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# Wholesale Announcement

- Declining Market Policy Update
- DU Version 5.7
- Agency conforming changes
- Now Accepting - Conforming Agency JUMBO Loan Sizes
- Now Accepting – FHA Higher Balance Loan Sizes

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## DECLINING MARKET POLICY UPDATE

Effective with new applications dated June 14, 2008 using **DU version 7.0**, a reduction to the maximum financing in declining market areas is no longer required per Fannie Mae (announcement 08-10) on standard fixed rate agency conventional conforming and agency jumbo products. The message currently issued by DU that indicates the property is in a declining area should be disregarded.

**Loans >80% are subject to the declining market policies of the mortgage insurer. At the present time two of the MI companies will insure standard conforming product up to 95% LTV with restrictions. Agency Jumbo is not subject to declining policy and can be insured up to 90%. Please contact your underwriter for your specific scenario.**

In order to ensure the appraiser has properly analyzed property trends and overall market conditions to adequately support value, the following additional appraisal review is required for areas that are deemed “declining” by the Appraiser, Investor or Insurer:

### **Additional Appraisal Review:**

In order to determine that the property value is supported, especially for properties located in a declining area, the following criteria are required:

- At least two of the comparable sales must have been closed within three months of the appraisal
- At least one additional comparable that is a pending sale from the immediate neighborhood.

If the appraiser is unable to provide this data, the appraiser must provide supportive comments identifying why this information cannot be supplied and whether there is any impact on value or marketability of the property as a result.

The loan program descriptions (Conforming Conventional & Agency Jumbo) have been updated and are available on the website. Please refer to Loan Program Descriptions for guidance on declining policies for loan programs other than Agency conforming Fixed or Agency Jumbo.

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## DU Version 5.7

All agency conventional conforming products underwritten through DU version 5.6 or 5.7 must close on or before July 15. Loan case files created in previous versions of DU must be resubmitted in DU version 7.0 if closing after July 15.

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