



Loan Delivery and Purchase Policies

Client Guide — Chapter 4



TABLE OF CONTENTS

Chapter 4	
Loan Delivery and Purchase	30
General	30
Calculating Interest	31
Age of Loans / Prior Rejects	31
Electronic and Stamped Signatures	31
Pre-signing Documents	32
Pre-and Post-Purchase Reviews	32
Delivering Loan Packages	32
Purchase Requirements	33
Balance and Payments Amortized	33
Fees	34
Purchase Advice	34
Original Collateral Package Documentation	34
Note	34
Note Endorsement or Allonge	35
Bailee Letter / Wire Instructions	36
Powers of Attorney	37
Closing, Servicing and Compliance Documentation	39
Submission Checklist	39
Rate Lock Confirmation	39
Security Instrument and Riders	39
MERS	40
Title Insurance	40
Closing Protection Letter	41
Surveys	41
Name Affidavit	41
Trusts	42
Payment History	42
First Payment Letter	42
HUD-1	43
Escrow Waivers	44
Taxes	44
Hazard Insurance	45
Flood Determination Certificate	45
Flood Insurance	46
PMI	47
Government Loans	47
Closing Instructions	47
W-9	47
Disclosures	48
Right of Rescission	48
HMDA	48
IRS Form 4506-T	48
Good-bye Letter	49
Borrower Contact Sheet	45
	49

TABLE OF CONTENTS

Chapter 4 (cont.)

Underwriting Documentation	50
Underwriting Methods	50
Underwriting Approval	50
AUS Findings	50
Income Calculation Worksheet	51
Blanket Authorization	51
Overlays	51
Product Descriptions	51
ULDP	52
Fannie Mae LQI Checks	52
Post-Purchase Documentation	52
General	52
Post-Purchase Documents	52
Post-Purchase Actions	53
1098	53

Loan Delivery and Purchase

General

Clients are required to deliver closed loans by 3 p.m. CST on or prior to the Lock Expiration date. If a complete loan package is not received by 3 p.m. CST on or prior to the Lock Expiration Date, the commitment must be extended or re-locked as outlined in Chapter 3 of this Guide. Completed loan packages must include all documentation obtained or provided by the Client in originating, processing, underwriting, and closing the loan and must evidence compliance with all investor, agency, insurer and regulatory requirements.

The loan must close in the name of the Client, or if applicable, their Gateway prior approved d/b/a or affiliate (as those terms are defined by the applicable Investor, Insurer or Agency). No documents are to be drawn in the name of Gateway.

All documents must be free of whiteouts, erasures and all borrowers must initial any corrections made. Documents must conform in all respects with FNMA, GNMA, FHA, VA, USDA, ONAP Section 184 or USDA Investor, Insurer, Agency and document custodial requirements, as applicable for the loan product and terms. Gateway relies upon the Client's representations and warranties that all loans are fully negotiable and enforceable and can be serviced in accordance with the terms of Gateway's Correspondent Loan Purchase and Sale Agreement ("Agreement"). Client agrees to indemnify and hold harmless Gateway from any claims, damages or losses suffered or otherwise incurred by Gateway which arise in whole or in part from any breach of the representations and warranties contained in this Guide or the Agreement. Client further agrees that all determinations made by Gateway regarding whether a breach of these representations and warranties occurred shall be final.

Client further represents and warrants that the loans fully comply with all applicable federal, state and local laws and regulations, including licensing requirements for the Client and other parties involved in the origination of each loan.

To avoid suspensions that create avoidable purchase delays, please be sure to:

- Coordinate delivery of the imaged loan file with your custodian or warehouse bank's delivery of the original Note.
- Have any new warehouse lines and/or wire instructions prior approved by Gateway Client Administration prior to delivery of loans.
- Ensure that borrower names and property addresses are identical on the Note, Mortgage/Security Instrument, Title Commitment, Appraisal, Flood Certificate, AUS findings, and all insurance policies.
- Re-run AUS prior to closing once final numbers are known.
- Review AUS findings to make sure file documentation matches last AUS run.
- Make sure all AUS conditions have been met.
- Include an explanation of how you calculated qualifying income and assets.
- If applicable, release the DO findings to Gateway.
- Upload all required ULDD data to Fannie Mae for conventional loans.
- Utilize FNMA Early Check

Documents necessary to clear suspensions must be delivered by 10 a.m. CST on or before the lock expiration date.

Loan Delivery and Purchase (cont.)

Calculating Interest

For purposes of amortizing payments, Gateway calculates interest using a 30/360 calendar year. For purposes of calculating interest per diem between Gateway and the Client, a 365 day calendar year is used.

Delivery of Closed Loan Packages

Age of Loan / Prior Rejects

The following loans are not eligible for delivery:

- Loans closed more than 60 days prior to delivery to Gateway.
- Loans previously rejected by or repurchased from Gateway.
- Loans previously rejected by or required to be repurchased from or indemnified by FHLMC, FNMA, FHA, ONAP, VA or USDA.
- Loans previously rejected by or required to be repurchased from a private investor, unless such prior rejection / repurchase is fully and specifically disclosed to Gateway in the loan file and Gateway determines the loan is eligible for purchase regardless of the prior investor's determination.

Electronic & Stamped Signatures

An electronic or digital signature is one generated by a computer. A stamped signature is one produced by a rubber stamp.

Electronic or stamped signatures are eligible on specific documents and loan types and loan types as noted below. All closing documents must be signed (live signatures) by the borrowers and property sellers.

Conforming Loans:

- Electronic signatures are only acceptable on the initial disclosures and the initial 1003 application.

FHA Loans:

- For applications taken on or after 2/10/14, E-Signatures are allowed on the initial 1003 loan application and initial disclosures. The change in policy affects borrower signatures. Loan originators are not permitted to electronically sign the 1003 loan application. Lender must comply with HUD Mortgagee Letter 2014-03.
- Electronic & digital signatures are allowed on third-party documents and disclosures if permitted by the applicable regulator.
- Stamped signatures on the sales contract and any addendums by the property seller are acceptable to FHA only when the property seller is Fannie Mae or Freddie Mac (i.e. Fannie Mae/Freddie Mac REO).

