

Gateway Retail Underwriting Matrix

This matrix applies to all Gateway Retail loans in process 11/01/2014.

Complete agency guidelines for FHA, VA, USDA, Fannie Mae, ONAP, and Bond programs are available on their respective websites.

Guideline	Product	Comment
Asset Verification	All	<ul style="list-style-type: none"> Assets must be documented per agency guidelines and AU findings. Borrowers must provide an explanation for NSF's. Loan must be downgraded to Gateway Manual Underwriting guidelines if the borrower has > 3 NSF's per month. Borrower must provide an explanation and documentation of the source of funds for any recently opened accounts. In addition - <ul style="list-style-type: none"> Conventional purchase transactions – <i>borrower must explain and document source of any (non payroll direct) deposit that exceeds 50% of the total monthly qualifying income.</i> FHA, VA, USDA, HUD 184 – <i>borrower must explain and document source of any (non payroll direct) deposit that exceeds 2% of the sales price or appraised value on refinance transactions requiring funds to close.</i> Funds that cannot be sourced still require an explanation from the borrower and must be deducted from funds to qualify.
CAIVR and LDP/GSA	All Government	<ul style="list-style-type: none"> CAIVR and LDP/GSA must be clear. NO EXCEPTION.
Conflict of Interest	All	<ul style="list-style-type: none"> Refer to GatewayEdge.com - Retail/Policies/Conflict of Interest Loans.
Credit Depth	All	<ul style="list-style-type: none"> At least one OCCUPYING borrower must meet the following minimum Credit Depth guidelines: <ul style="list-style-type: none"> Borrowers with a satisfactory current verifiable housing history must have minimum 1 other traditional or 2 other non- traditional lines of credit with minimum 12 month history in the most recent 36 months. Housing verification (VOR or VOM) from a non institutional individual must be supported by 12 months canceled checks. Borrowers without a current verifiable housing history must have minimum 3 traditional or 4 non-traditional lines of credit with minimum 12 month history in the most recent 36 months. Non-traditional lines of credit are only considered in the absence of traditional lines of credit. Non-traditional credit does not replace derogatory traditional credit and must meet the following: <ul style="list-style-type: none"> Credit lines must have regular monthly payments, and exclude deferred student loans and authorized user accounts. No collections / court orders reported / filed within most recent 12 months when developing non-traditional credit.
Credit Reject	FHA	<ul style="list-style-type: none"> Must meet all FHA and Gateway Manual Underwriting guidelines. NO EXCEPTION. Loans with Credit Reject on FHA Connection require 2nd level approval by Corporate Retail Underwriting Manager. Provide FHA Connection Credit Reject screen prints and copy of Notice of Denial from other lender(s). Full documentation required to support overturning all reasons for Reject/Denial.
Credit Report	All	<ul style="list-style-type: none"> All borrowers must have a valid Social Security number. NO EXCEPTION. All borrowers must be legally in the United States. NO EXCEPTION. Credit Reports should not be more than 60 days old at initial underwrite. All non-traditional credit references must be verified on a Non-traditional Mortgage Credit Report (NTMCR) developed by a credit-reporting agency. Refer to FHA 4155.1 1.C.5. for complete guidance.

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Credit Score	All	<ul style="list-style-type: none"> • 620
	FHA / VA	<ul style="list-style-type: none"> • 600 – 619 considered subject to all the following: <ul style="list-style-type: none"> ○ 1 Unit only. ○ Purchase only. ○ DU A/E required. ○ Maximum DTI 31/43. ○ Must meet GMG Credit Depth guidelines. ○ Minimum 120% residual income, per VA guidelines. ○ Minimum 2 months reserves from borrower personal checking / savings supported by 60 days statements (not Gift, tax refund, lawsuit, retirement, cash-out, etc...). ○ Satisfactory current 12 month VOR / VOM with no housing lates and maximum 100% payment shock. ○ Borrower's with NO previous mortgage or rental history considered subject to: <ul style="list-style-type: none"> • Minimum 10% downpayment (90% LTV) from borrower personal checking / savings supported by 60 days statements or GMG prior approved DPA program (not Gift, tax refund, lawsuit, retirement, cash-out, etc...). [VA only – will consider max financing IF it can be satisfactorily documented the borrower has been living in base housing minimum 12 months and has no other previous mortgage or rental history. All other requirements apply (reserves, Homebuyer education, etc...)] • Satisfactory rent free letter from borrower and housing provider. • Confirmation of no utility or apartment late payments or collections on the credit report. • Minimum 3 months reserves from borrower personal checking / savings supported by 60 days statements (not Gift, tax refund, lawsuit, retirement, cash-out, etc...). • Completion of agency approved Homebuyer education.
	FHA / VA / USDA Manual Underwrite	<ul style="list-style-type: none"> • 620 considered, subject to meeting all Gateway Manual Underwriting guidelines, see page 6.
	FHA 203k streamline	<ul style="list-style-type: none"> • 640
	No Credit Score	<ul style="list-style-type: none"> • FHA, VA, and HUD 184 borrowers with no Credit Score considered subject to meeting all Credit Depth, Manual Underwriting guidelines, 2nd level approval by Corporate Underwriting Manager, and Secondary Price adjustment.
Deed Restricted Properties	All	<ul style="list-style-type: none"> • Deed Restricted Properties require prior approval by Title Insurer with no exceptions. • Prior approval by Gateway Corporate Underwriting Manager.

