

# FNMA Conforming Fixed Rate – Product Description

<b>PRODUCT DESCRIPTION</b>	First lien, fully amortizing, Fannie Mae Conforming Fixed Rate 10, 15, 20, 25 or 30 year term See also Product Descriptions for Texas A6 Home Equity
<b>PRODUCT CODES</b>	<p><b>FNMA – Desktop Underwriter (DU and DO)</b></p> <p><b>NOTE:</b> LPMI is Lender Paid MI, HR is Home Ready, SCO is Student Cash Out, HLTV is High Loan To Value</p> <p><b>10 Year Conforming Fixed Rate</b></p> <ul style="list-style-type: none"> <li>• CF10, CF10LPMI</li> <li>• CF10-HR, CF10-HRLPMI</li> <li>• CF10-SCO</li> </ul> <p><b>15 year Conforming Fixed Rate</b></p> <ul style="list-style-type: none"> <li>• CF15, CF15LPMI</li> <li>• CF15-HR, CF15-HRLPMI</li> <li>• CF15-SCO</li> </ul> <p><b>20 year Conforming Fixed Rate</b></p> <ul style="list-style-type: none"> <li>• CF20, CF20LPMI</li> <li>• CF20-HR, CF20-HRLPMI</li> <li>• CF20-SCO</li> </ul> <p><b>25 year Conforming Fixed Rate</b></p> <ul style="list-style-type: none"> <li>• CF25, CF25LPMI</li> <li>• CF25-HR, CF25-HRLPMI</li> <li>• CF25-SCO</li> </ul> <p><b>30 year Conforming Fixed Rate</b></p> <ul style="list-style-type: none"> <li>• CF30, CF30LPMI</li> <li>• CF30-HR, CF30-HRLPMI</li> <li>• CF30-SCO</li> </ul> <p><b>High Loan To Value (HLTV):</b> This is the DU Refi Plus replacement program  <b>&lt; 105%.00% LTV:</b></p> <ul style="list-style-type: none"> <li>• CF15-HLTV, CF25-HLTV, CF30-HLTV</li> </ul> <p><b>105.01 – 125.00% LTV:</b></p> <ul style="list-style-type: none"> <li>• CF15-HLTV105+, CF25-HLTV105+, CF30-HLTV105+</li> </ul> <p><b>125.01 – 150.00% LTV:</b></p> <ul style="list-style-type: none"> <li>• CF15-HLTV125+, CF25-HLTV125+, CF30-HLTV125+</li> </ul>
<b>ELIGIBLE STATES</b>	Please refer to Chapter 2 or the <a href="#">Overlay Matrix</a>
<b>GEOGRAPHIC RESTRICTIONS</b>	Texas: See also Texas A6 Home Equity Product Description
<b>MAXIMUM LTV/CLTV/HCLTV</b>	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>
<b>MINIMUM LOAN AMOUNT MAXIMUM LOAN AMOUNT</b>	None See Fannie Mae Loan Limits Page: <a href="https://www.fanniemae.com/singlefamily/loan-limits">https://www.fanniemae.com/singlefamily/loan-limits</a>

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<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>ASSUMPTIONS</b>	Not allowed
<b>BOND PROGRAMS</b>	Not allowed
<b>BUYDOWNS</b>	Not allowed
<b>CONVERSION OF PRIMARY RESIDENCE</b>	No Rental Income considered for any lease executed with a family member or interested party to the purchase or loan transaction.
<b>CREDIT SCORE OVERLAY</b>	<p>≥620 with AUS Approval.</p> <p>No score Non-traditional credit is allowed subject to Agency guidelines with an AUS Approval.</p> <p>Each borrower must have a minimum of one credit score with DU Approve/Eligible when closing with a Gateway Second Lien.</p>
<b>DOWN PAYMENT</b>	Per agency and specific MI company guidelines.
<b>DOWN PAYMENT ASSISTANCE</b>	<p>All down payment assistance programs must be prior approved by Gateway Government entity (e.g. federal, state, county, and tribal) approved DPA programs only. Gateway does not purchase Bond Program loans.</p> <p><a href="#">Click here</a> for a current list of Gateway approved DPA programs</p> <p>Some properties may qualify for Gateway Specialty Loan Programs with down payment assistance.</p>
<b>ESCROW HOLDBACKS</b>	Escrow Holdbacks must be completed prior to loan purchase, as evidenced by satisfactory final inspection.
<b>DTI</b>	<p>DU Approve/Eligible</p> <p>Up to 43% DTI with DU Approve/Eligible when closing with a Gateway Mortgage Second Lien. See also Product Description for Gateway Second Lien Mortgage.</p>
<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% or less if all items listed are met:             <ul style="list-style-type: none"> <li>• Flood Insurance is not required</li> <li>• Loan is not HPML</li> </ul> </li> <li>• All states, except California allowed on LTV &gt; 80% to &lt; 90% LTV if all times listed above are met, including these items as well:             <ul style="list-style-type: none"> <li>• Maximum DTI 40%</li> <li>• Minimum Credit Score 720</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> </ul>

