

## FHA High Balance Fixed Rate – Product Description

<b>PRODUCT DESCRIPTION</b>	<ul style="list-style-type: none"> <li>■ First lien, fully amortizing FHA Fixed Rate.</li> <li>■ FHA Section 203(b) FHA Home Mortgage Loans, including condominiums under 234(c).</li> <li>■ 30 year term.</li> </ul>
<b>PRODUCT CODES</b>	<ul style="list-style-type: none"> <li>■ FH30HB</li> </ul>
<b>GEOGRAPHIC RESTRICTIONS</b>	<p><b>Texas:</b> Texas A6 Home Equity loans not allowed</p>
<b>MAXIMUM LOAN AMOUNT</b>	<ul style="list-style-type: none"> <li>■ Follow FHA guidelines for the applicable county/MSA, FHA program section, and loan purpose.</li> </ul>
<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, FHA 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>BOND PROGRAMS</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>■ When calculating the equity position in a primary residence being converted to a second home or investment property, the value of the converting residence must be documented by a Fannie 1004 or 2055 appraisal. AVM or BPO not allowed.</li> <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 REJECT</b>	<ul style="list-style-type: none"> <li>■ Loans with a Credit Reject on FHA Connection not allowed.</li> </ul>
<b>CREDIT SCORE OVERLAY</b>	<ul style="list-style-type: none"> <li>■ ≥600 with AUS Approval required. Each borrower must have a minimum of one credit score.</li> </ul>
<b>DOWN PAYMENT ASSISTANCE</b>	<ul style="list-style-type: none"> <li>■ All down payment assistance programs must be prior approved by Gateway Government entity (e.g. federal, state, county, and tribal) approved DPA programs only. Gateway does not purchase Bond Program loans.</li> <li>■ <a href="#">Click here</a> for a current list of Gateway approved DPA programs</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>
<b>ELIGIBLE STATES</b>	<ul style="list-style-type: none"> <li>■ Please refer to Chapter 2 or the Overlay Matrix.</li> </ul>

## FHA High Balance Fixed Rate - Product Description (cont.)

<b>ESCROW HOLDBACKS</b>	<ul style="list-style-type: none"> <li>■ Escrow Holdbacks must be completed prior to loan purchase, as evidenced by satisfactory FHA final inspection.</li> </ul>
<b>ESCROW WAIVERS</b>	<ul style="list-style-type: none"> <li>■ Not allowed.</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>■ 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 Home or Investment Properties.</li> </ul>
<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>

## FHA High Balance Fixed Rate - Product Description (cont.)

<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>STREAMLINE REFINANCES</b>	<ul style="list-style-type: none"> <li>■ Streamline refinances (qualifying and non-qualifying) must meet 620 minimum FICO.</li> <li>■ 0x30 late mortgage payments in the last 12 months or life of loan if less than 12 months.</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 home and investment properties are not eligible for streamline refinance.</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>	<ul style="list-style-type: none"> <li>■ DU Approve/Eligible or LP Accept/Accept through FHA TOTAL Scorecard accepted (except FHA Streamline Refinance).</li> <li>■ Clear CAIVRS, LDP and GSA search required on all loans</li> <li>■ Manual underwriting not allowed</li> </ul>

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

FHA Mortgage Limits

<https://entp.hud.gov/idapp/html/hicostlook.cfm>

Mortgage Credit Analysis Handbook

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/handbook\\_4000-1](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/handbook_4000-1)

*To receive updates from HUD, click here to join their email subscription service:*

<http://portal.hud.gov/hudportal/HUD?src=/subscribe/signup&listname=HUD%20News&list=HUD-NEWS-L>