



Palmetto Home Advantage Conventional Program

The Palmetto Home Advantage Conventional Program is a partnership program between Lakeview Loan Servicing and South Carolina Housing designed to serve both first-time and “move-up” borrowers with the goal of making owning a home affordable in South Carolina.

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Red indicates a change from previous matrix.

Overlays to Fannie Mae or Freddie Mac guidelines are underlined and in italics

Palmetto Home Advantage Conventional Program				
Fixed Rate Purchase				
Occupancy	Purchase			
	Number of Units ¹	Maximum LTV/CLTV/HCLTV ²	FICO	DTI
Primary Residence	1 - 2 Unit(s)	97%/105%	640	Lesser of 50% or AUS Approval
	Manufactured Homes ³		660	Lesser of 45% or AUS Approval
¹ Maximum LTV on a 2 unit is 95%				
² Maximum LTV/CLTV on Freddie Mac Manufactured Homes is 95%/95%				
³ See Eligible Property section for full requirements on Manufactured Homes				
Loan Product				
Eligible Products/Terms	<div><div>• 30 Year Fixed Rate Only</div><div><div>Conventional Product Codes</div><div>(Fannie Mae HFA Preferred or Freddie Mac HFA Advantage)</div><div>CSC 400 - 30 year Fixed for ≤ 80% AMI and > 80% AMI w/ No DPA</div><div>CSC 404 - 30 year Fixed for ≤ 80% AMI and > 80% AMI w/ DPA</div></div></div>			
Income Limits	Refer to South Carolina Housing for current income limits. All stable and verifiable income must be used for underwriting qualification. Household income does not apply.			
Ineligible Product Types	<div><div>• Choice Renovation</div><div>• Super Conforming/High Balance loan amounts</div><div>• <u>Construction to Perm / One-Time Close Mortgages</u></div></div>			
Purchase Price/Maximum Loan Amount Limits	<div><div>• No Sales Price limit</div><div>• Conforming loan limits apply</div></div>			
Loan Purpose	Purchase			
Occupancy	<div><div>• Primary residence, owner occupied only</div><div>• Borrowers and spouses must reside in the U.S and occupy the property as their primary residence within 60 days of closing</div></div>			
Temporary Buy Downs	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 Borrower Residency and Eligibility Guide Note: <i>If closing in a Trust, the Trust beneficiaries must meet one of the above residency statuses</i> <i>DACA Borrowers are permitted (Fannie Mae HFA Preferred/DU only) subject to requirements outlined in the Residency and Eligibility Guide</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	<p><u>Required for at least one borrower on all loans regardless of first-time homebuyer status</u></p> <ul style="list-style-type: none"> Must be completed prior to close and Lender must retain the certificate of completion in the loan file Homebuyer Education course must: <ul style="list-style-type: none"> meet both SC and Agency guidelines <i>be HUD approved/certified, Home View (HFA Preferred), or Credit Smart (HFA Advantage)</i> <p>In addition to the above, borrowers purchasing 2-unit properties must complete Landlord Education from one of the following sources:</p> <ul style="list-style-type: none"> https://singlefamily.fanniemae.com/media/21801/display https://www.readynest.com/homebuyer-resources/landlord-test https://www.landlordcert.org/ https://www.housinglink.org/List/landlord-education https://www.mgic.com/en/training/generate-leads-homebuyer-education https://mortgage.archgroup.com/us/training/homebuyer-education/
Co-Signers/Non-Occupant co-borrowers/Non-purchasing Spouse	Co-Signers and Non-Occupant Co-Borrowers are not permitted
Non-Arm's Length Transactions	Per Fannie Mae or Freddie Mac Seller Guide as applicable
Credit	
AUS	<ul style="list-style-type: none"> Fannie Mae DU Approve/Eligible is required for all HFA Preferred loans Freddie Mac LPA Accept/ Eligible is required for all HFA Advantage loans <i>Manual underwriting is not permitted</i>



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Underwriting Authority	<ul style="list-style-type: none"> Delegated underwriting only <ul style="list-style-type: none"> Non-delegated underwriting not permitted
FICO Requirements	All borrowers must have a <u>640</u> minimum credit score <i><u>If any of the borrowers do not have a usable credit score, the loan is NOT eligible.</u></i>
Non-Traditional Credit	<i><u>Not permitted</u></i>
Significant Derogatory Credit	Refer to Fannie Mae Selling Guide or Freddie Mac Selling Guide as applicable
DTI	<ul style="list-style-type: none"> The lesser of 50% or AUS approval with the exception of below: <ul style="list-style-type: none"> 45% maximum on manufactured homes <p>LPA ONLY:</p> <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
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 Fannie Mae Seller Guide or Freddie Mac Seller Guide as applicable, including all additional investor COVID guidelines and diligence requirements for income and employment verification that are still in place. <ul style="list-style-type: none"> Approved third party suppliers and distributors that generate employment and income verification reports are permitted for the purpose of verifying income and/or employment. <i><u>Lender must attempt to verify all income listed on the Uniform Residential Loan Application, or disclosed at any time throughout the loan process. Any discrepancies, including underreported income, must be corrected and submitted to DU/LPA. All reported income that is verified and meets the criteria for stable monthly income must be used to qualify the borrower.</u></i> A 4506-C form is required to be signed at closing for all transactions. <i><u>All sources of qualifying income must be legal in accordance with all applicable federal, state and local laws, rules and regulation, without conflict.</u></i> <p><u>Transcript Requirements:</u></p> <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"> <i><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></i> <ul style="list-style-type: none"> <i><u>Self-employment income</u></i> <i><u>Other income sources (i.e. Dividend Interest, Capital Gains, Alimony, etc.)</u></i> <i><u>When a written VOE form 1005 is used as standalone income verification.</u></i> <i><u>Employment by family members</u></i> <i><u>When amended tax returns have been filed, transcripts are required and must support the amended income</u></i>



