

## **DECLINING MARKETS LISTING CHAPTERS 1, 3, 14, 21**

**DEPRECIATING MARKETS DETERMINATIONS:** A county is determined to be in a depreciating or declining market if any of the following are present:

- County is shown on the Depreciating Markets Lists.
- Appraisal has “declining” marked in Property Values section and/or with comments referencing declining values.

### **DEPRECIATING MARKET CLASSIFICATIONS:**

- Moderate (and NO appraiser indication of depreciating market conditions) – no additional requirements; use prudent underwriting judgment.
- Significant (or appraiser indication of depreciating market conditions) – 5% LTV/CLTV reduction requirements for FHA/VA loans.
- High (or appraiser indication of depreciating market conditions) - 5% LTV/CLTV reduction requirements for FHA/VA loans; 10% LTV/CLTV reduction for Non-Agency loans.

### **APPRAISAL REQUIREMENTS:**

Standard appraisal requirements apply. Appraisals marked as “declining” should continue to be given additional scrutiny and prudent review to ensure the value is supported by the most recent sales and market data and that all the comments from the appraiser are taken into consideration.

- **Agency Loans:** Standard appraisal requirements apply or as required by Desktop Underwriter (DU) or Loan Prospector (LP).
- **FHA loans:** Standard appraisal requirements apply as required by FHA.

### **LTV/CLTV REDUCTION REQUIREMENTS:**

➤ **Agency Loans (Excludes FHA/VA):** No reduction to LTV/CLTV is required for Agency Loans.

➤ **FHA/VA Loans:** 5% LTV/CLTV reduction required if county is classified as Significant or High. Note: FHA and VA Loans using CoreLogic Correspondent Validation Program (“CCVP”) and receiving a “Pass” are NOT subject to the LTV/CLTV reduction portion of the Declining Markets policy.

➤ **Mortgage Insurance and Depreciating Markets:** The Mortgage Insurance companies must follow the Depreciating Markets policies but it should be noted that they also have their own policies that may be layered onto the loan transactions. These additional overlays may render a loan ineligible for financing that otherwise appeared to be eligible. Brokers must review the MI policies to determine whether or not financing will be available. Mortgage insurance is required for all LTV’s over 80%. Please refer to the Mortgage Insurance Company Web sites and policies for additional details.

### **FHA SECOND APPRAISAL POLICY:**

As announced in the HUD Mortgagee Letter #2008-09, second appraisals are required in the following situations:

- 1) The loan amount, excluding UFMIP, is  $\geq$  \$417,000, and
- 2) The LTV, excluding UFMIP, is  $\geq$  95%, and
- 3) The property is in a declining market, as defined by the Investor, AUS, or appraiser as identified.
  - Investor’s declining markets list must be checked and if the property value is declining, a second appraisal must be ordered at that time. If the property is not on the Investor’s declining markets list then a single appraisal can be ordered UNLESS the appraiser, DU or LP determines that the property is in a declining market a second appraisal must be ordered.
  - A second appraisal as required by HUD does not negate the need to comply with the Investor Declining Markets policy.

Second Appraisal requirements:

- An FHA approved appraiser must complete the second appraisal. The lender must independently order the appraisal and must not request a second case number through FHA Connection.
- If the second appraisal has an estimated value >5% lower than the first appraisal, the lower of the two values must be used to determine the maximum mortgage allowed.
- The second appraisal may be an exterior only appraisal (Form 2055) if the property is a one unit detached property. Condominiums including detached site condominiums and 2-4 unit properties are not eligible for the exterior only second appraisal.

