

## QUICK LINKS TO UPDATED FORMS

[Form 28](#), [Form 53](#), [Form 58](#)

## GENERAL ANNOUNCEMENTS

1. A new phone number has been created for housing professionals: 717.780.3871. This number should be used for professionals seeking general information about our financing programs, as well as loans in process. It comes straight to the Homeownership Programs Division. Please refer consumers to 1.855.U.ARE.HOME (827-3466).
2. [PHFA Mortgage Programs at a Glance](#) is a new resource now available which provides a one-page quick reference guide to PHFA's homeownership programs, including a summary of the guidelines.

## ORIGINATIONS & UNDERWRITING

1. **PHFA does not underwrite loans.** This is a misconception that has persisted for years. The PHFA pre-closing/compliance review is due diligence performed by PHFA **after** the lender has underwritten the loan to make sure the loan is saleable to PHFA and meets any additional insurer/guarantor guidelines as applicable. We are experiencing a higher volume of issues with incomplete and sloppy packages as well as files that do not appear to have been reviewed by the lender's underwriter. Some staff members of Participating Lenders have advised that they are under the impression it is PHFA's responsibility to underwrite the file. That is not and has never been the case. **Loan packages and documents submitted to clear suspended loans must be reviewed and accepted by the lender before they are uploaded.**
2. Per recent guideline updates affecting both conventional and government loans, all student loans must now be used in calculating repayment ability on all mortgages even if these loans are in forbearance or deferred. When determining a repayment, PHFA will require the lender to use either the full amortizing payment as documented by the student loan center or one percent (conventional) or two percent (government) of the loan amount. It is not acceptable to use the amount on the credit report unless it would reflect a payment that meets or exceeds the applicable percentage requirement.
3. For properties located within special flood hazard areas, please be sure to review our policy on as detailed in the [PHFA Seller's Guide](#) (Chapter 12, pages 108 to 109). If the borrower appears to qualify for the loan, we strongly recommend submitting the pertinent flood insurance documentation for a [preliminary determination](#) before uploading the entire compliance file into Blitzdocs. The documents needed are the Application, Appraisal, Elevation Certificate, Life of Loan Flood Determination and Insurance Application/quote. Properties in special flood areas take longer to review and can therefore hold up a possible closing if all the information is not completed or the amounts used to qualify the borrower were not properly calculated. Lastly, we strongly recommend [FEMA's Fact Sheet](#) on recent legislative changes to the National Flood Insurance Program be provided to any applicant considering buying a home in a flood area.
4. Fannie Mae has recently updated their underwriting guidelines for unreimbursed business expenses. While PHFA will follow their criteria for the HFA Preferred™ and HFA Preferred Risk Sharing™ loans, they must still be deducted from qualifying income for the KHL and KGOV programs.
5. Coming soon...Stay tuned for more information and implementation dates.
  - a. Manufactured housing will soon be added as an option under the HFA Preferred™ and HFA Preferred Risk Sharing™ programs.
  - b. Lender Paid MI will be added as an option on the HFA Preferred™ program.

- c. FICO-based loan level pricing adjustments will be incorporated into the daily price sheet for KGOV loans. Advance notice will be provided, and the effective date will be for loans locked on or after a certain date.

## CLOSING & POST CLOSING

1. To ensure loans are funded in a timely manner, please make sure the package is complete and accurate before uploading it. If deemed ineligible for purchase by PHFA, submit all items needed to clear it at the same time. When items are sent one piece at a time, it creates delays. It was previously mentioned and continues to be an issue that we handle and repost notices on files—in some cases up to 10 times on a single loan.
2. When the lender sets up a loan in PHFA's servicing system after closing, PHFA's system now performs a calculation to compare the final PITI with the qualifying PITI. If the final amount **increases** the DTI ratios by more than the permitted allowance (2% for government, 3% for conventional), a message will appear indicating that in order for the file to be eligible for purchase, a revised AUS and 1003 will be required along with the 1008 (conventional), LUTS (FHA), Loan Analysis (VA) or Conditional Commitment (RD). Please be sure to double check the figures before hitting 'submit', as data entry errors are common.
3. The Homeowner's Insurance documentation submitted to PHFA with the purchase package must include a paid receipt for one full year's premium (**not an installment payment**) and a legible declarations page showing an **effective date no later than the date of closing**. Submissions that don't meet these requirements will result in a post purchase condition being placed on the file.
4. The Hello/Goodbye Letter ([Form 28](#)) has been revised to include information about partial payments per the integrated disclosures rule (TRID). Even though TRID does not take effect until October 3<sup>rd</sup> lenders should start using this updated form now.
5. Lenders will be required to provide a Loan Estimate and Closing Disclosure for Advantage Loans when TRID takes effect on October 3<sup>rd</sup>. PHFA plans to provide a template for the LE closer to the effective date since some lenders' systems can't generate one for a 0% loan.
6. A reasonable notary fee may be charged for the Advantage Mortgage. Lenders must ensure that title agents do not overcharge for this service.
7. The Assignment of Mortgage must be submitted for recording with the Mortgage. If you do not use our [Form 20](#), please be sure to add the following language to your assignment form: "Recorded simultaneously with the above referenced Mortgage OR it must reference the mortgage information below if it is recorded at a later date." This statement should be listed before the reference to the mortgage recording information. By including this language and making sure it is recorded with the mortgage it should help to reduce purchase ineligible conditions. If the assignment is not recorded simultaneously and it is missing the mortgage recording information a corrective assignment will be required to add the mortgage recording information.
8. We have seen an uptick in the number of closing documents where the borrowers' names are listed differently on the final documents. Please be sure that the borrowers' names are listed the same on the Note, Mortgage, Assignment, Title Policy and Deed. There are occasions when the discrepancy requires re-recording of documents and we would really like to avoid having anyone to incur this additional expense.
9. The Scorecards that were posted to the Pipeline Plus contained an error in the percent of clear post purchase conditions for the following months: March, April, May and June. This has been resolved, and the numbers posted for July and thereafter should be accurate. We will disregard the numbers for those four months when performing our review.
10. In the near future, loans that cannot be purchased by PHFA within 30 days of the rate expiration date will be subject to a worse case reprice. The implementation date will be announced in a separate notice.

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