

Chase Non-Agency Amortizing AUS Guide (01/21/26)

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Introduction
The Chase Non-Agency Amortizing AUS guideline conveys requirements beyond what is required by the Agencies. If a requirement is not addressed within the AUS guideline then Chase does not have additional requirements and the Correspondent should follow the respective Agency guidelines based on AUS method used to qualify. Additionally, the Chase AUS guideline includes program, operational, and condo/co-op/PUD requirements.

Product Specifications

Minimum Loan Amount

\$10,000

Maximum Loan Amount, LTV/CLTV/HCLTV and Minimum Credit Score

Primary Residence Purchase and No Cash-Out Refinance

Property Type	Loan Amount	Maximum LTV/CLTV/HCLTV	Min Credit Score	Reserves
1 Unit PUD Condo Co-op1	<=\$5MM	89.99/89.99/89.99%*	740	30 Months
		85/85/85%	700	18 Months
80/80/80%		680	6/12 Months3	
	>\$5MM <=\$10MM	65/65/65%	700	30% of Loan Amount
2 Unit	<=\$5MM	80/80/80%2	700	6/12 Months3
		60/60/60%	700	30% of Loan Amount
		>\$5MM <=\$10MM	60/60/60%	700
3-4 Unit	<=\$5MM	75/75/75%	700	6/12 Months3
		60/60/60%	700	30% of Loan Amount
		>\$5MM <=\$10MM	60/60/60%	700

Primary Residence Cash-Out Refinance4

Property Type	Loan Amount	Maximum LTV/CLTV/HCLTV	Min Credit Score	Max Cash Out	Reserves
1 Unit PUD Condo Co-op1	<=\$5MM	80/80/80%	680	\$1MM	6/12 Months3
		75/75/75%	700	\$1.5MM	6/12 Months3
		70/70/70%	700	\$2MM	6/12 Months3
		65/65/65%	700	\$2.5MM	6/12 Months3
	>\$5MM <=\$10MM	700	\$2.5MM	30% of Loan Amount	
2-4 Unit	<=\$5MM	75/75/75%	700	\$1MM	6/12 Months3

		70/70/70%	700	\$1.5MM	6/12 Months ³
		65/65/65%	700	\$2MM	6/12 Months ³
		60/60/60%	700	\$2.5MM	6/12 Months ³
	>\$5MM <=\$10MM	60/60/60%	700	\$2.5MM	30% of Loan Amount

Max DTI:

- LTV/CLTV >85%-89.99%: 35%
- LTV/CLTV <=85%: 43%

Chase Audited Max DTI:

Prior to purchase, Chase may audit a delegated file and recalculate the debt-to-income (DTI) ratio. In these instances, when the Chase calculation results in a DTI ratio greater than the maximum listed in the Max DTI column, Chase may, within our discretion, apply the Automated Underwriting Service (AUS) resubmission tolerance up to the maximum listed below:

- LTV/CLTV >85%-89.99%: 38%
- LTV/CLTV <=85%: 45%

*When LTV/CLTV/HCLTV is > 85% and the loan is a No Cash-Out Refinance transaction, the loan being paid off must be a Chase mortgage.

Notes:

Community Seconds: Eligible. Follow respective Agency requirements for eligible community second providers. CLTVs outlined above apply.

1 Co-op eligible in certain markets: Refer to the Geographic restrictions section below for complete details. Additionally, the loan must be underwritten by Chase (unless the Correspondent with has been granted specific Delegated Co-op authority).

22 Unit with LTV/CLTV/HCLTVs >75%: Cannot use rental income from subject to qualify

3 Reserves: If any portion is from retirement assets, 12 months reserves is required. See the Reserves section of this topic for full Reserve requirements.

4 Primary Cash-Out:

- Max Cash-out amount includes:
 - cash out to the borrower
 - amount to pay-off non-purchase money seconds
 - amount to payoff non-mortgage debts.
- Delayed financing is considered Cash-out Refinance; however, the maximum cash-out amounts referenced in the above are not applicable to Delayed Financing/Technical Refinance transactions.

Refer to the Refinance Transactions section of this guide for additional requirements

Second Home Purchase and No Cash-Out Refinance

Property Type	Loan Amount	Maximum LTV/CLTV/HCLTV	Min Credit Score	Reserves
1 Unit PUD Condo Co-op ¹	<=\$5MM	85/85/85%	740	18 Months
		80/80/80%	680	6/12 Months ²
	>\$5MM <=\$10MM	60/60/60%	700	30% of Loan Amount

Second Home Cash-Out Refinance³

Property Type	Loan Amount	Maximum LTV/CLTV/HCLTV	Min Credit Score	Max Cash Out	Reserves
1 Unit PUD Condo Co-op ¹	<=\$5MM	80/80/80%	720	\$1MM	6/12 Months ²
		75/75/75%	700	\$1.5MM	6/12 Months ²
		70/70/70%	700	\$2MM	6/12 Months ²
		65/65/65%	700	\$2.5MM	6/12 Months ²
	>\$5MM <=\$10MM	60/60/60%	700	\$2.5MM	30% of Loan Amount

Maximum DTI:

- LTV/CLTV >80%-85%: 35%
- LTV/CLTV <=80%: 43%

Chase Audited Maximum DTI:

Prior to purchase, Chase may audit a delegated file and recalculate the debt-to-income (DTI) ratio. In these instances, when the Chase calculation results in a DTI ratio greater than the maximum listed in the Max DTI column, Chase may, within our discretion, apply the Automated Underwriting Service (AUS) resubmission tolerance up to the maximum listed below:

- LTV/CLTV >80%-85%: 38%
- LTV/CLTV <=80%: 45%

Notes:

Community Seconds: Eligible. Follow respective Agency requirements for eligible community second providers. CLTVs outlined above apply.

1 Co-op eligible in certain markets, refer to the Geographic restrictions section below for complete details. Additionally, the loan must be underwritten by Chase (unless the Correspondent has been granted specific Delegated Co-op authority).

2 Reserves: If any portion is from retirement assets, 12 months reserves is required. See the Reserves section of this topic for full Reserve requirements.