## DECLINING MARKET LISTING

County Name	County Code	Amount of Decline
<b>ALASKA</b>		
Anchorage	20	Moderate
Fairbanks North Sta	90	Moderate
Matanuska-Susit	170	Moderate
<b>ARIZONA</b>		
Coconino	5	Significant
Maricopa	13	High
Mohave	15	High
Pima	19	High
Pinal	21	High
Yavapai	25	High
Yuma	27	Significant
<b>CALIFORNIA</b>		
Alameda	1	High
Butte	7	High
Contra Costa	13	High
El Dorado	17	High
Fresno	19	High
Humboldt	23	High
Imperial	25	High
Kern	29	High
Kings	31	High
Los Angeles	37	High
Madera	39	High
Marin	41	High
Merced	47	High
Monterey	53	High
Napa	55	High
Orange	59	High
Placer	61	High
Riverside	65	High
Sacramento	67	High
San Benito	69	High
San Bernardino	71	High
San Diego	73	High
San Francisco	75	High
San Joaquin	77	High
San Luis Obispo	79	High
San Mateo	81	High
Santa Barbara	83	High
Santa Clara	85	High
Santa Cruz	87	High
Shasta	89	High
Solano	95	High
Sonoma	97	High
Stanislaus	99	High
Sutter	101	High
Tulare	107	High
Ventura	111	High
Yolo	113	High
Yuba	115	High

County Name	County Code	Amount of Decline
<b>COLORADO</b>		
Adams	1	Significant
Arapahoe	5	Moderate
Broomfield	14	Moderate
Clear Creek	19	Moderate
Denver	31	Moderate
Douglas	35	Moderate
El Paso	41	Moderate
Elbert	39	Moderate
Gilpin	47	Moderate
Jefferson	59	Moderate
Larimer	69	Moderate
Mesa	77	Moderate
Park	93	Moderate
Pueblo	101	Moderate
Teller	119	Moderate
Weld	123	Significant
<b>CONNECTICUT</b>		
Fairfield	1	Significant
Hartford	3	Moderate
Litchfield	5	Significant
Middlesex	7	Moderate
New Haven	9	Significant
New Holland	11	Significant
Tolland	13	Significant
<b>FLORIDA (all loans ineligible effective 4/1/09)</b>		
Alachua	1	Significant
Baker	3	High
Bay	5	Significant
Brevard	9	High
Broward	11	High
Charlotte	15	High
Citrus	17	High
Clay	19	High
Collier	21	High
Duval	31	High
Escambia	33	High
Flagler	35	High
Gadsden	39	Moderate
Gilchrist	41	Significant
Hernando	53	High
Hillsborough	57	High
Indian River	61	High
Jefferson	65	Moderate
Lake	69	High
Lee	71	High
Leon	73	Moderate
Manatee	81	High
Marion	83	High
Martin	85	High
Miami-Dade	86	High
Monroe	87	High
Nassau	89	High
Okaloosa	91	High

County Name	County Code	Amount of Decline
<b>FLORIDA (all loans ineligible 4/1/09)</b>		
Orange	95	High
Osceola	97	High
Palm Beach	99	High
Pasco	101	High
Pinellas	103	High
Polk	105	High
Santa Rosa	113	High
Sarasota	115	High
Seminole	117	High
St. Johns	109	High
St. Lucie	111	High
Volusia	127	High
Wakulla	129	Moderate
<b>GEORGIA</b>		
Baker	7	Moderate
Barrow	13	High
Bartow	15	High
Bibb	21	Moderate
Brantley	25	Moderate
Brooks	27	Moderate
Bryan	29	Moderate
Burke	33	Moderate
Butts	35	High
Carroll	45	High
Catoosa	47	Moderate
Chatham	51	Moderate
Chattahoochee	53	Moderate
Cherokee	57	High
Clayton	63	High
Cobb	67	High
Columbia	73	Moderate
Coweta	77	High
Crawford	79	Moderate
Dade	83	Moderate
Dawson	85	High
DeKalb	89	High
Dougherty	95	Moderate
Douglas	97	High
Echols	101	Moderate
Effingham	103	Moderate
Fayette	113	High
Forsyth	117	High
Fulton	121	High
Glynn	127	Moderate
Gwinnett	135	High
Hall	139	Moderate
Haralson	143	High
Harris	145	Moderate
Heard	149	High
Henry	151	High
Houston	153	Moderate
Jasper	159	High
Jones	169	Moderate
Lamar	171	High

