

Texas Veterans Land Board (TVLB) – Product Description

COMPLIANCE AGENT	<ul style="list-style-type: none"> Gateway Mortgage Group, a division of Gateway First Bank
PARTICIPATING LENDERS	<ul style="list-style-type: none"> To participate in the Texas Veterans Land Board (TVLB) Program, a Correspondent Lender must be approved with GMG.
PRODUCT PURPOSE	<ul style="list-style-type: none"> The Texas Veterans Housing Assistance Program (VHAP) provides competitive low interest loans toward the purchase of a home to qualified Texas Veterans in the state of Texas. Purchase Transactions only Refinances NOT allowed except construction to permanent financing not exceeding 24 months. Veteran must sign TVLB Take Out Affidavit and provide a copy of interim financing agreement.
PRODUCT DESCRIPTION	<ul style="list-style-type: none"> First lien, fully amortizing 15, 20, 25 or 30 Year Fixed Rate Conventional FHA (Section 203(b) FHA Home Mortgage Loans, including condominiums under 234(c) VA loans must be guaranteed by VA with a minimum guaranty / down payment of twenty-five percent (25%) of the lesser of the sales price or appraised value. Homebuyer education is not required High Balance is not allowed
PRODUCT CODES	<ul style="list-style-type: none"> Conventional Loans – CF15-TXV, CF20-TXV, CF25-TXV, CF30-TXV FHA Loans – F15-TXV, F20-TXV, F25-TXV, F30-TXV, F30-TXV-MRB VA Loans – V15-TXV, V20-TXV, V25-TXV, V30-TXV, V30-TXV-MRB
MAXIMUM LOAN AMOUNTS	<ul style="list-style-type: none"> Effective 01/28/2019, the maximum loan amount for an eligible veteran is \$484,350 (including any applicable VA Funding Fee or financed mortgage insurance). Note: The maximum loan amount is subject to change by the VLB at any time.
MAXIMUM LOAN-TO-VALUE	<ul style="list-style-type: none"> Conventional – Ninety-five percent (95%) LTV <ul style="list-style-type: none"> ➤ With Subordinate Financing: <ul style="list-style-type: none"> Maximum combination of 80/10/10 (i.e., 10% cash investment required, and the VLB loan amount cannot be greater than 80% LTV) Copy of the second lien Note and Deed of Trust are required if subordinate financing is used. FHA -- Maximum allowed by FHA under the specified section of the National Housing Act VA – Maximum allowed by VA under the specified section of the United States Code. In addition, the guaranty and down payment must equal twenty-five percent (25%) of the lesser of the sales price or appraised value. GMG does not permit subordinate financing on FHA/VA loans.
CREDIT SCORE / DTI	<ul style="list-style-type: none"> Determined by the loan program/product selected, follow agency guidelines.
ELIGIBLE STATES	<ul style="list-style-type: none"> Entirely within the state of Texas.