3 Second Home Cash-out:

- Max Cash-out amount includes:
 - cash out to the borrower
 - amount to pay-off non-purchase money seconds
 - amount to payoff non-mortgage debts.
- Delayed financing is considered Cash-out Refinance; however, the maximum cash-out amounts referenced in the above are not applicable to Delayed Financing/Technical Refinance transactions.

Refer to the Refinance Transactions section of this guide for additional requirements

Investment Purchase and No Cash-Out Refinance

Property Type	Loan Amount	Maximum LTV/CLTV/HCLTV	Min Credit Score	Reserves
1 Unit PUD Condo	<=\$2.5MM	80/80/80% 75/75/75%	700	24 Months 6/12 Months ¹
	>\$2.50MM <=\$10MM	50/50/50%	700	The greater of 30% of Loan Amount or \$1,000,000
2-Unit	<=\$2.75MM	75/75/75%	700	6/12 Months ¹
	>\$2.75MM <=\$10MM	50/50/50%	700	The greater of 30% of Loan Amount or \$1,000,000
3-Unit	<=\$3.25MM	75/75/75%	700	6/12 Months ¹
	>\$3.25MM <=\$10MM	50/50/50%	700	The greater of 30% of Loan Amount or \$1,000,000
4-Unit	<=\$5MM	75/75/75%	700	6/12 Months ¹
	>\$5MM <=\$10MM	50/50/50%	700	The greater of 30% of Loan Amount or \$1,000,000

Investment Cash-Out Refinance²

Property Type	Loan Amount	Maximum LTV/CLTV/HCLTV	Min Credit Score	Max Cash Out	Reserves
1 Unit PUD Condo	<=\$5MM	65/65/65%	720	\$2.5MM	The greater of 30% of Loan Amount or \$1,000,000
	>\$5MM <=\$10MM	40/40/40%	720	\$2.5MM	
2-4 Units	<=\$5MM	60/60/60%	720	\$2.5MM	The greater of 30% of Loan Amount or \$1,000,000
	>\$5MM <=\$10MM	40/40/40%	720	\$2.5MM	

Max DTI:

- LTV/CLTV <=80%: 43%

Chase Audited Max DTI:

Prior to purchase, Chase may audit a delegated file and recalculate the debt-to-income (DTI) ratio. In these instances, when the Chase calculation results in a DTI ratio greater than the maximum listed in the Max DTI column, Chase may, within our discretion, apply the Automated Underwriting Service (AUS) resubmission tolerance up to the maximum listed below:

- LTV/CLTV <=80%: 45%

Notes:

1 Reserves: If any portion from retirement assets, 12 months reserves required. See the Reserves section of this topic for full Reserve requirements.

2 Investment Cash-out Requirements:

- Max Cash-out amount includes:
 - cash out to the borrower
 - amount to pay-off non-purchase money seconds
 - amount to payoff non-mortgage debts.
- Delayed financing is considered Cash-out Refinance; however, the maximum cash-out amounts referenced in the above are not applicable to Delayed Financing/Technical Refinance transactions.

Refer to the Refinance Transactions section of this guide for additional requirements

Market Types

Amortizing Fixed Rate Products	Market Type	Loan Terms
20-, 25- and 30-Year Fixed Rate	603	20, 25, or 30 Years
10- and 15-Year Fixed Rate	623	10 or 15 Years
Amortizing SOFR ARM Products	Market Type	Loan Terms
5yr/6m SOFR ARM	763	10, 15, 20, 25, or 30 Years
7yr/6m SOFR ARM	725	10, 15, 20, 25, or 30 Years
10yr/6m SOFR ARM	726	15, 20, 25, or 30 Years

Note: Loan terms less than 10 years are not eligible on Non-Agency Fixed and ARM loans.

Eligible Features

Eligible features:

- Texas 50(a)(6)
- Texas 50(f)(2)

Refer to Texas Homestead Refinance Transactions product guide for detailed requirements

Ineligible Products and Features

Chase will not purchase the following transactions:

- GSE affordable loan products with loan amount exceeding GSE loan limits
- High cost, Subprime and loans with Prepayment features
- Loans where Right of Rescission has been waived or reopened
- Loans with unexpired redemption period regardless if the risk is covered by an insurance policy, redemption policy, redemption bond, or other risk mitigant. Loans sold to Chase must have clear, marketable title
- There is an outstanding PACE/HERO lien on the property after closing, regardless of the ability to subordinate
- Shared Equity programs
- Deed Restricted Properties are ineligible when any of the following are true:
 - There are Affordable LTV/Resale Restrictions that terminate at foreclosure
 - Properties is in Massachusetts with resale restrictions that survive foreclosure or deed-in-lieu of foreclosure

Correspondent Authority

Correspondents with Delegated Non-Agency Authority may underwrite Chase Non-Agency AUS transactions. Loan amounts that exceed the Correspondent's Delegated Non-Agency Authority limit must be submitted to Chase.

Refer to the Correspondent Seller Eligibility Standards topic of the Online Guide for Non-Agency Lending Authority requirements.

Underwriting

Eligible Underwriting Methods:

- Chase Underwriting or Delegated Underwriting
- DU or LPA Note: The use of any evaluations provided by Fannie Mae's DU Validation Service and Freddie Mac's LPA Asset and Income Modeler (AIM) is not permitted when underwriting Chase's Non-Agency AUS products.
- Must receive Approve or Accept findings, comply with the respective Agency's published requirements (for example, Fannie Mae Guide for DU transactions and Freddie Mac Guide for LPA transactions) and meet all requirements outlined in this guide Note: Refer to the Automated Underwriting topic for eligible DU/LPA findings and additional AUS requirements
- Final Submissions document must be included in the closed loan file Note: AUS resubmission after Note date is not permitted for items that affect ability to repay (ATR) (including, but not limited to income, debts, loan amount, DTI or assets).