County Name	County Code	Amount of Decline
<b>GEORGIA</b>		
Lanier	173	Moderate
Lee	177	Moderate
Liberty	179	Significant
Long	183	Significant
Lowndes	185	Moderate
Marion	197	Moderate
McDuffie	189	Moderate
McIntosh	191	Moderate
Meriwether	199	High
Monroe	207	Moderate
Murray	213	Significant
Muscogee	215	Moderate
Newton	217	High
Paulding	223	High
Pickens	227	High
Pike	231	High
Richmond	245	Moderate
Rockdale	247	High
Spalding	255	High
Terrell	273	Moderate
Twiggs	289	Moderate
Walker	295	Moderate
Walton	297	High
Whitfield	313	Significant
Worth	321	Moderate
<b>HAWAII</b>		
Honolulu	3	Moderate
<b>IDAHO</b>		
Ada	1	Significant
Bannock	5	Moderate
Boise	15	Significant
Canyon	27	Significant
Gem	45	Significant
Kootenai	55	Moderate
Owyhee	73	Significant
Power	77	Moderate
<b>INDIANA</b>		
Bartholomew	5	Moderate
Boone	11	Moderate
Brown	13	Moderate
Clay	21	Moderate
Dearborn	29	Significant
Delaware	35	Significant
Elkhart	39	Moderate
Franklin	47	Significant
Gibson	51	Moderate
Greene	55	Moderate
Hamilton	57	Moderate
Hancock	59	Moderate
Hendricks	63	Moderate
Howard	67	Moderate
Jasper	73	Moderate
Johnson	81	Moderate
La Porte	91	Moderate

County Name	County Code	Amount of Decline
<b>INDIANA</b>		
Lake	89	Moderate
Madison	95	Moderate
Marion	97	Moderate
Monroe	105	Moderate
Morgan	109	Moderate
Newton	111	Moderate
Ohio	115	Significant
Owen	119	Moderate
Porter	127	Moderate
Posey	129	Moderate
Putnam	133	Moderate
Shelby	145	Moderate
St. Joseph	141	Moderate
Sullivan	153	Moderate
Tipton	159	Moderate
Vanderburgh	163	Moderate
Vermillion	165	Moderate
Vigo	167	Moderate
Warwick	173	Moderate
<b>MARYLAND</b>		
Anne Arundel	3	Significant
Baltimore	5	Significant
Baltimore City	510	High
Calvert	9	High
Carroll	13	Significant
Cecil	15	Significant
Charles	17	High
Frederick	21	High
Harford	25	Significant
Howard	27	Significant
Montgomery	31	High
Prince George's	33	High
Queen Anne's	35	Significant
Somerset	39	Significant
Washington	43	Significant
Wicomico	45	Significant
<b>MICHIGAN</b>		
Barry	15	Moderate
Bay	17	High
Berrien	21	Moderate
Calhoun	25	Moderate
Cass	27	Moderate
Clinton	37	High
Eaton	45	High
Genesee	49	Significant
Ingham	65	High
Ionia	67	Moderate
Jackson	75	Moderate
Kalamazoo	77	Moderate
Kent	81	Moderate
Lapeer	87	High
Livingston	93	High

County Name	County Code	Amount of Decline
<b>MICHIGAN</b>		
Macomb	99	High
Monroe	115	High
Muskegon	121	Significant
Newaygo	123	Moderate
Oakland	125	High
Ottawa	139	Significant
Saginaw	145	Significant
St. Clair	147	High
Van Buren	159	Moderate
Washtenaw	161	High
Wayne	163	High
<b>MISSOURI</b>		
Bates	13	Moderate
Caldwell	25	Moderate
Cass	37	Moderate
Christian	43	Moderate
Clay	47	Moderate
Clinton	49	Moderate
Crawford	55	Moderate
Dallas	59	Moderate
Franklin	71	Moderate
Greene	77	Moderate
Jackson	95	Moderate
Jasper	97	Moderate
Jefferson	99	Moderate
Lafayette	107	Moderate
Lincoln	113	Moderate
McDonald	119	Moderate
Newton	145	Moderate
Platte	165	Moderate
Polk	167	Moderate
Ray	177	Moderate
St. Charles	183	Moderate
St. Louis	189	Moderate
St. Louis City	510	Moderate
Warren	219	Moderate
Washington	221	Moderate
Webster	225	Moderate
<b>NEVADA</b>		
Carson City	510	Significant
Clark	3	High
Storey	29	High
Washoe	31	High
<b>NEW MEXICO</b>		
Bernalillo	1	Moderate
Dona Ana	13	Moderate
Sandoval	43	Moderate
Santa Fe	49	Moderate
Torrance	57	Moderate
Valencia	61	Moderate

