



PRODUCTS

*Products*

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HOME EQUITY PRODUCT GUIDE

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*Home Equity Fixed-Rate Loans*

*Equity Reserve Lines of Credit*

*Owner's Choice<sup>®</sup> Loans and Lines of Credit*

[NationalCityHomeEquity.com](http://NationalCityHomeEquity.com)

**National City<sup>®</sup>**

HOME EQUITY



## NATIONAL CITY LOANS AND LINES OF CREDIT

OWNER'S CHOICE® – Any second mortgage purchase or refinance closed simultaneously with a 1st mortgage. OWNER'S CHOICE® guidelines may also be used within 30 days of a first mortgage closing as long as the closing occurs within 90 days of registering the home equity application.

Standalone – Any home equity loan or line not closed in conjunction with a first mortgage purchase or refinance.

## HOME EQUITY FIXED-RATE LOANS

### Terms

- 5- to 20-year fixed
- 30/15 balloon

### Fixed-Rate Loan Prepayment Penalty

- OWNER'S CHOICE® – None
- Standalone – Prepayment charge of 1% of the outstanding principal balance at the time of prepayment or \$300, whichever is greater, if the loan is voluntarily paid off during the first 12 months. Not charged in Georgia, Minnesota and North Carolina.

## NATIONAL CITY EQUITY RESERVE<sup>SM</sup> LINES OF CREDIT

Revolving lines of credit that allow access to funds as needed for a 10-year draw period. Qualified customers' lines will automatically renew for additional 10-year draw periods. If the draw period is not renewed, there is a 10-year repayment period. In Connecticut, the draw period is 9 years 10 months and cannot be renewed. Variable rate tied to Prime. All Equity Reserve Lines of Credit include a Fixed-Rate Partition feature.

### Variable Rate Line Access

Variable rate draws can be obtained by check, credit card or at closing.

- Write checks up to the available balance of the line.
- Access the line using a National City VISA Card. (Not available in CT & NY)

Allow 30 days for separate mail deliveries of checks and credit cards. Funds needed within 30 days of closing should be obtained at closing.

### Variable Rate Line Monthly Payment

#### Interest Only

Minimum monthly payment of interest only (i.e. \$10,000.00 balance X 8.00% interest rate / 12 months = \$66.67 approximate monthly payment.)

### Equity Reserve Early Termination Fee

#### No Closing Cost Line

OWNER'S CHOICE® – None

Standalone – If the customer closes his or her line within the first 36 months, there is a \$350 early termination fee. Not charged in Georgia, Minnesota and North Carolina.

#### Low Closing Cost Line

OWNER'S CHOICE® or Standalone – None

### Annual Fee

A \$50 annual fee is billed at the beginning of each year beginning in the 13th month.

## FIXED-RATE PARTITION ("FRP") FEATURE

The Fixed-Rate Partition feature enables a customer to access a portion of his or her available line of credit at a fixed-rate and payment. Each Fixed-Rate Partition advance creates its own loan balance with fixed-rate and monthly payment.

### Fixed-Rate Partition Access

Fixed-Rate Partition draws can be obtained at closing or by using special Fixed-Rate Partition checks. Existing variable rate line balances can also be converted to FRP balances.

### Fixed-Rate Partition Repayment Term

120 months

### Fixed-Rate Partition Interest Rate

Fixed based on the rate for three-year treasury notes with constant maturities plus a margin. Margin equals 3.75 plus the customer's regular line margin (i.e., a Prime + 1.00 line customer will have the FRP feature available at the three-year treasury rate + a 4.75% margin).

### Fixed-Rate Partition Monthly Payment

The minimum payment for the FRP is based on amortizing the amount of the advance over 120 months and the rate is fixed until maturity.

Example: \$20,000 FRP advance at 9.00% fixed-rate = 120 monthly payments of \$253.40.

### Minimum Fixed-Rate Partition Advance

\$5,000

### Maximum Fixed-Rate Partition Advance

Available credit line.

### Maximum Number of Fixed-Rate Partition Advances

Unlimited number of Fixed-Rate Partitions for the term of the line.

