

SETH GoldStar Homebuyer Assistance Program - Government

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

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| <p>PROGRAM DESCRIPTION</p> | <ul style="list-style-type: none"> • Purchase only • No first-time homebuyer requirement • No federal recapture tax provision • Second Loan of up to 6% of the final first mortgage loan amount (subject to market conditions, see GoldStar Rate Sheet for current maximum % amount) <ul style="list-style-type: none"> ➢ The Second Loans are “silent” 7 or 10-year term, principal deferred, no accrued interest ➢ Second lien will be forgiven equally during the last five years ➢ Second Loan repayment obligation for the 7-year option is “forgiven” in equal monthly increments after year 2 and will be 100% forgiven at maturity of note ➢ Second Loan repayment obligation for the 10-year option is “forgiven” in equal monthly increments after year 5 and will be 100% forgiven at maturity of note ➢ Evidenced by a Second Note, secured by a recorded Second Deed of Trust ➢ During the second loan term, if a borrower were to refinance or sell their home, they will be subject to a repayment of the assistance that has not been forgiven ➢ Second loan funds can be used towards down payment and/or closing costs ➢ Second Loan amounts should be rounded down to the nearest dollar ➢ Second Loan amounts are calculated based on the final first loan amount, including any financed MI ➢ SETH will not “subordinate” to allow the Borrower to refinance at a lower loan rate ➢ No initial disclosures required as all documents are to be signed at closing • There is a 1% reduction of SRP paid for Government loans with <u>either or both</u>: a representative credit score of 620-659 and/or DTI 45.01% - 50%. Reduction is not cumulative. Client may collect up to 1% origination fee to compensate for this. • Refer to SETH GoldStar website to access current information for Maximum Purchase Prices, Maximum Income Limits and Homebuyer Education • Do not refer to Gateway’s Overlay Matrix for this program |
| <p>PROGRAM SPONSOR</p> | <ul style="list-style-type: none"> • Southeast Texas Housing Finance Corporation (SETH) |
| <p>PROGRAM ADMINISTRATOR</p> | <ul style="list-style-type: none"> • George K. Baum & Company (GKB) |
| <p>SERVICER</p> | <ul style="list-style-type: none"> • Gateway Mortgage Group, LLC (GMG) |
| <p>ELIGIBLE AREA</p> | <ul style="list-style-type: none"> • Program is available throughout the State of Texas except in the cities of El Paso, Grand Prairie and the County of Travis |
| <p>PRODUCT CODES</p> | <ul style="list-style-type: none"> • F30-GOLDSTAR • V30-GOLDSTAR • RD30-GOLDSTAR • CF7-SETHGoldStar2ndN • CF10-SETHGoldStar2nd |
| <p>INTEREST RATES</p> | <ul style="list-style-type: none"> • Loan Rates and Program Assistance options are sent via email from GMG Secondary |

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| LOAN TYPES | <ul style="list-style-type: none"> • FHA - Section 203(b) FHA Home Mortgage Loans, including condos under 234(c) • VA • USDA |
| OCCUPANCY | <ul style="list-style-type: none"> • Primary Residence |
| LOAN PURPOSE | <ul style="list-style-type: none"> • Purchase |
| ELIGIBLE PROPERTIES | <ul style="list-style-type: none"> • SFR 1 to 4-unit primary residence • PUDs • Townhouse • Condominium (Condominiums in litigation are not allowed) • Manufactured homes not allowed |
| LTV | <ul style="list-style-type: none"> • Per applicable agency guidelines |
| MINIMUM CREDIT SCORE (ALL BORROWERS) | <ul style="list-style-type: none"> • 620 for all borrowers FHA and VA • 640 for all borrowers USDA • Each borrower must have a minimum of one credit score • FHA and VA loans may be manually underwritten if the credit score is 620 or higher |
| ELIGIBLE BORROWERS AND OCCUPANCY | <ul style="list-style-type: none"> • No first-time homebuyer requirement • Buyers must occupy the property as their primary residence within 60 days of closing • Borrowers may have ownership interest in other properties at time of closing – follow agency guidelines |
| HOMEBUYER EDUCATION | <ul style="list-style-type: none"> • Required for all Borrowers on the Note, even non-first-time homebuyers. Borrowers should go to SETH's website homepage to sign up for the on-line course provided by eHome America, a nationally recognized on-line homebuyer course • Course is not required for Non-Occupying Co-Borrower and Non-Purchasing Spouse • SETH Homebuyer Education must be completed prior to closing • The Borrower(s) receipt of a homebuyer education counseling Certificate of Completion is a condition for the loan closing |
| MAXIMUM DTI | <ul style="list-style-type: none"> • Max DTI = 55% with AUS approval • For Manual Underwrite: <ul style="list-style-type: none"> ➢ FHA – Max 50% with compensation factors laid out by FHA ➢ VA – Max 41% unless residual income exceeds guideline by at least 20% ➢ USDA – Max 41% |
| PURCHASE PRICE LIMIT | <ul style="list-style-type: none"> • FHA home purchase price ranges from \$314,827 - \$395,600 and is determined by SETH's purchase price limits by County • VA and USDA home purchase price may not exceed \$484,350, agency loan limits apply |