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DTI / Reserves	All	<ul style="list-style-type: none"> South Carolina max 50% DTI on refinance transactions. NO EXCEPTION. West Virginia max 50% DTI on all transactions. NO EXCEPTION. 																											
	Conventional	<ul style="list-style-type: none"> Per DU A/E, except <ul style="list-style-type: none"> DU Refi Plus max 45% DTI per Fannie Mae. NO EXCEPTION. 																											
	Bond Loans	<ul style="list-style-type: none"> DU A/E required – max DTI is lesser of specific Bond program or maximum 50% DTI, with the following reserve requirements - <table border="1" data-bbox="611 456 1016 714"> <thead> <tr> <th></th> <th colspan="2">Number of months reserves</th> </tr> <tr> <th>FICO / DTI</th> <th>37-47%</th> <th>47-50%</th> </tr> </thead> <tbody> <tr> <td>680 - up</td> <td>0</td> <td>0</td> </tr> <tr> <td>660 - 679</td> <td>0</td> <td>2</td> </tr> <tr> <td>640 - 659</td> <td>2</td> <td>2</td> </tr> <tr> <td>620 - 639</td> <td>2</td> <td>3</td> </tr> </tbody> </table>		Number of months reserves		FICO / DTI	37-47%	47-50%	680 - up	0	0	660 - 679	0	2	640 - 659	2	2	620 - 639	2	3									
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FHA	<ul style="list-style-type: none"> DU A/E required – max DTI 55%, subject to following reserve requirements – <table border="1" data-bbox="611 779 1226 1070"> <thead> <tr> <th></th> <th colspan="3">Number of months reserves</th> </tr> <tr> <th>FICO / DTI</th> <th>37-47%</th> <th>47-50%</th> <th>50-55%</th> </tr> </thead> <tbody> <tr> <td>680 - up</td> <td>0</td> <td>0</td> <td>2</td> </tr> <tr> <td>660 - 679</td> <td>0</td> <td>0</td> <td>3</td> </tr> <tr> <td>640 - 659</td> <td>0</td> <td>0</td> <td>not allowed</td> </tr> <tr> <td>620 - 639</td> <td>2</td> <td>3</td> <td>not allowed</td> </tr> <tr> <td>600 - 619</td> <td>2*</td> <td colspan="2">not allowed</td> </tr> </tbody> </table> <p><small>*600-619 max 31/43% DTI and must meet all Gateway Credit Score guidelines above (top of page 2).</small></p>		Number of months reserves			FICO / DTI	37-47%	47-50%	50-55%	680 - up	0	0	2	660 - 679	0	0	3	640 - 659	0	0	not allowed	620 - 639	2	3	not allowed	600 - 619	2*	not allowed	
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VA	<ul style="list-style-type: none"> Per DU A/E up to 55% DTI. Greater than 55% DTI considered subject to ALL of the following: <ul style="list-style-type: none"> DU A/E Minimum 640 FICO Minimum 3 months reserves from borrower personal checking / savings supported by 60 days statements (not Gift, tax refund, lawsuit, retirement, cash-out, etc...). 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, retirement, cash-out, etc...). 																												
USDA	<ul style="list-style-type: none"> Gus Accept or USDA prior approval - maximum 45%. 																												
HUD 184	<ul style="list-style-type: none"> Maximum 41% or 43% with significant compensating factors. 																												