### Fee Per Fixed-Rate Partition Advance

\$50 for each Fixed-Rate Partition advance.



## HOME EQUITY GUIDELINES

| Guidelines                 |   |
|----------------------------|---|
| <b>Loan/Line Amounts</b>   | \$10,000 - \$350,000 (\$250,000 maximum for CLTV greater than 95% to 100%)* **  |
| <b>Eligible Properties</b> | Primary residence: 1-2 units, condos and PUDs. See additional programs for other property types.                                  |
| <b>Maximum CLTV</b>        | 100% for purchase (2nd lien only), refinance or standalone equity transactions.   |
| <b>Term</b>                | <b>Loans</b> 5- to 20-year fixed terms. 30/15 balloon.<br><b>Lines</b> 10-year renewable term. In Connecticut, 9 years 10 months. |

\* Purchase money second cannot be larger than the first mortgage.

\*\* AZ min. line amount \$10,001. KY min. loan/line amount \$15,001.



| Guidelines                 |   |
|----------------------------|---|
| <b>Credit Bureau</b>       | Housing debt: 0 x 30 last 12 months.<br>No charge-offs >\$500 last 12 months.<br>No paid or unpaid collections or judgements >\$1,000 last 12 months.<br>No open obligations managed by Consumer Credit Counseling.<br>No bankruptcies last 7 years.  |
| <b>Maximum Total Liens</b> | \$750,000 total liens for 100% CLTV<br>\$1,000,000 total liens for 95% CLTV<br>\$1,500,000 total liens for 89.9% CLTV<br>\$2,000,000 total liens for 85% CLTV<br>\$2,500,000 total liens for 80% CLTV<br>No Limit for 70% CLTV  |
| <b>Property Valuation</b>  | An automated valuation model (AVM) or appraisal is required. See appraisal policy for details.  |
| <b>Title Insurance</b>     | <b>OWNER'S CHOICE® (piggyback) transactions:</b> a copy of the first mortgage title commitment is required. Title insurance (full ALTA) is not required regardless of loan or line amount.<br><b>Standalone transactions:</b> a limited title search (exam, report, etc.) showing the current owners, address, legal description and existing liens on the property is required. Title Insurance (full ALTA) will only be required if the loan or line is in <u>first</u> lien position <u>and</u> the amount is above \$250,000. |

## FICO/DEBT TO INCOME:<sup>1</sup>

|       |       | A+  |      | A   |      |
|-------|-------|-----|------|-----|------|
|       | CLTV  | DTI | FICO | DTI | FICO |
| LOANS | 100%  | 40% | 720  |     |      |
|       | 95%   | 45% | 700  | 40% | 660  |
|       | 89.9% | 50% | 700  |     |      |
|       | 89.9% | 45% | 680  | 45% | 640  |
| LINES | 100%  | 40% | 720  |     |      |
|       | 95%   | 45% | 700  | 40% | 680  |
|       | 89.9% | 50% | 700  |     |      |
|       | 89.9% | 45% | 680  | 45% | 660  |
|       | 80%   |     |      | 45% | 640  |

<sup>1</sup>89.9% calculation: Calculate 90% CLTV and subtract \$50.00 Line of Credit qualifying payment = 0.70% of line amount.

Indicator score from a broker-obtained tri-merged credit report will be considered if the report is received with the initial application package.

## ADDITIONAL OWNER OCCUPIED PROGRAMS

| CRITERIA             | SECOND HOME                             | STATED INCOME*   | 3 – 4 UNIT PROPERTIES                               | EXPANDED PROPERTIES MAXIMUM**    |
|----------------------|---|--|---|----------------------------------|
| LOAN/LINE AMOUNTS    | \$10,000-\$350,000                      | \$10,000-\$100,000                                     | \$10,000-\$250,000                                  | \$350,001-\$500,000              |
| CLTV                 | 89.9%                                   | 75%  | 89.9%   | 89.9%                            |
| FICO                 | 680                                     | 700  | 680   | 700                              |
| DEBT TO INCOME       | 45%                                     | 45%  | 45%   | 45%                              |
| PROPERTY ELIGIBILITY | Single-family and eligible condos/PUDs. | Primary residence: 1-2 units and eligible condos/PUDs. | Borrower must occupy one unit as primary residence. | Single-family primary residence. |

\* Stated income available to self-employed borrowers only. Income and assets must be reasonably related to employment.