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| <p>OTHER ASSISTANCE PROGRAMS</p> | <ul style="list-style-type: none"> • Gateway prior approval is required • Subject to agency and investor requirements, this program may be combined with other down payment sources, including Mortgage Credit Certificates (MCC). In all cases, the most conservative guidelines for each program will apply • Third Liens not allowed • Not allowed for USDA |
| <p>UNDERWRITING</p> | <ul style="list-style-type: none"> • Allows DU Approve/Eligible, LP Accept/Accept, GUS Accept or Manual underwrite • Verify borrower's qualifying income does not exceed income limits by County regardless of family size • SETH Homebuyer education required for all borrowers. Certificates must be in file • Second loan should be represented as an Affordable Second in AUS • No minimum loan amount • No asset test required • No minimum reserve requirement • Seller concessions permitted per agency guidelines • SETH's EIN #76-0061310 |
| <p>MINIMUM BORROWER INVESTMENT</p> | <ul style="list-style-type: none"> • No minimum investment required from the Borrower's own funds |
| <p>QUALIFYING INCOME LIMITS</p> | <ul style="list-style-type: none"> • Program Income Limits by County regardless of family size <ul style="list-style-type: none"> ➢ VA Program Income Limits by County regardless of family size ➢ USDA Program Income Limits by County regardless of family size • Qualifying Income: <ul style="list-style-type: none"> ➢ Follow agency guidelines with respect to allowable income sources and calculation method to be used ➢ 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 ➢ FHA loans, Co-signor income does not count against the borrower for qualifying purposes |
| <p>CO-SIGNERS AND NON-OCCUPANT CO-BORROWERS</p> | <ul style="list-style-type: none"> • Allowed on FHA loans only • Not allowed on VA and USDA loans |
| <p>PROGRAM FEES</p> | <ul style="list-style-type: none"> • Reasonable and customary fees in accordance with agency, federal, state and local laws and regulations • Discounts and Origination fees not allowed UNLESS there is a 1% reduction of SRP paid for Government loans with <u>either or both</u>: A representative credit score of 620-659 and/or DTI 45.01% - 50%. Reduction is not cumulative. Client may collect up to 1% origination fee to compensate for this. |

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| <p>GATEWAY LOAN REGISTRATION, CHANGES AND LOCK EXTENSIONS</p> | <ul style="list-style-type: none"> • Loans are locked for 60 days • Borrowers must have a fully executed sale contract for a specific property before a Rate Lock can be submitted. • Loans must be purchased and funded by Gateway within 60 days of the rate Lock Date. Any Mortgage Loan not purchased within 60 days is ineligible for purchase unless Client elects a one-time only 30-day extension prior to lock expiration. Refer to Gateway's website for changes to first lien lock and lock extensions, Client Guide, Chapter 3 • First Lien Lock: Client must lock the <u>First Lien</u> on our website using the GEMS portal • Second Lien Lock: Gateway's Commitment Desk will lock your <u>Second Lien</u> after Client completes the SETH GoldStar Registration Form on our website, be sure to access this from our website to ensure you complete the current form each time • Save completed Registration Form in pdf format and upload into GEMS as a stored document under your first lien loan number. Our Commitment Desk will find and lock uploaded pdf Registration Forms as Second Liens on the following business day. • Incomplete Registration Forms will not be locked, confirm data is complete and correct • The First and Second Liens each have a separate loan number and lock confirmation that Client can access in GEMS • Client must contact CorrBonds@GatewayLoan.com for assistance |
| <p>SECOND LIEN CLOSING AND FILE DELIVERY INSTRUCTIONS</p> | <ul style="list-style-type: none"> • Refer to our website for the applicable SETH GoldStar Client Checklist based on loan lock date, SETH GoldStar Client Checklist 2nd Lien for Loans Locked in 2018 or SETH GoldStar Client Checklist 2nd Lien for Loans Locked in 2019 |
| <p>TRAINING</p> | <ul style="list-style-type: none"> • GMG Regional Sales Manager • Training must be completed prior to loan registration, contact your Regional Sales Manager for training |