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<p><b>ESCROW WAIVERS CONT.</b></p>	<ul style="list-style-type: none"> <li>California allowed on LTV &gt; 80% to &lt; 90% if all items listed are met:             <ul style="list-style-type: none"> <li>Flood Insurance is not required</li> <li>Mortgage Insurance must be single premium (Lender or Borrower paid)</li> <li>Loan is not HPML</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>
<p><b>INELIGIBLE PROPERTY TYPES</b></p>	<p>See <a href="#">Overlay Matrix</a>.</p>
<p><b>INTEREST CREDIT AT CLOSING</b></p>	<p>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.)</p>
<p><b>INVESTMENT PROPERTIES / SECOND HOME</b></p>	<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.</p> <p>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>
<p><b>ITIN OVERLAY</b></p>	<p>All borrowers must have a valid social security number; ITINs are not allowed.</p>
<p><b>MORTGAGE INSURANCE</b></p>	<p>Eligible Mortgage Insurers are Arch, Essent Guaranty, Genworth, MGIC, National MI, and Radian.</p> <p><b>Acceptable MI types:</b></p> <ul style="list-style-type: none"> <li>Borrower Paid Monthly Premium</li> <li>Borrower Paid Single Premium</li> <li>Lender Paid Single Premium</li> <li>Borrower Paid Split Premium</li> <li>Borrower Paid Annual Premium</li> </ul> <p><b>Unacceptable MI types:</b></p> <ul style="list-style-type: none"> <li>Lender Paid Monthly Premium</li> <li>Lender Paid Split Premium</li> <li>Lender Paid Annual Premium</li> </ul>

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<b>MORTGAGE INSURANCE CONT.</b>	<p><b>Single premium financed MI permitted, subject to:</b></p> <ul style="list-style-type: none"> <li>• LPMI permitted per Agency Guidelines. Loan must be locked using the applicable LPMI product code.</li> <li>• Minimum or Reduced MI requiring a loan level price adjustment is not allowed regardless of DU findings.</li> </ul>
<b>NATURAL DISASTER POLICY</b>	Please refer to Chapter 2 Eligible Mortgage Loans.
<b>NON-ARM'S LENGTH AND CONFLICT OF INTEREST</b>	See <a href="#">Overlay Matrix</a> .
<b>OCCUPANCY</b>	<ul style="list-style-type: none"> <li>• Primary</li> <li>• Second Home</li> <li>• Investment Properties</li> </ul>
<b>PRINCIPAL CURTAILMENT AT CLOSING</b>	See <a href="#">Overlay Matrix</a> .
<b>QUALIFIED MORTGAGE LOAN</b>	<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</p> <p>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>
<b>THIRD PARTY ORIGINATIONS “TPOs”</b>	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.)
<b>UNDERWRITING</b>	<p>DU Approve/Eligible 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>

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<p><b>FNMA HOMEReadY</b></p>	<p>HOMEReadY:</p> <ul style="list-style-type: none"> <li>• First lien, fully amortizing fixed rate, community lending mortgage that offers underwriting flexibilities to qualified borrowers who meet specific income and home ownership criteria. No borrower can have ownership interest in another property at time of closing.</li> <li>• DU must have a return of Approve/Eligible, with the Observation section of the findings listing “HomeReady”.</li> <li>• Primary Residence</li> <li>• Purchase Transaction             <ul style="list-style-type: none"> <li>• 1 unit, max LTV/CLTV is 97/97</li> <li>• 2 units, max LTV/CLTV is 85/85</li> <li>• 3-4 units, max LTV/CLTV is 75/75</li> </ul> </li> <li>• Refinance Limited Cash Out Transaction             <ul style="list-style-type: none"> <li>• 1 unit, max LTV/CLTV is 95/95</li> <li>• 2 units, max LTV/CLTV is 85/85</li> <li>• 3-4 units, max LTV/CLTV is 75/75</li> </ul> </li> <li>• LTV &gt; 95%             <ul style="list-style-type: none"> <li>• Requires at least one borrower to be a first-time home buyer and complete pre-purchase home-buyer education and counseling.</li> <li>• Three years’ tax returns will be required to prove no ownership interest.</li> </ul> </li> </ul> <p>Eligibility for a HomeReady loan compares the borrower’s income to the applicable area median income (AMI) for the property’s location. The AMI used to determine borrower income eligibility is provided to Fannie Mae by its regular, the Federal Housing Finance Authority (FHFA). To determine Fannie Mae loan eligibility, lenders must refer to the AMIs on Fannie Mae website. <a href="https://www.fanniemae.com/content/fact_sheet/homeready-income-eligibility-tool-tips.pdf">https://www.fanniemae.com/content/fact_sheet/homeready-income-eligibility-tool-tips.pdf</a></p> <ul style="list-style-type: none"> <li>• To determine if a mortgage is eligible under the borrower’s income limits, count the income from all of the borrowers who will be listed on the Note, to the extent that the income is considered in evaluating creditworthiness for the mortgage loan. Use the same method to determine income eligibility for HomeReady as used in qualifying the borrower for DTI approval.</li> <li>• Income may not exceed 80% of the annual HUD AMI for the property’s location, except for higher income limits allowed for certain high counties in low-income census tracts and high-minority census tracts, as well as designated disaster areas.</li> </ul>
<p><b>FNMA High LTV Refinance Option</b></p>	<p><b>DU High LTV:</b></p> <ul style="list-style-type: none"> <li>• The existing mortgage MUST be a Fannie Mae owned or guaranteed first lien mortgage.</li> <li>• DU Findings MUST indicate that the borrower and subject property address are DU HLTV eligible.</li> <li>• <b>Product Codes:</b> <ul style="list-style-type: none"> <li>• ≥ 105%.00% LTV: CF15-HLTV, CF25-HLTV, CF30-HLTV</li> <li>• 105.01 – 125.00% LTV: CF15-HLTV105+, CF25-HLTV105+, CF30-HLTV105+</li> <li>• 125.01 – 150.00% LTV: CF15-HLTV125+, CF25-HLTV125+, CF30-HLTV125+</li> </ul> </li> </ul>