Review the following sections for additional information:

- Chase Underwriting Overlays – Income and Employment
- Chase Underwriting Overlays – Assets
- Chase Underwriting Overlays – Credit
- Areas of Clarity – Income and Employment
- Areas of Clarity – Assets
- Areas of Clarity – Credit and Debt Analysis
- Areas of Clarity – Borrower
- Chase Operational Requirements
- Condominium and Attached PUD Overlays
- Co-op Requirements

Amortization Type

Fully Amortizing

ARM Information

Refer to the chart below for required ARM parameters

Subject Matter	Requirement
Index	30-Day Average of SOFR
Rate Adjustments	<ul style="list-style-type: none"> • Interest rate can be adjusted up or down at each rate change date, based on the movements in the index • The interest rate will be adjusted to equal the sum of the index plus the required margin, rounded to the nearest .125% subject to the interest rate caps • The monthly payment will be adjusted in accordance with the change in the interest rate
Interest Rate Change Dates	<ul style="list-style-type: none"> • The interest rate at lock-in will remain constant until the first rate change date. Subsequent rate change dates will occur on the 1st day of every 6th calendar month thereafter • The first change date is the month prior to the First Payment date, plus the number of years (5, 7, or 10) based on the ARM program type. For example, 5yr/6m ARM with a First Payment date of 4/01/2020 has an Interest Rate change date of 3/01/2025
Caps	<ul style="list-style-type: none"> • 5yr/6m SOFR ARM: 2/1/5% • 7yr/6m & 10yr/6m SOFR ARM: 5/1/5%. <p>Note: The Floor is the margin.</p>
Margin	2.75%
ARM Change Look Back Period	45 days
Fully Indexed Rate	In accordance with Reg Z and the required look back period defined in the Note, the fully indexed rate is the sum of the Margin plus the applicable index value, rounded to the nearest one-eighth of 1% (0.125%). The applicable index value that determines the fully indexed rate is any index value in effect during the 45 days that precede the Note date
Conversion Option	Not eligible

Appraisal

Follow the requirements outlined in the Appraisal/Property Requirements folder.

Requirements include, but are not limited to the following:

- An appraisal with an interior inspection, on the appropriate form for the property type, is required and must include photos of the following areas:
 - Kitchen
 - All bathrooms, including partial bathrooms
 - Main living area (living room, family room, dining room, all bedrooms, etc)
 - Basement, including all finished and unfinished rooms

- Examples of physical deterioration, if present
- Examples of recent updates (improvements, restoration, remodeling, amenities, and renovation)
- Second appraisal is required as follows:
 - Purchase transactions when the:
 - Loan amount >\$2MM and either of the following apply:
 - LTV > 80%, OR
 - Transaction is non-arm's length, regardless of LTV
 - Loan amount > \$3MM regardless of LTV
 - Refinance transactions with loan amount > \$2MM, regardless of LTV
- Second appraisals may be required for reasons not related to the loan amount. Refer to the Appraisals topic for a complete list.
- Transferred (or assigned) appraisals not permitted
- Prior to closing ratings C5 or C6 must be cured and the property must be brought to Condition C1-C4. See Condition Ratings – Agency and Non-Agency section of the topic for more information regarding Rating requirements.
- Non-Agency loans must comply with the UAD requirements
- Secondary Valuations requirements apply (refer to the Secondary Valuations – Non-Agency section of the Appraisals topic for details)
- Building Sketch Interior dimensions required on all attached projects
- 2-4 Unit Building Sketch must include each unit's layout (labeled rooms) and indicate the square living area for each unit and gross building area (GBA). GBA includes all interior common areas such as stairways or hallways, based on exterior measurements of the building
- Appraisers must follow the ANSI standards for interior and exterior inspections and include all of the declarations as required by ANSI in the appraisal report

Note: For Co-op loans, Chase requires Fannie Mac Appraisal form 2090, regardless of AU findings. Exterior appraisals are not acceptable.

Assumability

- Fixed Rate Loans: Loans are not assumable
- ARM Loans: Loans are assumable after the initial fixed rate period under certain conditions described in the Security Instrument

Construction-to-Perm (CTP)

- Single close CTP permitted after modification or conversion to permanent financing (Delegated transactions only, not eligible for Chase underwriting)
- Two-time close permitted on Delegated and Non-Delegated transactions

Dynamic Appraisals – (UAD) 3.6

Appraisals completed using the new Dynamic Appraisal form and Uniform Appraisal Dataset (UAD) 3.6 under the early adoption period are not eligible for delivery to Chase.

Eligible Borrowers

- U.S. Citizens
- Permanent and Temporary Residents
 - Must meet Foreign Borrower documentation requirements. Refer to the Foreign Borrower Requirements topic for detailed requirements
 - Chase will consider legal Permanent Residents and Temporary Residents to be eligible borrowers under the same terms available to United States citizens
 - Temporary Residents without U.S. Citizen or Permanent Resident applicant:
 - Primary Residence transactions only (Purchase, No Cash-Out and Cash-Out)
 - All borrowers must occupy the property
- Maximum number of borrowers: 4
- Individuals must have reached the age of majority in the jurisdiction where the property is located. There is no maximum age limit for a borrower.

Escrow Waivers

When the monthly qualifying income supports sufficient funds to cover the monthly portion of taxes, ground rents, and premiums for property insurance, some or all of these costs may be excluded from the escrow account when the following requirements are met:

- LTV must be less than 90% to waive escrows except as follows:
 - Properties located in New Mexico: In accordance with New Mexico State Law, the LTV must be less than 80% to waive escrows on a primary residence transaction.
- All additional requirements described in the Escrow Waiver Funding Requirements section of the Closed Loan Documentation Requirements have been met.

Note: For impacts to pricing, refer to the Adjustments for Agency and Non-Agency Loans With or Without Property Tax Escrows section of the Best Efforts topic.

Geographic Restrictions

- Property address must be in the Continental U.S., Alaska or Hawaii

Co-ops:

Chase restricts purchase of Co-op loans to the following locations: DC, MD, NJ and specific counties in NY (unless otherwise restricted by applicable product guide). Refer to the Chase Cooperative Lending Areas section of the Cooperative Share Lending Overview topic for complete details.

Texas Homestead transactions:

- Limited to a maximum LTV/CLTV/HCLTV of 80/80/80%.
- Prior to submitting the loan to Chase for purchase, the Correspondent must forward the complete loan file to a Chase-approved attorney to review Texas Homestead refinance loans and determine whether the loan meets the requirements of a Texas Homestead refinance transaction.
- Refer to Texas Homestead Refinance Transactions topic for more information.

