



DECLINING MARKETS POLICY

MORTGAGE INSURANCE RESTRICTIONS FOR DECLINING MARKETS

MI companies have placed the following restrictions on declining markets. Declining market will be defined as:

- Property located in an identified county/MSA (see listing below)
- Appraisal has any negative comments, including but not limited to, adjustments or indications of being in a declining market (oversupply, over 6 mos marketing time, or declining markets check box noted)
- AUS response indicates that the subject property is in a declining market

The following restrictions will apply to properties in declining markets. Note that these restrictions would only apply for loans which require mortgage insurance (LTV > 80%) and do not apply to loans where the LTV is < = 80%, and do not apply to the Alt-B program.

In all markets, loans with the following parameters will not be issued MI, therefore will be limited to 80% LTV.

- Cash out refinances
- Expanded Approval loans, all levels
- Investment Properties
- Owner Occupied 3-4 unit properties
- Stated Income loans (SIVA, Asset Based Stated Income). Note that this does not include AUS loans that waive income or asset documentation.
- Non-warrantable condos
- Interest only loans with first rate adjustment less than 5 years (3/1 not permitted)

Owner Occupied Purchase & Rate/Term MI limited as follows:

- **1 unit 95% / 680 FICO / \$417,000 loan amount**
- **2 units 90% / 680 FICO / \$533,850 loan amount**
- **1 unit 90% / 700 FICO / >\$417,000 to \$650,000**
- **Max LTV/CLTV for condos and all attached housing is 90%**



- For 95% loans, borrower must make 5% down payment contribution from their own funds

2nd Home Purchase & Rate/Term Refi

- 1 unit 95% / 680 FICO / \$417,000 loan amount
- 1 unit 90% / 680 FICO / \$417,000 loan amount
- 1 unit 85% / 700 FICO / >\$417,000 to \$650,000
- Max LTV/CLTV for condos and attached housing is 90%
- For 95% loans, borrower must make 5% down payment contribution from their own funds

STATE	COUNTY	MSA
Arizona	ENTIRE STATE	
California	ENTIRE STATE	
Nevada	ENTIRE STATE	
Oregon	Deschutes County	Bend MSA
	Jackson County	Medford MSA
	Clackamas County	Portland-Vancouver WA- Beaverton MSA
	Columbia County	
	Multnomah County	
	Washington County	
	Yamhill County	



AGENCY PRODUCTS (SERIES C & SERIES F CODES):
CONFORMING FIXED RATE, FNMA FLEX FIXED RATE & FNMA EXPANDED APPROVAL:

Loans requiring mortgage insurance (LTV > 80%) only are affected by this policy. If LTV is <=80%, the policy does not apply. Properties in declining markets are subject to product restrictions defined in the MI restrictions section.

- Appraiser marked home values as “Declining” in the neighborhood section of the appraisal, or
- The property is on the following declining market listing

Appraisal guidelines:

- Comparable sales provided by the appraiser for properties located in a declining market should be dated within the prior 3-6 months.

CONFORMING LOW DOC SIVA:

All appraisals must be obtained from one of our approved national appraisal vendors. No LTV reduction from maximum guideline is required

Appraisal Management Company	Phone	Fax	Website	Customer Service
iMortgage	888-575-8555	888-575-8825	www.imortgageservices.com/customer_login.aspx	customerservice@imortgageservices.com
LandAmerica	866-494-4338	888-416-1620	www.landam.com	customersupport@landam.com
LSI	877-848-8122	412-329-5048	www.elendersolutions.com	FlagstarBank@lsi-ips.com
Old Republic	888-406-5166	888-816-7626	www.ortris.com	cservice.rsg@oldrepublictitle.com
ServiceLink	800-777-8759	877-622-2562	www.atmprof.com	flagstar@servicelinkfnf.com

Note: MSAs are listed for informational purposes only. MI company listing may vary from these MSAs – please see current MI policy. AAF only does business in the states that are listed here.

STATE	COUNTY	MSA
Arizona	Coconino County	Flagstaff Az/UT
	Maricopa County	Phoenix-Mesa-Scottsdale
	Mohave County	Lake Havasu City-Kingman
	Pima County	Tucson
	Pinal County	Phoenix-Mesa-Scottsdale
	Yavapai County	Prescott
	Yuma County	Yuma



California	Alameda County	Oakland-Fremont-Hayward
	Butte County	Chico
	Contra Costa County	Oakland-Fremont-Hayward
	El Dorado County	Sacramento-Arden-Arcade-Roseville
	Fresno County	Fresno
	Imperial County	El Centro
	Kern County	Bakersfield
	Kings County	Hanford-Corcoran
	Los Angeles County	Los Angeles-Long Beach-Glendale
	Madera County	Madera
	Marin County	San Francisco-San Mateo-Redwood City
	Merced County	Merced
	Monterey County	Salinas
	Napa County	Napa
	Orange County	Santa Ana-Anaheim-Irvine
	Placer County	Sacramento-Arden-Arcade-Roseville
	Riverside County	Riverside-San Bernardino-Ontario
	Sacramento County	Sacramento-Arden-Arcade-Roseville
	San Benito County	San Jose-Sunnyvale-Santa Clara
	San Bernardino County	Riverside-San Bernardino-Ontario
	San Diego County	San Diego-Carlsbad-San Marcos
	San Francisco County	San Francisco-San Mateo-Redwood City
	San Joaquin County	Stockton
	San Luis Obispo County	San Luis Obispo-Paso Robles
	San Mateo County	San Francisco-San Mateo-Redwood City
	Santa Barbara County	Santa Barbara-Santa Maria-Goleta
	Santa Clara County	San Jose-Sunnyvale-Santa Clara
	Santa Cruz County	Santa Cruz-Watsonville
	Shasta County	Redding



