

Conforming High Balance - Product Description

PRODUCT DESCRIPTION	<p>First lien, fully amortizing, Fannie Mae High Balance and Freddie Mac Super Conforming Fixed Rate</p> <p>For DU Refi Plus High Balance loans, the following items apply:</p> <ul style="list-style-type: none"> » First lien, fully amortizing, Fannie Mae Conforming DU Refi Plus; fixed rate only. » The existing mortgage MUST be a Fannie Mae owned or guaranteed first lien mortgage. » DU findings must indicate that the borrower and subject property address are DU Refi Plus eligible. <p>15, 25 or 30 year term; LPMI allowed (except for DU Refi Plus)</p>
PRODUCT CODES	CF15-HB, CF15-HBLPMI, CF15-HBDURefi+, CF25-HB, CF25-HBLPMI, CF25-HBDURefi+, CF30-HB, CF30-HBLPMI, CF30-HBDURefi+
ELIGIBLE STATES	Please refer to Chapter 2 or the Overlay Matrix
GEOGRAPHIC RESTRICTIONS	<p>Texas:</p> <p>See also Texas A6 Home Equity Product Description</p>
MAXIMUM LTV/CLTV/HCLTV	<p>Follow Fannie Mae Eligibility Matrix for Desktop Underwriter (DU) loans - https://www.fanniemae.com/content/eligibility_information/eligibility-matrix.pdf</p> <p>Freddie Mac</p> <p>Maximum LTV/TLTV/HTLTV Ratio Requirements for Conforming and Super Conforming Mortgages - http://www.freddie.mac.com/singlefamily/factsheets/sell/ltv_tltv.htm</p> <p>Follow Fannie Mae Guidelines for Desktop Underwriter (DU) Refi Plus loans, except:</p> <ul style="list-style-type: none"> » 1-4 Unit Principal Residence - 150% LTV / CLTV » 1 Unit Second Home - 150% LTV / CLTV » 1-4 Unit Investment Property - 150% LTV / CLTV"
MAXIMUM LOAN AMOUNT	See Fannie Mae Loan Limits Page: https://www.fanniemae.com/singlefamily/loan-limits and Freddie Mac Loan Limits Page http://www.freddie.mac.com/singlefamily/selbuln/limit.htm
APPRAISAL	<p>Standard Appraisal requirements apply, except:</p> <p>One-Unit Residential Appraisal Field Review Report (Form 2000) also required if: the loan amount is above \$636,150 and LTV/CLTV/HCLTV > 80%, or the property value is > \$1 million and LTV/CLTV/HCLTV > 75%. Use the lower of original appraised value, Field Review value, or sales price (for purchases) to calculate LTV.</p> <p>Condominiums require two comparable sales from projects other than the subject loan project, in addition to the standard comparable sale requirements per the Selling Guide.</p> <p>Fannie Mae's Collateral Underwriter™ (CU):</p> <p>The Fannie Mae CU Print Summary report must be provided with the loan file prior to purchase by Gateway.</p> <p>Freddie Mac's Home Value Explorer (HVE)</p> <p>For DU Refi Plus loans - DU may offer a property Fieldwork Waiver. If offered, DU must be rerun with the estimated value provided by DU.</p>
AGE OF LOAN / PRIOR REJECTS	<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>
ASSUMPTIONS	Not allowed

Conforming High Balance - Product Description (cont.)

BOND PROGRAMS	Not allowed
BUYDOWNS	Not allowed
CONVERSION OF PRIMARY RESIDENCE	No Rental Income considered for any lease executed with a family member or interested party to the purchase or loan transaction.
CREDIT SCORE OVERLAY	≥620 with AUS Approval required. Each borrower must have a minimum of one credit score
DTI	Max of 50% for LP Accept/Accept or Per DU Approve/Eligible
DOWN PAYMENT	Per Agency and specific MI company guidelines.
DOWN PAYMENT ASSISTANCE	Not Allowed
ESCROW HOLDBACKS	Escrow Holdbacks must be completed prior to loan purchase, as evidenced by satisfactory final inspection.
ESCROW WAIVERS	<ul style="list-style-type: none"> ▪ 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. ▪ Escrow waivers for Conforming loans allowed for all states with LTV 80.00% or less (90.00% in California) if loan is not HPML. <ul style="list-style-type: none"> ▪ Escrow waiver allowed for Conforming loans for all states (except California) when LTV is >80.00 % up to 90.00 % if all items listed below are met: <ul style="list-style-type: none"> ▪ Loan is not HPML ▪ Maximum DTI 40% ▪ Minimum Credit Score 700 ▪ Minimum verified liquid assets after closing of \$100,000 ▪ Mortgage Insurance must be single premium (Lender or Borrower paid) ▪ No Bankruptcy, Foreclosure, Short Sale or Short Payoff dismissed, discharged or completed in last 3 years ▪ If waiving escrow for hazard insurance ONLY, no escrow waiver fee is charged. Select “No” for Waive Escrows in GEMS. ▪ 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. ▪ 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. ▪ 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.
INELIGIBLE PROPERTY TYPES	See Overlay Matrix .
INTEREST CREDIT AT CLOSING	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.)
INVESTMENT PROPERTIES / SECOND HOME	<p>Follow Fannie Mae Eligibility Matrix for Desktop Underwriter (DU) loans - https://www.fanniemae.com/content/eligibility_information/eligibility-matrix.pdf and Freddie Mac Maximum LTV/TLTV/HTLTV Ratio Requirements for Conforming and Super Conforming Mortgages - http://www.freddiemac.com/singlefamily/factsheets/sell/ltv_tltv.htm</p> <p>EXCEPT -</p> <ul style="list-style-type: none"> • TRID rules apply requiring Loan Estimate and Closing Disclosure for all Second Homes and cash-out refinance investment properties. • 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.
ITIN OVERLAY	All borrowers must have a valid social security number; ITINs are not allowed.

