



## TPO PRODUCT GUIDE

**The Third Party Originator (TPO) Product Guide is applicable for all Wholesale, Correspondent and Delegated Correspondent Customers of GMFS.**

Please contact your District Director or Account Executive if you have any questions with respect to specific policies.

**Thank you for choosing GMFS LLC**



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# ANNOUNCEMENTS AND UPDATES

GMFS updated our TPO Product Guide on 4/20/2022.

Changes/updates/clarifications from the previous version include, but are not limited to, the following:

- FICO down to 600 on FHA – pg. 4
- FICO down to 600 on VA – pg. 4
- Florida condo review requirements – pg. 6
- Borrowers owning multiple properties – pg. 6
- Added new ARMs loan programs – pg. 8

Other minor corrections and enhancements were made throughout the guide that were not material to the standard course of business

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# GMFS TPO PRODUCT OVERVIEW

## Eligibility Matrix

<https://www.gmfspartners.com> > Underwriting > Product Eligibility Matrix

**Below is a summary of GMFS Overlays.** Apply the following requirements along with additional requirements for unique programs such as High Balance, Streamline, etc. in the appropriate sections below. Information in this summary is not a complete representation of GMFS policy. In addition to applying these GMFS guidelines, clients must apply the Qualified Mortgage (QM) regulation, HUD, Freddie Mac and Fannie Mae guidelines to the appropriate program. For specialty products such as Jumbo or Grant Programs, please refer to separately provided guidelines. *GMFS does not purchase/fund Section 32 loans.*

## GMFS Product Requirement Summary

### Appraisal

- Must use a GMFS approved AMC. List is provided in GMFS Correspondent or Wholesale Selling Guide, as applicable. To submit a new AMC for approval, contact your District Director for instructions.
- Delegated clients will follow agency AIR requirements.
- See Document Age (below) for additional appraisal requirements.

### AUS/Credit

- All CONVENTIONAL loans require AUS approval from DU / LPA or must meet Conventional manual underwriting guidelines outlined below under Conventional Products.
  - Conventional FICO 620 down to as low as 580 with AUS approval; High Balance minimum FICO 620
  - Manual Underwriting is eligible for Conventional conforming loans with FICO as low as 620 with additional restrictions
  - Manual Underwriting is not eligible for Conventional High Balance loans or for Delegated
  - Non-Traditional Credit/No Credit Score – see *Conventional Program section for specific credit requirements*
  - On Conventional 580-619, the max LTV is 80% and must be LPA. No cash out refi.
- USDA FICO as low as 620 with GUS Accept/Eligible or Refer/Eligible with the exception of USDA Streamline Assist
- FHA FICO as low as 600 with AUS approval
  - Manual Underwriting – see FHA product description in guide
- VA FICO as low as 600 with AUS approval
  - Manual Underwriting is eligible for VA with minimum FICO of 620
  - Manual Underwriting is not eligible for VA High Balance loans, except IRRRLs
- Delegated FHA and VA FICO down to 600
- Special Considerations given on loans currently being serviced by GMFS. Please reference individual product descriptions in guide.
- On all Programs (with the exception of conventional no credit program) – At least one borrower must have a minimum of two credit scores

### Community Seconds

- Community Seconds for Down Payment are not allowed.

### Debt Ratio

- GMFS will not purchase loans outside of the QM Guidelines. These caps represent max DTI on QM compliant loans: If not otherwise stated, GMFS follows AUS approval for DTI.
- ALL Manual and Section 35 are capped at 43% (VA is max 41% but can go to 43% with compensation factors).
- Conventional capped at 50% DTI (exclusions apply – see individual product manuals)
- USDA DTI is capped by GUS
- VA is capped at 60% DTI with AUS approval
- FHA is capped at 55% DTI with AUS approval, except Mobile County, AL, which is capped at 50% for FICO <680. If FICO is ≥ 680, DTI is capped at 55% in Mobile County, AL

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The following guidelines apply to properties that are located within a FEMA-Declared Disaster Area:

**For Conventional:**

- If an appraisal inspection was completed prior to the end date of the event, then GMFS requires a document executed by the borrower(s) at closing to certify they have inspected the property and no damage exists. Also, a photo of the subject property showing current state is required (which can be taken with a cell phone). Either an appraisal or borrower certification must be dated after the event end date.
- If no appraisal was completed, then a full 1004 with interior inspection will be required for up to 90 days after the end date of the event. This is regardless of DU AUS collateral assessment requirements. The appraiser must note that the subject's market value and condition, neighborhood conditions, etc. are all not negatively affected by the disaster of "x" date.

**For FHA:**

- Follow FHA guidelines. An "FHA Disaster Inspection Report" is required from the original appraiser, if available, to verify that no damage exists to the subject property along with interior/exterior photos and must be dated after the FEMA-designated incident period end date. If that appraiser is unavailable, another FHA-approved appraiser may conduct the inspection after being provided with a copy of the full original report. This is a HUD requirement and is not an overlay and cannot be waived.
- FHA Streamline Refinance without Appraisal: An inspection by an FHA-Approved inspector is required for up to one year from the event end date. If a previous FHA loan appraisal was completed after the event, but prior to the GMFS loan, then that appraisal may be used to show condition in lieu of an inspection. If the loan is currently serviced by GMFS, an inspection is not required.

**For USDA:**

- A roster appraiser must inspect the property and complete a "1004D-USDA Disaster Inspection" to verify that no damage exists to the subject property (Exterior Inspection only) that is dated after the FEMA-designated incident end date, OR if the inspection is ordered prior to the end date being designated, then we will also require a signed/dated affidavit from the Buyer(s) that he/she has inspected the property and that the property has incurred no damage from flooding.

**For VA:**

- A non-VA roster appraiser must inspect the property and complete a "1004D-VA Disaster Inspection" to verify that no damage exists to the subject property (Exterior Inspection only). The original VA appraiser CANNOT complete the report.
- VA IRRRL: An inspection by a licensed property inspector is required for up to one year from the event end date. If a previous VA loan appraisal was completed after the event, but prior to the GMFS loan, then that appraisal may be used to show condition in lieu of an inspection. If the loan is currently serviced by GMFS, an inspection is not required.

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**Standard Agency requirements noted for your benefit:**

Credit documents include credit reports and employment, income, and asset documentation. For all mortgage loans (existing and new construction), the credit documents must be no more than four months old on the note date. When consecutive credit documents are in the loan file, the most recent document is used to determine whether it meets the age requirement. For example, when two consecutive monthly bank statements are used to verify a depository asset, the date of the most recent statement must be no more than four months old on the note date.

When documenting with 30 days of consecutive paystubs, use the date of the most recent paystub to calculate the dates.

