



-Leveraging your Equity-

By: Monterra Credit Union

Topics to Cover

- WHAT IS HOME EQUITY?
- HOW TO ACCESS YOUR HOME EQUITY.
- PRODUCTS AVAILABLE
- HOW TO QUALIFY
- REQUIRED DOCUMENTS
- HOW TO APPLY



What is Home Equity?

HOME EQUITY REFERS TO HOW MUCH OF THE VALUE A HOMEOWNER CONTROLS COMPARED TO HOW MUCH VALUE IS CONTROLLED BY THE LENDER.



How to access your homes equity



Cash Out Refinance



Home Equity Line of Credit
ADU HELOC



Fixed Home Equity Loans

Cash Out Refinance

Fixed Rate Mortgages

- 30-Year, 20-Year, 15-Year and 10-Year
- Fixed for the life of the loan
- Rate and payment never adjust

Adjustable-Rate Mortgage (ARM)

- 10/1 ARM, 7/1 ARM, 5/5 ARM, 5/1 ARM I/O
- Initial fixed rate for a certain period
- Adjusts after initial fixed term
- Fixed initial rate typically lower than fixed rates

Home Equity Line of Credit (HELOC)

- 25-YEAR TERM
 - 10-YEAR DRAW PERIOD
 - FOLLOWED BY A 15-YEAR REPAYMENT PERIOD
- MINIMUM PAYMENT FOR FIRST 10 YEARS IS INTEREST ONLY
- VARIABLE RATE- RATE CAN ADJUST EVERY QUARTER
- PRIME RATE PLUS MARGIN (DEPENDS ON FICO)
- CAN ACCESS FUNDS: IN BRANCH, TRANSFER ONLINE, OR ORDER CHECKS
- MINIMUM FICO 660
- MAX DTI 45%
- MAX LTV 70% ON PRIMARY RESIDENCE AND 2ND HOME UP TO \$400K
- IF IN SECOND POSITION \$250K OF LESS MONTERRA WILL COVER ALL CLOSING COSTS
- MAX LTV 65% FOR INVESTMENT PROPERTY UP TO \$100K

HELOC- Payment example:

HOW TO CALCULATE YOUR PAYMENT:

OUTSTANDING BALANCE X INTEREST RATE / 12 = INTEREST ONLY
PAYMENT

HELOC LOAN AMOUNT: \$100,000

RATE: 8%

PAYMENT- INTEREST ONLY: \$666.67

ADU HELOC

- TEMPORARY 12 MONTH FINANCING
- INTEREST ONLY PAYMENTS
- VARIABLE RATE
- WALL STREET JOURNAL PRIME INDEX MINUS 1.25%
- MUST HAVE A LICENSED GENERAL CONTRACTOR & PROJECT MANAGER
- MAX LTV 80% TO \$400K, 90% TO \$200K
- MAX DTI 45%
- MINIMUM FICO 680
- CAN USE 75% OF POTENTIAL RENTS
- CAN USE FUTURE VALUE

Home Equity Fixed Rate 2nds

- AVAILABLE IN 5-YEAR, 10-YEAR OR 15-YEAR
- FIXED FOR EITHER A 5, 10, OR 15-YEAR TERM
- GET FUNDS ALL IN ONE LUMP SUM
- MINIMUM FICO 660
- MAX DTI 45%
- MAX LTV 70% FOR 2ND HOME/PRIMARY RESIDENCE UP TO \$400K
- IF IN SECOND POSITION \$250K OF LESS MONTERRA WILL COVER ALL CLOSING COSTS
- MAX LTV 65% FOR INVESTMENT PROPERTY UP TO \$100K

HELOAN- Payment example

LOAN AMOUNT: \$100,000

15 YEAR FIXED @ 7.5%– PAYMENT P&I= \$927

10 YEAR FIXED @ 7.25%– PAYMENT P&I= \$1,174

5 YEAR FIXED @ 7.125%– PAYMENT P&I= \$1,986

30/15 Standalone Home Equity Loan

- PAYMENTS SPREAD OVER 30-YEAR TERM BUT PAID IN FULL BY THE 15TH YEAR (BALLOON PAYMENT)
- GET FUNDS ALL IN ONE LUMP SUM
- MINIMUM FICO 660
- MAX DTI 45%
- MAX LTV 70% FOR 2ND HOME/PRIMARY RESIDENCE UP TO \$400K
- NOT OFFERED ON INVESTMENT PROPERTIES

30/15 Standalone Home Equity Loan

LOAN AMOUNT: \$100,000

30/15 YEAR FIXED @ 6.75%- PAYMENT P&I= \$649
(YEAR 1-15)

FINAL PAYMENT= \$73,943 (BALLOON PAYMENT)

NOTE:

- HAS A LOWER RATE
- YOU CAN DO A 15-YEAR AMORTIZATION TO MAKE SURE YOU PAY IT OFF BY THE 15TH YEAR SO YOU DON'T HAVE A BALLOON PAYMENT.

