



DSHA Conventional Program

The DSHA Conventional Program is a partnership program between Lakeview Loan Servicing and the Delaware State Housing Authority with the goal of providing quality, affordable housing opportunities.

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DSHA Conventional Program				
Fixed Rate Purchase				
Occupancy	Purchase			
	Number of Units	Maximum LTV/CLTV/HCLTV	FICO	DTI
Primary Residence	1 Unit	97%/105%	620	Lesser of 50% or determined by the AUS

Loan Product	
Eligible Products/Terms	<ul style="list-style-type: none"> • 30 Year Fixed Rate Only • Freddie Mac HFA Advantage • Borrower(s) income \leq 80% AMI or $>$ 80% AMI • CDE 300 - 30 year Fixed Freddie Mac HFA Advantage
Income Limits	<ul style="list-style-type: none"> • Loan must meet DSHA Compliance income limits
Ineligible Product Types	<ul style="list-style-type: none"> • Choice Renovation • Standard Freddie Mac Home Possible • Super Conforming loan amounts
Purchase Price/Maximum Loan Amount Limits	<ul style="list-style-type: none"> • The sales price of the home cannot exceed DSHA guidelines for the county in which the property is located
Loan Purpose	<ul style="list-style-type: none"> • Purchase
Occupancy	<ul style="list-style-type: none"> • Primary residence, owner occupied only • Borrowers and spouses must reside in the U.S and occupy the property as their primary residence within 60 days of closing
Temporary Buy Downs	<ul style="list-style-type: none"> • Not permitted



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Eligibility	
Borrower Eligibility	<ul style="list-style-type: none"> Acceptable Residency statuses: <ul style="list-style-type: none"> US Citizen(s) Non-US Citizen(s) who are lawfully present in the United States. This includes both Permanent Qualified Resident Aliens and Non-Permanent Qualified Aliens defined in the Lakeview Loan Servicing Seller Guide or the Residency and Eligibility Guide Note: <i>If closing in a Trust, the Trust beneficiaries must meet one of the above residency statuses</i> Borrowers may not have an ownership interest in more than two (2) properties at the time of the loan closing (including property being purchased) <i>Loans to Limited Liability Corporations are not permitted.</i>
Homebuyer Education Requirements	<ul style="list-style-type: none"> Homebuyer education and counseling is required if all borrowers are first-time homebuyers <ul style="list-style-type: none"> Additional requirements for borrower(s) with a FICO score of 659 or lower as per DSHA guidelines Lender must deliver certificate of completion with loan file The Homebuyer Education course must: <ul style="list-style-type: none"> meet DSHA guidelines <u>AND</u> meet the standards defined by the National Industry Standards for Homeownership Education and Counseling or be a HUD approved course
Co-Signers/Non-Occupant co-borrowers/Non-purchasing Spouse	<ul style="list-style-type: none"> Co-Signers and Non-Occupant Co-Borrowers are not permitted
Non-Arm's Length Transactions	<ul style="list-style-type: none"> Per Freddie Mac Seller Guide as applicable
Credit	
AUS	<ul style="list-style-type: none"> Freddie Mac Loan Prospect Advisor (LPA) Accept/Eligible is required. <i>Manual underwriting is not permitted</i>
Underwriting Authority	<ul style="list-style-type: none"> Delegated underwriting only <ul style="list-style-type: none"> Non-delegated underwriting not permitted
FICO Requirements	<ul style="list-style-type: none"> All borrowers must have a <u>620</u> minimum credit score <i>If any of the borrowers do not have a usable credit score, the loan is NOT eligible.</i>
Non-Traditional Credit	<ul style="list-style-type: none"> <i>Not permitted</i>
Significant Derogatory Credit	<ul style="list-style-type: none"> Refer to Freddie Mac Seller Guide as applicable