**Appraisal** -If the note date is  $\geq 90$  days at time of GFMS purchase funding, a re-cert of value will be required. If the appraisal date is  $\geq 1$  year at the time of GMFS purchase funding, a new appraisal will be required. In each case, the report must indicate the value has not declined since the initial appraisal. (Excluding VA, GMFS will honor the Notice of Value expiration date for VA)

**Mortgage Note** dates must be less than 30 days at time of submission and less than or equal to 120 days at time of loan purchase. Mortgage Note dates for files received between 30 and 120 days may be subject to exception pricing and require additional underwriting due diligence. USDA loans will not be eligible for purchase if the note date is greater than 45 days.

**Disaster Policy**

**Documentation Age**

### GMFS allows loans in the following states:

Alabama	Kentucky	South Carolina
Arkansas	Louisiana	Tennessee
Florida**	Mississippi	Texas
Georgia	Nevada	Utah
Illinois	North Carolina	Virginia
	Oklahoma	

### Geographical Restrictions-

Wholesale - Florida – Counties Eligible for All Property Types		Correspondent –Florida- Limited to the following Counties for Condominiums		
Bay County	Lafayette County	Alachua County	Hamilton County	Osceola County
Calhoun County	Leon County	Baker County	Hernando County	Pasco County
Dixie County	Liberty County	Bay County	Hillsborough County	Pinellas County
Escambia County	Madison County	Brevard County	Holmes County	Polk County
Franklin County	Okaloosa County	Calhoun County	Jackson County	Putnam County
Gadsden County	Santa Rosa County	Citrus County	Jefferson County	Santa Rosa County
Gulf County	Suwannee County	Clay County	Lafayette County	Seminole County
Hamilton County	Taylor County	Columbia County	Lake County	St. Johns County
Holmes County	Walton County	Dixie County	Leon County	Sumter County
Jackson County	Washington County	Duval County	Levy County	Suwannee County
Jefferson County	Wakulla County	Escambia County	Liberty County	Taylor County
		Flagler County	Madison County	Union County
		Franklin County	Marion County	Volusia County
		Gadsden County	Nassau County	Walton County
		Gilchrist County	Okaloosa County	Wakulla County
		Gulf County	Orange County	Washington County

**Alabama Properties: FHA DTI ratio capped at 50% for certain loans in Mobile County if FICO < 680 (see Debt Ratio overlay)**

#### Florida Properties

- Condos limited to the Counties above
- Max DTI is 50% on Investment properties
- More restrictive condo review requirements – see Fannie Selling Guide

#### Texas Properties

- Surveys required
- Attorney must review loan package prior to closing; allow 48 hours
- Client must have a separate approval from GMFS to offer TX50.

### Geographical Restrictions-cont.

See [INSURANCE SECTION](#) of this guide for state specific hazard insurance requirements for states of: Illinois, Texas and Florida

#### Termite Certificate States

- FHA: Termite Inspection Report required if any of the following exist:
  - Purchase agreement requires one, or
  - Appraiser requires one, or
  - Appraiser notes a previous **or** active infestation of the property, or
  - Appraiser notes that home has been treated for previous infestation, or
  - Another inspection reveals that a current **or** previous infestation exists or existed.
- VA: Termite Inspection Report required for All loans excluding IRRRL's
- USDA: Termite Inspection Report required if any of the following exist:
  - Appraiser, inspector or State law requires the inspection to confirm the property is free of active infestation

### Multiple Properties

- For borrowers who own multiple properties, GMFS will not finance properties for borrowers who will have greater than 8 owned properties after the transaction.
- If borrowers on the loan, collectively, have ownership in more than 4, but up to 8 properties, then LoanBeam should be used for the rental income calculation on those loans prior to underwriting.

### Non-owner Multi Unit

- Non-Owner Occupied and/or 2 to 4 unit properties that do not require a form 1007/216 must have documentation that indicates the current (or estimated market rent if not currently rented) rental amount of each unit of that property.

### Occupancy Eligibility

- See specific product description

## Property Type General and Eligibility

- Recently Listed Properties must be off the market prior to the note date.
- GMFS will limit the borrower's cash out amount on investment property to \$100,000 if the FICO is below 720.
- Private Road requires Maintenance Agreements on Conventional loans if LTV is >70%.
- GMFS will not purchase loans where the mortgage contains a private transfer fees.
- Unique property characteristics such as log, metal, earth, etc. are reviewed on a case-by-case basis with like comparable
- No manufactured/mobile homes / No Coops

## Property Type-Condo

- Condominiums (eligibility matches Single family unless otherwise noted below or in specific program parameters)
- Condos on investment property have the following restrictions:
  - Min FICO 720
  - Conventional Only with limited review to 75%, CPM or Fannie approval
  - Cannot be located in a resort location
- Conventional Condo must be Limited Review (DU) / Streamlined Review (LPA) or approved through Condo Project Manager (CPM); or meet Project Review Waiver Requirements (PIW & ACE)
  - If Condo is not Limited Review (DU) or Streamlined Review (LPA), validation of CPM approval is required as part of locking process and approval must specifically identify if it is eligible for Fannie/Freddie or both.
- To request CPM approval, have HOA complete either the New or Established CPM submission form and submit to [gmfscondos@gmfslending.com](mailto:gmfscondos@gmfslending.com)
- Condo must be HUD approved for FHA; GMFS will not approve condos via DELRAP
  - Link: <https://entp.hud.gov/idapp/html/condlook.cfm>
- Condo must be VA approved for VA
  - Link: <https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch>
- USDA Condo must be Fannie Mae, Freddie Mac, FHA or VA approved as applicable

### Conventional

#### Fixed or LPA ARMs

- Tax return transcripts are **not required to be executed**, regardless of income source.
- GMFS will utilize the Desktop Underwriter (DU) or Loan Product Advisor (LPA) findings to determine income documentation requirements.
- If loan has MI must follow any MI overlay

#### DU ARMS

- Tax return transcripts **are** required, regardless of income source.

#### FHA or VA Standard AUS Approved – Also for manual Streamline or IRRIs when income is used to qualify:

##### Wage Earner (W2) and ≤25% Commission

- Tax return transcripts are **not required**.
- GMFS will utilize the Desktop Underwriter (DU), Loan Product Advisor (LPA) or TOTAL Scorecard findings to determine income documentation requirements

##### Self-Employed and >25% Commission

- Tax return transcripts **are** required for self-employed borrowers or borrowers with commission income >25% of total income.

#### FHA / VA Specialty and all FHA Manually Underwritten

- Tax return transcripts **are** required, regardless of income source.
- If the AUS findings result in a downgrade by the underwriter or documentation requirements change with a subsequent resubmission to the AUS, all additional documentation requirements will be assessed, identified and appropriately required by the underwriter to meet applicable guidelines.

