Collateral Best Practices
Correspondent Customer Webinar
February 2017
Appraisal Loan Delivery Process

1. View Chase Ineligible Appraiser List in ChaseLoanManager Resource Center to confirm Appraiser eligibility.

2. Order appraisal through chosen appraisal provider ensuring all Chase requirements are met.

3. Upload appraisal data under Appraisal Data/1st Gen Package Type or, if FNC Pre-Delivery Service is used, enter Appraisal Pre-Delivery Order # on ChaseLoanManager Image Delivery Search & Upload screen.

4. Delegated: Upload Credit and Closed Package, including imaged appraisal, under Full File Package Type in ChaseLoanManager Image Delivery.

Note: Refer to the next slides for important Appraisal Requirements.

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# Appraisal Requirements

<table>
<thead>
<tr>
<th>Appraisal Compliance</th>
<th>Photographs</th>
<th>Appraisal Update</th>
<th>License Documentation Requirements</th>
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</table>
| • All appraisals must meet the Uniform Appraisal Data (UAD) set requirements | • For properties with values in excess of $1 million, in addition to standard interior and exterior photos, descriptive photos of unique or specific features are required | • Original appraisal indicates stable or increasing market, Appraisal Update (1004D) is acceptable | • Screen print obtained from licensing authority website  
OR | | • New appraisal is required when: | • Photocopy of the license or certification |
| | • Comparable Sales: Clear, descriptive color photos or electronic images of the front of all comps | • Appraisal update indicates value is declining | | | • Copies of photographs from MLS are allowed with an explanation of why originals are not available | • County listed on Chase-defined Distressed Markets | | | | • Appraiser should include photos of all pertinent fixtures and significant improvements of the interior | • Original appraisal will be 12 months old as of Note date |

**Note:** Refer to Chase Online Guide for additional guidance in ChaseLoanManager > View Guides > Appraisal / Property Requirements for complete details.
Appraisal Review

• Chase performs a thorough review of the collateral for compliance with policy to ensure the marketability and value is supported

• We ask the following questions:
  » Is the value and marketability supported?
  » Why do you feel it was supported?
  » What makes the comps used similar?
    • Comps are in the same subdivision, similar in design, view, location, GLA, quality and condition – It’s very specific for every file
  » If the value is not supported- what do you need?

• When necessary, Chase uses 3rd Party tools to validate information on the subject as well as comparable sales

Comp selection is extremely important and helps determine the reliability of the appraisal and value
### Top 10 Appraisal Conditions as of January 2017

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>• The appraisal data is missing for conventional loan</td>
</tr>
<tr>
<td>2</td>
<td>• Appraisal data was received in an incorrect format</td>
</tr>
<tr>
<td>3</td>
<td>• Appraisal must reconcile the indicated values of the comparable sales and explain the weighting and rationale used to derive the final value conclusion</td>
</tr>
<tr>
<td>4</td>
<td>• The 1004D Certificate of Completion is missing</td>
</tr>
<tr>
<td>5</td>
<td>• Appraiser must provide appropriate comment(s) reflecting reasoning for adjustments</td>
</tr>
<tr>
<td>6</td>
<td>• A meaningful discrepancy exists between public record data and the appraisal reported information</td>
</tr>
<tr>
<td>7</td>
<td>• Comparables provided appear dissimilar to subject property with regard to ______</td>
</tr>
<tr>
<td>8</td>
<td>• The Uniform Collateral Data Portal (UCDP) Submission Summary Report for Fannie Mae and/or Freddie Mac is missing</td>
</tr>
<tr>
<td>9</td>
<td>• Appraiser to provide ______ additional comparable(s) with similar features ______</td>
</tr>
<tr>
<td>10</td>
<td>• Unexplained adjustments</td>
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# Top 10 Appraisal Conditions as of January 2017