VA loans:

- Electronic & digital signatures are allowed on third-party documents and disclosures if permitted by the applicable regulator
- Stamped signatures on the sales contract and any addendums by the property seller are acceptable to FHA and VA only when the property seller is Fannie Mae or Freddie Mac (i.e. Fannie Mae / Freddie Mac REO).

Other Requirements:

- An indication of the electronic signature and date must be clearly visible when viewed electronically and/or in a paper copy of the electronically signed document.

Delivery of Closed Loan Packages (cont.)

Other Requirements (cont.)

- Clients must employ the same level of care and due diligence with electronically signed documents that they would for paper documents with “wet” or ink signatures.
- Electronic signatures must be in accordance with the Electronic Signatures in Global and National Commerce Act (ESIGN) and the Uniform Electronic Transactions Act (UETA), as applicable.
- FHA defines third-party documents as those originated and signed outside the lender’s control, such as a sales contract, amendatory clause or real estate certification. Third-party documents do not include the HUD-1 or any of its supplements unless the electronic signature is provided by HUD, such as in a HUD property disposition sale.

Pre-Signing Documents

On purchase and refinance transactions, the closing loan documents can be signed prior to the computer generated date on the documents. The computer generated document date remains the same. The notarization (of the security instrument and other documents that require notarization), however, must match the date the documents are signed by the borrower.

On rescindable transactions, the 3 day rescission period begins following consummation, delivery of the Notice of Right to Cancel, or delivery of all material disclosures, whichever occurs last. The rescission period cannot begin until the day the borrowers sign and date the Notice of Right to Cancel.

Pre- and Post-Purchase Reviews

Gateway has the right, but not the obligation, to perform reviews on loans delivered for purchase. These reviews may be pre-purchase (done **before** a decision to purchase) or post purchase (done **after** the loan is purchased). The review selection is weighted to loans determined as having higher risk characteristics. These reviews may or may not include review of all aspects of the loan and may or may not include re-underwriting.

Gateway may use fraud detection tools, Early Check, or a similar service to screen any loan.

With respect to these reviews, Gateway reserves the right to reject any loan for purchase or to demand repurchase, as applicable, if Gateway determines the loan is not of investment quality or does not otherwise conform to the requirements of the Contract documents.

The fact that Gateway has conducted or not conducted any partial or complete review of a loan before purchasing it, including, without limitation, underwriting or not underwriting the loan, shall not affect Gateway’s rights and remedies and the Client’s obligations, liabilities, representations, or warranties under the Contract Documents, this Guide or the Agreement, including without limitation, the Client’s repurchase and indemnification obligations. Refer also to your *Correspondent Loan Purchase and Sale Agreement*.

Delivering Loan Packages

Loan packages (excluding original Notes, Bailee Letters / Wire Instructions, and the Trailing Documentation as detailed later in this Guide) must be delivered to Gateway’s Correspondent Operations Center utilizing our website’s image delivery system at www.GatewayCorrespondent.com.

**Delivering
Loan Packages
(cont.)**

Images must be in PDF Format. No specific stacking order is required.

All documentation obtained by the Client in originating, processing, underwriting and closing the loan must be delivered to Gateway. All documents must be in form and content acceptable to the applicable investor, Agency, insurer and regulator(s). This section includes only information related to specific Gateway requirements that differ from or expand upon investor, Agency, insurer, and regulatory requirements.

Gateway may determine for legal, secondary marketing, or other reasons that other original documents must be delivered. Upon such determination, the Client is required to deliver the original documents.

Purchase Requirements

**Balance & Payment
Amortized**

The first payment due Gateway is based on when the file is scheduled for purchase by Gateway and the date of the first payment. All first payments are amortized for loans scheduled for purchase after the 14th of the month. If the 14th falls on a weekend or holiday, Gateway will use the previous business day as the amortization cutoff date.

Examples:

IF the scheduled purchase date is...	AND the first payment is due on the...	THEN...
on or prior to the 14th of the month,	first of the following month or the month after that, Example: Scheduled purchase date: March 14th; First payment due either April 1st or May 1st	<ul style="list-style-type: none"> ■ the loan will NOT be amortized ■ the loan will be purchased at the original principal balance ■ Gateway will begin immediately servicing the loan
on or after the 15th of the month,	first of the following month, Example: Scheduled purchase date: March 15th; First payment due: April 1st	<ul style="list-style-type: none"> ■ the Client is responsible for collecting the first payment and continuing to service it until the first payment is due Gateway ■ the amount of the first payment will be netted out of the Purchase Advice ■ the loan will be amortized one time, and ■ the loan will be purchased at the original principal balance less one payment (including escrows if applicable)
on or after the 15th of the month,	the month after the following month, Example: Scheduled purchase date: March 15th; First payment due May 1st	<ul style="list-style-type: none"> ■ the loan will NOT be amortized ■ the loan will be purchased at the original principal balance ■ Gateway will begin immediately servicing the loan

Fees

Refer to the Gateway Rate Sheet in effect as of the loan's Lock Date for the amount of Gateway's administrative, tax service, flood determination, and other fees (if specified). Fees due Gateway will be netted from the loan funding wire. Additionally, any applicable loan level specific pass-through delivery fees due the investor will be net funded (e.g., FNMA PIW fee).

Purchase Advice

Gateway's Purchase Advice will reflect the detailed calculation of the net amount funded. Once a Purchase Advice is generated, it will be posted to our website for the Client's access at www.GatewayCorrespondent.com. Funds are wired to the Client or their designated warehouse bank. (See also the Bailee Letter/Wire Instructions sections of this Chapter and the Warehouse Bank section of Chapter 2.) The Client is urged to reconcile purchase advices and wires on a daily basis and report any discrepancies immediately to their Gateway Correspondent Client Liaison.

