

## FNMA CONFORMING FIXED RATE — PRODUCT DESCRIPTION

<p><b>PRODUCT DESCRIPTION</b></p>	<ul style="list-style-type: none"> <li>• First lien, fully amortizing, Fannie Mae Conforming Fixed rate 10, 15, 20, 25, or 30 year term</li> <li>• See also Product Descriptions for Texas A6 Home Equity</li> </ul>
<p><b>PRODUCT CODES</b></p>	<p><b>FNMA - Desktop Underwriter (DU and DO)</b>  <b>NOTE:</b> LPMI is Lender Paid MI, HR is HomeReady, SCO is Student Cash Out, HLTV is High Loan To Value</p> <ul style="list-style-type: none"> <li>• <b>10 Year Conforming Fixed Rate</b> <ul style="list-style-type: none"> <li>• CF10, CF10LPMI</li> <li>• CF10-HR, CF10-HRLPMI</li> <li>• CF10-SCO</li> <li>• CF10-AMI</li> </ul> </li> <li>• <b>15 Year Conforming Fixed Rate</b> <ul style="list-style-type: none"> <li>• CF15, CF15LPMI, CF15-Released, CF15LPMI-Released</li> <li>• CF15-HR, CF15-HRLPMI, CF15-HR-Released</li> <li>• CF15-SCO, CF15-SCO-Released</li> <li>• CF15-AMI, CF15-AMI-Released</li> <li>• CF15-LS</li> </ul> </li> <li>• <b>20 Year Conforming Fixed Rate</b> <ul style="list-style-type: none"> <li>• CF20, CF20LPMI</li> <li>• CF20-HR, CF20-HRLPMI</li> <li>• CF20-SCO</li> <li>• CF20-AMI</li> </ul> </li> <li>• <b>25 Year Conforming Fixed Rate</b> <ul style="list-style-type: none"> <li>• CF25, CF25LPMI</li> <li>• CF25-HR, CF25-HRLPMI</li> <li>• CF25-SCO</li> <li>• CF25-AMI</li> </ul> </li> <li>• <b>30 Year Conforming Fixed Rate</b> <ul style="list-style-type: none"> <li>• CF30, CF30LPMI, CF30-Released, CF30LPMI-Released</li> <li>• CF30-HR, CF30-HRLPMI, CF30-HRFNMA-Released, CF30-HRLPMI-Released</li> <li>• CF30-SCO, CF30-SCO-Released</li> <li>• CF30-AMI, CF30-AMI-Released</li> <li>• CF30-LS</li> </ul> </li> </ul>
<p><b>ELIGIBLE STATES</b></p>	<ul style="list-style-type: none"> <li>• Please refer to Chapter 2 or the <a href="#">Overlay Matrix</a></li> </ul>
<p><b>GEOGRAPHIC RESTRICTIONS</b></p>	<ul style="list-style-type: none"> <li>• Texas: See also Texas A6 Home Equity Product Description</li> </ul>
<p><b>MAXIMUM LTV/CLTV/HCLTV</b></p>	<ul style="list-style-type: none"> <li>• 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></li> </ul>
<p><b>MINIMUM LOAN AMOUNT</b></p>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<p><b>MAXIMUM LOAN AMOUNT</b></p>	<ul style="list-style-type: none"> <li>• See Fannie Mae Loan Limits Page: <a href="https://singlefamily.fanniemae.com/originating-underwriting/loan-limits">https://singlefamily.fanniemae.com/originating-underwriting/loan-limits</a></li> </ul>
<p><b>AGE OF LOAN/PRIOR REJECTS</b></p>	<ul style="list-style-type: none"> <li>• Loans must have been closed no more than 60 days prior to delivery</li> <li>• Loans previously rejected by Gateway or repurchased from Gateway, FNMA or FHLMC are ineligible.</li> <li>• Loans previously rejected by or required to be required 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 investors' determination.</li> </ul>
<p><b>ASSUMPTIONS</b></p>	<ul style="list-style-type: none"> <li>• Not allowed</li> </ul>