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<p>DOWN PAYMENT ASSISTANCE FOR FHA & VA LOANS ONLY</p>	<ul style="list-style-type: none"> • Acceptable subject to agency guidelines, veterans can obtain a gift from a relative, domestic partner, fiancée, or a grant from an employer or a public agency. Gifts, grants, and secured/unsecured loans provided by non-profit organizations and government agencies must be approved by GMG. • Loans with down payment assistance (DPA) from non-profit entities must receive approval from GMG and TVLB prior to loan closing and preferably prior to rate lock. • For DPA approval, please email the following documents to Linda.Garloch@GatewayLoan.com - Type "DPA Request for TVLB" in subjectline: <ul style="list-style-type: none"> ➢ Completed 1003 loan application ➢ Completed Mortgage Credit Analysis Worksheet Form 92900LT, VA Loan Analysis or FNMA 1008 Underwriting Transmittal Summary ➢ DPA information regarding the type and amount ➢ Lender Certification stating DPA has not affected Sales Price and Property Value ➢ Link to agency's website ➢ Guidelines to the DPA program ➢ Any required documentation for the DPA (note, mortgage) if applicable • Bond programs are not allowed
<p>ESCROWS</p>	<ul style="list-style-type: none"> • FHA & VA - An escrow account for taxes and insurance is required for all loans. • Conventional - Loans with LTV's less than eighty percent (80%) subject to the following terms and conditions: <ul style="list-style-type: none"> ➢ Loan is not HPML ➢ The standard escrow provision must remain in the mortgage documents ➢ GMG retains the right to enforce escrow requirement if borrower fails to act responsibly. • Escrow holdbacks allowed, must be completed prior to purchase.
<p>NEW CONSTRUCTION REQUIREMENT ENERGY STAR®</p>	<ul style="list-style-type: none"> • New construction defined as a home where the sales contract pre-dates the Certificate of Occupancy. • If New Construction: Home must be ENERGY STAR® certified to be eligible for purchase. One of two documents needed in the loan file. <ul style="list-style-type: none"> ➢ Copy of the ENERGY STAR® Certificate that is issued by the rater when the home is certified. OR ➢ A HERS Index Score of 75 or less following the RESNET National Home Energy Rating Standards and must have an energy rating Certificate that documents the HERS Index score of 75 or less. • (Note: VLB Take-out Affidavit required on construction to perm loans with the documents listed on the renewal and extension.) If the Certificate of Occupancy (CO) (or Final Building Inspection) is dated prior to the sales contract, the home is considered existing and does not require ENERGY STAR®.
<p>PROPERTY ELIGIBILITY</p>	<ul style="list-style-type: none"> • Single family detached/attached • Townhouse or town home • Condominium • PUD • 2-4 unit constructed at least 5 years prior to loan closing - 1 unit must be borrower's primary residence. • Manufactured Housing, if <ul style="list-style-type: none"> ➢ Single family residence ➢ Factory built after June 15, 1976 and delivered on site in at least two sections ➢ Permanent foundation ➢ Dimensions no less than 20 feet X 40 feet ➢ Sloping roof ➢ Mobile homes are not eligible

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<p>HOMEBUYER ELIGIBILITY</p>	<ul style="list-style-type: none"> • Notice of Eligibility (NOE) must be issued on the veteran PRIOR to locking with Gateway. The veteran is not eligible for the weekly published rate until the NOE has been issued. • Download “Certification of Eligibility” here www.texasveterans.com • The borrower certified by VLB must be listed as the primary borrower on the loan • Eligibility Requirements <ul style="list-style-type: none"> ➢ At least 18 years of age. ➢ A Bona fide and legal resident of Texas on the date of application and meet the following requirements. • Service Requirements <ul style="list-style-type: none"> ➢ An active duty military member. ➢ A member of the Texas National Guard. ➢ A reserve component military member having completed 20 qualifying years for retirement. ➢ A Veteran having served at least 90 active duty days unless discharged sooner due to service connected disability and not discharged dishonorably. ➢ A surviving spouse of a Veteran listed as missing in action or whose death was service connected. • Any previous VLB mortgage loan must be paid off prior to closing. For full eligibility requirement go to www.texasveterans.com
<p>OTHER ELIGIBILITY GUIDELINES</p>	<ul style="list-style-type: none"> • Follow agency guidelines on maximum acreage • Owner occupied only • Assumptions generally not allowed • Trusts not allowed • Refinances not allowed - Except construction to permanent financing not exceeding 24 months (and veteran signs the VLB Take Out Affidavit and provide copy of interim financing agreement). • “One-time closings” are not eligible Cosigners/Guarantors are allowed if the veteran can qualify for 60% of the PITI. • MCCs are not allowed • Loans in excess of 365 days from closing are not eligible for purchase.
<p>PROGRAM OPTIONS</p>	<ul style="list-style-type: none"> • Disabilities Discount: Discount of 50 basis points available for Veterans with a compensable, service-connected disability of 30% or greater as verified by the VA. <ul style="list-style-type: none"> ➢ Documentation for file: VA Award Letter dated within 12 months of closing. ➢ Note: An unmarried surviving spouse of a veteran who is missing in action, or who died on the line of duty, or died from a service-connected cause and had a compensable service-connected disability rating of 30% or greater (as verified by an Award Letter from the VA) at the time of death is also eligible for the discount. ➢ Interest rate and discount are subject to change at any time. • National Guard and Reserves: If the borrower is in the Reserves or National Guard at the time of closing, and he/she is activated any time after the closing date, he/she qualifies for 0% interest for the entire time of activation and for 90 days after return. The VLB ultimately forgives that interest. The borrower is only responsible for principal and escrow during activation and the following 90 days. To claim the benefit, the borrower should send a copy of the activation orders in with the payment and request the 0%.

