SC HOUSING

Mortgage Production

Palmetto Home Advantage

TRAINING

South Carolina State Housing Finance and Development Authority

Palmetto Home Advantage Program Overview

Palmetto Home Advantage helps First Time Homebuyers and Move-up or repeat buyers purchase a home. The program offers Conventional (with reduced MI) or Government financing with forgivable down payment assistance (DPA). Loans must also meet all applicable investor/insurer requirements and those outlined in the Lakeview Loan Servicing program matrices locate at https://www.lakeviewcorrespondent.com/hfa-matrices

Eligible Programs

FHA/VA/USDA/Fannie Mae/Freddie Mac
FHA - 203b and 203k limited are eligible

Loan Purpose

Eligible - Purchase Money Transactions ONLY
Not Eligible - One-time close construction loans

Homebuyer Eligibility

The Palmetto Home Advantage Program is not limited to first-time homebuyers. Move-up and repeat home buyers are eligible. Subject property must be an owner-occupied primary residence and borrowers cannot have ownership interest in more than 2 properties at time of loan closing.

Residency Status:

- US Citizen
- Follow FHA, VA, USDA, Fannie Mae or Freddie Mac guidelines for non-US Citizens as applicable

Non-occupant borrowers are permitted as follows;

- Conventional (Fannie and Freddie) for one-unit property with max LTV of 95% and 105% TLTV, follow insurer and Lakeview guidelines
- FHA – follow FHA and Lakeview requirements
- USDA/VA – **NOT PERMITTED**

Income and Sales Price Limits

Income and Sales Price limits must meet program requirements.

- **State wide Income Limit - $140,000 -** Use standard credit qualifying income (not household income)
- **Home Price Limits –** FHA, USDA (by county) and VA loan limits apply. Fannie Mae/Freddie Mac high balance loans not permitted.

Income limit must be equal to the borrower(s) total income listed on the application including commission, bonus and overtime. Limit is not dependent on family size. Use standard credit qualifying income (not total household income). The income used for approval must be consistent on the 1003, 1008, 92900LT, VA Loan Analysis and AUS.

- **Conventional – Fannie Mae -** Refer to Mortgage Insurance Requirements for applicable coverage based on AMI (see Mortgage Insurance section below) as determined by "Fannie Mae Area Median Income Lookup Tool" https://ami-lookup-tool.fanniemae.com/amilookuptool

- **Conventional - Freddie Mac** Refer to Mortgage Insurance Requirements for applicable coverage based on AMI (see Mortgage Insurance section below) as determined by "Freddie Mac Home Possible Income and Property Eligibility Tool" https://sf.freddiemac.com/working-with-us/affordable lending/home-possible-eligibility-map

Down Payment Assistance (DPA)

Down Payment Assistance (DPA) may be used for down payment and closing costs

Down Payment Assistance is available with a **0%, 3% or 4%** of the total first mortgage loan amount (including UPMIP, Funding or Guarantee Fee) through a forgivable second mortgage with a **10-year term** and zero percent-no payment interest rate. **This is not a grant.**

DPA can be used to pay Conventional Single Premium MI. No portion of the DPA can be used to offset appraisal gap or pay real estate commission. DPA must be paid in full upon sale, refinance, or if property is no longer the borrower's primary residence prior to maturity. **Subordination of the DPA is not permitted.**

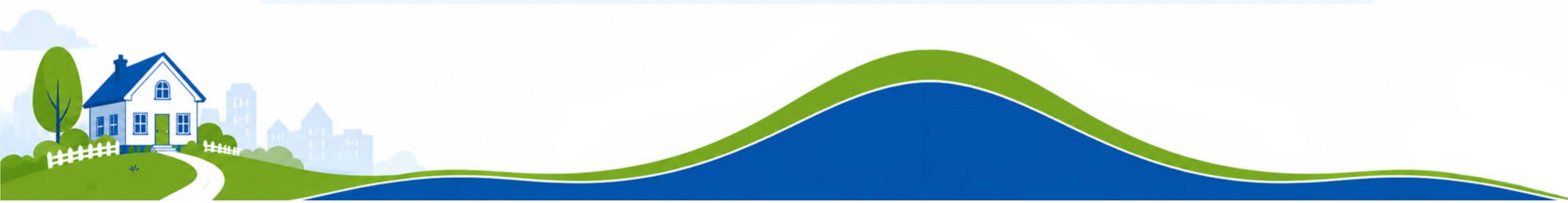
- DPA must be closed in the lender's name on the required **SC Housing note and mortgage** and registered in **MERS** at delivery to Lakeview Loan Servicing.
- The DPA Note is endorsed to **South Carolina Housing Finance and Development Authority** and is delivered along with the First Mortgage Note to Lakeview Loan Servicing
- Any amounts exceeding credit for POC items and a principal reduction, lender must **reduce the loan amount of the first mortgage** by the difference prior to closing the loan
- Lenders are responsible for the **initial Loan Estimate and Closing Disclosure** – the only allowable closing costs on the DPA second mortgage are those required to record the mortgage
- Lenders will be responsible for sending the **Good-Bye letters (First and Second DPA)** in accordance with **RESPA**

Interest Rate

Fixed interest rate ONLY. SC Housing does not offer buydowns (temporary or permanent).