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<td><strong>2</strong></td>
<td>The 1004D Certificate of Completion is missing</td>
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<td><strong>3</strong></td>
<td>Appraisal to address differences with comparables in regards to _____</td>
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<td><strong>4</strong></td>
<td>Appraisal must reconcile the indicated values of the comparable sales and explain the weighting and rationale used to derive the final value conclusion</td>
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<tr>
<td><strong>5</strong></td>
<td>Appraisal indicates subject property has solar panels</td>
</tr>
<tr>
<td><strong>6</strong></td>
<td>Appraisal states there are ____ bathrooms in the subject property, but photos of ____ were provided</td>
</tr>
<tr>
<td><strong>7</strong></td>
<td>Provide _____ additional comparable(s) [describe specific features required]</td>
</tr>
<tr>
<td><strong>8</strong></td>
<td>Appraiser must provide appropriate comment(s) reflecting reasoning for adjustments</td>
</tr>
<tr>
<td><strong>9</strong></td>
<td>Required Comp Photo(s) missing or MLS Photo(s) without satisfactory explanation</td>
</tr>
<tr>
<td><strong>10</strong></td>
<td>Unexplained adjustments</td>
</tr>
</tbody>
</table>
Example #1 – Distant Comps

• Subject is suburban and comps are distant
• Appraiser must provide reasonable explanation
• Utilize aerial maps to view the location and possible influence/obsolescence around the subject and comps
• If there are indications the property may be an over-improvement for the area, ask yourself:
  » Is the subject larger than all homes in the area?
  » Is the appraised value much higher than predominant for the area?
  » Are the comparable sales similar in design/appeal?
  » Are the comps located in the same zip code/town as the subject?
Example #2 - Adjustments

• When appraisal contains across the board adjustments for condition when subject and comps are the same C3 condition

• If Appraiser is + $20k for one and - $50k for another when they are all C3, then Appraiser should comment on why these adjustments were made

• For subjective adjustments made for condition, view, features, etc., Appraiser should provide commentary
  » View photos to see if Subject supports the appraisal adjustments

• REMEMBER... Anyone that reviews the appraisal should be able to see what was done and why it was done from the Appraiser’s point of view

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Example #3 – Data Verification

• Chase uses tools to scrub the report for data inconsistencies, not visual aspects of the report
• Chase Collateral Underwriter reviews the appraisal addenda (photos, sketch, etc.) against the physical description (data) being reported to verify what is being shown makes sense with what’s being reported (GLA, sketch, property type, zoning, condition, etc.)
• For reported data verification - we use Collateral Analytics, RealQuest, DV and Google searches, Assessor websites, etc.
• For external concerns, we use Google/Bing aerials and Google street level searches to verify if adverse external conditions exist
Best Practices

• Non-Agency Appraisal Underwriting Job Aid
  » Create a checklist with the questions from the job aid
• Chase Online Guide
  » For PUDs, ADUs and 2-4 unit properties, always review the Appraisal policy in the Online Guide

Successful Correspondents:

1. Assign an individual or team to review appraisals that are familiar with Chase guidelines
2. Utilize a tool to locate a nearby listing and sales with MLS comments and photos
3. Contact Chase customer support for guidance for unique scenarios

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3rd Party Resources

• Collateral Analytics (contract required with Vendor)
  » Verify the data on the subject property
  » Comparable sales data
  » Identify market trends

• Realquest (contract required with Vendor)
  » Public data
  » Transfer date of the subject property
  » Tax Information

Joanne McCoy
Director of Client Services
Collateral Analytics
3465 Waialae Avenue, Suite 330
Honolulu | Hawaii 96816
Office 808-791-8306
Email: jmccoy@collateralanalytics.com
www.collateralanalytics.com
## Chase Resources & Tools

<table>
<thead>
<tr>
<th>For information and materials regarding...</th>
<th>Location...</th>
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</thead>
</table>
| Non-Agency Program guidelines             | Chase Online Guide  
  - ChaseLoanManager > View Guides >  
    - Products > Non-Agency Amortizing ARMs, Fixed and Interest Only ARMs  
    - Credit Guide – Non-Agency  
    - Appraisal/Property Requirements > Appraisal Report Forms and Documentation  
    - Condominium Guide  
    - Co-op Guide  
    - Registration and Pricing  
    - Technology and Website Tools > ChaseLoanManager and Image Delivery |
| Non-Agency Program training (presentation and recording) | ChaseLoanManager Resource Center  
  - ChaseLoanManager > Resource Center > Topics > Underwriting |

