

## Conforming DU REFI Plus – Product Description

<b>PRODUCT DESCRIPTION</b>	<p>First lien, fully amortizing, Fannie Mae Conforming DU Refi Plus; fixed rate only.</p> <p>The existing mortgage MUST be a Fannie Mae owned or guaranteed first lien mortgage.</p> <p>DU findings must indicate that the borrower and subject property address are DU Refi Plus eligible.</p> <p>≤ 105.00% LTV: 10, 15, 20, 25, or 30 year term.</p> <p>&gt; 105.00% LTV: 15, 25 or 30 year term.</p> <p>See also the Product Descriptions for Fannie Mae Conforming Fixed Rate, and Texas A6 Home Equity Base Product Descriptions. Follow the applicable base Product Description(s) except for the DU Refi Plus differences reflected herein.</p>
<b>PRODUCT CODES</b>	<p>≤ 105.00% LTV: CF10-DURefi+, CF15-DURefi+, CF20-DURefi+, CF25-DURefi+, CF30-DURefi+</p> <p>105.01 -- 125.00% LTV: CF-15DURefi+ 105.01-125, CF-25DURefi+ 105.01-125, CF-30DURefi+ 105.01-125</p> <p>125.01 -- 150.00% LTV: CF-15DURefi+ 125.01-150, CF-25DURefi+ 125.01-150, CF-30DURefi+ 125.01-150</p>
<b>MAXIMUM LTV/CLTV/HCLTV</b>	<p>Follow Fannie Mae Guidelines for Desktop Underwriter (DU) Refi Plus loans, except:</p> <p>1-4 Unit Principal Residence - 150% LTV / CLTV (except Texas Equity loans limited to 80% LTV / CLTV)</p> <p>1 Unit Second Home - 150% LTV / CLTV.</p> <p>1-4 Unit Investment Property - 150% LTV / CLTV.</p>
<b>MINIMUM LOAN AMOUNT MAXIMUM LOAN AMOUNT</b>	<p>None.</p> <p>See Fannie Mae Loan Limits Page: <a href="https://www.fanniemae.com/singlefamily/loan-limits">https://www.fanniemae.com/singlefamily/loan-limits</a></p> <p>and Freddie Mac Loan Limits Page: <a href="http://www.freddiemac.com/singlefamily/selbuln/limit.htm">http://www.freddiemac.com/singlefamily/selbuln/limit.htm</a></p>
<b>AGE OF LOAN / PRIOR REJECTS</b>	<p>Loans must have been closed no more than 60 days prior to delivery.</p> <p>Loans previously rejected by Gateway or repurchased from Gateway, FNMA or FHLMC are ineligible.</p> <p>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.</p>
<b>APPRAISAL</b>	<p>Per DU, except Texas Equity properties require full Fannie Form 1004 regardless of DU finding.</p> <p>For certain transactions, DU may offer a Property Fieldwork Waiver (PFW). If offered, the PFW should be exercised.</p> <p>DU must be rerun with the estimated value provided by DU.</p> <p>If an appraisal is obtained it must be considered in the valuation.</p>
<b>BORROWER BENEFIT REQUIREMENT</b>	<p>Per Fannie Mae, the lender must document the borrower is receiving at least one of the following benefits in addition to meeting the Net Financial Benefit:</p> <ul style="list-style-type: none"> <li>» a reduced monthly mortgage principal and interest payment,</li> <li>» a more stable mortgage product (ARM to Fixed),</li> <li>» a reduction in the interest rate, or</li> <li>» a reduction in the amortization term.</li> </ul> <p>DU does not make the determination that the DU Refi Plus transaction will benefit the borrower. The lender must determine (and rep and warrant) this outside DU.</p>
<b>BORROWER ELIGIBILITY</b>	<p>At least one of the original borrower(s) must be on the new loan.</p> <p>Additional Borrowers may be added to the new loan, provided at least one of the existing borrowers is also on the new loan.</p>

