



NON-DELEGATED FHA MORTGAGE PROGRAM PRODUCT MATRIX

This product matrix serves as a summary of the FHA Mortgage program in addition to Lakeview Loan Servicing overlays. Refer to the HUD Handbook 4000.1 for any information not specified in this product matrix.

Seller shall deliver loans that were originated in accordance with the Single Family Housing Policy handbook 4000.1 unless otherwise noted in this product matrix.



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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 for Government Programs

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| Continuity of Income | 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. |
| Forbearance | <ul style="list-style-type: none"> • 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. • Refer to the Lakeview announcements as posted on the Lakeview Correspondent website for full details on flexibilities |
| Remote Online Notarization (RON) | <i><u>Lakeview will not accept the use of remote online notarizations at this time.</u></i> |



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©2022 Lakeview Loan Servicing, LLC provides access to a full range of agency residential mortgage products for qualified lending institutions and these programs are not applicable to the general public or individual consumers. Lakeview Loan Servicing, LLC is a member of a family of companies owned or managed by Bayview Asset Management, LLC. Bayview companies have been managing mortgage assets since 1995. It is the policy of Lakeview Loan Servicing, LLC (NMLS #391521) to provide services without regard to race, color, religion, national origin, ancestry, age, sex, familial status, or disability.

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| FHA Mortgage Program | | | | | |
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| Fixed Rate | | | | | |
| Purchase | | No Cash-Out Refinance | | Cash-Out Refinance | |
| Minimum FICO | LTV/CLTV | Minimum FICO | LTV/CLTV | Minimum FICO | LTV/CLTV |
| <u>620</u> | 96.5%/ <u>96.5%</u> ¹ | <u>620</u> | 97.75% ² | <u>620</u> | 80% ³ |
| <p>¹ For purchase transactions, the maximum LTV is 96.5% of the Adjusted Value. The Adjusted Value is the lesser of:</p> <ul style="list-style-type: none"> • purchase price less any inducements to purchase; or • the property value <p>² For Rate/Term Maximum LTV:</p> <ul style="list-style-type: none"> • 97.75% if owner-occupied for previous 12 months or owner-occupied since acquisition if acquired within the last 12 months, at case number assignment date • 85% if borrower has not occupied as principal residence for < 12 months prior to the case number assignment date or if owned less than 12 months, has not occupied the property for the entire period of ownership <p>³ For case numbers assigned on or after 9/1/2019</p> | | | | | |

| Loan Product | |
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| Eligible Products/Terms | <ul style="list-style-type: none"> • GNF150 FHA 15YR Fixed • GNF155 FHA 15YR Fixed High Balance • GNF300 FHA 30YR Fixed • GNF305 FHA 30YR Fixed High Balance • Energy Efficient Mortgages (EEM) |
| Ineligible Products Types | <ul style="list-style-type: none"> • Any FHA programs/ mortgage types identified in the FHA Handbook that are not specifically allowed in the Eligible Mortgage Types above. • <u>203K loans</u> • <u>203(h) loans</u> • <u>Energy Efficient Mortgages</u> • <u>Good Neighbor New Door (GNND)</u> • <u>HUD \$100 Down with Repair Escrows</u> • <u>HUD Section 184 Indian Housing Loans</u> • <u>HUD Section 248 Mortgages on Indian Land</u> • <u>HUD Section 247 Hawaiian Home Lands</u> • <u>Construction to Permanent</u> • <u>Building on your own land</u> • <u>Weatherization</u> • <u>Solar and Wind Technologies</u> |
| Maximum Loan Amount | FHA Mortgage limits for all areas: https://entp.hud.gov/idapp/html/hicostlook.cfm |