See also the Post-Purchase Documentation section of this Chapter regarding actions that

Original Collateral Package Documentation

Note

The original Note (and any applicable original Note Riders or Addenda) must be delivered, along with the applicable Gateway prior-approved Wiring Instructions and/or warehouse bank's Bailee letter to:

Gateway Mortgage Group, LLC
Attention: Correspondent Note Custodian
6910 East 14th Street
Tulsa, OK 74112

Original Notes (including any applicable required Note Riders or Addenda) are always required; Gateway does not accept lost Note affidavits or Notes marked as "duplicate original", "corrected Note", "replacement Note" or similar verbiage.

Gateway will complete its pre-purchase audit based on the original Note document(s) delivered to the Gateway Note Custodian at the above address.

Clients must use the current and correct uniform Note as required by the applicable investor or agency. [Click here](#) to access Fannie Mae's current list of uniform Note instruments for conventional loans.

Original Collateral Package Documentation (cont.)

Note Endorsement or Allonge

The Note must have a complete endorsement chain ending with Gateway Mortgage Group, LLC. Any intervening or canceled endorsements require a written explanation and may result in the loan being ineligible for purchase as provided in the Age of Loan / Prior Rejects section of this Chapter.

The correspondent Client name on the face of the Note and in the endorsement language must match exactly and must also be the exact Client entity prior approved by Gateway. Only those officers authorized on the most recent Corporate Resolution approved by Gateway may execute the endorsement.

The endorsement should appear on the Note if there is sufficient room on the Note. An Allonge may be used for the endorsement as long as the following requirements are met:

- The form and content of the Allonge must comply with all applicable state, local, or federal law governing the use of Allonges and result in an enforceable and proper endorsement to the Note.
- The Allonge must be permanently affixed to the related Note and must clearly identify the Note by referencing at least the name of the borrower(s), the date of the Note, the amount of the Note, and the address of the security property.
- Any subsequent endorsement should also be placed on the Allonge.

The endorsement language must read materially as follows:

Pay to the order of Gateway Mortgage Group, LLC without recourse

_____ (Client / Lender printed name)

By: _____ (Signature of Authorized Officer)

Name: _____ (Printed)

Title: _____ (Printed)

Original Collateral Package Documentation (cont.)

Bailee Letter / Wire Instructions

Gateway requires that a Bailee Letter be submitted with the delivery of the original Note. Clients that are regulated depository institutions, or that have a regulated depository parent, may deliver Wire Instructions in lieu of the Bailee Letter.

Gateway will complete its pre-purchase audit based on the original Note document(s) delivered to the Gateway Note Custodian at the above address. Do not include a copy of the Note in the imaged file upload.

As part of the Client approval process, and prior to Gateway wiring any funds, Gateway has the right to confirm the bank account wiring information. Once confirmed, the information is entered into the Client's record on Gateway's correspondent systems. This process takes approximately five business days.

If an original Note is delivered without wire instructions, or if the wire instructions delivered do not match the approved instructions on Gateway's system, the loan will be suspended. The suspension will not be cleared until approved wiring instructions, signed by an authorized signer, as named on the RESOLUTION OF BOARD OF DIRECTORS AND CERTIFICATE OF SECRETARY form, are received, processed, and entered into Gateway's system.

To deactivate previously authorized wire transfer instructions, an authorized officer of the Client, as named on the RESOLUTION OF BOARD OF DIRECTORS AND CERTIFICATE OF SECRETARY form, must complete and sign a Deactivation of Wire Instructions form letter.

Original Collateral Package Documentation (cont.)

Powers of Attorney

Powers of Attorney (“POAs”) are acceptable during the processing and closing of a loan transaction if they meet applicable legal, title insurer and program guidelines.

If a Power of Attorney is used by a borrower to execute the Note, the original recorded POA or a certified copy of the original POA which has been sent for recording with the Security Instrument, must be attached to the Note. For all loans, a copy of the original POA must also be included within the imaged loan file delivery.

When signing documents under a Power of Attorney, the words “attorney-in-fact” must appear as part of the signature line. An example of an acceptable signature line for documents executed under a Power of Attorney is:

(Signature Line) _____
(Typed Name) John Public by Jane Public, his Attorney-in-Fact
(Jane would sign as “*John Public by Jane Public, his Attorney-in-Fact*”)

All POAs must also:

- comply with applicable state law and Agency and/or Investor requirements
- be accepted by the title insurer; no POA related title policy exception or coverage limitation is allowed
- be recorded prior to or concurrently with the Security Instrument
- be signed and dated by the party granting the POA
- be signed by an appropriate witness (if required by applicable state law)
- specifically identify the subject property by legal description matching the Security Instrument
- specifically provide for the execution of any and all documents pertaining to the mortgaging of real property
- be in effect on the date of signing
- be notarized
- be irrevocable even upon disability or incapacity of the granting party
- not be granted to an interested party to the transaction (e.g. realtor, broker, seller, closing agent)

For **Conventional and FHA loans** the initial loan application may not be executed using the POA if the POA is used to execute the final loan application (e.g. either the initial or final application must be signed by all Borrowers).

Original Collateral Package Documentation (cont.)

POA (cont.)

For **VA loans**, a POA may be used for any documents necessary to obtain a VA guaranteed loan, including a Certificate of Eligibility. VA also requires the Veteran to provide written consent to the specifics of the transaction as evidenced by either:

- The Veteran's signature on both the sales contract and the initial loan application, as long as the Veteran's intention to obtain a VA loan on the specific property is expressed somewhere in these documents OR:
- A specific POA or other document signed by the Veteran that includes all of the following:
 - » Entitlement: A clear intention to use all or a specific amount of the veteran's entitlement
 - » Purpose: A clear intention to obtain a loan for the purpose identified (e.g., purchase, refinance, construction)
 - » Property Identification: Identifies the specific property.
 - » Price and Terms: States the sales price, if applicable, or other relevant terms of the transaction.
 - » Occupancy: Indicates the veteran's intention to use the property as an owner occupied home or other appropriate VA occupancy requirement.

