

## **Conforming Loan Limit Increase for 2021**

**Cheryl Pfaffenberger, Director Client Services, SIRVA Mortgage**

### *What You Need to Know About the Conforming Loan Limit Increase for 2021*

In November of 2019, the [Federal Housing Finance Agency \(FHFA\) announced](#) that the conforming loan limit for Fannie Mae and Freddie Mac will increase from \$510,400 to \$548,250 in 2021. This marks the fifth consecutive year of increases.

#### **What is the Conforming Loan Limit?**

The conforming loan limit is the maximum loan amount for one-unit properties that can be guaranteed and purchased by Fannie Mae and Freddie Mac. A loan amount higher than the conforming loan limit is considered a [jumbo loan](#).

#### **How is the Conforming Limit Determined?**

The Housing and Economic Recovery Act of 2008 (HERA) requires that the conforming loan limit be adjusted each year to reflect the change in the national average U.S. home price. According to FHFA, home prices increased 7.42% on average between 2019 and 2020, so the conforming loan limit will increase by the same percentage.

#### **What Does this Mean for Transferees?**

This is good news for organizations with U.S. transferees or assignees who are hoping to purchase a home in the United States. An increase in the conforming loan limit means employees can borrow an additional \$37,850 without requiring a jumbo loan, which is typically more difficult to qualify for and requires more documentation than a conforming loan.

#### **How Does This Impact High-Cost Areas?**

A high-cost area is a location in which 115% of the local median home value exceeds the conforming loan limit. In other words, in these high-cost areas, the conforming loan limit can go up to a ceiling of \$822,375 (150% of \$548,250).

In any given year, there are roughly 150-200 counties in the U.S. that are considered high-cost areas, and many employers need to entice employees to relocate to them. Some examples include areas in the vicinity of New York City, Washington D.C. and surrounding counties, as well as the San Francisco Bay Area. The increase of the conforming loan limit could put these areas within reach for some employees through easier-to-obtain financing.

Whatever the financing needs of your transferees may be, SIRVA Mortgage is here to help. With over 25 years of focus and expertise in relocation mortgage lending, we understand the important role home financing plays in the relocation process. Please visit our [mortgage website](#) to learn more, or contact us, at [MortgageClientServices@sirva.com](mailto:MortgageClientServices@sirva.com).

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**Contributors:**

Paul Klemme, President, SIRVA Mortgage

Lisa Marie DeSanto, Content Marketing Manager

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