

## FHFA raises size of most loans



A for sale sign is posted in front of a home in Sacramento, Calif., March 3, 2022. RICH PEDRONCELLI — ASSOCIATED PRESS FILE

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The Federal Housing Finance Agency is increasing the size of home loans that the government can guarantee against default as it takes into account rising housing prices.

Beginning next year, mortgage buyers Fannie Mae and Freddie Mac will be able to acquire loans of up to \$806,500 on single-family homes in most of the country, the agency said Tuesday. \*

The new conforming loan limit is a 5.2% increase from its 2024 level.

FHFA oversees Fannie Mae and Freddie Mac, which buy home loans from banks and other lenders, guaranteeing them against default. The loans are then bundled into securities sold to investors.

But FHFA sets limits to the size of the loans that Fannie and Freddie can buy. Such loans are known as conforming loans, while mortgages above the conforming loan limit are known as jumbo loans.

FHFA adjusts the limits of a conforming loan annually to reflect changes in U.S. home values, which have been rising this year, albeit more slowly, amid a housing slump that has U.S. home sales on track for their worst year since 1995.

The agency's House Price Index showed U.S. home prices climbed 4.3% in the July-September quarter since the same period last year.

"U.S. house price growth slowed in the third quarter, continuing a trend that started in the fourth quarter of the previous year," said Anju Vajja, deputy director for FHFA's Division of Research and Statistics.

While elevated mortgage rates have helped limit homes sales, a shortage of available properties in many markets has helped keep prices ticking higher.

The 2025 single-family home conforming loan limit will apply to most of the country, though the FHFA allows higher loan limits for certain states, such as Alaska and Hawaii, and in counties where the local median home value is more than double the conforming loan limit.

For example, the conforming loan limit for single-family homes in Los Angeles and New York counties will be \$1,209,750 starting next year.