Conforming High Balance - Product Description (cont.)

<p>LIMIT ON NUMBER OF LOANS SERVICED BY GATEWAY</p>	<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"> » 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. » Aggregate \$2,000,000 in total Gateway Mortgage Group loan amounts. » Minimum of 2 years' landlord experience documented on validated United States Federal tax return(s).
<p>MORTGAGE INSURANCE</p>	<p>Eligible Mortgage Insurers are Arch/United Guaranty Mortgage Insurance Co., Essent Guaranty, Genworth, MGIC, National MI, and Radian.</p> <p>Acceptable MI types:</p> <ul style="list-style-type: none"> Borrower Paid Monthly Premium Borrower Paid Single Premium Lender Paid Single Premium Borrower Paid Split Premium Borrower Paid Annual Premium <p>Unacceptable MI types:</p> <ul style="list-style-type: none"> Lender Paid Monthly Premium Lender Paid Split Premium Lender Paid Annual Premium <p>Single premium financed MI permitted, subject to:</p> <p>LPMI permitted per Agency Guidelines. Loan must be locked using the applicable LPMI product code.</p> <p>Minimum or Reduced MI requiring a loan level price adjustment is not allowed, regardless of AUS findings.</p> <p>Clients should contact their mortgage insurance providers to confirm the eligibility and underwriting criteria for High Balance Loans.</p> <p>Requirements for Fannie Mae DUREfi Plus loans see MI overlays below:</p> <ul style="list-style-type: none"> » DU will determine if MI is required. » LPMI is not eligible. » Original LTV > 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>NATURAL DISASTER POLICY</p>	<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 AUS findings, the following are not allowed:</p> <ul style="list-style-type: none"> Property Inspection Waiver (PIW) Desktop Underwriter Property Inspection Report (2075), or Exterior-Only Inspection Residential Appraisal Report (2055). <p>Clients may call FEMA, (202) 646-4600, to obtain a current list of disaster areas or visit the FEMA website at http://www.fema.gov/news/disasters.fema.</p> <p>Depending on the nature and timing of the disaster, a Property Condition Certification may be required.</p>

Conforming High Balance - Product Description (cont.)

NON-ARM'S LENGTH AND CONFLICT OF INTEREST	<p>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.</p> <ul style="list-style-type: none"> » Non-arms length transactions require full documentation including 2 years federal tax returns and Fannie 1004. » Not allowed if new construction and the borrower is the builder or affiliated with or related to the builder/developer. » Satisfactory VOM's required on all liens on subject property confirming the transaction is not a bailout.
OCCUPANCY	<p>Primary. Second Home. Investment Properties.</p>
PRINCIPAL CURTAILMENT AT CLOSING	<p>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-1or Closing Disclosure.</p>
QUALIFIED MORTGAGE LOAN	<p>For any loan that is subject to 12 CFR Section 1026.43, Gateway will only purchase the loan if (i) it meets the definition of a "Qualified Mortgage" as set forth in 12 CFR 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 CFR 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>
THIRD PARTY ORIGINATIONS "TPOs"	<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>
UNDERWRITING	<p>DU Approve/Eligible or Freddie Mac LP with Accept/Accept required. If DO is used, findings must be released to Gateway.</p> <p>Manual Underwriting 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>

Conforming High Balance - Product Description (cont.)

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

Fannie Mae Seller Guide:

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

Freddie Mac Seller Guide:

<http://www.freddie.mac.com/singlefamily/guide/>