of owner occupancy, are all characteristics. Good mortgage lenders become more conservative, holding loan commitments well under the lending ratio for "A" areas.

A broad view should be taken in this classification and areas where sub-standard construction prevails should be included even if new and active because construction of this type depreciates rapidly and substantially within 10 to 15 years. Proximity to commercial, industrial, or lower grade areas should be considered, as such areas often mean low standards of living, low income group occupancy and hence less economic stability. Neighborhoods of mixed social classes of population should not be graded above "C" and frequently fall in "D" or Hazardous classification.

Encroachment of proximity to or presence of too many apartment or commercial buildings effect the residential desirability of areas regardless of age. When investment properties constitute a substantial portion of the buildings, the neighborhood should not be graded above "C". The only exception to this rule which will permit an "A" - "Best", or "B" - "Still Desirable" classification is when the investment properties are limited in number and consist of high grade modern multi-family units or commercial properties confined to a few blocks, constituting a community "trading" center, which add to the desirability of the area.

Most scattered areas should be included in this classification unless they are very definitely in the direction of the growth of an "A" or "B" area, sufficiently "patterned", restricted, protected and likely to be developed within the next six or eight years, or are so located as to indicate the possibility of a "D" - "Hazardous" area development. Surroundings spoil many outlying sections of a city and preclude a higher than "D" rating at any time.

Care should be exercised in the classification of the old sections of the city which may have declined in the past and the land value is now having a tendency to increase because of a "change in use". It is still declining from a residential point of view. However, the up-tendency of land values should be specifically pointed out in the area description under Clarifying Remarks.

The tests in "C" - definitely declining-areas revolve around factors which come with age and expiring restrictions, the lack of restrictions, and/or the presence of influences which tend toward economic instability and a lessening of desirability. Probably no neighborhood will be found in which all the factors