GMFS MORTGAGE

GMFS MORTGAGE · COMMUNITY LENDING · CONVENTIONAL

GMFS Down Payment Advantage (DPA)

Homeownership within reach · Conventional 30-Year Fixed · Purchase Only

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Let's Make Home Happen.

Program Highlights

A 30-year fixed conventional first mortgage for low-to-moderate income buyers, paired with a Fahe My Place or Springboard To Homeownership interest-only second — up to 97% LTV and 105% CLTV.

- Standard Conventional, HomeReady® or Home Possible® · purchase, 1-unit primary residence
- Minimum FICO 660 · max DTI lesser of AUS or 50% · income up to 140% AMI
- Updated: homebuyer education timing and self-employed income verification

This guide provides the eligibility, credit, income, asset, property and fee requirements for the GMFS Down Payment Advantage (DPA) Community Lending program — a conventional first mortgage paired with a Fahe or Springboard down payment assistance second.

Supersedes all prior versions. Subject to change without notice. Items marked "GMFS overlay" are GMFS requirements that are more restrictive than Fannie Mae / Freddie Mac guidelines. For internal and business-partner use only — not a consumer advertisement.

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SECTION 1

01 Program Overview

Conventional first mortgage paired with a DPA second

The GMFS Down Payment Advantage (DPA) is a Community Lending partnership program tailored to help low-to-moderate income borrowers realize their dream of homeownership. This 30-year fixed conventional first mortgage is paired with either the Fahe My Place or the Springboard To Homeownership interest-only second mortgage.

Loans must meet Fannie Mae / Freddie Mac guidelines except where this guide states a GMFS overlay. In the case of conflicting guidelines, follow the more restrictive requirement (see Section 7).

Eligibility Matrix

GMFS Down Payment Advantage (DPA) — Fixed Rate

Occupancy	Units	Max LTV / CLTV / HCLTV[4]	Min FICO	Max DTI
Purchase · Fixed Rate				
Primary Residence	1 Unit	97%[1 2] / 105%[2 3 5]	660	Lesser of AUS or 50%

[1] Up to 97% LTV per Fannie Mae / Freddie Mac guidelines (conforming only); high balance limited to 95% LTV. [2] See First-Time Homebuyer Requirements (Section 2). [3] Up to 105% CLTV with Community / Affordable Seconds per Fannie Mae / Freddie Mac guidelines. [4] Minimum LTV 80.01%. [5] Maximum CLTV is 100% in Nebraska.

Eligible Products

National DPA · 30-year fixed first mortgage — Standard Conventional, Fannie Mae HomeReady® or Freddie Mac Home Possible®.

Product	Springboard second	Fahe second
Home Possible® 30yr	DPA Home Possible 30yr – SB (Springboard.SRHP)	DPA Home Possible 30yr – Fahe (Fahe.SRHP)
HomeReady® 30yr	DPA HomeReady 30yr – SB (Springboard.SRHR)	DPA HomeReady 30yr – Fahe (Fahe.SRHR)
Standard Conv 30yr	DPA Conv 30yr – SB (Springboard.SR)	DPA Conv 30yr – Fahe (Fahe.SR)

At a Glance

- Purchase only · owner-occupied primary residence · 1 unit
- Minimum FICO 660 · DU Approve/Eligible or LPA Accept · no manual underwriting
- Income limit 140% of AMI (80% AMI for HomeReady / Home Possible)
- Homebuyer education required for all borrowers before closing
- Must be paired with a Fahe My Place or Springboard To Homeownership 30-year interest-only second
- $400 DPA Administration Fee on the first lien · no fees on the second lien

SECTION 2

02 Loan Product & Program Limits

Income limits, loan amount, purpose and first-time homebuyer rules

Guideline	Requirement
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). Other AMI limits may apply — see First-Time Homebuyer Requirements below.
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.

Fannie Mae AMI Lookup — https://ami-lookup-tool.fanniemae.com/amilookuptool/

Freddie Mac Home Possible Income & Property Eligibility — https://sf.freddiemac.com/working-with-us/affordable-lending/home-possible-eligibility-map

First-Time Homebuyer Requirements

Guideline	Requirement
General	Refer to the Fannie Mae Selling Guide or Freddie Mac Single-Family Seller/Servicer Guide, as applicable.
HomeReady® / Home Possible®	No first-time homebuyer requirement. • Qualifying income, converted to an annual basis, must not exceed 80% of area median income (AMI).
Standard conventional · LTV ≥ 95.01%[1][2]	At least one borrower must be a first-time homebuyer.
LTV < 95.01%[2]	No first-time homebuyer requirement.

[1] Up to 97% LTV per Fannie Mae / Freddie Mac guidelines (conforming only). [2] Up to 105% CLTV with Community / Affordable Seconds per Fannie Mae / Freddie Mac guidelines; maximum CLTV 100% in Nebraska.