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| <p>Purpose</p> | <ul style="list-style-type: none"> • Purchase • No Cash-Out • Rate and Term <ul style="list-style-type: none"> ◦ Proceeds can be used to pay off an FHA or non-FHA first mortgage regardless of age ◦ Proceeds can be used to pay off any junior liens related to the purchase of the subject property, or that are seasoned at least 12 months ◦ Proceeds can be used to pay off any unpaid principal balance of any unpaid PACE obligation of the subject property ◦ Pay related closing costs and prepaid items ◦ Disburse cash to borrower in an amount not to exceed \$500 • Cash-out Refinance • Transactions in the state of Texas subject to 50(a)(6) are not permitted • <u><i>Current 50(a)(6) loans may not be refinanced into a non-home equity loan</i></u> |
| <p>Occupancy</p> | <ul style="list-style-type: none"> • <u><i>Owner occupied primary residences only</i></u> <ul style="list-style-type: none"> ◦ <u><i>Borrower(s) are limited to one primary residence transaction within the past 12 months.</i></u> |
| <p>Proof of Occupancy (Refinances)</p> | <p>Refer to HUD Handbook 4000.1</p> <ul style="list-style-type: none"> • Obtain employment documentation (i.e. paystub) that includes the subject property address; or • Utility bill (electric, water, natural gas, heating oil or landline phone) to evidence that the borrower has occupied the subject property as their principal residence. |
| <p>Rate/Term Maximum LTV</p> | <ul style="list-style-type: none"> • 97.75% if owner-occupied for previous 12 months or owner-occupied since acquisition if acquired within the last 12 months, at case number assignment date • 85% if borrower has not occupied as principal residence for < 12 months prior to the case number assignment date or if owned less than 12 months, has not occupied the property for the entire period of ownership |
| <p>Seasoning Requirements</p> | <ul style="list-style-type: none"> • No Cash-out Refinance Loans: <ul style="list-style-type: none"> ◦ Where a Mortgage has been modified, the Borrower must have made at least six payments under the modification agreement to be eligible for a No-Cash Out Refinance. • Cash-out Refinance Transactions: On the note date of the refinance loan, the following criteria must apply (GNMA Requirement): <ul style="list-style-type: none"> ◦ the borrower made at least six consecutive monthly payments on the loan being refinanced, referred to hereinafter as the Initial Loan, beginning with the payment made on the first payment due date; and ◦ the first payment due date of the refinance loan occurs no earlier than 210 days after the first payment due date of the Initial Loan. On the date of the FHA case number assignment, the following criteria must apply: <ul style="list-style-type: none"> ◦ The property securing the cash-out refinance must have been owned and occupied by at least one borrower as their Primary Residence for the 12 months prior to the case number assignment (see Handbook for inheritance exception). • For ALL Refinance Transactions: <ul style="list-style-type: none"> ◦ For properties acquired by the Borrower within 12 months of the case number assignment date, the adjusted value is the lesser of: |



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| | <ul style="list-style-type: none"> ▪ The Borrower's purchase price plus any documented improvements made subsequent to the purchase; or • The property value |
| Temporary Buydowns | <i>Not Permitted</i> |
| Eligibility | |
| Borrower Eligibility | <ul style="list-style-type: none"> • Refer to HUD Handbook 4000.1 • 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 as defined in the Residency and Eligibility Guide ○ <i>For DACA status recipients, if the EAD expires within one year but there's a prior history of residency status renewals, the borrower is eligible. If there is no history of renewals, the borrower is ineligible.</i> • <i>Note: If closing in a Trust, the Trust beneficiaries must meet one of the above residency statuses</i> • <i>POAs are not allowed on cash-out transactions</i> • <i>Life Estates are not permitted</i> |
| Identity of Interest | <ul style="list-style-type: none"> • Refer to HUD Handbook 4000.1 • <i>Relationship must be fully disclosed at the time of submission</i> • The maximum LTV percentage for Identity-of-Interest transactions on Principal Residences is restricted to 85%. See 4000.1 II.A.2.b.ii (A) for exceptions. • The maximum LTV percentage for a transaction where a tenant-landlord relationship exists at the time of contract execution is restricted to 85%. • An Identity-of-Interest Transaction is a sale between parties with an existing Business Relationship or between Family Members. • Business Relationship refers to an association between individuals or companies entered into for commercial purposes. • Family Member is defined as follows, regardless of actual or perceived sexual orientation, gender identity, or legal marital status: <ul style="list-style-type: none"> ○ child, parent, or grandparent; ○ a child is defined as a son, stepson, daughter, or stepdaughter; ○ a parent or grandparent includes a step-parent/grandparent or foster parent/grandparent; ○ spouse or domestic partner; ○ legally adopted son or daughter, including a child who is placed with the Borrower by an authorized agency for legal adoption; ○ foster child; ○ brother, stepbrother; sister, stepsister; ○ uncle; aunt; or ○ son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the Borrower |

