



## **DC Housing Finance Agency Government Program**




The DC Housing Finance Agency Government Program is a partnership program between Lakeview Loan Servicing and the DC to help make owning a home both affordable and attainable in Washington DC.

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Overlays to FHA guidelines are underlined and in italics

In response to the COVID-19 pandemic, the following interim guidance will supersede current Lakeview guidance listed in this matrix until future notice.

Interim Guidance in Response to COVID-19

<b>Income and Employment Verification</b>	<ul style="list-style-type: none"> <li>Effective with all loans closed on or after June 22, 2020, Lakeview will require all VVOEs to be completed within ten (10) business days of the note date for all salaried, hourly and commissioned income borrowers.</li> </ul> <p><b>FHA</b></p> <ul style="list-style-type: none"> <li>When self-employment is used to qualify, verification that the borrower's business is open and operating must be confirmed within ten (10) calendar days prior to the note date.</li> </ul> <p>In those cases, where a traditional VVOE is unable to be completed, Lakeview will accept the following:</p> <ul style="list-style-type: none"> <li>A minimum of 2 months of Principal, Interest, Taxes and Insurance (PITI) in reserves in addition to one of the two options below.             <ul style="list-style-type: none"> <li>A year-to-date paystub or direct electronic verification of income for the pay period that immediately precedes the Note date <b>OR</b></li> <li>A bank statement showing direct deposit from the Borrower's employment for the pay period that immediately precedes the Note date</li> </ul> </li> </ul> <p>** Refer to Lakeview announcements as posted on the <a href="#">Lakeview Correspondent</a> website for full details</p>
<b>Continuity of Income</b>	<ul style="list-style-type: none"> <li>Borrowers working in industries significantly impacted by the current conditions (e.g. service, travel, hospitality, etc.) should be given additional scrutiny to determine if this income will continue into the future and at the same or similar levels. Lenders remain responsible for ensuring that all borrowers are employed at their disclosed employment through closing.</li> </ul>
<b>Appraisal Flexibilities</b>	<p>** Refer to Lakeview announcements as posted on the <a href="#">Lakeview Correspondent</a> website for full details on appraisal flexibilities.</p>
<b>Remote Online Notarization (RON)</b>	<ul style="list-style-type: none"> <li><i><u>Lakeview will not accept the use of remote online notarizations at this time.</u></i></li> </ul>
<b>Forbearance</b>	<ul style="list-style-type: none"> <li><i><u>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.</u></i></li> </ul> <p>** Refer to Lakeview announcements as posted on the <a href="#">Lakeview Correspondent</a> website for full details.</p>

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DC Housing Finance Agency Government Matrix				
Fixed Rate Purchase				
Occupancy	Number of Units	Maximum LTV (CLTV per FHA guidelines)	FICO	DTI <sup>1</sup>
Primary Residence	1- 4 Units	FHA: 96.5%	640	45%
<sup>1</sup> FHA Manual downgrades and non-traditional credit are limited to 43% DTI, (see AUS and Non-traditional Credit section for full details)				
Loan Product				
Eligible Products/Terms	30 Year Fixed Rate Only <ul style="list-style-type: none"> <li>FDC 300: FHA 30 Year Fixed Rate w/DPA               <ul style="list-style-type: none"> <li>203b</li> <li>Limited 203k</li> </ul> </li> <li>FDC 301: FHA 30 Year Fixed Rate &amp; <b>No DPA</b> <ul style="list-style-type: none"> <li>203b</li> <li>Limited 203k</li> </ul> </li> <li>FDC 320: FHA 30 Year Fixed Rate w/MCC Fee &amp; DPA               <ul style="list-style-type: none"> <li>203b</li> <li>Limited 203k</li> </ul> </li> <li>FDC 321: FHA 30 Year Fixed Rate w/MCC Fee &amp; <b>No DPA</b> <ul style="list-style-type: none"> <li>203b</li> <li>Limited 203k</li> </ul> </li> </ul>			
Income Limits	<ul style="list-style-type: none"> <li>Refer to <a href="#">DC HOUSING FINANCE AGENCY guidelines</a> for income limits</li> </ul>			
Ineligible Product Types	<ul style="list-style-type: none"> <li><i>Standard 203(k)loans</i></li> <li><i>Good Neighbor Next Door</i></li> <li><i>HUD \$100 Down with Repair Escrows</i></li> </ul>			
Purchase Price Limits/Maximum Loan Amount	<ul style="list-style-type: none"> <li>Refer to <a href="#">DC Housing Finance Agency guidelines</a></li> </ul>			
Loan Purpose	<ul style="list-style-type: none"> <li>Purchase</li> </ul>			