Term

30-year term



Reservation/ Extensions

Rate locks will be accepted from **10:00 AM – 6:00 PM Monday thru Friday;** excluding state recognized holidays and days that the US Financial Markets are closed for business. Rates are published daily and are subject to change without notice. Any request for a change or extension to an existing reservation should be sent via email to **lockdesk@schousing.com – Please include borrower name and SC Housing loan number in your request.**

Rate Lock Periods

60 days – New and Existing Construction - do not lock the interest rate at the time of application, wait until ready to deliver to SC Housing for review

Rate Lock Expiration – Loans must be closed and be funded by the master servicer "Lakeview Loan Servicing" by the rate lock expiration date

- Closed loans older than 45 days after the note date will not be purchased by Lakeview. Locks may be extended prior to the rate lock expiration. Extension requests after the rate lock expiration are subject to worst case pricing.
- **Extensions are available – up to 30 days total**

7 day	.125%
15 day	.250%
30 day	.500%

- Loans may be reserved Monday – Friday between **10:00 AM and 6:00 PM**
- Interest rates are subject to change without notice and are posted in **Lender Online**
- If a rate lock is withdrawn or canceled, the lender cannot initiate a new lock for the same property until **60 days** after the withdrawal/cancellation date
- Each rate lock applies to a specific borrower and property
    - If the original property is not purchased and the borrower places a contract on a different property, a new rate lock can be requested subject to current market rates

Homebuyer Education

- Required for all **SC Housing programs** (Fannie Mae, Freddie Mac, FHA, USDA, VA)
- Must be completed by **at least one borrower**, even if they have owned a home before
- Must be completed within the past **12 months** prior to closing
- The education program must meet **National Industry Standards** for Homeownership and Counseling, or be provided by a **HUD-approved counseling agency**
- Eligible education courses include:
  - Fannie Mae's **Home View** course
  - Freddie Mac's **Credit Smart** course
  - Any **NIS or HUD-approved** homebuyer education course offered by an SCH approved mortgage insurance (MI) company
  - Any **HUD-approved** homebuyer education course

Minimum Borrower Contribution

NONE – unless required by AUS or the insurer

(2-Unit Properties – require min. 3% borrower contribution)

Property

Single family one unit and two-unit are eligible. SFD, attached, condominiums, off frame modular homes **(not eligible for USDA);** Manufactured Housing **(Fannie, Freddie, FHA and USDA ONLY)** Full Appraisal meeting all insurer and AUS requirements and evidence of UCDP upload must be provided - Accessory Dwelling Unit **(ADU)** not permitted; Property Inspection Waiver (**PIW allowed- Conventional only,** subject to AUS and insurer requirements)

Condominiums must be fee simple and meet all applicable insurer and AUS requirements. If required, approval must be provided from insurers automated Project Management system.

Repair and Final Inspections – All inspections required must meet applicable insurer requirements.

CL-100/Soil Treatment required if referenced in the sales contract or appraisal.

- Any damage or recommended repairs noted in report must be addressed with evidence of completion, **prior to purchase.**

Manufactured Housing

All Manufactured Home Loans

- Minimum FICO **660**
- Max DTI **45%**
- AUS Approve/Eligible or Accept findings required – **no manual underwrite**
- Must not have been built prior to **1994**
- Leaseholds and Community Land Trusts are not eligible

FHA loans

are subject to requirements below and any additional requirements established by FHA and Lakeview Loan Servicing

- Doublewide or greater manufactured homes only

USDA loans

are subject to requirements below and any additional requirements established by USDA and Lakeview Loan Servicing

- Doublewide or greater manufactured homes only
- Unit must not have had **ANY** alterations or additions since factory construction
- Follow USDA **7 CFR 3550.73** for full program guidelines

Fannie Mae/ Freddie Mac loans

are subject to requirements below and any additional requirements established by FNMA/FHLMC and Lakeview Loan Servicing

- Singlewide or Doublewide are eligible

Important: All manufactured home loans must also meet all applicable insurer, AUS and Lakeview Loan Servicing requirements.

AUS/Underwriting

Credit underwriting authority is delegated to the participating lender. Loans must be underwritten and approved by lender **prior to submission to SC Housing** in compliance with applicable AUS guidelines.

