

Gateway Mortgage Group Correspondent Overlay Matrix

Complete agency guidelines for FHA, VA, USDA, Fannie Mae, Freddie Mac, ONAP are available on their respective websites; Gateway agency guideline overlays are as follows:

Guideline	Product	Comment
Appraisal	Texas Equity	<ul style="list-style-type: none"> • URAR 1004 or 1073 (for Condo) required, regardless of AUS findings, refer also to the Natural Disasters section in this Overlay Matrix
	All	<ul style="list-style-type: none"> • Appraisal condition Ratings of C5 and C6 are ineligible.
	Gateway Second Lien	<ul style="list-style-type: none"> • Condominiums require HOA Certification Form.
Borrower Type Restrictions	All	<ul style="list-style-type: none"> • Borrowers and households with more than 4 financed properties serviced by Gateway, regardless of occupancy or purpose of subject loan • Non-U.S. citizens who do not have permanent or non-permanent resident alien status or full/partial diplomatic immunity • Borrowers with no social security number (ITIN only) • Life Estates
	Gateway Second Lien	<ul style="list-style-type: none"> • Non-occupying co-borrower not permitted.
CAIVRS	FHA, VA, USDA, HUD184	<ul style="list-style-type: none"> • CAIVRS must be clear (not applicable on FHA Streamline).
Construction/Perm	All	<ul style="list-style-type: none"> • Construction/Perm single or one-time close loans which utilize a modification agreement or a construction loan rider are ineligible.
Credit Reject	FHA	<ul style="list-style-type: none"> • Loans with a Credit Reject on FHA Connection not allowed.
Credit Report	All	<ul style="list-style-type: none"> • All borrowers must have a valid Social Security number. No Exceptions.
	FHA, VA, USDA, HUD184	<ul style="list-style-type: none"> • Non-borrowing spouses in community property states must be residing legally in the United States.
Credit Score Requirement	Conventional	<ul style="list-style-type: none"> • ≥620 with AUS Approval required. Each borrower must have a minimum of one credit score.
	FHA & VA	<ul style="list-style-type: none"> • ≥600 with AUS Approval required. Each borrower must have a minimum of one credit score.
	USDA	<ul style="list-style-type: none"> • ≥640 regardless of GUS findings. Each borrower must have a minimum of one credit score.
	HUD 184	<ul style="list-style-type: none"> • ≥620 Each borrower must have a minimum of one credit score.
Down Payment & Mortgage Payment Assistance	FHA, VA, HUD 184	<ul style="list-style-type: none"> • All assistance programs must be prior approved by Gateway to meet specific agency guidelines. Only Government entity (Federal, State, County, Tribal, etc.) approved programs considered. • The originating Correspondent Lender is responsible for compliance with all assistance program guidelines, including any current or future reporting to the borrower, government or assistance agency • Seller funded, Bond and Section 8 programs are not allowed.
	Conventional	<ul style="list-style-type: none"> • Grants only at closing, Second Liens not allowed
	USDA	<ul style="list-style-type: none"> • Down Payment and Mortgage Payment Assistance Programs not allowed.

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DTI	Conventional	<ul style="list-style-type: none"> • LP Accept/Accept or DU Approve/Eligible • Up to 43% DTI with LP Accept/Accept or DU Approve/Eligible when closing with a Gateway Mortgage Second Lien
	FHA & VA	<ul style="list-style-type: none"> • LP Accept/Accept or DU Approve/Eligible up to 55% DTI • Greater than 55% DTI considered subject to ALL of the following with LP Accept/Accept or DU Approve/Eligible: • Minimum 640 Credit Score • Minimum 3 months reserves from borrower personal checking / savings supported by 60 days statements (not Gift, tax refund, lawsuit, retirement, cash-out, etc...). Reserve requirements must follow agency guidelines. • Satisfactory most recent 12 month-VOR / VOM with no housing lates and maximum 50% payment shock. • Borrower's with NO previous rental or mortgage history considered subject to 12 months reserves from borrower personal checking/savings supported by 60 days statements (not Gift, tax refund, lawsuit, cash-out, etc...).
	HUD 184	<ul style="list-style-type: none"> • Up to 43% DTI (applications taken on or after 1/1/2014).
	USDA	<ul style="list-style-type: none"> • GUS Accept up to 45% DTI (applications taken on or after 1/1/2014). • Manual Underwrite allowed, refer to the Underwrite section of this Overlay Matrix for details.



Guideline	Product	Comment
DU Refi Plus	Conventional	<ul style="list-style-type: none"> • DU may offer a property Fieldwork Waiver. If offered, DU must be rerun with the estimated value provided by DU. • All Texas Equity properties require full Fannie Form 1004 regardless of DU finding.
Eligible States	Gateway First and Second Liens	<ul style="list-style-type: none"> • Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, Wyoming.
Escrow Holdback	All excluding DU Refi Plus	<ul style="list-style-type: none"> • Escrow Holdbacks must be completed prior to loan purchase, as evidenced by satisfactory final inspection.

