

## USDA Rural Development Fixed Rate – Product Description

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| PRODUCT DESCRIPTION             | <ul style="list-style-type: none"> <li>■ First lien USDA Rural Development Guaranteed Fixed Rate (Section 502).</li> <li>■ 30 year term; fully amortizing.</li> <li>■ 1-unit, primary residences only.</li> </ul>  |
| PRODUCT CODES                   | <ul style="list-style-type: none"> <li>■ RD30</li> </ul>   |
| GEOGRAPHIC RESTRICTIONS         | <p>Texas:</p> <ul style="list-style-type: none"> <li>■ Texas A6 Home Equity loans not allowed / not applicable</li> </ul> <p>All States: Property Eligibility must be verified at the following link, results printed off and retained in the file: <a href="https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?sessionId=j9WCCm+5+unLKVO3Aq1spB7">https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?sessionId=j9WCCm+5+unLKVO3Aq1spB7</a></p>  |
| MAXIMUM LOAN AMOUNT             | <ul style="list-style-type: none"> <li>■ Follow USDA RD Guaranteed Loan Program Guidelines for the applicable property location, income limit, and loan purpose. See also the hyperlinks at the end of this Product Description.</li> </ul>  |
| AGE OF LOAN / PRIOR REJECTS     | <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, USDA RD 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> |
| ASSUMPTIONS                     | <ul style="list-style-type: none"> <li>■ Not allowed.</li> </ul>   |
| BOND PROGRAMS                   | <ul style="list-style-type: none"> <li>■ Not allowed.</li> </ul>   |
| BUYDOWNS                        | <ul style="list-style-type: none"> <li>■ Not allowed.</li> </ul>   |
| CONVERSION OF PRIMARY RESIDENCE | <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 1004 or 2055 appraisal. AVM or BPO not allowed. The property being converted cannot also be an RD loan.</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>                                       |
| CO-BORROWERS                    | <ul style="list-style-type: none"> <li>■ USDA does not allow co-signers or non-occupant co-borrowers.</li> </ul>   |
| CREDIT SCORE OVERLAY            | <ul style="list-style-type: none"> <li>■ <math>\geq 640</math> regardless of GUS findings. Each borrower must have a minimum of one credit score.</li> </ul>   |
| DOWN PAYMENT ASSISTANCE         | <ul style="list-style-type: none"> <li>■ Not allowed.</li> </ul>   |
| DTI                             | <ul style="list-style-type: none"> <li>■ Per GUS Accept, max 45% DTI allowed (applications taken on or after 1/1/2014)</li> <li>■ Manual underwrite, 41% maximum DTI allowable, however, up to 44% maximum DTI allowed with compensating factors.</li> </ul>   |
| ELIGIBLE STATES                 | <p>Please refer to Chapter 2 or the Overlay Matrix.</p>  |

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| ESCROW HOLDBACKS                             | <ul style="list-style-type: none"> <li>Escrow Holdbacks must be completed prior to loan purchase, as evidenced by satisfactory final inspection.</li> </ul>  |
| ESCROW WAIVERS                               | <ul style="list-style-type: none"> <li>Not allowed.</li> </ul>   |
| HOMEBUYER EDUCATION                          | <ul style="list-style-type: none"> <li>Manual underwrites require completion of USDA approved homebuyer education.</li> </ul>  |
| INCOME RESTRICTIONS                          | <ul style="list-style-type: none"> <li>Income Eligibility must be verified at the following link, results printed off and retained in the file: <a href="http://www.rurdev.usda.gov/HSF-Guar_Income_Limits.html">http://www.rurdev.usda.gov/HSF-Guar_Income_Limits.html</a></li> </ul>   |
| INELIGIBLE PROPERTY TYPE OVERLAYS            | <ul style="list-style-type: none"> <li>See <a href="#">Overlay Matrix</a>.</li> </ul>  |
| INTEREST CREDIT AT CLOSING                   | <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>  |
| INVESTMENT PROPERTIES AND SECOND HOME        | <ul style="list-style-type: none"> <li>Not allowed.</li> </ul>   |
| ITIN OVERLAY                                 | <ul style="list-style-type: none"> <li>All borrowers must have a valid social security number; ITINs are not allowed.</li> </ul>   |
| LIMIT ON NUMBER OF LOANS SERVICED BY GATEWAY | <ul style="list-style-type: none"> <li>Maximum of 4 loans serviced by Gateway per Borrower / Household.</li> </ul>   |
| NATURAL DISASTER POLICY                      | <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> |
| NON-ARM'S LENGTH AND CONFLICT OF INTEREST    | <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>   |
| OCCUPANCY                                    | <ul style="list-style-type: none"> <li>Primary only.</li> <li>No Second Home or Investment Properties.</li> </ul>  |

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| <p><b>PRINCIPAL CURTAILMENT AT CLOSING</b></p> | <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>   |
| <p><b>QUALIFIED MORTGAGE LOAN</b></p>          | <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>  |
| <p><b>STREAMLINED REFINANCES</b></p>           | <ul style="list-style-type: none"> <li>■ RD Streamline ‘Pilot’ Program not allowed.</li> <li>■ Only refinances of existing USDA RD Guaranteed loans are allowed.</li> <li>■ Streamline refinances (qualifying and non-qualifying) must meet 640 minimum credit score.</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 homes and investment properties are not eligible for streamline refinance.</li> </ul>  |
| <p><b>THIRD PARTY ORIGINATIONS “TPOs”</b></p>  | <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>   |
| <p><b>UNDERWRITING</b></p>                     | <ul style="list-style-type: none"> <li>■ Must be underwritten by an Underwriter employed by Correspondent with delegated USDA approval from Gateway, plus:             <ul style="list-style-type: none"> <li>■ GUS Accept required. See hyperlink below for GUS training</li> <li>■ Freddie Mac LP or Fannie Mae DU/DO not allowed</li> </ul> </li> <li>■ Gateway may purchase, at Gateway’s sole discretion and subject to the terms set forth below, USDA loans that have been manually underwritten by a Client. To be eligible for purchase, each such loan must meet all manual underwriting guidelines as prescribed by USDA and are subject to further restrictions as described in Gateway’s Overlay Matrix. All other terms and conditions applicable to the sale or repurchase of the loan remain in full force and effect. Gateway reserves the right to pass on the purchase of any such loan at Gateway’s sole and complete discretion.</li> <li>■ Clear CAIVRS, LDP and GSA search required on all loans</li> <li>■ Note: Once underwritten, the file must be submitted to the RD office in the state in which the property is located to obtain a Conditional Commitment prior to closing.</li> <li>■ Manual Underwrite overlays: ≥640 credit score, 41% maximum DTI allowable, however, up to 44% maximum DTI allowed with compensating factors. Completion of USDA approved Homebuyer Education required. Allowed on one-unit properties only.</li> <li>■ Must include DU/LP/GUS Finding that shows Caution/Refer/Ineligible.</li> </ul> |

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

### USDA GUARANTEED LOANS INCOME LIMITS

[http://www.rurdev.usda.gov/HSF-Guar\\_Income\\_Limits.html](http://www.rurdev.usda.gov/HSF-Guar_Income_Limits.html)

### USDA LOANS PROPERTY ELIGIBILITY

<http://www.rd.usda.gov/files/3550-1chapter05.pdf>

### USDA RURAL DEVELOPMENT REGULATIONS AND GUIDANCE

<http://www.rd.usda.gov/publications/regulations-guidelines>

### USDA GUS TRAINING

<http://www.rd.usda.gov/files/3555%20GRH%20Lender%20Trng%202016%20updated.pdf>