\*\* Expanded Maximum requires liquid assets equal to 50% or more of annual income.

## INVESTMENT PROPERTY PROGRAM

| CRITERIA   | GUIDELINES   |
|--|--|
| LOAN/LINE AMOUNTS  | \$10,000 - \$100,000* **   |
| ELIGIBLE PROPERTIES                                      | 1-4 units, condos, PUDs.   |
| MAXIMUM CLTV   | 89.9% for purchase (2nd lien only), refinance or standalone equity transactions.   |
| TERM   | <b>Loans</b> 5- to 20-year fixed terms. 30/15 balloon.<br><b>Lines</b> 10-year renewable draw period. In Connecticut: 9 years 10 months.   |
| FICO   | 700  |
| DEBT TO INCOME   | 45%  |
| CREDIT BUREAU  | Housing debt: 0X30 last 12 months. No charge-offs >\$500 last 12 months. No paid or unpaid collections or judgments >\$1,000 last 12 months. No open obligations managed by Consumer Credit Counseling. No bankruptcies last 7 years.  |
| MAXIMUM TOTAL LIENS                                      | \$900,000  |
| MAXIMUM PROPERTIES FINANCED                              | Primary residence and 4 additional properties.   |
| MAXIMUM PROPERTIES FINANCED BY NATIONAL CITY HOME EQUITY | 1 owner occupied and 1 investment property.  |
| TITLE INSURANCE  | <b>OWNER'S CHOICE® (piggyback) transactions:</b> a copy of the first mortgage title commitment is required. Title insurance (full ALTA) is not required regardless of loan or line amount.<br><b>Standalone transactions:</b> a limited title search (exam, report, etc.) showing the current owners, address, legal description and existing liens on the property is required. |

\*Purchase money second cannot be larger than the first mortgage. \*\*AZ min. line \$10,001. KY min. loan/line \$15,001.

## INCOME VERIFICATION

**Employed Borrowers:** most recent pay stub which reflects current and year-to-date income information and W-2 form(s) for the most recent year. Two years of personal tax returns are required for borrowers whose commission/bonus income is 50% or more of their total income if their DTI will be greater than 40%.

**Self-employed Borrowers:** two most recent years' complete personal and business federal tax returns. A signed IRS Form 4506 is required when tax returns are provided to document income.

**Rental Income:** two most recent years' signed federal tax returns (first two pages of 1040) with schedule E attached. If the borrower has owned the property for less than one year, fully executed leases for all rental units or an Operating Income Statement (Form 216) are acceptable.

## PROPERTY VALUATION

**OWNER'S CHOICE® (piggyback) Transactions:** A copy of the first mortgage appraisal can be used. If the first mortgage does not require an appraisal or if a FNMA 2075 is used, refer to the chart to the right to determine the required valuation method.

**Standalone Transactions:** Refer to the chart to the right for the required valuation method.

## PROPERTY VALUATION

| PROPERTY TYPE                         | LOAN LINE                           | APPRAISAL REQUIRED  |
|---------------------------------------|-------------------------------------|---|
| Owner Occupied 1-4 Unit, PUD or Condo | Loan/line amounts \$250,000 or less | NCHE will obtain an AVM. If the AVM is not able to determine the value, a FHLMC 2055 Exterior or FHLMC704 Exterior is required. |
| Owner Occupied 1-4 Unit, PUD or Condo | Loan/line amounts over \$250,000    | FHLMC 2055 Exterior or FHLMC 704 Exterior   |
| Investment Property                   | All loan/line amounts               | FNMA 1004, 1025 or FHLMC 70, 72   |

Customers who obtained a mortgage or home equity loan or line from National City or an affiliate during the last 24 months should use the prior appraisal in lieu of obtaining a new appraisal.