TEXAS VETERANS LAND BOARD (TVLB)— PRODUCT DESCRIPTION

PRODUCT DESCRIPTION

- The Texas Veterans Housing Assistance Program (VHAP) provides up to $832,750 towards the purchase of a home to a qualified Texas Veteran
- Do not refer to Gateway's Overlay Matrix for this program

PROGRAM OPTIONS

- Veterans are entitled to the discount below if they qualify:
  - 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

    NOTE: An unmarried surviving spouse of a veteran who is missing in action, died in 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 from the VA) at the time of death is also eligible for the discount
- National Guard and Reserves: If the borrower is in the Reserves or National Guard and he or she is activated any time after the closing date, he or 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%

BORROWER ELIGIBILITY

- 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 https://www.glo.texas.gov/veterans/home-loans The borrower certified by VLB must be listed as the primary borrower on the loan

  NOTE: Trusts are not allowed
- Eligibility Requirements
  - At least 18 years of age
  - A Bona fide and legal resident of Texas on the date of the residential loan application (1003) and meet the following service requirements.
    - Active duty members of the armed services who did not enter the service in Texas but have changed their State of Legal Residence to Texas (and are presently stationed in Texas at the time of the form 1003, residential loan application) are eligible to participate in the program. A copy of a filed Form DD-2058 verifying change of legal residence or a recent leave and earnings statement (LES) showing Texas as the veteran's state of legal residence must be submitted to the VLB with the request for certification
    - Submit proof of residency. Applicant must show proof that Texas was their home of record at the time of residential loan application (1003). Please provide a copy of one of the following items:
      - Texas driver's license
      - Utility bill with Texas address
      - Military transfer orders to Texas
      - Letter from relative

TEXAS VETERANS LAND BOARD (TVLB)— PRODUCT DESCRIPTION

BORROWER ELIGIBILITY (con't)	• Service Requirements
	  • An active duty military member.
	  • Has completed all initial active duty training required as a condition of service in any National Guard or reserve component of one of the federal military branches .
	  • 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
	  • A person who has been discharged from the branch of the service in which the person served or from the reserve or National Guard with:
	  1. a discharge type of honorable, general, or medical is eligible for a loan under the program and participation in the board's other loan programs.
	  2. a discharge type of dishonorable is not eligible for a loan under the program and participation in the board's other loan programs.
	  3. any other discharge type, including but not limited to, bad conduct, other than honorable, entry level separation, or separation for convenience of the government is not eligible for a loan under the program or participation in the board's other loan programs unless the person provide a certificate of eligibility or similar documentation from the USVA demonstrating the person qualifies for a VA loan based on service history and duty status
	• A surviving spouse of a Veteran listed as missing in action or whose death was service connected.
	Any existing Veterans Land Board (VLB) residential home loan must be successfully repaid prior to or simultaneously with the closing of a new VLB Housing Assistance loan

PROGRAM SPONSOR	• Texas Veterans Land Board (TVLB)
SERVICER	• Gateway First Bank
ELIGIBLE AREA	• State of Texas
INTEREST RATES	• The Texas Veterans Land Board (VLB) publishes the rate weekly. Rates are found on the VLB web site at https://www.glo.texas.gov/veterans • From the Home page, Select Veterans, then Home Loans to view current rates • Interest rate and discount are subject to change at any time
LOAN TYPES	• FHA • VA • Conventional
LOAN PURPOSE	• Purchase • Refinances are not allowed. However, construction to permanent financing is permitted provided the original construction loan does not exceed 24 months. The veteran must sign the TVLB "Take-Out Loan Affidavit" and provide a copy of recorded construction contract **NOTE**: Copy of VLB Take-out Affidavit required on construction to perm loans with the documents listed on the renewal extension

TEXAS VETERANS LAND BOARD (TVLB)— PRODUCT DESCRIPTION

PRODUCT CODES	• 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

ELIGIBLE PROPERTIES	• 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
	  • 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
	  • Not allowed on Freddie Mac loans

