



# Eligible Mortgage Loans

Client Guide — Chapter 2



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# Eligible Mortgage Loans

## General

Clients will receive an approval letter specifying the products, and services for which they are eligible. Clients should contact their Regional Sales Manager or Client Liaison should their business needs change after their initial approval.

## Qualified Mortgage Loan

All loans must fully comply with all requirements of Fannie Mae, FHA, ONAP Section 184, VA, and USDA, as applicable, unless otherwise specified below, in the applicable Product Description, or the [Gateway Correspondent Overlay Matrix](#).

For any loan that is subject to 12 CFR Section 1026.43, Gateway will only purchase the loan if (i) it meets the definition of a "Qualified Mortgage" as set forth in 12 CFR Section 1026.43(e) (2) Loan and (ii) complies with the Ability To Repay Standards, and all necessary evidence to demonstrate such compliance with 12 C.F.R. Part 1026.43(e) and 12 C.F.R. Part 1026.43(c) is included in the loan file transferred to Gateway. Loans that are not subject to 12 CFR Section 1026.43 will only be purchased if they meet all applicable agency and program guidelines. Any breach of these requirements shall be deemed to materially and adversely affect the value of the loan and shall require a repurchase of the affected loan.

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## Eligible Property and Lien Status

### General

- All loans must be secured by a first lien mortgage on a one-to-four family residential dwelling located in:

Alabama	Indiana	Missouri	South Carolina
Arizona	Iowa	Nebraska	South Dakota
Arkansas	Kansas	Nevada	Tennessee
California	Kentucky	New Jersey	Texas
Colorado	Louisiana	New Mexico	Utah
Connecticut	Maryland	North Carolina	Virginia
Delaware	Michigan	Ohio	West Virginia
Florida	Minnesota	Oklahoma	Wisconsin
Illinois	Mississippi	Pennsylvania	Wyoming

- Gateway must approve and activate each state before Clients can register loans secured by properties in any given state. Clients must contact their Regional Sales Manager or Client Liaison to request approval for additional states.

## General (cont.)

- Gateway relies upon the Client's representations and warranties that all loans are enforceable in accordance with the terms of Gateway's Correspondent Loan Purchase and Sale Agreement ("Agreement") and comply with all applicable federal, state and local laws. Clients must be aware of, and in compliance with, all terms, representations and warranties contained in the Agreement.
- Clients are responsible for adhering to all federal, state and local laws and/or regulatory lending guidelines, as well as licensing requirements.

## Geographic Restrictions

### By Product

See these *Product Descriptions* for additional product level geographic restrictions:

- Texas A6 Equity Loan
- FHA – HUD Section 184
- USDA Rural Development

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## Eligibility Restrictions

### Age of Loan / Prior Rejects

The following loans are not eligible:

- 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 Freddie Mac, Fannie Mae, 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.

### Overlays

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:

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## Eligibility Restrictions (cont.)

### Property Type Restrictions

See [Overlay Matrix](#).

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### Loan Type Feature/Restrictions

The following loan types, characteristics and/or features are not eligible:

- Temporary Interest Rate Buydowns
  - Conventional Loans with Down Payment Assistance Programs.
  - Government loans originated under Bond Programs or with non-Gateway approved governmental or tribal DPA programs. See the FHA and Section 184 Product Descriptions for links to the current applicable list of approved DPA programs.
  - Section 32, “high cost” loans (as defined by the Agencies or applicable federal or state regulation)
  - Loan types or loans with features that do not conform in all respects to Fannie Mae, FHA, ONAP Section 184, VA or USDA Guidelines (as applicable for the loan type)
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### Borrower Type Restrictions

The following borrower types are not eligible:

- Borrowers and households with more than 4 financed properties serviced by Gateway, regardless of occupancy or purpose of subject loan
  - Borrowers who are financing a non-owner occupied or second home are limited to 4 financed properties. Borrowers who are financing primary residences may have unlimited financed properties not serviced by Gateway
  - Borrowers with no social security number (ITIN only)
  - Borrower types that do not conform in all respects to Fannie Mae, FHA, ONAP Section 184, VA or USDA Guidelines (as applicable for the loan type)
  - Life Estates
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### Third Party Originations

Gateway does not purchase loans originated through third party originators (“TPOs”). Client level exceptions may be considered only for higher net worth Clients with a TPO program established for at least 3 years; strong TPO controls must be demonstrated. Contact your Sales Manager for consideration.

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# Warehouse Lines of Credit and Wire Instructions

## General

These requirements apply to Clients utilizing warehouse lines:

- Clients may borrow money to fund the origination of mortgage loans from a warehouse lender of their choice.
- Loans funded by Clients' corporate or personal funds, and/or lines of credit not obtained through a warehouse lender, are not eligible for sale.
- Gateway requires bailee letters be submitted with the original Note from warehouse lenders.

*Note: Clients who are financial institutions (banks, savings & loans, credit unions) or who are wholly owned subsidiaries of a financial institution are NOT required to attach bailee letters to the original Note. However, these "exempt" clients must provide correct wiring instructions with each Note.*

- Gateway has the option to decline to purchase mortgage loans funded through any warehouse lender which creates additional risk or unreasonable workload in connection with purchasing a mortgage loan
- » Examples of line of credit requirements that might cause Gateway to decline to purchase mortgage loans are:
  - The warehouse lender will not release its security interest in the mortgage loan or note upon transmittal of the purchase proceeds.
  - The warehouse lender requires Gateway to enter into agreements other than a typical collateral bailee agreement.

Please refer to Chapter 4 of this Guide for additional information and requirements for warehouse lenders.

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## Wire Instructions and Warehouse Line Verification Form

- Gateway will obtain the Client's application and Wire Instructions and Authorization to Verify Warehouse Line form during the new client approval and/or annual re-certification process.
- At the time of loan purchase, the warehouse lender information must match the data previously submitted by the Client during the initial approval and/or recertification process.
- Gateway will validate the wire authorization with the warehouse lender for each loan purchased.
- Gateway will require the Client to complete a new Wire Instructions and Authorization to Verify Warehouse Line form when the wire authorization information does not match the data in our records.
- Wire Instructions must include a physical address for the destination institution.
- The updated information must be provided to and validated by Gateway prior to the funding of the loan.

Please refer to Chapter 4 of this Guide for additional information and requirements for warehouse lenders and wire instructions.