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<p>LAND MORTGAGES / NEW CONSTRUCTION</p>	<ul style="list-style-type: none"> • Effective December 1, 2007, the Veterans Land Board began originating all new land loans using a Deed of Trust and Note (Land Mortgage). The maximum loan amount on is up to \$150,000. After obtaining a land mortgage from the VLB a borrower may want to build a home on the property. One way of accomplishing this is by combining the existing land mortgage with a new Veterans Housing Assistance Program (VHAP) loan. The combined loan cannot exceed \$484,350. • For example: A borrower with a land mortgage balance of \$75,000 may be eligible for a VHAP loan in an amount up to \$378,100 to build a home on the tract covered by the land mortgage (\$75,000 + \$334,350 = \$484,350) • PLEASE NOTE: This special type of VHAP loan only applies to new homes being constructed on land that secures an existing land mortgage financed through the VLB’s Veterans Land Program on or after December 1, 2007. The VLB participating lender must obtain written approval from the Program Administrator prior to originating this type of loan. • Please note also that the maximum loan amount for all other home loans in the VHAP remains unchanged at \$484,350. • Additionally, all new homes financed by VHAP loans, including those financed by rolling a VLB land mortgage into a VHAP loan as described above, will continue to require HERS/ENERGY STAR® certification.
<p>INTEREST RATES</p>	<ul style="list-style-type: none"> • The Texas Veterans Land Board (VLB) publishes the rate weekly. Rates are found on the VLB web site at www.texasveterans.com Interest rate and discount are subject to change at any time.
<p>GMG LOAN REGISTRATION AND RATE LOCK POLICIES AND PROCEDURES</p>	<ul style="list-style-type: none"> • The TVLB Registration Form provides specific instructions and procedures to Register and Lock TVLB Loans. • If the borrower is in the National Guard or Reserves, Gateway requires this to be identified on the TVLB Registration Form at time of lock, as well as documentation in the file. • The Notice of Eligibility (NOE) must be issued on the veteran prior to locking with GMG. • The veteran is not eligible for the weekly published rate until the NOE has been issued. • Certification of eligibility to participate in the TVLB Loan Program does not guarantee an interest rate on any loan. • The primary borrower MUST be the Veteran applying and must be the borrower who requested the VLB notice of eligibility. • LOCK TERM: Loans are locked for 45 days with a 30-day Purchase by Date. • Client is responsible to review the Lock Confirmation for accuracy. If discrepancies are found, contact the Commitment Desk immediately CorrBonds@GatewayLoan.com. • Rate Lock Extensions are no longer allowed. If loan will not be delivered by the 45th day, Client should contact their Client Liaison, not the Commitment Desk. • Gateway will purchase without adjustment, loans whose current principal balance does not exceed one hundred five percent (105%) of the original Commitment Amount. <ul style="list-style-type: none"> ➤ <i>Note:</i> The upward tolerance will not be honored on loans exceeding the TVLB maximum loan limit of FHA/Conventional/VA: \$484,350, not to exceed applicable Agency guidelines for maximum loan amounts. ➤ <i>Note:</i> Loans with balances outside the five percent (5%) tolerance are subject to re-negotiation of rate or a pricing adjustment.