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DTI	<ul style="list-style-type: none"> The lesser of 50% or AUS <u>Effective for all purchases on or after 11/22/19:</u> <ul style="list-style-type: none"> For the subject property and all other real estate owned, flood insurance and special assessments with more than 10 monthly payments remaining must be included in the DTI To exclude a monthly student loan payment from the DTI ratio, the Mortgage file must contain documentation indicating that the Borrower is eligible or approved for the student loan forgiveness, cancelation, discharge or employment-contingent repayment program. Evidence of eligibility or approval must come from the student loan program or the employer, as applicable.
Employment/Income	
Employment/Income Verification	<ul style="list-style-type: none"> Employment and income documentation must comply with the requirements of the AUS findings and the Freddie Mac Seller Guide 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. For salaried borrowers the verbal verification of employment must be completed within 10 business days prior to the Note date. For self-employed borrowers the verbal verification of employment must be completed within 120 days prior to the Note date. <u>For borrowers in the military, a military Leave and Earnings Statement dated within 30 days prior to the Note date is acceptable in lieu of a verbal verification of employment.</u> All sources of qualifying income must be legal in accordance with all applicable federal, state and local laws, rules and regulation, without conflict. A 4506-C form is required to be signed at closing for all transactions. <u>Transcript Requirements:</u> <ul style="list-style-type: none"> W-2/1099 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. <u>Tax transcripts are required in the following circumstances:</u> <ul style="list-style-type: none"> <u>When tax returns are used to qualify a borrower. The number of years provided must be based on the AUS findings. Income verified via tax returns includes but is not limited to the examples listed below:</u> <ul style="list-style-type: none"> <u>Self-employment income</u> <u>Rental Income</u> <u>Other income sources (i.e. Dividend Interest, Capital Gains, Alimony, etc.)</u> <u>When a written VOE form 1005 is used as standalone income verification.</u> <u>Employment by family members</u> <u>When amended tax returns have been filed, transcripts are required and must support the amended income</u> <p>Note: Typically, tax returns are not available from the IRS until two to three weeks after a Consumer e-files their tax returns and six to eight weeks after filing by mail. If the current tax return has been filed but the corresponding tax transcript is not yet available due to IRS lag times, the prior year's transcripts are required (depending on AUS requirement), in addition to the current tax return and current year transcript request returned as a "No Record Found". The current year tax returns must be reviewed to validate the stability of income/business and determine the reasonableness of any positive trends for the purpose of considering as</p>



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	<p>qualifying income. <i>Additional documents, (i.e. copies of cancelled checks for IRS Payment or IRS refund, or electronic filing receipt from the IRS indicating the SID and AGI that matches the return) may be required on a case-by-case basis.</i></p> <p>In FEMA declared disaster areas, the IRS may grant tax filing extensions to citizens of specific Counties and Parishes. If a tax payer takes advantage of these extensions, a copy of the extension, the “No Record” result and the prior year’s transcripts are required (based on AUS finding).</p>
Assets/Reserves	
Asset Documentation	<ul style="list-style-type: none"> Asset documentation must comply with the requirements of AUS findings and the Freddie Mac Seller Guide as applicable <ul style="list-style-type: none"> Approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets
Financing Concessions	<ul style="list-style-type: none"> Refer to Freddie Mac Seller Guide as applicable
Borrower Contribution	<ul style="list-style-type: none"> Per Freddie Mac HFA Advantage guidelines
Subordinate Financing	
Subordinate Financing/Down Payment Assistance	<ul style="list-style-type: none"> Per Freddie Mac HFA Advantage and DSHA guidelines
Property/Appraisal	
Eligible Property Types	<ul style="list-style-type: none"> 1 unit primary residence Townhomes PUDs Condominiums Leaseholds Construction Conversion Resale Restricted Properties
Ineligible Property Types	<ul style="list-style-type: none"> Manufactured Homes <u>Cooperatives</u> Mobile Homes 2-4 units <u>Community Land Trusts</u> <u>Land trusts where the beneficiary is an individual</u>
Appraisal Requirements	<ul style="list-style-type: none"> Determined by AUS findings <u>Appraisal Condition rating of C5/C6 or Quality rating of Q6 is not permitted</u> <u>Lakeview will require successful UCDP Submission Summary Reports (SSRs) from Fannie Mae and Freddie Mac. Lakeview 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 Freddie Mac or Fannie Mae will not accept appraisals from the identified appraiser or supervisory appraiser as applicable.</u>



