



February 22, 2021

Mike Struck
Community Development Director
520 3rd Street, Suite 140
Brookings, SD 57706

Dear Mike,

David Kneip, Broker Owner of Best Choice Real Estate has asked me to explain SDHDA's First-time Homebuyer Program – purchase price limits.

The Federal Housing Administration (FHA) issues, by Mortgagee Letter, the maximum mortgage amount which is part of the calculation for SDHDA's maximum purchase price limits. After FHA releases the new FHA maximum mortgage amount, the Internal Revenue Service (IRS) approves the calculation for Housing Finance Agencies via an IRS Revenue Procedure. SDHDA is aware that there may be a lag time with FHA's analysis and the subsequent IRS approval and real time values.

The current SDHDA purchase price limit is \$275,000 for the First-time Homebuyer Program and \$336,000 for SDHDA's Repeat Homebuyer Program. Typically, only 7% to 10% of SDHDA's loan volume is for newly constructed properties.

I hope this clarifies SDHDA's maximum purchase price limits and if you have any additional questions, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Brent Adney".

Brent Adney
Director Homeownership Programs

BA/ba

CC: David Kneip
Best Choice Real Estate
611 6th Street
Brookings, SD 57706

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