

# SETH GoldStar Homebuyer Assistance Program - Conventional

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

<p><b>PROGRAM DESCRIPTION</b></p>	<ul style="list-style-type: none"> <li>• Freddie Mac HFA Advantage First Loan</li> <li>• Purchase only</li> <li>• No first-time homebuyer requirement</li> <li>• No federal recapture tax provision</li> <li>• <b>Second Loan</b> of up to 7% 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"> <li>➢ The Second Loans are “silent” 7 or 10-year term, principal deferred, no accrued interest</li> <li>➢ Second lien will be forgiven equally during the last five years</li> <li>➢ 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</li> <li>➢ 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</li> <li>➢ Evidenced by a Second Note, secured by a recorded Second Deed of Trust</li> <li>➢ 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</li> <li>➢ Second loan funds can be used towards down payment and/or closing costs</li> <li>➢ Second Loan amounts should be rounded down to the nearest dollar</li> <li>➢ Second Loan amounts are calculated based on the final first loan amount, including any financed MI</li> <li>➢ SETH will <b>not</b> “subordinate” to allow the Borrower to refinance at a lower loan rate</li> <li>➢ No initial disclosures required as all documents are to be signed at closing</li> </ul> </li> <li>• Refer to SETH GoldStar website to access current information for Maximum Purchase Prices, Maximum Income Limits and Homebuyer Education</li> <li>• <b>Do not refer to Gateway’s Overlay Matrix for this program</b></li> </ul>
<p><b>PROGRAM SPONSOR</b></p>	<ul style="list-style-type: none"> <li>• Southeast Texas Housing Finance Corporation (SETH)</li> </ul>
<p><b>PROGRAM ADMINISTRATOR</b></p>	<ul style="list-style-type: none"> <li>• George K. Baum &amp; Company (GKB)</li> </ul>
<p><b>SERVICER</b></p>	<ul style="list-style-type: none"> <li>• Gateway Mortgage Group, a division of Gateway First Bank</li> </ul>
<p><b>ELIGIBLE AREA</b></p>	<ul style="list-style-type: none"> <li>• Program is available throughout the State of Texas except in the cities of El Paso, Grand Prairie and the County of Travis</li> </ul>
<p><b>ADDITIONAL SUBSIDY</b></p>	<ul style="list-style-type: none"> <li>• Freddie Mac eligible loans purchased are eligible for additional assistance with an Affordable Income Subsidy (AIS) as follows:             <ul style="list-style-type: none"> <li>➢ 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 a flat fee of \$2,500</li> <li>➢ 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 a flat fee of \$1,500</li> <li>➢ The applicable <a href="#">AIS Limits by County</a>, regardless of family size, are listed on SETH’s website and subject to change from time to time by Freddie Mac</li> <li>➢ Subsidy to be disclosed separately as “Affordable Subsidy” in Section L of CD.</li> <li>➢ Subsidy is not repayable at any time and used for closing costs ONLY (continued next page)</li> </ul> </li> </ul>

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<b>ADDITIONAL SUBSIDY (continued)</b>	<ul style="list-style-type: none"> <li>➤ Amount of Subsidy is not calculated in the second loan transaction</li> <li>➤ Homebuyer Education is provided at no cost for borrower(s) receiving AIS Grants. Email lock confirmation and borrower's email address to <a href="mailto:rmitchell@sethtexas.com">rmitchell@sethtexas.com</a>, a special code will be distributed to register and complete the course at no cost</li> <li>➤ <b>NOTE:</b> 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 be eligible for reimbursement by GMG or SETH.</li> </ul>
<b>PRODUCT CODES</b>	<ul style="list-style-type: none"> <li>• CF30-FHLMCGOLDSTAR</li> <li>• CF30-FHLMCGOLDSTAR80N – (\$1,500 AIS)</li> <li>• CF30-FHLMCGOLDSTAR50N – (\$2,500 AIS)</li> <li>• CF7-SETHGoldStar2ndN</li> <li>• CF10-SETHGoldStar2nd</li> </ul>
<b>INTEREST RATES</b>	<ul style="list-style-type: none"> <li>• Loan Rates and Program Assistance options are sent via email from GMG Secondary</li> </ul>
<b>LOAN TYPES</b>	<ul style="list-style-type: none"> <li>• Freddie Mac HFA Advantage</li> </ul>
<b>OCCUPANCY</b>	<ul style="list-style-type: none"> <li>• Primary Residence</li> </ul>
<b>LOAN PURPOSE</b>	<ul style="list-style-type: none"> <li>• Purchase</li> </ul>
<b>ELIGIBLE PROPERTIES</b>	<ul style="list-style-type: none"> <li>• SFR – 1 unit (FHLMC) primary residence</li> <li>• PUDs</li> <li>• Townhouse</li> <li>• Condominium (Condominiums in litigation are not allowed)</li> <li>• Manufactured homes not allowed</li> </ul>
<b>LTV/CLTV</b>	<ul style="list-style-type: none"> <li>• Up to 97% LTV/105% CLTV</li> </ul>
<b>MINIMUM CREDIT SCORE (ALL BORROWERS)</b>	<ul style="list-style-type: none"> <li>• =&gt;620 with LP Accept/Accept approval ONLY required – <b>DU is not allowed</b></li> <li>• Each borrower must have a minimum of one credit score</li> <li>• Manual underwrite is not allowed</li> </ul>
<b>ELIGIBLE BORROWERS AND OCCUPANCY</b>	<ul style="list-style-type: none"> <li>• No first-time homebuyer requirement</li> <li>• Buyers must occupy the property as their primary residence within 60 days of closing</li> <li>• Borrowers may have ownership interest in other properties at time of closing, follow agency guidelines</li> </ul>
<b>HOME BUYER EDUCATION</b>	<ul style="list-style-type: none"> <li>• Required for all Borrowers on the Note, even non-first-time homebuyers. Borrowers should go to <a href="#">SETH's website homepage</a> to sign up for the on-line course provided by eHome America, a nationally recognized on-line homebuyer course</li> <li>• <b>Course is not required for Non-Occupying Co-Borrower and Non-Purchasing Spouse</b></li> </ul>

