbers come from?

The Federal Housing Finance Agency (FHFA) is the regulator of the GSEs. It publishes various home price data. Once the data is in for the 3rd quarter (typically by late November), it is compared to the 3rd quarter of the previous year and home prices are adjusted by the corresponding amount.

In situations where home prices fall, the limit does not fall, but it will not rise again until home prices move back above the levels associated with the previous limit. For instance, let's imagine the loan limit was \$700k, but prices fell enough to drop it to \$600k. The limit would remain at \$700k year after year (even if prices were rising) until prices got back above \$700k.

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.44%	-0.04	0.00
15 Yr. Fixed	5.97%	-0.03	0.00
30 Yr. FHA	5.90%	-0.04	0.00
30 Yr. Jumbo	6.66%	-0.02	0.00
5/1 ARM	6.32%	-0.06	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	6.46%	-0.40	0.00
15 Yr. Fixed	5.62%	-0.54	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	6.54%	-0.01	0.57
15 Yr. Fixed	5.96%	-0.07	0.65
30 Yr. FHA	6.49%	0.00	0.77
30 Yr. Jumbo	6.78%	+0.01	0.37
5/1 ARM	6.04%	+0.13	0.87

Rates as of: 8/23

## Recent Housing Data

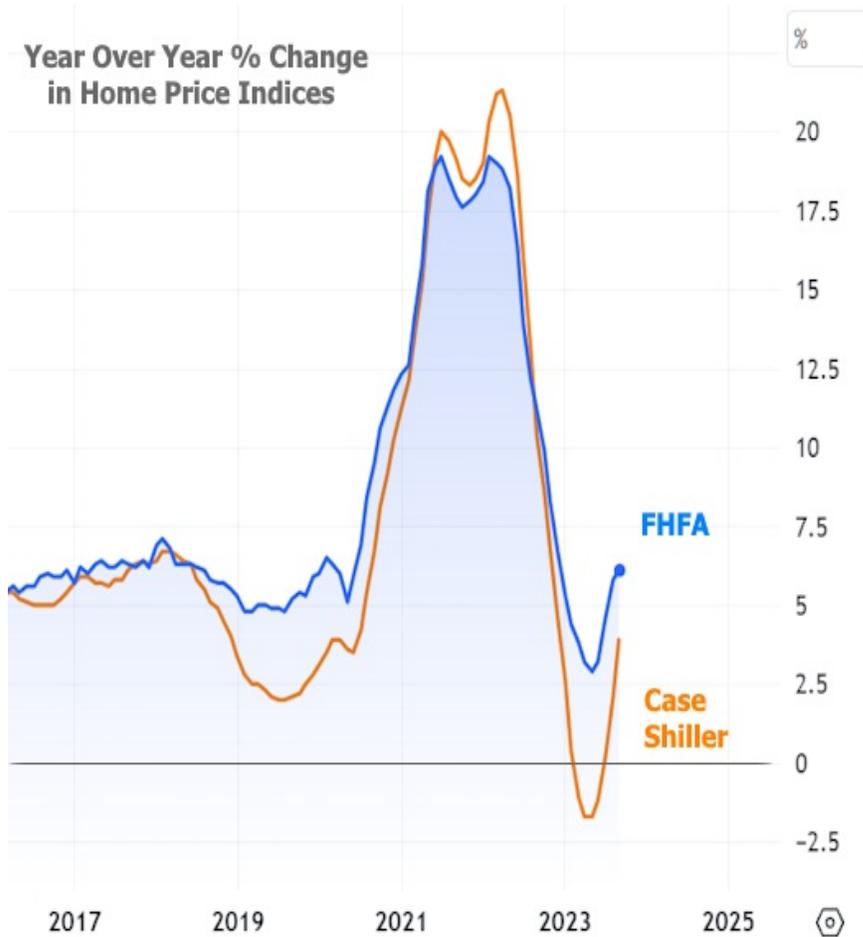
		Value	Change
Mortgage Apps	Aug 14	251.3	+16.83%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

# Housing News Update

Value

Change

All that having been said, even after the deceleration in prices in early 2023, year-over-year numbers remain in positive territory. The following chart includes the Case Shiller HPI which focuses on the 20 largest metro areas (it's not used for conforming loan limit calculation, but it too is in moderately positive territory year over year).



Perhaps "moderately positive" wrong term. After all, annual home price appreciation of 5.5% FAR surpasses the Fed's 2% inflation target. Combined with the highest rates in decades a little over a month ago, this speaks to the ever-present affordability problem.

Conforming loan limits can play some small part in helping affordability to the extent that someone needs a \$766,550 mortgage and was unable to buy/refi with the previous limit of \$726,200.

The new limits go into effect for loans acquired by the GSEs in 2023. That typically means lenders can apply the limits immediately since it takes at least a month for a new loan to be 'delivered' to the GSEs. Lenders tend to adopt the new limits at slightly different paces.

Frontrunner lenders will likely announce them today. Laggards may take a few weeks. Many lenders preemptively offered limits of \$750k, knowing that the actual limit would be at least that high and that it would not need to deliver those loans to the GSEs until 2024.

How about FHA loan limits? These have yet to be announced. Last year it happened on the same day as FHFA. In any event, the calculation is known. FHA will be 65% of the FHFA Conforming Loan Limit or \$498,250 (rounded from a calculated value of \$498,257.50).

## National Association of Realtors - New Rules & Open Houses

New rules stemming from the National Association of Realtors' commission lawsuit settlement went into effect Saturday following years of litigation, potentially upending the industry, including how agents get paid.

This week, I have been hearing from agents, brokers, MLS executives, portals and other insiders as the rules roll out.

**COMMISSION QUESTIONS:** In the wake of NAR's new settlement rules, many buyer's agents are suddenly confronting a new question: What commission should they ask for in their buyers' broker representation agreements?

Here are a few responses found in a real estate master-mind group:

"I'm asking the buyer to pay my rate but advising them the seller may be offering something towards that," one agent responded. "If that's the case they only have to pay what's left."

"Sit down with your buyer and a trusted loan officer" another suggested. "Have the loan officer complete the various costs including your compensation and without any compensation (seller contributes). Once the buyer sees how much they have to come up with, they can make a decision. Then you make yours."

Some commenters also said that their brokers are making recommendations.

"This thread is illegal," one commenter argued, echoing a number of other remarks. "It is price fixing and the whole reason the U.S. Department of Justice got involved. Commission/Concessions should only be discussed between the agent and his/her client, never among agents."

The debate highlights the fact that many practical issues stemming from the settlement are yet to be worked out – and that additional litigation is top of mind for many real estate professionals,

**OPEN HOUSE, OPEN QUESTION:** Among the real estate professionals watching how the settlement changes unfolded this weekend was Randy Bell of Life Realty – The District in Henderson, NV who told me that "Buyers appear to be leery about signing short-term agreements and may favor open houses over individual tours until they're at ease with the rule." He went on to state "It'll be very interesting to see whether open house traffic increases, which I expect it will once buyers understand they don't have the same friction with agreements by going directly to open houses,"

One stat I'm going to be looking at is the number of open houses relative to active listings. I'll have numbers for you in the weeks to come. ...More to follow in future Newsletters.

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**Tom Payne**