#### USDA/RD Standard GUS approved or Jumbo

- Tax return transcripts **are** required, regardless of income source.

#### Conventional / Non-Agency

- GMFS will follow investor guidelines related to the need for tax return transcripts for origination and/or pre-closing or post-closing Quality Control. Refer to the applicable Program Guide for requirements

## Tax Transcripts (4506-T Executed)

## Temporary Buydowns

- No temporary buydowns

## Title

- Title must be in the name of the individual (no trust)

# CONVENTIONAL PRODUCTS

Product	Occupancy	# of Units	Purchase LTV/CLTV/HCLTV	LCOR LTV/CLTV/HCLTV	Cash out Refi LTV/CLTV/HCLTV
Conventional DU / Conventional High Balance (available for DU only)	Primary Residence	1 Unit	Fixed: 97% (HB 95%)   ARM:95%		Fixed: 80%   ARM: 80%
		2 Unit	Fixed:85%   ARM:85%		Fixed:75%   ARM:75%
		3-4 Unit	Fixed:75%   ARM:75%		
	Second Home	1 Unit	Fixed: 90%   ARM: 90%		Fixed:75%   ARM:75%
	Investment	1 Unit	Fixed & ARM: 85%	Fixed & ARM: 75%	Fixed:75%   ARM:75%
		2-4 Unit	Fixed:75%   ARM:75%		Fixed: 70%   ARM: 70%
Conventional LPA (no HB)	Primary Residence	1 Unit	Fixed:95%*   ARM:95%		Fixed: 80%   ARM: 80%
		2 Unit	Fixed:85%   ARM:85%		Fixed:75%   ARM:75%
		3-4 Unit	Fixed:80%   ARM:80%		
	Second Home	1 Unit	Fixed: 90%   ARM: 90%		Fixed:75%   ARM:75%
	Investment	1 Unit	Fixed:85%   ARM:85%		Fixed:75%   ARM:75%
		2-4 Unit	Fixed: 75%   ARM: 75%		Fixed: 70%   ARM: 70%

\*Conventional LPA Loans with LTV between 95.01% and 97% that are not part of an Affordable Lending Program must be locked in as HomeOne Loans in Encompass/Optimal Blue

## ARM PRODUCTS

### GMFS offers the following ARM products:

- 5yr/6m SOFR ARM
- 7yr/6m SOFR ARM
- 10yr/6m SOFR ARM

Index Type	30 day average SOFR Index as offered by New York Federal Reserve
Margin	2.75% (same for margin floor)
Caps	<u>5/6 ARM (2/1/5) for 7/6 &amp; 10/6 ARM (5/1/5)</u> Lock and program code must match cap structure



## Citizenship

Each borrower on the loan must have a valid Social Security number and any borrower who is not a U.S. Citizen must meet the requirements in this section. Non-Permanent resident aliens are non-US citizens who are permitted to reside in the US on a temporary basis and may have been granted authorization to work in the US by the US Citizenship and Immigrations Services (USCIS). A non US citizen must have a valid green card (permanent resident alien); employment authorization document (EAD) or an acceptable I-797\* Notice of Action, or other documentation showing he/she is legally present in the US. The document must have an expiration date. Any visa, or other document, expiring within 90 days must have either previous renewal history or documentation showing application for extension.

The following non-immigrants are ineligible for financing:

- Foreign Nationals (Non-Resident Aliens)
- Non-permanent resident aliens as non-occupying co-borrowers
- Non-US citizens with no lawful residency in the US.

## Mortgage Insurance

Mortgage Insurance (MI) is required for all conventional loans with loan-to-value ratios exceeding 80%. Coverage must meet current GMFS Program Guidelines in addition to Fannie Mae/Freddie Mac requirements. Client is responsible to ensure that all MI certificates are on Fannie/Freddie approved forms. **Delegated Clients must provide proof MI Certificate is activated and transferred at time of purchase funding.**

Standard Mortgage Insurance Coverage Requirements				
	80.01 to 85%	85.01 to 90%	90.01 to 95%	95.01 to 97%
Fixed Rate <=20 year	6%	12%	25%	35%
Fixed Rate >20 year	12%	25%	30%	35%

GMFS will not purchase Reduced MI Options that require a Loan Level Price Adjustment.

The following conventional MI programs are QM friendly and are exempt from the Points and Fees Test:

- Borrower Paid Monthly
- Lender Paid MI

All MI programs with a refundable upfront premium are not exempt. The upfront portion that exceeds the equivalent FHA 1.75% factor must be included in the test. All non-refundable premiums must be included in the Points and Fees Test in their entirety.

GMFS leverages the following quality MI companies to help ensure that clients are working with reliable providers:

- Genworth
- Radian (**Delegated Only**)
- Essent
- MGIC
- Arch

## Freddie LPA Guidelines and Variances

TPO lender must obtain separate approval to sell Freddie LPA prior to the submission of an LPA loan. Please contact your District Director for approval. Set up may take significant time depending on credit vendor. GMFS cannot accept underwriting submissions until approval letter is issued.

GMFS will purchase Accept/Eligible Freddie LPA loans. LPA loans must meet all standard GMFS guidelines and LPA findings unless outlined in the Guide Plus Additional Provisions below;

- Single Family Detached or Condo (Condo must be approved by GMFS)
- Standard Conventional Program Only
- Accept /Eligible Only

### Freddie DTI Consideration

Determining Payment Amounts on Revolving Accounts for Calculating Monthly Debt Payment-to-Income Ratio

- When determining Borrower's monthly debt payment for purposes of calculating DTI, if the credit report does not indicate the required minimum monthly payment for any particular revolving or open-end account, you may consider the required monthly payment amount to be 5% of the outstanding balance of the account.

## Special Offering on Conventional Products

*The Conventional overlays above also apply to Specialty Products with the following additional guidelines.*

### Escrow Holdback for Home Repairs

Eligible under Conforming Business, see guidelines at the end of the product descriptions in this section.

## Fannie Mae Conventional Manual Underwriting Guidelines

Max LTV	Max DTI=36%		Max DTI=45%	
	FICO	Required Reserves	FICO	Reserve Requirements
<b>Purchase &amp; Rate-Term Refinances</b>				
75%	620-639	2	660-679	6
75%	640+	0	680+	0
95%	660-679	6	700-719	6
95%	680+	0	720+	0
<b>Cash-Out Refinance</b>				
75%	640-659	6	680+	2
75%	660+	0		
80%	660-679	6	700+	2
80%	680+	0		

*FICO minimum for ARMs is 640 per Fannie Mae*

*Pricing adjustment will apply for all manual underwrite*

- **Not Eligible for Delegated business**
- Must have Approve/Eligible, Refer/Eligible, or Refer with Caution DU Findings
- 0x30 Mortgage/Housing history (rental must be verified with institutional VOR or cancelled checks)
- Primary Residence only
- Single-Family Detached, Townhomes or Condo only (no 2-4 units)
- Open and active past-due accounts must be brought current prior to approval with sourced funds
- Fixed-rate only
- Minimum Credit Depth: 3 established tradelines with at least 12 months reported history on bureau, of which one must have a high credit of at least \$5,000. If the loan is for a refinance, the previous verified mortgage history alone will be sufficient if there is no more than a 15% increase in housing expense. (deferred or authorized user accounts may not be used to meet the minimum tradeline requirements)
- Borrowers with no housing pay history in past 12 months are capped at 80% LTV and no gift funds allowed.

