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Jumbo lenders will lend on any loan amount above the Standard Conforming loan limits. Many Jumbo lenders will offer interest rates that are lower than what is offered on High Balance Conforming loans, but the underwriting requirements may be more difficult to overcome on a Jumbo loan compared to a High Balance Conforming loan.

An example would be that most Jumbo lenders require a minimum of 20% down payment for a Single Unit Residential property while High Balance Conforming will allow as little as 5% down.

Fannie and Freddie will now allow as little as 5% down on multi-unit properties as well but the loan amounts are capped at the Standard High Balance loan limits. They are also providing some interest rate relief for first time homebuyers whose income falls below 120% of the Area Median Income, AMI. Here is the link to the Fannie Mae AMI lookup tool: <https://ami-lookup-tool.fanniemae.com/amilookuptool/>

Fannie and Freddie both have a 3% minimum down payment product for Single Unit Residential properties only and only up to the Standard Conforming loan limits. FHA will allow for a minimum 3.5% down payment

through the High Balance loan limits for all 1-4 residential properties but there are quirks in the FHA underwriting guidelines that typically will prevent low down payments on triplex and fourplex residential properties. Single Unit and Duplex are both good property types for 3.5% down payment FHA loans. More mortgage product updates in the next issue.

If you are curious to see how you can use the current market conditions to your benefit, please reach out for a free consultation. Stay tuned here for future updates and feel free to reach out for a free consultation if you want to understand more about interest rates and mortgage products.

As always, your mortgage guy,

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Vic's Mortgage Report

"Home of REAL Mortgage Advice®"



Vic Joshi
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MORTGAGE
Home of REAL Mortgage Advice®

My mission is to help buyers qualify for the best loan available for their circumstance. I spend a generous amount of time with each client to educate them about how the mortgage industry works, through free "Mortgage 101" consultations, so they can make good decisions and get the best loan possible. I've revamped my website to give clients the best resources to supplement my consultations.

When I'm not doing loans, I'm an avid scuba diver and certified Rescue Diver. Eventually, I'd like to become a dive instructor, so I can share the joys of this ocean sport with others.

I give back to the Monterey Bay Aquarium, Divers Alert Network (DAN), and the National Outdoor Leadership School (NOLS).

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Taking A Break From Rates

Hi Friends,

Mortgage rates continue to be elevated and there is no relief in sight. I am going to use this month's newsletter to highlight some mortgage products.

Conforming loans make up the bulk of all mortgages originated in the US and conform to Fannie Mae and Freddie Mac underwriting guidelines. Fannie/Freddie are the largest mortgage investors in the country.

Loans that don't conform to Fannie/Freddie underwriting are called non-conforming and are also known as Jumbo loans. Both Conforming and Jumbo loan types are considered conventional loans. Government loans that are sold to FHA (Federal Housing Agency), VA (US Department of Veteran Affairs), and USDA (US Department of Agriculture) are non-conventional loans.

Each year the FHFA, Federal Housing Finance Agency, sets the new loan limits for Fannie/Freddie, which are also eventually updated with FHA but don't affect VA and USDA loan limits. There are two sets of loan limits, the Standard Conforming loan limits and the High Balance Conforming loan limits. The High Balance Conforming

category was added after the Great Recession of 2008 when Jumbo lending disappeared for roughly five years and the government helped to fill some of the void by creating the Temporary High Balance Conforming category.

That temporary category is still around, some 17 years later. The High Balance Conforming product is only available in certain

high-cost areas, like most of the Bay Area, LA, and Orange County, just to name a few. In Hawaii and Alaska, the Standard Conforming product allows for loan amounts all the way up to the High Balance Conforming loan limits. There is a matrix provided by the FHFA, Fannie, Freddie, and FHA that shows the loan limit by county. These loan limits apply to 1-4-unit residential properties.

Here are the loan limits for 2025:
Standard Conforming:

[SFR, Condo, & Townhouse]

Single unit \$806,500

Two unit (Duplex) \$1,032,650

Three unit (Triplex) \$1,248,150

Four unit (Fourplex) \$1,551,250

High Balance Conforming:

[SFR, Condo, & Townhouse]

Single unit \$1,209,750

Two unit (Duplex) \$1,548,975

Three unit (Triplex) \$1,872,225

Four unit (Fourplex) \$2,326,875.



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