

March 1, 2021  
For Immediate Release

## **PHFA launches new, forgivable down payment and closing cost assistance loan** *Called K-FIT, the loan is forgivable 10% a year over 10 years*

HARRISBURG – The Pennsylvania Housing Finance Agency today is launching a new home purchase assistance loan that is “Forgivable In Ten years,” hence its name K-FIT. The loan will be used to assist homebuyers with their down payment and closing costs. K-FIT is a forgivable second loan, with 10% forgiven each year over 10 years. As a result, no monthly payment is required.

“Experience shows that down payment and closing costs are two of the biggest barriers to homeownership that buyers face,” said PHFA Executive Director and CEO Robin Wiessmann. “For those homebuyers who qualify, our new K-FIT loan eliminates or reduces those hurdles and will help make homeownership achievable for many families.”

PHFA’s mission is to expand affordable housing opportunities throughout Pennsylvania. The K-FIT purchase assistance loan helps fulfill that mission by assisting low- and moderate-income renters who want to become homeowners. Homebuyer education that is provided by PHFA-approved counselors at no cost to homebuyers helps prepare them for the financial responsibilities of homeownership.

The new K-FIT purchase assistance loan may only be paired with PHFA’s Keystone Home Loan (KHL) program. Conventional, Federal Housing Administration (FHA), Rural Development (RD) and Veterans Affairs (VA) financing options are available. (For RD and VA financing, K-FIT may only be used to cover closing costs.)

A K-FIT loan provides 5% of the lesser of the purchase price or appraised value with no maximum dollar amount. For instance, if the price of a home is \$215,000, the buyer may receive \$10,750 in K-FIT loan assistance to be used toward the transaction. A borrower applying for a K-FIT loan may not have liquid assets greater than \$50,000 after deducting the funds to close on the loan.

All borrowers requesting K-FIT funds must have a minimum FICO score of 660. Borrowers obtaining K-FIT funds must complete homebuyer education counseling regardless of their credit score. During the pandemic, that counseling may be completed remotely and does not have to be done face-to-face.

To be approved for a K-FIT loan, all borrowers must be eligible for the KHL program and meet the K-FIT loan program eligibility requirements.

Homebuyers wanting more information about the new K-FIT home purchase assistance loan can visit PHFA’s website at: [www.phfa.org/programs/assistance.aspx](http://www.phfa.org/programs/assistance.aspx) (see the second bullet). They also can call the agency’s Customer Solutions Center toll-free at 1-855-U-Are-Home (827-3466). Customer service representatives are available Monday through Friday from 8 a.m. until 5 p.m. Callers can also leave a message and request a call-back.

About PHFA

The Pennsylvania Housing Finance Agency works to provide affordable homeownership and rental housing options for older adults, low- and moderate-income families, and people with special housing needs. Through its carefully managed mortgage programs and investments in multifamily housing developments, PHFA also promotes economic development across the state. Since its creation by the legislature in 1972, it has generated more than \$15.1 billion of funding for more than 181,660 single-family home mortgage loans, helped fund the construction of 138,000 rental units, distributed more than \$121 million to support local housing initiatives, and saved the homes of nearly 50,400 families from foreclosure. PHFA programs and operations are funded primarily by the sale of securities and from fees paid by program users, not by public tax dollars. The agency is governed by a 14-member board.

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