

2015 Department of Veterans Affairs County Loan Limits

1. Purpose. This Circular announces the 2015 county loan limits ([Department of Veterans Affairs \(VA\) Loan Limits](#)), in the event Public Law 110-389 expires on December 31, 2014.
2. Background. Currently, VA's maximum guaranty amounts are governed by 38 U.S.C. § 3703(a)(1)(C), and are statutorily indexed to the loan limits established by the Federal Housing Finance Agency (FHFA) in 12 U.S.C. §1454(a)(2) for Freddie Mac. These limits are based on median house prices reported by the Federal Housing Administration each year. The FHFA conforming loan limits currently range from a base of \$417,000 to a high-cost-area limit of \$625,500.
 - a. The statutory authority was granted to VA in 2008, under Public Law 110-389, and is currently set to expire on December 31, 2014. Once the authority expires, VA's effective loan limits will reset to FHFA's limits.
3. Interest Rate Reduction Refinancing Loans (IRRRLs). The county loan limits do NOT apply to IRRRLs. VA will guarantee 25 percent of the principal balance on an IRRRL, regardless of whether the loan exceeds the limit for the particular county.
4. Possible Impact of Lower Loan Limits. VA does not have a maximum loan amount. Therefore, lenders may make loans greater than the loan limit; however, the Veteran may be required to make a downpayment. In instances where the Veteran may be required to make a downpayment, the Veteran would still have a cost savings in comparison to other loan products.
 - a. Example. The 2015 VA loan limit for Bibb County, Alabama, is \$417,000. This means that if the Veteran has full entitlement, VA will provide a 25 percent guaranty on the loan up to \$417,000. If a Veteran has a contract to purchase a home in the amount of \$480,000, the lender may require the Veteran to make a downpayment of 25 percent of the \$63,000 difference, which would be \$15,750, providing the lender a full 25 percent guaranty. Note: In the same example, a borrower using a conventional loan product would have to pay a downpayment up to \$111,000.
5. Loan Applications in Process. In instances where a county loan limit has decreased, VA will honor the previous higher limit on a purchase loan provided the sales contract has been ratified by all parties and the Uniform Residential Loan Application (URLA) is signed by both parties prior to January 1, 2015. If the borrower is originating a non-IRRRL refinance loan, the URLA must be signed by the lender and the borrower prior to January 1, 2015, and provided to VA with a time stamp substantiating the date the URLA was printed.

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6. Lender Actions after Closing. After receiving the Loan Guaranty Certificate, lenders are required to upload a copy of the ratified contract, URLA and HUD-1 into the WebLGY system. The lender will then contact the VA Regional Loan Center of jurisdiction to request an adjustment to the loan limit.

7. Rescission: This Circular is rescinded January 1, 2016.

By Direction of the Under Secretary for Benefits

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