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Escrow Waiver	Conventional	<ul style="list-style-type: none"> All states allowed on LTV 80% or less if all items listed are met: Flood Insurance is not required Loan is not HPML All states, except California, allowed on LTV >80% to <90% LTV if all items listed above are met, including these items as well: <ul style="list-style-type: none"> Maximum DTI 40% Minimum Credit Score 700 Mortgage Insurance must be single premium (Lender or Borrower paid) Minimum verified liquid assets after closing of \$100,000 No bankruptcy, foreclosure, short sale or short payoff dismissed, discharged or completed in last 3 years California allowed on LTV > 80% to <90% if all items listed are met: Flood Insurance is not required Mortgage Insurance must be single premium (Lender or Borrower paid) • Loan is not HPML
Ineligible Loan Types and Features	All	<ul style="list-style-type: none"> Temporary Interest Rate Buydowns Section 32, “high cost” loans (as defined by the Agencies or applicable federal or state regulation)
	USDA	<ul style="list-style-type: none"> Down Payment and Mortgage Payment Assistance Programs not allowed.
	FHA, VA, HUD 184	<ul style="list-style-type: none"> Government loans originated under Bond Programs or with non-Gateway approved governmental or tribal DPA programs.
Ineligible	Conventional	<ul style="list-style-type: none"> Freddie Mac Relief Refinance Mortgage.
Ineligible Properties	All	<ul style="list-style-type: none"> Condos in litigation, Earth, Leasehold, Tribal Land, Cooperatives, Mobile Homes, Metal Buildings, Geodesic Domes, Manufactured Homes, Properties with less than 600 square feet, Condotel, Timeshares, Group Homes, Unimproved Land, Working Farms and Ranches, Property currently in litigation, Properties with encroachments, Properties located in a Lava Zone, Properties held in a business name, Properties with resale deed restrictions, Zoning violations (including residential properties zoned commercial), Commercial Enterprises (i.e. Bed and Breakfast, Boarding House, Hotel), Illinois Land Trusts. Log Cabins considered on Purchase and Rate/Term transactions only and maximum 85% LTV/CLTV, supported by satisfactory like comps.
	USDA	<ul style="list-style-type: none"> 2-4 Units not allowed
Investment Property / Second Home	All	<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



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Guideline	Product	Comment												
Limit on Number of Loans Serviced by Gateway	All	<ul style="list-style-type: none"> Maximum of 4 loans serviced by Gateway per Borrower / Household. Borrower/household may have a maximum of 10 financed properties with Gateway Mortgage Group subject to: 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). For Fannie Mae Product – Refer to Fannie Mae Selling Guide B2-2-03. For Freddie Mac Product – Refer to Freddie Mac Selling Guide, Chapter 22.22.1. 												
LTV / CLTV Overlay	Conventional – DU Refi Plus	<ul style="list-style-type: none"> 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. DU may offer a property Fieldwork Waiver. If offered, DU must be rerun with the estimated value provided by DU. All Texas Equity properties require full Fannie Form 1004 regardless of AUS finding. <table border="1"> <thead> <tr> <th>Occupancy</th> <th>Units</th> <th>LTV/CLTV</th> </tr> </thead> <tbody> <tr> <td>Primary</td> <td>1-4</td> <td>150%</td> </tr> <tr> <td>2nd Home</td> <td>1</td> <td>150%</td> </tr> <tr> <td>Investment</td> <td>1-4</td> <td>150%</td> </tr> </tbody> </table>	Occupancy	Units	LTV/CLTV	Primary	1-4	150%	2 nd Home	1	150%	Investment	1-4	150%
Occupancy	Units	LTV/CLTV												
Primary	1-4	150%												
2 nd Home	1	150%												
Investment	1-4	150%												
	Conventional – LIBOR ARM and High Balance LIBOR ARM	<ul style="list-style-type: none"> Maximum 90% 												
Mortgage Insurance	Conventional	<ul style="list-style-type: none"> Approved MI companies: Arch/United Guaranty, Essent Guaranty, Genworth, MGIC, National MI, and Radian. Unacceptable MI types: Lender Paid Monthly, Split or Annual Premium MI Minimum or Reduced MI requiring a loan level price adjustment regardless of AUS findings. See Product Descriptions for those products eligible for LPMI. 												
Natural Disasters	All	<ul style="list-style-type: none"> Client must represent and warrant the existence and condition of the subject property at time of purchase. 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. Depending on the nature and timing of the disaster, a Property Condition Certification may be required. Appraisers must comment on the natural disasters' impact on marketability and value for appraisals completed within 90 days of the disaster declaration. 												
Non-Arm's Length and Conflict of Interest	All	<ul style="list-style-type: none"> 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. 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. 												