## Fannie Mae Conventional High Balance Loans

See [Conventional Product Matrix](#)

High-balance mortgage loans must meet all standard Fannie Mae eligibility and underwriting requirements, in addition to the overlays above and what is noted in this section.

- Loans must be conventional first-lien mortgages only.
- Loans must meet the LTV, CLTV, HCLTV ratio, and minimum credit score requirements as outlined in the *GMFS Product Eligibility Matrix*.
- All borrowers must have a valid credit score.
- Not eligible for Manual Underwriting
- Minimum FICO is 620 and must have a DU Approve / Eligible

## Appraisal Requirements

The following applies in addition to the standard appraisal requirements:

- A One-Unit Residential Appraisal Field Review Report (Form 2000), is required if the property is valued at \$1,000,000 or more with a LTV, CLTV or HCLTV ratio greater than 75%. If the Field Review results in a different opinion of value than the appraisal, the lowest of the original appraised value, the Field Review value, or the sales price should be used to calculate the LTV ratios.

## Fannie Mae High LTV Refinance Loans

Occupancy Type	Units	Minimum LTV
Primary Residence	1	97.01%
	2	85.01%
	3-4	75.01%
Second Home	1	90.01%
Investment Property	1-4	75.01%

- GMFS to GMFS only
- Fannie Mae must be the current investor on the existing loan
- Loan must meet Fannie guidelines in section B5-7 of the Selling Guide (link below)
- No ARMS

<https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/Subpart-B5-Unique-Eligibility-Underwriting-Considerations/Chapter-B5-7-High-Loan-to-Value-Refinance-Option/>

### Existing Loan Requirements:

- Must have note date of October 17, 2017 or after
- Made at least 15 payments from the note date
- No late payments

### Mortgage Insurance

\*\*\*If the loan being refinanced **DOES NOT** have mortgage insurance, then mortgage insurance will NOT be required on the new loan.

\*\*\*If the loan being refinanced **DOES** have existing mortgage insurance, then the existing mortgage insurance coverage must be combined on the new loan.

- To accomplish this, the mortgage insurer will modify the existing MI certificate and transfer it to the new loan. Such transfer may or may not include assignment of a new MI certificate number. Lenders should check with the mortgage insurer for specific requirements.

## HomeReady / Home Possible

Product	Occupancy	# of Units	Purchase LTV/CLTV/HCLTV	LCOR LTV/CLTV/HCLTV	Cash out Refi LTV/CLTV/HCLTV
Homeready or Homepossible	Primary Residence	1 Unit	97%		
		2-4 Unit	95% LPA (2-4 Unit)   85% (2 Unit) DU or 75% (3-4 Unit) DU		

HomeReady loans must meet all standard Fannie Mae eligibility and underwriting requirements and Home Possible loans must meet all standard Freddie Mac, as well as the overlays listed below.

- 30 year Fixed Rate program only
- Standard MI only (25% over 90% LTV is Standard on this program)
- Must be underwritten as a HomeReady/Home Possible product and receive an Approve/Eligible or Accept/Eligible
- No manual underwriting allowed for Home Possible loans
- Manual underwriting is allowed for Home Ready loans, if the loan meets the manual underwriting requirements stated within Conventional Manual Underwriting Guidelines (N/A for Delegated business)
- All standard GMFS overlays apply to this product such as, no trust, no temporary buydowns, no sweat equity, no community seconds for down payment, and no manufactured homes or co-ops.

Under the HomeReady program on Purchase Transactions, at least one borrower on the loan is required to complete an approved Homebuyer Training course. Proof of completion is required for eligibility. Courses are available through Framework or HUD approved provider (MI companies are Not HUD approved).

Loan Officers can reference Census Tract Lookup (FFIEC) by copying -

<https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx>

and Income Eligibility by Census Tract Look by copying -

[https://www.fanniemae.com/content/eligibility\\_information/homeready-income-eligibility-lookup.xlsx](https://www.fanniemae.com/content/eligibility_information/homeready-income-eligibility-lookup.xlsx)

Under the Home Possible program, if all borrowers are First Time Home Buyers, then at least one borrower on the loan is required to complete an approved Homebuyer Training course. Proof of completion is required for eligibility. Proof can be:

- Internet-Based homeownership education programs developed by mortgage insurance companies or
- Homeownership education programs that meet the National Industry for Homeownership Education and Counseling
- Freddie Credit Smart <http://www.freddiemac.com/creditsmart/tutorial.html>

## RefiNow / Refi Possible

Product	Occupancy	# of Units	LCOR LTV/CLTV/HCLTV	Min FICO	Max DTI
RefiNow or Refi Possible	Primary Residence	1 Unit	97%	620	65%

To qualify for RefiNow, borrower must have a Fannie Mae owned mortgage on a 1-unit primary residence. And for Refi Possible, a Freddie Mac owned mortgage on a 1-unit primary.

- Loan must be seasoned at least 12 months and no more than 10 years.
- Borrower must have zero missed payments on mortgage in last 6 months, and no more than one missed payment in past 12 months.
- Cash out limited to \$250
- Borrower can finance closing costs and prepaids up to \$5,000.
- Standard MI and LLPA requirements apply.
- GMFS is not offering the Lender Credit for appraisal costs.

\*Must say loan is eligible for RefiNow/Refi Possible on AUS findings and be locked as RefiNow/Refi Possible.

## Non Traditional Credit/ No FICO Score

### **Freddie LPA with Accept Eligible only**

**Standard Freddie requirements noted for your benefit:**

- No Credit score or with One Usable Credit Score
  - Purchase or Limited COR only
  - 1 unit – OO only (all borrowers)
  - Max LTV/CLTV 95%
  - Fixed Rate only
  - Borrower must meet:
  - In addition, if the borrower without a useable Credit Score contributes 50% of more of the total monthly income then:
    - Each borrower must have two payment references in the US and/or Tradelines not appearing on the credit
      - Each reference must have existed for 12 months
      - At least one borrower must have a housing payment history as one of the references (if more than 1 all must be verified)
      - All housing payment histories must have no 30 day delinquencies in the last 12 months
  - Each reference must meet Freddie written verification and age requirements
  - Each borrower must have no collections (other than medical) in the most recent 24 months
  - Must complete homeownership course if the credit for all borrowers is non-traditional.

