A COMMUNITY LENDING PROGRAM (DPA)

GMFS Down Payment Advantage

Homeownership within reach.

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.

This program is only available if originated as a Wholesale transaction.

Let's Make Home Happen.

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WHOLESALE ONLY **This program is available only when originated as a Wholesale transaction.**

GMFS DOWN PAYMENT ADVANTAGE (DPA) · FIXED RATE

Purchase				
Occupancy	**Number of Units**	**Maximum LTV/CLTV/HCLTV[4]**	**FICO**	**DTI**
Primary Residence	1 Unit	97[1,2]/105[-2,3]	*<u>660</u>*	the lesser of AUS or 50%

[1] Up to 97% LTV permitted in accordance with Fannie Mae/Freddie Mac guidelines (conforming only), high balance limited to 95% LTV
[2] Refer to First Time Home Buyer section for additional details
[3] Up to 105% CLTV permitted with Community/Affordable Seconds in accordance with Fannie Mae/Freddie Mac guidelines
[4] Minimum LTV 80.01%

LOAN PRODUCT

Eligible Products/Terms	**National DPA · 30 Year Fixed First Mortgage (Standard Conventional or Fannie Mae HomeReady® / Freddie Mac Home Possible®)**	
	Springboard	**Fahe**
	DPA Home Possible 30yr – SB **(Springboard.SRHP)**	DPA Home Possible 30yr – Fahe **(Fahe.SRHP)**
	DPA HomeReady 30yr – SB **(Springboard.SRHR)**	DPA HomeReady 30yr – Fahe **(Fahe.SRHR)**
	DPA Conv 30yr – SB **(Springboard.SR)**	DPA Conv 30yr – Fahe **(Fahe.SR)**

Income Limits	• The income used to qualify the borrower converted to an annual basis must not exceed 140% of the Fannie Mae / Freddie Mac Area Median Income* (AMI) — refer to the links below as applicable. Other AMI limits may apply (please see First Time Home Buyer Requirements section). Fannie Mae AMI Limits · Freddie Mac AMI Limits
Ineligible Product Types	• HomeStyle Renovation/Energy • CHOICERenovation • HFA Preferred • HFA Advantage
Maximum Loan Amount	Current Conforming limits
Loan Purpose	Purchase
Occupancy	Primary residence: 1 unit

First Time Homebuyer Requirements	• Refer to Fannie Mae Seller Guide or Freddie Mac Seller/Servicer Guide as applicable • HomeReady®/Home Possible® — No first-time homebuyer requirement ○ The income used to qualify the borrower converted to an annual basis must not exceed 80% of area median income (AMI) • LTV ≥95.01%[1,2] — Standard conventional; at least one borrower must be a first-time homebuyer** • LTV ‹ 95.01%[2] — No first-time homebuyer requirement [1] Up to 97% LTV permitted in accordance with Fannie Mae/Freddie Mac guidelines (conforming only) [2] Up to 105% CLTV permitted with Community/Affordable Seconds in accordance with Fannie Mae/Freddie Mac guidelines ** 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/Freddie Mac guides for further information.

ELIGIBILITY	
Borrower Eligibility	Follow GMFS standard program guidelines
Exclusionary List	*GMFS has established an Exclusionary List identifying certain individuals and businesses. GMFS will not purchase a loan where an individual or company on the GMFS Exclusionary List was directly or indirectly involved in the transaction. The underwriter will notify you if any individuals or companies may be impacted.*

Homebuyer Education Requirements	• Required for all borrowers,
	• Homebuyer Education must be completed prior to note date/loan closing and lender must retain the certificate of completion in the loan file
	• Must meet FNMA/FHLMC (as applicable) requirements:
	  ○ DU/FNMA: HomeView
	  ○ LPA/FHLMC: CreditSmart Homebuyer U
	• Post-purchase delinquency counseling not required

Co-Signers/Non-Occupant Co-borrowers	Co-Signers/ Non-Occupant Co-Borrowers are permitted per Fannie Mae Seller Guide or Freddie Mac Seller/Servicer Guide guidelines
Non-Arm's Length Transactions	Refer to Fannie Mae Seller Guide or Freddie Mac Seller/Servicer Guide as applicable