County Name	County Code	Amount of Decline
<b>OKLAHOMA</b>		
Canadian	17	Moderate
Cleveland	27	Moderate
Comanche	31	Moderate
Creek	37	Moderate
Grady	51	Moderate
Lincoln	81	Moderate
Logan	83	Moderate
McClain	87	Moderate
Oklahoma	109	Moderate
Okmulgee	111	Moderate
Osage	113	Moderate
Pawnee	117	Moderate
Rogers	131	Moderate
Tulsa	143	Moderate
Wagoner	145	Moderate
<b>OREGON</b>		
Benton	3	Moderate
Clackamas	5	High
Columbia	9	High
Deschutes	17	High
Jackson	29	Significant
Lane	39	Moderate
Marion	47	Moderate
Multnomah	51	High
Polk	53	Moderate
Washington	67	High
Yamhill	71	High
<b>TEXAS</b>		
Archer	9	Moderate
Atascosa	13	Moderate
Bandera	19	Moderate
Bexar	29	Moderate
Cameron	61	Moderate
Clay	77	Moderate
Comal	91	Moderate
Ector	135	Moderate
El Paso	141	Moderate
Grayson	181	Moderate
Gregg	183	Moderate
Guadalupe	187	Moderate
Hidalgo	215	Moderate
Kendall	259	Moderate
McLennan	309	Moderate
Medina	325	Moderate
Rusk	401	Moderate
Upshur	459	Moderate
Wichita	485	Moderate
Wilson	493	Moderate

County Name	County Code	Amount of Decline
<b>UTAH</b>		
Davis	11	Moderate
Juab	23	Moderate
Morgan	29	Moderate
Salt Lake	35	Moderate
Summit	43	Moderate
Tooele	45	Moderate
Utah	49	Moderate
Washington	53	High
Weber	57	Moderate
<b>VIRGINIA</b>		
Albemarle	3	Moderate
Alexandria City	510	High
Amelia	7	Moderate
Arlington	13	High
Caroline	33	Moderate
Charles City	36	Moderate
Charlottesville	540	Moderate
Chesapeake City	550	Moderate
Chesterfield	41	Moderate
Clarke	43	High
Colonial Height	570	Moderate
Cumberland	49	Moderate
Danville City	590	Significant
Dinwiddie	53	Moderate
Fairfax	59	High
Fairfax City	600	High
Falls Church City	610	High
Fauquier	61	High
Fluvanna	65	Moderate
Frederick	69	High
Fredericksburg City	630	High
Gloucester	73	Moderate
Goochland	75	Moderate
Greene	79	Moderate
Hampton City	650	Moderate
Hanover	85	Moderate
Harrisonburg City	660	Moderate
Henrico	87	Moderate
Hopewell City	670	Moderate
Isle of Wight	93	Moderate
James City	95	Moderate
King and Queen	97	Moderate
King William	101	Moderate
Loudoun	107	High
Louisa	109	Moderate
Manassas City	683	High
Manassas Park City	685	High
Mathews	115	Moderate
Nelson	125	Moderate
New Kent	127	Moderate
Newport News City	700	Moderate
Norfolk City	710	Moderate

County Name	County Code	Amount of Decline
<b>VIRGINIA</b>		
Petersburg City	730	Moderate
Pittsylvania	143	Significant
Poquoson City	735	Moderate
Portsmouth City	740	Moderate
Powhatan	145	Moderate
Prince George	149	Moderate
Prince William	153	High
Richmond City	760	Moderate
Rockingham	165	Moderate
Spotsylvania	177	High
Stafford	179	High
Suffolk City	800	Moderate
Surry	181	Moderate
Sussex	183	Moderate
Virginia Beach	810	Moderate
Warren	187	High
Williamsburg City	830	Moderate
Winchester City	840	High
York	199	Moderate
<b>WASHINGTON</b>		
Clark	11	High
Cowlitz	15	Moderate
King	33	High
Kitsap	35	Significant
Pierce	53	High
Skagit	57	Significant
Skamania	59	High
Snohomish	61	High
Spokane	63	Moderate
Thurston	67	Moderate
Whatcom	73	Moderate
<b>WYOMING</b>		
Laramie	21	Moderate