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<p><b>FNMA HIGH LTV REFINANCE OPTION CONT.</b></p>	<ul style="list-style-type: none"> <li>• <b>Max LTV/CLTV:</b> <ul style="list-style-type: none"> <li>• 1-4 Unit Primary Residence – 150% LTV/CLTV (except Texas Home Equity loans limited to 80% LTV/CLTV)</li> <li>• 1 Unit Second Home – 150% LTV/CLTV</li> <li>• 1-4 Unit Investment Property – 150% LTV/CLTV</li> </ul> </li> <li>• <b>Appraisal</b> - Properties require full Fannie Form 1004 regardless of DU finding.</li> <li>• For certain transactions, DU may offer a Property Fieldwork Waiver (PFW). If offered, the PFW should be exercised and DU must be rerun with the estimated value provided by DU.</li> <li>• If an appraisal is obtained it must be considered in the valuation.</li> <li>• <b>NTB</b> - 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: <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> </li> <li>• DU does not make the determination that the DU HLTV transaction will benefit the borrower. The lender must determine (and rep and warrant) this outside of DU</li> <li>• <b>Borrower(s):</b> <ul style="list-style-type: none"> <li>• At least one of the original borrower(s) must be on the new loan.</li> <li>• Additional Borrowers may be added to the new loan, provided at least one of the existing borrowers is also on the new loan.</li> </ul> </li> <li>• <b>The new loan amount can include:</b> <ul style="list-style-type: none"> <li>• Payoff of the unpaid principal balance on the existing first mortgage;</li> <li>• Financing of the payment of closing costs, prepaid items, and points;</li> <li>• 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.</li> <li>• DU HLTV on previous Texas Home Equity limited to 2% total fees.</li> </ul> </li> <li>• <b>DU will determine if MI is required.</b> <ul style="list-style-type: none"> <li>• LPMI is not eligible</li> <li>• Original LTV ≤ to 80% - no mortgage insurance required.</li> <li>• 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 the transferred MI certificate required prior to loan purchase. MI coverage from any other provider unacceptable.</li> <li>• Minimum or Reduced MI requiring a loan level price adjustment is not allowed, regardless of DU findings.</li> </ul> </li> </ul>
<p><b>FNMA HIGH LTV REFINANCE OPTION CONT.</b></p>	<ul style="list-style-type: none"> <li>• <b>Special Feature Codes</b> <ul style="list-style-type: none"> <li>• 007 - Limited Cash-Out Refinance</li> <li>• 839 – High LTV Refinance Option – Standard</li> <li>• 807 – High LTV Refinance Appraisal Waiver</li> </ul> </li> </ul>

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<b>FNMA STUDENT CASH OUT</b>	<p><b>Student Cash Out:</b></p> <ul style="list-style-type: none"><li>• Allows for the payoff of student loan debt through the refinance transaction with a waiver of the cash-out refinance LLPA.</li></ul> <p><b>Requirements:</b></p> <ul style="list-style-type: none"><li>• DU Approve/Eligible. DU will issue a message when it appears that only subject property liens and student loans are marked paid by closing.</li><li>• Standard cash-out refinance LTV/CLTV/HCLTV.</li><li>• At least one student loan must be paid with proceeds from subject transaction with the following criteria.<ul style="list-style-type: none"><li>• proceeds must be paid directly to the student loan servicer at closing;</li><li>• at least one borrower must be obligated on the student loan(s) being paid off, and</li><li>• the student loan must be paid in full – partial payments are not permitted.</li></ul></li><li>• Deliver with SFC 003 and SFC 841</li></ul>
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*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 Seller Guide 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>
- Fannie Mae HomeReady Program Guide: <https://www.fanniemae.com/singlefamily/homeready>
- Fannie Mae High LTV Refinance Option Guide: <https://www.fanniemae.com/singlefamily/high-ltv-refinance-option>
- Fannie Mae Student Cash Out Guide: <https://www.fanniemae.com/content/guide/selling/b2/1.2/03.html#Student.20Loan.20Cash-Out.20Refinances>
- Fannie Mae Student Cash Out FAQs: <https://www.fanniemae.com/content/faq/student-loan-solutions-faqs.pdf>

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