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CHANGES TO REGISTRATIONS AND LOCKS, RELOCKS, REPRICING AND CANCELLATION POLICIES

- **ALL CHANGES SUBJECT TO APPROVAL AND POTENTIAL REPRICING BY GMG.**
- **Changes that will incur additional fees**
 - As an approved lender with Gateway Mortgage Group, it is your obligation to send all requested documentation in a timely manner to complete the full purchase of this loan by the Purchase by Date. Failure to do so could result in extensive fees or repurchase of the loan.
 - Imaged files must be received by **3:00 PM CT** on the lock expiration date.
 - **Please utilize and include the [TVLB Client Checklist](#) with every submission package. All applicable documents listed on the checklist are to be included in your submission package.**
 - Failure to submit loan according to Gateway's TVLB Client Checklist may subject the client to repricing. Once delivered, loan becomes Mandatory and conditions must be cleared within Gateway's 30-day Purchase by Date. Any delays may result in additional fees.
 - The purchase approval process requires TWO review audits. The first is the pre-purchase Audit review and the second is the post-purchase Audit review. After Gateway Purchases your loan, a final audit is performed by TVLB prior to approval. This audit may result in additional conditions. You may be required to provide additional information as a result of either or both reviews.
 - If additional items are required, your assigned Client Liaison will contact you via email. Delays in providing documentation requested to complete the purchase at either review stage could result in extensive fees that can compound depending on the time past the Purchase by Date.
 - Closely monitor conditions and Purchase by Date on the GEMS portal.
 - Conditions resolved prior to 12:00 CT on the Purchase by Date will not incur any additional late suspense fees.
 - If conditions are not resolved by the Purchase by Date, you may incur additional TVLB imposed late fees. The Client Liaison will contact you to confirm your acceptance of the fees. Once fees are accepted a corrected Purchase Advice and wiring instructions will be issued based on the fees.
 - If Client will not accept additional fees, they have an option to repurchase loan.
 - If the loan file is not purchased by TVLB prior to Purchase by Date and the loan is cleared within 30 days, the price of the loan is adjusted downward by one basis point per day.
 - If the loan file has been pended by TVLB for a period of 30 calendar days past the Purchase by Date, the loan file will be repriced at worse case of current market or original rate plus accrued pending fees.
 - Clients also have the option of repurchasing the loan if conditions are not cleared within 30 days following the Purchase by Date.
 - If post purchase conditions are not cleared within **45** days following the Purchase by Date, the Client will be asked to repurchase the loan.
 - If loan closes and is not locked, the loan is subject to 1% of the purchase price for no lock fee in addition to any applicable buy down and pending fees.
 - If loan closes at the wrong interest rate and the note rate is lower than the TVLB locked rate, then loan is subject to worse case pricing.
 - if loan closed at higher interest rate than the TVLB locked rate then loan must reclose at the TVLB interest rate.
- **Relock(s) and Cancellations are at the discretion of Gateway.**
 - Per VLB guidelines, Rate Locks that expire may be relocked only after the loan is closed and delivered to GMG. VLB provides final pricing for relocked loans after GMG sells the loan to VLB. GMG notifies Client of final relock price and passes on relock costs to the Client.
 - If original lock expired within 1 year of the TVLB Lock Expiration date, the new loan will be subject to worse case pricing.
 - Locks expired more than 1 year go to current TVLB pricing.
 - Loans in Pended or Suspend status greater than 30 days from the original Lock Expiration Date may be subject to "Ineligible for Purchase" status change.

