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## Eligible Mortgage Loans

Client Guide — Chapter 2



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## Eligible Mortgage Loans

### General

Clients will receive an approval letter specifying the products, and services for which they are eligible. Clients should contact their Regional Sales Manager or Client Liaison should their business needs change after their initial approval.

### Qualified Mortgage Loan

All loans must fully comply with all requirements of Freddie Mac, Fannie Mae, FHA, ONAP Section 184, VA, USDA, Veterans Land Board (TVLB loans), Southeast Texas Housing Finance corporation (SETH GoldStar loans) and Capital Area Finance Authority (CAFA Gold 100 loans). as applicable, unless otherwise specified below, in the applicable Product Description, or the Correspondent [Overlay Matrix](#).

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 12CFR 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. 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.

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Higher Priced Mortgage Loans (HPML) are eligible for purchase.

## Eligible Property and Lien Status

### General

- All loans must be secured by a first lien mortgage on a one-to-four family residential dwelling located in:

Alabama	Indiana	Nebraska	South Dakota
Arizona	Iowa	Nevada	Tennessee
Arkansas	Kansas	New Jersey	Texas
California	Kentucky	New Mexico	Utah
Colorado	Louisiana	North Carolina	Virginia
Connecticut	Maryland	Ohio	Washington
Delaware	Michigan	Oklahoma	Washington DC
Florida	Minnesota	Oregon	West Virginia
Idaho	Mississippi	Pennsylvania	Wisconsin
Illinois	Missouri	South Carolina	Wyoming

- Gateway must approve and activate each state before Clients can register loans secured by properties in any given state. Clients must contact their Regional Sales Manager or Client Liaison to request approval for additional states.
- Gateway relies upon the Client’s representations and warranties that all loans are enforceable in accordance with the terms of Gateway’s Correspondent Loan Purchase and Sale Agreement (“Agreement”) and comply with all applicable federal, state and local laws. Clients must be aware of, and in compliance with, all terms, representations and warranties contained in the Agreement.
- Clients are responsible for adhering to all federal, state and local laws and/or regulatory lending guidelines, as well as licensing requirements.

# Geographic Restrictions

## By Product

See these *Product Descriptions* for additional product level geographic restrictions:

- Texas A6 Equity Loan
- FHA – HUD Section 184
- USDA Rural Development
- TVLB (Texas Veterans Land Board) Loans
- SETH GoldStar Homebuyer Assistance Loan Programs
- CAFA Gold 100 Homebuyer Assistance Loan Programs
- GSFA Open Doors Homebuyer Assistance Loan Programs

# Eligibility Restrictions

## Age of Loan / Prior Rejects

The following loans are not eligible:

- Loans closed more than 60 days prior to delivery to Gateway.
- Loans previously rejected by or repurchased from Gateway.
- Loans previously rejected by or required to be repurchased from or indemnified by Freddie Mac, Fannie Mae, FHA, ONAP, VA, USDA, Veterans Land Board (TVLB loans), Southeast Texas Housing Finance Corporation (SETH GoldStar loans) and Capital Area Finance Authority (CAFA Gold 100 loans).
- 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.

## Overlays

Refer to Gateway's Correspondent [Overlay Matrix](#) for guideline overlays to the following agencies and programs – Freddie Mac, Fannie Mae, FHA, ONAP, VA, USDA. The Overlay Matrix does not apply to **Texas Veterans Land Board (TVLB)**, Southeast Texas Housing Finance Corporation (SETH GoldStar loans), and Capital Area Finance Authority (CAFA Gold 100 loans).

## Third Party Originations

Gateway does not purchase loans originated through third party originators ("TPOs"). Client level exceptions may be considered only 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.

## Disaster Policy

The following provides guidance regarding disasters, which is any event that causes substantial damage as declared by Federal Emergency Management Agency (FEMA) offices, areas identified by Gateway and any property the Client has reason to believe sustained damage in a disaster that may affect loans scheduled to close or fund in those affected areas. Affected counties will be listed on the FEMA website: <http://www.fema.gov/news/disasters.fema>.

Gateway makes every effort to provide timely notification to Clients regarding disaster areas, although we are not responsible to provide such notification, therefore Client should contact the appropriate source, such as state, regional or Federal Emergency Management Agency (FEMA) offices, news agencies, etc., to determine whether properties located in areas of their origination are included in disaster areas.

Client is solely responsible to know of and act upon any mortgage loan impacted by those disasters prior to selling the loan to Gateway, and Client warrants that the subject property is in marketable condition and that there are no repairs or other detrimental conditions to the subject property at the time the loan is sold to Gateway. If at any time after loan purchase, Gateway determines that the subject property was damaged and not in fully marketable condition at time of sale, the loan is subject to repurchase.

