



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

August 6, 2010

MORTGAGEE LETTER 2010 -24

TO: ALL APPROVED MORTGAGEES

SUBJECT: Combined Loan-to-Value Requirements for Refinance Transactions

This Mortgagee Letter eliminates the unlimited Combined Loan-to-Value (CLTV) ratio that was first introduced in Mortgagee Letter 2007-11. With the exception of streamline refinance transactions, the combined amount of the FHA-insured first mortgage and any subordinate lien may *not* exceed the:

- applicable FHA loan-to-value ratio *AND*
- geographical maximum mortgage amount.

FHA is returning to its former CLTV limit for case numbers assigned on or after September 7, 2010.

Provided that the new FHA-insured first mortgage meets the eligibility criteria for mortgages with secondary financing outlined in HUD Handbook 4155.1 paragraph 5.C., existing or modified subordinate liens may remain outstanding; and/or new subordinate liens may be offered to facilitate the refinance. The chart below provides the applicable CLTV for refinance transactions.

| Maximum CLTV for Refinance Transactions | |
|---|--------|
| Rate and Term (or No Cash Out) Refinances | 97.75% |
| Refinances for Borrowers in Negative Equity Positions* | 115% |
| FHA-to-FHA Streamline Refinances With or Without Appraisals | 125% |
| Cash-out Refinances | 85% |

** This refinance option is only available through December 31, 2012. See Mortgagee Letter 2010-23 for more information.*

If you should have any questions concerning this Mortgagee Letter, please call the FHA Resource Center at 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may access this number via TDD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

Sincerely,

David H. Stevens
Assistant Secretary for Housing-
Federal Housing Commissioner