



Investor Soft Market Requirements

Revised July 7, 2008

	Blue	Red	White	Gold	
Agency Conforming & Agency Jumbo	For loans approved via FNMA DU v. 7.0 the mandatory 5% LTV/CLTV reduction has been eliminated for properties located in a soft market. For loans approved via DU v. 5.7, LP, or investor AUS the 5% mandatory LTV/CLTV reduction from normal program limits still applies. All agency jumbo loans can only be approved via investor AUS and as such will be subject to the 5% LTV/CLTV soft market reduction policy.	5% automatic LTV/CLTV reduction no longer required for agency conforming and agency jumbo loans. Property value must be supported. If the property is noted as being in a declining value area by the appraiser, by the DU/LP engine or if property location appears on investor list of declining markets then 2 additional current listings or pending sales will be required in addition to the 3 closed sales normally required.	Agency conforming and agency jumbo loans u/w by AHEC, investor or by contract MI company are no longer subject to investor's At Risk Markets policy for reductions in max LTV/CLTV. Agency loans with LPMI are subject to investor's At Risk Markets Policy for LTV/CLTV reduction regardless of which party underwrites the loan.	Declining property value, as indicated on the appraisal, appraisal review, AUS and investor Declining Market Worksheet/must be reduced by 5% regardless of AUS/max LTV/CLTV additional 5% reduction if LTV is over 80% /Reduced LTV may not exceed 90%. This applies to both agency conforming and agency jumbo programs.	
Non-Agency	5% mandatory LTV/CLTV reduction from normal program guidelines still applies to properties determined by investor or appraiser to be in a soft market. AHEC u/w staff has access to this information.	No mandatory across the board LTV/CLTV reduction required for properties determined to be in a declining market as defined by investor. Properties located in markets determined by investor to be "Seriously Declining" are capped at the lower of 80% LTV/CLTV or the program limits whichever is less. AHEC u/w staff has access to this information.	Non-agency loans must adhere to the investor's At Risk Markets Policy for max. LTV/CLTV. AHEC u/w staff has access to this information.	Non-agency currently not available.	
Sources for the determination of a Soft Market	Determined by investor, DU or investor AUS engine.	A property is determined to be in a soft market area when indicated by appraiser, DU 7.0/LP or if the property location appears on investor list of declining market areas.	A property is determined to be in a soft market area when indicated by appraiser, DU 7.0/LP or if the property location appears on investor list of declining market areas.	Per investor spreadsheet Zip code is input for soft market determination. AHEC u/w staff has access to this information.	
How appraisers define Soft Markets	Soft market defined by appraiser as an area that has one or more of the following attributes : declining property values; and/or an oversupply of homes for sale, and/or a marketing time over 6 months. A red flag would be when an appraiser indicates marketing time of under 6 months but some or all closed sale comps provided by appraiser are older than 6 months OR current listings as supplied by appraiser have a marketing time (as indicated by the DOM) in excess of the marketing indicated on page 1 of appraisal.				
Investor specific appraisal/review requirements	Additional appraisal requirements may apply as directed in investor seller guide. AHEC u/w staff has access to this information.	Additional appraisal requirements may apply as directed in investor seller guide. AHEC u/w staff has access to this information.	Investor uses AVM model and their own proprietary review company for appraisal reviews.	Additional appraisal requirements may apply as directed in investor seller guide. AHEC u/w staff has access to this information.	
Current Appraisal Requirements for all loans.	All appraisals to be no more than 60 days old at time of submission to AHEC. Provide at least 2 comps within the last 90 days. Provide at least 2 current listings. At least one current listing or pending sale must be provided. All comps must be mapped on appraisal and days on market must be provided. Appraiser must provide detailed explanation if they cannot meet above requirements				