

## VA High Balance Fixed Rate - Product Description

<b>PRODUCT DESCRIPTION</b>	<ul style="list-style-type: none"> <li>■ First lien, fully amortizing VA Fixed Rate.</li> <li>■ 30 year term.</li> <li>■ Borrowers, properties and loans must meet eligibility standards as established by the Veteran's Administration.</li> </ul>
<b>PRODUCT CODES</b>	<ul style="list-style-type: none"> <li>■ V30HB, V30HBIRRL</li> </ul>
<b>ELIGIBLE STATES</b>	<ul style="list-style-type: none"> <li>■ Please refer to Chapter 2 or the Overlay Matrix.</li> </ul>
<b>GEOGRAPHIC RESTRICTIONS</b>	<p><b>Texas</b> (all VA loan types):</p> <ul style="list-style-type: none"> <li>■ Texas A6 Home Equity loans not allowed</li> </ul>
<b>MAXIMUM LOAN AMOUNT</b>	<p>Follow VA Guidelines for the applicable county/MSA, VA program section, and loan purpose, except that:</p> <p>Regardless of LTV, the veteran must have sufficient entitlement for a minimum 25% guaranty. See also hyperlink at end of this Product Description.</p>
<b>AGE OF LOAN / PRIOR REJECTS</b>	<ul style="list-style-type: none"> <li>■ Loans must have been closed no more than 60 days prior to delivery.</li> <li>■ Loans previously rejected by or repurchased from Gateway, VA or GNMA are ineligible.</li> <li>■ Loans previously rejected by or 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.</li> </ul>
<b>ASSUMPTIONS</b>	<ul style="list-style-type: none"> <li>■ Not allowed.</li> </ul>
<b>BUYDOWNS</b>	<ul style="list-style-type: none"> <li>■ Not allowed.</li> </ul>
<b>CONVERSION OF PRIMARY RESIDENCE</b>	<ul style="list-style-type: none"> <li>■ No Rental Income considered for any lease executed with a family member or interested party to the purchase or loan transaction.</li> </ul>
<b>CREDIT SCORE OVERLAY</b>	<ul style="list-style-type: none"> <li>■ <math>\geq 600</math> with AUS Approval required. Each borrower must have a minimum of one credit score.</li> </ul>
<b>DTI</b>	<ul style="list-style-type: none"> <li>■ Per DU Approve/Eligible, or LP Accept/Accept max 55% DTI allowed.</li> </ul>

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<b>DOWN PAYMENT ASSISTANCE AND BOND PROGRAMS</b>	<p>All down payment assistance programs must be prior approved by Gateway. Government entity (e.g. federal, state, county, or VA) approved DPA programs only. Gateway does not purchase Bond Program loans.</p> <p><a href="#">Click here</a> for a current list of Gateway approved DPA programs.</p>
<b>ESCROW HOLDBACKS</b>	<ul style="list-style-type: none"> <li>Escrow Holdbacks must be completed prior to loan purchase, as evidenced by satisfactory VA final inspection.</li> </ul>
<b>ESCROW WAIVERS</b>	<ul style="list-style-type: none"> <li>Not permitted.</li> </ul>
<b>INELIGIBLE PROPERTY TYPE OVERLAYS</b>	<ul style="list-style-type: none"> <li>See <a href="#">Overlay Matrix</a>.</li> </ul>
<b>INTEREST CREDIT AT CLOSING</b>	<ul style="list-style-type: none"> <li>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.)</li> </ul>
<b>INVESTMENT PROPERTIES AND SECOND HOME</b>	<ul style="list-style-type: none"> <li>Not allowed.</li> </ul>
<b>ITIN OVERLAY</b>	<ul style="list-style-type: none"> <li>All borrowers must have a valid social security number; ITINs are not allowed.</li> </ul>
<b>LIMIT ON NUMBER OF LOANS SERVICED BY GATEWAY</b>	<ul style="list-style-type: none"> <li>Maximum of 4 loans serviced by Gateway per Borrower / Household.</li> </ul>
<b>NATURAL DISASTER POLICY</b>	<ul style="list-style-type: none"> <li>Client must represent and warrant the existence and condition of the subject property at time of purchase.</li> <li>Clients may call FEMA, 202.646.4600, to obtain a current list of disaster areas or visit the FEMA website at <a href="http://www.fema.gov/news/disasters.fema">http://www.fema.gov/news/disasters.fema</a>.</li> <li>Follow the VA requirements available at: <a href="http://www.benefits.va.gov/HOMELOANS/documents/docs/VA_Policy_Regarding_Natural_Disasters.pdf">http://www.benefits.va.gov/HOMELOANS/documents/docs/VA_Policy_Regarding_Natural_Disasters.pdf</a></li> <li>Depending on the nature and timing of the disaster, a Property Condition Certification may be required.</li> <li>Appraisers must comment on the natural disasters' impact on marketability and value for appraisals completed within 90 days of the disaster declaration.</li> </ul>
<b>NON-ARM'S LENGTH AND CONFLICT OF INTEREST</b>	<ul style="list-style-type: none"> <li>Non-arms length and Conflict of Interest transactions are transactions in which there is a relationship or business affiliation between the borrower, seller, and/or lender.</li> <li>Non-arms length transactions require full documentation including 2 years federal tax returns and Fannie 1004.</li> <li>Not allowed if new construction and the borrower is the builder or affiliated with or related to the builder/developer.</li> <li>Satisfactory VOM's required on all liens on subject property confirming the transaction is not a bailout.</li> </ul>
<b>OCCUPANCY</b>	<ul style="list-style-type: none"> <li>Primary only.</li> <li>No Second Homes or Investment Properties.</li> </ul>