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| <p>Excluded Parties – LDP/ GSA Searches</p> | <ul style="list-style-type: none"> • FHA loans require confirmation that companies or individuals involved in the origination or underwriting of a mortgage transaction are not on the Freddie Mac Exclusionary List, General Services Administration's (GSA's) Excluded Party List or the HUD Limited Denial Participation (LDP). Regardless of the reason for the party being excluded, any party to the transaction included on either list will result in the loan being ineligible. • All name variations found throughout the loan file must be run when performing the searches. The search must be run on the following parties in the transaction: <ul style="list-style-type: none"> ○ Borrowers ○ Title Company ○ Closing Attorney/ Settlement Agent/ Escrow Company ○ Appraiser ○ Originating Broker (MLO) ○ Originating Broker Company ○ Broker Processor ○ Third Party Processor ○ Listing Agent & Listing Company ○ Selling Agent & Selling Company ○ Seller ○ Builder |
| <p>CAIVRS</p> | <ul style="list-style-type: none"> • Required for all borrowers on the transaction |
| <p>Application Information</p> | <ul style="list-style-type: none"> • Full application is required to be completed with Borrower's full legal name |
| <p>Social Security Number</p> | <ul style="list-style-type: none"> • Evidence of social security number is required (SS card, printed recent W2/1099, transcripts) |
| <p>FHA Case Numbers</p> | <ul style="list-style-type: none"> • FHA case numbers are auto-cancelled after 6 months. Loan must close prior to cancellation. • Mortgagee must obtain a refinance authorization number from FHA connection (FHAC) for all FHA to FHA refinances. |
| <p>Credit</p> | |
| <p>AUS</p> | <ul style="list-style-type: none"> • All loans must be submitted through FHA TOTAL Scorecard and receive an 'Approved Eligible' finding • <i><u>Manual underwriting is permitted in cases where the loan received an 'Approve/Eligible' finding but requires a downgrade due to additional information not considered in the AUS decision that affects the overall insurability or eligibility of the loan. Subject to the following requirements:</u></i> <ul style="list-style-type: none"> ○ <u>Min 640 FICO</u> ○ <u>Max 43% DTI</u> • <i><u>Loans not meeting the additional payment history requirements based on ML2020-30 are ineligible to Lakeview and may not be manually downgraded.</u></i> <p>Accept risk classifications that require manual downgrade are as follows:</p> |



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| | <ul style="list-style-type: none"> o the mortgage file contains information or documentation that cannot be entered into or evaluated by TOTAL Mortgage Scorecard; o additional information, not considered in the Automated Underwriting System (AUS) recommendation affects the overall insurability of the Mortgage; o the Borrower has \$1,000 or more collectively in Disputed Derogatory Credit Accounts; o the date of the Borrower’s bankruptcy discharge as reflected on bankruptcy documents is within two years from the date of case number assignment; o the case number assignment date is within three years of the date of the transfer of title through a Pre-Foreclosure Sale (Short Sale); o the case number assignment date is within three years of the date of the transfer of title through a foreclosure sale; o the case number assignment date is within three years of the date of the transfer of title through a Deed-in-Lieu (DIL) of foreclosure; o the Mortgage Payment history, for any Mortgage trade line reported on the credit report used to score the application, requires a downgrade as defined in Handbook 4000.1 II.A.4.b.iii (K) - Housing Obligations/Mortgage Payment History; o the Borrower has undisclosed mortgage debt that requires a downgrade; or o business income shows a greater than 20 percent decline over the analysis period |
| Credit | <ul style="list-style-type: none"> • Evaluated by TOTAL Scorecard <ul style="list-style-type: none"> o For any mortgage not reported on the credit report refer to the HUD Handbook 4000.1 o <i><u>Private Party Verification of Mortgage(VOM) or Private Party Verification of Rent(VOR), as a stand-alone document, is not permitted; 12 months of cancelled checks are required to document an acceptable payment history.</u></i> • If the Borrower resides in a community property state or the Property being insured is located in a community property state, a credit report for a non-borrowing spouse must be obtained and the debts of the non-borrowing spouse must be included in the Borrower’s qualifying ratios, except for obligations specifically excluded by state law. The community property states are AZ, CA, ID, LA, NV, NM, TX, WA, WI • A disputed resolved account that the customer disagrees with on credit report is still considered a disputed account. |
| Non-Traditional Credit | <i><u>Use of non-traditional credit is not permitted</u></i> |
| Significant Derogatory Credit | <ul style="list-style-type: none"> • Refer to HUD Handbook 4000.1 • 2 years elapsed since completion or discharge of Chapter 7 or Chapter 13 Bankruptcy, to case number assignment date • 3 years elapsed since completion of Foreclosure, Deed in Lieu or Short Sale, to case number assignment date |
| Employment/Income | |
| Employment Verification | <ul style="list-style-type: none"> • Employment documentation must comply with the HUD Handbook 4000.1 • Verbal Verification of Employment: <ul style="list-style-type: none"> o For salaried employees, the verbal or electronic re-verification of employment must be completed within 10 calendar days prior to the note date. o <i><u>For self-employed borrowers a verbal verification of employment must be completed within 120 calendar days prior to the note date.</u></i> |