- **Conventional (Fannie Mae) "HFA Preferred"** DU receive Approve/Eligible and Lender must select **HFA Preferred** on the Additional Data Element Screen under Community Lending Section- AUS must reflect **SFC 118, 127 and 782. LPA findings are not permitted** for delivery under this program

- **Conventional (Freddie Mac) "HFA Advantage"** LPA Accept risk class recommendation. Lender must select **HFA Advantage** in the Offering Identifier field of LPA. **DU Findings are not permitted** for delivery of Freddie Mac loans.

- **FHA/VA** – DU (Approve Eligible) and LPA (Accept)

- **USDA** – GUS (Accept/Eligible)

Manual Underwriting

- **Manual underwriting is permitted on FHA products ONLY.** Lenders must follow Lakeview Loan Servicing requirements.
- **Manual Downgrade** permitted with a Min **660** credit score and only with an approve/eligible or accept AUS recommendation.

Credit/DTI Requirements

- All borrowers must have at least one credit score. Follow applicable insurer requirements for determining the middle credit score for each borrower.
  - All borrowers must have a minimum credit score of **640**
  - FHA Manual Downgrade loans are permitted with a minimum credit score of **660** for all borrowers
- Follow insurer and AUS requirements for repayment of collection accounts
- Follow insurer timing requirements for previous bankruptcy and foreclosure
  - For **USDA** loans, if a borrower is in **Chapter 12 or 13 BK**, the applicant must obtain approval from bankruptcy court/trustee to enter into a mortgage transaction, if not loan is ineligible
- Any outstanding judgement/lien or tax liability must be satisfied in full prior to or at closing. If satisfied at closing – a payoff statement must be provided and evidence of payment reflected on the closing disclosure
- SC Housing will allow an established tax payment plan meeting applicable insurer requirements; provided that the outstanding balance for all years owed does not exceed **$5,000** and a minimum of **3 consecutive months** payments have been made.
- Maximum Debt to Income (DTI) is the lesser of **50%** or AUS approval, except;
  - FHA Manufactured Housing is limited to a max **45%** DTI regardless of AUS Approval
  - FHA Manual Downgrade limited to the lesser of **43%** DTI or the AUS approval

LTV/CLTV

Unless otherwise stated below – follow applicable insurer requirements.

LTV/CLTV	Conventional Fannie and Freddie*	FHA	USDA	VA
One Unit	97% / 105%	96.5% / 105%	100% / 105% - USDA will guarantee up to 100% Appr. Value + G-Fee	100% + VA Funding Fee NO MAX CLTV
Two Unit	95% / 105%*	95% / 105%	100% / 105% - USDA will guarantee up to 100% Appr. Value + G-Fee	100% + VA Funding Fee NO MAX CLTV

* Fannie Mae two-unit loans are subject to standard Fannie Mae requirements.

Asset/Employment

ASSETS

Assets – SC Housing will follow insurer and AUS requirements for asset and gift verification.

Gifts must meet all documentation and transfer requirements of the insurer.

Gifts are permitted when provided by a **relative, domestic partner,** or **fiancé/fiancée only** and may be used to pay off debt for qualifying.

EMPLOYMENT

Employment – Lender must follow AUS and insurer requirements for verification of current and previous employment. Any gaps of employment **exceeding 30 days** must be explained in a letter of explanation by borrower.
All sources of income must be legal and in accordance with federal and state laws and regulation.

Lender must obtain a **verbal verification of employment (VVOE)** prior to closing within the time frames established by insurer or any time after closing but prior to funding by SC Housing.

A **4506-T/4506-C** form is required to be signed at closing for all transactions.

Tax Returns/Transcripts

Tax transcripts provide independent verification of income and are essential to confirm eligibility.

Tax transcripts are required in the following circumstances:

- **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:
  - Self-employment income
  - Rental income
  - Other income sources (i.e. Dividend Interest, Capital Gains, Alimony, etc.)
- **When a written VOE form 1005 is used** as standalone income verification
- **Employment by a family member**
- **When amended tax returns have been filed,** transcripts are required and must support the amended income

- **W2/1099 transcripts will not be required** when all income for that borrower is derived from W-2 wage earner and/or 1099 fixed income.

Mortgage Insurance Requirements

Conventional

Conventional - Private mortgage insurance (PMI) required on all loans **over 80% LTV**. Refer to Lakeview Program Matrices for acceptable MI Companies. MI can be Borrower Paid – Monthly, Financed, Split or Single Premium – **LENDER PAID MI is not eligible**

LTV	BELOW 80% AMI	ABOVE 80% AMI
95.01 – 97%	18%	35%
90.01 – 95%	16%	30%
85.01 – 90%	12%	25%
80.01 – 85%	6%	12%

Government (FHA, USDA, VA) - Follow AUS and insurer requirements

Interested Party Contributions

Follow insurer requirements

Eligibility/ Compliance | File Submission

Submit complete loan files via **Lender Online** in the order of the checklist. Files not delivered in order or missing documents may be returned for re-submission.