At the time of loan closing, the Client must also verify the veteran is alive, and, if on active military duty, not missing in action. This "alive and well" information must be confirmed the Client, who must in turn make the following certification using the VA Lender's Certification Regarding Power of Attorney (VAPOA):

"The undersigned lender certifies that written evidence in the form of correspondence from the veteran or, if on active military duty, statement of his or her commanding officer (including statement of person authorized to act for said officer), affirmatively indicating that the veteran was alive and, if the veteran is on active military duty, not missing in action status on (date), was examined by the undersigned and that the said date is subsequent to the date the Note and security instruments were executed on the veteran's behalf by the attorney-in-fact."

Any hardship exceptions to VA's POA requirements must be made in writing by VA.

Closing, Servicing and Compliance Documentation

Submission Document Checklist

The [Submission Document Checklist](#) is provided as a tool for Client's use in submitting required delivery documentation. It lists the most commonly required documentation but is not intended to be all-inclusive for every loan. Use is recommended, but optional.

Rate Lock Confirmation

Include a copy of the final, unexpired Gateway Rate Lock Confirmation accessible at www.GatewayCorrespondent.com.

Security Instrument and Riders

A complete certified, true copy of the Security Instrument signed by the borrower(s), with all applicable riders required by Fannie Mae, FHA, VA, USDA or HUD/ONAP, must be included.

- The correct uniform document security instrument and applicable rider(s) must be used according to the product, property type and state as required by Fannie Mae, FHA, VA, USDA or HUD/ONAP. [Click here](#) for Fannie Mae's current list of uniform Security Instruments and Riders.
 - The FHA case number must be listed on security instrument for FHA loans.
 - For conventional loans, the tagline that identifies the Security Instrument and/or Riders as a uniform instrument must be reflected on each page.
 - If any information on the Security Instrument is incorrect or incomplete, the errors must be corrected and the Security Instrument re-recorded. Gateway will require a copy of the instrument with corrections and a letter that the corrected document has been sent for re-recording prior to funding. Changes that affect the terms of the loan (e.g. loan amount, maturity date) must be initialed by all borrowers.
 - If a required Rider is not signed at closing, the borrower(s) must execute the applicable Riders and the Security Instrument with Rider attached must be re-recorded. Gateway will require a copy of the instrument with Rider and a letter that the corrected document has been sent for re-recording prior to funding.
 - If closed in the name of a Trust, borrower must sign individually and as Trustee. The complete name of the Trust is required on the signature line. (See also Trust requirements).
 - The Security Instrument must be a MERS MOM document and have 18 digit MIN #. If the Client's Org ID and MIN # is incorrect or missing, the Client must take one of the following actions to correct:
 - » Execute a Mortgagee's Affidavit to be recorded
 - » Execute Mortgage Modification to be re-recorded
 - » Correct the Security Instrument and re-record
-

Closing, Servicing and Compliance Documentation (cont.)

MERS

All loans must be closed on a MOM Security Instrument.

- The originator must register the loan with a MOM security instrument on the MERS System within seven (7) calendar days of the Note Date (or Funding Date in escrow states). The loan must be registered prior to Gateway purchasing the file.
- The Client must transfer the loan servicing to Gateway within five (5) calendar days from the date of purchase. The correct way to transfer is:
 - » Servicer: 1002877 (Gateway Mortgage Group, LLC)
 - » Subservicer: None
 - » Investor: 1002877 (Gateway Mortgage Group, LLC)
- MERS Fraud Tools (accessed either directly through MERS or through a third party fraud service such as Interthink, CoreLogic or DataVerify) should be utilized within 24 hours of closing to confirm no undisclosed liabilities identified by the MIN number or under the borrower's social security number. The output of this check should be printed and included in your file prior to purchase.

Title Insurance

Each loan must be covered by a mortgagee title insurance policy issued in the name of the originating lender, its successors and/or assigns, as their interests may appear ("ATIMA"). The title insurance binder/commitment must be delivered prior to funding and it and the final policy must meet these additional requirements:

- The title commitment must be issued within 60 days prior to the closing date; the title policy effective date must be no earlier than the date on which the Security Instrument was recorded
- Must be issued by an approved American Land Title Association (ALTA) title insurance company acceptable to Fannie Mae and/or the applicable investor/agency/regulator (Note: CLTA acceptable in CA).
- Coverage must equal the mortgage amount
- Must contain at least a 12 month history of the property's ownership
- In purchase transactions, the property seller must be the owner of record and match the current owner on the Sales Contract and Appraisal
- In refinance transactions, title must be vested in the borrowers. All applicable investor/agency continuity of ownership and seasoning/anti-flipping requirements must be met
- Must insure a valid first lien position for Gateway and be in the form prescribed the applicable investor/agency/regulator, including all required and applicable endorsements for the loan and property terms/type. Copies of any required mortgage payoffs or subordination agreements must also be in file
- All judgments/liens must be documented as paid off, subordinated or insured over.
- Real estate taxes must reflect "Not yet due and payable". On condominiums and PUDs, taxes can only be assessable against the subject unit and it's undivided interest in the common areas and not the project as a whole
- Must contain no exceptions not expressly permitted by the applicable investor/agency, including, but not necessarily limited to survey exceptions, unpaid real estate taxes and/or assessments, or exceptions related to the use of a POA, taking title in the name of a Trust, or any leasehold form of ownership
- A signed attorney opinion letter with the complete and correct legal description, easements and /or restrictions is acceptable in place of a title commitment in Iowa.

Closing, Servicing and Compliance Documentation (cont.)

Closing Protection Letter (“CPL”)

Gateway must receive an acceptable Closing Protection Letter (CPL) on every loan. If applicable state law does not permit issuance of Closing Protection Letters, a copy of the closing agent’s Fidelity Bond Insurance and E&O coverage must be provided, evidencing minimum coverage of \$1,000,000 under each policy.

