

# Reverse Mortgage Loan Limits Increased to \$822,375 for 2021

*Comparing a federally-insured Reverse Mortgage and a Jumbo Reverse just got more interesting.*

COTO DE CAZA, CA, UNITED STATES,  
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EINPresswire.com/ -- Good news for the Reverse Mortgage industry and senior homeowners. The lending limit for federally-backed [reverse mortgages](#) is increasing for the fifth consecutive year in a row, set to hit \$822,375 in 2021.

The Department of Housing and Urban Development (HUD) announced a maximum claim amount of \$822,375 for calendar year 2021, a rise of \$56,775 from the \$765,600 limit governing the Home Equity Conversion Mortgage ([HECM](#)) program in 2020.

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"A reverse mortgage needs to be the right loan, at the right time, for the right person, for the right property, and for the right reason."

*Paul E Scheper, CRMP, MBA,  
CSA, SRES*

This "max claim amount" is calculated at 150% of the conforming loan limits on mortgages to be acquired by Fannie Mae and Freddie Mac, which was announced by the Federal Housing Finance Agency (FHFA) last week to be \$548,250 for calendar year 2021—up from \$510,400 in 2020. The FHFA ignited these changes, because reverse mortgage limits come after the FHFA changes occur. The maximum loan amount is based on this maximum claim amount, which means that senior homeowners can obtain larger loan amounts, in some cases.

This higher lending limit could fuel reverse mortgage loan applications. As more senior age, they decide to "unlock" some of their housing wealth and convert it to spendable cash. A reverse mortgage is a loan. It is just a loan, based on the homeowner's age, equity and interest rates.



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"I expect this will further increase the potential for refinances," says Lana Schott, a reverse mortgage expert. Schott also says, "Reverse mortgages will now allow loan amounts between \$500,000 (for HECM's) and \$4,000,000 (for jumbos). It's a good thing for consumers."

For more detailed information about the new limits, check out HUD's Mortgagee Letter 2020-42 and its loan limits page. Check out the actual mortgagee letter on HUD.gov and get free closing cost estimates from [LoangevityMortgage.com](http://LoangevityMortgage.com) or [ReverseTube.TV](http://ReverseTube.TV).

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