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<b>Occupancy</b>	<ul style="list-style-type: none"> <li>• Primary residence, owner occupied only</li> <li>• Borrowers and spouses must reside in the U.S and occupy the property as their primary residence within 60 days of closing</li> </ul>
<b>Temporary Buy Downs</b>	<ul style="list-style-type: none"> <li>• Not permitted</li> </ul>
<b>Eligibility</b>	
<b>Borrower Eligibility</b>	<ul style="list-style-type: none"> <li>• Acceptable Residency statuses: <ul style="list-style-type: none"> <li>◦ US Citizen(s)</li> <li>◦ 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 <a href="#">Lakeview Loan Servicing Seller Guide</a> or the <a href="#">Residency and Eligibility Guide</a></li> <li>◦ <i>Note: If closing in a Trust, the Trust beneficiaries must meet one of the above residency statuses</i></li> </ul> </li> <li>• Not limited to first-time homebuyers</li> <li>• <i>Loans to Limited Liability Corporations are not permitted.</i></li> </ul>
<b>Homebuyer Education Requirements</b>	<ul style="list-style-type: none"> <li>• Required prior to close, refer to <a href="#">DC Housing Finance Agency guidelines</a></li> </ul>
<b>Co-Signers/Non-Occupant Co-borrowers</b>	<ul style="list-style-type: none"> <li>• Co-Signers and Non-Occupant Co-Borrowers are not permitted</li> </ul>
<b>Non-Arm's Length Transactions</b>	<ul style="list-style-type: none"> <li>• Per FHA Guidelines</li> </ul>
<b>Credit</b>	
<b>AUS</b>	<ul style="list-style-type: none"> <li>◦ Fannie Mae Desktop Underwriter (DU) with 'Approve / Eligible' or Freddie Mac Loan Prospect Advisor (LPA) with 'Accept' recommendation.</li> <li>• <i>Manual Downgrade is permitted subject to the following:</i> <ul style="list-style-type: none"> <li>◦ <i>as long as the overall insurability and/or eligibility of the loan is not effected</i></li> <li>◦ <i>the loan receives an approve or accept/eligible recommendation but it requires a downgrade due to additional information not considered in the AUS decision.</i></li> <li>◦ <u>43% maximum DTI</u></li> <li>◦ <u>660 FICO for all borrowers with a credit score</u></li> </ul> </li> </ul> <p>Other customized automated underwriting systems are not permitted.</p>

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<b>Underwriting Authority</b>	<ul style="list-style-type: none"> <li>• Delegated underwriting only                             <ul style="list-style-type: none"> <li>◦ Non-delegated underwriting not permitted</li> </ul> </li> </ul>
<b>FICO Requirements</b>	<ul style="list-style-type: none"> <li>• All borrowers must have a minimum 640 FICO score</li> </ul>
<b>Non-Traditional Credit</b>	<ul style="list-style-type: none"> <li>• Not permitted</li> </ul>
<b>Significant Derogatory Credit</b>	<ul style="list-style-type: none"> <li>• Refer to <a href="#">FHA Guidelines</a></li> </ul>
<b>DTI</b>	<ul style="list-style-type: none"> <li>• 45% maximum</li> </ul>
<b>Employment/Income</b>	
<b>Employment/Income Verification</b>	<ul style="list-style-type: none"> <li>• Follow AUS and first mortgage program guidelines.</li> <li>• All sources of qualifying income must be legal in accordance with all applicable federal, state and local laws, rules and regulation, without conflict.</li> <li>• A 4506-T form is required to be signed at closing for all transactions.</li> <li>• <u>Transcript Requirements:</u> <ul style="list-style-type: none"> <li>◦ 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.</li> <li>◦ <u>Tax transcripts are required in the following circumstances:</u> <ul style="list-style-type: none"> <li>▪ <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"> <li>• <u>Self-employment income</u></li> <li>• <u>Rental income</u></li> <li>• <u>Other income sources (i.e. Dividend Interest, Capital Gains, Alimony, etc.)</u></li> </ul> </li> <li>▪ <u>When a written VOE form 1005 is used as standalone income verification.</u></li> <li>▪ <u>Employment by family members</u></li> <li>▪ <u>When amended tax returns have been filed, transcripts are required and must support the amended income</u></li> </ul> </li> </ul> </li> </ul>
<b>Assets/Reserves</b>	
<b>Asset Documentation</b>	<ul style="list-style-type: none"> <li>• Asset documentation must comply with the requirements of AUS findings and the FHA Handbook as applicable</li> </ul>
<b>Financing Concessions</b>	<ul style="list-style-type: none"> <li>• Permitted in accordance with FHA guidelines</li> </ul>