The CPL must also meet the following conditions:

- Closing Agent Name and Address on the CPL must be the Settlement Agent on the HUD-1 except in Escrow States
- Title Insurance Underwriter issuing the CPL must be the same title underwriter on the Title Commitment as well as on the Final Title Policy.
- The CPL must state the title commitment number or file number.
- The CPL must reflect the borrower(s) name(s) and full property address of the transaction.
- The CPL must be dated between the date of the title commitment and the date of the loan closing/funding.

Surveys

A survey is not required in areas where surveys are not customary and the title insurance policy insures the mortgagee against loss or damage by any violation, variation, encroachment or adverse circumstances that an accurate survey would have disclosed. Surveys are not required for condominium units.

In all other cases or, if the borrower(s) has been charged for a survey on the HUD-1 Settlement Statement, a survey is required and must meet the following minimum requirements:

- Be acceptable to the title insurer and meet all requirements of the applicable investor/ agency, including but not necessarily limited to, requirements related to the age of the survey and as to the nature and extent of any identified encroachments
- Be based on the results of an instrument survey performed, dated and certified by a licensed civil engineer or registered surveyor
- Provide proof that the improvements are wholly within the established boundaries of the defined legal description

Name Affidavit

A name affidavit is required when a borrower did not sign either the Note or Security Instrument exactly as typed or when the borrower is on title differently from the Note or Security Instrument (e.g., middle initial is typed on Note but borrower signed Note with full middle name and/or borrower is in title under maiden name and is refinancing as married name). A name affidavit is also necessary in cases of name variations on credit reports and borrower identification documents.

Closing, Servicing and Compliance Documentation (cont.)

Trusts

Inter Vivos Revocable Trusts and Land Trusts are acceptable if allowed by the applicable investor/agency for the product, property and occupancy type and further provided:

- The Client has documented and reviewed the nature and terms of the Trust and determined it to meet all applicable investor/agency requirements.
- The file contains the Trust documentation required by the applicable investor/agency and reviewed by the Client. A checklist or other worksheet evidencing Client's determination of investor/agency compliance must be included in the loan file.
- The title insurer has reviewed the Trust documentation and made no related exceptions or coverage limitations.
- The Note and Security Instrument, including any required Riders thereto, are properly executed both individually and as trustee as required by the applicable investor/agency.
- **Life Estates are ineligible**

Payment History

Payment histories are required when:

- The borrower makes a curtailment payment to the Client prior to Gateway purchasing the loan.
- Any payment due dates have passed
- Any payments have been received
- Any escrow disbursements have been made
- Payment history must include:
 - » Escrow balance
 - » Any disbursements made
 - » Date payments received
 - » Amount of payments and disbursement of payments
 - » Unpaid principal balance

Gateway recommends that all closed loans contain a payment history to assist in the accurate purchase of the principal and escrow balances.

First Payment

A first payment letter is required to be in the closed loan package.

The payment breakdown in the first payment letter must reconcile to the P & I indicated on the Note and the escrow account items as reflected on the HUD-1 and Initial Escrow Account Disclosure.

The first and subsequent payment due dates must comply with applicable Investor/Agency requirements.

Closing, Servicing and Compliance Documentation (cont.)

HUD-1

Gateway requires a true and certified copy of the original HUD-1 (or estimated HUD-1 in escrow states). The HUD-1 provided must meet all investor/agency/regulatory and Gateway requirements, including but not limited to, the following:

- Borrower's name(s), property address and loan amount must be consistent with other documentation in file such as the Note, Security Instrument, 1003, AUS findings and Title Commitment/Policy. Purchase transactions must also include the sales price and otherwise reflect terms of the transaction consistent with the Sales Contract for the subject property.
- In Non-Escrow States – Include the Final HUD-1 and all addendum which must be executed by all borrower(s), seller(s), and closing agent.
- Escrow States – Include the Final HUD-1 and the Estimated HUD-1. The Final HUD-1 Settlement Statement and all addenda must be executed by the escrow agent. (The Closing Instructions executed by all borrower(s), seller(s) and closing agent may be provided if an Estimated HUD-1 is not obtained.)
- The Initial Escrow Account Disclosure must be properly completed and given at settlement for loans with monthly escrows/impounds. Flood insurance, when required, must be escrowed for if there are escrows for any other item. If the loan has MI, monthly MI must be on the Initial Escrow Account Disclosure and match the MI certificate. A two (2) month cushion should be used in the Initial Escrow Account Disclosure unless state law requires a lesser cushion amount.
- Interest credits at closing are allowed but cannot exceed 7 calendar days and must be used to reduce closing costs (e.g., cannot result in cash back to the borrower at closing.)
- If escrows are collected on the HUD-1, the escrow balance will be net funded from the Purchase Advice.
- For refinances, payoff statements must be provided to support any mortgages paid off on the HUD-1.
- For refinances, subordination agreements must be provided to support any HUD-1 charges or entries related to subordinating an existing mortgage.
- To document a post-closing cure a Loan that has been suspended for evidence of a RESPA Tolerance Cure to the HUD-1, the Seller must provide Gateway a copy of the entire corrected HUD-1, and a copy of the check refunding the borrower.

Gateway will review the HUD-1 and suspend for any unresolved but required corrections or tolerance cures. To document a tolerance cure for a Loan that has been suspended for evidence of a RESPA Tolerance Cure, the Client must provide Gateway a copy of the entire corrected HUD-1, and a copy of the check refunding the borrower. To correct a Loan that has been suspended for an inadvertent or technical error on the HUD-1 or HUD-1A, the Client must provide a copy of the corrected HUD-1 or HUD-1A, and the letter of explanation to the borrower regarding the correction to the loan documentation.

[Click here](#) to access HUD's line-by instructions for proper completion of the HUD-1 and HUD-1 A.

[Click here](#) to access HUD's RESPA compliance website for guidance regarding reconciliation of the HUD-1 to the GFE, as well as the most current RESPA FAQs.

Closing, Servicing and Compliance Documentation (cont.)

