

Declining Market Appraisal Checklist

The table below is a summary of transactions and their respective declining markets requirements.

Transaction	Declining Markets
<ul style="list-style-type: none"> Agency (all LTV/TLTVs), Agency Plus Fannie Mae's HomeReady® Freddie Mac's Home Possible® Texas Section 50(a)(6) 	<ul style="list-style-type: none"> Excluded from the Declining Markets requirements. Underwriters should follow <u>Section 1.07: Appraisal Standards</u> of the <i>Correspondent Seller Guide</i> and the appraisal standards within the applicable product description. <p>Note: The appropriate level of due diligence should be performed to ensure that the appraisal and collateral value are well supported.</p>
<ul style="list-style-type: none"> Key Loan² Jumbo Solution Second Mortgage 	For properties located in a declining market, the Declining Markets requirements apply and will require a reduction to all LTV/TLTV limits. ¹
<ul style="list-style-type: none"> FHA, and VA 	<ul style="list-style-type: none"> Excluded from the LTV/TLTV reduction AND appraisal requirements of the Declining Markets document. Follow the declining markets requirements set forth by HUD and VA.

¹ Refer to the *Declining Market Index* for applicable LTV/TLTV reduction. If the property is deemed to be located in a declining market as noted by the appraiser, but the area in which the property is located is NOT reflected on the Declining Market Index, a 5% reduction to the LTV/TLTV will be required.

² Refer to the Key Loan Program product description regarding the waiver of declining market reductions to the maximum LTV/TLTV on rate/term refinances when the borrower's current loan is a Truist portfolio product.

Note: Loans that require mortgage insurance must follow the more restrictive standards of Truist or the MI Company.

Appraisal¹ and/or Declining Market Index deems market to be declining:

- **Appraisal expires in 120 days**
- **Reduction to max LTV/CLTV for product applies**

	Three (3) comparable sales within six (6) months of appraisal date.
	Negative time adjustments must be made for comps over ninety (90) days old.
	Comparable sales utilized are within subject's immediate neighborhood, or appraiser addressed the fact that more recent sales are available outside the immediate neighborhood and one (1) from the subject neighborhood must be provided.
	One (1) pending sale or current listing including number of days on market and adjusted per list to sales price ratio.
	Demand/Supply and Marketing Time correlate with comparable sales provided.
	If over supply – appraiser must comment on reason and impact on the value.
	If marketing time exceeds six (6) months, appraiser must comment on reason and impact on the value.
	Did appraiser review the contract and address sales/financing concessions?

¹ Refer to the Declining Market Index for applicable LTV/TLTV reduction. If the property is deemed to be located in a declining market as noted by the appraiser, but the area in which the property is located is NOT reflected on the Declining Market Index, a 5% reduction to the LTV/TLTV will be required.

Appraiser deems market to be stable

- **Stable Market must be supported by appraisal data**

	Two (2) comparable sales within ninety (90) days – One (1) within immediate neighborhood.
	Number of days on market reported for each comparable sale and correlates with appraiser's estimate of marketing time on page one (1).
	One (1) pending sale including number of days on market & contract date to illustrate market stability – from immediate neighborhood.
	Detailed explanation of local market conditions and/or additional pending sales to substantiate value, marketability and stable market.
	The reviewer should utilize other tools available such as CoreLogic to validate the opinion expressed in the appraisal that the subjects market is not declining.

Important Notes:

- Reviewer/Underwriter must be able to validate the opinion expressed in the appraisal (stable market) in order to take advantage of the higher LTV/TLTV.
- **A full appraisal must be obtained in order to document value.**

Reference: See Declining Market Standards in the *Correspondent Seller Guide* for additional information.