

## PMI Distressed Markets Policy (effective March 1, 2008)

**It is critical to review and analyze the appraisal to ensure that the property value is supported before implementing the distressed markets policy. A poor, inaccurate, or incorrect appraisal is not corrected by a reduction in the loan-to-value (LTV).**

### **When one of the following indicators is present:**

- The declining property value box is checked on the appraisal report; **or**
- A declining market message from an AUS system is received; **or**
- A lender's independent research reveals that the subject property is located in a declining market; **or**
- The subject property is located in a MSA/MSAD on the **PMI Distressed Markets List** (page 2).

### **The value of the subject property must be well supported; therefore, we recommend obtaining the following with the origination appraisal report.**

- Two comparable sales that have closed within the last 90 days prior to the effective date of the appraisal, **and**
- A current listing of a comparable property to demonstrate the subject property's neighborhood is not continuing to decline, **and**
- A detailed explanation from the appraiser as to why property values are declining in the area and what effect falling home prices have had on the value and marketability of the subject property.

### **Once the above criteria have been considered and a valid and accurate appraised value is established, implement the LTV reduction:**

- Determine the maximum financing LTV allowed for the selected program or product and reduce it by 5 percentage points.
- The reduced LTV may not exceed 90%.

### **Additionally, the following restrictions will apply:**

- The loan cannot have negative amortization or be an Option Payment Mortgage.
- A-Minus loans are not eligible.

**Note:** PMI will consider insuring a new rate/term refinance without implementing the PMI Distressed Markets Policy if the loan being refinanced is currently insured with PMI, providing the refinance improves the borrower's and PMI's position. The new rate/term loan must be submitted to the Regional Operations Center (ROC) for review and approval.

PMI continually monitors the volatility in the marketplace, as well as adequacy and risk factors relative to our guidelines. This may require us to make additional changes to our underwriting guidelines or pricing. The **PMI Distressed Markets List** will be reviewed and updated on a quarterly basis, or as needed.

To determine the subject property's MSA/MSAD, the following websites may be helpful:

- U.S. Census Bureau/Current Lists of Metropolitan and Micropolitan Statistical Areas and Definitions. Scroll down to Definition Files/Metropolitan and Micropolitan Statistical Areas and Components.  
<http://www.census.gov/population/www/estimates/metrodef.html>
- Zipcodelist.com. <http://zipcodelist.com> (fee charged).

To access this document electronically:

- Go to [www.pmi-us.com](http://www.pmi-us.com).
- Select "Resource Center" and scroll to the middle.
- Select "Underwriting Guidelines" and scroll to the middle.
- Click on "Distressed Markets Policy,"  
[www.pmi-us.com/resourcecenter/mi\\_guidelines.html](http://www.pmi-us.com/resourcecenter/mi_guidelines.html).

## DISTRESSED MARKETS LIST (EFFECTIVE AS OF MARCH 1, 2008)

- For properties located in the following MSA/MSADs; the LTV ratio must be reduced five percentage points (5%) below the maximum financing allowed for the selected program or product, not to exceed 90%.
- The loan cannot have negative amortization or be an Option Payment Mortgage.
- A-Minus loans are not eligible.

State	MSA/MSAD Name
AZ	Phoenix-Mesa-Scottsdale, AZ
AZ	Prescott, AZ
AZ	Lake Havasu City-Kingman, AZ
AZ	Yuma, AZ
CA	Bakersfield, CA
CA	Chico, CA
CA	El Centro, CA
CA	Fresno, CA
CA	Hanford-Corcoran, CA
CA	Los Angeles-Long Beach-Glendale, CA
CA	Madera, CA
CA	Merced, CA
CA	Modesto, CA
CA	Napa, CA
CA	Oakland-Fremont-Hayward, CA
CA	Oxnard-Thousand Oaks-Ventura, CA
CA	Redding, CA
CA	Riverside-San Bernardino-Ontario, CA
CA	Sacramento-Arden-Arcade-Roseville, CA
CA	Salinas, CA
CA	San Diego-Carlsbad-San Marcos, CA
CA	San Francisco-San Mateo-Redwood City, CA
CA	San Jose-Sunnyvale-Santa Clara, CA
CA	San Luis Obispo-Paso Robles, CA
CA	Santa Ana-Anaheim-Irvine, CA
CA	Santa Barbara-Santa Maria-Goleta, CA
CA	Santa Cruz-Watsonville, CA
CA	Santa Rosa-Petaluma, CA
CA	Stockton, CA
CA	Vallejo-Fairfield, CA
CA	Visalia-Porterville, CA
CA	Yuba City, CA
FL	Cape Coral-Fort Myers, FL
FL	Deltona-Daytona Beach-Ormond Beach, FL
FL	Fort Lauderdale-Pompano Beach-Deerfield, FL
FL	Fort Walton Beach-Crestview-Destin, FL
FL	Jacksonville, FL
FL	Lakeland, FL
FL	Miami-Miami Beach-Kendall, FL

State	MSA/MSAD Name
FL	Naples-Marco Island, FL
FL	Ocala, FL
FL	Orlando-Kissimmee, FL
FL	Palm Bay-Melbourne-Titusville, FL
FL	Palm Coast, FL
FL	Panama City-Lynn Haven, FL
FL	Port St. Lucie, FL
FL	Punta Gorda, FL
FL	Sarasota-Bradenton-Venice, FL
FL	Sebastian-Vero Beach, FL
FL	Tampa-St. Petersburg-Clearwater, FL
FL	West Palm Beach-Boca Raton-Boynton Beach, FL
MA	Barnstable Town, MA
MI	Ann Arbor, MI
MI	Battle Creek, MI
MI	Bay City, MI
MI	Detroit-Livonia-Dearborn, MI
MI	Flint, MI
MI	Grand Rapids-Wyoming, MI
MI	Holland-Grand Haven, MI
MI	Jackson, MI
MI	Kalamazoo-Portage, MI
MI	Lansing-East Lansing, MI
MI	Monroe, MI
MI	Muskegon-North Shores, MI
MI	Niles-Benton Harbor, MI
MI	Saginaw-Saginaw Township North, MI
MI	Warren-Troy-Farmington Hills, MI
MS	Gulfport-Biloxi, MS
NJ	Atlantic City, NJ
NJ	Ocean City, NJ
NV	Carson City, NV
NV	Las Vegas-Paradise, NV
NV	Reno-Sparks, NV
OR	Bend, OR
RI-MA	Providence-New Bedford-Fall River, RI-MA
SC	Myrtle Beach-Conway-North Myrtle Beach, SC
VA-WV	Winchester, VA-WV