Escrow Waivers

If the loan has no escrows collected on the HUD-1, an Escrow Waiver Letter should be in the file and contain the following borrower acknowledgments:

- Borrower(s) are responsible to pay the taxes/insurance on the subject property.
- Borrower(s) will provide the servicer with proof of payment of taxes/insurance.
- Borrower(s) understand that if they fail to pay the taxes/insurance, the servicer has the right to revoke the escrow waiver and/or force place insurance, and/or pay the taxes and charge the borrower accordingly.

Refer to the Product Descriptions in Chapter 5 to determine if escrow waivers are permitted for a particular loan product. Refer to Chapter 3 of this Guide for our escrow waiver policy and pricing requirements.

Taxes

Each file must evidence compliance with the following closing requirements relative to real estate taxes:

- Tax bills due within sixty (60) days of the settlement date should be paid before or at settlement.
- Initial taxes on new construction rarely reflect an accurate tax assessment. Typically, the initial taxes are based upon unimproved or partially improved land. The discrepancy between the initial tax year assessment and the following tax year assessment (based upon the fully improved land) is often substantial and can result in payment shock to the borrower. The following options for such tax escrow collection are allowed, provided any estimated figure must comply with RESPA provisions for using estimates:
 - » Collect based upon an estimated full tax figure on the HUD-1 and base both the payment and the escrow allocation upon an estimated tax amount. The file must document how the Client arrived at the estimated tax amount used.
 - » Collect on the land or partially assessed value only, but base future escrow allocation and payment upon an estimated tax amount. The file must document how the Client arrived at the estimated tax amount used and also contain a disclosure signed by the borrower acknowledging the payment shock risk associated with this method of collection.
- A completed Tax Certificate must be in the file and must include the following:
 - » All collecting tax authorities for the property
 - » Addresses for all taxing authorities
 - » Last paid date of all taxes
 - » Next due date of all taxes
 - » The amount of taxes, and
 - » All applicable parcel ID numbers
- If the borrowers are exempt from paying real property taxes, the file must contain proof of the tax exemption, usually a letter from the taxing authority

Closing, Servicing and Compliance Documentation (cont.)

Hazard Insurance

The Client must ensure that the insurance carrier, policy, and coverage meet all applicable Investor/Agency requirements. The loan file must contain a copy of the Policy or a Certificate of Insurance, Declaration Page, or Insurance Binder containing sufficient information for Gateway to audit such compliance. Additionally:

- Mortgagee clause must read as set forth in Chapter 1 of this Guide
- Policy term must be written for at least one year or be continuous until canceled
- Refinance loans must have a policy term remaining of at least 45 days after closing. If the insurance is due to expire within 45 days of closing, a paid receipt for the next year's premium must be submitted.
- For purchase transactions, for first year premium must be paid on the HUD-1 or a paid receipt provided if POC.
- For units in condominium projects, both the Master or Blanket policy of insurance and the individual unit Certificate of Insurance are required. The Master or Blanket policy of insurance must also reflect compliance with the Investor/Agency general liability insurance requirements. Individual unit insurance must cover both the exterior and interior (a/k/a "walls in") coverage as required by the applicable Investor/Agency.

Flood Determination Certificate

A FEMA Standard Flood Zone Determination Certificate with Life of Loan Monitoring is required in each file. Client may obtain this initial determination from a vendor of their choice. However, if Client utilizes CoreLogic Flood Data Services for this required initial determination, Gateway will waive its \$10 flood determination fee and continue monitoring under the original certificate.

Closing, Servicing and Compliance Documentation (cont.)

Flood Insurance

If the Flood Zone Determination Certificate obtained shows any part of the principal structures securing the loan in a Special Flood Hazard Area, the file must contain:

- The Notice of Special Flood Hazards and Availability of Federal Disaster Relief Assistance that was provided to the borrower in accordance with the Flood Disaster Protection Act, and;
- Evidence of flood insurance, effective as of the closing date, and in one of the following forms:
 - » Flood insurance policy
 - » Declarations page; or
 - » Copy of the Flood Insurance Application with a paid receipt for the first year's premium

The form of policy must be the standard policy issued under the National Flood Insurance Program and additionally must meet all applicable investor/agency requirements. Additionally:

- Mortgagee clause must read as set forth in Chapter 1 of this Guide
- Policy term must be written for at least one year or be continuous until canceled
- Refinance loans must have a policy term remaining of at least 45 days after closing. If the insurance is due to expire within 45 days of closing, a paid receipt for the next year's premium must be submitted.
- For purchase transactions, for first year premium must be paid on the HUD-1 or a paid receipt provided if POC.
- The required coverage offered is the lesser of the following:
 - » The outstanding principal balance of the loan, or
 - » The maximum amount of NFIP flood insurance coverage available which is the lesser of:
 - The insurable value of the building structure only. (Land values are not covered under the NFIP.)
 - The maximum amount available for the type of structure.
- The current maximum deductible under the NFIP is \$5,000; (\$25,000 for a PUD or Condominium Project blanket/master policy)
- For units in Condominium projects, the HOA must obtain a Master or Blanket policy of flood insurance covering the buildings and the associated contents if owned in common by the association members. Individual condominium unit coverage is generally not required if the Master policy meets all requirements.
- For units in PUDs, the PUD owner's association must obtain a Master or Blanket policy to cover any common element buildings and other common property located in a SFHA. This Master/Blanket policy is in addition to individual properties in a PUD.

[Click here](#) to access FEMA's Insurance Professionals and Lender FAQs.

Closing, Servicing and Compliance Documentation (cont.)

PMI

An activated and accurate Mortgage Insurance Certificate is required on all loans with an LTV over 80%. Both the insurer and coverage must meet all applicable Investor/Agency and regulatory requirements. Please refer to the applicable Gateway Product Description for the current list of eligible mortgage insurers and product/plan/premium structures.

If the MI Certificate shows initial premium due, the amount due must be shown on the HUD-1 as being paid. If the MI Certificate also requires monthly premiums payable after closing, an escrow account must be established and reflected on the Initial Escrow Account Disclosure; any monthly premiums due or payable prior to the borrower's first payment must also be collected on the HUD-1.

