

Beginning April 6th, 2009, Fannie Mae DU 7.1 began identifying eligible DU Refi Plus transactions. DU certificates on eligible loans will reflect any underwriting flexibilities, expanded eligibility criteria, or reduced documentation requirements allowed per the program.

Effective April 13th, 2009, Gateway will begin accepting locks of loans originated using Fannie Mae's DU Refi Plus program. This program will provide loan originators increased efficiencies and eligibility for the origination and underwriting of conforming rate/term refinances of existing Fannie Mae owned loans. Under this program, only Approve/Eligible loans will be eligible. DU Refi Plus decisions will be identified by the presence of the following message on the findings certificate:

This loan case file was underwritten according to the DU Refi Plus expanded eligibility guidelines offered on certain limited cash-out refinance loan case files where the borrower's existing loan is identified by DU as a Fannie Mae loan. This loan case file must be delivered with Special Feature Code 147.

"Approve/Ineligible", "Expanded Approval", and Refer decisions will be ineligible for purchase.

ELIGIBILITY CRITERIA

- Rate and term (no cash-out) refinance of an existing Fannie Mae loan.
- Available with all occupancy and property types
- Mortgage insurance will be waived on loans with loan-to-values (LTV) greater than 80% if the existing Fannie Mae loan had an original loan-to-value less than or equal to 80%. DU will issue the following message to indicate this waiver:
 - *Mortgage insurance is not required for this DU Refi Plus loan casefile.*
- Up to 90% LTV allowed if findings indicate MI is not required. When findings call for MI, max 95% LTV.
- No maximum combined loan-to-value (CLTV) on existing re-subordinated second liens
- Credit scores below the current DU minimum of 580 will be considered. ***
- 80% LTV/CLTV/HCLTV on second homes, 3-4 units and investment properties
- Conforming High-Balance ARM loans will not be subject to the minimum 680 credit score requirement.
- DU Refi Plus transactions must provide a benefit to the borrower in the form of either
 - Reduced monthly mortgage principal and interest payment, or
 - More stable loan product.
- Loans originated with DU Refi Plus findings must be closed/funded as such.
- Borrowers on the DU Refi Plus transaction must be the same borrowers on the current loan being refinanced. No additional borrowers may be added, and non of the previous borrowers may be removed.
- LO's are prohibited from specifically targeting borrowers, whose mortgages are owned or securitized by FNMA, for a refinance.
- Refinances of properties where the most recent transaction was an REO sale are not eligible for a Property Inspection Waiver. An interior and exterior inspection is required in these cases.

*** If Gateway is the current servicer of the loan, credit scores under 580 will be considered. VP Ops, VP Credit, or CCO/COO are the only persons eligible to sign off on credit scores under 580. If Gateway is not the current servicer, mid credit score must be 620 or greater.

INELIGIBLE PROGRAMS FOR DU REFI PLUS

The following loans are not eligible to be delivered as DU Refi Plus loans:

- Refinances of mortgage delivered to Fannie Mae on or after March 1, 2009.
- Loans with new subordinate financing or payoff of existing subordinate financing (resubordination of existing financing is acceptable with DU approval).
- Interest-Only programs
- Adjustable rate mortgage programs with fixed-rate periods less than five (5) years.
- Balloon mortgages
- MyCommunityMortgage loans
- HomeStyle Renovation mortgage loans
- Loans subject to any outstanding repurchase request from Fannie Mae.

ADDITIONAL RESTRICTIONS

DU Refi Plus loans with certificates dated between April 4, 2009 to May 2, 2009, on condominiums, Planned Unit Developments (PUDs) and cooperatives (co-ops) must be warranted according to either the DU certificate or meet the requirements listed in the Seller Guide.

DU Refi Plus loans with transferred mortgage insurance (MI) policies are not eligible. GMG will underwrite only those loans with MI waivers or new MI policies only.

DU Refi Plus refinances of loans not currently serviced by GMG are subject to the following:

- Minimum 620 credit score required regardless of DU decision
- 0 x 30 mortgage late payment history
- Bankruptcy discharge must be seasoned for at least 48 months
- Foreclosures must be seasoned for at least 84 months
- A payoff demand is required in the file to document the current servicer

All other standard guidelines apply.

PRICING

New loan level price adjustments for DU Refi Plus loans were published on the April 13th rate sheet. DU Refi Plus base price is the standard conforming/conventional price, less any applicable price adjustments listed in the DU Refi Plus price adjustment grid.