Miscellaneous State Legislation Requirements:

Follow your state-specific guidelines, plus

- Massachusetts: First time homebuyers not eligible on Non-Agency ARM transactions

Interested Party Contributions (also known as Maximum Financing Concessions)

Follow respective Agency guidelines based on AUS method, plus refer to chart below for maximum Interested Party Contributions

Occupancy Type	LTV/CLTV/HCLTV	Maximum IPC
Primary and Second Home	>75-89.99%	6%
	<= 75%	9%
Investment	All LTVs	2%

Note: May include seller paid prepaid items and other costs (may not exceed the allowed percentage as dictated by the LTV/CLTV/HCLTV). The CLTV/HCLTV limitations include secondary financing from all sources.

Multiple Financed Properties

Follow respective Agency guidelines for maximum number of financed properties and additional reserve requirements for second home and investment transactions. Multiple financed property reserve requirements must be added to Chase base reserve requirements.

Negative Amortization

None

Occupancy

Follow respective Agency guidelines based on AUS method, plus:

- Temporary Residents without U.S Citizen or Permanent Resident applicant, all borrowers must occupy the property as their primary residence.
- Additionally, for Non-Occupant Co-Borrowers, maximum LTV is more restrictive of 85% or LTV permitted in the Minimum/Maximum Loan Amount, LTV/CLTV/HCLTV and Minimum Credit Score section.

Refer to Minimum/Maximum Loan Amount, LTV/CLTV/HCLTV and Minimum Credit Score section above for maximum combined DTI.

Principal Curtailments

All loans must comply with current guidelines and program requirements regarding cash-back to the borrower. Refer to TILA-RESPA Integrated Disclosure (TRID) topic for information.

Maximum principal curtailment at closing is \$2,500.

Private Mortgage Insurance

Not applicable/permitted. Disregard mortgage insurance messages returned from DU/LPA on Non-Agency AUS transactions.

Property Type

Primary Residence:

- 1-4 Unit, Condo, PUD, Co-op

Second Homes:

- 1 Unit, Condo (including resort-style condos), PUD and Co-op

Investment:

- 1-4 Unit, Condo (including resort-style condos) and PUD

1 Resort-style condos have additional product and unit eligibility requirements. Refer to the Chase ProjectFlex Review for Resort-Style Condos – Non-Agency topic for complete details.

Condo and PUD Project Requirements

Refer to the Condominium and Attached PUD Overlays section of this topic for additional information.

Ineligible Property Types:

- Refer to the Ineligible Residential Property Types – Non-Agency section of the Property Type topic for restrictions on illegal use of property
- Agricultural (such as orchards or ranches), including those properties that are currently not commercially income producing
- Loans secured by manufactured housing (including manufactured housing accessory dwelling unit (ADU))
- Properties located in Lava Zones 1 & 2
- Any land, building, property, structure, etc. in which there is knowledge of an illegal activity occurring past or present (based on federal or state law), regardless of whether any income or assets are being derived from the illegal activity. Property alterations cannot be made to achieve collateral eligibility.
- Condomotel/lodging units properties
- Time sharing units
- Units managed in rental pools
- Boarding house
- Bed and Breakfast

Qualifying Rate

Qualifying Rate:

- Fixed Rate: Qualify at the Note Rate
- 5yr/6m SOFR ARM: Qualify at the higher of Note rate plus 2% or fully indexed rate
- 7yr/6m and 10yr/6m SOFR ARMs:
 - Non-HPML and non-HPCT qualify at the Note rate
 - HPML and HPCT qualify at higher of the Note rate or fully indexed rate

Note:

- Refer to Minimum/Maximum Loan Amount, LTV/CLTV/HCLTV and Minimum Credit Score section of this topic for maximum DTI based on transaction and LTV.

Recast

Refer to Recast Option topic for requirements.

Refinance Transactions

- Follow respective agency guidelines for definition of No Cash and Cash-Out, based on AUS method.
- Cash-out mortgage seasoning requirements: At least 12 months must have passed between the Note Date of the Mortgage being refinanced and the Note Date of the cash-out refinance Mortgage. Refer to respective agency guidelines based on AUS method for detailed requirements. Note: The above-referenced mortgage seasoning requirements do not apply to delayed financing transactions
- No Cash-out Refinance: Maximum incidental cash back is the greater of 1% or \$2,000

Refer to Minimum/Maximum Loan Amount, LTV/CLTV/HCLTV and Minimum Credit Score section of this guide for information regarding maximum cash-out limitations and additional requirements

Resale Restricted Properties

Servicing Restrictions refer to the Deed Resale Restricted Properties – Non-Agency section of the Resale Restrictions – Property topic for detailed requirements.

Reserves

Refer to the Maximum Loan Amount, LTV/CLTV/HCLTV and Minimum Credit Score section of this topic for base reserve requirements.

Additional requirements may apply based on the transaction. Refer to the following sections in this guide for details:

- Multiple Financed Properties
- Employment Contracts – Future Employment

Note: In the event the AUS findings require more reserves than required under Chase guidelines, Correspondent must validate amount of reserves indicated on AUS findings.

Temporary Interest Rate Buydowns (also known as Temporary Subsidy Buydown)

Follow respective agency guidelines based on AUS method, and:

- Borrower must qualify at Note rate, and
- Transactions with the following characteristics are ineligible:
 - Buydown structures other than 3/2/1, 2/1 and 1/0
 - Refinance transactions
 - Borrower funded buydowns
 - The buydown agreement contains provisions contrary to the applicable Agency requirements, such as requiring the lender and/or servicer to hold the funds in an account that is with a third party or other financial institution

See the Temporary Interest Rate Buydowns section of the Closed Loan Documentation Requirements topic for additional requirements.

Title Vesting

Follow respective agency guidelines based on AUS method, plus:

- Community Land Trusts are not eligible
- Title Alternatives, such as Attorney Opinion Letters are not eligible
- Life Estate is permitted provided that both life tenant and the remaindermen execute the security instrument, and the life tenant is a borrower on the loan and signs the Note.

