**SETH Goldstar Homebuyer Assistance Program - Conventional**

*Note: Special Programs may only be originated by trained, approved clients.*

| PROGRAM DESCRIPTION | • Freddie Mac HFA Advantage First Loans  
• Purchase only  
• Second Loan of up to 8% of the final first mortgage loan amount, deferred, no accrued interest, due upon sale or refinance of the original loan, 7-year maturity with forgiveness pro-rata (1/84th) per month  
• Second Promissory Note and Second Deed of Trust provided by SETH  
• Second loan funds can be used towards down payment and/or closing costs  
• Other than reimbursement from earnest money or items paid by the borrower outside of closing, there can be no cash back to the borrower  
• Do not refer to Gateway’s Overlay Matrix for this program |
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>PROGRAM SPONSOR</td>
<td>• Southeast Texas Housing Finance Corporation (SETH)</td>
</tr>
<tr>
<td>PROGRAM ADMINISTRATOR</td>
<td>• George K. Baum &amp; Company (GKB)</td>
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<tr>
<td>SERVICER</td>
<td>• Gateway Mortgage Group, LLC (GMG)</td>
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<tr>
<td>ELIGIBLE AREA</td>
<td>• Program is available throughout the State of Texas except in the cities of El Paso, Grand Prairie and the County of Travis</td>
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| ADDITIONAL SUBSIDY | • All Freddie Mac eligible loans purchased in the 2018 calendar year are eligible for a subsidy (“Affordable Subsidy”) as follows:  
  o Very Low-Income Borrowers/Purchasers (VLIP) earning up to and including 50% of the County median income regardless of family size qualify for the Affordable Subsidy of 2% of the accompanying First Loan amount.  
  o Low Income Borrower/Purchasers (LIP) earning greater than 50% up to and including 80% of the parish median income regardless of family size may qualify for the Affordable Subsidy equal to .5% of the accompanying First Loan amount.  
  o The applicable income limits by County regardless of family size are listed in Exhibit A-2 and are subject to change from time to time by Freddie Mac.  
  o This Subsidy should be disclosed separately as an “Affordable Subsidy” in Section L of the Closing Disclosure.  
  o These Subsidies are not repayable at any time.  
  o Subsidy must be used for closing costs only.  
  o Amount of Subsidy is not calculated in the second loan transaction |

**NOTE: Originating lender must confirm that the Borrower is eligible for these AIS Grants based on the final qualifying income (used for underwriting) as of the loan closing. If the borrower were to be found ineligible after the loan closing, the Correspondent Lender will not eligible for reimbursement by GMG or SETH**

| PRODUCT CODES | • CF30-FHLMCGOLDSTAR  
• CF30-FHLMCGOLDSTAR80  
• CF30-FHLMCGOLDSTAR50  
• CF7-2nd lien |
| INTEREST RATES                  | • Loan Rates and Program Assistance options will be sent from GMG Secondary  
<table>
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<tr>
<th></th>
<th>• 60-day lock</th>
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<tr>
<td>LOAN TYPES</td>
<td>• Freddie Mac HFA Advantage</td>
</tr>
<tr>
<td>OCCUPANCY</td>
<td>• Primary Residence</td>
</tr>
<tr>
<td>LOAN PURPOSE</td>
<td>• Purchase</td>
</tr>
</tbody>
</table>
| ELIGIBLE PROPERTIES           | • SFR – 1 unit (FHLMC) primary residence  
|                               | • PUDs                                                                       |
|                               | • Townhouse                                                                  |
|                               | • Condominium (Condominiums in litigation are not allowed)                    |
|                               | • Manufactured homes not allowed                                             |
| LTV/CLTV                      | • Up to 97% LTV/105% CLTV                                                   |
| MINIMUM CREDIT SCORE (ALL BORROWERS) | • =>620 with LP Accept/Accept approval required  
|                               | • Each borrower must have a minimum of one credit score                      |
|                               | • Manual underwrite is not allowed and DU is not allowed                     |
| ELIGIBLE BORROWERS AND OCCUPANCY | • No first-time homebuyer requirement  
|                               | • Buyers must occupy the property as their primary residence within 60 days of closing  
|                               | • Borrowers may NOT have ownership interest in other properties at time of closing – follow agency guidelines |
| HOMEBUYER EDUCATION           | • Required for all Borrowers on the Note, even non-first-time homebuyers. Borrowers should visit the SETH homepage for seth Homebuyer Education to receive instructions on how to sign up for the SETH on-line homebuyer education course provided by eHome America, a nationally recognized on-line homebuyer course  
|                               | • Homebuyer Education must be completed prior to closing                    |
|                               | • Borrowers receipt of a homebuyer education counseling Certificate of Completion is a condition for the loan closing |
| MAXIMUM DTI                   | • Per LP Accept/Accept approval                                               |
|                               | • Manual Underwrite is not allowed                                           |
| PURCHASE PRICE LIMIT          | • Maximum purchase price is $453,100                                          |
| OTHER ASSISTANCE PROGRAMS     | • Subject to Agency and investor requirements, Goldstar program may be combined with other down payment sources, including Mortgage Credit Certificates. In all cases, the most conservative guidelines for each program will apply  
|                               | • Gateway prior approval required                                            |
|                               | • Third Liens not allowed                                                    |
### UNDERWRITING