	Solano County	Vallejo-Fairfield
	Sonoma County	Santa Rosa-Petaluma
	Stanislaus County	Modesto
	Sutter County	Yuba City
	Tulare County	Visalia-Porterville
	Ventura County	Oxnard-Thousand Oaks-Ventura
	Yolo County	Sacramento-Arden-Arcade-Roseville
	Yuba County	Yuba City
Nevada	Carson City County	Carson City
	Clark County	Las Vegas-Paradise
	Storey County	Reno-Sparks
	Washoe County	Reno-Sparks
Oregon	None on this listing	



AGENCY JUMBO PRODUCTS (SERIES AJ CODES):
SPECIAL HIGH COST AREA LOAN LIMITATION INCREASES
ONLY APPLY TO CERTAIN COUNTIES.

The following counties/MSAs are considered in a Declining Market if any of the following is true:

- Appraiser marked home values as “Declining” in the neighborhood section of the appraisal, or
- The property is on the following declining market listing

Appraisal guidelines:

- Comparable sales provided by the appraiser for properties located in a declining market should be dated within the prior 3-6 months.

5% LTV reduction does NOT apply, however appraisal requirements DO apply.

Note: This listing only includes the counties that are eligible for the higher loan limits.

APPRAISAL REQUIREMENTS:

If the property county is on the declining markets listing below

OR

The appraiser marks “declining” in the Property Values section of the appraisal and/or makes comments referencing declining values;

OR

DU/LP returns a warning that the property is located in a declining market:

- A full appraisal is required regardless of the loan amount, specific county or DU/LP findings.
- Although LTV reduction does not apply, all counties on the list must meet the above appraisal requirements.



STATE	COUNTY
Arizona	Coconino
	Maricopa
	Mohave
	Pima
	Pinal
	Yavapai
	Yuma
California	Alameda
	Butte
	Contra Costa
	El Dorado
	Fresno
	Humboldt
	Imperial
	Kern
	Kings
	Los Angeles
	Madera
	Marin
	Merced
	Monterey
	Napa
	Orange
	Placer
	Riverside
	Sacramento
	San Benito
	San Bernardino
	San Diego
	San Francisco
	San Joaquin
	San Luis Obispo
	San Mateo
	Santa Barbara
	Santa Clara



	Santa Cruz
	Shasta
	Solano
	Sonoma
	Stanislaus
	Sutter
	Tulare
	Ventura
	Yolo
	Yuba
Nevada	Carson City
	Clark
	Storey
	Washoe
Oregon	Deschutes
	Jackson



CONFORMING ARMS, FNMA FLEX ARMS (SERIES C, F - ARMS)

LTV/CLTV/HCLTV REDUCTION REQUIREMENTS

LTV reduction requirement does not apply to Conforming ARMS and FNMA FLEX ARMS. However, MI restrictions apply, and the appraisal requirements listed below for the non-Agency products also apply.

JUMBO ARMS & FIXED (SERIES J)

APPRAISAL REQUIREMENTS:

If the property county is on the declining markets listing below

OR

The appraiser marks “declining” in the Property Values section of the appraisal and/or makes comments referencing declining values;

OR

DU returns a warning that the property is located in a declining market:

- **A full appraisal is required regardless of the loan amount, a specific county or DU findings.**

Note – loan amounts > 1M require 2 appraisals and 2 additional current listings or pending sales for each appraisal

LTV/CLTV/HCLTV REDUCTION REQUIREMENTS

If the county designation is marked in the “No LTV/CLTV reduction column, then no reduction is required, only the appraisal requirements listed above.

If the county designation is marked in the “Seriously Declining” column, then the LTV/CLTV/HCLTV will be limited to the lower of 80% LTV or the maximum allowed for the program.

- **Example: If maximum LTV for program is 90%, special handling maximum is 80%.**
- **Example 2: If maximum LTV for parameters is 75%, special handling maximum is 75%**



STATE	COUNTY	No LTV / CLTV reduction	Seriously Declining 80% Max
Arizona	Coconino	X	
	Maricopa		X
	Mohave		
	Pima	X	
	Pinal		X
	Yavapai	X	
	Yuma	X	
California	Alameda		
	Butte		
	Contra Costa		X
	El Dorado		X
	Fresno		X
	Humboldt	X	
	Imperial		X
	Kern		X
	Kings		
	Los Angeles		X
	Madera	X	
	Marin	X	
	Merced		X
	Monterey		X
	Napa		
	Orange		X
	Placer		X
	Riverside		X
	Sacramento		X
	San Benito	X	
San Bernardino		X	
San Diego		X	
San Francisco	X		
San Joaquin		X	
San Luis Obispo		X	
San Mateo	X		
Santa		X	



	Barbara		
	Santa Clara	X	
	Santa Cruz	X	
	Shasta	X	
	Solano		X
	Sonoma		X
	Stanislaus		X
	Sutter		X
	Tulare		X
	Ventura		X
	Yolo		X
	Yuba		X
Nevada	Carson City	X	
	Clark		X
	Storey	X	
	Washoe	X	
Oregon	Deschutes	X	
	Jackson	X	