



R&R 1st Loan Program Update for 2011 April 2011

[Quick Link to Updated Documents/Forms: R&R Program Guidelines; A12; HICPA Information Sheet; A2-Authorized Officers Form; A26-LPA Contact List](#)

General Announcements:

1. Thank you for participating in the recent R&R Refresher training. If we have concerns about sufficient attendance from your LPA we have made outreach to your organization's main R&R contacts.
2. LPAs need to update their staff contact information with PHFA whenever there are changes. Please use the links above to obtain the [Authorized Officers Form](#) AND the [A26-LPA Contact List](#). Complete and send these to us by April 22, 2011.
3. We have updated the [R&R Program Guidelines](#) to provide a clearer indication of when certain loan documents are to be provided to R&R applicants OR what is the maximum permissible age of documents that may be used for underwriting purposes. We have reprinted this table below. Please be aware that "Approval" is when the LPA has underwritten the application and determined the maximum amount an applicant can borrow based on our Guidelines and any exceptions PHFA has approved in writing. It is prior to the home evaluation.

Timeframes of Critical Loan Documents

<u>Document</u>	<u>Timeframe</u>
First GFE	no more than 3 days after Approval
First TIL	no more than 3 days after Approval
Appraisal	not older than 1 year from Approval
Title/Lien Search	not older than 30 days before Approval and not older than 90 days from closing
Credit Report and 1003	not older than 90 days from closing

Second GFE	no less than 7 days prior to Closing
Second TIL	no less than 7 days prior to Closing
HUD 1 Settlement Statement	at closing
PADOB form	at closing
File Submission, including Original Note	no more than 10 days after Closing
Recorded Documents (i.e., Mortgage)	no more than 60 days after Closing

4. We have developed a [Home Improvement Consumer Protection Act \(HICPA\) Information Sheet](#) to help borrowers evaluate bids they receive for compliance with this PA law. Please share this with them and feel free to use it in any of your other programs where it may be of assistance.
5. Please be sure to keep your LPA's authorized signatures and contact information updated with PHFA. We will not fund loan requests if the requestor's signature is not on file with us.
6. Please respond as soon as possible to PHFA requests to supply documents missing from the submitted loan files. Try to send missing information in as few mailings as possible so that your "held" files can be cleared quickly.

Compliance/Closing:

1. Common Level Ratio – Common Level Ratios can be updated at any time during the year. Please review the Ratios chart whenever you are aware of a county completing a reassessment, and monthly, if you are serving a multi-county area. A recent example is that Adams County's factor was reduced from 4.2 to 1.0 effective January 1, 2011. Multiplying the assessed value of a home in this county by the old CLR would make a home appear to be worth more than 4 times its actual estimated sales value. Underwriting based on such an error would overstate the applicant's borrowing capacity.
2. Real Estate Tax Policy – PHFA will no longer permit loans to applicants in tax repayment plans. All local property taxes must be paid by December 31st of the year that they were levied. Acceptable proof that taxes are paid in full is the Mortgage Statement showing that the taxes are escrowed OR a copy of the stamped tax statement from the taxing authority verifying that they have been paid.
3. [A12-Borrower Statement of Understanding](#) has been updated in order to clearly indicate to the applicant that they are aware they must reside in the property that is the collateral for the R&R loan.

Final Documents:

1. LPAs need to record documents immediately after closing in order to preserve the lien position as permitted by program guidelines. A wait of 2-3 weeks jeopardizes Agency lien position.
2. The Guidelines update which addresses borrower name changes from deed to the R&R loan is very important. LPAs need to use accurate names on the R&R mortgage to allow the lien to be uncovered during future title/lien searches. This minimizes future issues for the Agency AND the borrower should the property be sold, used as collateral, lost to foreclosure, etc.

Program Contacts

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