All loan information reflected on the MI Cert must match the loan terms and AUS findings, including but not necessarily limited to:

- the Borrower's name and property address
- the loan amount and loan term
- the appraised value and sales price
- coverage %

Remember to re-submit the loan and obtain an updated MI Certificate any time you resubmit an insured loan to DU. This includes post-closing or pre-purchase DU resubmissions.

Files must contain a copy of the check for the initial MI premium due at closing, and the collection should be reflected on the HUD-1.

The file must also contain an accurately completed and executed Notice Regarding PMI Disclosure or, if applicable, LPMI Disclosure.

Government Loans

For HUD/FHA loans, the HUD required calculation must be used to determine any monthly MIP payments. (Caution: Simply multiplying the loan amount x .5 and dividing by 12 does NOT produce an accurate payment stream.) [Click here to access HUD's MIP calculation formula.](#)

Clients are responsible for submitting their own government loans for insurance/guaranty and for paying the upfront MIP/funding fees prior to purchase by Gateway. Loans must be insured/guaranteed within 60 days following the date of loan closing.

Closing Instructions

Closing Instructions (both general and loan specific) must be included in the file. In escrow states, the instructions must be signed by Closing Agent, Borrower(s) and Seller(s) if an Estimated HUD-1 was not executed.

The Client's Closing Instructions must provide specific instructions to the closing agent to confirm the identity of the borrowers utilizing at least one form of photo ID form and a secondary form of ID, both forms of which must comply with the Patriot Act and all other applicable investor, agency and regulatory requirements. Copies of IDs are required to be delivered to Gateway.

W9

Each file must contain a completed W-9 for each Borrower.

Closing, Servicing and Compliance Documentation (cont.)

Disclosures

It is the Clients responsibility to accurately prepare all applicable disclosures and provide them to the borrower(s) in the manner prescribed and in the time frames prescribed by local, state and federal laws and regulations. Gateway does not provide legal advice regarding the applicability or acceptability of specific disclosures. Clients should refer to their own legal counsel, compliance department and/or regulator for such advice.

Gateway will accept loans for purchase in which the borrowers disclosures electronically according to the requirements outlined by the Electronic Signatures in Global and National Commerce Act of 2000 (E-Sign). This also applies to FHA loans as long as the initial disclosures are not required as part of the insuring process.

Gateway requires that Clients provide copies of all applicable local, state and federal disclosures in the closed loan package submitted to us for purchase.

Right of Rescission

Gateway will not purchase any mortgage if a waiver to a required rescission period was granted.

HMDA

It is required that the government monitoring information on the 1003 be completed on all files delivered to Gateway and that the interviewer completes the interview data section on the application. In addition, to determine if the race, ethnicity, and gender information is required, the "Method Application Taken" block must be completed.

Closed loans underwritten by the Client and subsequently purchased by Gateway should be reported by the Client as an origination on its LAR. (Gateway will report the loan as a Code 6 "Loan Purchased" on its LAR).

Clients may refer to "HMDA Reporting – Getting it Right" at www.ffiec.gov/hmda for additional information.

IRS Form 4506-T

An IRS Form 4506-T must be signed at the time of application and at closing for all borrowers, regardless of the borrower's employment status (i.e., self-employed, salaried, commissioned, retired, etc.). The forms must request validation of the IRS documentation provided by the borrowers and as required by the AUS findings and applicable investor/agency requirements. The IRS Form 4506-T signed at application must be processed for all borrowers prior to closing and the results included in the file when delivered to Gateway. The IRS Form 4506-T signed at closing may be utilized by Gateway as part of its post-purchase Quality Control processes.

Closing, Servicing and Compliance Documentation (cont.)

Goodbye Letter

Gateway requires a copy of the combined Notice of Assignment, Sale, or Transfer of Servicing Rights in the closed loan package prior to purchasing any loan. The Notice must provide the borrower with the information conforming to the Model Form in Appendix MS-2 of Regulation X (RESPA), with the following contact information for Gateway Mortgage Group, LLC as the new servicer ("Transferee"):

Business Address: 6910 East 14th Street, Tulsa, OK 74112

Toll-free Number: (877) 764-9319

Hours of Operation: Monday through Friday 8:30 AM – 5:30 PM

QWR Address: 6910 East 14th Street, Tulsa, OK 74112

Attn: Chief Compliance Officer

Clients must deliver the Notice to the borrower(s) at least fifteen (15) calendar days prior to the effective date of the loan transfer (first payment due date to Gateway). However, the Notice should not be provided to the Borrower until the Client is in receipt of the Purchase Advice from Gateway. The Client must deliver the Notice no later than the next business day after receipt of the Purchase Advice.

Borrower Contact Sheet

In order to facilitate servicing of the loan, Gateway requests that the Client have the Borrower(s) complete this [Borrower Contact Sheet](#) and include it in the loan file.

Underwriting Documentation

Underwriting Methods

Refer to the applicable Gateway Product Description for underwriting method and AUS requirements and limitations. Note: Gateway does not allow manual underwriting (except for FHA Streamline and VA IRRRL) for any loan product or program and accepts loans with Approve/Eligible (or equivalent) DU or GUS (if applicable) findings. LP findings are accepted only for FHA and VA, provided the loan did not receive "DU Refer" or "DU Ineligible" findings through Fannie Mae's Desktop Underwriter ("DU"). Prior approval by ONAP is required for non-direct guarantee Section 184 Clients.

Underwriting Approval

Each file submitted to Gateway must include a signed underwriting approval that matches the terms of the loan and the DU or GUS (if applicable) findings. Any of the following forms will be accepted as approval:

- 1008 Transmittal Summary
- HUD-92900-LT (FHA loans only)
- VA 26-6393 Loan Analysis (VA loans only)
- Client's own approval form with conditions equivalent
- ONAP prior approval (Section 184 only)
- If contract underwritten, the approval cannot reference Gateway. It must show the Correspondent Client as the sole contract underwriting client. The Client must also document in the file that the contract underwriter is properly licensed if required to be licensed by any applicable regulator.

