

## QUICK LINKS TO UPDATED FORMS

[Form 5](#) (new!), [Form 51](#), [Form 58](#)

## GENERAL ANNOUNCEMENTS

1. **New Online Resource.** Be a better informed housing professional in 2016 by getting to know HomeHUB, the new online *One Stop Info Shop for Housing Professionals!* By visiting [homehubpa.org](http://homehubpa.org), you'll have access to a comprehensive statewide clearinghouse of information on affordable mortgage products and services for home buyers and home owners. The site was spearheaded by the [Pennsylvania Housing Alliance](#) and is supported by key stakeholders such as PHFA. Check it out and be sure to visit often!
2. **Assistance Program Approval Update.** Effective March 1, 2016 PHFA is retiring its list of approved local assistance programs. Instead, lenders will complete PHFA [Form 5](#), the Affordable Housing Assistance Program Checklist, and submit it with the pre-closing compliance package. This will help streamline the process by eliminating the need for separate PHFA review and monitoring of third-party affordable housing programs. Instead, the compliance of third-party program legal documents with all applicable insurer and investor guidelines will be determined solely by the Participating Lender.
3. **Updates from the Lock Desk.** Effective March 1, PHFA's lock desk will close at midnight EST each day and reopen at 10 am EST the following business day. Also, worse case pricing currently applies to loans relocked within 60 days of lock expiration; in the near future, a relock fee will also apply as follows:

- If a canceled or expired lock is re-locked within
- 7 days of the expiration date, the fee is 25 bps
  - 15 days is 37.5 bps
  - 30 days is 50 bps
  - 59 days is 75 bps
  - 60+ days, the loan is treated as a new lock.

Advance notice of the effective date will be provided via email to all Pipeline Plus users and lender staff who receive the daily rate sheets.

4. **MCC Lender Reports.** Please recall that per prior reminders and notifications, lenders that closed any loans in 2015 for which PHFA issued an MCC were required to file the annual lender report (IRS Form 8329) by January 31, 2016. A copy of the report was also to be emailed or mailed to Kate Newton at PHFA. As mentioned in a prior communication, PHFA cannot prepare the form for our lenders. However, a report is posted to the Pipeline Plus lender portal with almost all of the information required to complete the form.
5. **Lender Recertification.** The 2016 annual Participating Lender recertification is due April 30. The checklist with instructions is available here: [www.phfa.org/forms/homeownership\\_application/recertification\\_checklist.pdf](http://www.phfa.org/forms/homeownership_application/recertification_checklist.pdf). Please be sure to mail the form as noted via regular or overnight delivery; emailed packages cannot be accepted due to the large file sizes.

## ORIGINATIONS & UNDERWRITING

1. **HomeReady™.** Fannie Mae has recently replaced MyCommunityMortgage® with the new HomeReady™ program (see [SEL-2015-10](#)). PHFA's HFA Preferred™ and HFA Preferred Risk Sharing™ programs had been modeled after MyCommunityMortgage®; parameters of the HomeReady™ program are now applicable with the exceptions and clarifications noted below. See [Chapter 3](#) of the PHFA Seller's Guide for details.
  - PHFA **will not** permit consideration of income from boarders or rent from accessory units.

- PHFA will **not** allow income from non-borrowing household members to be considered due to our 45 DTI max (HomeReady™ permits consideration of certain non-borrower income to increase the borrower's DTI to 50).
  - PHFA will permit consideration of income from non-occupying co-borrowers under certain conditions as described in Chapter 3 of the Seller's Guide.
  - Self-employed borrowers must qualify using average income as documented by **2 full years** of Federal tax returns.
  - Cash on hand must conform to the standard Fannie Mae guidelines; HomeReady™ exceptions will not apply.
  - The 50 bps pricing adjustment for manufactured homes has been removed.
  - The income limits remain the same as listed in PHFA [Appendix A](#). These should be higher than HomeReady™ in most cases.
  - The reduced Mortgage Insurance levels will continue under the HFA programs; these are lower than HomeReady™.
  - If the borrower is using an online counseling program (FICO's 680 and higher only), PHFA will now accept the program offered by Framework® in addition to its own [Online Homebuyer Education Course](#) or those of PHFA-approved PMI companies.
  - For loan applications taken on and after February 1, 2016, Form 68 "Borrowers Authorization for Post Purchase Counseling" is no longer required.
2. **Keystone Home Loan.** Please note the following updates and clarifications regarding conventional loans under the Keystone Home Loan (bond) program. See [Chapter 3](#) of the PHFA Seller's Guide for details.
- KHL loans had previously followed most of the MyCommunity® guidelines; they will now follow HomeReady™ with the exceptions noted above.
  - If using DU, please choose the HFA Preferred™ product selection on the "Additional Data" page under the "Community Lending Product".
3. **Flood Insurance.** As clarification to our policy for flood insurance on detached structures, insurance will be required when any portion of a detached structure is located within a Special Flood Hazard Area and the structure is valued at \$5,000 or higher according to the appraisal.

## CLOSING & POST CLOSING

1. **Excessive Fees.** Third party fees charged on PHFA loans must be bona fide charges actually incurred and not exceeding the provider's cost. Charges such as DU/LP, verbal VOE's, non-itemized unexplained fees, etc. are not acceptable; PHFA will require a refund to be issued to the borrower and a revised CD to be completed in these situations.
2. **Flood:** Please be sure to complete the Transfer of Servicing on the Life of Loan (LOL) Flood Cert to **PHFA**. The Flood Cert in the purchase package should reflect **PHFA** as the Lender.
3. **Loan Set Up:** When setting up the loan in PHFA's servicing system online via the PHFA Pipeline Plus, please be aware that "**Reserves Deposited with Lender**" actually refers to the Initial Escrow Payment at Closing (Line G on Closing Disclosure). This amount should match the "Escrow Deposit" on the Initial Escrow Account Disclosure Statement. This amount of funds will be netted from the purchase proceeds; the figure should be accurate so there is no need to exchange funds after the loan has been sold to PHFA.
4. **Servicing Conditions:** If a notice is posted to the PHFA Pipeline Plus regarding missing items from the **Service Released Package Checklist** (page 4 of [Form 58](#)), please note the item(s) must be uploaded as Servicing conditions: **Documents >> Upload**; Document Type: **Servicing Conditions**. Select: **File Submission >> Submit Servicing Conditions to PHFA**. These conditions should be uploaded **ASAP**, regardless of any outstanding Purchase conditions. The

Purchase conditions should be uploaded as Purchase conditions. The path for completing the proper upload is listed on the Purchase Checklist Form 58.

5. **Loan Amounts in Whole Dollars.** When calculating the funds needed for any PHFA Mortgage including the Advantage Mortgage or any other PHFA seconds please do not include cents in the loan amount. All PHFA Mortgages should only be in whole dollar amounts.
6. **Lender Compensation.** As a reminder, please recall that the maximum price a lender can retain on any PHFA loan is 103. Any excess over 103 must be reflected on the Closing Disclosure as a credit to the borrower. If the credit is not provided at closing, PHFA deducts it from the purchase proceeds and applies it to the borrower's principal balance. We also require a corrected CD reflecting the lender credit in order to clear the condition on the file.

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