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	<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 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	
Assets	<ul style="list-style-type: none"> Asset documentation must comply with the requirements of AUS findings and the Fannie Mae Seller Guide or 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 A minimum 3% borrower contribution is required for 2 unit properties
Financing Concessions	Refer to Fannie Mae Selling Guide or Freddie Mac Seller Guide as applicable
Borrower Contribution	Per Fannie Mae HFA Preferred or Freddie Mac HFA Advantage guidelines as applicable
Subordinate Financing	
Subordinate Financing/Down Payment Assistance	Refer to South Carolina Housing Palmetto Advantage Program guidelines for all second mortgage requirements
Property/Appraisal	
Eligible Property Types	<ul style="list-style-type: none"> 1-2 unit primary residence Townhomes PUDs Condominiums Manufactured Homes
Ineligible Property Types	<ul style="list-style-type: none"> <u>Cooperatives</u> Mobile Homes 3-4 units <u>Community Land Trusts</u> <u>Land trusts where the beneficiary is an individual</u> Leaseholds



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Manufactured Homes	<ul style="list-style-type: none"> • Manufactured homes subject to the following requirements: <ul style="list-style-type: none"> o 660 FICO o LTV/CLTV per the Fannie Mae Selling Guide or Freddie Mac Seller Guide as applicable o 45%DTI o Double wide or greater o Leaseholds not eligible
Appraisal Requirements	<ul style="list-style-type: none"> • <i><u>A Full appraisal is required</u></i> • <i><u>Appraisal Condition rating of C5/C6 or Quality rating of Q6 is not permitted</u></i> • <i><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></i>
Appraisal Transfers	Appraisal transfers are permitted in accordance with the Fannie Mae Selling Guide or Freddie Mac Seller Guide as applicable
Appraisal Re-Use	The re-use of an appraisal is permitted in accordance with the Fannie Mae Selling Guide or Freddie Mac Seller Guide as applicable
Construction Conversion Transactions	Refer to Fannie Mae Selling Guide or Freddie Mac Seller Guide as applicable
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"> o FEMA Major Disaster Declarations with designated counties eligible for individual assistance (IA); o Areas where FEMA has not made a disaster declaration, but Lakeview Loan Servicing, Fannie Mae or Freddie Mac has determined that there may be an increased risk of loss due to a disaster; o 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 Fannie Mae or 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 Fannie Mae or Freddie Mac guidelines • Loans with outstanding escrow repairs must not impact Lakeview Loan Servicing's ability to deliver/sell the loan



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	<ul style="list-style-type: none"> • 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 Fannie Mae or 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	Permitted per Fannie Mae Selling Guide or Freddie Mac Seller Guide as applicable										
Geographic Restrictions	Property must be within the state of South Carolina										
Special Restrictions											
High Cost Loans	<u>Lakeview will not purchase High Cost Loans.</u>										
Higher Priced Mortgage Loans (HPML)	Lakeview will purchase HPML in accordance with Fannie Mae/Freddie Mac guidelines as applicable										
Assumptions	May not be assumed by a subsequent buyer										
Multiple Financed Properties	<u>Borrower(s) cannot have an ownership interest in more than two financed residential properties, to include the subject property as of the Note Date.</u>										
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 AMI ≤80%:</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 AMI > 80%:</p>	LTV	Coverage	95.01-97%	18%	90.01-95%	16%	85.01-90%	12%	80.01-85%	6%
LTV	Coverage										
95.01-97%	18%										
90.01-95%	16%										
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	LTV	Coverage
	95.01-97%	35%
	90.01-95%	30%
	85.01-90%	25%
	80.01-85%	12%

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	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	See Lakeview Loan Servicing Seller Guide
Escrow Waivers	<ul style="list-style-type: none"> <u><i>Tax and Insurance escrows are required on all loans</i></u> <u><i>Escrow waivers are not permitted</i></u> <u><i>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.</i></u>
Forbearance	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.

Seller shall deliver loans that were originated in accordance with Fannie Mae or 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 SC Housing, Fannie Mae, Freddie Mac, Mortgage Insurer, Lender or Lakeview Loan Servicing.



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Version Control			
Author	Section	Date	Update
SG	Eligibility Grid, DTI, Eligible Property Types	1.6.23	Added Manufactured Homes as an eligible property type
SG	Appraisals	3.29.23	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	Added: <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 finding).
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 prior to 2022



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