

---

**GENERAL ANNOUNCEMENTS**

This is an Interim Update requiring immediate implementation.

---

**LOAN ORIGATION, UNDERWRITING, AND CLOSING**

FHA altered it guidance on third lien position loans requiring PHFA to make an immediate implementation of its requirements.

Our new Guidelines for Pennvest to be in third lien position read as follow below. The PHFA Guidelines document, website, and website content for municipalities, which have been revised, will be uploaded ASAP.

Any file that is not yet closed and fails to meet these new guidelines must be cancelled. Per PHFA staff review, only recent, recently submitted files will have to be cancelled, no loans with pre-approval or construction approval status. If upon review of your pipeline, you discover we have missed an application not meeting this guidance, please cancel the application on our behalf and upload the information to us so we are aware.

Any applicant or lender questions may be addressed to me at 717-780-3838.

**NEW GUIDELINES:**

- Loans shall be secured by a mortgage recorded in first or second lien position on the property requiring Program eligible improvements. Third lien position is permitted for loans up to \$7,500 only if
  - the first two liens were simultaneously originated for the purpose of purchasing the home.
  - the second lien is NOT a home equity line of credit (HELOC), home equity loan, or a reverse mortgage.
  - The second lien is NOT a partial claim event on the property.

---

**Please contact the Homeownership Special Initiatives staff with any questions at**

**[SEPTIC@PHFA.ORG](mailto:SEPTIC@PHFA.ORG) OR 717.780.3871**

**Or here is a link to all PHFA Homeownership and Servicing contacts: [contact us](#)**