### **Fannie Mae DU with Approve /Eligible only**

**Standard Fannie requirements noted for your benefit:**

- No Credit score or with One Usable Credit Score
  - Non-traditional credit history must be documented for each borrower without a credit score
  - Homeowners education is required
  - Property must be a one-unit, principal residence and all borrowers must occupy the property
  - Transaction must be a purchase or limited cash-out refinance
  - High balance mortgage loans are not eligible
  - Loan must be a fixed rate mortgage
  - Maximum LTV, CLTV & HCLTV ratios are 90%
  - DTI must be less than 40%
  - Reserves may be required
  - If MI applies, loan may need to be submitted to MI provider for prior approval
- When At Least One Borrower Has No Credit Score and Another Borrower Has a Credit Score
  - If the borrower(s) with a credit score is contributing more than 50% of the qualifying income, the lender is not required to document a nontraditional credit history for the borrower(s) without a credit score.
  - If the borrower(s) with a credit score is contributing 50% or less of the qualifying income, the lender must document a nontraditional credit history for each borrower without a credit score.

<u>Product</u>	<u>Occupancy</u>	<u># of Units</u>	<u>Purchase LTV/CLTV/HCLTV</u>	<u>LCOR LTV/CLTV/HCLTV</u>	<u>Cash out Refi LTV/CLTV/HCLTV</u>
FHA	Primary Residence	1-4 Unit	96.50%	97.75%	80%

## Case Number

FHA requires all FHA loans to have an FHA case number. Clients must submit an FHA case assignment request form before submitting any FHA loans. The form may be found on the Client Portal>FHA and select Case Assignment Request Form (Delegated issues their own)

## Disclosures and eSignatures

The FHA has granted expanded authority (Mortgagee Letter 2014-03) to lenders to accept electronic signatures (e-Signatures) on documents associated with mortgage loans. The new policy allows e-Signatures on origination, servicing, and loss mitigation documents, as well as FHA insurance claims, REO sales contracts and related addenda.

## Future Employment / Income

GMFS requires the borrower to be on the job prior to using income from the job in qualifying. We do not allow income from future jobs or future income (Not applicable on Delegated)

## Non-Permanent Resident

Documentation required for Non-permanent resident aliens Employment Authorization Document:

- If EAD expires in < 3 years and >12 months, borrower must have a history of renewal, OR letter from employer stating intent to renew and continued work and sponsorship.
- If EAD expires in < 12 months a letter of sponsorship is required AND history of renewal.

## Credit Depth

All **FHA** loans will be required to have at minimum the requirements listed below:

- Minimum of two credit scores reporting, regardless of AUS approval.
- For loans with multiple borrowers, each borrower must have two FICO scores unless the borrower that does not meet the above requirements is a co-borrower on the loan AND lives in the subject property as his/her primary residence along with the primary borrower.
- Non-traditional credit is allowed for streamline only, if borrower is an existing GMFS customer.
- Payment shock will be considered in the analysis of the overall risk of the borrower.

Borrowers who have been living rent free are required to show at least 60 days of bank statements, or VOD with a 60- day average balance, to show a history/trend of savings. In some case, underwriter may require longer periods.

## Refinance Seasoning Requirement

All FHA Streamlined and Cash Out Refinance loans must meet the following seasoning requirements:

- The borrower has made at least six consecutive monthly payments on the loan being refinanced (Initial Loan), beginning with the payment made on the first payment due date; **AND**
- The first payment due date of the refinance loan occurs no earlier than 210 days after the first payment due date of the Initial Loan.

## Escrow Holdback for Home Repairs

GMFS will limit base loan amount to appraised value in any instance where there is a 203(b) with Repair Escrow. GMFS will not finance a repair escrow that causes the loan amount to exceed the appraised value of the property.

For more detail on escrow holdback and eligibility, see guidelines at the end of the section.

*\*Delegated business is eligible down to 600 FICO without the additional overlays listed below.*

## Requirements for all 620-639 FICO FHA Loans

In addition to the overlays above, additional requirements for FHA loans with FICO below 640 include:

- Manual Underwrite not allowed.
- If gift funds apply, no rent free borrowers allowed. Verification of rental history is required. Must be verified with VOR and must be 0 X 30. VOR cannot be provided from an interested party or a family member.

## Requirements for all 600-619 FICO FHA Loans

In addition to the overlays above, additional requirements for FHA loans with FICO below 620 include:

- Manual Underwrite not allowed.
- No rent free borrowers allowed
- Verification of rental history is required. Must be verified with VOR and must be 0 X 30. VOR cannot be provided from an interested party or family member.
- 3.5% minimum borrower's own funds required for down payment
- No gift funds allowed

## FHA Streamline

FHA Streamline must follow the additional rules below in addition to the FHA rules noted above.

<u>Product</u>	<u>Occupancy</u>	<u># of Unit</u> <u>s</u>	<u>Purchase</u> <u>LTV/CLTV/HCLTV</u>	<u>LCOR</u> <u>LTV/CLTV/HCLTV</u>	<u>Cash out Refi</u> <u>LTV/CLTV/HCLTV</u>
FHA	Streamline	1-4 Unit		97.75%	

## Streamline Refinance Additional Requirements

- LTV is based on the Original Property Value from FHAC Refinance Authorization Results Form.
- 1x30 mortgage history for the last 12 months prior to the case assignment; and 0x30 in the last 6 months prior to the case assignment
- A minimum of 640 FICO required for all FHA Streamline refinances.
- In conjunction with QM guidance, GMFS will require a tri merge credit report with scores and making sure that the borrower's credit other than the mortgage has not deteriorated to the point of concern. GMFS will not entertain requests that result in an increased monthly pmt. without credit qualifying the applicant.
- *GMFS will follow FHA Non-Credit Qualifying Parameters based on the program selected in the pricing Engine*
- *Must meet all HUD guidelines, including Net Tangible Benefit requirements*
- *See Refinance Seasoning Requirement listed above*



## Special Consideration for FHA Streamline where the current loan is being serviced by GMFS -- must be identified on lock

To Participate in the GMFS Streamline Program which offers few underwriting requirements and improved pricing:

- 0x30 mortgage history for the last 12 months
- FICO does not need to be pulled. If FICO is pulled, must be 620 or greater and standard LLPA apply.
- Verification the borrower has a current and active source of income (i.e. verbal VOE, SSI Awards letter, etc.)
- **Important for Qualification, BEFORE the New Case Assignment Date**, the current existing FHA mortgage must have all of the following:
  - \*Standard FHA requirements noted for your benefit
    - At least 6 scheduled payments made before new case date, and
    - At least 6 full months have passed from the first payment due date to the new case assignment date, and
    - 210 days from settlement date of the current mortgage to new case date
- Current servicer must be marked GMFS on lock confirmation. Field is located at the bottom of the “First Lien Search Criteria” section on OB lock form.

