

SC Housing Bond-DPA PMC Operations Overview

Training Date for Sales, Processing & Underwriting: September 6, 2023

Training Date for Closing & Post-Closing: September 13, 2023

Rollout Date: September 20, 2023

Who is eligible to participate at PMC



All PMC Loan Officers licensed in SC who have:

- Attended the SC Housing LO training; and
- Provided evidence of attendance to compliance@princetonmortgage.com

3 Overarching SC Housing Categories: Bond, Non-Bond, and MCC

Note for all program details and guidelines—see the information posted on the PMC HUB Intranet under the Policies, Products, and Procedures Button and click on the “SC Housing” Product Tab as well as visiting the schousing.com website for the most current information.

This PowerPoint training is merely to identify the basic program offerings and PMC program codes. SC Housing provided training to sales and operations and the materials reviewed in that training are posted on the PMC HUB.

3 Overarching SC Housing Categories: Bond, Non-Bond, and MCC

■ SC Bond DPA:

Subcategories:

- Bond
- Bond County 1st
- Bond Families with Disabilities

■ SC Non-Bond DPA a/k/a Palmetto Home Advantage Program

■ SC Mortgage Credit Certificate (MCC) Program

- Note: PMC requires that all 2nd mortgages must have a separate loan file created. When you are creating the 1st mortgage, make sure on the Borrower Summary (v1) Screen in Encompass that you are indicating that there is a PiggyBack Loan with the first mortgage and then click on the “Create PiggyBack Loan” button.

SC Bond DPA—General Bond Program

SC Bond DPA:

Subcategory:

■ Bond

1st Mortgage: (Cannot be standalone—must be combined with DPA)

- *SC Bond Conv Fix30*
- *SC Bond FHA Fix30*
- *SC Bond VA Fix30*
- *SC Bond USDA Fix30*

2nd Mortgage:

- *SC Bond DPA 2nd (Conventional).*

The 2nd trust is a 15-year forgivable DPA Term. 0% interest rate. No monthly payments. **\$8000 loan amount.** Borrower must occupy the subject property for the full 15-year term of the lien for the assistance to be fully forgiven.

(The above are sold to SC Housing—both 1st and 2nd trusts)

SC Bond DPA—County 1st Program

SC Bond DPA:

Subcategory:

■ County 1st Program

1st Mortgage: (Cannot be standalone—must be combined with DPA)

- *SC Bond County 1st Conv Fix30*
- *SC Bond County 1st FHA Fix30*
- *SC Bond County 1st VA Fix30*
- *SC Bond County 1st USDA Fix30*

2nd Mortgage:

- *SC Bond DPA 2nd County 1st (Conventional 2nd).*

The 2nd trust is a 15-year forgivable DPA Term. 0% interest rate. No monthly payments. **\$8500 loan amount.** Borrower must occupy the subject property for the full 15-year term of the lien for the assistance to be fully forgiven.

(The above are sold to SC Housing—both 1st and 2nd trusts)

SC Bond DPA—Families with Disabilities Program

SC Bond DPA:

Subcategory:

- Families with Disabilities Program (SC FWDP)

1st mortgage: (Cannot be standalone—must be combined with DPA)

- *SC Bond FWDP Conv Fix30*
- *SC Bond FWDP FHA Fix30*
- *SC Bond FWDP VA Fix30*
- *SC Bond FWDP USDA Fix30*

2nd mortgage:

- *SC Bond DPA 2nd FWDP (Conventional 2nd).*

The 2nd trust is a 15-year forgivable DPA Term. 0% interest rate. No monthly payments. **\$8500 loan amount.** Borrower must occupy the subject property for the full 15-year term of the lien for the assistance to be fully forgiven.

(The above are sold to SC Housing—both 1st and 2nd trusts) (When locking in Optimal Blue, this FWDP is priced as a SC Housing County 1st Program.)

