



## **GMFS Down Payment Advantage**

### **A Community Lending Program (DPA)**

The GMFS Down Payment Advantage Product, a Community Lending Program (DPA) is a partnership program tailored to assist low to moderate income borrowers realize their dream of homeownership. This first mortgage program is paired with the Fahe My Place or Springboard To Homeownership second mortgage program.

# GMFS Down Payment Advantage Product



Red indicates a change from previous matrix.

Overlays to Fannie Mae guidelines are underlined and in italics

GMFS National				
Fixed Rate				
Occupancy	Purchase			
	Number of Units	Maximum LTV/CLTV/HCLTV <sup>4</sup>	FICO	DTI
<b>Primary Residence</b>	1 Unit	97 <sup>1,2</sup> /105 <sup>2,3</sup>	<u>660</u>	the lesser of AUS or 50%
<sup>1</sup> Up to 97% LTV permitted in accordance with Fannie Mae (conforming only) <sup>2</sup> Refer to First Time Home Buyer section for additional details <sup>3</sup> Up to 105% CLTV permitted with Community/Affordable Seconds in accordance with Fannie Mae <sup>4</sup> Minimum LTV 80.01%				

Loan Product							
Eligible Products/Terms	<b>30 Year Fixed First Mortgage with Down Payment Second</b> State determines if the product is Springboard or Fahe – Optimal Blue will determine eligibility						
	<table border="1" style="width: 100%;"> <tr> <th style="width: 50%;"><u>DPA – Spring Board</u></th> <th style="width: 50%;"><u>DPA - Fahe</u></th> </tr> <tr> <td>DPA Conv 30 Yr – SB</td> <td>DPA Conv 30 Yr – Fahe</td> </tr> <tr> <td>DPA HomeReady 30 Yr - SB</td> <td>DPA HomeReady 30 Yr - Fahe</td> </tr> </table>	<u>DPA – Spring Board</u>	<u>DPA - Fahe</u>	DPA Conv 30 Yr – SB	DPA Conv 30 Yr – Fahe	DPA HomeReady 30 Yr - SB	DPA HomeReady 30 Yr - Fahe
	<u>DPA – Spring Board</u>	<u>DPA - Fahe</u>					
	DPA Conv 30 Yr – SB	DPA Conv 30 Yr – Fahe					
	DPA HomeReady 30 Yr - SB	DPA HomeReady 30 Yr - Fahe					
	<b>Second Mortgage Interest-only Product</b>						
<table border="1" style="width: 100%;"> <tr> <th style="width: 50%;"><u>Springboard To Homeownership</u></th> <th style="width: 50%;"><u>Fahe My Place Mortgage</u></th> </tr> </table>		<u>Springboard To Homeownership</u>	<u>Fahe My Place Mortgage</u>				
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Income Limits	All reported income that is verified and meets the criteria for stable monthly income must be used to qualify the borrower.						

Ineligible Product Types	<ul style="list-style-type: none"> <li>• HomeStyle Renovation/Energy</li> <li>• CHOICERenovation</li> <li>• HFA Preferred</li> <li>• HFA Advantage</li> <li>• Freddie Loan Programs</li> </ul>
Maximum Loan Amount	<ul style="list-style-type: none"> <li>• Current Conforming limits</li> </ul>
Loan Purpose	<ul style="list-style-type: none"> <li>• Purchase Only</li> </ul>
Occupancy	<ul style="list-style-type: none"> <li>• Primary residence: 1 unit</li> </ul>
First Time Homebuyer Requirements	<ul style="list-style-type: none"> <li>• Refer to <a href="#">Fannie Mae Seller Guide</a> as applicable</li> <li>• HomeReady® - No first-time homebuyer requirement               <ul style="list-style-type: none"> <li>◦ The income used to qualify the borrower converted to an annual basis must not exceed 80% of area median income (AMI)</li> </ul> </li> </ul>