Examples of when you would use a HELOC

- HOME IMPROVEMENT
THAT WILL GO IN STAGES
AND SPREAD THROUGH A
LONGER PERIOD
- EMERGENCY FUND
- NO IMMEDIATE NEED BUT
WILL NEED IN THE FUTURE
EX. DOWN PAYMENT FOR A
FUTURE HOME PURCHASE



Examples of when you would use a fixed rate Home Equity Loan

- *DEBT CONSOLIDATION*
- *PURCHASE A LARGE ITEM*
- *WILL USE THE FUNDS ALL AT ONCE*
EX. PAY A TAX BILL
- *SOLAR PANELS*



Examples of when you would use a ADU HELOC

- WANTING TO BUILD AN ADU
- NEED FUTURE VALUE TO QUALIFY
- NEED FUTURE RENTAL INCOME TO QUALIFY



Required Documents

- **PAYSTUBS: MOST RECENT PAYSTUB(S) COVERING A 30-DAY PERIOD**
- **W-2'S/1099'S: LAST TWO YEARS**
- **SOCIAL SECURITY/PENSION: MOST CURRENT AWARD LETTER DETAILING THE BENEFIT AMOUNTS AND DURATION**
- **TAX DOCUMENTS: LAST TWO FEDERAL TAX RETURNS WITH ALL SCHEDULES (ONLY IF YOU ARE SELF-EMPLOYED)**
- **BANK/ RETIREMENT STATEMENTS/ STOCKS: TWO MOST RECENT CONSECUTIVE STATEMENT OR QUARTERLY STATEMENT INCLUDING ALL PAGES**
- **CURRENT MORTGAGE STATEMENT**
- **COPY OF YOUR MORTGAGE NOTE FROM CURRENT LENDER**
- **INSURANCE DECLARATION PAGE**