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<b>PRINCIPAL CURTAILMENT AT CLOSING</b>	<ul style="list-style-type: none"> <li>■ For all loans other than “No Cash-out” or “Limited Cash-out” refinances (excluding Texas Home Equity Refinances), a curtailment to refund the overpayment of fees or charges paid by the borrower may not exceed lesser of 2% of the loan amount or \$500 (\$250 max on DU Refi Plus), in accordance with applicable regulatory guidelines, and must be clearly reflected as a Principal Curtailment on the HUD-1 or Closing Disclosure.</li> </ul>
<b>QUALIFIED MORTGAGE LOAN</b>	<p>For any loan that is subject to 12 C.F.R. Section 1026.43, Gateway will only purchase the loan if (i) it meets the definition of a “Qualified Mortgage” as set forth in 12 C.F.R. 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. 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.</p> <p>Loans that are not subject to 12 C.F.R. 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.</p>
<b>IRRRL REFINANCES</b>	<ul style="list-style-type: none"> <li>■ IRRRLs require a minimum credit score of 620</li> <li>■ No 30 day+ delinquencies allowed in the past 12 months (or life of loan if less than 12 months seasoned)</li> <li>■ Minimum documentation required:             <ul style="list-style-type: none"> <li>» single line tri-merge credit report,</li> <li>» verification of sufficient assets to close if necessary,</li> </ul> </li> <li>■ Second homes and investment properties are not eligible for streamline refinance.</li> <li>■ All VA IRRRL loans being refinanced must have a minimum of six consecutive monthly payments after the first payment due date of the prior loan.</li> </ul>
<b>THIRD PARTY ORIGINATIONS “TPOs”</b>	<ul style="list-style-type: none"> <li>■ Gateway does not purchase loans originated through TPOs. (Client level exceptions may be considered 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.)</li> </ul>
<b>UNDERWRITING</b>	<p>Must be underwritten by a VA Automatic &amp; LAPP approved Underwriter employed by Client, plus:</p> <ul style="list-style-type: none"> <li>■ Joint loans must be approved by VA</li> <li>■ Client must also secure VA prior approval for:             <ul style="list-style-type: none"> <li>» Loans to veterans in receipt of VA non-service related pension</li> <li>» Loans to veterans rated incompetent by VA</li> <li>» Joint loans involving (i) a veteran and non-veterans who is not the veteran’s spouse or (ii) involving two or more veterans who intend to use their entitlement and take title jointly</li> <li>» Clear CAIVRS, LDP and GSA search required on all loans</li> </ul> </li> <li>■ Manual underwriting not allowed</li> </ul>

Each loan must fully comply with all VA requirements unless otherwise specifically noted above. VA Guidelines are available at [www.VA.gov](http://www.VA.gov) or on All-Regs. For your added convenience, specific VA guidelines may also be accessed from VA’s website at the following links:

VA Mortgage Limits

[http://www.benefits.va.gov/HOMELoANS/purchaseco\\_loan\\_limits.asp](http://www.benefits.va.gov/HOMELoANS/purchaseco_loan_limits.asp)

VA Lender’s Handbook

[http://www.benefits.va.gov/warms/pam26\\_7.asp](http://www.benefits.va.gov/warms/pam26_7.asp)