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| | <ul style="list-style-type: none"> o For electronic re-verifications, the verification must evidence that the information in the third party vendor's database was no more than 30 days old as of the note date. • Self Employed: <ul style="list-style-type: none"> o The Mortgagee must obtain complete individual federal income tax returns for the most recent two years, including all schedules. o The Mortgagee must obtain the Borrower's business tax returns for the most recent two years unless the following criteria are met: <ul style="list-style-type: none"> ▪ individual federal income tax returns show increasing Self-Employment Income over the past two years; ▪ funds to close are not coming from business accounts; and ▪ the Mortgage to be insured is not a cash-out refinance. o A year-to-date P&L will be required for all self-employed income if more than a calendar quarter has elapsed since date of most recent tax return was filed. (Except Schedule C income). o Manually downgraded loans; a business credit report is required for Corporations and S-Corporations. • <i><u>Secondary education enrollment can only be used in verifying employment history if the education is job specific and the employment is full-time and salaried. Must have a 12 month history of employment.</u></i> |
| <p>Income Verification</p> | <ul style="list-style-type: none"> • Income documentation must comply with the HUD Handbook 4000.1 • All sources of qualifying income must be legal in accordance with all applicable federal, state and local laws, rules and regulation, without conflict (i.e. marijuana related income of any source is not permitted). • <u>Transcript Requirements:</u> <ul style="list-style-type: none"> o <u>W2/1099 or tax transcripts are not required for a borrower when all income for that borrower is derived from W-2 wage earner and/or 1099 fixed income sources.</u> o <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>Employment by Family Members</u> ▪ <u>Handwritten pay stubs/W-2s</u> ▪ <u>Amended tax returns have been filed</u> <ul style="list-style-type: none"> • <u>When amended tax returns are utilized for documenting qualifying income for approval purposes and the borrower could not qualify with the prior tax return income, then the following would need to be adhered to (all employment/ income types):</u> <ul style="list-style-type: none"> o <u>Tax returns amended within 90 days prior to the application date or at any time during the loan process are not permitted.</u> o <u>Tax returns amended greater than 90 days prior to the application date are permitted. Both the original and amended return must be examined for consistency to determine whether the use of the amended return is warranted and is supportive of borrower's overall income profile. The following documentation will be required:</u> <ul style="list-style-type: none"> ▪ <u>A letter of explanation from the borrower detailing the reason for re-filing;</u> ▪ <u>Evidence of re-filing via tax transcript (Record of Account) supporting the amended return;</u> |