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<p>UNDERWRITING</p>	<ul style="list-style-type: none"> • DU Approve and LPA Accept status per Agency guidelines are acceptable • Full Documentation • Manual Underwriting allowed for FHA and VA ONLY • Appraisal Form 1004 is required. Standard mortgage insurance coverage must be obtained regardless of AUS findings • Texas Official Wood Destroying Insect Report. Applicable if required by the lender's underwriter or the appraiser. If the inspection reveals active infestation, evidence of treatment must be provided. If damage noted, evidence of repair must be provided
<p>LENDER FEES</p>	<ul style="list-style-type: none"> • Lender may charge all reasonable and customary fees permitted by law for the origination of mortgage loans (e.g., maximum one percent (1%) origination fee based on final loan amount, appraisal fees, title insurance, survey, credit reports, and other similar expenses). • In addition to all reasonable and customary fees, the Lender may collect a one percent (1%) Participation Fee based on final loan amount. This fee may not be financed. • Discount Points are not allowed • The GMG Funding Fee cannot be charged to the borrower. • The VLB requires all Lenders to follow the published guidelines of FHA and VA pertaining to maximum allowable borrower closing costs.
<p>LIST OF TVLB FORMS</p>	<ul style="list-style-type: none"> • Listed below are the VLB Program documents to be completed, as applicable. <ul style="list-style-type: none"> ➢ Required of all applicants: VLB Certification of Eligibility Application to receive Notice of Eligibility – Found here www.texasveterans.com. ➢ TVLB Registration Form – Located on GMG's website ➢ New Construction Only – TVLB Take-Out Loan Affidavit Form – Located on GMG's website ➢ Deed of Trust Rider – Located on GMG's website
<p>PACKAGING AND LOAN DELIVERY</p>	<ul style="list-style-type: none"> • The following TVLB specific program documents and checklists must be completed and delivered with the closed loan package to GMG: <ul style="list-style-type: none"> ➢ All TVLB loans MUST deliver the ORIGINAL RECORDED MORTGAGE ➢ GMG TVLB Client Checklist completed and signed ➢ http://www.glo.texas.gov/vlb/forms/index.html • See information below on the next page for helpful hints and KEY POINTS AND REMINDERS REGARDING TVLB LOAN ORIGATION AND DELIVERY

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KEY POINTS AND REMINDERS REGARDING TVLB LOAN ORIGATION AND DELIVERY

- **Borrower(s) must be a bona fide Texas legal resident on the date of application.**
- **Prior to closing**, is it critical that the Client confirms the **locked rate** with Gateway's **Lock Confirmation** in GEMS
- **Gateway / TVLB forms are located on our website** under Resource Center > Associated Documents. Below is a list of the forms:
- **TVLB Deed of Trust Rider form** (Required on all loans programs, including conventional loans)
- **TVLB Take-Out Loan affidavit form** (Required on construction loans only)
- Ensure VA entitlement is reinstated when the borrower sells a previous VA entitlement property. This must be done prior to requesting LGC on the new loan.
- **New construction properties** require final Energy Star/ HERS certificate with a HERS score of 75 or less.
- **Original recorded Deed of Trust is required**, a recorded copy is not acceptable.
- **Maximum VA Loan Amount:** The maximum loan amount for an eligible veteran is \$484,350 (including any applicable VA Funding Fee or financed mortgage insurance). Note: The maximum loan amount is subject to change by the VLB at any time.
- **VA Entitlement Worksheet showing a minimum of 25% Guaranty:** Must be included when **COE** does NOT show full entitlement.
- **NOV Document Update:** If a LGC is provided with a **FULL 25%** guarantee, the documents listed on the NOV are **NOT** required except for the termite inspection and final inspection.
- **Pest Inspection:** If inspection reveals active infestation, evidence of treatment must be provided. VA loans require Texas Official Wood Destroying Insect Report or equivalent.
- **Lender Fees:** Maximum fees charged to the BORROWER(s) is 1% origination, 1% participation and reasonable/customary fees per Agency guidelines.
- **Property Tax Exemption:** 100% disabled and having no other property ownership is eligible to qualify with a \$0 property tax exemption as long as the 100% disability is documented. For complete details regarding Gateway's policy, please read our Announcement dated **07/03/18** located on our website > Announcement tab.
- **Making Payments to Gateway:** Upon receipt of purchase advice, review for Client or Gateway payment(s) collected. Payments made to Gateway in error may **delay** the TVLB purchase, resulting in the Client being responsible for any additional fees and payment history.