SC Non-Bond DPA a/k/a Palmetto Home Advantage Program

SC Non-Bond DPA/Palmetto Home Advantage Program

1st Mortgage (Can be standalone)

- *SC Palmetto Non-Bond Conv Fix30*
- *SC Palmetto Non-Bond FHA Fix30**
- *SC Palmetto Non-Bond VA Fix30**
- *SC Palmetto Non-Bond USDA Fix30**

2nd Mortgage

- *SC Palmetto Non-Bond DPA 2nd (Conventional 2nd)*

These DPA 2nd mortgages are 3% or 4% of the total first mortgage loan amount (including UFMIP, Funding, or Guarantee Fee). If borrower does not need assistance, a 0% DPA option is available*. Term of 2nd is 10-years. 0% interest rate. No payments.

*The 0% DPA is ONLY eligible on the Conv Fix30 Program (not FHA/VA/USDA)—PMC Overlay.

(The above are sold to Lakeview)—They purchase directly from PMC.

SC Mortgage Credit Certificate (MCC) Program

SC MCC Program

1st mortgage: (If standalone)

- *SC MCC Conv Fix30*
- *SC MCC FHA Fix30*
- *SC MCC VA Fix30*
- *SC MCC USDA Fix30*

OR

1st Mortgage (Check off Box for MCC on Borrower Summary V1 Screen)

- *SC Palmetto Non-Bond Conv Fix30*
- *SC Palmetto Non-Bond FHA Fix30**
- *SC Palmetto Non-Bond VA Fix30**
- *SC Palmetto Non-Bond USDA Fix30**

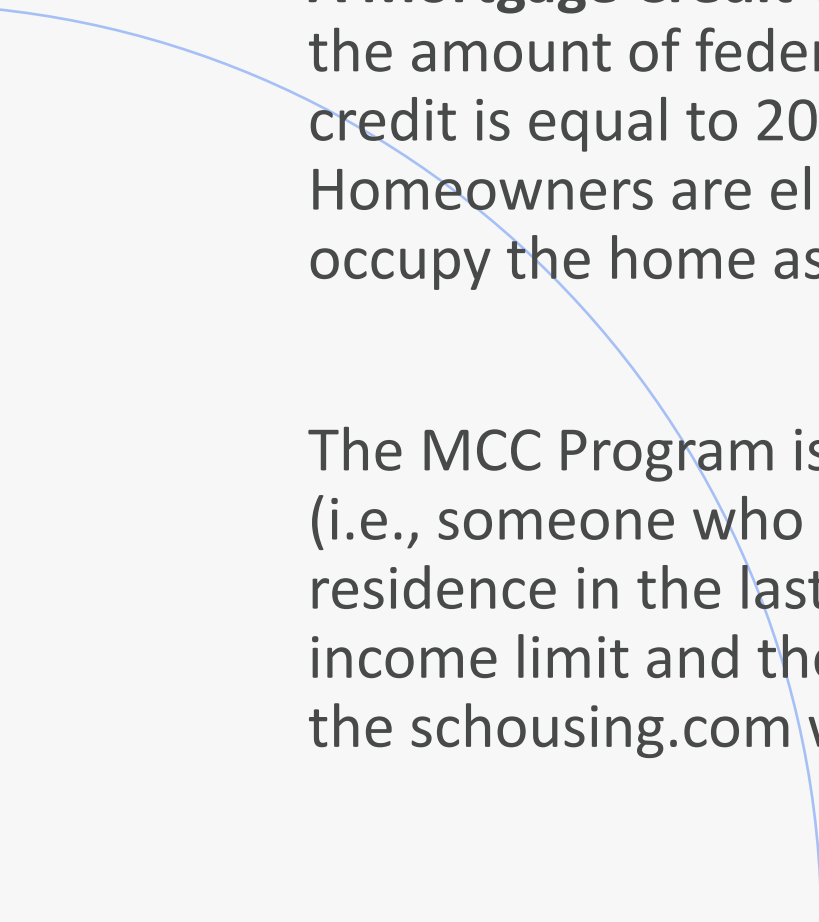
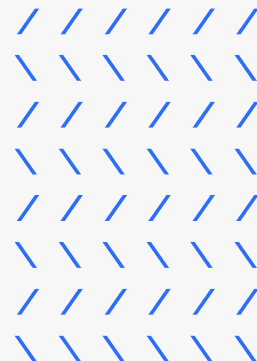
2nd Mortgage

- *SC Palmetto Non-Bond DPA 2nd (Conventional 2nd)*

These MCC Loans can be originated as a standalone or with a DPA 2nd mortgage. If there is a DPA 2nd, it would be a Palmetto 2nd mortgage. 2nd mortgages are 3% or 4% of the total first mortgage loan amount (including UFMIP, Funding, or Guarantee Fee). If borrower does not need assistance, a 0% DPA option is available*. Term of 2nd is 10-years. 0% interest rate. No payments.

