

Pennsylvania Housing Finance Agency Home Loan Closing Instructions

NOTE: All PHFA forms referenced in this document may be obtained at www.phfa.org/hop/lenders/. Feel free to call 717-780-3871 for the Homeownership Programs Division with any questions.

Lender please select type of PHFA Loan: Keystone Government Keystone Home Loan HFA Preferred™ Keystone Flex with K-FIT (Purchase) Keystone Flex Purchase & Improvement with K-FIT Keystone Flex (Refinance)
 FHA/VA Streamline

These closing instructions must be followed for the loan to be eligible for sale to PHFA. If there is a problem with any of the instructions being satisfied, do not close the loan. The following required items are in addition to the lenders closing instruction letter, they are specific to PHFA loans.

1. **Certified Copies.** Certify copies of the first mortgage, assignment, PHFA subordinate mortgage(s), & County or Local Assistance Program subordinate mortgage, if applicable. The certification on each document is a SIGNED statement verifying that the documents provided are true & correct copies of the originals that have been sent for recording.
2. **Property Address.** The address on mortgage, note, assignment & title policy must reflect the correct property address; typically, this is the USPS mailing address but does not include post office box numbers. Please note that if the city differs from the township, boro, etc. this information can also be included within the address in parenthesis.
3. **First Payment Date.** The first payment date on the Note can be one of the following: 1) the first day of the second month following loan closing or 2) if it is closed within the first 5 calendar days of the month it could be the first of the month following loan closing. The latter is a “short term interest” or “interest credit” option.
4. **Original Instant Mortgagee Residential Short Form Title Policy.** The long form policy is also acceptable with the endorsements referenced below.
 - (a) A counter-signed policy is required on all PHFA loans. PHFA recommends the use of the Residential Short Form Title Policy because there is no need to require separate 100, 300 & 8.1 Endorsements. If the Short Form Policy includes an Addendum to Schedule B, these items must be acceptable to be included as outlined in Chapter 12 of the PHFA Sellers Guide. Please note if the policy references an agreement to remove minerals from the property an endorsement 1030 is required. When the traditional long form is used the following endorsements must be included with the policy:
 - 100 (If there are no restrictions, and an endorsement 100 is not being issued, this information must be stated on a signed letter to PHFA from the title agent regarding the missing endorsement 100.)
 - 300 except when a Condo or a PUD
 - 8.1 or 900 Environmental
 - 800 Condo or 801 PUD, when applicable
 - 1030 Mineral Rights endorsement. Endorsement 100 is not needed when the endorsement 1030 is purchased.
 - (b) Schedule A - the date of the policy should be the date of settlement and include the following: “or the date of the recording, whichever is later.”
 - (c) Schedule A - the name insured should be the name of the lender for example, “ABC Mortgage,” followed by “it successors and/or assigns”. Please don’t reference Secretary of HUD in the policy.
 - (d) There is no need to reference the assignment of the mortgage on schedule A.
 - (e) PHFA does not require an endorsement to reflect the recording data.
 - (f) The borrower’s names should be listed in the same manner on the Deed, Mortgage, Note, Assignment & Title Policy.

5. **PHFA Borrower Forms.** The following forms must be executed at closing and notarized, if applicable, for PHFA KHL, HOMEstead:
- Recapture Tax Form (PHFA Form 4)
 - Re-affirmation of Mortgagor's Affidavit (PHFA Form 3, page 5)
 - Borrowers to sign their respective name affidavits, if necessary (**All loans types**)
6. Provide the **Co-Signer Certificate** (Form 21) if there is a non-occupying cosigner on the loan.
7. **Insurance Policies:** Homeowners', Flood and/or mine subsidence (if applicable) insurances must be pre-paid for a full 12 months - no installment payments are permitted (if it is listed as a POC on the HUD 1 it does not waive the proof of payment requirement); coverage must be effective the date of loan closing and include the following Mortgagee clause:
- PHFA ISAOA
P.O. Box 15057, Harrisburg, PA 17105-5057
- (Please do not reference Secretary of HUD on the insurance policies)
8. **Outstanding Taxes.** Tax Certification verifying payment of School, County and City/Twp or Boro taxes. PHFA's Form 27 may be used if fully completed listing all of the taxing authorities, tax amounts and discount dates & it must be signed by the lender.
9. **Multiple Parcels.** Multiple parcels must also be listed on Form 27 with the correct tax amounts. Please note those tax amounts must be included in the monthly payment and on the CD.
10. **Hello/Goodbye Letter.** The mortgagor(s) must receive a copy of the 4 page PHFA Hello/Goodbye letter with includes the Privacy Notice (PHFA Form 28). The On Line Loan Set-Up , which is completed via the PHFA Pipeline Plus requires certification that Form 28 was given to the mortgagor(s). This Form is required for PHFA First & Second Mortgages.
11. **Fees.** An Administration Fee no greater than \$1,500 (\$1,100 on FHA streamline & VA refis) may be charged to cover lender overhead. No additional overhead fees can be charged. Pass through fees for third party charges are allowed (credit report, appraisal, flood cert, etc.). A \$93 tax service fee payable to CoreLogic applies to all loans.
12. **Closing Disclosure.** The borrower's Closing Disclosure (CD) must also include all applicable seller-paid fees in the transaction on page 2 of the CD. If a separate Seller's Closing Disclosure is not utilized, page 3 of the Closing Disclosure under the "Summaries of Transaction" section would also need to be completed under the Seller's Transaction section. All fees of the loan transaction must be disclosed.
13. **Cash Back at Closing (Purchase Transactions).** Cash back to the borrower is limited to \$100 in excess of reimbursement for POC items. Any additional funds must be reimbursed to the lender. If there is a PHFA subordinate closing cost/down payment assistance loan the subordinate loan amount must be reduced accordingly if there is an excess of funds available. (**Refinance Transactions**). Limited cash back permitted per applicable insurer/guarantor guidelines (FHA, VA, Fannie).
14. **Borrower's Minimum Contribution.** Borrowers are required to invest the minimum of 1% or \$1,000 of their own funds into the transaction for Conventional and FHA loans. The minimum investment from the borrower may not be refunded. Those funds must remain in the transaction for the file to be eligible for loan purchase.
15. **Special Instruction for ALL Refinance Loan Products.** Proof of right of Rescission was given to each owner of the property.
16. **Advantage/KFIT Loan (PHFA Seconds)** – If the funds were used, this mortgage must be in second lien position. This loan cannot have any additional charges on the CD other than the cost to record the mortgage & a reasonable notary fee which cannot exceed \$20.00. No additional fees are permitted since this loan is done in conjunction with the PHFA first mortgage to help the borrower qualify for the loan.

I do hereby certify that the above items have been completed and are enclosed.

Signature of Title Agent

Title