First-time homebuyer — At least one buyer must not have owned any residential property in the past three years. A displaced homemaker or single parent is also 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 period. See the Fannie Mae / Freddie Mac guides for further information.

SECTION 3

03 Borrower Eligibility & Credit

Eligibility, homebuyer education, AUS, FICO and DTI

Guideline	Requirement
Borrower eligibility	Follow GMFS standard program guidelines.
Exclusionary List	GMFS maintains an Exclusionary List identifying certain individuals and businesses. GMFS will not close a loan where an individual or company on the Exclusionary List was directly or indirectly involved in the transaction. All loan participants must be checked against the Exclusionary List. (GMFS overlay)
Homebuyer education	• Required for all borrowers. • Must be completed prior to the note date / loan closing; the certificate of completion must be retained in the loan file. • Must meet Fannie Mae / Freddie Mac (as applicable) requirements — DU / Fannie Mae: HomeView; LPA / Freddie Mac: CreditSmart Homebuyer U. • Post-purchase delinquency counseling is not required.
Co-signers / non-occupant co-borrowers	Permitted per the Fannie Mae Selling Guide or Freddie Mac Seller/Servicer Guide.
Non-arm's length transactions	Refer to the Fannie Mae Selling Guide or Freddie Mac Single-Family Seller/Servicer Guide, as applicable.

Fannie Mae HomeView — https://www.fanniemae.com/homeview

Freddie Mac CreditSmart Homebuyer U — https://creditsmart.freddiemac.com/

Credit

Guideline	Requirement
AUS	• DU Approve/Eligible or LPA Accept is required. • Credit is evaluated by AUS. • Manual underwriting is not permitted (GMFS overlay).
Minimum FICO	660 (GMFS overlay)
Non-traditional credit	Not permitted (GMFS overlay).

Guideline	Requirement
Significant derogatory credit	Refer to the Fannie Mae Selling Guide or Freddie Mac Single-Family Seller/Servicer Guide, as applicable.
DTI	Maximum DTI is the lesser of AUS or 50%.

SECTION 4

04 Employment & Income

Verification, self-employment and tax transcripts

Employment / Income Verification

- Employment and income documentation must comply with the AUS findings and the Fannie Mae Selling Guide or Freddie Mac Seller/Servicer Guide, as applicable, including any COVID-related income and employment verification requirements still in place.
- Approved third-party suppliers that generate employment and income verification reports may be used to verify income and/or employment.
- Request for Verification of Employment (Form 1005) is not permitted as a standalone document for income verification (GMFS overlay).
  - When Form 1005 is used, the borrower's most recent paystub, IRS W-2, or IRS tax return transcripts covering the most recent one-year period must also be obtained.
- To determine eligibility, include the income from all borrowers who will sign the note, to the extent that income is considered in evaluating creditworthiness for the loan.
- Salaried employees: the verbal verification of employment (VVOE) must be completed within ten (10) business days prior to the note date.
- Income validation obtained through DU may satisfy the VVOE requirement when obtained within ten (10) business days prior to the note date.
- Self-employed borrowers: see Self-Employment / Income Verification below.
- 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:

- The verbal verification of employment must be completed within 120 calendar days prior to the note date.
- When evaluating self-employed income, GMFS may, at its discretion, request additional documentation if excessive deductions — such as depreciation — are added back to the borrower's net income. This validates the borrower's cash flow and confirms the historical consistency of the income used to qualify.

- A written income analysis must be completed for all self-employed borrowers and provided on the Transmittal Summary or a like document in the file.

Tax Transcripts

- Form 4506-C or Form 8821 must be signed at closing for all transactions (GMFS overlay).
- W-2 / 1099 transcripts are not required for a borrower when all of that borrower's income is derived from W-2 wage earner and/or 1099 fixed income sources.
- Tax return transcripts (personal and/or business) are required (GMFS overlay):
  - When tax returns are used to qualify the borrower's income (e.g., self-employment or rental income). The number of years is based on the AUS findings.
  - When the 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.

> **!** Transcript delayed by IRS processing: provide the prior year's transcripts (per AUS), the filed current-year return and a current-year “No Record Found” result. Cancelled IRS checks or e-file receipts showing matching SID/AGI may be required. FEMA-area IRS extensions: also provide a copy of the extension.

SECTION 5

05 Assets & Subordinate Financing

Asset documentation and the required DPA second

Assets / Reserves

Guideline	Requirement
Asset documentation	Must comply with the AUS findings and the Fannie Mae Selling Guide or Freddie Mac Seller/Servicer Guide, as applicable. • Approved third-party suppliers that generate asset verification reports may be used to verify assets.
Financing concessions	Refer to the Fannie Mae Selling Guide or Freddie Mac Single-Family Seller/Servicer Guide, as applicable.
Borrower contribution	Refer to the Fannie Mae Selling Guide or Freddie Mac Single-Family Seller/Servicer Guide, as applicable.