AUS Findings

Each loan file must include the most current AUS Findings that reflect the terms of the loan as approved **AND** closed. AUS findings that reflect more than 10 submissions require an acceptable written explanation as to why so many submissions were necessary. Loans with more than 20 AUS submissions are not eligible for purchase, regardless of the explanation.

The file must contain all the necessary documentation to show that the loan passes all the eligibility and underwriting tests performed by DU or GUS (as applicable) and that any verification messages or approval conditions specified on the findings have been satisfactorily resolved. Terms and conditions of the closed loan must match the data on which the AUS findings were based. All documentation required by the AUS or Gateway's Overlay Matrix must be provided and must be acceptable to Gateway.

The file must contain documentation evidencing that any findings generated through DO have been final released to Gateway.

AUS re-submissions by the Client prior to deliver to Gateway are permitted only if required by the applicable investor/agency and if completed in accordance with the investor/agency's re-submission requirements. If the Client re-submits the loan to the AUS after closing, the final re-submitted AUS finding must also be included in the loan file, along with the final AUS finding run prior to closing.

Once delivered to Gateway, all loans may be subject to 100% validation audit (at a minimum to include data integrity) as well as pre-or post-funding audits by Gateway. Any inconsistencies in the data and/or documentation may result in Gateway requiring the Client to have the Loan re-underwritten by DU or GUS (as applicable) and may result in non-fund, suspense, or repurchase. **ONCE DELIVERED, DO NOT RE-RUN THE AUS WITHOUT GATEWAY'S SPECIFIC INSTRUCTION TO DO SO.**

Underwriting Documentation (cont.)

Income Calculation Worksheet

A full and detailed explanation of how the underwriter calculated the stable monthly qualifying income must be included. For borrowers who are self-employed or that receive income from real estate activities, a Self-Employed Analysis Worksheet - FNMA 1084 form must be used. For other borrowers, the income calculation can be defined on the 1008 or on a separate worksheet, provided it must be detailed and clearly document how the income was calculated.

Blanket Authorization

A blanket "Borrower's Authorization and Certification" is required on all loans and must be signed by all borrowers. It is used by the originating Client to verify information contained in the application and must also allow the Client's successors or assigns (e.g., Gateway) to re-verify information contained in the file for quality control purposes.

Overlays

You must refer to the [Correspondent Overlay Matrix](#) for Gateway restrictions and overlays to Fannie Mae, FHA, ONAP Section 184, VA and USDA eligibility, underwriting and documentation requirements regarding:

- Appraisals and PIWs
 - AUS acceptability and underwriting methods
 - Credit scores
 - Down Payment Assistance and Bond Programs
 - Income, Asset, Source of Funds (including Gift) Verification Documentation
 - Ineligible Properties
 - Investment Properties
 - ITINs
 - LTVs/CLTVs
 - Mortgage Insurers and Mortgage Insurance Coverage Options
 - Multiple Loans Serviced by Gateway
 - Natural Disasters
 - Non-Arm's Length Transactions
 - Primary Residence Conversion to Second Home or Rental
 - Principal Curtailments at Closing
 - Streamline Refinance Documentation
 - Temporary Buydowns
-

Product Descriptions

Refer to the [Product Descriptions](#) in Chapter 5 of this Guide for additional requirements for underwriting and documenting loan files submitted for purchase.

Underwriting Documentation (cont.)

ULDP

For conventional loans, the UAD Submission Summary Report from Fannie Mae must be included when such data submission is required by FNMA.

Fannie Mae LQI Checks

Sellers are responsible for documenting each conventional file to evidence compliance with Fannie Mae's Loan Quality Initiative. This includes, but is not limited to verbal reverification of employment, updated credit report prior to closing, related parties search, verification on MERS regarding borrower and property liens, third party fraud checks prior to closing, and data integrity check on DO/DU with latest AUS findings.

Post-Purchase Documentation

General

Within one hundred twenty (120) days of loan purchase, Gateway must be in receipt of all required post-purchase documents or loans are subject to repurchase. Gateway will consider extension of this 120 day requirement, in 30-day increments, only in cases where the delay can be documented as solely attributable to the delays or turn times of the applicable jurisdictional recording office. Gateway reserves the right to charge late document delivery fees when extensions are granted.

Final documents should be sent to the address specified in Chapter 1 of this Guide, with Gateway's loan number clearly displayed in the upper right hand corner of each document.

When Gateway requires corrections to those final documents, the Client agrees to correct and post-purchase documents within fifteen (15) calendar days after being notified by Gateway.

Post-Purchase Documents

The following Post-Purchase documents are required:

- Original recorded Mortgage or Deed of Trust (Security Instrument) and all applicable Riders
 - Original recorded specific power of attorney or copy of power of attorney with origination recording receipt, if applicable
 - Original recorded intervening assignments, if any
 - Original title insurance policy and all applicable endorsements
 - Any corrections and/or endorsements requested by Gateway as a result of our document review
 - Insuring/Guaranty/Guarantee documents (e.g., MIC, LGC, LGN)
-

Post-Purchase Documentation (cont.)

Post-Purchase Actions

Clients are also responsible for the following post-purchasing actions:

- Mail "Goodbye Letter" to borrower the next business day following purchase
 - Mail Loan Sale and Servicing Transfer Notice to insurers, including but not necessarily limited to:
 - » Hazard, including fire, wind, condominium or PUD master and HO-6
 - » Flood, if any
 - MI on Conventional loans:
 - » Complete Loan Sale and Servicing Transfer at the insurer's website
 - Complete MERS transfer of servicing and beneficial interest transactions (TOSR/TOB) within five (5) calendar days of purchase
 - Complete FHA Connection transfer to show Gateway as the servicer and holder, within five (5) calendar days of loan purchase
 - Complete insuring/guaranty/guarantee processes within sixty (60) days of closing but no later than the first payment due date; completion includes update of all applicable insurer/guarantor systems
-

1098

Clients must provide the Year-End 1098 to the borrower for pre-paid interest collected at closing, any points paid at closing, and any interest paid by the Borrower to the lender prior to purchase by Gateway.
