

SENIOR HOUSING NEWS

For Immediate Release

Lending Limits for FHA insured Reverse Mortgages increase to \$625,000

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Last week it was announced the economic recovery bill released by the House of Representatives contains a provision that would set the single national loan limit for HECM at a higher level than \$417,000—for the balance of 2009. The change would bring the Reverse Mortgage loan limit to 150% of the Freddie Mac limit, or \$625,500. This change will allow seniors that have a reverse mortgage with larger home values to refinance and receive more money from these products as well as offer those individual who have not obtained a reverse mortgage to be eligible to receive more money than the current limits allow.

SEC. 12004. FHA REVERSE MORTGAGE LOAN LIMITS FOR 2009.

For mortgages for which the mortgagee issues credit approval for the borrower during calendar year 2009, the second sentence of section 255(g) of the National Housing Act (12 U.S.C. 171520(g)) shall be considered to require that in no case may the benefits of insurance under such section 255 exceed 150 percent of the maximum dollar amount in effect under the sixth sentence of section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)).

This provision will bring the Reverse Mortgage loan limit to 150% of the Freddie Mac limit, or \$625,500. When the Freddie Mac lending limit changes, the Reverse Mortgage limit would change commensurately. This change is being offered as a temporary measure, thru 2009 only, because it is part of an emergency economic stimulus package. A permanent change would have to be enacted through a more appropriate housing bill.

According to various news media U.S. Senators reached a deal on the economic stimulus package last week. The final bill from the House and Senate has passed and the President will give final approval on February 16th. The Federal Housing Authority will issue a written notification authorizing the new limits which should occur fairly quickly after the President signs it into law.

The new limits will give senior citizens with higher valued homes more access to the equity in their homes. Under the older Reverse Mortgage rules the maximum lending limit was \$417,000.00 which became law in November 2008.

This change is being offered as a temporary measure, thru 2009 only, because it is part of an emergency economic stimulus package. A permanent change would have to be enacted through a specific bill at a later date.