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| | <ul style="list-style-type: none"> ▪ <u>Payment of and evidence of the ability to pay any applicable tax (if a payment plan for taxes due is accepted, evidence of initial payment must be documented)</u> • <u>A 4506-C is required to be signed by all borrowers at time of application and at closing for all transactions</u> • <u>For future income, paystubs are required prior to closing</u> • <u>Mortgage Credit Certificates are not permitted</u> |
| Assets/Reserves | |
| Ineligible Asset Type | <ul style="list-style-type: none"> • <u>Cash on Hand</u> • <u>Custodial Accounts for minors</u> • 1031 Exchanges • <u>Pooled Funds</u> • <u>Sweat Equity</u> • <u>Trade Equity</u> • <u>Cryptocurrency (i.e. bitcoin)</u> |
| Asset Verification | <ul style="list-style-type: none"> • Asset documentation must comply with the HUD Handbook 4000.1 • Evaluated by TOTAL Scorecard • Large Deposits: <ul style="list-style-type: none"> • For recently opened accounts and recent individual deposits of more than 1 percent of the Adjusted Value, the Mortgagee must obtain documentation of the deposits. The Mortgagee must also verify that no debts were incurred to obtain part, or all, of the Minimum Required Investment. |
| Reserves | Evaluated and determined by TOTAL Scorecard |
| Earnest Money Deposit | <ul style="list-style-type: none"> • Verify and document the deposit amount and source of funds if the amount of the earnest money deposit exceeds 1 percent of the sales price or is excessive based on the Borrower's history of accumulating savings, by obtaining: <ul style="list-style-type: none"> o a copy of the Borrower's canceled check; o certification from the deposit-holder acknowledging receipt of funds; or o a Verification of Deposit (VOD) or bank statement showing that the average balance was sufficient to cover the amount of the earnest money deposit at the time of the deposit (subject to guidelines above); or o direct electronic verification by a TPV vendor, subject to the following requirements: <ul style="list-style-type: none"> ▪ the Borrower has authorized the Mortgagee to verify assets; ▪ the date of the completed verification conforms with FHA requirements in Maximum Age of Mortgage Documents; and ▪ the information shows that the average balance was sufficient to cover the amount of the earnest money deposit at the time of the deposit. |
| Gifts | <ul style="list-style-type: none"> • Refer to the HUD Handbook 4000.1 • <u>If the donor bank statement includes large deposits and/or does not cover a 30 day period then the signed gift letter must contain verbiage (or a separate certification is required to be signed by the donor) confirming the funds for this transaction were not provided by a party to the transaction including the seller, real estate agent, broker, builder, loan officer, or any other entity associated with the transaction. Additionally, any large deposit on the</u> |

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| | <p><i>donor's statement must be sourced. Large deposit for the purposes of gifts is defined as exceeding 50% of the amount of the gift.</i></p> <ul style="list-style-type: none"> • Cash on hand is not an acceptable source of donor gift funds. Gift funds must be verified in a financial institution account owned by the donor. • No VODs or blacked-out information are acceptable in documenting the transfer of gifts. |
| IPC – Interested Party Contributions | <ul style="list-style-type: none"> • Refer to HUD Handbook 4000.1 • Interested Parties may contribute up to 6 percent of the sales price toward the Borrower's origination fees, other closing costs including any items POC, prepaid items and discount points. The 6 percent limit also includes: <ul style="list-style-type: none"> ◦ payments of mortgage interest for fixed rate Mortgages; ◦ Mortgage Payment protection insurance; and ◦ payment of the UFMIP |
| Down Payment and Closing Cost Assistance | <p><i>Down payment and closing cost assistance subordinate financing is not permitted</i></p> |
| Borrower Contribution | <p>Refer to HUD Handbook 4000.1</p> |
| Property/Appraisal | |
| Eligible Property Types | <ul style="list-style-type: none"> • Single Family Detached • Single Family Attached • Single Family with Accessory Dwelling Unit (see HUD Handbook 4000.1 for specific requirements) • 2-4 Unit Detached/Attached • PUDs • Low and High-Rise Condominiums – must be FHA Approved • Rural Properties – property must be residential in nature • Leaseholds • Mixed use • A minimum of 51% of the entire building square footage must be residential use |
| Ineligible Property Types | <ul style="list-style-type: none"> • <i>Manufactured Homes (built on a permanent chassis and attached to permanent foundations)</i> • Mobile Homes • <i>Cooperatives</i> • Condotels • Hotel Condominiums • Timeshares • Working Farms and Ranches • Unimproved Land • Boarding houses/Tourist houses/ Sorority or Fraternity Houses • Bed and breakfast establishments • Commercial enterprises • <i>Group Homes</i> • <i>Geodesic Domes</i> • Properties encumbered by PACE (i.e. HERO) obligations (effective with case numbers assigned on or after 01/06/18) |

