Veterans Benefits Administration
Department of Veterans Affairs
Washington, D.C. 20420

Circular 26-25-10
December 1, 2025

Federal Housing Finance Agency (FHFA) Announces
2026 Conforming Loan Limits

1. Purpose. On November 25, 2025, the Federal Housing Finance Agency (FHFA) announced the maximum conforming loan limits (CLL), also known as Freddie Mac CLL, for 2026. In VA's program, the CLL can impact the entitlement calculation for some Veterans. The new FHFA loan limits are found at: FHFA Conforming Loan Limit Values.

2. Freddie Mac CLL Impact on Borrowers with Partial Entitlement. If an eligible Veteran with partial entitlement seeks a loan of more than $144,000, the CLL is part of the formula to calculate remaining entitlement[1]. In such cases, the amount of remaining entitlement is calculated by taking 25% of the CLL and subtracting the previously used entitlement that was not restored[2]. VA-guaranteed loans are often securitized in pools that require the loan to have a 25% guaranty. For Veterans without full entitlement who do not make a down payment, lenders often limit the total loan amount to four times the amount of the remaining entitlement or, put another way, four times the amount of VA's guaranty. Down payments required on VA loans are typically far less than down payments required on other loan products. As a reminder, the guaranty percentage on the loan guaranty certificate only reflects VA's guaranty on the loan and may not represent total coverage for secondary market purposes.

3. Single and Multi-Unit Properties. Lenders should note that while a Veteran may use a VA-guaranteed loan to purchase a multi-unit property, the entitlement statute requires the use of the CLL applicable to a single-family residence, (i.e., single unit property) [3].

4. Interest Rate Reduction Refinancing Loans (IRRRLs). The Freddie Mac CLL does NOT apply to IRRRLs. For IRRRLs greater than $144,000, VA will guarantee 25 percent of the loan amount, regardless of the Veteran's entitlement[4].

5. Effective Date: The CLL increases are effective for loans closed on or after January 1, 2026.

6. Rescission: This Circular is rescinded January 1, 2027.

By Direction of the Under Secretary for Benefits

Patrick J. Zondervan
Executive Director
Loan Guaranty Service

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[1] 38 U.S.C. 3703 (a)(1)(c)(iii)(I)
[2] 38 U.S.C. 3703 (a)(1)(c)(ii)
[3] 38 U.S.C. 3703 (a)(1)(c)(iii)(II)
[4] 38 U.S.C. 3710 (e)(2)