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Appraisal Transfers	<ul style="list-style-type: none"> Appraisal transfers are permitted in accordance with the Freddie Mac Seller Guide as applicable
Appraisal Re-Use	<ul style="list-style-type: none"> The re-use of an appraisal is permitted in accordance with the Freddie Mac Seller Guide as applicable
Construction Conversion Transactions	<ul style="list-style-type: none"> Refer to the Freddie Mac Seller Guide
Disaster Area Requirements	<ul style="list-style-type: none"> Refer to the Disaster Guidelines in the Lakeview Loan Servicing Seller Guide for requirements pertaining to properties impacted by a disaster in: <ul style="list-style-type: none"> FEMA Major Disaster Declarations with designated counties eligible for individual assistance (IA); Areas where FEMA has not made a disaster declaration, but Lakeview Loan Servicing or an Investor (Fannie Mae, Freddie Mac, FHA, USDA or the Veterans Administration) 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	<ul style="list-style-type: none"> Escrow holdbacks are permitted for outstanding minor repairs for incomplete construction or for alterations and repairs that cannot be completed prior to loan closing provided the subject property is habitable and safe for occupancy at the time of closing Follow Freddie Mac guidelines regarding reason, type of improvements, time to complete, quality, disbursements, and post-closing documentation It is the Seller's responsibility to forward final completion documents to Lakeview Loan Servicing per Freddie Mac guidelines Loans with outstanding escrow repairs must not impact Lakeview Loan Servicing's ability to deliver/sell the loan The correspondent lender or designated escrow company will be responsible for managing and disbursing the escrows The correspondent lender shall deliver loans that were originated in accordance with the Freddie Mac Seller Guide as applicable. Correspondent lender or designated escrow company is to retain the escrow funds until all improvements have been completed. Lender to provide Lakeview Loan Servicing confirmation of all work completed and that escrow funds have been released.
Conversion of Primary Residence	<ul style="list-style-type: none"> Not Permitted