Chase Underwriting Overlays – Income and Employment

Employment Contracts – Current Employment

When a borrower's employment and income is based on an employment contract (such as, sports franchise, entertainment industry, medical professional) obtain a copy of the employment contract. If there is a defined employment expiration date within the three years following the Note date, and there is no clause for automatic renewal, then the income does not meet continuance requirements.

Loans with compensating factors to support the use of income when continuance is not met must be underwritten by Chase prior to close.

Employment Contracts – Future Employment

Follow respective Agency guidelines based on AUS method, plus; employment must begin within 90 days of closing.

Foreign Income (Employment and Non-Employment)

Follow respective Agency guidelines based on AUS method, source and type of income, plus obtain copies of the borrower's signed U.S. individual federal income tax returns for the most recent two years that include foreign income.

Grossing Up Tax Exempt Income

Follow respective agency guidelines for grossing up Social Security Benefits (Retirement or Survivor Benefits) based on AUS method, plus:

- For income that is always non-taxable, most recent year's tax return required to gross up income by more than 25%
- All other sources, a complete copy of the most recent tax return is required to determine:
 - Portion of income which may be non-taxable, and
 - Borrower's tax rate to be used in the gross-up calculation

Ineligible Income Sources

Income derived from an activity that is deemed illegal by federal or state law (for example, income derived from a business that is legal by state law but illegal by federal law) cannot be considered.

MCC

Mortgage Credit Certificates (MCC) are not eligible

Mortgage Differential Income

Employer providing the income credit cannot be an interested party on the transaction.

Rental Income – Short-Term

Short-term rental income may be used for loans underwritten using DU and LPA, in the following instances:

- Subject property – refinance transactions only
- Non-subject property – purchase and refinance transactions

Follow respective Agency guidelines, plus:

Subject Matter	Requirement
Documentation	<p>Determine income calculation for a property that was owned in the prior calendar year by obtaining and using all of the following:</p> <ul style="list-style-type: none"> • Borrower’s complete federal income tax returns (Internal Revenue Service (IRS) Form 1040) including Schedule 1 and Schedule E for the most recent year, and • Form 72/1025 or 1000/1007 if short-term rental income is from the subject property <p>Note: Lease agreements cannot be used to document or calculate short-term rental income</p>
Calculation	To calculate short-term rental income from Schedule E, divide the net amount by 12 months, regardless of fair rental days

Schedule K-1 <25% Ownership Interest in a Business

For loans using self-employed income to qualify and underwritten using DU, follow Fannie Mae guidelines, plus:

- In the event the loan file contains evidence of large or recurring losses passed on to the borrower, the underwriter must apply prudent underwriting to determine if the loss impacts the borrower’s ability to repay.
- For loans underwritten using LPA, follow Freddie Mac guidelines.

Self-employed (SE) – Income/Loss Used to Qualify

Follow respective Agency self-employment documentation guidelines based on AUS used, plus document a minimum of two-years income from the same business by obtaining:

- Two most recent years’ signed and dated personal income tax returns or transcripts with all applicable schedules required, and
- Signed and dated business tax returns that correspond with the two most recent years’ signed and dated personal income tax returns are required (unless the loan is evaluated through DU and meets Fannie Mae guidelines for waiver of business tax returns)

Notes:

- All documentation obtained must be considered in the final income calculation/analysis.
- Agency guidelines for signature/date alternatives can be applied to both personal and business returns.
- Correspondents are encouraged to provide the income tool used by their underwriter. Chase does not offer rep and warrant relief for the use of income calculated by services including but not limited to LoanBeam, Fannie Mae Income Calculator, and Freddie Mac Income Calculator.
- If federal tax returns do not reflect the complete 24-month period (due to timing), a Profit and Loss (P&L) Statement and Balance Sheet prepared by the borrower or an independent third-party (such as borrower’s tax preparer, CPA, or company bookkeeper) must be provided covering the remaining time period. The P&L must be obtained and in the file prior to the Note date, but may be signed and dated on or after the Note date as long as it is prior to the date the loan is purchased by Chase.

Tax Transcripts

Refer to the Tax Transcript Requirements topic.

Verbal Verification of Employment (VVOE)

Follow respective Agency guidelines based on AUS method for employed and self-employed borrowers. In addition, the following apply:

- K-1 Business Ownership <25%: Obtain a Verbal Verification of Employment (VVOE) for each borrower using income to qualify. Refer to the applicable sections of Agency guidelines based on AUS method:
 - DU – Underwriter discretion to follow either the salaried or self-employed VVOE requirements, or
 - LPA – Follow self-employed VVOE requirements
- Post Consummation Timing: If the VVOE is obtained post consummation it must be dated no more than 30 calendar days after the Note date.
- Self-Employed with LTV > 80%:
 - VVOE must be performed no earlier than 20 business days prior to the Note date
 - Any one of the following can be used to confirm business is currently open and operating due to latency in system updates or recertifications using annual licenses, certifications, or government systems of record (for example, Secretary of State):

- Third-party certification (for example, CPA) that the business is open and operating (confirmed through a phone call or other means); or
 - Review the business website demonstrating activity supporting current business operations (for example, timely appointments for estimates or service can be scheduled); or
 - Evidence of current business receipts within 20 business days of the note date (payment for services performed); or
 - Evidence of current work (executed contracts or signed invoices that indicate the business is operating on the day the lender verifies self-employment).
 - When the borrower indicates they have received either a PPP or SBA loan, underwriting may request additional information to determine any impact to income
- Note: If there is an indication of reduced or closed operations, the underwriter must reevaluate loan to determine continuity of income

Written VOE in Lieu of Paystubs & W-2s

A Verification of Employment (VOE) obtained electronically from an employer’s automated system, or a third-party vendor, when permitted by AUS, is acceptable. A handwritten or typed VOE, such as a VOE on Form 1005 is not permitted.

Chase Underwriting Overlays - Assets

Asset/New Account

If statements indicate account opened within 90 days, the initial deposit must be sourced if funds are needed for closing and meet definition of large deposit.

Down Payment Assistance Programs

Refer to the Down Payment Assistance Programs topic for requirements.