- Verify borrower’s Qualifying income does not exceed income limits by County regardless of family size
- Homebuyer education required for all borrowers. Certificates must be in file
- Second loan must be entered into LPA in the “Total Gift Funds” field; the Second Loans should be represented as an Affordable Second
- LP: Select Home Possible Advantage for HFAs as the Offering Identified 251
- Manual underwrite not allowed
- Program assistance is entered into LPA as Affordable and Affordable Subsidy is entered as a gift in the assets section
- No minimum loan amount
- No asset test required
- No minimum reserve requirement
- Seller concessions permitted per Freddie Mac guidelines

### MINIMUM BORROWER INVESTMENT

- No minimum investment required from the Borrower’s own funds however, a minimum investment may be required by the Mortgage Insurers

### QUALIFYING INCOME LIMITS

- The [Program Income Limits for Freddie Mac](http://www.sethgoldstar.com) eligible loans are listed separately by County regardless of family size
- The [Income Limits for Subsidies](http://www.sethgoldstar.com) are listed separately by County regardless of family size
- Qualifying Income:
  - Must include all stable monthly income for all borrowers on the Note per Freddie Mac guidelines.
  - Use 1003 Qualifying income only
  - May be less than the total actual household income
  - May not exceed amounts established for the MSA or County in which the property is located based on loan product

### CO-SIGNERS / NON-OCCUPANT CO-BORROWER

- Not permitted

### MORTGAGE INSURANCE

- 18% coverage for 95.01% up to 97%
- 16% coverage for 90.01% up to 95%
- 12% coverage for 85.01% up to 90%
- 6% coverage for 80.01% up to 85%

### PROGRAM FEES

- Up to 1.00% origination
- Discounts are not allowed
- No Admin Fees charged to borrower
- Reasonable and customary fees
# SETH Goldstar Homebuyer Assistance Program - Conventional

## GATEWAY LOAN REGISTRATION, CHANGES AND LOCK EXTENSIONS
- SETH Goldstar Rate is published on your Gateway Rate Sheet
- Loans are locked for 60 days
- Locks for the first liens must be completed online in GEMS portal then create the second lien in GEMS to obtain a Gateway loan number
- [Reserve Second Loan through Goldstar using DocuSign](#) this form will automatically be sent to GKB and Gateway.
- Gateway will lock the second lien
- Client can view both lock confirmations in GEMS system
- Changes and lock extensions to first lien must follow Client Guide, Chapter 3
- Changes and lock extensions to second liens contact CorrBonds@GatewayLoan.com

## SECOND LIEN CLOSING AND FILE DELIVERY INSTRUCTIONS
- Initial and Final 1003 Loan Application
- Initial and Final Truth in Lending
- Need signed original second note with SETH as Lender and beneficiary
- Signed, notarized Second Deed of Trust with SETH as beneficiary
- Signed Borrower’s Acknowledgement
- Signed and updated Final Program Registration Form
- A certificate of completion for all homebuyer’s education from SETH’s on-line Homebuyer education course

## TRAINING
- GMG Regional Sales Manager
- Training must be completed prior to loan registration, contact your Regional Sales Manager for training