



Appraisal Concerns

courtesy of Covenant Mortgage

We continue to see a lot of scrutiny by investors on appraisal amounts. Even though the tighter review seems to be across the board, it is especially true when the loan structure is maximizing the high loan to value limits of a specific product and/or utilizing a reduced documentation feature. Recently it was issued in a new agreement with government-sponsored lenders Fannie Mae and Freddie Mac; lenders will no longer be allowed to use in-house appraisal firms. This will hopefully insure accurate home values are reported. Listed below are some of the more common appraisal concerns we are seeing and the reasons why.

Concerns: Age of comparable sales - if older than 6 months;

Reason: Declining values and standing inventory in various communities have forced a narrow view of closed sales. Comparable sales greater than 6 months are meeting with resistance in the Investor community - unless the appraisal report can be documented sufficiently to support the stability of value over an extended period of time.

Concerns: Comparable sales that are greater than one mile from the subject property;

Reason: Market conditions as cited above also apply when the appraisal gives the appearance of "stretching" for value. Underwriters are likely to ask for comparable sales closer to the subject property and detailed explanation of why the Appraiser felt it acceptable to exceed typical

Issue Highlights

- **Appraisal Concerns**
- **FHA Loan Limits Increased for 2008**
- **Featured Listings**

appraisal guidelines. (continued on next page)

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Concern: Declining market, value over predominant market value, recently listed property, non-arms length transactions (owner/builder, family sales), property in below average condition are some examples that will trigger red flags and must be addressed immediately.

Reason: All may affect the salability, safety, structural soundness and stable market value of the subject property. Many Investors may see any or all of the above examples as reasons to decline the loan.

HUD TEMPORARILY INCREASES FHA LOAN LIMITS; ATLANTA NOW AT \$346,250

From CNN MONEY. Nearly a quarter of a million more families could be eligible this year to purchase or refinance their homes using affordable, FHA-insured mortgages. The Economic Stimulus Act of 2008 will allow HUD's Federal Housing Administration (FHA) to temporarily increase its loan limits and insure larger mortgages at a more affordable price in high cost areas of the country.

The Economic Stimulus Act of 2008 permits FHA to insure loans on amounts up to 125 percent of the area median house price, when that amount is between the national minimum (\$271,050) and maximum (\$729,750). The new minimum and maximum loan limits are based on 65 percent and 175 percent of the conforming loan limits for Government-Sponsored Enterprises in 2008, which is \$417,000. The change in loan limits are applicable to all FHA-insured mortgage loans endorsed after HUD publishes the increased loan limits today, and it lasts until December 31, 2008.



By increasing loan limits nationwide, FHA will provide much needed liquidity and stability to housing markets across the country. Already, as conventional sources of mortgage credit have been contracting, FHA has been filling the void. By focusing on 30-year fixed rate mortgages, FHA helps homeowners avoid and escape the risks associated exotic subprime mortgage products, which have resulted in rising default and foreclosure rates.

In January 2009, FHA's maximum loan limit will return to \$362,790, unless the U.S. Congress approves bipartisan legislation to permanently increase loan limits. FHA loan limits are based on the county in which the property is located. However, for properties located in metropolitan areas, the limit is set at that of the county with the highest limit within the metropolitan area.

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Also, you can now download a home maintenance calendar from my website. This small file is in the standard calendar format so it can be imported into most calendar programs such as Google calendars, Outlook, iCal, etc. Once you have it, you won't have to remember when to change your air filters or check your fire alarm batteries, etc. It's free. Please feel free to let anyone know it is available.

RECENT SALES



MARIETTA - EAST COBB

SOLD FOR 95% OF LIST PRICE

96 Days on Market



KENNESAW

SOLD FOR 95% OF LIST PRICE

146 Days on Market

The Atlanta market is averaging 93% list to sales price and approximately 100 days on market as of late July.

CURRENT LISTINGS - Call for Current Price & Incentives

KENNESAW - 4 BD/2.5 BTH



E COBB - 4 BD/POOL/BSMT



SMYRNA - 5 BD/3.5 BTH/BSMNT



KENNESAW - 5BD/5.5 BTH/BSMNT



E COBB - 4 BD/2.5 BTH/BSMNT



ROSWELL - 5 BD/2.5 BTH/BSMNT



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