# GMFS Down Payment Advantage Product



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	<ul style="list-style-type: none"> <li>• LTV/CLTV/HCLTV <math>\geq 95.01\%</math> - Standard conventional; at least one borrower must be a first-time homebuyer**</li> <li>• LTV/CLTV/HCLTV <math>&lt; 95.01\%</math> - No first-time homebuyer requirement</li> <li>• ** First-Time Homebuyer Definition: At least one buyer must not have owned any residential property in the past three years. In addition, an individual who is a displaced homemaker or single parent will also be considered a first-time homebuyer if he or she had no ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding three year time period. See Fannie Mae guides for further information.</li> </ul>
<b>Temporary Buydowns</b>	Not Permitted
<b>Homebuyer Education Requirements</b>	<ul style="list-style-type: none"> <li>• Required for <u>all</u> borrowers, <b>prior to close</b></li> <li>• Must meet FNMA (as applicable) requirements:             <ul style="list-style-type: none"> <li>◦ DU/FNMA: <a href="#">HomeView</a></li> </ul> </li> <li>• Post-purchase delinquency counseling not required</li> </ul>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• Limited Liability Corporations (LLCs) are <i>not</i> permitted</li> <li>• Acceptable Residency statuses:             <ul style="list-style-type: none"> <li>• US Citizen(s)</li> <li>• Non-US Citizen(s) who are lawfully present in the United States. This includes both Permanent Qualified Resident Aliens and Non-Permanent Qualified Aliens defined in the GMFS Seller Guide or the Residency and Eligibility Guide</li> </ul> </li> <li>• Income Limits - Conventional: Up to 140% Area Median Income; HomeReady/Home Possible: 80% Area Median Income</li> <li>• DTI Requirements – Lesser of 50% or AUS</li> <li>• <u><i>Loans to Limited Liability Companies are not permitted</i></u></li> </ul>

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<p><b>Non-Arm’s Length Transactions</b></p>	<ul style="list-style-type: none"> <li>Refer to <a href="#">Fannie Mae Seller Guide</a> as applicable</li> </ul>
<p><b>Credit</b></p>	
<p><b>AUS</b></p>	<ul style="list-style-type: none"> <li>DU Approve/Eligible is required.</li> <li>Credit evaluated by AUS</li> <li><i>Manual underwriting is not permitted</i></li> </ul>
<p><b>Underwriting Authority</b></p>	<ul style="list-style-type: none"> <li>GMFS Underwrite Only</li> </ul>
<p><b>FICO Requirements</b></p>	<ul style="list-style-type: none"> <li><i>Minimum FICO Score: 660</i></li> </ul>
<p><b>Non-Traditional Credit</b></p>	<ul style="list-style-type: none"> <li><i>Not permitted</i></li> </ul>
<p><b>Significant Derogatory Credit</b></p>	<ul style="list-style-type: none"> <li>Refer to <a href="#">Fannie Mae Seller Guide</a> as applicable</li> </ul>
<p><b>DTI</b></p>	<ul style="list-style-type: none"> <li>Maximum DTI is the lesser of AUS or 50%</li> </ul>
<p><b>Employment/Income</b></p>	
<p><b>Employment/Income Verification</b></p>	<ul style="list-style-type: none"> <li>Employment and income documentation must comply with the requirements of the AUS findings and the <a href="#">Fannie Mae Seller Guide</a> as applicable, including all additional investor COVID guidelines and diligence requirements for income and employment verification that are still in place.</li> <li>Approved third party suppliers and distributors that generate employment and income verification reports are permitted for the purpose of verifying income and/or employment.</li> <li><i>For purposes of determining eligibility, the lender must include the income from all borrowers who will sign the note, to the extent that the income is considered in evaluating creditworthiness for the loan.</i></li> <li>GMFS will require, when self-employment is used to qualify, verification that the borrower’s business is open and operating must be confirmed within twenty (20) business days prior to the note date</li> <li>Non Occupant Co-Borrowers are allowed as per agency guidelines</li> <li>For salaried employees, the verbal verification of employment must be completed within ten (10) business days prior to the note date</li> <li>Income validation obtained through DU may fulfill the VVOE requirement provided that it is obtained within ten (10) business days prior to the note date</li> <li>For self-employed borrowers, the verbal verification of employment must be completed within 120 calendar days prior to the note date</li> <li>All sources of qualifying income must be legal in accordance with all applicable Federal, State and Local laws, rules and regulations, without conflict</li> <li>A 4506-C form is required <i>to be signed at closing</i> for all transactions.</li> <li>Transcript Requirements<sup>**</sup>:             <ul style="list-style-type: none"> <li>W2/1099 transcripts will not be required for a borrower when all income for that borrower is derived from W-2 wage earner and /or 1099 fixed income sources</li> <li><i>Tax transcripts are required in the following circumstances:</i> <ul style="list-style-type: none"> <li><i>When tax returns are used to qualify a borrower. The number of years provided must be based on the DU findings. Income verified via tax returns includes but is not limited to the examples listed below:</i> <ul style="list-style-type: none"> <li><i>Self-employment income</i></li> </ul> </li> </ul> </li> </ul> </li> </ul>