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<p><b>CONVERSION OF PRIMARY RESIDENCE</b></p>	<ul style="list-style-type: none"> <li>No Rental Income considered for any lease executed with a family member or interested party to the purchase or loan transaction.</li> </ul>
<p><b>CREDIT SCORE OVERLAY</b></p>	<ul style="list-style-type: none"> <li>≥620 with AUS Approval Approve/Eligible</li> <li>Manual underwrite not allowed</li> <li>At least one Borrower must have a credit score. Borrower(s) with no credit and nontraditional credit are allowed subject to agency guidelines.</li> <li>Please use the lowest middle Representative Credit Score from the Borrower(s) with credit score(s) when pricing the loan in the GEMS system.</li> </ul>
<p><b>DOWN PAYMENT</b></p>	<ul style="list-style-type: none"> <li>Per agency and specific MI company guidelines.</li> </ul>
<p><b>DOWN PAYMENT ASSISTANCE</b></p>	<ul style="list-style-type: none"> <li>All down payment assistance programs must be prior approved by Gateway.</li> <li>Government entity (e.g. federal, state, county, and tribal) approved DPA programs only. Gateway does not purchase Bond Program loans.</li> <li><a href="#">Click here</a> for a current list of Gateway approved DPA programs.</li> <li>Some properties may qualify for Gateway Specialty Land Programs with down payment assistance.</li> </ul>
<p><b>ESCROW HOLDBACKS</b></p>	<ul style="list-style-type: none"> <li><b>Escrow Holdbacks and Final Inspections must be completed prior to Gateway First Bank purchasing the loan.</b></li> </ul>
<p><b>DTI</b></p>	<ul style="list-style-type: none"> <li>DU Approve/Eligible</li> </ul>
<p><b>ESCROW WAIVERS</b></p>	<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 items 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 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> </ul> </li> <li>If waiving escrow for taxes ONLY or hazard ONLY or if waiving 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 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>



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INELIGIBLE PROPERTY TYPES	<ul style="list-style-type: none"> <li>• <a href="#">See Overlay Matrix</a></li> </ul>
INTEREST CREDIT AT CLOSING	<ul style="list-style-type: none"> <li>• 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.)</li> </ul>
INVESTMENT PROPERTIES/ SECOND HOME	<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> <ul style="list-style-type: none"> <li>• TRID rules apply requiring Loan Estimate and Closing Disclosure for all Second Homes and investment properties.</li> <li>• When the borrower does not own a primary residence, any investment property loan must qualify with full PITI payment.</li> <li>• No Rental Income considered but any lease executed with a family member or interested party to the transaction. See also Non-Arms' Length and Primary Residence Conversion.</li> </ul>
ITIN OVERLAY	<ul style="list-style-type: none"> <li>• All borrowers must have a valid social security number; ITINs are not allowed.</li> </ul>
MORTGAGE INSURANCE	<p>Eligible Mortgage Insurers are Arch, Essent Guaranty, Enact, MGIC, National MI, and Radian.</p> <ul style="list-style-type: none"> <li>• <b>Acceptable MI Types:</b> <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> </li> <li>• <b>Unacceptable MI Types:</b> <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> </li> <li>• <b>Single premium financed MI permitted, subject to:</b> <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> </li> </ul>
NATURAL DISASTER POLICY	<ul style="list-style-type: none"> <li>• Please refer to Chapter 2 Eligible Mortgage Loans.</li> </ul>
NON-ARM'S LENGTH AND CONFLICT OF INTEREST	<ul style="list-style-type: none"> <li>• <a href="#">See Overlay Matrix</a></li> </ul>
OCCUPANCY	<ul style="list-style-type: none"> <li>• Primary</li> <li>• Second Home</li> <li>• Investment Properties</li> </ul>
PRINCIPAL CURTAILMENT AT CLOSING	<ul style="list-style-type: none"> <li>• <a href="#">See Overlay Matrix</a></li> </ul>