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<table>
<thead>
<tr>
<th>For questions regarding...</th>
<th>Contact...</th>
</tr>
</thead>
</table>
| ChaseLoanManager, Image Delivery or Uploading Appraisal Data | Chase Application Support:  
• (877) 275-2427 (ASK-CHASE), Option 4  
• correspondent.application.support@chase.com |
| Access and usage of optional FNC site | FNC Collateral Headquarters Support Center:  
• (888) 963-7892  
• chaseinfo@fncinc.com |
| Product, Program or Project inquiries on files not yet delivered to Chase, including general appraisal requirements | Chase Customer Support:  
• (877) 275-2427 (ASK-CHASE), Option 7, then Option 1  
• correspondent.customer.support@chase.com |
| Funding, Suspense and Purchase Advice status on files delivered to Chase | Operations Relationship Team:  
• (877) 275-2427 (ASK-CHASE), Option 7, then Option 2 |
# Search, Upload and Submit Documents to Chase

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Click <strong>Deliver Imaged Docs</strong> from ChaseLoanManager Home page.</td>
</tr>
<tr>
<td>2</td>
<td>Click <strong>Upload</strong>, then click <strong>Search and Upload</strong>.</td>
</tr>
<tr>
<td>3</td>
<td>Enter search criteria from available <strong>Single Search</strong> and <strong>Batch Search</strong> options.</td>
</tr>
<tr>
<td>4</td>
<td>Click <strong>Go</strong> to generate <strong>Search Results</strong>.</td>
</tr>
</tbody>
</table>
| 5    | Click the checkbox next to your desired **Chase Loan #** to activate **Upload Documents**, **Appraisal Pre-Delivery Order #** (refer to **Note** below for **Pre-Delivery**) or **Generate Fax Cover Sheet** buttons.  
**Note:** If **Appraisal Score Report** already obtained through FNC, Inc., click **Appraisal Pre-Delivery Order #** button on **Search Results** screen, enter **Appraisal Pre-Delivery Order #** in open field from **Appraisal Score Report** obtained through FNC and proceed to step 14. |
| 6    | Click **Upload Documents** or **Generate Fax Cover Sheet** to perform desired action. In this example, click **Upload Documents** to upload required documents.  
**Note:** **Generate Fax Cover Sheet** is only available for **UW conditions** and **Funding conditions**. |
| 7    | Select applicable **Package Type** from drop-down menu which displays eight available options (Full File, Funding Conditions, Closed Pkge Only, UW Conditions, Credit Pkge Only, Appraisal Data/1st Gen, CCR Conditions or RESPA Conditions). |
| 8    | Click **Paperclip** to open **Document Upload** window. |
## Search, Upload and Submit Documents to Chase, cont.

<table>
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| 9    | **Take next action for Document Type based on Package Type previously selected.**  
If Package Type selected is:  
- Funding Conditions,  
- CCR Conditions, or  
- RESPA Conditions,  
- all other available options,  
Then...  
select applicable Document Type from drop-down menu for each condition being delivered and proceed to step 10.  
**Note:** Refer to Suspense Conditions Package Type – Document Type Mapping Job Aid for applicable document examples to upload; location details on next page.  
proceed to step 10 (Document Type does not apply). |
| 10   | Click **Browse** to locate applicable file. |
| 11   | Select file and click **Open**. |
| 12   | Click **Upload**. A message displays when **Selected file has been uploaded successfully**.  
**Note:** **Repeat steps 9 – 12 to upload additional documents for selected Chase Loan #.** |
| 13   | Click **Close** to proceed.  
**Note:** Click symbol next to Chase Loan # to view a list of file(s) uploaded before you submit. |
| 14   | Click **Submit** when upload is complete to deliver file(s) to Chase or **Cancel** as applicable. Upon submission, a message displays when **Following Loan(s) has been submitted successfully with Transmission ID**. Click **OK** when done.  
**Notes:**  
- If multiple loans searched in step 4, return to step 5 to deliver files / documents for next loan.  
- **Transmission ID** is a unique identifying number which can be used to search your submissions and check delivery status in Transmission Explorer section of Deliver Imaged Docs. |
| 15   | Upon receipt of your successful submission with Transmission ID, click **View History** for a summary history of all uploaded documents and **View Documents** to view all uploaded documents with Status by Package Type.  
**Important:** **View Documents** defaults to a 30-day timeframe from current date. If loan has been in pipeline more than 30 days, adjust **Upload Date** range. |
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