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<p><b>Employment/Income Verification (cont.)</b></p>	<ul style="list-style-type: none"> <li>▪ <u>Rental Income</u></li> <li>▪ <u>Other Income Sources (i.e. Dividend/Interest, Capital Gains, Alimony, etc.)</u></li> <li>▪ <u>When a written VOE form 1005 is used as a standalone income verification</u></li> <li>▪ <u>Employment by family members</u></li> <li>• <u>When amended tax returns have been filed, transcripts are required and must support the amended income</u></li> </ul> <p><b>Note:</b> Typically, tax returns are not available from the IRS until two to three weeks after a Consumer e-files their tax returns and six to eight weeks after filing by mail. If the current tax return has been filed but the corresponding tax transcript is not yet available due to IRS lag times, the prior year’s transcripts are required (depending on AUS requirement), in addition to the current tax return and current year transcript request returned as a “No Record Found”. The current year tax returns must be reviewed to validate the stability of income/business and determine the reasonableness of any positive trends for the purpose of considering as qualifying income. <i>Additional documents, (i.e. copies of cancelled checks for IRS Payment or IRS refund, or electronic filing receipt from the IRS indicating the SID and AGI that matches the return) may be required on a case-by-case basis.</i></p> <p>In FEMA declared disaster areas, the IRS may grant tax filing extensions to citizens of specific Counties and Parishes. If a tax payer takes advantage of these extensions, a copy of the extension, the “No Record” result and the prior year’s transcripts are required (based on AUS finding).</p>
<p><b>Assets/Reserves</b></p>	
<p><b>Asset Documentation</b></p>	<ul style="list-style-type: none"> <li>• Asset documentation must comply with the requirements of AUS findings and the <a href="#">Fannie Mae Seller Guide</a> as applicable             <ul style="list-style-type: none"> <li>◦ Approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets</li> </ul> </li> </ul>
<p><b>Financing Concessions</b></p>	<ul style="list-style-type: none"> <li>• Refer to <a href="#">Fannie Mae Seller Guide</a> as applicable</li> </ul>
<p><b>Borrower Contribution</b></p>	<ul style="list-style-type: none"> <li>• Refer to <a href="#">Fannie Mae Seller Guide</a> as applicable</li> </ul>
<p><b>Subordinate Financing</b></p>	
<p><b>Subordinate Financing/Down Payment Assistance</b></p>	<p><b>Must be paired with a 30 year interest-only second mortgage from either:</b></p> <ul style="list-style-type: none"> <li>• Fahe’s My Place Mortgage Interest-only Program:</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>• Springboard’s Springboard To Homeownership Program:</li> <li>• <u>Other down payment /closing cost programs are permitted in conjunction with the Fahe My Place Mortgage Program or the Springboard To Homeownership Program</u> <ul style="list-style-type: none"> <li>◦ <u>These programs must comply with the Fannie Mae Seller Guide Community Seconds and must be subordinate to Springboard or Fahe’s program, as applicable.</u></li> </ul> </li> </ul>