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<p><b>QUALIFIED MORTGAGE LOAN</b></p>	<ul style="list-style-type: none"> <li>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</li> <li>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.</li> <li>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.</li> </ul>
<p><b>THIRD PARTY ORIGINATIONS “TPOs”</b></p>	<ul style="list-style-type: none"> <li>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.)</li> </ul>
<p><b>UNDERWRITING</b></p>	<ul style="list-style-type: none"> <li>DU Approve/Eligible required. If DO is used, findings must be released to Gateway.</li> <li>Manual Underwriting not allowed.</li> <li>If the Client elects to use third-party contract underwriting, a copy of the applicable individual contract underwriters’ 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.</li> </ul>
<p><b>FNMA HOMEReady</b></p>	<p><b>HOMEReady:</b></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.</li> <li>Borrower annual income cannot exceed 80% of the area median income limits.</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 and Limited Cash-Out Refinance transactions only             <ul style="list-style-type: none"> <li>1 unit, max LTV/CLTV is 97/97</li> <li>2-4 units, max LTV/CLTV 95/95</li> </ul> </li> <li>The lender must document that the existing loan being refinanced is owned (or securitized) by Fannie Mae.</li> <li>Occupying borrower must not have ownership interest in more than two financed properties, including subject.</li> <li>Does not require FTHB.</li> <li>If all occupying borrowers are first time homebuyers (purchase transactions) then at least one borrower must participate in a homeownership education program before the note date</li> </ul>



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<p><b>FNMA HOMEReadY (con't)</b></p>	<p>Eligibility for a HomeReady loan compares the borrowers' 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 Federal Housing Finance Authority (FHFA). To determine Fannie Mae loan eligibility, lenders must refer to the AMIs on Fannie Mae website.</p> <p><a href="https://ami-lookup-tool.fanniemae.com/amilookuptool/?ga=2.256300619.1310062757.1696435413-113143664.162619520">https://ami-lookup-tool.fanniemae.com/amilookuptool/?ga=2.256300619.1310062757.1696435413-113143664.162619520</a></p> <ul style="list-style-type: none"> <li>• To determine if a mortgage is eligible under the borrowers' 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 credit worthiness 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 HOMEReadY Very Low-Income Program (VLIP)</b></p>	<ul style="list-style-type: none"> <li>• FNMA HomeReady Guidelines must be met</li> <li>• Borrower annual income cannot exceed 50% of the area median income limits</li> <li>• Must be Primary Residence</li> <li>• Must be Purchase Transaction</li> <li>• At least one borrower must be the first time homebuyer</li> <li>• Homebuyer Education is required if one borrower is first time homebuyer and must be completed prior to loan closing</li> <li>• Closing Disclosure Page 3 Section L must show \$2500 HomeReady VLIP Credit to the borrower</li> <li>• FNMA and FHLMC UCD Findings must show \$2500 VLIP Credit to the borrower</li> <li>• Funds can be used towards closing costs and/or down payment</li> <li>• Loans delivered to FNMA must include SFC 900 and 884</li> <li>• <b>NOTE:</b> VLIP is approved by the Agencies for loans purchased thru February 28, 2027. Gateway will require VLIP loans purchased by January 31, 2027, to allow time for delivery to the applicable agency.</li> <li>• <b>NOTE:</b> Gateway does not purchase loans with the \$500 first time homebuyer credit that is required prior to the purchase contract date.</li> </ul>



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<p><b>FNMA STUDENT CASH OUT</b></p>	<p><b>Student Cash Out:</b></p> <ul style="list-style-type: none"> <li>• Effective with the new FNMA LLPA Grid dated 5/1/2023, Student loan cash-out refinances (identified by SFC841) will be charged the LLPAs for limited cash-out refinances.</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.</li> <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 the student loan must be paid in full - partial payments are not permitted.</li> <li>• Deliver with SFC 003 and SFC 841</li> </ul>
<p><b>LLPA Waiver Programs</b></p>	<ul style="list-style-type: none"> <li>• Loan Program Codes: CF10-AMI, CF15-AMI, CF20-AMI, CF25-AMI, CF30-AMI</li> <li>• This program waives LLPAs.</li> <li>• To qualify a borrower must be first-time homebuyer and &lt; 100% AMI or &lt; 120% AMI for high-cost area and allows LTV up to 97%.</li> <li>• Property primary residence</li> <li>• Purchase or Limited Cash-out Refinance</li> </ul>

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 HomeReady Mortgage Lender Fact Sheet: <https://singlefamily.fanniemae.com/media/16486/display>

Fannie Mae Student Cash Out Guide: <https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/Subpart-B2-Eligibility/Chapter-B2-1-Mortgage-Eligibility/Section-B2-1-3-Loan-Purpose/1032996711/B2-1-3-03-Cash-Out-Refinance-Transactions-02-01-2023.htm#Student.20Loan.20Cash-Out.20Refinances>