CREDIT	
AUS	• DU Approve/Eligible or LPA is required. • Credit evaluated by AUS • *Manual underwriting is not permitted*
FICO Requirements	*Minimum FICO Score: 660*
Non-Traditional Credit	*Not permitted*
Significant Derogatory Credit	Refer to Fannie Mae Seller Guide or Freddie Mac Seller/Servicer Guide as applicable
DTI	Maximum DTI is the lesser of AUS or 50%

EMPLOYMENT / INCOME	
Employment/Income Verification	• Employment and income documentation must comply with the requirements of the AUS findings and the Fannie Mae Seller Guide or Freddie Mac Seller/Servicer Guide as applicable, including all additional investor COVID guidelines and diligence requirements for income and employment verification that are still in place. • Approved third party suppliers and distributors that generate employment and income verification reports are permitted for the purpose of verifying income and/or employment. • *<u>Request for Verification of Employment, Form 1005 is not permitted as a standalone document for income verification.</u>* ◦ *<u>When using Form 1005, the borrower's most recent paystub, IRS W-2 form, or IRS tax return transcripts covering the most recent one-year period must be obtained.</u>* • 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. • For salaried employees, the verbal verification of employment must be completed within ten (10) business days prior to the note date • 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 • For self-employed borrowers, the verbal verification of employment must be completed within 120 calendar days prior to the note date. • All sources of qualifying income must be legal in accordance with all applicable Federal, State and Local laws, rules, and regulations, without conflict.

Self-Employment / Income Verification	• In addition to the standard employment/income verification guidance above:
	  ◦ For self-employed borrowers, the verbal verification of employment must be completed within 120 calendar days prior to the note date.
	  ◦ When evaluating self-employed borrower income, GMFS may, at its discretion, request additional documentation if excessive deductions — such as depreciation — are added back to the borrower's net income. The purpose of this documentation is to validate the borrower's cash flow and confirm the historical consistency of the income used for qualification.
	  ◦ Provide a written analysis of the income used to qualify the borrower on the Transmittal Summary or like document(s) in the file. An income analysis must be completed for self-employed borrowers.

Tax Transcripts	• Form 4506-C or Form 8821 is required *to be signed at closing* for all transactions.
	• **Transcript Requirements:**
	  ◦ 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.
	  ◦ *Tax return transcripts (personal and/or business) are required in the following circumstances:*
	    ▪ *When tax returns are used to qualify the borrower's income (i.e., self-employment income, rental income, etc.). The number of years provided must be based on the AUS findings.*
	    ▪ *When a borrower is employed by family members.*
	    ▪ *When amended tax returns have been filed. Record of Account transcripts are required and must support the amended income.*
	  ◦ Note: If the current tax return has been filed but the corresponding tax transcript is unavailable due to IRS processing delays, the prior year's transcripts are required (as determined by AUS requirements) along with the current tax return, and a transcript request for the current year showing "No Record Found."
	    ▪ Additional documentation, such as copies of cancelled IRS payment/refund checks, or electronic filing receipts that display the SID and AGI matching the return, may be required on a case-by-case basis.
	    ▪ 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 Found" result, and the prior year's transcripts are required (based on AUS finding).

ASSETS / RESERVES

Asset Documentation	• Asset documentation must comply with the requirements of AUS findings and the Fannie Mae Seller Guide or Freddie Mac Seller/Servicer Guide as applicable ◦ Approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets
Financing Concessions	Refer to Fannie Mae Seller Guide or Freddie Mac Seller/Servicer Guide as applicable
Borrower Contribution	Refer to Fannie Mae Seller Guide or Freddie Mac Seller/Servicer Guide as applicable

SUBORDINATE FINANCING

Subordinate Financing / Down Payment Assistance	**Must be paired with a 30 year interest-only second mortgage from either:** • Fahe's My Place Mortgage Interest-only Program • Springboard's Springboard To Homeownership Program • *Other down payment / closing cost programs are permitted in conjunction with the Fahe My Place Mortgage Program or the Springboard To Homeownership Program* ◦ *These programs must comply with the Fannie Mae Seller Guide Community Seconds / Freddie Mac Affordable Seconds Loan Eligibility Guidelines and must be subordinate to Springboard or Fahe's program, as applicable.*

PROPERTY / APPRAISAL	

Eligible Property Types	• Single Family Detached
	• Single Family Attached
	• Single Family with Accessory Unit
	  ◦ Must be zoned single family
	  ◦ Subject to all applicable agency guidelines
	• Rural properties (must be residential in nature)
	• PUDs
	• Condominiums