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<b>Borrower Contribution</b>	Per FHA guidelines
<b>Subordinate Financing</b>	
<b>Subordinate Financing/Down Payment Assistance</b>	<p><b>Government Entity and Non-profit subordinate financing permitted subject to the following:</b></p> <ul style="list-style-type: none"> <li>• Lenders are responsible to ensure that all FHA secondary financing guidelines from the <a href="#">FHA Handbook</a> are met including providing the following from the provider of any secondary financing: <ul style="list-style-type: none"> <li>• documentation showing the amount of funds provided to the Borrower for each transaction;</li> <li>• copies of the Mortgage and Note; and</li> <li>• a letter from the Governmental Entity on their letterhead evidencing the relationship between them and the nonprofit for each FHA-insured Mortgage, signed by an authorized official and containing the following information: <ul style="list-style-type: none"> <li>◦ the FHA case number for the first Mortgage;</li> <li>◦ the complete property address;</li> <li>◦ the name, address and Tax ID for the nonprofit;</li> <li>◦ the name of the Borrower(s) to whom the nonprofit is providing secondary financing;</li> <li>◦ the amount and purpose for the secondary financing provided to the Borrower; and</li> <li>◦ a statement indicating whether the secondary financing: <ul style="list-style-type: none"> <li>▪ will close in the name of the Governmental Entity;</li> <li>▪ will be closed in the name of the nonprofit and held by the Governmental Entity.</li> </ul> </li> </ul> </li> </ul> </li> </ul>
<b>Property/Appraisal</b>	
<b>Eligible Property Types</b>	<ul style="list-style-type: none"> <li>• 1- 4 unit primary residences</li> <li>• Townhomes</li> <li>• Row homes</li> <li>• Condominiums in accordance with FHA guidelines except as noted below: <ul style="list-style-type: none"> <li>◦ <u>Single-Unit Condominium Project approval not permitted</u></li> </ul> </li> <li>• Leaseholds</li> </ul>
<b>Ineligible Property Types</b>	<ul style="list-style-type: none"> <li>• <u>Cooperatives</u></li> <li>• <u>Group Homes</u></li> <li>• <u>Community Land Trusts</u></li> <li>• Mobile and Manufactured Homes</li> <li>• Working Farms and Ranches</li> <li>• Unimproved Land</li> <li>• Timeshares</li> <li>• Condotels</li> <li>• Hotel Condominiums</li> <li>• Unimproved land</li> <li>• Geodesic Domes</li> </ul>

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<b>Appraisal Requirements</b>	<p>Appraisal Condition Rating of C5/C6 or a Quality Rating of Q6 is not permitted.</p> <ul style="list-style-type: none"> <li>• Refer to HUD <a href="#">Handbook 4000.1</a> <ul style="list-style-type: none"> <li>○ Appraisers must be on FHA Connection with State Certification designation of Certified General or Certified Residential</li> <li>○ Appraiser must comply with the FHA Appraisal Independence Policy</li> </ul> </li> </ul>
<b>Appraisal Transfers</b>	<ul style="list-style-type: none"> <li>• Appraisal transfers must be executed in accordance with HUD Handbook 4000.1</li> </ul>
<b>Appraisal Re-Use</b>	<ul style="list-style-type: none"> <li>• The re-use of an appraisal under another case number is not permitted</li> </ul>
<b>Limited 203(k)</b>	<ul style="list-style-type: none"> <li>• May only be used for minor remodeling and non-structural repairs.</li> <li>• Does not require the use of a 203(k) Consultant, but a Consultant may be used.</li> <li>• The total rehabilitation cost must not exceed \$35,000. There is no minimum rehabilitation cost.</li> <li>• All improvements to existing Structures must comply with HUD's Minimum Property Requirements and meet or exceed local building codes.</li> <li>• Time frame for completion of repairs not to exceed six months.</li> <li>• Work completed must be on the 203K Limited Eligible Improvement/Repairs list</li> <li>• Follow FHA Handbook 4000.1 203k Limited guidelines regarding reason, type of improvements, time to complete, quality, disbursements, and post-closing documentation</li> <li>• Lenders must handle all disbursements and are responsible for release of escrow and closing out the loans in FHA Connection</li> </ul>
<b>Disaster Area Requirements</b>	<ul style="list-style-type: none"> <li>• Refer to the Disaster Guidelines in the <a href="#">Lakeview Loan Servicing Seller Guide</a> for requirements pertaining to properties impacted by a disaster in:             <ul style="list-style-type: none"> <li>○ FEMA Major Disaster Declarations with designated counties eligible for individual assistance (IA);</li> <li>○ 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;</li> <li>○ Areas where the Seller has reason to believe that a property might have been damaged in a disaster</li> </ul> </li> </ul> <p>Correspondent lenders are responsible for monitoring the <a href="#">Disaster Declaration File</a> and the <a href="#">FEMA Website</a> including the FEMA Declarations Summary on an ongoing basis to ensure that the property is not located in an area impacted by a disaster.</p>