Loan files must be submitted to SC Housing via Lender Online https://www.lol.schousing.com with documents in the order of the checklist. Files not delivered in order or missing documents may be returned for re-submission.

The following documentation is required by SC Housing prior to closing for determination of program compliance and eligibility. Upon review of acceptable documentation, a Certificate of Eligibility will be issued:

- **Request for Eligibility Determination Form "PA-001"**
- **Notice to Borrower Form "PA-002"** (for Loans with DPA Only)
- **1008 – Uniform Underwriting and Transmittal Summary** (Conventional and USDA Loans)
- **92900LT – FHA Loan Underwriting Transmittal Summary** (FHA Loans)
- **VA Loan Analysis** (VA Loans)
- **1003 – Uniform Residential Loan Application**
- **AUS Findings**
- **MI Certificate**
- **Homebuyer Education Certification**

Palmetto Home Advantage Program
LENDER ALLOWABLE FEES AND CHARGES

FIRST MORTGAGE

- **Origination fee** allowed (paid to lender)
- **Discount Points may not be charged.**
- **Reasonable and customary fees** provided fees do not exceed the amounts charged on non-SC Housing loans. Fees may be charged lump sum or individually. Fees must be directly related to actual services rendered for providing the loan, whether or not those fees are paid to a third party or collected by the Participating Lender for providing those services.
- **Fees deducted at the time of purchase** – This fee may be charged to the borrower if permitted by the applicable insurer.
- **Tax service fee $85. Funding Fee of $500**
- **Extension and late delivery fees**, if applicable – May be paid by borrower, lender, builder, seller, or realtor

SECOND MORTGAGE

- **Only mortgage recording fees up to $35** may be charged for recording of the DPA
- **No title insurance** required

High Cost/HOEPA – Loans that fall under the provisions of High Cost and/or Home Ownership Equity Protection Act (HOEPA) are **not eligible**

High Priced Mortgage Loan (HPML) loans are acceptable in accordance with insurer guidelines

ACCRUED INTERIM INTEREST AND PREMIUMS PAID TO LENDER

- 100% of the amortized balance of the first mortgage on the day of purchase
- Accrued interim interest up to the day of purchase
- Servicing release premium (1.5% UPB of first mortgage loan)

CASH BACK TO BORROWER AT CLOSING

Cash back to the borrower(s) at closing cannot exceed the documented amount that the borrower has prepaid (including earnest money deposit (EMD) cost for appraisal, credit report, inspections, etc.) Any amounts exceeding credit for POC items and a principal reduction, lender must reduce the loan amount of the first mortgage by the difference prior to closing. No portion of the SC Housing DPA second mortgage may be given as cash back to the borrower.

PROPERTY INSURANCE COVERAGE AND DEDUCTIBLE

All property insurance coverage and deductible limits must comply with investor/insurer and Lakeview Loan Servicing's requirements.

DELIVERY REQUIREMENTS

Closed Loan File – **Seller** must deliver the entire loan file (credit and closing package) to **Lakeview Loan Servicing within 2 days of Lock Expiration Date.** Consult Lakeview Loan Servicing delivery requirements for details. Loans aged more than 45 days from the note date will not be purchased by Lakeview Loan Servicing.

Closed Loan File must be delivered electronically to the Seller Portal located at www.lakeviewcorrespondent.com in accordance with delivery requirements and applicable checklist. **(PLEASE INCLUDE COPIES OF THE DPA SECOND LIEN NOTE AND MORTGAGE IN YOUR SUBMISSION)**

- **First Mortgage Note** endorsed in Blank
- **Second DPA Note** is endorsed to South Carolina State Housing Finance and Development Authority and is **DELIVERED TO LAKEVIEW** along with the first mortgage note.
- **The DPA Mortgage** must be transferred in MERS to SC Housing – ORG ID - 1008745

Final Documentation – Final Documents for first and second (DPA) including recorded mortgage and original title policy should be delivered to Lakeview Loan Servicing's final document vendor.

Indecomm Global Services
FD-LLS-3400
1427 Energy Park Drive
St. Paul, MN 55108

LakeviewFinalDocs@indecomm.net

SC HOUSING CONTACT INFORMATION

Lender Help Desk	803.896.2211	mortgage.production@schousing.com
Lock Desk		lockdesk@schousing.com
Underwriting Questions/File Submission and Status Updates		under.writing@schousing.com

SC HOUSING ID'S

FHA – 4723009993	**VA** – 679535	USDA – 591585639
MERS - 1008745	SC Housing EIN 59-1585639	