

QUICK LINKS TO UPDATED FORMS

[Form 51](#), [Form 58](#)

GENERAL ANNOUNCEMENTS

- PHFA's checklists and Seller's Guide have been updated with language to accommodate the new TRID disclosures that go into effect for applications taken on or after October 3. It is the lender's responsibility to provide the new disclosures and meet any new timeframes per the regulation and also per the PHFA Master Origination and Sale Agreement. **Please note that the new disclosures must also be provided for subordinate PHFA Advantage Assistance loans;** PHFA does plan to have fillable pdf templates available in the near future. Here are answers to a few FAQ's:
 - Assumptions are not permitted on HFA Preferred™, HFA Preferred Risk Sharing™, RD guaranteed loans, or PHFA Advantage Assistance loans.
 - Servicing is transferred for the first mortgage, but it is NOT transferred on PHFA Advantage Assistance loans since those close in PHFA's name.
 - Partial payments received by PHFA may be held in a separate account until full payment is received.
- Neither Freddie nor Fannie is charging a fee for using their automated underwriting systems, effective as of June 2015. Therefore, this fee may no longer be charged to borrowers.

ORIGINATIONS & UNDERWRITING

- The following updates mentioned in the 3rd Quarter Update will be effective for applications taken on or after October 1, 2015:**
 - Manufactured housing will be an acceptable property type under the HFA Preferred™ and HFA Preferred Risk Sharing™ programs, with a maximum LTV and CLTV of 95%. A pricing adjustment of 50 bps will also apply. Please consult Chapters 3 and 8 of the [PHFA Seller's Guide](#) for additional details. [Appendix I](#) has also been updated.
 - Single Lender Paid MI (refundable) will be available as an option on the HFA Preferred™ program. Premium pricing may be utilized to cover the cost of the single upfront payment to the PMI company. See Chapter 3 of the PHFA Seller's Guide for details.
 - For **government insured/guaranteed loans under the KGOV and KHL programs** the following FICO-based loan level pricing adjustments will apply.

| FICO | LLPA |
|---------|--------|
| 620-639 | (.50) |
| 640-659 | (.375) |
| 660-679 | (.25) |
| 680-699 | 0 |
| 700-719 | .125 |
| 720-739 | .25 |
| 740+ | .375 |

- [Form 51](#) has been updated to include form HUD 92700(A) for 203(k) loans.
- If, after the compliance package is submitted to PHFA, any information is changed in DU or a new submission is started but not completed the lender must go back in DU, click on 'submit' and provide the updated findings report with the purchase package submission to PHFA. If this is not done, PHFA will be notified via a data-compare error message. This could cause the loan to be ineligible or delayed for funding.

4. There have been many [changes](#) to the National Flood Insurance Program over the past few years. We continue to review our guidelines in an ongoing effort to ensure homebuyers will not face financial hardship in the future due to escalating flood insurance premiums while also providing practical and clear instruction to our lenders. Effective immediately, the following procedure should be utilized for qualification purposes where the property is located in a Special Flood Hazard Area (SFHA). These updated guidelines will eliminate the need for certain borrowers to obtain an elevation certificate and should also help streamline the process. Chapter 12 of the PHFA Seller's Guide has been updated accordingly.

Instructions for Calculating the Flood Insurance Premium for DTI Ratios:

** The amount used to underwrite the loan is to be used on the loan application, 1008 or government equivalent and when using an automated underwriting system.*

- A. Is the borrower's total DTI 45% or less using an assumed full risk premium equal to 10% of the loan amount? If no, continue to step B. If yes, use the Standard Flood Insurance Policy premium listed on the flood insurance application to underwrite the loan.*
- B. Is the property rated as a post-FIRM property that was built in compliance? (If unsure, ask the insurance agent.) If no, then continue to step C. If yes, then use the Standard Flood Insurance Policy premium listed on the flood insurance application to underwrite the loan.*

EXCEPTION to step B: If it is a 'Preferred Risk' policy because it was newly mapped into a SFHA and therefore qualifies for the 'Preferred Risk Policy Eligibility Extension', the agent must also provide a quote for a standard policy (without the reference to 'Preferred Risk' on the application). The premium for the standard policy must be used to determine if the total DTI is at or below 45%; if so, the PRP rate may be used to underwrite the loan.* If not, then PHFA will not purchase the loan.

- C. Obtain an Elevation Certificate to determine the property's elevation difference from the base flood elevation ("BFE"). If the elevation difference listed on the application is zero or positive, then use the Standard Flood Insurance Policy premium listed on the flood insurance application to underwrite the loan.* If the elevation difference is negative, use the table below to estimate an assumed premium for the purpose of determining an applicant's DTI. If when using this table the applicant's total DTI is less than 45%, then use the Standard Flood Insurance Policy premium listed on the flood insurance application to underwrite the loan.* If the total DTI exceeds 45%, then PHFA will not purchase the loan.

| Elevation Difference | Rate (% of loan amt) |
|----------------------|----------------------|
| - 1 BFE | 4.5% |
| - 2 BFE | 5.5% |
| - 3 BFE | 6.5% |
| - 4 BFE | 7.5% |
| - 5 BFE | 9% |
| Greater than - 5 BFE | 10% |

CLOSING & POST CLOSING

- 1. Effective for applications taken on or after October 1, 2015, loans that cannot be purchased by PHFA within 30 days of the rate expiration date will be subject to a worse case re-price.
- 2. [Form 58](#) has been updated to include the Rehabilitation Loan Agreement for 203(k) loans.

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