



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**November 6, 2008**

**MORTGAGEE LETTER 2008-35**

**TO: ALL FHA APPROVED MORTGAGEES  
ALL HUD-APPROVED HOUSING COUNSELING AGENCIES**

**SUBJECT: HECM Mortgage Limits - Effective Immediately**

The Housing and Economic Recovery Act of 2008 (HERA) established a national mortgage limit for all Home Equity Conversion Mortgages (HECM), insured under Section 255 of the National Housing Act, to be set in conformance with section 305(a)(2) of the Federal Housing Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)). Effective for all HECMs insured on or after the date of this Mortgage Letter, the national mortgage limit is **\$417,000**.

Special Exceptions for Certain Areas of Hawaii

Section 214 of the National Housing Act permits mortgage limits for all areas of Alaska, Guam, Hawaii and the Virgin Islands to exceed the mortgage limit by up to 150%. The new HECM national mortgage limit of \$417,000 effectively raises the mortgage limit in all of these areas except 1) Hilo, Hawaii; 2) Honolulu, Hawaii; 3) Kapa, Hawaii; and 4) Kahului-Wailuku, Hawaii. Enforcement of the new national mortgage limit would effectively reduce the mortgage limits in these areas; therefore, they will continue to operate under the current mortgage limits as shown below.

MSA Name	MSA Code	County Name	County Code	State	One-Family
HILO, HI (MICRO)	25900	HAWAII	001	HI	\$470,250
HONOLULU, HI (MSA)	26180	HONOLULU	003	HI	\$544,185
KAPAA, HI (MICRO)	28180	KAUAI	007	HI	\$544,185
KAHULUI-WAILUKU, HI (MICRO)	27980	MAUI	009	HI	\$544,185

The rates shown for these areas are based on current mortgage limits and are subject to change upon publication of newly calculated mortgage limits which will be published in a new mortgagee letter in the near future.

### Re-calculation of loans

Lenders must use the national mortgage limit and calculate the loan origination fee using limitations established by HERA, and new policy guidance issued by FHA, when re-calculating HECM loans that did not close prior to October 13, 2008.

### Maximum Claim Amount

In accordance with Section 255(g) of the National Housing Act, as amended, the maximum claim amount cannot exceed the maximum loan limit established under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a 1-family residence. Thus, the maximum claim amount will be the lesser of the appraised value or the national mortgage limit for a one family residence. This applies to all one-to-four unit properties. Neither the estimate of closing costs nor the initial mortgage insurance premium is used in the calculation of the maximum claim amount.

If you have any questions regarding this Mortgagee Letter, please call 1-800-CALL-FHA. Persons with hearing or speech impairments may access this number via TDD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

Sincerely,

Brian D. Montgomery  
Assistant Secretary for Housing-  
Federal Housing Commissioner