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<p><b>Second Mortgage Program</b></p>	<ul style="list-style-type: none"> <li>• The state the property is located in determines which program to use (Fahe or Springboard)</li> <li>• The maximum loan amount is up to 4% of the lesser of the appraised value or the purchase price (no dollar cap). Lower percentages are permitted based on your borrowers' needs</li> <li>• The 2<sup>nd</sup> mortgage proceeds may only be used for either down payment, closing costs, or a combination of the two.</li> <li>• Second mortgage proceeds may be used to fund up to 100% of the borrower's cash to close. The only refund that is available to a borrower is a refund of any earnest money, prepaid fees, and interest or tax credits.</li> <li>• The secondary lien will be Interest only, and require interest only payments to be made monthly             <ul style="list-style-type: none"> <li>○ These payments must be included in the DTI considerations for eligibility/qualification</li> </ul> </li> <li>• Second Mortgage is due and payable upon sale, maturation, refinance, early payoff, or transfer of the property</li> <li>• The 2<sup>nd</sup> mortgage has the same interest rate as the 1<sup>st</sup> mortgage</li> <li>• The second mortgage is <b>not</b> forgivable.</li> </ul>
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Property/Appraisal	
<p><b>Eligible Property Types</b></p>	<ul style="list-style-type: none"> <li>• Single Family Detached</li> <li>• Single Family Attached</li> <li>• Single Family with Accessory Unit             <ul style="list-style-type: none"> <li>○ Must be zoned single family</li> <li>○ Subject to all applicable agency guidelines</li> </ul> </li> <li>• Rural properties (must be residential in nature)</li> <li>• PUDs</li> <li>• Condominiums</li> </ul>
<p><b>Ineligible Property Types</b></p>	<ul style="list-style-type: none"> <li>• <u>Manufactured Homes</u></li> <li>• <u>Cooperatives</u></li> <li>• Mobile Homes</li> <li>• Condotels</li> <li>• Hotel Condominiums</li> <li>• Timeshares</li> <li>• Working Farms or Ranches</li> <li>• Unimproved Land</li> <li>• Community Land Trusts</li> <li>• Group Homes</li> </ul>

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<p><b>Appraisal Requirements</b></p>	<ul style="list-style-type: none"> <li>• <u>Hybrid appraisals and the Property Data Report (PDR) are not permitted</u></li> <li>• Determined by AUS findings</li> <li>• <u>Appraisal Condition rating of C5/C6 or Quality rating of Q6: Not permitted</u></li> <li>• <u>GMFS will require successful UCDP Submission Summary Reports (SSRs) from both Fannie Mae. GMFS will not purchase loans that include the proprietary messages that indicate 100% of the loans submitted with appraisals from the identified appraiser or supervisory appraiser will be reviewed, or that Fannie Mae will not accept appraisals from the identified appraiser or supervisory appraiser as applicable.</u></li> </ul>
<p><b>Appraisal Transfers</b></p>	<ul style="list-style-type: none"> <li>• Appraisal transfers are permitted in accordance with the <a href="#">Fannie Mae Selling Guide</a> as applicable</li> </ul>
<p><b>Condos/PUDs</b></p>	<ul style="list-style-type: none"> <li>• Permitted in accordance with <a href="#">Fannie Mae Selling Guide</a> as applicable</li> </ul>
<p><b>Construction Conversion Transactions</b></p>	<ul style="list-style-type: none"> <li>• Permitted in accordance with <a href="#">Fannie Mae Selling Guide</a> as applicable</li> </ul>
<p><b>Disaster Area Requirements</b></p>	<ul style="list-style-type: none"> <li>• Refer to the Disaster Guidelines in the GMFS Guide for the for requirements pertaining to properties impacted by a disaster in:             <ul style="list-style-type: none"> <li>◦ FEMA Major Disaster Declarations with designated counties eligible for individual assistance (IA);</li> <li>◦ Areas where FEMA has not made a disaster declaration, but GMFS or Fannie Mae has determined that there may be an increased risk of loss due to a disaster;</li> <li>◦ Areas where the Seller has reason to believe that a property might have been damaged in a disaster</li> <li>◦ Correspondent lenders are responsible for monitoring the <a href="#">Disaster Declaration File</a> and the <a href="#">FEMA Website</a> including the FEMA Declarations Summary on an ongoing basis to ensure that the property is not located in an area impacted by a disaster.</li> </ul> </li> </ul>
<p><b>Conversion of Primary Residence</b></p>	<ul style="list-style-type: none"> <li>• Permitted in accordance with <a href="#">Fannie Mae Selling Guide</a> as applicable</li> </ul>
<p><b>Geographic Restrictions</b></p>	<ul style="list-style-type: none"> <li>• <b><u>Eligible states:</u></b> <ul style="list-style-type: none"> <li>◦ <u>Springboard: AR, GA, OK, CO</u></li> <li>◦ <u>Fahe: AL, IL*, IN, KY, MS, MO, TN, VA</u></li> </ul> </li> <li>• <u>*Cook County, IL is ineligible</u></li> <li>• <b><u>All other states are ineligible, as well as properties outside of the United States in a Territory, Province or Commonwealth, including but not limited to properties in Guam, Puerto Rico, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, or American Samoa</u></b></li> </ul>
<p><b>Special Restrictions</b></p>	
<p><b>High Cost Loans or Higher Priced Mortgage Loans (HPML)</b></p>	<ul style="list-style-type: none"> <li>• <u>GMFS will not purchase High Cost Loans</u></li> </ul>

