

Home Purchase Policy

HomeEquity Bank will entertain lending on a new purchase subject to the following procedure. The Bank's commitment will only be for the standard 60 days. If the closing date is longer than 60 days, the Bank may commit to the dollar amount, subject to the time to closing and the location of the property. The rate will not be guaranteed for longer than 60 days.

The subject property **must be owner occupied**, not a secondary home or a rental property.

When a lead is received with the purpose of the CHIP Reverse Mortgage to provide funds to complete a purchase of the subject property the following documents are required:

Resale Home Purchase

1. Current MLS Listing for the subject property
2. The executed offer to purchase including all schedules and addendums;
3. An executed waiver of all conditions;
4. Down Payment Verification (see below for acceptable source and verification)

The value used for underwriting will be the lesser of the appraised value or purchase price.

New Construction Purchases

1. The executed offer to purchase including all schedules
2. Floor plan
3. Down Payment Verification (see below for acceptable source and verification)
4. Builder rebates/incentives, etc. **will** be deducted from the purchase price
5. The value used for underwriting will be the lesser of the appraised value or purchase price less any rebates/incentives.

****Construction Draws are ineligible for CHIP Reverse Mortgages****

Down Payment Source and Verification

Verification of the down payment is required. Confirmation that the client has sufficient funds to complete the purchase as well as funds to cover the closing costs (i.e. legal expenses, moving costs etc.) must be provided.

In the event the applicant(s) are obtaining secondary financing, the minimum down payment required is 35% loan-to-value.

** The amount calculated for closing costs is 1.5% of the purchase price **

Acceptable sources of Down Payment

1. Bona Fide Savings of the Applicant – supported by:
 - a. Funds are to have been in a bank account for a 90 day consecutive period supported by a statement of account history;
 - b. Deposit made on resale purchase agreements;
 - c. All deposit amounts paid to the builder;
 - d. Any lump sum deposits made to the account within the 90 day period must be explained.

Bank statements or internet printouts must clearly show the following:

- Applicants name (to establish ownership of the account)
 - Account number
 - Name and address of the Financial Institution
2. Liquid Assets (GIC's, Mutual Funds, RRSP's, Stocks/Bonds etc.)
 - Copy of current statement indicating the value of the asset;
 - Copy of the redemption of the asset indicating the date and value of the redemption;
 - Copy of the deposit of the funds to the client(s) account

3. Proceeds from the Sale of Existing Property

- Copy of the offer to purchase on the existing property including all schedules and waivers. **Must be a firm sale.**
- Current mortgage statement(s) for any encumbrances registered on the existing property (determines the funds available for the new purchase)
- Title search on the existing property
- Copy of the statement of disbursements indicating the net proceeds to be paid the client

Note: Real estate commission, legal fees and other closing costs will be deducted from the sale price when calculating net proceeds. 5% for real estate commissions and \$1,000 for legal fees will be used.

4. Gifted Funds

- Gifted funds will only be accepted if the gift giver is immediate family
- Letter confirming that the gift is unencumbered, requires no repayment, and states the relationship of the giftor to the giftee
- Copy of the giftor's bank statements confirming the ability to grant the gifted funds
- Copy of client's bank statement indicating the deposit of the gifted funds prior to closing

Unacceptable Sources of Down Payments (including closing costs)

- Borrowed funds
- Vendor take back(s)
- Funds that are borrowed to complete the purchase or cover the closings costs are not an acceptable source of down payment as they are considered additional debt on the subject property