Requirements include but are not limited to:

- Follow respective agency guidelines based on AUS method, plus:
 - When representing and warranting the Housing Down Payment Assistance Program under their delegated authority, the Correspondent must provide a completed new Chase Resale Restriction and Down Payment Assistance Program Information Form in the closed loan package.

The program cannot contain any ineligible features listed in the Ineligible Program Features section of the Down Payment Assistance Programs topic

Gift Funds

Gift funds are permitted on Primary and Second Homes Purchase and No Cash Out Refinance transactions when the below guidelines are met:

IF loan amount is...	THEN....
<=\$5MM	A minimum down payment of 5% must be sourced from borrower’s own funds when LTV/CLTV/HCLTV is >80%.
>\$5MM	Gift funds are permitted only if the borrower’s other verified assets meet the down payment and reserve requirements as per guidelines. Retirement accounts can be used to meet these requirements and liquidation is not required. Note: If using retirement assets for down payment or funds to close, follow respective agency guidelines based on AUS method.
Note: Gift funds are not permitted for all cash-out refinance transactions and all investment transactions.	

Verification of Deposit (VOD)/Form 1006

VOD/Form 1006 not permitted for:

- Initial asset verification, regardless of statement frequency, or
- Subsequent verification if asset account is reported monthly or quarterly

If reported other than monthly or quarterly, a VOD can only be used for subsequent verification of an expired asset statement.

Chase Underwriting Overlays - Credit

Cash-Flow Credit Assessment

Cash-flow credit assessment from DDA/asset account data is not eligible.

Credit Report – Suppressed Credit

Credit Report must be free of suppressed information.

Credit Score

- Representative Credit Score must be used for product eligibility, pricing, and loan delivery.
- All applicants must have a valid credit score
 - Credit reports based on non-traditional credit sources such as Experian Boost, UltraFICO are not permitted
 - Non-traditional credit not allowed
- Refer to Minimum/ Maximum Loan Amount, LTV/CLTV/HCLTV and Minimum Credit Score section of this topic for minimum credit score requirements

Derogatory Credit Requirements

Refer to the Derogatory Credit - Non-Agency Amortizing AUS topic for requirements.

Federal Income Tax Installment Agreements

For DU and LPA transactions, follow Fannie Mae guidelines plus borrower must establish a history of making regularly scheduled payments as evidenced by one month on-time payment made prior to closing. Agreements pending IRS approval are not permitted

Housing Payment History – Mortgage

Verification of satisfactory mortgage payment history for a minimum of the most recent 12 months is required for all real estate owned by a borrower on which the borrower is personally obligated.

Payment history is verified by one of the following methods:

- Direct written Verification of Mortgage (VOM) from the mortgagee or servicer, or
- Review of the last 24 months payment history on the current credit bureau report (or the entire mortgage history when open and reported for < 24 months), or
- Review evidence of timely payments (for example, copies of canceled checks (front and back), money orders, [digital payment service statements](#), or bank statements) for a minimum of the most recent 12-month period prior to the application date.

Notes:

- A supplemental mortgage history is required when all of the following apply:
 - The borrower has financed the mortgaged property for less than 12 months,
 - The borrower previously had a mortgage, AND
 - Prior mortgage payment history is not included on the credit report.
- VOM from private individual is not permitted
- Refer to the Derogatory Credit - Non-Agency Amortizing AUS topic for Housing Payment History requirements

Housing Payment History – Verification of Rent (VOR)

When a rental history is required by the respective Agency based on AUS method, the rental history must meet Chase housing payment history requirements.

Refer to Derogatory Credit - Non-Agency Amortizing AUS for Rental/Lease Payment History requirements

Note: A VOR is eligible if provided through a rental management company. However, a private landlord VOR is not permitted.

Positive Rent History

Positive rent history from DDA/Asset account data or manual validation with loan-level indicator, is not eligible.

Areas of Clarity – Income and Employment

Annuity (Non-Retirement/Structured Payments)

Award letter or similar documentation confirming the amount, frequency and duration of payments required, Borrower must already be receiving the income, plus must evidence:

- Investment is in the annuitization phase at the time of application
- Whether the annuity provides fixed or variable payments. If payments are:
 - Variable, a 24-month history of payments are required
 - Stable or increasing, an average can be used
 - Decreasing and there is a guaranteed minimum amount specified in the annuity contract, the guaranteed minimum amount can be used, otherwise the income is ineligible for qualifying
- Receipt for the most recent month and minimum three year's continuance required

Notes:

- If annuity is newly established, proof of most recent one-month receipt is not required.
- If the non-annuity is in the accumulation phase (such as, when investment is being funded) or is a deferred income annuity, then the non-retirement annuity is not eligible to use for income.

Economic Issues

The Correspondent must not ignore national, regional, or local economic issues in the employment analysis if it could affect the stability of the employment and income or impact the loan decision. Borrowers should exhibit the potential for maintaining continuous employment and/or income to meet minimum investor guidelines. Any known economic issue relating to employment and/or loss of income must be addressed by the borrower and the employer

Interest – Dividend and/or Capital Gains (underlying asset)

If using for income, document continuance through obtaining underlying asset statement.

Calculate YTD earnings by applying a realistic market interest rate to the account balances and averaging over the number of months the income has been received for the year.

Mandatory Furlough

Borrowers that are on a Mandatory Furlough from their job (such as, plant shutdown, temporary layoff, etc.) must return to work prior to the closing of the loan in order to use the income for qualifying purposes.

Additionally, the following documentation is required:

- VVOE indicating the borrower has returned to work under the same terms as prior to the furlough, and
- Paystub verifying return to work and supporting the qualifying income used for the loan

Rental Income – Disregarded Entities

For disregarded entities, follow IRS Form Schedule E analysis and obtain lease agreement as required by the respective Agency. These transactions are not subject to being evaluated pursuant to self-employment guidelines.

Schedule F

Follow Fannie Mae requirements for documentation and adjusting cash-flow analysis.

Self Employed: Pass Through Income (Entity to Entity)

When self-employment income being used to qualify is passed through other entities and the borrower owns 25% or more of the other business entity, then must analyze the pass-through entity by obtaining two years business tax returns including all schedules for that entity.