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Geographic Restrictions	<ul style="list-style-type: none"> Property must be within the state of Delaware 																				
Special Restrictions																					
High Cost Loans	<u>Lakeview will not purchase High Cost Loans.</u>																				
Higher Priced Mortgage Loans (HPML)	<ul style="list-style-type: none"> Lakeview will purchase HPML in accordance with Freddie Mac guidelines 																				
Assumptions	<ul style="list-style-type: none"> May not be assumed by a subsequent buyer 																				
Multiple Financed Properties	<ul style="list-style-type: none"> Borrowers may not have an ownership interest in more than two (2) properties at the time of the loan closing (including property being purchased) 																				
Insurance																					
Mortgage Insurance	<ul style="list-style-type: none"> The following MI types are permitted: <ul style="list-style-type: none"> Borrower paid monthly premium Borrower paid single premium Split Premium MI Financed mortgage insurance premium is subject to High Cost loan calculations <p><u>Mortgage Insurance Coverage Requirements</u></p> <p>Loans with income ≤ 80% AMI</p> <table border="1"> <thead> <tr> <th>LTV</th><th>Coverage</th></tr> </thead> <tbody> <tr> <td>95.01-97%</td><td>18%</td></tr> <tr> <td>90.01-95%</td><td>16%</td></tr> <tr> <td>85.01-90%</td><td>12%</td></tr> <tr> <td>80.01-85%</td><td>6%</td></tr> </tbody> </table> <p>Loans with income > 80% AMI</p> <table border="1"> <thead> <tr> <th>LTV</th><th>Coverage</th></tr> </thead> <tbody> <tr> <td>95.01-97%</td><td>35%</td></tr> <tr> <td>90.01-95%</td><td>30%</td></tr> <tr> <td>85.01-90%</td><td>25%</td></tr> <tr> <td>80.01-85%</td><td>12%</td></tr> </tbody> </table>	LTV	Coverage	95.01-97%	18%	90.01-95%	16%	85.01-90%	12%	80.01-85%	6%	LTV	Coverage	95.01-97%	35%	90.01-95%	30%	85.01-90%	25%	80.01-85%	12%
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Other Considerations	
Age of Documents	<ul style="list-style-type: none"> 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
Assignment of Mortgage	<ul style="list-style-type: none"> All loans must be registered with MERS at the time of delivery to Lakeview. 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	<ul style="list-style-type: none"> See Lakeview Loan Servicing Seller Guide
Escrow Waivers	<ul style="list-style-type: none"> <i><u>Tax and Insurance escrows are required on all loans greater than 80% LTV</u></i> <i><u>Flood insurance premiums paid by the borrower must be escrowed and cannot be waived regardless of LTV. If flood insurance premiums are paid by a condominium association, homeowner's association or other group, no escrow is required.</u></i> <i><u>Escrow waivers for property taxes are permitted on loans with LTVs less than 80% in accordance with the Freddie Mac Selling Guide and DSHA guidelines.</u></i> <i><u>Tax and insurance escrows are required on all HPML loans.</u></i>
Forbearance	<p>Lakeview Loan Servicing will not purchase any loan where the borrower is actively seeking a forbearance or any loan that is in an "active" forbearance status prior to purchase by Lakeview Loan Servicing.</p>
<p>Seller shall deliver loans that were originated in accordance with Freddie Mac guidelines as applicable, 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 DSHA, Freddie Mac, Mortgage Insurer, Lender or Lakeview Loan Servicing.</p>	



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Version Control			
Author	Section	Date	Update
SG	Employment and income verification	8.26.22	Removed FHLMC VVOE overlay
SG	Eligible Terms and Product Codes	1.6.23	Added > 80% AMI offering
SG	Appraisals	4.19.23	Added: Hybrid appraisals and the Property Data Report (PDR) are not permitted
SG	Employment/ Income Verification	4.19.23	Added clarifying language: regarding transcripts • Additional documents, (i.e. copies of cancelled checks for IRS Payment/IRS refund, or electronic filing receipt from the IRS indicating the Submission Identification Number (SID) and AGI that matches the return) may be required on a case-by-case basis.
SG	Income/Employment Verification	5.10.23	<p>Added:</p> <ul style="list-style-type: none"> Note: Typically, tax returns are not available from the IRS until two to three weeks after a Consumer e-files their tax returns and six to eight weeks after filing by mail. If the current tax return has been filed but the corresponding tax transcript is not yet available due to IRS lag times, the prior year's transcripts are required (depending on AUS requirement), in addition to the current tax return and current year transcript request returned as a "No Record Found". The current year tax returns must be reviewed to validate the stability of income/business and determine the reasonableness of any positive trends for the purpose of considering as qualifying income. <i>Additional documents, (i.e. copies of cancelled checks for IRS Payment or IRS refund, or electronic filing receipt from the IRS indicating the SID and AGI that matches the return) may be required on a case-by-case basis.</i> In FEMA declared disaster areas, the IRS may grant tax filing extensions to citizens of specific Counties and Parishes. If a tax payer takes advantage of these extensions, a copy of the extension, the "No Record" result and the prior year's transcripts are required (based on AUS
SG	Appraisals	6.28.23	Removed Overlay: Hybrid appraisals and the Property Data Report (PDR) are not permitted
SG	Version Control	8.16.23	Removed version control updates prior to 2022



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