

# FHFA ANNOUNCES CONFORMING LOAN LIMITS FOR 2022

The Federal Housing Finance Agency (FHFA) announced the conforming loan limits (CLLs) for mortgages acquired by Fannie Mae and Freddie Mac (the Enterprises) in 2022.



**In most of the U.S., the 2022 CLL for one-unit properties will be \$647,200, an increase of \$98,950 from \$548,250 in 2021, according to a FHFA release.**

The Housing and Economic Recovery Act (HERA) requires that the baseline CLL for the Enterprises be adjusted each year to reflect the change in the average U.S. home price. Earlier, FHFA published its third quarter 2021 FHFA House Price Index (FHFA HPI) report, which includes statistics for the increase in the average U.S. home value over the last four quarters.

According to the nominal, seasonally adjusted, expanded data FHFA HPI, **house prices increased 18.05 percent**, on average, between the third quarters of 2020 and 2021. **Therefore, the baseline CLL in 2022 will increase by the same percentage**, the release stated.

For areas in which 115 percent of the local median home value exceeds the baseline conforming loan limit, the applicable loan limit will be higher than the baseline loan limit. HERA establishes the high-cost area limit in those areas as a multiple of the area median home value, while setting a “ceiling” at 150 percent of the baseline limit, FHFA said.

Median home values generally increased in high-cost areas in 2021, which increased their CLL. The new ceiling loan limit for one-unit properties will be \$970,800, which is 150 percent of \$647,200. Special statutory provisions establish different loan limits for Alaska, Hawaii, Guam, and the U.S. Virgin Islands. In these areas, the baseline loan limit will be \$970,800 for one-unit properties.

Due to rising home values, the CLLs will be higher in all but four U.S. counties or county equivalents.