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<b>Escrow Holdbacks</b>	<ul style="list-style-type: none"> <li>• Escrow holdbacks in accordance with all DC Housing Finance Agency guidelines 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</li> <li>• Follow FHA guidelines regarding reason, type of improvements, time to complete, quality, disbursements, and post-closing documentation</li> <li>• It is the Seller's responsibility to forward final completion documents to Lakeview Loan Servicing per FHA guidelines</li> <li>• Loans with outstanding escrow repairs must not impact Lakeview Loan Servicing's ability to deliver/sell the loan to Ginnie Mae</li> <li>• <b>The correspondent lender or designated escrow company will be responsible for managing and disbursing the escrows</b></li> <li>• The correspondent lender shall deliver loans that were originated in accordance with the first mortgage FHA guidelines.</li> <li>• 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.</li> </ul>
<b>Geographic Restrictions</b>	<ul style="list-style-type: none"> <li>• District of Columbia</li> </ul>
<b>Special Restrictions</b>	
<b>High Cost Loans</b>	<ul style="list-style-type: none"> <li>• <u>Lakeview will not purchase High Cost Loans.</u></li> </ul>
<b>Higher Priced Mortgage Loans (HPML)</b>	<ul style="list-style-type: none"> <li>• Lakeview will purchase HPML in accordance with FHA guidelines</li> </ul>
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>• Permitted in accordance with FHA guidelines</li> </ul>
<b>Multiple Financed Properties</b>	<ul style="list-style-type: none"> <li>• Not Permitted</li> </ul>
<b>Insurance</b>	
<b>Mortgage Insurance</b>	<ul style="list-style-type: none"> <li>• Per FHA guidelines</li> </ul>
<b>Other Considerations</b>	
<b>Age of Documents</b>	<ul style="list-style-type: none"> <li>• All credit documents must be dated within 120 days of the note date</li> <li>• Preliminary title policies must be no more than 180 days old on the date the note is signed</li> </ul>

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<b>Assignment of Mortgage</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Seasoning</b>	<ul style="list-style-type: none"> <li><u>Loans must not be aged more than 45 days from the loan closing date until the time the loan is delivered to Lakeview for purchase. This includes the date the credit and closing file is received and the loan is eligible for purchase. All loans must be purchased by Lakeview within 60 days of the note date</u></li> </ul>
<b>Escrow Waivers</b>	<ul style="list-style-type: none"> <li><u>Escrow accounts for property taxes, homeowner's insurance and flood insurance (if applicable) are required on all loans.</u></li> </ul>

Seller shall deliver loans that were originated in accordance with FHA 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 DC Housing Finance Agency, FHA, Lender or Lakeview Loan Servicing.



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Version Control			
Author	Section	Date	Update
DM	<b>All</b>	9.1.20	Release
DM	COVID-19	9.17.20	Updated Employment, appraisal and forbearance guidance
DM	Subordinate financing	10.1.20	Added ability to pair with Government Entity or non-profit subordinate financing that meets all FHA guidelines
DM	COVID-19	10.15.20	Updated Employment section: removed temporary waiver of tax transcripts
DM	COVID-19	11.5.20	Updated appraisal flexibility section to refer to the correspondent website for announcement details
<b>DM</b>	<b>Disaster and Borrower Eligibility sections</b>	<b>12.10.20</b>	<b>Updated to reflect new name of Residency and Disaster Guides</b>



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