Areas of Clarity - Assets

1031 Exchange

1031 Exchange funds can only be used for investment property transactions

Deposit Accounts Held by a Financial Technology (FinTech) Company

- Deposit accounts held by a financial technology (FinTech) company are permissible if they are backed by a financial institution that provides deposit insurance through Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA).
- Deposits must be in U.S. currency and held in institutions located in the United States (U.S.)

Custodial Accounts

Custodial accounts established for children or other individuals are not an eligible source of funds when the borrower is not the beneficiary of the account.

Areas of Clarity - Credit and Debt Analysis

Buy Before You Sell or Similar Programs

When a borrower participates in a “Buy Before You Sell” or similar program, the PITIA must be included in the DTI calculation to ensure a comprehensive evaluation of financial obligations.

Credit Bureau Report Requirements for Community Property States

Except when required by state law, do not run credit on the non-applicant spouse. Exclude the sole and separate income, assets, liabilities, and debts of the non-applicant spouse from consideration when qualifying the applicant spouse

Other Property Related Expenses

- When a property is owned free and clear, the property taxes, homeowners’ insurance and HOA fees (when applicable) must be verified, documented and included in the DTI.
- Follow respective agency guidelines based on AUS method when the borrower is only on the title of a non-subject property and is not obligated on the Note.

Reaffirmation of Debts After Chapter 7 Bankruptcy

The following debts must be reaffirmed after a Chapter 7 Bankruptcy when paying off is a condition of approval and one or more of the borrowers on the application to a new loan was a filing party to the Chapter 7 Bankruptcy from which the debt(s) being paid off were included:

- Any mortgage being refinanced on the subject property, or
- Any debt included in a prior Chapter 7 Bankruptcy

Short-term Installment Obligations

When Short-term Installment Plans (for example, Buy Now/Pay Later) are identified, either through disclosure by the borrower or from loan file documentation (application, credit report or bank statements), treat in a consistent manner with the existing approach applied to other more traditional short-term installment obligations

Installment debt with fewer monthly payments remaining also should be considered as a recurring monthly debt obligation if it significantly affects the borrower’s ability to meet their credit obligations.

Student Loan Debt

DU Transactions: In accordance with Fannie Mae Student loan debt FAQ, for loans in an Income Driven Repayment (IDR) plan or graduated repayment where the plan is in effect as of the mortgage loan closing, the Correspondent may use the current monthly payment from the repayment plan for qualification purposes.

Taxes – California Property Tax

For all California purchase transactions and California refinance transactions taking place within 16 months of an ownership change, accurate property taxes must be recalculated using one of the following factors:

- Rate of 1.25%, or
- Actual tax rate plus any levies/special assessments

If the actual tax rate plus any levies/special assessments is the highest of the two factors, then this rate must be used for the recalculation.

The Correspondent may use an actual tax rate plus any levies/special assessments that is the lower of the two tax factors if they document the reason for departure/adjustment and provide supporting documentation (such as the most recent tax bill with combined millage rate). If the Correspondent departs from the most conservative tax calculation, the Correspondent retains responsibility for its determination that the “most accurate” tax calculation was used.

When recalculating the taxes use either the purchase price or appraised value, depending on the transaction type in table below:

Transaction Type	Basis for Calculation
Purchase	Purchase price
Refinance – acquired through prior purchase within the last 16 months	Purchase price
Refinance – acquired through other means (for example, through inheritance or divorce) within the last 16 months	Current appraised value

Taxes – Subject Property

The real estate taxes for borrower qualification must be based on no less than the current assessed value.

Note: See Appraisals topic for appraiser disclosure requirements.

A different tax amount must be used when one or more of the following applies:

Property Characteristic	Requirements
New Construction	<ul style="list-style-type: none"> • When the actual real estate tax amount is not yet available, the real estate tax amount included in the monthly housing expense must be based on the value of the improvements and the land. • The correspondent must provide third party or public record documentation supporting the

	<p>tax estimate for the subject property. Resources include but are not limited to:</p> <ul style="list-style-type: none"> ◦ Appraiser ◦ Title Company ◦ Taxing Authority
Transfer of Ownership	<ul style="list-style-type: none"> • ownership causes or results in a recalculation of the amount of real estate tax. The monthly housing expense must include an estimate of the recalculated real estate tax amount, and • The correspondent must provide third party or public record documentation supporting the tax estimate for the subject property. Resources include but are not limited to: <ul style="list-style-type: none"> ◦ Appraiser ◦ Title Company ◦ Taxing Authority
Tax Abatements or Exemptions	<p>The real estate tax amount may be reduced or excluded from the monthly housing expense calculation if the correspondent provides documentation evidencing that any abatements and exemptions, which result in a tax reduction, will continue for at least five years after the Note Date.</p> <p>Notes:</p> <ul style="list-style-type: none"> • If the tax exemption is due to the Borrower's age or disability, documentation verifying the five years' continuance is not required. • The exemption must not have a predetermined expiration date within five years of the Note Date. • The taxes may not be reduced if an appeal to reduce them is only pending and has not been approved.
Subject Property is in California	<p>For properties in California, in addition to the information above, see the Taxes – California Property Tax section.</p>

Areas of Clarity - Borrower

Bank Examiners/External Auditors

Bank examiners who have the authority to examine JPMC are only eligible for primary residence transactions made on terms and conditions generally prevailing at the time.

Refer to the Examiners and External Auditors – Non-Agency topic for complete details.

Conservatorship

Permitted, Chase Legal Review required.

Defendant in a Lawsuit

Borrowers involved as defendants in a lawsuit with pending litigation may not be eligible for extension of credit. To determine the borrower's eligibility, the borrower's attorney must provide a letter explaining the lawsuit with supporting documentation. Give careful consideration to these factors:

- Determine the impact of the lawsuit on the borrower's ability to repay the mortgage if it levies additional financial obligations against the borrower
- Analyze supporting documentation to determine the extent of potential income or asset interruption
- Determine whether an insurance policy or established escrow fund will cover the potential obligation
- Determine whether the title company will take exception to the pending litigation and decline to insure our first lien position

Foreign Borrower Requirements

Must meet Chase requirements in the Foreign Borrower Requirements topic.

