



# Homeownership Program Bulletin

**Date: January 11, 2008**

**Program Bulletin #2008-02**

**To: CalHFA Approved Lenders**

## **COLLATERAL EVALUATION IN DECLINING MARKETS**

After much consideration, CalHFA has elected not to adopt Fannie Mae's 5% reduction to Loan-to-Value (LTV) limits for properties located within declining markets as detailed in Announcement 07-22, Maximum Financing in Declining Markets, dated December 5, 2007. The Agency will continue to lend up to 100% LTV to borrowers meeting the CalHFA Underwriting Guidelines.

CalHFA is committed to helping provide affordable housing to all qualified low and moderate income, first-time homebuyers throughout California. Clearly, declining market values impact our industry and reinforce the need for prudent lending practices. Therefore, while CalHFA has not reduced the LTV and Combined LTV on properties identified as being in declining markets, we do require that lenders take a prudent approach to the validation of appraised values. CalHFA will continue to utilize appraisal underwriting practices as outlined in Fannie Mae's Collateral Valuation Practices and Declining Markets announcement 07-11 dated July 13, 2007. Lenders should be familiar with these approaches and address declining market issues in their underwriting documentation before submitting loans to CalHFA.

For questions about this bulletin, contact CalHFA Homeownership Programs by phone 916.324.8088; by fax 916.324.6589; by email at [homeownership@calhfa.ca.gov](mailto:homeownership@calhfa.ca.gov) and you can always visit CalHFA's web site at: [www.calhfa.ca.gov](http://www.calhfa.ca.gov)

Unless otherwise directed, please send all loan files and documents to:  
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