## FHA High Balance Government Loans

<u>Product</u>	<u>Occupancy</u>	<u># of Units</u>	<u>Purchase</u> <u>LTV/CLTV/HCLTV</u>	<u>LCOR</u> <u>LTV/CLTV/HCLTV</u>	<u>Cash out Refi</u> <u>LTV/CLTV/HCLTV</u>
FHA High Balance	Primary Residence (no streamlines)	1-4 Unit	96.50%		85%

All loans must meet FHA published guidelines and the standard GMFS FHA guidelines. In addition, the following guidelines must be met:

- Minimum FICO – FHA is 660
- Primary Resident Only
- No FHA Streamlines
- COR – Foreclosure or Bankruptcy is not allowed within most recent seven years.
- Seller Funded DAPs are not allowed.
- No Leasehold
- 30- year term only

## Appraiser/Appraisal Requirements

Standard Appraiser Requirements with the following additions:

- Loan amount(s) greater than \$1 million up to and including \$2 million: One Full FHA appraisal completed by a Certified Appraiser, and a desk review with data verification
- For loan amounts > \$2,000,000: Two Full FHA appraisals needed with additional requirements. Please contact your designated GMFS representative.

**Note:** Regardless of whether or not a second appraisal is required, any time a second appraisal has been obtained it must be considered.

## FHA 203(h) – Disaster Relief Loan

- GMFS will be offering FHA 203(H) disaster program for up to one year from the date of the disaster area was declared. Guidelines include:
  - 640 minimum FICO score
  - 100% Financing Available
  - No Down Payment Required
  - Previous residence (owned or rented) must have been located in a Federally Declared Disaster Area and be destroyed or damaged to such an extent that reconstruction or replacement is necessary.
  - The purchased property must be a Single Family Property or a unit in an FHA-approved Condominium Project.
  - These loans are for principal residences only. There is an occupancy requirement for the FHA 203(h).
  - DU will have Approve/Ineligible status. LTV is the only allowed reason for Ineligible status.

Product	Occupancy	# of Units	Purchase LTV/CLTV/HCLTV	LCOR LTV/CLTV/HCLTV	Cash out Refi LTV/CLTV/HCLTV
VA	Primary/ IRRRL	1-4 Unit	100%		90%

*\*VA guaranty plus cash/equity must be equal to at least 25% of the purchase price or Notification of Value (NOV), whichever is less, on purchases and non-IRRRL refinances.*

*\*\*The loan to value is the total loan amount, including the financed funding fee, divided by the lesser of the appraised value or purchase price.*

## Sponsorship

Clients must have a VA sponsorship to close and fund VA loans\*\*. Please allow at least 30 days upon submitting a completed VA Sponsor Request form and required fee to the VA. The form may be found on the Client Portal>VA and select VA Sponsor Request Form. Clients must also complete the annual renewal requirements and payment of fees prior to the end of each calendar year.

*\*\*GMFS will close up to four (4) VA loans once it has been validated that the sponsorship request is in process.*

## Certificate of Eligibility

At the time of Closing the Certificate of Eligibility cannot be more than 90 days old.

All VA loan transactions delivered to GMFS must be eligible for VA guaranty. Therefore, VA loan transactions with applications dates on or after February 15, 2019, must meet the new requirements as set forth by VA in the following:

- <https://www.federalregister.gov/favicon.ico>
- [https://www.benefits.va.gov/homeloans/documents/circulars/26\\_18\\_30.pdf](https://www.benefits.va.gov/homeloans/documents/circulars/26_18_30.pdf)
- [https://www.benefits.va.gov/homeloans/documents/circulars/26\\_18\\_30\\_change1.pdf](https://www.benefits.va.gov/homeloans/documents/circulars/26_18_30_change1.pdf)
- [Lenders - VA Home Loans](#)

## Additional Requirements for VA between 600-619

- Purchase Money Only
- Must have a DU Approve/ Eligible or LPA Accept / Eligible finding
- No Collections in the last 12 months (exception: medical collections)
- Max 1x30 mortgage in the last 12 months
- No High Balance / Jumbo VA allowed
- No disputed accounts

## Cash-out Refinance

All VA Cash-out must meet the following conditions:

- Must meet all published VA guidelines including those in Circular 26-18-30
- No new subordinations are allowed
- LTV limited to 85% if property previously listed for sale and off market less than 90 days
- 0X30 on mortgage over the last 12 months

Remember, Optimal Blue cannot capture all the underwriting parameters so please make sure it meets GMFS guidelines before locking.

## IRRRLS

- The veteran must be 0X30 for the last 6 months and cannot be more than 1X30 in the last 12 months
- Minimum 620 FICO
- The proposed streamline refinance does not increase the principal balance outstanding on the prior existing residential mortgage loan except to the extent of fees and charges allowed by VA
- Total points and fees payable in connection with the proposed refinance do not exceed 3% of the total new loan amount
- The interest rate on the proposed refinance loan is lower than the existing rate on the loan being refinanced unless the borrower is going from an ARM to a fixed rate
- The new refinance is fully amortizing with no balloon payment features
- The loan must not have cash back to borrower. VA allows corrections not exceeding \$250 if related to:
  - Computational errors
  - Changes in Payoff figures
  - Upfront fees paid for appraisal/credit report that are added to the loan after the initial LE
  - Refund of escrow balance on the old loan

### **Special Consideration for IRRRLS where the current loan is being serviced by GMFS -- must be identified on lock**

- To Participate in the GMFS IRRRL Program which offers few underwriting requirements and improved pricing:
  - 0x30 mortgage history for the last 6 months and no more than 1x30 in the last 12 months
  - FICO does not need to be pulled. If FICO is pulled, must be 620 or greater and standard LLPA apply.
- \*\*Current servicer must be marked GMFS on lock confirmation. Field is located at the bottom of the "First Lien Search Criteria" section on OB lock form.

## **Additional Requirements for VA Refinance Loans:**

- **A loan is considered seasoned if both of the following conditions are met as of the date of the loan closing:**
  1. The due date of the first monthly payment of the loan being refinanced is 210 days or more prior to the closing date of the refinance loan; and
  2. Six consecutive monthly payments have been made on the loan being refinanced

(this applies the all refis above, including GMFS to GMFS)

### **Clarification of VA Construction Guidelines per VA circular 26-18-7**

GMFS can lend 100% of the cost to build and lot equity. If the appraiser did not provide lot equity, a conventional appraisal that was done for the construction loan to determine the portion of the VA value, can be considered the lot value.

