



1st QUARTER HOMEOWNERSHIP PROGRAMS UPDATE

January 30, 2015

GENERAL ANNOUNCEMENTS

1. In case you missed it, the Keystone Home Loan bond program is back with a below market rate—currently **3.125%**! (APRs determined by lender.) This great rate is subject to change and won't last long, so take advantage of it while you can. Eligible borrowers can also receive down payment and closing cost assistance in the form of a 0% second loan for up to 4% or \$6,000, whichever is less.
2. As a reminder, a new rate and price sheet was launched on November 10, 2014, allowing additional interest rate options for our various programs. Borrowers may pay up to two discount points in exchange for a lower rate, or they may choose a higher rate for a credit towards closing costs. When the price for a specific interest rate exceeds the lender cap, ***the amount in excess of the cap must be provided to the borrower and shown as a credit on the HUD1.*** It is acceptable to give the borrower a larger credit than required, but if less than the minimum is given, PHFA will deduct the applicable amount from the loan proceeds, apply it to the principal balance and require the lender to revise the HUD1 accordingly. The loan will be ineligible for purchase until PHFA receives proof the revised HUD1 was provided to the borrower.

ORIGINATIONS & UNDERWRITING

1. As a reminder, your underwriting department must review and approve the loan before the compliance file is submitted to PHFA. The file should contain all the necessary documents needed to support the underwriting decision. For instance, the 1003, 1008 or Government equivalent and the AUS all should have matching information such as income, assets, and credit to name the major items. Be sure that ALL documents your underwriter used to approve the loan are included. For any additional documents, please refer to PHFA Compliance submission Form 51.
2. Fannie Mae's [Collateral Underwriter™](#) (CU™) system was launched on January 26. As such, there were updates to the messages in the Uniform Collateral Data Portal® (UCDP) including the addition of an appraisal risk score, flags, and new messages from Fannie CU™. In addition, the severity level for 21 messages that relate to eligibility violations will change from a warning to a hard stop, requiring lender action to obtain a "Successful" submission status. If sufficient explanation/documentation is not provided by the lender, PHFA will ask for them during its pre-closing and QC file reviews.

CLOSING & POST CLOSING

1. In order to best serve lenders who submit quality purchase files, PHFA staff gives priority to new file submissions. However, it is rare that we're able to purchase a loan upon the first file submission. The file is placed into an 'ineligible for purchase' status, with the notice and conditions posted on the Pipeline Plus. Some files are reviewed more than 10 times before being purchased. The process becomes even more inefficient when staff is fielding emails and/or calls about the same items. The best way to get your loans purchased quickly is to include a complete package the first time. This includes the compliance approval notice or a copy of the pipeline loan details after the loan is approved with all the items needed to clear the conditions, along with all required items listed on Form 58. Please note that even after the file is submitted in BlitzDocs the documents can still be viewed by the lender.
2. As a reminder, we have updated our Hello/Goodbye Letter ([Form 28](#)) to add a third page which includes a new federally required privacy statement. This form must be provided on all PHFA first

and second loans. (A separate form is needed for a PHFA subordinate loan such as under the Advantage Program.)

3. PHFA has created a Manufactured Home Affidavit of Affixation Rider to be used for all manufactured homes (see attached—will be posted on the web soon as Form 60). A purchase condition will be placed on applicable files as a reminder that the Rider must be included and recorded with the mortgage. Loans missing the Rider will be ineligible for purchase without proof the Mortgage was submitted for re-recording to include it.
4. For all FHA 203K loans the FHA Rehab Rider must be included with and recorded as part of the Mortgage. Loans missing the Rider will be ineligible for purchase until PHFA receives proof the Mortgage was submitted for rerecording with it. A purchase condition will appear on the pre-closing approval notification for applicable files as a reminder that it is needed.
5. When submitting the Verification of Employment it must be done within 10 business days prior to closing (30 days for self employed borrowers) and the paperwork must include the following: 1) the third party source used to verify the employer's information and 2) indicate active employment. It is also very important to include all employment used to qualify the borrower(s), even part time jobs.
6. Changes to the estimated and actual taxes and/or insurance that affect DTI by more than 2% for FHA and 3% for conventional loans are not within the allowable tolerance and must be resubmitted through the automated underwriting system (or re-calculated manually if applicable), with the borrower still qualifying at the higher amount(s).
7. Please note the following reminders and clarifications regarding Homeowner's Insurance:
 - a. Proof of payment in the form of a cancelled check or receipt for the full year's premium must be provided if the payment is shown as POC on the HUD1. Loans will be ineligible for funding if not provided.
 - b. The policy must be in effect as of the closing date. Noncompliance could render the file ineligible for purchase.
 - c. PHFA must be listed as the Mortgagee as follows: PHFA, its successors and/or assigns, PO Box 15057, Harrisburg, PA 17105-5057. If this is not included in the purchase file, a condition will be placed on the file that could impact the timing of the second portion of the lender's SRP.

CONTACT INFORMATION

Kate Newton

Director
717.780.3891
knewton@phfa.org

Karen Zapotosky

Post Closing Manager
717.780.3873
kzapotosky@phfa.org

Roberta Schwalm

Special Initiatives Manager
717.780.3838
rschwalm@phfa.org

Jordan Laird

Secondary Marketing Manager
717.780.3843
jlaird@phfa.org

Tammy Miller

Compliance Manager
717.780.3884
tmiller@phfa.org

Naomi Garcia

Escrow Manager
717.780.4047
ngarcia@phfa.org

Coleen Baumert

Business Development Manager
717.780.1871
cbaumert@phfa.org