



GENERAL ANNOUNCEMENTS

2025 Production: For 2025, PHFA received 193 applications worth \$4.38 million. By the end of the year, 114 closed for \$2.59 million. Some loans carried into 2026, were cancelled by the applicant or were denied.

2026 Production: As of Friday 3/20/26, PHFA has received 10 loan applications for \$243,800. So far this year, 5 loans closed for \$121,086.

LOAN ORIGATION, UNDERWRITING, AND CLOSING

INCOME

1. Rental Income calculations

See [FHA Handbook 4000.1](#) II.E.2.(9)(a) through (d) for guidance on calculating income from rental properties. To date, PHFA has seen rental income used to reduce the mortgage on the rental property and rental income used if it is profitable and ignored if it is a loss. PHFA requires that Participants accurately calculate rental income based on the Handbook.

2. Grossing up Social Security-Retirement Income (SS-R)

See [FHA Handbook 4000.1](#) II.E.2.(16)(a) through (b) for guidance on nontaxable income.

PHFA has seen applications where all income was grossed up rather than just the nontaxable income.

CREDIT

3. Non-Traditional Credit

Non-traditional credit must be updated like a credit report, after aging 120 days since credit pre-approval.

4. Home improvement/Home equity Loans on Credit Reports

On credit reports, PHFA has recently noticed loans that finance home improvements with installment financing. In at least one case, the credit bureaus categorized the loan as a "Home Improvement/Home Equity Loan."



PHFA requires that applicants with this type of financing provide documentation in their origination file that shows if the financing has any security.

PHFA will also review the Title-Lien and 1003 credit application for how they show the financing. Loans that are secured by an appliance or system at the home or in the yard will be reviewed by PHFA on a case by case basis. At a minimum, the Agency may require an additional Title-Lien Search be purchased prior to Construction Approval.

5. Credit Score Disclosure

The credit score disclosure must be uploaded to Virpack with the Origination File if a credit report was ordered. Please make sure it is provided to your organization by your credit report provider. The H3 model is for secured real estate lending.

1003 CREDIT APPLICATION AND CLOSING DISCLOSURE

PHFA has noticed a variety of 1003 and Closing Disclosure responses in the following fields. In order to eliminate this please adhere to the following guidelines.

On the 1003 Credit Application

6. Joint Credit

Make sure that joint credit applications have the joint credit box checked on both applicants' application page 1, and that this election is also initialed by each borrower.

7. Case Numbers

PHFA staff put the FHA Title I insurance or case # on the application and 92900-TI on the credit application, as required by FHA.

On the Closing Disclosure

8. Closing Disclosure loan # and file #

Lenders may put the PHFA loan # in both the File # and Loan ID # fields on the Closing Disclosure. Do not leave either field blank.



OTHER

9. New Shared Email Address

PHFA has renamed its shared email address pennvestloan@phfa.org. This replaces septic@phfa.org.

10. PHFA will be offering 2 webinars on this update in April. Please watch your email for invitations.

Please contact the Homeownership Special Initiatives staff with any questions at
PENNVESTLOAN@PHFA.ORG OR 717.780.3871

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