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| <p>Appraisal Requirements</p> | <ul style="list-style-type: none"> • Refer to HUD Handbook 4000.1 • Appraisers must be on FHA Connection with State Certification designation of Certified General or Certified Residential • Appraiser must comply with the FHA Appraisal Independence Policy • If the appraiser notes that Carbon Monoxide (CO) Detectors, Smoke Alarms, and/ or Seismic Strapping of Water Heaters are mandated by the property State, but are missing and/or inadequate, the loan file must contain confirmation that these items have been properly installed prior to closing <ul style="list-style-type: none"> ◦ For appraisals completed “subject to”, the completed work must be recertified by the appraiser with a final inspection or 1004D • For appraisals completed “as is”, a final inspection by the appraiser or an independent third party confirming completion of these items is required • <i><u>Initial appraisal validity period will remain at 120 days</u></i> • <i><u>Appraisal update validity period will remain at 240 days</u></i> |
| <p>Appraisal Transfers</p> | <p>Appraisal transfers must be executed in accordance with HUD Handbook 4000.1</p> |
| <p>Appraisal Re-Use</p> | <p>The re-use of an appraisal under another case number is not permitted</p> |
| <p>Recently Listed Properties</p> | <p><i><u>Listing must have been cancelled or expired prior to the application date, and the borrower must confirm their intent to occupy the subject for Owner Occupied transactions. In all instances, careful consideration should be given to the listing price and appraised value to be sure the value is supported.</u></i></p> |
| <p>Condos/PUDs</p> | <ul style="list-style-type: none"> • Refer to HUD Handbook 4000.1 • Condominiums must be HUD approved and not expired at time of case number assignment: https://entp.hud.gov/idapp/html/condlook.cfm • DELRAP is not permitted • <i><u>Single-Unit Approval process is not permitted</u></i> |
| <p>Disaster Area Requirements</p> | <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. |
| <p>Escrow Holdbacks</p> | <p>Escrow holdbacks are allowed in accordance with HUD Handbook 4000.1</p> |
| <p>Leased Solar Panels/ Power Purchase Agreement</p> | <ul style="list-style-type: none"> • A Property that contains leased equipment, or operates with a leased energy system or Power Purchase Agreement (PPA), may be eligible for FHA-insured financing but only when such agreements are free of restrictions that prevent the Borrower from freely transferring the Property. |



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| | <ul style="list-style-type: none"> • Such agreements are acceptable, provided they do not cause a conveyance (ownership transfer) of the insured Property by the Borrower to: <ul style="list-style-type: none"> ◦ be void, or voidable by a third party; ◦ be the basis of contractual liability of the Borrower (including rights of first refusal, pre-emptive rights or options related to a Borrower’s efforts to convey); ◦ terminate or be subject to termination all or part of the interest held by the Borrower; ◦ be subject to the consent of a third party; ◦ be subject to limits on the amount of sales proceeds a Borrower can retain (e.g., due to a lien, “due on sale” clause, etc.); ◦ be grounds for accelerating the insured Mortgage; or ◦ be grounds for increasing the interest rate of the insured Mortgage • Any restrictions resulting from provisions of the lease or PPA do not conflict with FHA regulations unless they include provisions encumbering the Real Property or restricting the transfer of the Real Property. • Legal restrictions on conveyance of Real Property (i.e., the house) that could require the consent of a third party (e.g., energy provider, system owner, etc.), include but are not limited to, credit approval of a new purchaser before the seller can convey the Real Property, unless such provisions may be terminated at the option of, and with no cost to, the owner. • If an agreement for an energy system lease or PPA could cause restriction upon transfer of the house, the Property is subject to impermissible legal restrictions and is generally ineligible for FHA insurance. • Solar Lease or Power Purchase Payments are not included as a debt in the borrower’s qualifying ratios. |
| <p>Deed Restricted Properties</p> | <p>Refer to HUD Handbook 4000.1</p> |
| <p>Property Flipping</p> | <ul style="list-style-type: none"> • A Property that is being resold 90 Days or fewer following the seller’s date of acquisition is not eligible for an FHA-insured Mortgage. • A Property that is being resold between 91 Days and 180 Days After Acquisition: <ul style="list-style-type: none"> ◦ A second appraisal by another Appraiser must be obtained if: <ul style="list-style-type: none"> ▪ the resale date of a Property is between 91 and 180 Days following the acquisition of the Property by the seller; and ▪ the resale price is 100% or more over the price paid by the seller to acquire the Property <p>(For example, if a property is resold for \$80,000 within 6 months of the seller’s acquisition of that property for \$40,000, a second appraisal by another Appraiser must be obtained supporting the \$80,000 sales price.)</p> <ul style="list-style-type: none"> ◦ If the second appraisal supports a value of the Property that is more than 5% lower than the value of the first appraisal, the lower value must be used as the Property Value in determining the Adjusted Value. ◦ The cost of the second appraisal may not be charged to the Borrower |