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Employee Loan	All	<ul style="list-style-type: none"> Refer to GatewayEdge.com - Retail/Policies/Employee Loans.
Employment Offer / Contract	Conventional	<ul style="list-style-type: none"> Borrower currently employed <ul style="list-style-type: none"> qualify at lessor of current or new base income only supported by current unexpired paystub source of income must be in same line of work minimum 2 years new employment must start within 60 days of closing and end of current employment reserves per DU Findings plus 2 additional months to cover until new employment offer must be guaranteed and accepted by employer and employee, with no outstanding contingencies (such as testing or State licensing) Borrower not currently employed and/or qualifying at new higher guaranteed offer or contract <ul style="list-style-type: none"> Minimum 700 FICO Single Family, Owner Occupied only Maximum 90% LTV, subject to non delegated MI approval Offer must be guaranteed and accepted by employer and employee, with no outstanding contingencies (such as testing or State licensing) New employment must start and 1st full paystub must be received within 45 days of loan closing. Source of income must be in same line of work or higher education Loan must be locked through 1st full pay period with .25 price adjustment Reserves per DU Findings plus 3 additional months to cover until new employment 2nd level approval by Corporate Underwriting Manager, prior to final loan approval It is the Originating Branch responsibility to obtain, upload the 1st full paystub, and notify Secondary for loan delivery to Fannie Mae. Corporate Underwriting Manager must complete exception request in BYTE and notify Secondary of price hit and to hold loan for delivery
Escrow Waiver	Conventional	<ul style="list-style-type: none"> Escrow waiver not allowed over 80% LTV, unless all of the following are met: <ul style="list-style-type: none"> Not allowed on High Priced Mortgage Loans (HPML). Not allowed on properties requiring Flood Insurance. This is a regulatory requirement and cannot be waived. Maximum 90% LTV. Maximum 40% DTI. Minimum 700 FICO. Minimum \$100,000 verified liquid assets after closing. Mortgage Insurance must be single premium, either Lender or Borrower Paid. No Bankruptcy, Foreclosure, Short Sale or Short Payoff dismissed, discharged, or completed last 3 years.

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Guideline	Product	Comment
FHA 203k Streamline	FHA	<ul style="list-style-type: none"> Refer to GatewayEdge.com - Retail/Products/203k Streamline.
Ineligible Property Types	All	<ul style="list-style-type: none"> Tribal land Time Share Cooperatives Mobile Homes Chinese Drywall Boarding Houses Bed and Breakfast Unimproved Land Manufactured Homes Resale Restricted Properties Working Farms and Ranches Property currently in litigation Properties held in a business name Zoning violations including residential properties zoned commercial Commercial Enterprises (e.g. Bed and Breakfast, Boarding House, Hotel) Unique properties including Berm, Dome, Earth, Geodesic, Metal building and Log Cabin considered subject to minimum 10% additional down payment or reduction in LTV with maximum 85% LTV, and satisfactory approved appraisal with like comparables.
Investment Properties	All	<ul style="list-style-type: none"> Rental Income cannot be considered for any lease executed with a family member or interested party to the transaction.
	Conventional	<ul style="list-style-type: none"> Investment property purchase where borrower does not own a primary residence must qualify with full PITI payment. Investment property refinance where borrower does not own a primary residence may only use rental income supported on tax returns.
Leasehold	All	<ul style="list-style-type: none"> Leaseholds require prior approval by Title Insurer. NO EXCEPTION. Approval by Gateway Corporate Underwriting Manager and Compliance Department.
Loan Amount	All	<ul style="list-style-type: none"> Loan amounts > \$417,000 require 2nd level approval by Corporate Underwriting Manager and Secondary.
LTV Limits	VA	<ul style="list-style-type: none"> Cash out — max 95% LTV (Texas VA 100% LTV allowed with no cash out.)
	USDA	<ul style="list-style-type: none"> Cash-out not allowed.
	Fannie DU Refi Plus	<ul style="list-style-type: none"> GMG and Non-GMG Serviced 150% max LTV / CLTV Loans with MI are considered, subject to current Gateway approved MI provider approving and transferring MI certificate.

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Manual Underwriting	Conventional	<ul style="list-style-type: none"> Manual underwrite not allowed. DU A/E required. NO EXCEPTION.
	FHA / VA / HUD 184 / Bond	<ul style="list-style-type: none"> DU A/E required on all Cash-out Refinance transactions. Manual underwrite considered on Purchase and Rate/Term Refinance transactions subject to all the following: <ul style="list-style-type: none"> Must meet all applicable FHA, HUD 184, VA, and Bond manual underwriting guidelines including full documentation (30 days paystubs, 2 years W-2's, 2 years Federal tax returns, 60 days complete savings statements, etc...) Minimum 620 FICO. <ul style="list-style-type: none"> No FICO borrower(s) considered on FHA, VA, and HUD 184 (not Bond) subject to minimum 3 months reserves from borrower personal checking / savings supported by 60 days statements (not Gift, tax refund, lawsuit, retirement, cash-out, etc...), and completion of agency approved Homebuyer education. Maximum 31/43% DTI. Minimum 120% residual income, per VA guidelines. 1 Unit only, 2-4 Unit not allowed for manual underwrite. Minimum 1 month reserve from borrower personal checking / savings supported by 60 days statements (not Gift, tax refund, lawsuit, retirement, cash-out, etc...). Satisfactory most recent 12 month VOR / VOM with no housing lates and maximum 100% payment shock. Borrower's with NO previous mortgage or rental history considered subject to: <ul style="list-style-type: none"> Satisfactory rent free letter from borrower and housing provider. Confirmation of no utility or apartment late payments or collections on the credit report. Minimum 3 months reserves (2 months on VA) from borrower personal checking / savings supported by 60 days statements (not Gift, tax refund, lawsuit, retirement, cash-out, etc...). Completion of agency approved Homebuyer education. No new collections or charge-offs in last 12 months. No Chapter 13 Bankruptcy dismissed last 2 years. No Chapter 7 Bankruptcy dismissed or discharged last 2 years, and no new derogatory credit. No Foreclosure, Short Sale or Short Payoff dismissed, discharged, or completed last 3 years.
	USDA	<ul style="list-style-type: none"> Manual underwrite considered on purchase transactions only subject to all of the following: <ul style="list-style-type: none"> Must meet GMG Underwriting matrix guidelines including Credit Depth and all USDA manual underwriting guidelines. Minimum 620 FICO. No FICO borrower(s) will not be considered on USDA. Maximum 45% DTI. 1 Unit only, 2-4 Unit not allowed for manual underwrite. Completion of agency approved Homebuyer education. Prior approval by USDA with Firm Commitment prior to closing. <ul style="list-style-type: none"> Loan must be underwritten and submitted to USDA by Gateway Underwriter. Gateway Underwriter will handle communication with USDA.

