

FHA Mortgagee Letter 2019-11, Maximum Loan-To-Value and Combined Loan-To-Value Percentages for Cash-out Refinance Mortgages

EFFECTIVE DATE: 09-01-2019

This communication is to advise that FGMC will explicitly follow the guidance in Mortgagee Letter 2019-11, Maximum Loan-To-Value and Combined Loan-To-Value Percentages for Cash-out Refinance Mortgages effective for case numbers assigned on or after September 1, 2019. This applies to all FHA Cash-out Refinance transactions. Per the Mortgagee Letter:

The Maximum Mortgage Amount section of Handbook 4000.1 is amended to reduce the current Maximum LTV and CLTV percentages from 85 to 80 percent of the Adjusted Value on cash-out refinance mortgages. This policy change seeks to mitigate risks to the FHA Insurance Fund associated with increasing levels of insured loan balances on cash-out refinance mortgages. This new requirement is a prudent safeguard that permits FHA to ensure it stays ahead of any shift in housing stability.

Maximum Mortgage Amounts - Standard II.A.8.d.v(B)(1) (a) Maximum Loan-to-Value The maximum LTV is 80 percent of the Adjusted Value. (b) Maximum Combined Loan-to-Value The maximum CLTV is 80 percent of the Adjusted Value. (c) Nationwide Mortgage Limit The combined mortgage amount of the first Mortgage and any subordinate liens cannot exceed the Nationwide Mortgage Limit described in National Housing Act's Statutory Limits.

The complete Mortgagee Letter can be obtained here: [Mortgagee Letter 2019-11, Maximum Loan-To-Value and Combined Loan-To-Value Percentages for Cash-out Refinance Mortgages.](#)