VA loans do not allow you to finance closing cost and prepaids so the lot equity will be treated as a deposit, there for allowing these funds to go toward closing cost and prepaids. if the land was purchased within last 12 months we can use the cost as value and provide the lot purchase sale as proof.

Even though the title of the lot is already in the name of the Veteran, it can not be treated as a refinance.

### **Escrow Holdback for Home Repairs**

Eligible under Government Business, see guidelines at the end of the product descriptions in this section.

## VA High Balance Loans

<u>Product</u>	<u>Occupancy</u>	<u># of Units</u>	<u>Purchase LTV/CLTV/HCLTV</u>	<u>LCOR LTV/CLTV/HCLTV</u>	<u>Cash out Refi LTV/CLTV/HCLTV</u>
VA High Balance	Primary Residence	1-4 Unit	100%		

*\*If property is not in a High Balance Area, regardless of loan amount, the VA guaranty plus cash/equity must be equal to at least 25% of the purchase price or Notification of Value (NOV), whichever is less, on purchases and non-IRRRL refinances.*

*\*\*The loan to value is the total loan amount, including the financed funding fee, divided by the lesser of the appraised value or purchase price.*

**All VA High Balance/Jumbo Government Loans** must meet VA published guidelines and the standard VA GMFS overlays. In addition, the following guidelines must be met:

- VA minimum FICO is 640
- Primary Resident Only
- VA max loan amount \$1,000,000
- Foreclosure or Bankruptcy is not allowed within most recent seven years.
- Seller Funded DAPs are not allowed.
- Must have a DU Approve/ Eligible or DU Approve/Ineligible (only due to loan balance).
- No refinance permitted within 90 days of property being listed for sale
- Max cash in hand amount is \$100,000.00 for cash out refinances
- Standard Ginnie Mae seasoning applies — see VA Refi section above

**VA High Balance / Jumbo Government IRRRLs:** In addition to the HB/Jumbo guidelines listed above, IRRRLs require:

- VA IRRRL are manual underwrite
- Must have a Full Conventional Appraisal
- No Collections in the last 12 months
- If current mortgage is less than 12 months must be 0\*30 in the last 12 months; if current mortgage is greater than 12 months must be 0\*30 in the last 6 months and no more than 1\*30 in the last 12 months.
- See Refinance Loan Seasoning Requirements above

Product	Occupancy	# of Units	Purchase LTV/CLTV/HCLTV	LCOR LTV/CLTV/HCLTV	Cash out Refi LTV/CLTV/HCLTV
Rural Development	Primary Residence	1 Unit	100/102% after Gfee		

## Property and Income Eligibility

Subject Property must be in an eligible location as determined by USDA. Household income must be less than Rural Development County Income Limit for moderate-income families (based on number of members in household). Property and Income eligibility can be determined on USDA's website <http://eligibility.sc.egov.usda.gov>. Instructions may be found on the [Client Portal>USDA/Rural Development](#) and select RD Property and Income Eligibility.

## Pre-Qualification

GMFS does offer a pre-qualification system for USDA loans. The form may be found on the [Client Portal>USDA/Rural Development](#).

## GUS Approval

GMFS requires a GUS recommendation of Accept/Eligible or Refer/ Eligible.

All USDA submissions must come in to GMFS with either one of the following uploaded with the file:

- The GUS AUS findings that the GMFS client runs themselves prior to submission.
- The GUS AUS findings that our GMFS pre-qualification service provides.

GMFS will follow all instructions regarding policies and procedures issued by the USDA National Office and will not adopt any reduced documentation requirements that may be offered by an individual State Office

## Validated Credit Scores

Accept/Eligible – No minimum trade-lines required

Refer/Eligible – Three trade-lines with a 12 month review history is required

- Acceptable trades reporting on credit are Installment, Revolving and Deferred accounts.
- Acceptable Non-traditional credit references are Rent, utility payments, internet/cell phone, car insurance, non-payroll deducted health insurance, child care, school tuition.
- Ineligible non-traditional credit references are monthly subscriptions, gym memberships, alimony, child support, garnishments, court ordered debts.

A new undisclosed debt does not require a file to be manually downgraded.

## eSignatures

RD 1980-21 was replaced with Form 3555-21 (Revised 10/2018) and will now allow eSignatures on this Form 3555-21.

## Permanent and Non-Permanent Resident Aliens

Require prior approval from USDA and must be obtained prior to underwriting. This is done through USDA's SAVE system which can be accessed through GUS.

## USDA Streamlined Assist

- For GMFS to GMFS customers, credit report is not required. If your borrower's FICO could be above 620, pull credit to get a better price. You can also pull for verification of the mortgage payment history. To qualify with a zero FICO, borrower must have loan currently being serviced by GMFS and must be current on payments.
- Minimum FICO is 620 for non-GMFS to GMFS loans.

- Manual Underwrite only
- Mortgage payment history:
  - Must have closed 12 months prior to request for a refinance; and
  - Must have been paid as agreed 12 months prior to application.
- DTI must be calculated and included on the 1008 for HMDA reporting purposes
- Borrower must have a current and steady source of income (either employed at least part time or receiving documented benefits). Income must be documented and must meet USDA's adjusted annual income limitations for eligibility purposes only.
- Net Tangible Benefit requirements:
  - \$50 or greater reduction in new P&I payment plus the monthly fee as compared to the existing P&I payment plus the monthly fee.
- New borrowers may be added but all existing borrowers must remain on the new loan.
- No appraisal required (except when refinancing a USDA Direct Loan in which the borrower received a subsidy).

### **Escrow Holdback for Home Repairs**

HUD REO property forward transactions are eligible for purchase by GMFS including Escrow holdbacks for home repairs. Transaction must meet HUD requirements and standards. GMFS will escrow an amount equivalent to 1.1 times the cost to cure for FHA loans.

- **Delegated clients will handle their own repairs and they are to be completed prior to purchase. Funds disbursed to be documented.**

Conforming Conventional, VA and USDA loans are also eligible for Escrow holdback for home repairs. GMFS will escrow an amount equivalent to 1.2 times the cost to cure.

The fee for an escrow holdback is \$200 on most business and \$500 on any loan that has structural issues or safety hazards that need to be repaired.