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	<ul style="list-style-type: none"> <li>• SETH Homebuyer Education must be completed prior to closing</li> <li>• The Borrower(s) receipt of a homebuyer education counseling Certificate of Completion is a condition for the loan closing</li> </ul>
<b>MAXIMUM DTI</b>	<ul style="list-style-type: none"> <li>• Per LP Accept/Accept approval ONLY required – <b>DU is not allowed.</b></li> <li>• Manual Underwrite is not allowed</li> </ul>
<b>PURCHASE PRICE LIMIT</b>	<ul style="list-style-type: none"> <li>• Home purchase price may not exceed \$484,350</li> </ul>
<b>OTHER ASSISTANCE PROGRAMS</b>	<ul style="list-style-type: none"> <li>• Gateway prior approval is required</li> <li>• 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</li> <li>• Third Liens not allowed</li> </ul>
<b>UNDERWRITING</b>	<ul style="list-style-type: none"> <li>• Verify that borrower’s qualifying income does not exceed income limits by County regardless of family size</li> <li>• SETH Homebuyer education required for all borrowers. Certificates must be in file</li> <li>• Second loan may be entered into LPA in the “Total Gift Funds” or assubordinate financing per Freddie Mac</li> <li>• LP: Select Home Possible Advantage for HFAs as the Offering Identified 251</li> <li>• Manual underwrite not allowed</li> <li>• No minimum loan amount</li> <li>• No asset test required</li> <li>• No minimum reserve requirement</li> <li>• Seller concessions permitted per Freddie Mac guidelines</li> </ul>
<b>MINIMUM BORROWER INVESTMENT</b>	<ul style="list-style-type: none"> <li>• No minimum investment required from the Borrower’s own funds however, a minimum investment may be required by Mortgage Insurer</li> </ul>
<b>QUALIFYING INCOME LIMITS</b>	<ul style="list-style-type: none"> <li>• The <a href="#">Program Income Limits for Freddie Mac</a> eligible loans are listed separately by County regardless of family size</li> <li>• <a href="#">Income Limits for Subsidies</a> are listed separately by County regardless of family size</li> </ul> <p>Qualifying Income:</p> <ul style="list-style-type: none"> <li>➢ Follow agency guidelines, must include all stable monthly income for all borrowers on the Note per Freddie Mac</li> <li>➢ Use 1003 Qualifying income only</li> <li>➢ May be less than the total actual household income</li> <li>➢ May not exceed amounts established for the MSA or County in which the property is located based on loan product</li> </ul>
<b>CO-SIGNERS AND NON-OCCUPANT CO-BORROWERS</b>	<ul style="list-style-type: none"> <li>• Not permitted</li> </ul>
<b>PROGRAM FEES</b>	<ul style="list-style-type: none"> <li>• Reasonable and customary fees in accordance with agency, federal, state and local laws and regulations</li> <li>• Discounts and Origination fees <b>not allowed</b></li> </ul>

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<p><b>MORTGAGE INSURANCE</b></p>	<ul style="list-style-type: none"> <li>• Reduced mortgage insurance coverage is required                             <ul style="list-style-type: none"> <li>➤ 18% coverage for LTV &gt;95% up to and including 97%</li> <li>➤ 16% coverage for LTV &gt;90% up to and including 95%</li> <li>➤ 12% coverage for LTV &gt;85% up to and including 90%</li> <li>➤ 6% coverage for LTV &gt;80% up to and including 85%</li> </ul> </li> <li>• Mortgage Insurers acceptable to Gateway, refer to <a href="#">Client Guide, Chapter 1</a></li> <li>• Borrower paid monthly, single and split mortgage insurance premium plans permitted</li> </ul>
<p><b>GATEWAY LOAN REGISTRATION, CHANGES AND LOCK EXTENSIONS</b></p>	<ul style="list-style-type: none"> <li>• Loans are locked for 60 days</li> <li>• Borrowers must have a fully executed sale contract for a specific property before a Rate Lock can be submitted.</li> <li>• 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, <a href="#">Client Guide, Chapter 3</a></li> <li>• <b>First Lien Lock:</b> Client must lock the <u>First Lien</u> on our website using the GEMS portal</li> <li>• <b>Second Lien Lock:</b> Gateway's <u>Commitment Desk</u> will lock your <u>Second Lien</u> after Client completes the <u>SETH GoldStar Registration Form</u> on our website, be sure to access this from our website to ensure you complete the current form each time</li> <li>• 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.</li> <li>• Incomplete Registration Forms will not be locked, confirm data is complete and correct</li> <li>• The First and Second Liens each have a separate loan number and lock confirmation that Client can access in GEMS</li> <li>• Client must contact <a href="mailto:CorrBonds@GatewayLoan.com">CorrBonds@GatewayLoan.com</a> for assistance</li> </ul>
<p><b>SECOND LIEN CLOSING AND FILE DELIVERY INSTRUCTIONS</b></p>	<ul style="list-style-type: none"> <li>• Refer to our website for the applicable SETH GoldStar Client Checklist based on loan lock date, <a href="#">SETH GoldStar Client Checklist 2nd Lien for Loans Locked in 2019</a></li> </ul>
<p><b>TRAINING</b></p>	<ul style="list-style-type: none"> <li>• <b>GMG Regional Sales Manager</b></li> <li>• Training must be completed prior to loan registration, contact your Regional Sales Manager for training</li> </ul>