

## Understanding Home Equity Products Interactive Training

### SALES QUALIFICATION

Who's Eligible? Potential borrowers must qualify based on their income, credit score, liquid assets and property type. A customer's mortgage eligibility is based on qualification criteria of both the applicant and the property. Check all qualification criteria carefully, including state availability for each home equity product.

#### Eligible Borrowers

##### **ELIGIBLE APPLICANTS**

Primary applicant must reside in the home. Secondary applicant must be on the title. If not on title, must be able to provide 1 year's proof of residency or have the same legal address as the collateral property for at least 1 year.

##### **EMPLOYEE DISCOUNTS**

All employees of the bank are eligible for the employee discount (currently .50%) provided that they have at least 3 months of service with the corporation. This includes all full-time, part-time and retirees of the bank. Employees are not eligible for the discount if they are eligible for another promotional offer. The rate discount may not be combined with the introductory rates (on lines of credit).

##### **PROPERTIES HELD IN TRUST**

If the property is held in trust, the Underwriter will request a full copy of the trust. This will be sent to the corresponding legal counsel for review (based upon the state where the property is located). Sales advisors should ask and note in the history of the loan whether or not the property is held in trust.

##### **PROPERTIES HELD IN TRUST IN CALIFORNIA**

Trust applications are considered in California. A copy of the Trust will be requested, but legally cannot be required. However, a Trust Certificate is required if a copy of the trust is not provided. Additionally, many negative amortization mortgages exist in California; therefore required documentation (including a copy of the mortgage note) will be necessary before Final Underwriting.

##### **PROPERTIES HELD IN TRUST IN FLORIDA**

If held in trust, a copy of the trust **MUST** accompany the application. In addition, a copy of the mortgage note may also be requested for appropriate processing.

## Eligible Properties

A customer cannot have more than 2 properties secured with Chase Home Equity lines or loans (1 on primary home; 1 on vacation/second home). Products are not available for commercially zoned properties or “properties for sale”.

### **CLTV Qualification**

The CLTV is a combination of the first and all junior mortgages against the appraised or purchased value of the subject collateral (customer's home). The CLTV ratio is calculated by dividing the total of all liens (i.e. the first mortgage and all recorded subordinate financing) by the lower of appraised value or the purchase price (if purchased within the last 12 months) at the time the loan is closed. The Combined Loan to Value (CLTV) maximum is based on the applicant's current credit score, debt to income and total liens on the property.

### **Primary Residence**

- Single Family Residence
- Planned Unit Development
- Townhouse
- Eligible Condominium
- 2 – 4 Family
- Co-op (Downstate NY only: 5 boroughs, Suffolk, Nassau, and Westchester counties)
- Rowhouse
- Brownstone

### **Secondary/Vacation Home**

Available to applicants with second homes in states where Chase is licensed to do business. The home must have a permanent heating source and year round road access. Product options include Home Equity Line of Credit and Home Equity Loan.

- Single Family Residence
- Planned Unit Development
- Townhouse
- Eligible Condominium
- Rowhouse
- Brownstone

### **Recent Purchase**

For homes purchased within the past year, the underwriters will review each file on a case-by-case basis. If the customer has resided in the home close to 1 year (within 20 to 30 days) of the original purchase date, the application can be taken from the customer. Keep in mind, the underwriter will review the file and look at the purchase price and the appraised value. After reviewing the file, the underwriter will determine what home value should be used. At the time of application, the sales representative should inform the customer that the file would be individually reviewed to determine the overall equity available.

### **Recent Up for Sale**

Requests for refinances in which the subject property is “for sale” present financial uncertainties and vulnerability both for the borrower and Chase Home Finance. Due to these risks, Chase Home Finance will decline these requests. If the subject property was listed for sale within the last 12 months and is no longer for sale, the following conditions apply:

- Not eligible for cash-out refinance.
- Copy of cancelled listing agreement must be in the file; appraiser to confirm that the property is no longer on the market.
- Borrower must provide evidence that the property is no longer for sale (e.g., copy of cancelled agreement and copies of utility statements in the borrower's name, if applicable, etc).

### **Ineligible Properties**

Second mortgage products are not available for:

- Homes under construction**
- Commercially zoned properties**
- Properties for sale**
- Manufactured homes**
- Non-qualifying condominiums**

Non-qualifying condominiums include:

- Condominium hotels
- Timeshare projects
- Houseboat projects
- Multi-dwelling unit condo projects that permit an owner to hold title to more than one dwelling unit with ownership evidenced by a single deed or mortgage.
- Projects that represent a legal but non-conforming use of land if zoning regulations prohibit rebuilding the improvements to current density in the event of their partial or full destruction.
- Mixed use (condo) projects within excess of 25% commercial space or any commercial use that is not compatible with the overall residential nature of the project (cocktail lounges, nightclub, arcade, or anything that would generate excessive noise or traffic).
- Projects with leased recreational facilities outside the state of Florida.
- High rise buildings containing more than 8 stories if the amount exceeds \$1 million.

## State Availability

The product lines for Home Equity Line of Credit and Home Equity Loans are available in the following states.

Alabama (AL)  
Arizona (AZ)  
California (CA) **Note:** In ACAPS, there are 2 state codes for California – “CN” for Northern California and “CS” for Southern California.  
Colorado (CO)  
Connecticut (CT)  
Delaware (DE)  
Florida (FL)  
Georgia (GA)  
Idaho (ID)  
Illinois (IL)  
Indiana (IN)  
Iowa (IA)  
Kansas (KS)  
Kentucky (KY)  
Louisiana (LA)  
Maryland (MD)  
Massachusetts (MA)  
Michigan (MI)  
Minnesota (MN)  
Mississippi (MS) **Note:** Loan only in Mississippi  
Missouri (MO)  
Nevada (NV)  
New Hampshire (NH)  
New Jersey (NJ)  
New Mexico (NM)  
New York (NY) **Note:** In ACAPS, there are 2 state codes for New York – “UP” for Upstate NY and “DN” for Downstate NY.  
North Carolina (NC)  
Ohio (OH)  
Oklahoma (OK)  
Oregon (OR)  
Pennsylvania (PA)  
Rhode Island (RI)  
South Carolina (SC)  
Tennessee (TN)  
Texas (TX) **Note:** No closing cost loans only in Texas  
Utah (UT)  
Virginia (VA)  
Washington (WA)  
Washington DC (DC)  
Wisconsin (WI)  
Wyoming (WY)