Loan must also meet the following GMFS requirements:

- 660 FICO\*
- First-time homebuyer must have an institutional Verification of Rent or cancelled checks.
- Two (2) months reserves\*
- Minimum Installment Trades of \$5,000 minimum/12 month installments\*
- GMFS Construction Lending Department Manager **must approve** prior to loan submission. When sending request in for approval, Client should include the following documentation in an email request to [escrowholdback@gmfslending.com](mailto:escrowholdback@gmfslending.com):
  - 1003
  - Credit Report
  - Purchase Agreement
  - Contract or estimate for cost to cure
  - Appraisal
  - LE. Loan Officer must disclose escrow holdback fee and the final compliance inspection report fee on their LE. For an FHA loan, this inspection must be performed by a HUD approved Inspector.
  - VOR if first time homebuyer
  - Purchase file must contain a copy of the fully completed HUD form 92300 Mortgagee's Assurance of Completion. The 1004D Appraisal Update and/or Completion Report must be provided within 30 days of closing transaction.

\* Not applicable for USDA

**For Conforming Conventional, VA, or USDA loans only:** If the repairs are found to be structural in nature or pose a safety risk, a 30-day lock extension beyond the closing date will be required to allow time for the repairs to be finished and the 1004D to be completed. The loan will not be eligible for sale until the final 1004D has been delivered.

## Jumbo or Grant Programs

Please contact your designated GMFS District Director or Account Executive for approval. Reference the GMFS Proprietary Jumbo Guide or Grant Guidelines for more information.

GMFS only offers Grant Programs in Louisiana.

\*Not eligible for delegated business

## Insurance (All Products)

Each borrower has the right to select his or her own insurance carrier to provide hazard insurance for the secured property. Clients must ensure that the insurance carrier, policy, and coverage meet GMFS' requirements. In some cases, GMFS may require additional coverage or consider coverage that differs from these requirements.

### Escrow Impounds

GMFS purchases loans with and without taxes and homeowners insurance escrowed/impounded. For loans purchased with escrows/impounds, the Loan Officer must provide the borrower with an escrow disclosure statement indicating all terms to be escrowed. The escrow account and appropriate reserves must be established at the time of closing, as evidenced by the HUD-1. Impound/Escrow account is required over 80% LTV on all loan products (unless state law prohibits). Impounds can only be waived on Conventional loans.

On purchase money loans, the first year's premium for all insurance policies must be paid in full before or at the time of closing, even if escrows are waived.

**Section 35** loans require an escrow for five (5) years.

Pricing adjustments apply when waiving escrows.

### Hazard, Wind and Hail

- Must have Binder or Declaration page
- Minimum coverage:
  - Conventional – **Greater** of 80% of cost new; or loan amount; or **Guaranteed** replacement cost policy; or letter from the insurance company stating that coverage amount is "at least 80% of the maximum insurable value."
  - Government – Loan amount or **Guaranteed** replacement cost policy or letter from the insurance company that coverage amount is "at least 80% of the maximum insurable value."
- Max deductible allowed: 5% dwelling coverage.
- For USDA: Unless a higher amount is required by state or federal law, the maximum deductible should not exceed the greater of \$1,000.00 or 1% of the face amount of the policy
- If Wind and Hail Coverage is not included, then separate policy must be obtained.
- Condo policy must cover Inside Walls and Fixtures or separate policy must be obtained for at least 20% of appraised value. Also, must have \$1,000,000.00 in Liability coverage and must have the Unit # on the policy.
- If renewal date is within 60 days of closing date will need either paid receipt or premium must be collected and paid at closing.
- Mortgagee Clause: Must have at least proof that a change request has been made by the insurance agent.
- "Accord" policies are not allowed for USDA, FHA, and VA loans.

- “Other structure coverage amounts” can only be used if there are additional separate structures on the property that were given value on the appraisal.
- “Content coverage” is not allowed to be used to meet GMFS minimum coverage requirements.

## Flood

- Must have Binder or Declaration page or signed application by both borrowers and agents.
- Minimum Coverage: equal to the lesser of the following:
  - 100% of the insurable value of the improvements, as established by the property insurer; or
  - the unpaid principal balance of the mortgage, as long as it at least equals the minimum amount—80% of the insurable value of the improvements—required to compensate for damage or loss on a replacement cost basis. If it does not, then coverage that does provide the minimum required amount must be obtained.
- Flood Zone on policy must match that on the Flood Hazard Determination.
- Max Deductible allowed: \$10,000, on all products except USDA
- On USDA, unless a higher amount is required by state of federal law, the maximum deductible should not exceed the greater of \$1,000 or 1% of the face amount of the policy.
- If renewal date is within 60 days of closing date, will need either paid receipt or premium must be collected and paid at closing.
- Mortgagee Clause: Same as Hazard Insurance
- Available on Conventional, USDA and VA only; Private Flood must meet Fannie / Freddie minimum rating requirements for insurance underwriters.
- Private Flood Insurance policies are NOT allowed on FHA loans.
- Private Flood Insurance policies written through any company other than Lloyds of London require approval from GMFS.
- All properties located within a special flood hazard area are required to escrow for flood insurance, even if the requirement for escrows have been waived.
- “Accord” flood insurance policies are not allowed for USDA, FHA, and VA loans. “

## State Specific Coverage Requirements:

**Illinois:** Insurance coverage has to be at least 80% cost new or guaranteed replacement policy. Can’t require the **greater of 80%** or cost new.

**Texas:** In the state of Texas, a replacement cost policy is the same as guaranteed replacement cost policy.

**Florida:** According to state law, no lender making a mortgage on a residential real estate transaction can require any amount in excess of the replacement value, even if the loan amount is higher. The lender also can’t request a copy of the replacement cost estimator. If the coverage does not cover the replacement cost on the appraisal, then lender should contact the insurance agent and address the discrepancy to reach a mutual agreement.

## Taxes

Proof of paid taxes must be provided on all closings that disburse on or after the tax due date. If taxes are due but the bill is not available on the date of disbursement, provide proof that sufficient funds are being held by the title company to cover the projected tax bill. Tax information, including tax due dates, must be completed on the title commitment by the closing agent. These amounts must also match the information on the tax information sheet that is returned with the closing package.

## Mortgagee Clause

*Refer to Correspondent or Wholesale Selling Guide , as applicable*



## Termite Certificate

*Refer to GMFS Product Requirement Summary Geographical Restrictions*

### Title

- 24 months chain of title required on Title Commitment. **GMFS will accept 12 month chain of title from approved Delegated Correspondents.**
- Title Commitment may not be aged more than 60 days from the closing date.
- Licensed title agents have to be approved in advance by contacting the designated District Director or Account Executive.
- Standard Alt A endorsements must be issued by the closing agent when required by the nature of the subject property or otherwise required by the title insurer or lender. The Alt A 8.1 and 9.0 are required for all loans.

### Government Mortgage Insurance and Guarantees

The client is responsible for paying the upfront premium on all FHA, VA, and USDA loans. GMFS will submit these loans for insuring/guarantee unless otherwise state at time of contract.

(Note: If the correspondent client's contract indicates insuring of their own files, the evidence of insurance/guarantee must be delivered to GMFS prior to loan purchase funding.)