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| Geographic Restrictions | <ul style="list-style-type: none"> <i>The following states are not eligible: New York</i> <i>Properties located outside of the United States or in a Territory, Province or Commonwealth; including, but not limited to properties in Guam, Puerto Rico, the Virgin Islands, the Commonwealth of the Northern Mariana Islands or American Samoa are ineligible.</i> |
| Special Restrictions | |
| High Cost Loans | <u>Lakeview will not purchase High Cost Loans</u> |
| Higher Priced Mortgage Loans (HPML) | Refer to HUD Handbook 4000.1 |
| Limitations on Financed Properties | <u>Maximum exposure of 2 Lakeview financed loans to any one borrower in a Condo or PUD development</u> |
| Re-negotiated Purchase Agreements | <ul style="list-style-type: none"> <u>Purchase agreements renegotiated after the completion of the appraisal that increase the sales price are only acceptable under the following circumstances:</u> <ul style="list-style-type: none"> <u>The sales price adjustment is due to price overruns that impact the tangible value of the property on new construction. An updated appraisal must be obtained to verify the value of the modifications.</u> <u>A renegotiation of only seller paid closing costs and/or prepaid occurs where seller paid closing cost/prepays are common and customary for the market and supported by comparables.</u> |
| Insurance | |
| Mortgage Insurance | Refer to the Monthly MIP Calculation |
| Other Considerations | |
| Age of Documents | <ul style="list-style-type: none"> All credit documents must be dated within 120 days of the disbursement date; including credit reports as well as employment, income and asset documents Preliminary Title Policies must be no more than 180 days old on the date that 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 the Seller Guide for transfer requirements. |
| Title/Vesting | <ul style="list-style-type: none"> The Mortgagee must obtain evidence of prior ownership when a Property was sold within 12 months of the case number assignment date. The Mortgagee must review the evidence of prior ownership to determine any undisclosed Identity-of-Interest transactions. <u>Eligible Vesting Types:</u> <ul style="list-style-type: none"> Land Trust Leasehold Living Trusts, refer to HUD Handbook 4000.1 <u>Ineligible Vesting Types:</u> <ul style="list-style-type: none"> Properties vested in an LLC are not permitted |
| Escrow Waivers | Escrow accounts for property taxes, homeowner's insurance and flood insurance (if applicable) are required on all loans |
| Power of Attorney | <ul style="list-style-type: none"> Please visit the Lakeview Seller Guide for all transactions including a POA. |



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| <ul style="list-style-type: none"> • <u><i>Not permitted for borrowers on vacation or short term business trips</i></u> • <u><i>Not permitted on Cash-out transactions</i></u> • <u><i>The initial loan application must be signed by all borrowers.</i></u> |
| <p>Seller shall deliver loans that were originated in accordance with the HUD Handbook 4000.1 unless otherwise stated in this product matrix.</p> |

| Version Control | | | |
|-----------------|------------------------|----------|--|
| Author | Section | Date | Update |
| AS | All | 05.16.22 | Matrix created |
| MM | Seasoning Requirements | 07.29.22 | Per Info Letter 22-68 – Handbook 4000.1 Quarterly Updates Updated: "The borrower" to read "at least one" borrower in the following: o On the date of the FHA case number assignment, the following criteria must apply: The property securing the cash-out refinance must have been owned and occupied by at least one borrower as their Primary Residence for the 12 months prior to the case number assignment (see Handbook for inheritance exception) |
| AS | Appraisal Requirements | 07.29.22 | Per Mortgagee Letter <u>2022-11</u> Revised Appraisal Validity Periods Added: • <u><i>Initial appraisal validity period will remain at 120 days</i></u> • <u><i>Appraisal update validity period will remain at 240 days</i></u> |

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