*The 0% DPA is ONLY eligible on the Conv Fix30 Program (not FHA/VA/USDA)—PMC Overlay.

What is an MCC?



A Mortgage Credit Certificate (MCC) is a federal tax credit that reduces the amount of federal income tax paid by the homeowner. The tax credit is equal to 20% of the mortgage interest paid during the tax year. Homeowners are eligible for the tax credit every year, as long as they occupy the home as their primary residence.

The MCC Program is available to anyone who is a first-time homebuyer (i.e., someone who has not had ownership interest in a primary residence in the last 3 years) and who does not exceed the county income limit and the home meets certain sales price restrictions. See the [schousing.com](https://www.schousing.com) website for further details.

Encompass Program Codes

-
- Note that PMC is currently offering this product for Conventional, FHA, VA, and USDA loans.
 - Choosing the correct program at the outset is essential so that the automated conditions associated with this program will populate.

SC Bond DPA Program Codes



SC Bond DPA

1st Mortgage: (Cannot be standalone—must be combined with DPA)

- *SC Bond Conv Fix30*
- *SC Bond FHA Fix30*
- *SC Bond VA Fix30*
- *SC Bond USDA Fix30*

2nd Mortgage:

- *SC Bond DPA 2nd (Conventional).*

Encompass Program Codes

-
- Note that PMC is currently offering this product for Conventional, FHA, VA, and USDA loans.
 - Choosing the correct program at the outset is essential so that the automated conditions associated with this program will populate.

SC Bond County 1st Program Codes



SC Bond County 1st Program

1st Mortgage: (Cannot be standalone—must be combined with DPA)

- *SC Bond County 1st Conv Fix30*
- *SC Bond County 1st FHA Fix30*
- *SC Bond County 1st VA Fix30*
- *SC Bond County 1st USDA Fix30*

2nd Mortgage:

- *SC Bond DPA 2nd County 1st*

Encompass Program Codes

-
- Note that PMC is currently offering this product for Conventional, FHA, VA, and USDA loans.
 - Choosing the correct program at the outset is essential so that the automated conditions associated with this program will populate.

SC Bond Families with Disabilities Program Codes



SC Bond Families with Disabilities Program (SC Bond FWDP)

1st mortgage: (Cannot be standalone—must be combined with DPA)

- *SC Bond FWDP Conv Fix30*
- *SC Bond FWDP FHA Fix30*
- *SC Bond FWDP VA Fix30*
- *SC Bond FWDP USDA Fix30*

2nd mortgage:

- *SC Bond DPA 2nd FWDP*

Encompass Program Codes

-
- Note that PMC is currently offering this product for Conventional, FHA, VA, and USDA loans.
 - Choosing the correct program at the outset is essential so that the automated conditions associated with this program will populate.

SC Housing Non-Bond a/k/a Palmetto Home Advantage Program Codes



Palmetto Home Advantage Non-Bond

1st mortgage (Can be standalone)

- *SC Palmetto Non-Bond Conv Fix30*
- *SC Palmetto Non-Bond FHA Fix30*
- *SC Palmetto Non-Bond VA Fix30*
- *SC Palmetto Non-Bond USDA Fix30*

2nd mortgage

- *SC Palmetto Non-Bond DPA 2nd*

Encompass Program Codes

-
- Note that PMC is currently offering this product for Conventional, FHA, VA, and USDA loans.
 - Choosing the correct program at the outset is essential so that the automated conditions associated with this program will populate.



SC MCC Program Codes

SC MCC

1st mortgage: (Can be standalone)

- *SC MCC Conv Fix30*
- *SC MCC FHA Fix30*
- *SC MCC VA Fix30*
- *SC MCC USDA Fix30*

PMC Overlays

Understanding the Limits

Conventional Loans:

Mortgage insurance on conventional loans with LTVs over 80% must be non-delegated.