Subordinate Financing / Down Payment Assistance

The first mortgage must be paired with a 30-year interest-only second mortgage from either:

- Fahe — My Place Mortgage Interest-Only Program
- Springboard CDFI — Springboard To Homeownership Program

Other down payment / closing cost programs are permitted in conjunction with the Fahe or Springboard program (GMFS overlay):

- These programs must comply with Fannie Mae Community Seconds / Freddie Mac Affordable Seconds eligibility guidelines.
- They must be subordinate to the Springboard or Fahe second, as applicable.

SECTION 6

06 Property & Appraisal

Property types, appraisal, disaster and geographic rules

Property Types

Eligible	Ineligible
Single Family Detached	Manufactured Homes (GMFS overlay)
Single Family Attached	Cooperatives (GMFS overlay)
Single Family with Accessory Unit — must be zoned single family; subject to all applicable agency guidelines	Mobile Homes
Rural properties (must be residential in nature)	Condotels · Hotel Condominiums
PUDs	Timeshares
Condominiums	Working Farms or Ranches · Unimproved Land
	Community Land Trusts · Group Homes

Appraisal & Property Requirements

Guideline	Requirement
Appraisal requirements	• Determined by AUS findings. • Condition rating C5/C6 or Quality rating Q6: not permitted (GMFS overlay). • Successful UCDP Submission Summary Reports (SSRs) are required from both Fannie Mae and Freddie Mac. Loans are ineligible when the SSRs include proprietary messages indicating that 100% of loans with appraisals from the identified appraiser or supervisory appraiser will be reviewed, or that Fannie Mae / Freddie Mac will not accept appraisals from that appraiser (GMFS overlay).
Appraisal transfers	Permitted per the Fannie Mae Selling Guide or Freddie Mac Seller/Servicer Guide, as applicable.
Condos / PUDs	Permitted per the Fannie Mae Selling Guide or Freddie Mac Seller/Servicer Guide, as applicable.

Guideline	Requirement
Construction conversion	Permitted per the Fannie Mae Selling Guide or Freddie Mac Seller/Servicer Guide, as applicable.
Conversion of primary residence	Permitted per the Fannie Mae Selling Guide or Freddie Mac Seller/Servicer Guide, as applicable.
Escrow holdbacks	Not allowed.
Geographic restrictions	GMFS-approved states only. Not eligible in U.S. territories, provinces or commonwealths, including Guam, Puerto Rico, the U.S. Virgin Islands, the Northern Mariana Islands and American Samoa.

Disaster Area Requirements

Refer to the Disaster Guidelines in the GMFS Product Guide for 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 declaration, but GMFS or Fannie Mae has determined there may be an increased risk of loss due to a disaster.
- Areas where there is reason to believe the property may have been damaged in a disaster.

> **!** Loan teams are responsible for monitoring the GMFS Disaster Declaration File and the FEMA Declarations Summary on an ongoing basis to confirm the property is not located in an area impacted by a disaster.

FEMA Disaster Declarations — https://www.fema.gov/disaster/declarations

SECTION 7

07 MI, Restrictions & Fees

Mortgage insurance, special restrictions, document age and fees

Guideline	Requirement
High cost loans	Not permitted (GMFS overlay).
Higher-priced mortgage loans (HPML)	Permitted per Fannie Mae / Freddie Mac guidelines, as applicable.
Multiple financed properties	Refer to the Fannie Mae Selling Guide or Freddie Mac Single-Family Seller/Servicer Guide, as applicable.

Mortgage Insurance Coverage

LTV	HomeReady® / Home Possible®	Standard Conventional
95.01 – 97%	25%	35%
90.01 – 95%	25%	30%
85.01 – 90%	25%	25%
80.01 – 85%	12%	12%

Other Considerations & Fees

Guideline	Requirement
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.
Escrow waivers	Not permitted. Escrow accounts for property taxes, homeowner's insurance and flood insurance (if applicable) are required on all loans (GMFS overlay).
Fees	• First lien: $400 DPA Administration Fee. • No fees on the second lien.

Loans must be originated in accordance with Fannie Mae / Freddie Mac guidelines unless otherwise stated in this guide. In the case of conflicting guidelines, follow the more restrictive requirement for credit, income limits, total debt-to-income ratio, and loan and property requirements of Fahe, Springboard, Fannie Mae, Freddie Mac, the mortgage insurer, or GMFS.

Agency Guides

- Fannie Mae Selling Guide — https://selling-guide.fanniemae.com/
- Freddie Mac Single-Family Seller/Servicer Guide — https://guide.freddiemac.com/

SECTION 8

08 Summary of Updates

Changes in this edition

Topic	Change
Homebuyer education	Homebuyer education must be completed prior to the note date / loan closing, and the certificate of completion must be retained in the loan file.
Self-employment / income verification	New guideline: VVOE within 120 calendar days of the note date; GMFS may request additional documentation when excessive deductions (e.g., depreciation) are added back; a written income analysis is required for all self-employed borrowers.
Retail availability	Program guide issued for GMFS Mortgage retail origination.

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