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Conversion of Primary Home	All	<ul style="list-style-type: none"> No Rental Income considered for any lease executed with a family member or interested party to the purchase or loan transaction.
Principal Curtailments at Closing	All	<ul style="list-style-type: none"> 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.
Reserves	VA	<ul style="list-style-type: none"> Manual Underwrite requires 2 months PITI
Second Lien	Home Possible	<ul style="list-style-type: none"> Secondary financing must be Affordable Seconds

Guideline	Product	Comment
Tax Returns	All	<ul style="list-style-type: none"> Amended Tax returns – Tax returns that are amended after loan application for the purpose of increasing qualifying income will not be considered by underwriting. Addition of rental income or other schedules as well as the deletion of 2106 expenses will not be taken into account. Original filings, prior to amendment will be used to calculate income.
Third Party Originations	All	<ul style="list-style-type: none"> TPO Client approval is granted on a case-by-case basis. This overlay matrix does not contain all of the overlays for TPO products. Approved TPO clients must also refer to their Third-Party Origination Addendum Correspondent Loan Purchase and Sale Agreement for applicable product overlays.
Underwriting	Conventional	<ul style="list-style-type: none"> Fannie Mae DU with Approve/Eligible or Freddie Mac LP with Accept/Accept Manual Underwrite not allowed Income calculation worksheet must be in the file, or explanation of how the income was calculated must be on the transmittal form for delegated loans.
	USDA	<ul style="list-style-type: none"> Must be underwritten by an Underwriter employed by Correspondent with delegated USDA approval from Gateway, plus: GUS Accept required. Freddie Mac LP or Fannie Mae DU/DO not allowed. Income calculation worksheet must be in the file, or explanation of how the income was calculated must be on transmittal form for delegated submissions. Gateway may purchase, at Gateway’s sole discretion and subject to the terms set forth below USDA loans that have been manually underwritten by a Client. To be eligible for purchase, each such loan must meet all manual underwriting guidelines as prescribed by USDA and are subject to further restrictions as described in Gateway’s Overlay Matrix. All other terms and conditions applicable to the sale or repurchase of the loan remain in full force and effect. Gateway reserves the right to pass on the purchase of any such loan at Gateway’s sole and complete discretion. Once underwritten, file must be submitted to RD office in the state in which the property is located to obtain a Conditional Commitment prior to closing. Manual Underwrite overlays: ≥640 credit score, 41% maximum DTI allowable, however, up to 44% maximum DTI allowed with compensating factors. Completion of USDA approved Homebuyer Education required. Allowed on one-unit properties only. Must include DU/LP/GUS Finding that shows Caution/Refer/Ineligible.
	HUD 184	<ul style="list-style-type: none"> Manual Underwrite if Direct Guarantee correspondent or ONAP prior approval required.

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FHA	<ul style="list-style-type: none"> Income calculation worksheet must be in the file, or explanation of how the income was calculated must be on the transmittal form for delegated loans. Gateway may purchase, at Gateway's sole discretion and subject to the terms set forth below, FHA loans that have been manually underwritten by a Client. To be eligible for purchase, each such loan must meet all manual underwriting guidelines as prescribed by FHA and are subject to further restrictions as described in Gateway's Overlay Matrix. All other terms and conditions applicable to the sale or repurchase of the loan remain in full force and effect. Gateway reserves the right to pass on the purchase of any such loan at Gateway's sole and complete discretion. Manual Underwrite overlays: ≥ 620 for Manual Underwrite with one credit score required. Maximum DTI 50%. Manual Underwrite not allowed for High Balance loans. Must include DU/LP/GUS Finding that shows Caution/Refer/Ineligible.
VA	<ul style="list-style-type: none"> VA prior approval for Joint loans involving (i) a veteran and non-veteran, who is not the veteran's spouse or (ii) involving two or more veterans who intend to use their entitlement and take title jointly. Income calculation worksheet must be in the file, or explanation of how the income was calculated must be on the transmittal form for delegated loans. Gateway may purchase, at Gateway's sole discretion and subject to the terms set forth below, VA loans that have been manually underwritten by a Client. To be eligible for purchase, each such loan must meet all manual underwriting guidelines as prescribed by VA and are subject to further restrictions as described in Gateway's Overlay Matrix. All other terms and conditions applicable to the sale or repurchase of the loan remain in full force and effect. Gateway reserves the right to pass on the purchase of any such loan at Gateway's sole and complete discretion. Manual Underwrite overlays: ≥ 620 for Manual Underwrite with one credit score required. Maximum DTI 43% and 2 months PITI in reserves. Manual Underwrite not allowed for High Balance loans. Must include DU/LP/GUS Finding that shows Caution/Refer/Ineligible. VA Jumbo maximum loan amount \$1Million.



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