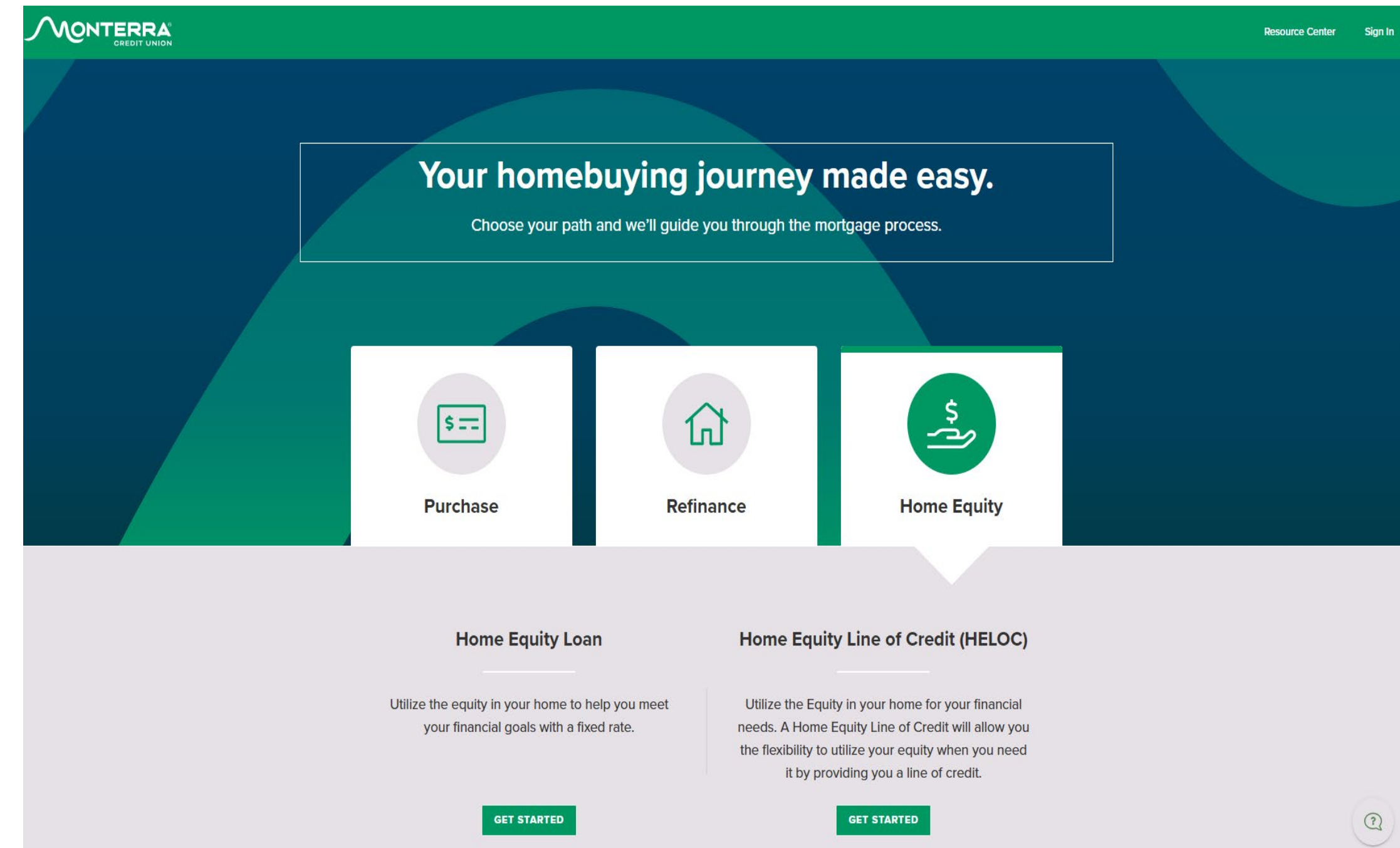
How to Apply

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To start your journey to home ownership visit our website at

<https://monterra.bd.digitals.dmattercloud.com/LandingPage>

Hit click Get Started or sign in if you've had a previous application with Monterra.





Q&A



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Personalized Consultation

**Set up your appointment for a free
consultation with one of our mortgage team
experts!**



Formerly San Mateo Credit Union

HOME EQUITY LINE OF CREDIT

Power
Your Goals
with your Home's Equity



A SPECIAL LOW RATE TO HELP YOU START THE YEAR STRONG.

6.49%
APR*

Take advantage of this limited-time offer and now is the perfect time to let your home equity work for you.

This special offer is only available through 3/31/2025.

Your home's equity holds the key to achieving what matters most in 2025. Whether it's updating your kitchen, consolidating high-interest debt, paying tuition, or even funding a vacation home, our Home Equity Line of Credit (HELOC) makes it easy to turn your dreams into reality.

- Special low rate of 6.49%^{APR*} for 6 months
- Line of credit amounts from \$25,000 to \$400,000¹
- 10-year draw period with interest-only payments²
- Tax deductible interest payments³
- Flexible line of credit for planned (and unexpected) expenses



Get started by scanning this QR code or visiting online at monterra.org/homeequity

*APR=Annual Percentage Rate. Offer valid through 3/31/2025. The special rate of 6.99%APR is only for six (6) months on a new Home Equity Line of Credit (HELOC) or on a new draw from an existing HELOC. Not all existing HELOCs with an available draw are eligible for this special rate offer. After six (6) months, the rate reverts to the APR indicated on your loan agreement. Line of credit rate is calculated using an index plus a margin. The index used is the Prime Rate as published in the Wall Street Journal. Current prime index is 7.50%. The maximum APR that can apply is 15.00% or the maximum permitted by law, whichever is less. HELOCs are only available in California on owner occupied, investment, and vacation or second homes. Property insurance is required. 1. The minimum credit line amount is \$25,000 and maximum is \$400,000. Monterra Credit Union will pay customary closing costs on lines up to \$250,000 in second lien position. Borrower is responsible for closing costs on lines in first lien position or over \$250,000 and any escrow fees resulting from changes to title. Borrower is responsible for closing costs on a line of credit in first lien position and investment properties. 2. The minimum periodic payment for line of credit is interest-only for the first ten (10) years ("draw period") followed by fully-amortizing payments to repay the balance over the final fifteen (15) years. No draws allowed during the repayment period. Payments and rate can adjust quarterly and will increase if rates increase. At the end of the draw period, your required monthly payments will increase because you will be paying both principal and interest. 3. Consult your tax advisor. Conditions and restrictions may apply.

Federally insured by NCUA

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Thank you
for
attending!

YOU WILL RECEIVE THE POWERPOINT PRESENTATION
IN THE EMAIL YOU PROVIDED WHEN YOU
REGISTERED.

WE WOULD LOVE YOUR FEEDBACK!

- ✓ ANYONE WHO COMPLETES THE SURVEY
WILL BE ENTERED INTO A DRAWING FOR A
\$50 VISA GIFT CARD!

*Schedule your **FREE**
mortgage loan
consultation with one of
our experts!*