Palmetto Home Advantage Program:

- No FHA 203(k) limited transactions permitted.
- Manufactured housing must be double-wide or larger.
- No manual downgrades permitted on FHA loans.
- No HPML loans.
- 0% DPA is only permitted on conventional loans—not FHA, VA, or USDA.

SC Housing Choice Voucher Program

PMC is not offering financing under this program.

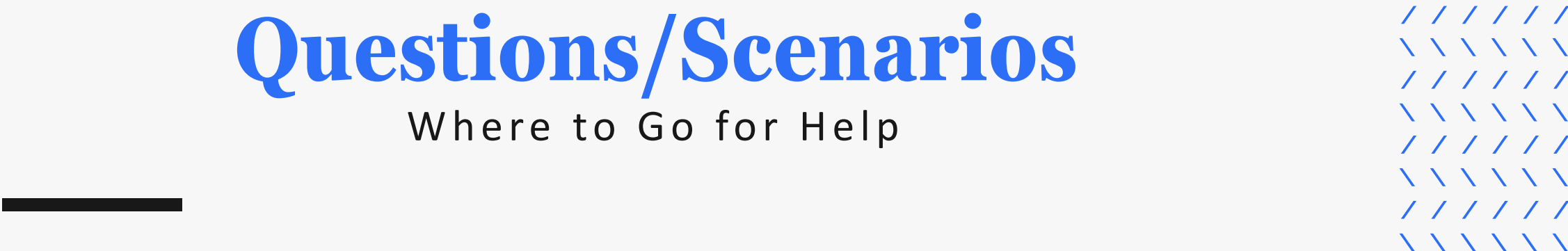
Locking the Loan

Understanding the Process

- Responsibility for locking the 1st mortgage (and 2nd, if applicable) loan: Loan Officer through Optimal Blue, which notifies PMC Secondary.
- Note that the Optimal Blue codes for the SC Housing loans are generally MUCH more detailed than our Encompass Program codes—they have separate ones for whether the DPA is 0%, 3%, or 4% for the Palmetto program!
- It is essential that the Encompass Program codes is chosen first, as that triggers the automated conditions. Then when the loan is locked, the program code will change to match Optimal Blue.

Questions/Scenarios

Where to Go for Help

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- For any questions, PMC sales should email scenarios@princetonmortgage.com .
PMC needs visibility for any scenarios, and this also allows us to ascertain if there are additional training or resource needs.)
 - Remember that for TBD files, we recommend utilizing the TBD process and submitting to underwriting for review.



Ops Responsibilities

Disclosure, Opening, & Appraisal Teams

The **Disclosure Desk** is responsible for disclosing the 1st trust and 2nd trust loans using the normal templates. Loan must comply with all ATR/QM requirements. Neither Rebuttable Presumption nor HPML are permitted.

For the 2nd trust, the only fees should be the recording fees. (Separate title insurance is not required.)



Ops Responsibilities

Disclosure Team

SC Bond Program Template:

SC Bond (with \$8k DPA)

1st mortgage:

- Up to 1% origination fee. We cannot charge any discount points. We keep origination fee
- \$400 funding fee net fund
- \$87 tax service fee they will net fund
- An Assignment of Mortgage will need to be recorded at closing.

2nd mortgage:

- Only allowable cost is recording costs.

SRP is 1.5%



Ops Responsibilities

Disclosure Team



SC Bond County 1st Program Template:

SC Bond County 1st (with \$8.5k DPA)

1st mortgage:

- Up to 1% origination fee. We cannot charge any discount points. We keep origination fee
- \$400 funding fee net fund
- \$87 tax service fee they will net fund
- An Assignment of Mortgage will need to be recorded at closing

2nd mortgage:

- Only allowable cost is recording costs.

SRP is 1.5%

Ops Responsibilities

Disclosure Team



SC Non-Bond Palmetto Home Advantage Program Template:

SC Palmetto Non-Bond can be standalone or have a DPA.