## Disaster Policy (continued)

### COUNTIES NOT YET DECLARED IN DISASTER AREA ON FEMA WEBSITE

FEMA website may take up to a week or longer to reflect a county is within a Declared Disaster Area. Subject properties located in proximity of recent natural disasters and are not yet reflected as a declared disaster on FEMA's list will require the following prior to Gateway purchasing your loan:

- A comprehensive property inspection with exterior photos in areas that have not been declared a disaster, to certify the property has not been damaged.
- Other allowable inspection sources include:
  - Appraiser
  - Homeowners Insurance Company
  - Licensed Home Inspection Company
- Any property with damage must be re-inspected by the original Appraiser.
- The re-inspection should list necessary repairs.
- Repairs must be completed prior to closing, evidenced by a final inspection with photos.
- If a conventional or government loan, lender and borrower to sign 'Lender Certification for Disasters'.
- If a VA loan, lender and borrower to sign 'VA Lender Certification for Disasters'.

***\*Please note that if any area is eventually declared a disaster, the policies outlined below must be followed as written, and reinspection of properties in affected areas is required:***

### COUNTIES IN DECLARED DISASTER AREA AND APPRAISALS COMPLETED PRIOR TO DISASTER

Re-inspection/certification of value is required on any property in a listed declared County prior to closing and/or Gateway purchasing your loan:

- Re-inspection may be performed by the following:
  - Appraiser
  - Homeowners Insurance Company
  - Licensed Home Inspection Company
- The re-inspection must state the property is habitable and contains no evidence of damage based on the exterior inspection.
- Any property with damage must be re-inspected by the original Appraiser.
- The re-inspection should list necessary repairs.
- Repairs must be completed prior to closing, evidenced by a final inspection with photos.
- If a conventional or government loan, lender and borrower to sign 'Lender Certification for Disasters'.
- If a VA loan, lender and borrower to sign 'VA Lender Certification for Disasters'.
- **Special note on FHA – FHA requires Presidentially – Declared Major Disaster Area notice to indicate a final close or completion before re-inspection can be ordered. FHA requires a roster FHA appraiser to complete the re-inspection. Gateway cannot purchase FHA loans until the Declared Major Disaster Area has final close date.**

### COUNTIES IN DECLARED DISASTER AREA AND APPRAISALS COMPLETED AFTER THE DISASTER

- Appraiser must comment on any damage as well as the effect on marketability and value for 90 days following the date of the declared disaster.
- Properties with damage should be appraised 'subject to repairs'.
- Repairs must be completed prior to closing and/or Gateway purchasing your loan, evidenced by a final inspection with photos.

### COUNTIES IN DECLARED DISASTER AREA AND STREAMLINE PRODUCTS THAT DON'T TYPICALLY REQUIRE AN APPRAISAL

- An exterior only inspection by one of the following is required:
  - Appraiser
  - Homeowners Insurance Company
  - Licensed Home Inspection Company
- Repairs must be completed prior to closing and/or Gateway purchasing your loan, evidenced by a final inspection with photos.
- On VA loans, lender and borrower to sign 'VA Lender Certification for Disasters'.

# Warehouse Lines of Credit and Wire Instructions

## General

These requirements apply to Clients utilizing warehouse lines:

- Clients may borrow money to fund the origination of mortgage loans from a warehouse lender of their choice.
- Loans funded by Clients' corporate or personal funds, and/or lines of credit not obtained through a warehouse lender, are not eligible for sale.
- Gateway requires bailee letters be submitted with the original Note from warehouse lenders.

*Note: Clients who are financial institutions (banks, savings & loans, credit unions) or who are wholly owned subsidiaries of a financial institution are NOT required to attach bailee letters to the original Note. However, these "exempt" clients must provide correct wiring instructions with each Note.*

- Gateway has the option to decline to purchase mortgage loans funded through any warehouse lender which creates additional risk or unreasonable workload in connection with purchasing a mortgage loan.
  - Examples of line of credit requirements that might cause Gateway to decline to purchase mortgage loans are:
- The warehouse lender will not release its security interest in the mortgage loan or note upon transmittal of the purchase proceeds.
- The warehouse lender requires Gateway to enter into agreements other than a typical collateral bailee agreement.

Please refer to [Chapter 4](#) of this Guide for additional information and requirements for warehouse lenders.

## Wire Instructions Warehouse Line Verification Form

- Gateway will obtain the Client's application and Wire Instructions and Authorization to Verify Warehouse Line form during the new client approval and/or annual re-certification process.
- At the time of loan purchase, the warehouse lender information must match the data previously submitted by the Client during the initial approval and/or recertification process.
- Gateway will validate the wire authorization with the warehouse lender for each loan purchased.
- Gateway will require the Client to complete a new Wire Instructions and Authorization to Verify Warehouse Line form when the wire authorization information does not match the data in our records.
- Wire Instructions must include a physical address for the destination institution.
- The updated information must be provided to and validated by Gateway prior to the funding of the loan.

Please refer to [Chapter 4](#) of this Guide for additional information and requirements for warehouse lenders and wire instructions.