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<b>BUYDOWNS</b>	Not allowed.
<b>CREDIT SCORE OVERLAY</b>	≥20 with AUS Approval required. Each borrower must have a minimum of one credit score.
<b>DTI</b>	Per DU Approve/Eligible.
<b>ELIGIBLE STATES</b>	Please refer to Chapter 2 or the <a href="#">Overlay Matrix</a> .
<b>ESCROW HOLDBACK</b>	Not allowed.
<b>ESCROW WAIVERS</b>	<ul style="list-style-type: none"> <li>▪ Escrow waiver price adjustments for Conforming loans may vary according to loan terms and state. See the SRP Schedule for specific escrow waiver price adjustments.</li> <li>▪ Escrow waivers for Conforming loans allowed for all states with LTV 80.00% or less (90.00% in California) if loan is not HPML.</li> <li>▪ Escrow waiver allowed for Conforming loans for all states (except California) when LTV is &gt;80.00 % up to 90.00 % if all items listed below are met: <ul style="list-style-type: none"> <li>▪ Loan is not HPML</li> <li>▪ Maximum DTI 40%</li> <li>▪ Minimum Credit Score 700</li> <li>▪ Minimum verified liquid assets after closing of \$100,000</li> <li>▪ Mortgage Insurance must be single premium (Lender or Borrower paid)</li> <li>▪ No Bankruptcy, Foreclosure, Short Sale or Short Payoff dismissed, discharged or completed in last 3 years</li> </ul> </li> <li>▪ If waiving escrow for hazard insurance ONLY, no escrow waiver fee is charged. Select “No” for Waive Escrows in GEMS.</li> <li>▪ If waiving escrow for taxes ONLY, or, if waiving escrows for BOTH hazard insurance and taxes, the full escrow waiver fee adjustment applies. Select “Yes” for Waive Escrows in GEMS.</li> <li>▪ Escrow waiver for flood insurance is not allowed for properties requiring flood insurance, however, even if flood insurance is required to be escrowed, waiving hazard insurance and taxes for the property is allowed and fees are charged as applicable.</li> <li>▪ Escrows for flood insurance will not be required for loans secured by property that is part of a condominium, cooperative, or other project development, if the property is covered by flood insurance provided by and paid for, as a common expense, by the condominium association, cooperative, homeowners association, or other applicable group.</li> </ul>
<b>GEOGRAPHIC RESTRICTIONS</b>	<b>Texas:</b> Existing Texas Equity 50(a)(6) mortgages must meet all Texas Equity program guidelines, including maximum 1 unit primary residence, maximum 80% LTV/CLTV, and 12 months seasoning.
<b>INELIGIBLE PROPERTY TYPES</b>	See <a href="#">Overlay Matrix</a> .
<b>INTEREST CREDIT AT CLOSING</b>	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.)
<b>INVESTMENT PROPERTIES / SECOND HOME</b>	<p>Follow Fannie Mae Eligibility Matrix for Desktop Underwriter (DU) loans - <a href="https://www.fanniemae.com/content/eligibility_information/eligibility-matrix.pdf">https://www.fanniemae.com/content/eligibility_information/eligibility-matrix.pdf</a></p> <p><b>EXCEPT -</b></p> <p>TRID rules apply requiring Loan Estimate and Closing Disclosure for all Second Homes and cash- out refinance investment properties.</p> <p>When the borrower does not own a primary residence, any investment property loan must qualify with full PITI payment. No Rental Income considered for any lease executed with a family member or interested party to the transaction. See also Non-Arm’s Length and Primary Residence Conversion.</p>
<b>ITIN OVERLAY</b>	All borrowers must have a valid social security number; ITINs are not allowed.