1st mortgage:

- We can charge any amount on origination. We cannot charge any discount points. We keep the origination fee.
- \$10 flood transfer fee net funded
- \$400 funding fee net funded
- \$75 tax service fee (net funded)

2nd mortgage: Palmetto 2nd trust DPA

- Only allowable cost is recording costs.

SRP is 1.5%

Ops Responsibilities

Disclosure Team



SC MCC Program Template:

SC MCC can be standalone or tied to the SC Palmetto Non-Bond

- Administrative Fee (payable to PMC): \$500
- MCC Issuance Fee/Funding Fee: \$500 (This is paid by check to South Carolina State Housing Finance and Development Authority.

Ops Responsibilities

Opening & Appraisal Teams

Opening follow standard procedures with the following one addition: 4506-C to reflect 3-years on the form (not 2) for ordering IRS tax transcripts for all borrowers—regardless of whether the borrowers are wage-earners or self-employed—for the SC Bond, SC County 1st, SC Families with Disabilities, and the SC MCC Programs (not required for the Non-Bond Palmetto Program).

Appraisal Desk—follow standard procedures.



Ops Responsibilities

Secondary Marketing

- 1** Receive in lock registration requests via Optimal Blue. Locks can only be done on real property transactions with sales contracts (no TBDs).
- 2** Lock the 1st (and 2nd) mortgage(s) following the normal procedures in Optimal Blue.
- 3** Secondary is to place a comment in the conversation log indicating the original Encompass loan program prior to the lock to ensure clarity to operations on the desired program.



Ops Responsibilities

Processing Team

Series1

10/1

1

The Processor follows the standard loan processing flow.

2

Note for 4506-C Ordering, the SC Bond (including the County 1st and the Families with Disabilities Programs) and the SC MCC Program all require that 3-years of tax transcripts are pulled from the IRS (this does not apply for the Non-Bond Palmetto Program).

3

The Processor is responsible for ensuring that the applicable buyer's/seller's affidavits and any other required certifications are obtained (some of which require notarization) prior to the underwriter submitting the file to SC Housing. (See PMC HUB)



Ops Responsibilities

Underwriting Team

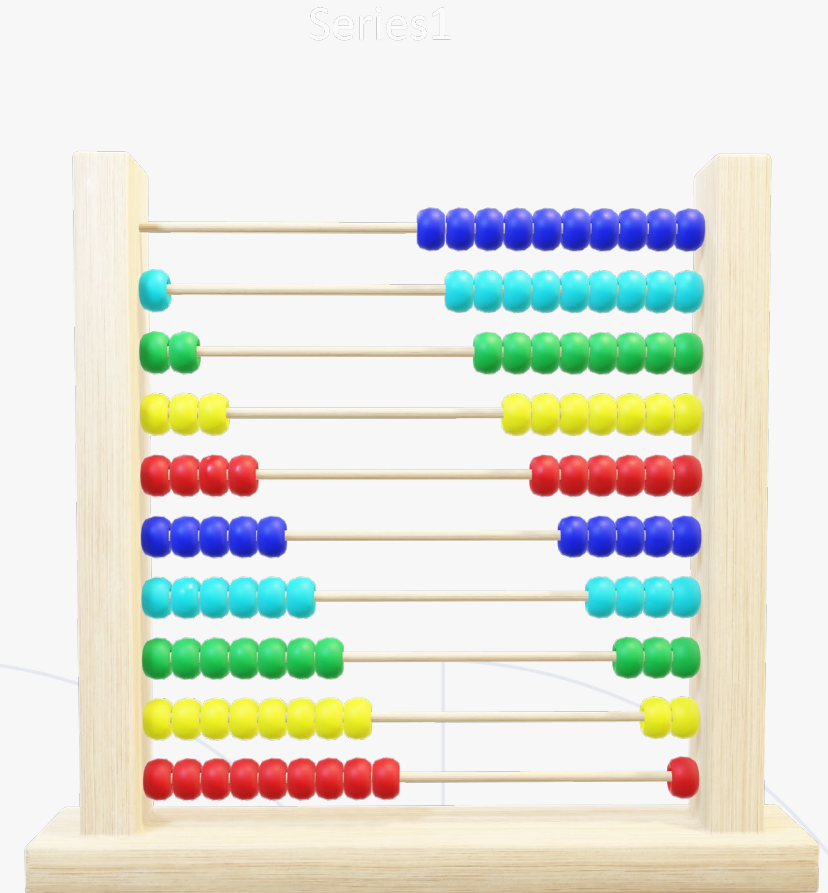
1

The loans follow the standard underwriting process. Underwriter is responsible for checking loan against all SC Housing guidelines to ensure compliance.