Ineligible Property Types	• *Manufactured Homes* • *Cooperatives* • Mobile Homes • Condotels • Hotel Condominiums • Timeshares • Working Farms or Ranches • Unimproved Land • Community Land Trusts • Group Homes
Appraisal Requirements	• Determined by AUS findings • *Appraisal Condition rating of C5/C6 or Quality rating of Q6: Not permitted* • *GMFS will require successful UCDP Submission Summary Reports (SSRs) from both Fannie Mae and Freddie Mac. 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/Freddie Mac will not accept appraisals from the identified appraiser or supervisory appraiser as applicable.*
Appraisal Transfers	Appraisal transfers are permitted in accordance with the Fannie Mae Seller Guide or Freddie Mac Seller/Servicer Guide as applicable
Condos/PUDs	Permitted in accordance with Fannie Mae Seller Guide or Freddie Mac Seller/Servicer Guide as applicable
Construction Conversion Transactions	Permitted in accordance with Fannie Mae Seller Guide or Freddie Mac Seller/Servicer Guide as applicable

Disaster Area Requirements	• Refer to the Disaster Guidelines in the GMFS Seller Guide for the requirements pertaining to properties impacted by a disaster in:
	  ◦ FEMA Major Disaster Declarations with designated counties eligible for individual assistance (IA).
	  ◦ 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.
	  ◦ Areas where the Seller has reason to believe that a property might have been damaged in a disaster
	• Correspondent lenders are responsible for monitoring the Disaster Declaration File and the FEMA Website including the FEMA Declarations Summary on an ongoing basis to ensure that the property is not located in an area impacted by a disaster.

Escrow Holdbacks	Not allowed

Conversion of Primary Residence	Permitted in accordance with Fannie Mae Seller Guide or Freddie Mac Seller/Servicer Guide as applicable
Geographic Restrictions	**Eligible states** — GMFS-licensed states only: • **Springboard:** AR, CO, NC, OK, UT • **Fahe:** AL, IL, IN, KY, MO, MS, TN, VA 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.

SPECIAL RESTRICTIONS

High Cost Loans	*GMFS will not purchase High Cost Loans*
Higher Priced Mortgage Loans (HPML)	GMFS will purchase HPML in accordance with Fannie Mae/Freddie Mac guidelines as applicable
Multiple Financed Properties	Refer to Fannie Mae or Freddie Mac Seller Guide as applicable.

INSURANCE

Mortgage Insurance

Mortgage Insurance Requirements

HomeReady / Home Possible Loans

LTV	Coverage
95.01–97%	25%
90.01–95%	25%
85.01–90%	25%
80.01–85%	12%

Standard Loans

LTV	Coverage
95.01–97%	35%
90.01–95%	30%
85.01–90%	25%
80.01–85%	12%

OTHER CONSIDERATIONS

Age of Documents	• All credit documents must be dated within 120 days of the note date • Preliminary title policies must be no more than 180 days old on the date the note is signed

CONTACT US

[Correspondent Phone]

[correspondent website]

Assignment of Mortgage	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 initialed by the Seller within 7 calendar days of purchase date. Refer to selling guide for transfer requirements.
Seasoning	*Loans must not be aged more than 45 days from the loan closing date until the time the loan is delivered to GMFS for purchase. This includes the date the credit and closing file is received and the loan is eligible for purchase. All loans must be purchased by GMFS within 60 days of the note date*
Escrow Waivers	*Escrow accounts for property taxes, homeowner's insurance and flood insurance (if applicable) are required on all loans*
Fees	• First Lien Fees: $400 DPA Administration Fee • No Fees on the second lien
Mortgagee Clause	Lakeview Loan Servicing c/o LoanCare, LLC ISAOA/ATIMA PO Box 202049 Florence, SC 29502-2049
Additional Product Requirements	• Must use GMFS disclosure desk to disclose all loans • COYOD not permitted

Seller shall deliver loans that were originated in accordance with Fannie Mae/Freddie Mac guidelines unless otherwise stated with this product matrix. **In the case of conflicting guidelines, lender must follow the more restrictive to meet the credit, income limits, total debt-to-income ratio and loan and property requirements of Fahe, Fannie Mae, Freddie Mac, Mortgage Insurer, Lender, or GMFS.

CONTACT US
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