

# Lender Letter (LL-2020-14)

Nov. 24, 2020

## To: All Fannie Mae Single-Family Sellers Confirmation of Conventional Loan Limits for 2021

This Lender Letter establishes Fannie Mae loan limits for 2021. The Federal Housing Finance Agency (FHFA) has issued the maximum loan limits that will apply to conventional loans to be acquired by us in 2021. The first mortgage loan limits are defined in terms of general loan limits and high-cost area loan limits. The limits are increasing in 2021.

**Effective:** The new limits are effective for whole loans delivered, and mortgage loans delivered into MBS with pool issue dates, on or after Jan. 1, 2021.

Whole loans delivered up through Dec. 31, 2020, must comply with the 2020 limits. MBS pools with Dec. 1, 2020 pool issue dates must comply with the 2020 limits, and MBS pools with Jan. 1, 2021 pool issue dates must comply with the 2021 limits (even if delivered in Dec.). Lenders must ensure the appropriate identification of high-balance loans at delivery using Special Feature Code 808.

### First mortgage loan limits

The following chart contains the general loan limits for 2021:

Units	General Loan Limits	
	Contiguous States, District of Columbia, and Puerto Rico	Alaska, Guam, Hawaii, and the U.S. Virgin Islands
One	\$548,250	\$822,375
Two	\$702,000	\$1,053,000
Three	\$848,500	\$1,272,750
Four	\$1,054,500	\$1,581,750

The high-cost area loan limits are established for each county (or equivalent) and are published on [Fannie Mae's website](#) and on [FHFA's website](#). The maximum limits for 2021 are:

Units	High-Cost Area Loan Limits*	
	Contiguous States, District of Columbia, and Puerto Rico	Alaska, Guam, Hawaii, and the U.S. Virgin Islands
One	\$822,375	Not Applicable
Two	\$1,053,000	
Three	\$1,272,750	
Four	\$1,581,750	

\*A number of states (including Alaska and Hawaii), Guam, Puerto Rico, and the U.S. Virgin Islands do not have any high-cost areas in 2021.



High-cost area loan limits are derived from median home prices estimated by the Federal Housing Administration (FHA) of the Department of Housing and Urban Development (HUD). FHA will permit a 30-day appeals period during which requests for individual area median home price increases will be evaluated. FHFA will issue a subsequent announcement if any individual high-cost area loan limit is increased as a result of the appeals process. Updates resulting from subsequent FHFA announcements will be posted on our website.

Loans subject to the high-cost area limits are referred to as high-balance loans and must comply with the high-balance loan requirements described in the *Selling Guide*.

## **Application of the Limits Based on Original Loan Amount**

All loan limits apply to the original loan amount of the mortgage loan, not to its balance at the time of purchase by Fannie Mae. Lenders are responsible for ensuring that the original loan amount of each mortgage loan does not exceed the applicable maximum loan limit for the specific area in which the property is located.

## **Desktop Underwriter® Implementation**

The 2021 loan limits will be applied to Desktop Underwriter (DU®) Version 10.3 loan casefiles submitted (or resubmitted) on or after the weekend of Dec. 12, 2020. Also note that loan casefiles underwritten through DU prior to Dec. 12 that receive an Ineligible recommendation due only to exceeding the 2020 loan limit may be delivered after Jan. 1, 2021 (or in Jan. 1, 2021 MBS pools). The loan casefile does not have to be resubmitted to DU if the loan amount complies with the applicable 2021 loan limit.

## **Reference Materials**

To assist lenders in determining the applicable limits, we post reference material on our website, including the [Loan Limit GeoCoder™](#), which lenders can use to look up loan limits based on a specific address (or batch of addresses).

Lenders may also contact their Fannie Mae Account Team if they have questions about this Lender Letter.  
Have guide questions? Get answers to all your policy questions, straight from the source. [Ask Poli](#).