2

File UW is responsible for fully reviewing and conditioning the loan at time of initial underwrite. If the loan is approvable:

Condition that the loan is subject to investor approval for the applicable SC Housing 1st/2nd mortgages. Additional conditions may apply.



Ops Responsibilities

Underwriting Team

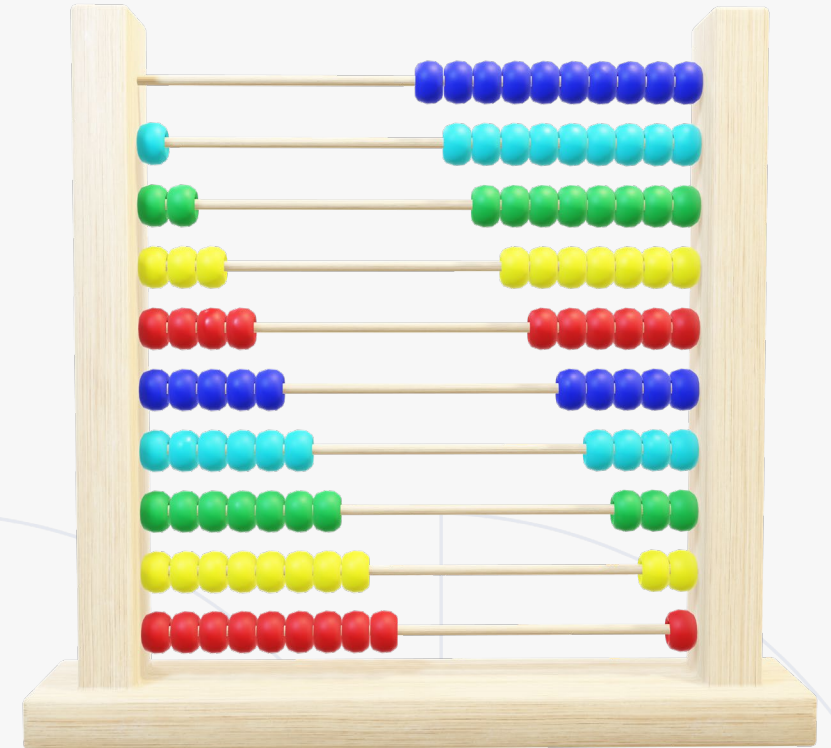
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- The PMC Underwriter will submit the file to SC Housing for review and approval via the issuance of a SC Housing Certificate of Eligibility—please see the applicable program checklist on the HUB and in the SC Housing website for required documentation for submission. Turn-times are 3-5 days for SC Bond Programs and 1-2 business days for SC Non-Bond/MCC Programs.

4

- The loan(s) cannot close until the SC Housing Certificate of Eligibility and all conditions are cleared.

Series1



Ops Responsibilities

Closing/Funding Team

- 1** The **Closing Team** is responsible for issuing the initial and final Closing Disclosures using the normal templates. Loan must comply with all ATR/QM requirements.
- 2** If a 2nd mortgage applies, note that the closer will be able to pull down the documents for the 2nd mortgage from the SC Housing Portal. All 2nd mortgages are in PMC's name.
- 3** Funding must be done on the First Horizon warehouse line. If a 2nd mortgage applies, it will be funded by PMC on the First Horizon warehouse line and then later reimbursed to PMC at time of loan purchase.



Ops Responsibilities

Post-Closing Team

- 1** Follow the procedures outlined within the training and posted on the SC Housing website for the applicable product. (Too much to detail here.)
- 2** Note if there is an MCC tied to the loan, apart from the regular delivery procedures, Post-Closing will also need to follow the process outlined by SC Housing for the issuance of the MCC after closing.



Contact Information for SC Housing

Our SC Housing Contact:

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Thank you!