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<b>Multiple Financed Properties</b>	<ul style="list-style-type: none"> <li>Refer to Fannie Mae as applicable.</li> </ul>																				
<b>Additional Restrictions</b>	<ul style="list-style-type: none"> <li>Borrower paid Comp is not allowed</li> <li>Must to use GMFS disclosure desk to disclose all loans</li> </ul>																				
<b>Insurance</b>																					
<b>Mortgage Insurance</b>	<p><b><u>Mortgage Insurance Requirements</u></b></p> <p>HomeReady / Home Possible Loans</p> <table border="1"> <thead> <tr> <th>LTV</th> <th>Coverage</th> </tr> </thead> <tbody> <tr> <td>95.01-97%</td> <td>25%</td> </tr> <tr> <td>90.01-95%</td> <td>25%</td> </tr> <tr> <td>85.01-90%</td> <td>25%</td> </tr> <tr> <td>80.01-85%</td> <td>12%</td> </tr> </tbody> </table> <p>Standard Conventional Loans:</p> <table border="1"> <thead> <tr> <th>LTV</th> <th>Coverage</th> </tr> </thead> <tbody> <tr> <td>95.01-97%</td> <td>35%</td> </tr> <tr> <td>90.01-95%</td> <td>30%</td> </tr> <tr> <td>85.01-90%</td> <td>25%</td> </tr> <tr> <td>80.01-85%</td> <td>12%</td> </tr> </tbody> </table>	LTV	Coverage	95.01-97%	25%	90.01-95%	25%	85.01-90%	25%	80.01-85%	12%	LTV	Coverage	95.01-97%	35%	90.01-95%	30%	85.01-90%	25%	80.01-85%	12%
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<b>Other Considerations</b>																					
<b>Age of Documents</b>	<ul style="list-style-type: none"> <li>All credit documents must be dated within 120 days of the note date</li> <li>Preliminary title policies must be no more than 180 days old on the date the note is signed</li> </ul>																				
<b>Assignment of Mortgage</b>	<ul style="list-style-type: none"> <li>All loans must be registered with MERS at the time of delivery to GMFS. The MERS transfer of beneficial rights and transfer of servicing rights must be initiated by the Seller within 7 calendar days of purchase date. Refer to selling guide for transfer requirements.</li> </ul>																				
<b>Escrow Waivers</b>	<ul style="list-style-type: none"> <li><u><i>Escrow accounts for property taxes, homeowner's insurance and flood insurance (if applicable) are required on all loans</i></u></li> </ul>																				
<b>Fees</b>	<ul style="list-style-type: none"> <li>First Lein Fees: \$400 DPA Administration Fee</li> <li>No Fees on the second lein</li> </ul>																				
<b>Additional product Requirements</b>	<ul style="list-style-type: none"> <li>Borrower paid Comp is not allowed</li> <li>Must to use GMFS disclosure desk to disclose all loans</li> </ul>																				