Chase Operational Requirements

4506-C

Sections 5a and 5d of IRS form 4506-C must be completed as outlined in the 4506-C section of the Closed Loan Documentation Requirements topic.

Attorney Opinion Letter

Chase does not accept an Attorney Title Opinion Letter in lieu of a Title Policy.

Declined/Ineligible Lists

Ensure that the Property Valuation Provider, Condo Project, Co-op Project, Down Payment Assistance Program and Settlement Agent are not listed as declined/ineligible on any of the following lists located in the ChaseLoanManager Resource Center:

- Approved/Declined Down Payment Assistance Programs
- Condominium Project List
- Co-op Project List
- Ineligible Settlement Agents
- Ineligible Valuation Providers

See the following for additional information:

- Ineligible Program Features section of the Down Payment Assistance Program topic
- Applicable Condominium Guide topics
- Applicable Co-op Guide topics
- Ineligible Settlement Agent List topic
- Ineligible Valuation Provider List topic

Documents in a Foreign Language

All documents included in a loan file must be in English or must be translated into English by the document originator or an unaffiliated third-party translation service. The translation must be attached to each document, and the Correspondent represents and warrants the translation is complete and accurate.

Electronic Signatures

- Chase Correspondent approval is required prior to delivering eNotes to Chase.
- The following must be included in the Loan File delivered to Chase when delivering eSigned documents:
 - An attribution/audit trail document
 - An electronic Consent (eConsent) for each borrower
- Refer to Electronic Signature Requirements topic for additional requirements specific to the delivery of documents with electronic signatures and remote online notaries

Escrow Holdback/Completion Escrows

Refer to Escrow Holdback/Completion Escrow Requirements topic for requirements.

Forbearance on Subject Property

Subject property transactions that enter forbearance after the Note date but prior to loan purchase are not eligible for sale to Chase.

Fraud Prevention

Refer to the Fraud Prevention and Detection Tools section of the Fraud Identification topic for fraud report requirements

Guidelines Applicable to All Loans Delivered to Chase

Topics in the following folders apply to all loans delivered to Chase:

- Seller Eligibility and Performance
- Trust
- Philosophy and Principles
- Registration and Pricing
- Compliance-Related Topics
- Closed Loan Documentation
- Closed Loan Delivery
- Post Purchase Guidelines
- Loan Integrity
- Representations and Warranties

Insurance Requirements – Property and Flood

Refer to the following Insurance topics as applicable:

- Insurance – Property
- Insurance – Flood
- Insurance – Liability and Fidelity for Condo and Co-Op Projects

Requirements include, but are not limited to:

- Hazard and Flood coverage reconciliation
- Hazard and Flood name of insured for individual unit policies requirement
- Minimum days remaining for hazard and flood policy at the time the loan is purchased by Chase
- Flood insurance requirements on detached structures, condominiums, and co-ops
- Acceptable proof of Flood Coverage, Certificates of Flood Insurance and Binders (including but not limited to ACORD forms) are not acceptable
- Condo/Co-op Master Policy must include the Ordinance or Law Endorsement regardless of compliance with current zoning

Non-Arm's Length

Refer to the Arm's Length/Non-Arm's Length Transactions - Non-Agency topic for:

- Requirements
- Factors that may be indicative of a Non-Arm's Length transaction
- Examples of Non-Arm's Length transactions
- Transactions exempt from Non-Arm's Length transactions

Note Seasoning

Maximum number of calendar days from Note date to loan delivery and loan purchase:

- Complete closed loan file received by Chase: 45
- Loan is purchased by Chase: 60

Power of Attorney (POA)

Follow respective agency guidelines based on AUS method, plus:

- POA must meet all state law requirements
- Employee of title insurer, settlement agent, or affiliate cannot be the attorney-in-fact
- If a POA is required to be recorded under state law, or was otherwise sent for recordings, the recorded POA must be provided to Chase within 30 days of receiving from the recording office
- For Cash-Out Refinance transactions: Borrower Acknowledgement memorializing the discussion of the terms of the Mortgage and use of the POA is required, except when the borrower is in a Period of Military Service and is unavailable for the discussion, or the borrower is incapacitated such that they cannot participate in a discussion. At a minimum, the discussion (when required) must include:
 - Review of the rate, term and principal balance of the Mortgage
 - The address of the mortgaged premises
 - The fact that the attorney-in-fact uses the borrower's POA to sign documents on behalf of the borrower, and
 - The scheduled or estimated closing date

Required Forms

For closed loan file and delivery requirements, refer to the following topics:

- Closed Loan Documentation Requirements and
- Closed Loan Delivery

Removing a Borrower – Non-Delegated Transactions

To protect your lock and ensure compliance with Fair Lending and ECOA regulatory requirements, Chase must issue a new loan number when a borrower or co-borrower is removed from a non-delegated transaction. Refer to the Removing a Borrower section of the Best Efforts topic.

Condominium and Attached PUD Overlays

Delegated Condo and Attached PUD Approvals

Follow all of the requirements as outlined in the following topics:

- Delegated Project Reviews for Attached and Detached Condominiums
- PUD Project Requirements

Non-Delegated Condo and Attached PUD Approvals

Refer to Project Submission Process and Chase Requirements – Condo topic for requirements.

Notes:

- For “opt-out” transactions, Correspondents may choose to retain their project approval delegation. Refer to the above Delegated Condo and Attached PUD Approvals section for all requirements.

- For Resort-Style Condominiums, additional product and unit eligibility requirements apply. Refer to the Chase ProjectFlex Review for Resort-Style Condos – Non-Agency topic for complete details.

Co-op Requirements

Chase Underwriting Requirements

All co-op projects must be reviewed and approved by the Chase project review team prior to closing. In addition, Chase is required to underwrite the complete credit file including the appraisal for all co-op transactions, unless specific delegated co-op authority is granted. If specific delegated authority is granted that authority does not extend to project approval, it is limited to the underwrite of the credit file including the appraisal.

Delegated

Delegated Project Classification is not available. All co-op projects must be reviewed by Chase and a transaction specific approval must be obtained prior to closing.

Refer to the Co-op Share Lending Overview topic for requirements.