NEW CONSTRUCTION REQUIREMENTS	• All new construction loans must meet building standards for new homes as required locally by cities, counties, state and/or federal and must follow agency guidelines (**NOTE**: VLB Take-out Affidavit required on construction to perm loans with the documents listed on the renewal and extension.)
OCCUPANCY	• Primary residence • Eligible Veteran must occupy the property within 60 days of closing • The eligible Veteran(s) must occupy the property as a principal residence for a period of three (3) years from the date of purchase. If the Borrower leases, transfers, or conveys any interest in the property prior to the completion of the three (3) year period without prior VLB written authorization, the VLB may require escalation of the interest rate on the loan or acceleration and immediate payment of the principal balance and interest due on the loan. **NOTE:** Please refer to the VLB Rider for Specific Language.

LTV / CLTV	• Conventional – Ninety-five percent (95%) LTV
	  • **With Subordinate Financing:**
	  • 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
	• Gateway does not permit subordinate financing on FHA/VA loans

BUY DOWN	• Not Allowed

TEXAS VETERANS LAND BOARD (TVLB)— PRODUCT DESCRIPTION	
MORTGAGE INSURANCE	• Standard mortgage insurance is required on Conventional loans regardless of AUS findings
APPRAISAL	• Full appraisal required
MINIMUM CREDIT SCORE	• Follow agency guidelines
MAXIMUM DTI	• Follow agency guidelines
INCOME LIMITS	• No income limit
PURCHASE PRICE LIMIT	• The maximum loan amount for an eligible veteran is $832,750 (including any applicable VA Funding Fee or financed mortgage insurance)
OTHER ELIGIBILITY GUIDELINES	• Follow agency guidelines on maximum acreage • Owner occupied only • Assumptions generally not allowed • Trusts not allowed • Follow Gateway Power of Attorney/Electronic Signature Guidelines • 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

UNDERWRITING	• DU Approve Eligible and LPA Accept or Accept Plus following Agency Guidelines are the only acceptable findings.
	• VA Requires two-time close construction to permanent loans to be run as Refinance Cash-Out with a DU Approve or LP Accept.
	• Full Documentation
	• Manual Underwriting allowed for FHA and VA ONLY
	• Appraisal Form 1004 is required.
	• Texas Official Wood Destroying Insect Report SPCS/T-5. 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
	  ◦ For New Construction, if NOV #2A is selected and form NPMA-99A is provided, nothing further is required.
	  ◦ For Existing, If NOV #2A is selected the Texas Wood Destroying Insect Report (T5) is required. The NPMA 33 Form is not acceptable.
	• Trusts are not allowed

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DOWN PAYMENT ASSISTANCE	• 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 Gateway
	• Loans with down payment assistance (DPA) from non-profit entities must receive approval from Gateway and TVLB prior to loan closing and preferably prior to rate lock
	• For DPA approval, please email the following documents to CorrPAManagement@gatewayloan.com - Type **"DPA Request for TVLB"** in subject line:
	  • 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

ESCROWS	• 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:
	  • Loan is not HPML
	  • The standard escrow provision must remain in the mortgage documents
	  • Gateway retains the right to enforce escrow requirement if borrower fails to act responsibly
	• Escrow holdbacks allowed, must be completed prior to purchase

PROGRAM FEES	• 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 *VA Exception fees listed by state for Participation Fee • Discount Points are not allowed • The Gateway Funding Fee cannot be charged to the borrower • Escrow waiver fees are not allowed • The TVLB requires all Lenders to follow the published guidelines of FHA and VA pertaining to maximum allowable borrower closing costs

TEXAS VETERANS LAND BOARD (TVLB)— PRODUCT DESCRIPTION

GATEWAY LOAN REGISTRATION AND RATE LOCK POLICIES AND PROCEDURES	• 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 Gateway • 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 at CorrBonds@GatewayLoan.com to avoid pricing issues after closing. • 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 **NOTE:** The upward tolerance will not be honored on loans exceeding the TVLB maximum loan limit of FHA/Conventional/VA: $832,750, not to exceed applicable Agency guidelines for maximum loan amounts **NOTE:** Loans with balances outside the five percent (5%) tolerance are subject to renegotiation of rate or a pricing adjustment