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<b>LIMIT ON NUMBER OF LOANS SERVICED BY GATEWAY</b>	<p>Maximum of 4 loans serviced by Gateway per Borrower / Household.</p> <p>. Borrower/household may have a maximum of 10 financed properties with Gateway Mortgage Group subject to:</p> <ul style="list-style-type: none"> <li>» All financed properties held individually or jointly, or in an LLC or partnership must be counted in the borrower(s) total number of properties, regardless of the borrower’s ownership percentage in the LLC or partnership, and regardless who is obligated on the financing.</li> <li>» Aggregate \$2,000,000 in total Gateway Mortgage Group loan amounts.</li> <li>» Minimum of 2 years’ landlord experience documented on validated United States Federal tax return(s).</li> </ul>
<b>LOAN PURPOSE</b>	<p>The new loan amount can include:</p> <p>Payoff of the unpaid principal balance on the existing first mortgage;</p> <p>Financing of the payment of closing costs, prepaid items, and points;</p> <p>Cash back to the borrower not to exceed \$250 (except in Texas, no cash back allowed). Any excess funds at closing must be applied as a principal curtailment. NO EXCEPTIONS.</p> <p>DU Refi Plus on previous Texas Equity limited to 3% total fees</p>
<b>MORTGAGE INSURANCE</b>	<p>DU will determine if MI is required.</p> <p>LPMI is not eligible.</p> <p>Original LTV &lt; or = 80% - no mortgage insurance required.</p> <p>Original LTV &gt; 80% and MI still in force – Current MI certificate must be transferred from one of the Gateway-approved MI companies. Copy of transferred MI certificate required prior to loan purchase. MI coverage from any other provider unacceptable.</p> <p>. DU may offer a property Fieldwork Waiver. If offered, DU must be rerun with the estimated value provided by DU.</p> <p>. All Texas Equity properties require full Fannie Form 1004 regardless of AUS finding.</p> <p>Minimum or Reduced MI requiring a loan level price adjustment is not allowed, regardless of DU findings.</p>
<b>NATURAL DISASTER POLICY</b>	<p>Full appraisal on the appropriate form required and Client must represent and warrant the existence and condition of the subject property at time of purchase. Regardless of DU findings, the following are not allowed:</p> <p>Property Inspection Waiver (PIW),</p> <p>Fieldwork Work Waiver (FFW),</p> <p>Desktop Underwriter Property Inspection Report (2075), or</p> <p>Exterior-Only Inspection Residential Appraisal Report (2055).</p> <p>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>. Depending on the nature and timing of the disaster, a Property Condition Certification may be required.</p>
<b>OCCUPANCY</b>	<p>Primary, Second Home, or Investment Property.</p> <p>Current occupancy does not have to match original occupancy. As example - previous Primary residence may now be considered Investment Property.</p>
<b>PRINCIPAL CURTAILMENT AT CLOSING</b>	<p>Cash back to the borrower may not exceed \$250 (except in Texas, no cash back allowed).</p> <p>Any excess funds at closing must be applied as a principal curtailment. This is an agency requirement, NO EXCEPTIONS.</p> <p>Principal Curtailment may not exceed \$250.</p> <p>Must clearly be reflected on the HUD-1 as a principal curtailment.</p>

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<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>SPECIAL FEATURE CODES</b>	<p>147 - all DU Refi Plus loans</p> <p>118 – loans with subordinate Community Second lien</p>
<b>THIRD PARTY ORIGINATIONS “TPOs”</b>	<p>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.)</p>
<b>UNDERWRITING</b>	<p>DU Approve/Eligible confirming eligibility for DU Refi Plus. If DO is used, findings must be released to Gateway.</p> <p>Manual Underwriting is not allowed.</p> <p>If the Client elects to use third-party contract underwriting, a copy of the applicable individual contract underwriter’s NMLS license must be provided unless the applicable state does not require such licensing. The Client remains solely and unequivocally responsible for all representations and warranties regardless of Client’s election to use a contract underwriter</p>

*Each loan must fully comply with all terms FNMA Guide requirements unless otherwise specifically noted above. Clients with access to AllRegs can access the entire Fannie Mae Seller Guide. For your added convenience, specific Fannie Mae Guidelines may also be accessed from Fannie Mae’s website at the following links:*

Fannie Mae Seller Guide

<https://www.fanniemae.com/content/guide/selling/index.html>

Fannie Mae Eligibility Matrix

[https://www.fanniemae.com/content/eligibility\\_information/eligibility-matrix.pdf](https://www.fanniemae.com/content/eligibility_information/eligibility-matrix.pdf)

Fannie DU Refi Plus FAQ’s

<https://www.fanniemae.com/content/faq/harp-du-refi-plus-faqs.pdf>