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Guideline	Product	Comment
Mortgage Insurance	Conventional	<ul style="list-style-type: none"> • Gateway approved Retail MI companies – Arch, Essent, UGI, Radian, Genworth, and MGIC. • New non-delegated mortgage insurance certificate ordered by Gateway Underwriter. • Delegated MI not allowed. • Monthly LPMI not allowed. • Minimum or Reduced MI associated with a loan level price adjustment not allowed. • Transferred MI certificate only allowed on DU Refi Plus. • LPMI not allowed on DU Refi Plus.
Multiple Properties	All	<ul style="list-style-type: none"> • Borrowers closing more than 1 primary residence within 12 month period require 2nd level approval by Corporate Underwriting Manager. • Borrower / household may have 4 financed properties with Gateway Mortgage Group with no additional overlays. • Borrower / household may have maximum 10 financed properties with Gateway Mortgage Group subject to: <ul style="list-style-type: none"> ○ Aggregate \$2,000,000 in total Gateway Mortgage Group loans. ○ Minimum 2 years landlord experience documented on validated United States Federal tax return(s). ○ Refer to <i>Fannie Mae B2-2-03, Multiple Financed Properties</i> for complete agency guidelines, including minimum 720 FICO, LTV restrictions, reserve requirements, etc...
Non-Arms Length	All	<ul style="list-style-type: none"> • Non-arms length transactions are transactions in which there is a relationship or business affiliation between the borrower and any interested party involved in the transactions. This includes family members, builder, seller, lender, broker, employer, real estate agent, appraiser, etc... • Primary residence only. • Not allowed on second home or investment properties. • Full documentation, including Federal tax returns, regardless of DU findings. • Satisfactory VOM's on all outstanding liens on subject property confirming the transaction is not a bail out. • Owner / Builder transactions are restricted to Conventional only, maximum 80% LTV, paying off interim financing, closing costs and prepaids only. NO cash back to Owner / Builder or Construction company. • Refer to GatewayEdge.com - Retail/Policies/Conflict of Interest Loans for further details.
Power of Attorney	All	<ul style="list-style-type: none"> • All POA's should be reviewed to ensure they are valid and are enforceable – questions regarding validity or enforceability should be referred to Gateway's Legal Department prior to closing. • Gateway employees should not prepare or provide POA forms to customers, or encourage the use of a POA – POAs should be used by customers as a matter or necessity, not convenience. • Power of Attorney not allowed on Texas Equity transactions.
Principal Reduction	All	<ul style="list-style-type: none"> • Principal Reductions allowed up to lesser of 2% of loan amount or \$400 max.

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Guideline	Product	Comment
Streamline Refinance	All Government	<ul style="list-style-type: none"> • Non GMG loan - minimum 620 credit score. • Current GMG loan - minimum 580 credit score. • 0x30 late mortgage payments in the last 12 months or life of loan if less than 12 months. • Minimum documentation required: <ul style="list-style-type: none"> ○ Non GMG loan - full tri-merge credit report, Current GMG loan - single line tri-merge credit report. ○ Most recent paystub, verbal VOE, and verification of sufficient assets to close. • Borrower(s) actual income (sources and amount) must be listed on the application. • Second homes not eligible for streamline refinance. • VA IRRRL's not eligible in Michigan or Miami Dade County FL. • USDA streamline considered only if current loan is insured USDA. • HUD 184 streamline considered only if current loan insured HUD 184.
Trust	All	<ul style="list-style-type: none"> • All loans closed in Trust require the Trust to be prior approved by a Gateway Corporate Underwriting Manager.