TEXAS VETERANS LAND BOARD (TVLB)— PRODUCT DESCRIPTION

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

- **ALL CHANGES SUBJECT TO APPROVAL AND POTENTIAL REPRICING BY GATEWAY**
- **Changes that will incur additional fees:**
  - As an approved lender with Gateway Mortgage, 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 a 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 properly prior to closing, the loan will be subject to the 1% of the loan amount for no lock fee in addition to any applicable buy down and pending fees at that time TVLB Admin is notified.
  - 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 a loan closed at higher interest rate than the TVLB locked rate then the loan must reclose at the TVLB interest rate

TEXAS VETERANS LAND BOARD (TVLB)— PRODUCT DESCRIPTION

CHANGES TO REGISTRATIONS AND LOCKS, RELOCKS, REPRICING AND CANCELLATION POLICIES (con't)	• **Relock(s)** and Cancellations are at the discretion of Gateway
	  • Loans in process (with the same property address) may not be re-locked until the initial VLB lock has expired with the TVLB Administrator. Contact the lock desk to confirm the date the loan may be eligible for re-lock. A new registration will be required at that time and the loan CANNOT have closed prior to re-locking the rate. NOTE: The rate stays with the veteran for one year. If re-locking within one year of the initial lock, the new loan will be subject to worse case pricing.
	  • 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
	• **Property Address Change**
	  • Borrowers are permitted to change properties and to lock current market if the address and legal description has changed. Current lock will be required to be cancelled, and new lock will be locked at current market. Borrower is limited to 3 address changes per year at current market. If the limit is exceeded, any new locks will be subject to worse case based on the previously cancelled locks.

FORMS REQUIRED	• Listed below are the VLB Program documents to be completed, as applicable:
	  • Required of all applicants: VLB Certification of Eligibility Application to receive Notice of Eligibility - Found here **https://www.glo.texas.gov/veterans/home-loans**
	  • **TVLB Registration Form** - Located on Gateway's website
	  • New Construction Only - TVLB Take-Out Loan Affidavit Located on the GEMS portal
	  • TVLB Deed of Trust Rider - Located on GEMS Portal

PACKAGING AND LOAN DELIVERY	• The following TVLB specific program documents and checklists must be completed and delivered with the closed loan package to Gateway: • All TVLB loans **MUST** deliver the **ORIGINAL RECORDED MORTGAGE** • **TVLB Client Checklist** signed and completed • **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 ORIGINATION AND DELIVERY**

TEXAS VETERANS LAND BOARD (TVLB)— PRODUCT DESCRIPTION

KEY POINTS AND REMINDERS REGARDING TVLB LOAN ORIGINATION AND DELIVERY

- **Borrower(s) must be a bona fide Texas legal resident on the date of residential loan 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 in the GEMS Portal/Resource Library/ TVLB**
- **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
- **Original recorded Deed of Trust** is **required**, a recorded copy is not acceptable
  - When applicable, original recorded Correction Affidavit is required, a recorded copy is not acceptable
- **Final Title Policy:** Schedule B on title policy, item 2 must be amended to read **"shortages in area"**
- **Maximum VA Loan Amount:** The maximum loan amount for an eligible veteran is $832,750 (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 SPCS/T-5 (Follow NOV Requirements)
- **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 refer to the Taxes section of our Client Guide - Chapter 4.
- **Making Borrower Payments to Gateway:** Upon receipt of Purchase Advice, review for Client or Gateway to collect Borrower payment(s). Borrower Payments made to Gateway in error may delay the TVLB purchase, resulting in the Client being responsible for any additional fees and payment history.
- **Trusts are not allowed:** TVLB loans must not close in the name of a trust.
- **Dual Entitlement:** If combined entitlement is used to qualify, both borrowers must be on the loan and the LGC must include both borrowers showing 25% and VA Approval if applicable
- **Non-Purchasing Spouse:** requires NPS signed Credit Authorization or if credit authorization was obtained verbally requires a Lender Attestation form detailing the NPS verbal approval. See Gateway VA Product Description for additional details.