



R&R 3rd Quarter Loan Program Update July 2009

Quick Link to Updated Documents/Forms: [Income Limits](#); [Form A5](#); [A24 Borrower Guidance](#);

General Announcements:

1. ***Income Limits.*** Great news, we have increased the R&R income limits. The most current limits have been posted on web. Please be sure you are using the most up to limits when qualifying the borrowers.
2. ***Referrals.*** If your intake staff receive a call from a potential R&R borrower in an area you do not serve please refer them to AFC First Financial, the statewide Local Program Administrator, at **888.232.3477**.
3. ***Reservation of Funds Request (Form A5).*** Effective with reservations received on and after September 1, 2009; PHFA will require a copy of the Lien Search to be submitted with the request form. A revised form indicating this requirement has been posted to the web.
4. ***HUD 1 Settlement Sheet.*** Recently, HUD updated this form and one of the changes was the elimination of the homebuyer/homeowner(s) signature line at the bottom. Since HUD is no longer requiring a signature, PHFA will no longer require it. However, if it is your practice to continue requiring the homeowner(s) to initial and/or sign the form, we will accept those also. The other change we made in relation to this form was to remove it from the “forms” section of the R&R guidelines and replaced it with a direct link to HUD’s website where you can obtain the most current copy of the form for your use.
5. ***Good Faith Estimate.*** Like the HUD 1, we will no longer provide a copy of this document under the R&R Forms. Instead, we are providing a direct link to HUD’s website so that whenever you need a copy, you are sure to obtain the most current form.
6. ***Borrower Guidance (A24).*** ([A24 Borrower Guidance](#)) PHFA has developed a new Borrower Guidance document that we plan to use in all of our Home Improvement Loan programs, including R&R. We ask that you provide this document to borrowers during the home evaluation process so that its information on selecting a contractor, signing a good contract, and avoiding lead hazards and Mechanics’ Liens, among other concerns, are in the front of their mind while they are getting their scope of work, contractor, and contract in place.
7. ***Processing/Underwriting guidance.*** Based upon a recent survey, we discovered that there are different interpretations out there as to when the R&R loan actually begins. Some LPAs consider inquiries to be the start of loans and then struggle to obtain the completed loan application along with the necessary underwriting documents that will allow them to complete underwriting. In an effort to help save time, money and headaches, we recommend that this practice be discontinued.

What we would suggest is that when an LPA sends a prospective applicant the R&R program information and application form that you also include a standard cover letter that thanks them for

their inquiry and provides information on what they need to do to make application for the loan. The letter should include the list of the documents they need to provide to you, such as copies of the deed and prior year tax returns, along with the signed and completed application, etc. The wording of this boiler plate statement is up to each LPA but it should clearly indicate to potential borrowers that the next step is up to them: you won't begin underwriting until they send the completed application package with all documentation. If you wish to track these inquires and follow up with a call to determine if the caller is interested in pursuing an R&R loan within a couple of weeks from sending them the package, that is totally up to you. But again, we suggest that you do not proceed with the work of underwriting until you have received the necessary underwriting package.

8. ***Credit Reports.*** Credit reports should not be older than 3 months at the time of loan closing.

Post Closing

1. ***Final Documents.*** Please be sure to check the website for the most current Note and Mortgage forms. These forms were previously revised and we are asking everyone to use the current forms that are listed on the website.

New Programs, Policy Changes, Explanations, Reminders

1. ***New Program: Homeowners Energy Efficiency Loan Program***

PHFA has received a one-time appropriation from the PA Legislature of \$5 million to make low-interest loans for four purposes. These are air sealing, insulation and ductwork; energy efficient windows and doors; energy efficient heating or cooling system repairs or replacements; roof repairs and replacements. HEELP loans will have interest rates of 1% and the term is ten (10) years with no prepayment penalties.

PHFA's primary focus in designing the HEELP program has been to make these funds useful for PA's lowest income families. For this reason, initially, HEELP loans will be available to customers of LIHEAP, Weatherization, and LIURP programs who need more work done to their homes than Weatherization or LIURP can provide. These eligible households will have incomes of 60% AMI (or slightly higher for those qualified initially through LIHEAP.) Weatherization providers will, initially, administer these funds on behalf of the borrowers. If loan production is low, PHFA will evaluate the possibility of expanding administration of these funds to our R&R LPAs.

2. ***New Program: PHFA Contractor List***

The Alternative Energy Investment Act that established HEELP requires PHFA to register contractors before they may provide services paid for with HEELP funds. We will put the list of registered contractors on our website for public use – it is a great opportunity for contractors on your contractor list to get their name in front of potential customers. Please mention it to them. The contractor application will be available soon on our website's "Builders and Contractors" page (www.phfa.org).

3. **Policy Change: HEMAP Applicants** HEMAP recipients may apply for the R&R Loan as long as they have had no late payments on their HEMAP loans for the past 12 months. All other requirements must be met or PHFA exceptions requested, via Form A17.
4. **Reminder: R&R Alternatives for Energy Efficiency** The Commonwealth of Pennsylvania has made available a considerable amount of new funding to assist homeowners to make their homes more energy-efficient. Check out the <http://www.keystonehelp.com/> website.
5. **Reminder: Contractor Registration** Don't forget that the deadline for Contractor Registration was July 1, 2009. Please verify that contractors on your referral list register and update their contract documents according to the new law. See <http://hicsearch.attorneygeneral.gov/>

Program Contacts

Email: Please use renovateandrepair@phfa.org
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Extensions: Compliance	Final Documents	Purchasing	Training/Program Evaluations
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